Vericel Initiates Collaboration with Innovative Cellular Therapeutics

January 2, 2018

CAMBRIDGE, Mass. and SHANGHAI, China, Jan. 02, 2018 (GLOBE NEWSWIRE) -- Vericel Corporation (NASDAQ:VCEL), a leading developer of expanded autologous cell therapies for the treatment of patients with serious diseases and conditions, today announced the initiation of its License Agreement with Innovative Cellular Therapeutics (ICT) following receipt of a $5.1 million upfront and warrant payment from ICT. The transfer of funds was executed following review and approval by the State Administration of Foreign Exchange of the People's Republic of China.

InnovativeCellularTherapeutics.jpg

Under the terms of the agreement, ICT will develop and distribute MACI®, Epicel®, ixmyelocel-T and Carticel® in Greater China, South Korea, Singapore, and other countries in the region. The payment was comprised of an upfront license fee and $4.2 million for a warrant to purchase 818,424 shares of the Company's common stock based on the closing price as of December 6, 2017 at an exercise price of $0.01 per share. On December 27, 2017, ICT exercised the warrant via a cashless exercise in exchange for 816,850 shares of the Company's common stock. Vericel also is eligible to receive approximately $8.0 million in development and first commercial sale milestones and tiered low to middle double digit royalties equal to a percentage of net sales of each licensed product. ICT will be responsible for funding the development of the programs and manufacturing the products for commercialization in China and the rest of the territory.

"We are very pleased to begin our strategic collaboration and initiate technology transfer activities with ICT," said Gerard Michel, chief financial officer and VP of corporate development of Vericel. "Based on the continued momentum in MACI uptake following launch and expanded Epicel utilization, we anticipate that this funding, together with our recently expanded $25 million debt facilities with Silicon Valley Bank and MidCap Financial, will allow the Company to reach profitability without raising additional capital."

"We look forward to rapidly bringing Vericel's cell therapy products to patients in China and other Asian countries, said Dr. Lei Xiao, Chairman of ICT. With the addition of Vericel's portfolio to our existing CAR-T pipeline and marketed products, ICT has one of the broadest and most advanced cell therapy portfolios in China."

About Vericel Corporation
Vericel develops, manufactures, and markets expanded autologous cell therapies for the treatment of patients with serious diseases and conditions. The company markets two cell therapy products in the United States. Vericel is marketing MACI (autologous cultured chondrocytes on porcine collagen membrane), an autologous cellularized scaffold product indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. Vericel is also marketing Epicel (cultured epidermal autografts), a permanent skin replacement for the treatment of patients with deep dermal or full thickness burns greater than or equal to 30% of total body surface area. For more information, please visit the company's website at www.vcel.com.

About MACI
MACI® (autologous cultured chondrocytes on porcine collagen membrane) is an autologous cellular scaffold product that is indicated for the repair of symptomatic single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. The MACI implant consists of autologous cultured chondrocytes seeded onto a resorbable Type I/III collagen membrane. Autologous cultured chondrocytes are human-derived cells which are obtained from the patient's own cartilage for the manufacture of MACI.

About Carticel
Carticel® (autologous cultured chondrocytes), is a first-generation autologous cellular implant indicated for the repair of symptomatic cartilage defects of the femoral condyle (medial, lateral or trochlea) caused by acute or repetitive trauma, in patients who have had an inadequate response to a prior arthroscopic or other surgical repair procedure. Carticel received a BLA approval in 1997 and is no longer marketed in the U.S. Carticel was replaced at the end of the second quarter of 2017 by MACI, which was approved on December 13, 2016 by the FDA.

About Epicel
Epicel® (cultured epidermal autografts) is a permanent skin replacement indicated for use in adult and pediatric patients who have deep dermal or full thickness burns comprising a total body surface area greater than or equal to 30%. Epicel may be used in conjunction with split-thickness autografts or alone in patients for whom split-thickness autografts may not be an option due to the severity and extent of their burns. The probable benefit of Epicel, mainly related to survival, was demonstrated in two Epicel databases and one physician-sponsored study. Epicel has been used in the United States and internationally to treat severely burned patients since 1988, and was approved in the United States in 2007 as a Humanitarian Use Device (HUD) under a Humanitarian Device Exemption (HDE).

About Ixmyelocel-T
Ixmyelocel-T is an investigational autologous expanded multicellular therapy manufactured from the patient's own bone marrow using Vericel's proprietary, highly automated, fully closed cell-processing system. This process selectively expands the population of mesenchymal stromal cells and alternatively activated macrophages, which are responsible for production of anti-inflammatory and pro-angiogenic factors known to be important for repair of damaged tissue. Ixmyelocel-T has received orphan drug, fast track development, and regenerative medicine advanced therapy (RMAT) designation by the U.S. Food and Drug Administration for use in the treatment of advanced heart failure due to DCM. The Company does not plan to

conduct any additional clinical studies for ixmyelocel-T unless fully funded by a partner.

About Innovative Cellular Therapeutics
Innovative Cellular Therapeutics (ICT) is a clinical-stage cell therapy company based in Shanghai, China. ICT has established a broad portfolio of CAR-T products to treat cancer patients. ICT's proprietary 19CAR series has achieved outstanding clinical results in treating late stage leukemia and lymphoma patients who failed to respond to standard of care therapies. The company also has multiple discovery candidates targeting a wide range of solid tumors as well as a universal allogeneic CAR-T therapy. For more information, please visit the company's website at www.ictbio.com.

This document contains forward-looking statements, including, without limitation, statements concerning anticipated progress, objectives and expectations regarding the commercial potential of our products and growth in revenues, intended product development, clinical activity timing, regulatory progress, and objectives and expectations regarding our company 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," "we believe," "we intend," and similar words or phrases, or future or conditional verbs such as "will," "would," "should," "potential," "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 uncertainties associated with competitive developments, clinical trial and product development activities, regulatory approval requirements, ability to achieve or maintain profitability, estimating the commercial growth potential of our products and product candidates and growth in revenues and improvement in costs, market demand for our products, our ability to secure consistent reimbursement for our products, 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, 2016, filed with the Securities and Exchange Commission ("SEC") on March 13, 2017, Quarterly Reports on Form 10-Q and other filings with the SEC. These forward-looking statements reflect management's current views and Vericel does not undertake 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.

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Source: Vericel Corporation