Advanced Therapies for the Sports Medicine and Severe Burn Care Markets

CORPORATE PRESENTATION

NOVEMBER 2020
Safe Harbor

Vericel cautions you that all statements other than statements of historical fact included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Although we believe that we have a reasonable basis for the forward-looking statements contained herein, they are based on current expectations about future events affecting us and are subject to risks, assumptions, uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Our actual results may differ materially from those expressed or implied by the forward-looking statements in this presentation. These statements are often, but are not always, made through the use of words or phrases such as “anticipates,” “intends,” “estimates,” “plans,” “expects,” “continues,” “believes,” “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.

Among the factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to uncertainties associated with our expectations regarding future revenues, growth in revenues, market penetration for MACI®, and Epicel®, growth in profit, gross margins and operating margins, the ability to achieve or sustain profitability, contributions to adjusted EBITDA, the expected target surgeon audience, potential fluctuations in sales and volumes and our results of operations over the course of the year, timing and conduct of clinical trial and product development activities, timing or likelihood of regulatory approvals, the estimate of the commercial growth potential of our products and product candidates, availability of funding from the U.S. Biomedical Research and Development Authority (“BARDA”) under its agreement with MediWound Ltd. for use in connection with NexoBrid® development activities, competitive developments, changes in third party coverage and reimbursement, our ability to supply or meet customer demand for our products, and the wide-ranging impacts of the COVID-19 pandemic on our business or the economy generally.

With respect to COVID-19, we are currently unable to reasonably estimate the specific extent, or duration of the impact of the COVID-19 outbreak on our business, financial and operating results. We are also unable to predict whether the outbreak will cause state and local governments to impose future restrictions on the performance of elective surgical procedures or the pace with which such restrictions may be lifted should they be imposed, the willingness or ability of patients to seek treatment, the availability of physicians and/or their treatment prioritizations or the impact of the outbreak on the overall healthcare infrastructure. Other disruptions or potential disruptions include restrictions on the ability of Company personnel to travel and access customers for training, promotion and case support, delays in product development efforts, and additional government-imposed quarantines and requirements to “shelter at home” or other incremental mitigation efforts that may impact our ability to source supplies for our operations or our ability or capacity to manufacture, sell and support the use of our products. With respect to FDA’s review of the pending NexoBrid Biologics License Application, the COVID-19 pandemic may impact the FDA’s response times to regulatory submissions, its ability to monitor our clinical trials, and/or conduct necessary reviews or inspections any or all of which may result in timelines being materially delayed, which could affect the development and ultimate commercialization of NexoBrid. The total impact of these disruptions could have a material impact on the Company’s financial condition, cash flows and results of operations.

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, 2019, filed with the Securities and Exchange Commission (“SEC”) on February 25, 2020, Vericel’s Quarterly Report on Form 10-Q for the quarter ended September, 30, 2020, filed with the SEC on November 5, 2020, and in other filings with the SEC. These forward-looking statements reflect our 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.
Portfolio of Innovative Cell Therapies and Specialty Biologics with Significant Barriers to Entry

INVESTMENT HIGHLIGHTS

SPORTS MEDICINE

MACI® and Epicel® – Combination Products (biologic/device) with no established biosimilar or 510(k) pathways

NexoBrid® – Patent protection; biologic and orphan exclusivities in the U.S. upon FDA approval

SEVERE BURNS

Epicel®
(cultured epidermal autografts)

The leading permanent skin replacement in the severe burn care field

NexoBrid®

North American commercial rights to the next generation burn debridement product

The leading restorative cartilage repair product in the sports medicine market
Sustainable Top-Tier Revenue Growth in Large Addressable Markets

**FULL YEAR 2019 REVENUE GROWTH OF 30% OVER 2018**

Total net product revenues of $117.9 million in 2019

**$2B+ CURRENT ADDRESSABLE MARKETS**

Underpenetrated and growing

30%+ revenue CAGR since the launch of MACI in 2017

Sustainable multi-year revenue growth potential given large, underpenetrated addressable markets
Attractive Business Model with Robust Profitability Profile

**INVESTMENT HIGHLIGHTS**

**VOLUME GROWTH DRIVING GROSS MARGIN EXPANSION**
Marginal COGS ~20% for MACI and Epicel

**SUBSTANTIAL OPERATING MARGIN LEVERAGE**
Premium products with concentrated call points

Continuing volume growth drives gross margin expansion
High-value products and concentrated call points create substantial operating margin leverage
Strong Balance Sheet and Institutional Shareholder Base

**BALANCE SHEET**
Cash and investments of ~$86 million and no debt

**SHAREHOLDER BASE**
Strong institutional healthcare shareholder base

Substantial cash on hand and no debt

~90% of outstanding shares held by institutional investors

* As of September 30, 2020.
Significant Revenue Growth Since the Launch of MACI in 2017

**2019 Highlights**

- Cartilage repair revenue more than doubled since MACI launch in 2017
- Double-digit Epicel growth for the third consecutive year

**Total Product Revenue**

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Epicel</strong></td>
<td>$15.5</td>
<td>$18.9</td>
<td>$23.1</td>
<td>$26.2</td>
</tr>
<tr>
<td><strong>MACI/ Carticel</strong></td>
<td>$38.9</td>
<td>$43.9</td>
<td>$67.7</td>
<td>$91.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$54.4</td>
<td>$62.8</td>
<td>$90.9</td>
<td>$117.9</td>
</tr>
</tbody>
</table>
Vericel Positioned For Success

- **Innovative portfolio with significant barriers to entry**
- **Sustainable top-tier revenue growth**
- **Robust profitability profile**
- **Strong Balance Sheet**

2014
- Acquisition of Sanofi’s Cell Therapy & Regenerative Medicine Business

2015
- MACI approved
- MACI launched
- Epigel pediatric label expansion

2016
- 30% revenue growth
- Positive operating cash flow and adjusted net income*

2017
- 45% revenue growth
- 1st profitable quarter
- Positive adjusted EBITDA

2018
- Planned NexoBrid launch
- Long-term revenue growth expected to drive 70%+ gross margins, 20%+ operating margins

2019
- NexoBrid BLA submission
- MACI sales force expanded for 4th consecutive year

2020
- 2021+

*Excluding $17.5 million NexoBrid license payment.
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</td>
<td>Marrow-stimulation techniques that result in</td>
<td>Techniques designed to recreate hyaline-like</td>
</tr>
<tr>
<td>with little repair of underlying defect</td>
<td>formation of fibrocartilage</td>
<td>cartilage at the site of the defect</td>
</tr>
<tr>
<td>&gt; Lavage and debridement</td>
<td>&gt; Microfracture/microdrilling</td>
<td>&gt; Autologous chondrocyte implant</td>
</tr>
<tr>
<td>&gt; Thermal chondroplasty</td>
<td>&gt; Augmented microfracture</td>
<td>&gt; 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

MACI creates a repair tissue that allows patients to resume an active lifestyle.

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

MACI Label Highlights

<table>
<thead>
<tr>
<th>INDICATED USE</th>
<th>First-line treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEFECT LOCATION</td>
<td>Cartilage defects of the knee, including patella</td>
</tr>
<tr>
<td>DEFECT SIZE</td>
<td>No limitation</td>
</tr>
<tr>
<td>NUMBER OF DEFECTS</td>
<td>Single or multiple</td>
</tr>
<tr>
<td>BONE INVOLVEMENT</td>
<td>With or without bone involvement</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
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.
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

MACI Rehabilitation Protocol

**ACHIEVE ROUTINE**

0-3 months following surgery

**BUILD STRENGTH**

3-6 months following surgery

**BE ACTIVE**

6-9 months following surgery

**POST REHABILITATION**

9+ months following surgery

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**Rehabilitation Timelines for ACI procedures: Time to Weight-Bearing**

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

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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

- 2016: ~$39 Millions
- 2017: ~$44 Millions
- 2018: ~$68 Millions
- 2019: ~$92 Millions

$\$0$ \$10 \$20 \$30 \$40 \$50 \$60 \$70 \$80 \$90 \$100

$\text{Millions}$


Marketing Investments Focused on Key Stakeholders

**Targeting New Surgeons**
Developing content and campaigns on platforms utilized by orthopedic surgeons.

**Ensuring Broad Access**
30 largest payers provide access to MACI, representing >85% of commercial lives.

**Connecting With Patients**
~92% of all MACI cases approved; 86% upon initial submission.

Peer-to-peer training programs with emphasis on new fellows.
MACI Well-Positioned To Perform in a Challenging Operating Environment and to Return to Growth Trajectory

Strong revenue growth prior to COVID-19 crisis and rapid recovery as elective surgery restrictions lifted

- Reflects strong underlying demand for MACI in the marketplace based on unique patient benefits

MACI patients are typically young, active and otherwise healthy patients

- Large, symptomatic focal cartilage defects that impact quality of life and will not heal with passage of time

MACI procedures performed on an outpatient basis more than 95% of the time

- ~50/50 historical split between hospital outpatient surgery centers and ambulatory surgery centers

Orthopedic practices are a significant source of revenue for hospitals and surgery centers

- Many orthopedic surgeons are expected to increase surgery volume in 2H 2020

Staying connected with surgeons and patients

- Surgeons connecting with patients via telemedicine, supported by virtual sales calls with MACI digital content
- Case management team continues to work with offices and patients to move cases through the pipeline and schedule or reschedule cases
Burn Injury Size and Depth Determine Treatment Pathway

- **Full thickness burn injuries of any size** and **partial thickness burn injuries >10%** are most often transferred to specialized burn centers.

- **Full thickness and deep partial-thickness burns require debridement and grafting**

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**Treatment Pathway**

**Emergency Admit**
- Patient admittance to hospital
- Patient stabilization & wound assessment

**Initial Assessment**
- Superficial/Superficial Partial Thickness
- Deep Partial Thickness
- Full Thickness

**Debridement**
- Surgical or enzymatic debridement

**Evaluation**
- Post debridement evaluation

**Treatment/Healing**
- Spontaneous healing
- Skin grafting (if necessary)
- Skin grafting (permanent skin coverage)
Early Eschar Removal is a Critical 1\textsuperscript{st} Step in Burn Treatment

**Eschar Removal**

- **Before...**
  - Eschar
  - Subcutaneous Fat

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

- 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

**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

**Clear unmet need for selective and effective debridement treatment for severe burns**
Effectively and selectively removes nonviable burn tissue (eschar) in patients with deep partial- and full-thickness burns

- Bromelain-based biological product containing a sterile mixture of proteolytic enzymes
- Easy-to-use, single, non-surgical topical application at the patient’s bedside
- Four-hour treatment enables 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

Incidence Rate of Complete Eschar Removal

P value < 0.0001

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
Epicel is a permanent skin replacement for full thickness burns ≥ 30% of total body surface area.

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. **Epitel Graft**
5. **Administration**
6. **Grafts Applied**
7. **Takedown Procedure**
8. **New Skin Exposed**
Comparison of Epicel Patient Database to National Burn Repository\textsuperscript{1} Data Demonstrates Lower Mortality Rate

Mortality Rate by TBSA Decile
Stratified CMH Chi-square $p < 0.0001$
Chi-square for all subgroups $\geq$ 40\%TBSA $p < 0.0001$

\textbf{Mortality Rate by TBSA Decile}

<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>
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<tr>
<td>30 - 39.9</td>
<td></td>
<td></td>
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<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>
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<tr>
<td>$&gt;90$</td>
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</tbody>
</table>

\textsuperscript{1} Twenty-five Years’ Experience and Beyond with Cultured Epidermal Autografts (CEA) for Coverage of Large Burn Wounds in Adult and Pediatric Patients, 1989-2015; Hickerson, Journal of Burn Care & Research, iry061, \url{https://doi.org/10.1093/jbcr/iry061}.

\textsuperscript{1} American Burn Association, National Burn Repository 2016, Version 12.
Burn Franchise Addressable Market Opportunity

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

Estimated U.S. Burn Patients

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

NexoBrid

- $200+ Million Addressable Market in the U.S.²

Epicel

- $100+ Million Addressable Market in the U.S.³

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.
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
Vericel is a leader in advanced therapies for the sports medicine and severe burn care markets.

INVESTMENT HIGHLIGHTS

- Innovative Portfolio with Significant Barriers to Entry
- Sustainable Revenue Growth in Large Addressable Markets
- Attractive Business Model with Robust Profitability Profile
- Strong Balance Sheet and Shareholder Base
## Balance Sheet Highlights

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Cash Equivalents and Short-Term Investments</td>
<td>$85.5 million</td>
</tr>
<tr>
<td>Debt</td>
<td>$0</td>
</tr>
</tbody>
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## Capitalization (as of September 30, 2020)

<table>
<thead>
<tr>
<th>Description</th>
<th>Shares</th>
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</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>45,315,098</td>
</tr>
<tr>
<td>Options Outstanding</td>
<td>5,691,570</td>
</tr>
<tr>
<td>Unvested Restricted Stock Units</td>
<td>272,750</td>
</tr>
<tr>
<td>Fully Diluted Shares Outstanding</td>
<td><strong>51,279,418</strong></td>
</tr>
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