This presentation contains forward-looking statements, including, without limitation, statements concerning anticipated progress, objectives and expectations regarding the commercial potential of our products and product candidates, growth in revenues, gross margins, operating margins, profits and profitability, and objectives and expectations regarding our company as described herein, all of which involve certain risks and uncertainties. These statements are often, but are not always, made through the use of words or phrases such as “anticipates,” “intends,” “estimates,” “plans,” “expects,” “continues,” “believe,” “guidance,” “outlook,” “target,” “future,” “potential,” “goals” and similar words or phrases, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” or similar expressions. Actual results may differ significantly from the expectations contained in the forward-looking statements.

Among the factors that may result in differences are the inherent risks and uncertainties associated with growth in revenues for MACI and Epichel, market penetration for MACI and Epichel and product performance, growth in profit, gross margins and operating margins, and the ability to achieve or sustain profitability, contributions to adjusted EBITDA, timing and conduct of clinical trial and product development activities, timing or likelihood of regulatory submissions and approvals, timing or likelihood of future business development activities, availability of funding from the Biomedical Advanced Research and Development Authority (“BARDA”) under its agreement with MediWound Ltd. for use in connection with NexoBrid development activities, our ability to obtain, maintain and enforce patent and other intellectual property protection for our products and product candidates, competitive developments, potential fluctuations in sales volumes and our results of operations, estimating the commercial potential of our products and product candidates, estimating improvement in costs and market demand for our products, changes in third-party coverage and reimbursement for our products, our ability to maintain and expand our network of direct sales employees and productivity per sales representative, and our long-term plans and our ability to supply or meet customer demand for our products. These and other significant factors are discussed in greater detail in Vericel’s Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission (“SEC”) on February 26, 2019, Quarterly Reports on Form 10-Q and other documents filed by the Company with the SEC from time to time.

These forward-looking statements reflect management’s views as of the date hereof and Vericel does not assume and specifically disclaims any obligation to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of this release except as required by law.
Vericel is a leader in advanced therapies for the sports medicine and severe burn care markets.

**SPORTS MEDICINE**
- maci
  - The leading restorative cartilage repair product in the sports medicine market

**SEVERE BURNS**
- Epicel
  - The leading permanent skin replacement in the severe burn care field
- Nexobrid
  - North American commercial rights to the next generation burn debridement product

**HIGHLY INNOVATIVE ADVANCED CELL THERAPY PLATFORM**
- Commercial franchises built around cell therapy products
Vericel is a leader in advanced therapies for the sports medicine and severe burn care markets.

**INVESTMENT HIGHLIGHTS**

- **34% TRAILING TWELVE MONTH PRODUCT REVENUE GROWTH** *
  - Total TTM product revenues of $109.8 million*

- **$2B+ CURRENT ADDRESSABLE MARKETS**
  - Underpenetrated and growing

**Top-Tier Revenue Growth**
Driven by momentum of MACI launch uptake and expanded Epicel utilization

* As of September 30, 2019.
Vericel is a leader in advanced therapies for the sports medicine and severe burn care markets.

**INVESTMENT HIGHLIGHTS**

**VOLUME GROWTH DRIVING GROSS MARGIN EXPANSION**
- Significant incremental manufacturing capacity
- Marginal COGS ~20% for MACI and Epicel

**SUBSTANTIAL OPERATING MARGIN LEVERAGE**
- Premium products with concentrated call points
- ~50% of marginal revenue contributes to adjusted EBITDA

**Significant Gross Margin and Operating Margin Expansion**
Vericel is a leader in advanced therapies for the sports medicine and severe burn care markets.

**Investment Highlights**

- **Cash on Hand:** Cash and short-term investments of ~$75 million* and no debt
- **Shareholder Base:** Strong institutional healthcare shareholder base

**Strong Balance Sheet**

* As of September 30, 2019.
Vericel Positioned For Success

- Innovative product portfolio
- Unique cell therapy manufacturing and regulatory know-how
- Highly productive sales forces
- Strong focus on shareholder returns
- Positioned for rapid revenue, profit and cash flow growth

Acquisition of Sanofi’s Cell Therapy & Regenerative Medicine Business

- MACI approved
- Epicel pediatric label expansion

2014

2015

MACI launched

2016

2017

2018

2019

2020

2021+

- Planned NexoBrid BLA submission
- Strong revenue growth expected to drive rapid profit growth

- 45% revenue growth
- 1st profitable quarter
- Positive Adjusted EBITDA

- Planned NexoBrid launch
- Continued revenue growth expected to drive 70%+ gross margins, 20%+ operating margins

- Positive operating cash flow and adjusted net income

- 2015

- 2016

- 2017

- 2018

- 2019

- 2020

- 2021+

- MACI launched
Articular Cartilage Structure and Function

**Articular cartilage function**

- Provide a smooth, lubricated surface allowing for nearly frictionless movement
- Facilitate transmission of loads to underlying subchondral bone
- Protect joints from compressive, tensile and shearing forces

**Chondrocytes are the resident cells responsible for the production, maintenance and repair of cartilage**
Knee Cartilage Defects and Treatment Options

**ARTICULAR CARTILAGE INJURY IS A CAUSE OF SIGNIFICANT MUSCULOSKELETAL MORBIDITY**

- Cartilage defects are found in ~60% of knee arthroscopies
- Damage is caused by acute and repetitive trauma, degenerative and inflammatory conditions
- Limited capacity for intrinsic healing and repair
  - Devoid of blood vessels, nerves, or lymphatics
  - Mature chondrocytes have limited potential for replication
- Untreated lesions may lead to debilitating joint pain, dysfunction, and osteoarthritis

**TREATMENT GOALS**

- Reduce symptoms
- Improve function
- Prevent degeneration

<table>
<thead>
<tr>
<th>PALLIATIVE</th>
<th>REPARATIVE</th>
<th>RESTORATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Techniques intended to relieve or prevent pain with little repair of underlying defect</td>
<td>Marrow-stimulation techniques that result in formation of fibrocartilage</td>
<td>Techniques designed to recreate hyaline-like cartilage at the site of the defect</td>
</tr>
<tr>
<td>Lavage and debridement</td>
<td>Microfracture/microdrilling</td>
<td>Autologous chondrocyte implant</td>
</tr>
<tr>
<td>Thermal chondroplasty</td>
<td>Augmented microfracture</td>
<td>Autograft or allograft</td>
</tr>
</tbody>
</table>
MACI – 3rd Generation Autologous Chondrocyte Implant for the Treatment of Knee Cartilage Defects

Cross section of ACI-Maix™ membrane at 75X magnification

High magnification SEM shows chondrocyte attachment to collagen fibers

MACI is the first tissue-engineered autologous cellularized scaffold product approved by the FDA
MACI Production and Administration

- Biopsy Taken
- Defect Debrided
- Chondrocytes Extracted, Expanded, & Loaded
- Template Created
- MACI Delivered
- MACI Implanted

MACI creates a repair tissue that allows patients to resume an active lifestyle.
MACI Label – Indications and Usage

Indications and Usage

MACI® (autologous cultured chondrocytes on porcine collagen membrane) is an autologous cellularized scaffold product indicated for the repair of single or multiple symptomatic, full-thickness cartilage defects of the knee with or without bone involvement in adults.

Limitations of Use

▷ Effectiveness of MACI in joints other than the knee has not been established.
▷ Safety and effectiveness of MACI in patients over the age of 55 years have not been established.

<table>
<thead>
<tr>
<th>MACI Label Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDICATED USE</strong></td>
</tr>
<tr>
<td><strong>DEFECT LOCATION</strong></td>
</tr>
<tr>
<td><strong>DEFECT SIZE</strong></td>
</tr>
<tr>
<td><strong>NUMBER OF DEFECTS</strong></td>
</tr>
<tr>
<td><strong>BONE INVOLVEMENT</strong></td>
</tr>
</tbody>
</table>
**Significant MACI Administration Advantages**

**Carticel**
- Technically exacting procedure
- Required arthrotomy, periosteal patch harvest and sutures
- Extended surgical time

**MACI**
- Simpler, less invasive ACI procedure
- Eliminates periosteal harvest and sutures
- Significant reduction in surgical time
- Uniform distribution of cells
- Improved post-operative course

Simpler, less invasive MACI procedure appeals to broader surgeon and patient populations
SUMMIT Clinical Study Results – Superiority of MACI Implant Versus Microfracture Treatment

KOOS Pain and Function Co-Primary Endpoint at Year 2

MACI demonstrated statistically significantly greater improvement in the co-primary endpoint of KOOS pain and function (SRA) scores compared to microfracture at year 2.

The proportion of patients responding to treatment was statistically significantly greater with MACI compared to microfracture at year 2.

Response Rate*  
*Response defined as ≥10-point improvement in both pain and function subscores.

SUMMIT Extension Study – Improvement in KOOS Pain and Function Scores With MACI Over Microfracture Was Maintained to 5 Years

Overall efficacy data support a long-term clinical benefit from the use of MACI in patients with cartilage defects of the knee.

Published MACI rehabilitation protocols achieve full weight-bearing in 6-8 weeks compared to 10-12 weeks published Carticel rehabilitation protocols.

Large Addressable Cartilage Repair Market for MACI

Estimated Annual Addressable Patient Population (U.S.)

- ~750,000\(^1\) Cartilage Repair Procedures
- ~315,000\(^2\) Patients Consistent With Label
- ~125,000\(^2\) Patients MD's Consider Clinically Appropriate For MACI
- ~60,000\(^2\) Patients With Larger Lesions

$2+ Billion Addressable Market in the U.S.

Annual Cartilage Repair Revenue

- $35 in 2015
- $39 in 2016
- $44 in 2017
- $68 in 2018


\(^2\) Health Advances LLC MACI market assessment report (2018).
MACI Sales Force Expansion Planned For 2020

Strong Momentum Exiting 2019

- Year-to-date revenue growth of 36%
- Biopsies received from ~1,300 surgeons in the last 12 months, +26% compared to prior period
- Sales force productivity surpassing historical averages

Significant Room For Growth

- While growing rapidly, the number of biopsy surgeons represents only ~25% of the estimated 5,000 surgeons who see potential MACI patients and perform open procedures
- Historical sales force expansions have demonstrated strong correlation between increased reach and frequency and higher MACI volume
Marketing Investments Focused on Key Stakeholders

Targeting New Surgeons
Developing content and campaigns on platforms utilized by orthopedic surgeons
Peer-to-peer training programs with emphasis on new fellows

Ensuring Broad Access
30 largest payers provide access to MACI, representing >85% of commercial lives
~92% of all MACI cases approved; 86% upon initial submission

Connecting With Patients

>85%

20
Epicel is a permanent skin replacement for full thickness burns \( \geq 30\% \) of total body surface area

**EPICEL OVERVIEW**

Only FDA-approved permanent skin replacement for adult and pediatric patients with full-thickness burns

Important treatment option for severe burn patients where little skin is available for autografts
Epicel Production and Administration

1. Biopsy Harvest
2. Keratinocyte Expansion
3. Production
4. Administration
5. Grafts Applied
6. Epigel Graft
7. Takedown Procedure
8. New Skin Exposed
Comparison of Epicel Patient Database to National Burn Repository\(^1\)
Data Demonstrates Lower Mortality Rate

**Mortality Rate by TBSA Decile**

Stratified CMH Chi-square \(p < 0.0001\)
Chi-square for all subgroups > 40\%TBSA \(p < 0.0001\)

Mortality Rate (%)

<table>
<thead>
<tr>
<th>Percent TBSA Burned</th>
<th>Epicel, N=937</th>
<th>National Burn Repository N=177,498</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1 - 9.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 19.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 - 29.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 - 39.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 - 49.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 - 59.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60 - 69.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70 - 79.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80 - 89.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) American Burn Association, National Burn Repository 2016, Version 12.
NexoBrid Overview

Biological orphan product that enzymatically removes nonviable burn tissue (eschar) in patients with deep partial- and full-thickness burns within 4 hours without harming viable tissue.

- Approved in the EU and other international markets
- Designated as an orphan biologic in the United States
- Pivotal U.S. Phase 3 clinical study met primary and all secondary endpoints
- BLA submission targeted for Q2 2020
- Orphan and biologic exclusivities in the U.S.; patent protection until 2029
- BARDA contract provides funding support for development costs to obtain U.S. approval, expanded access program and medical countermeasure procurement
Early Eschar Removal is a Critical 1st Step in Burn Treatment

**Eschar Removal**

- **Before**
  - Eschar
  - Prevents local infection and sepsis
  - Avoids further deterioration and scarring
  - Early debridement enables faster initiation of wound healing
  - Allows direct visual assessment of wound bed, enabling an informed treatment plan

- **...After**
  - Dermis
  - Subcutaneous Fat

**Current Standard of Care**

**Non-Surgical Eschar Removal**
- Autolysis
- Topical medications
- Enzymes, chemicals, biologicals

**Surgical Eschar Removal**
- Tangential excision
- Dermabrasion
- Hydro-jet surgery

**Significant Limitations**
- Limited debriding efficacy; surgery often needed
- Protracted; increased eschar-related morbidities
- Less useful for deep and extensive burns
- Multiple dressing changes/wound handlings

**Significant Limitations**
- Traumatic and non-selective
- Loss of healthy tissue and blood
- Challenging in delicate areas
- OR access may delay start of debridement

**Clear unmet need for selective and effective debridement treatment for severe burns**
NexoBrid Product Overview

Effectively and selectively removes burn eschar within four hours without harming surrounding viable tissue

- Bromelain-based biological product containing a sterile mixture of proteolytic enzymes
- Easy-to-use, single, non-surgical topical application at the patient’s bedside
- Allows for early visual assessment of the wound, enabling development of an informed treatment plan
- European pharmacoeconomic studies suggest that NexoBrid can lead to cost savings of up to 30% compared to standard of care
Positive Top-Line Results From Pivotal U.S Phase 3 Clinical Study (DETECT)

DETECT study met its primary endpoint with a significantly higher incidence of complete eschar removal

DETECT study met all secondary endpoints and a key safety endpoint compared to standard of care

- Statistically significantly lower incidence of surgical eschar removal
- Statistically significantly lower blood loss during eschar removal compared to standard of care
- Statistically significantly shorter time to achieve complete eschar removal
- Non-inferior time to complete wound closure

Source: MediWound
Burn Franchise Addressable Market Opportunity

NexoBrid significantly expands the total addressable market opportunity for Vericel’s burn franchise.

---

**Estimated U.S. Burn Patients**

1. 500,000 Annual Burns (U.S.)
2. 40,000 Hospitalized Patients
3. 1,500 Epcel-Indicated (>30% TBSA) Patients
4. 600 Surviving >40% TBSA Patients

**NexoBrid**

- $200+ Million Addressable Market in the U.S.

**Epcel**

- $100+ Million Addressable Market in the U.S.

---

2. ~90% of hospitalized patients with thermal burns; ~90% of eligible patients are debrided (management estimate); ~10% TBSA for average patient with pricing analysis ongoing; ~85% of TAM in burn centers based on 75% of all hospitalized patients admitted into burn centers (http://ameriburn.org/who-we-are/media/burn-incidence-fact-sheet/) and burn centers having a higher rate of debridement.
3. Assumes 600 patients x 1.25 (25% re-order rate) x ~70 grafts per order x ~$3,000 per graft.
Strong and Accelerating Total Revenue Growth Since Acquisition

Trailing 12 Month Revenue = $109.8 million

20% CAGR since the acquisition of Carticel/MACI and Epicel, with trailing twelve month revenue growth of 34%
Revenue Growth Translating into Significant Enhancement in Profitability

>80% of marginal revenue contributes to gross profit

~50% of marginal revenue contributes to adjusted EBITDA*

*See slide 34 for EBITDA to GAAP reconciliation
Strategic Transactions to Maximize Long-Term Value

ADVANCED CELL THERAPY DEVELOPMENT AND MANUFACTURING PLATFORM

Sports Medicine Franchise

Severe Burn Care Franchise

New Advanced Cell Therapy Vertical(s)

Business development activities focused on opportunities having a strategic fit with current franchises or advanced cell therapy platform
## Balance Sheet and Capital Structure

### Balance Sheet Highlights

<table>
<thead>
<tr>
<th>Balance Sheet Highlights</th>
<th>September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Cash Equivalents and Short Term Investments</td>
<td>$74.7 million</td>
</tr>
<tr>
<td>Debt</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Capitalization (as of September 30, 2019)

<table>
<thead>
<tr>
<th>Shares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>44,520,161</td>
</tr>
<tr>
<td>Options Outstanding</td>
<td>5,116,053</td>
</tr>
<tr>
<td>Unvested Restricted Stock Units</td>
<td>158,732</td>
</tr>
<tr>
<td>Fully Diluted Shares Outstanding</td>
<td><strong>49,794,946</strong></td>
</tr>
</tbody>
</table>
Vericel is a leader in advanced therapies for the sports medicine and severe burn care markets.
# RECONCILIATION OF REPORTED NET LOSS (GAAP) TO ADJUSTED EBITDA (NON-GAAP MEASURE) – UNAUDITED

<table>
<thead>
<tr>
<th>Annual Adjusted EBITDA (In Thousands)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loss (GAAP)</td>
<td>($16,340)</td>
<td>($19,566)</td>
<td>($17,286)</td>
<td>($8,137)</td>
</tr>
<tr>
<td>Change in fair value of warrants</td>
<td>(324)</td>
<td>-</td>
<td>257</td>
<td>2,524</td>
</tr>
<tr>
<td>Revenue reserve related to a dispute between pharmacy provider and payer</td>
<td>-</td>
<td>-</td>
<td>1,418</td>
<td>-</td>
</tr>
<tr>
<td>Loss on extinguishment of debt</td>
<td>-</td>
<td></td>
<td>860</td>
<td>838</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>2,747</td>
<td>2,499</td>
<td>2,680</td>
<td>7,223</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,592</td>
<td>1,886</td>
<td>1,612</td>
<td>1,426</td>
</tr>
<tr>
<td>Net interest (income) expense</td>
<td>(16)</td>
<td>306</td>
<td>1,093</td>
<td>835</td>
</tr>
<tr>
<td>Asset impairment</td>
<td>-</td>
<td>2,638</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EBITDA (Non-GAAP)</td>
<td>($12,341)</td>
<td>($12,237)</td>
<td>($9,366)</td>
<td>$4,709</td>
</tr>
</tbody>
</table>