UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: September 30, 2026

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-35280

VERICEL CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**94-3096597**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

25 Blue Sky Drive
Burlington, MA 01803
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(617) 588-5555**

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock (No par value)	VCEL	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 29, 2026, 51,029,770 shares of Common Stock, no par value per share, were outstanding.

VERICEL CORPORATION
QUARTERLY REPORT ON FORM 10-Q
TABLE OF CONTENTS

		Page
	PART I - FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited):	3
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Operations	4
	Condensed Consolidated Statements of Comprehensive Income (Loss)	5
	Condensed Consolidated Statements of Shareholders' Equity	6
	Condensed Consolidated Statements of Cash Flows	8
	Notes to Condensed Consolidated Financial Statements	10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	30
Item 4.	Controls and Procedures	30
	PART II — OTHER INFORMATION	
Item 1.	Legal Proceedings	31
Item 1A.	Risk Factors	31
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	31
Item 3.	Defaults Upon Senior Securities	31
Item 4.	Mine Safety Disclosures	31
Item 5.	Other Information	31
Item 6.	Exhibits	33
Exhibit Index		33
Signatures		34

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

VERICEL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, amounts in thousands)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 133,493	$ 100,092
Short-term investments	36,775	37,407
Accounts receivable (net of allowance for doubtful accounts of $23 and $13, respectively)	81,798	84,634
Inventory	17,056	17,560
Other current assets	11,648	7,744
Total current assets	280,770	247,437
Property and equipment, net	105,079	108,397
Intangible assets, net	5,156	5,625
Right-of-use assets	60,590	64,774
Long-term investments	65,336	61,395
Other long-term assets	179	341
Total assets	$ 517,110	$ 487,969
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 19,958	$ 15,828
Accrued expenses	20,391	19,236
Current portion of operating lease liabilities	14,254	13,969
Other current liabilities	116	116
Total current liabilities	54,719	49,149
Operating lease liabilities	76,319	82,284
Other long-term liabilities	1,900	1,896
Total liabilities	132,938	133,329
COMMITMENTS AND CONTINGENCIES (Note 13)		
Shareholders' equity:		
Common stock, no par value; shares authorized — 75,000; shares issued and outstanding — 51,044 and 50,620, respectively	751,459	730,662
Accumulated other comprehensive (loss) gain	(1,055)	275
Accumulated deficit	(366,232)	(376,297)
Total shareholders' equity	384,172	354,640
Total liabilities and shareholders' equity	$ 517,110	$ 487,969

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

VERICEL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, amounts in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Product sales, net	$ 85,371	$ 67,503	$ 231,253	$ 183,341
Total revenue	85,371	67,503	231,253	183,341
Cost of product sales	22,761	17,918	62,975	50,870
Gross profit	62,610	49,585	168,278	132,471
Research and development	6,885	6,318	22,482	20,310
Selling, general and administrative	43,539	39,817	141,240	123,532
Total operating expenses	50,424	46,135	163,722	143,842
Income (loss) from operations	12,186	3,450	4,556	(11,371)
Other income (expense):				
Interest income	2,152	1,808	5,957	5,122
Interest expense	(160)	(158)	(480)	(468)
Other (expense) income	(17)	(26)	32	(8)
Total other income	1,975	1,624	5,509	4,646
Net income (loss)	$ 14,161	$ 5,074	$ 10,065	$ (6,725)
Net income (loss) per common share:				
Basic	$ 0.28	$ 0.10	$ 0.20	$ (0.13)
Diluted	$ 0.27	$ 0.10	$ 0.19	$ (0.13)
Weighted-average common shares outstanding:				
Basic	51,186	50,489	51,013	50,256
Diluted	52,962	51,908	52,459	50,256

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

VERICEL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited, amounts in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income (loss)	$ 14,161	$ 5,074	$ 10,065	$ (6,725)
Other comprehensive income (loss):				
Unrealized (loss) gain on investments	(690)	75	(1,330)	254
Comprehensive income (loss)	$ 13,471	$ 5,149	$ 8,735	$ (6,471)

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

VERICEL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited, amounts in thousands)

	Common Stock		Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
BALANCE, DECEMBER 31, 2025	50,620	$ 730,662	$ 275	$ (376,297)	$ 354,640
Net loss	—	—	—	(6,302)	(6,302)
Stock-based compensation expense	—	11,294	—	—	11,294
Stock option exercises	129	1,307	—	—	1,307
Shares issued under the Employee Stock Purchase Plan	10	256	—	—	256
Issuance of stock for restricted stock unit vesting	371	—	—	—	—
Restricted stock withheld for employee tax remittance	(120)	(4,521)	—	—	(4,521)
Unrealized loss on investments	—	—	(443)	—	(443)
BALANCE, MARCH 31, 2026	51,010	$ 738,998	$ (168)	$ (382,599)	$ 356,231
Net income	—	—	—	2,206	2,206
Stock-based compensation expense	—	9,083	—	—	9,083
Stock option exercises	113	2,318	—	—	2,318
Shares issued under the Employee Stock Purchase Plan	20	540	—	—	540
Issuance of stock for restricted stock unit vesting	32	—	—	—	—
Restricted stock withheld for employee tax remittance	(4)	(140)	—	—	(140)
Unrealized loss on investments	—	—	(197)	—	(197)
BALANCE, JUNE 30, 2026	51,171	$ 750,799	$ (365)	$ (380,393)	$ 370,041
Net income	—	—	—	14,161	14,161
Stock-based compensation expense	—	7,823	—	—	7,823
Stock option exercises	63	1,497	—	—	1,497
Shares issued under the Employee Stock Purchase Plan	17	472	—	—	472
Issuance of stock for restricted stock unit vesting	20	—	—	—	—
Restricted stock withheld for employee tax remittance	(6)	(285)	—	—	(285)
Shares repurchased and retired	(221)	(8,847)	—	—	(8,847)
Unrealized loss on investments	—	—	(690)	—	(690)
BALANCE, SEPTEMBER 30, 2026	51,044	$ 751,459	$ (1,055)	$ (366,232)	$ 384,172

	Common Stock		Accumulated Other Comprehensive Gain	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
BALANCE, DECEMBER 31, 2024	49,628	$ 684,778	$ 4	$ (392,815)	$ 291,967
Net loss	—	—	—	(11,246)	(11,246)
Stock-based compensation expense	—	11,505	—	—	11,505
Stock option exercises	398	9,158	—	—	9,158
Shares issued under the Employee Stock Purchase Plan	7	251	—	—	251
Issuance of stock for restricted stock unit vesting	332	—	—	—	—
Restricted stock withheld for employee tax remittance	(113)	(6,280)	—	—	(6,280)
Unrealized gain on investments	—	—	132	—	132
BALANCE, MARCH 31, 2025	50,252	$ 699,412	$ 136	$ (404,061)	$ 295,487
Net loss	—	—	—	(553)	(553)
Stock-based compensation expense	—	10,140	—	—	10,140
Stock option exercises	147	1,320	—	—	1,320
Shares issued under the Employee Stock Purchase Plan	13	468	—	—	468
Issuance of stock for restricted stock unit vesting	33	—	—	—	—
Restricted stock withheld for employee tax remittance	(4)	(100)	—	—	(100)
Unrealized gain on investments	—	—	47	—	47
BALANCE, JUNE 30, 2025	50,441	$ 711,240	$ 183	$ (404,614)	$ 306,809
Net income	—	—	—	5,074	5,074
Stock-based compensation expense	—	8,699	—	—	8,699
Stock option exercises	84	1,097	—	—	1,097
Shares issued under the Employee Stock Purchase Plan	10	385	—	—	385
Issuance of stock for restricted stock unit vesting	22	—	—	—	—
Restricted stock withheld for employee tax remittance	(7)	(281)	—	—	(281)
Unrealized gain on investments	—	$ —	$ 75	$ —	$ 75
BALANCE, SEPTEMBER 30, 2025	50,550	$ 721,140	$ 258	$ (399,540)	$ 321,858

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

VERICEL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	Nine Months Ended September 30,	
	2026	2025
Operating activities:		
Net income (loss)	$ 10,065	$ (6,725)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization expense	10,514	8,456
Stock-based compensation expense	28,200	30,344
Amortization of premiums and discounts on marketable securities	(133)	(242)
Amortization of debt issuance costs	161	161
Non-cash lease costs	4,184	4,014
Provision for excess and obsolete inventory	300	—
Other	59	(8)
Changes in operating assets and liabilities:		
Inventory	204	(782)
Accounts receivable	2,836	949
Other current assets	(3,904)	(719)
Accounts payable	2,568	2,261
Accrued expenses	854	(792)
Operating lease liabilities	(5,680)	(844)
Other non-current assets and liabilities, net	69	823
Net cash provided by operating activities	50,297	36,896
Investing activities:		
Purchases of investments	(39,659)	(43,518)
Sales and maturities of investments	35,161	40,946
Expenditures for property and equipment	(5,231)	(24,975)
Net cash used in investing activities	(9,729)	(27,547)
Financing activities:		
Net proceeds from common stock issuance	6,390	12,679
Payments on employees' behalf for taxes related to vesting of restricted stock unit awards	(4,945)	(6,648)
Repurchases of common stock	(8,547)	—
Other	(65)	(26)
Net cash (used in) provided by financing activities	(7,167)	6,005
Net increase in cash, cash equivalents, and restricted cash	33,401	15,354
Cash, cash equivalents, and restricted cash at beginning of period	100,092	85,049
Cash and cash equivalents at end of period	$ 133,493	$ 100,403

VERICEL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited, amounts in thousands)

	Nine Months Ended September 30,	
	2026	2025
Supplemental disclosure of cash flow information:		
Non-cash information:		
Additions to property and equipment included in accounts payable	$ 2,406	$ 1,128
Common stock repurchased but not yet settled	$ 300	$ —

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

VERICEL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Vericel Corporation, a Michigan corporation (together with its consolidated subsidiaries referred to herein as the Company, or Vericel), was incorporated in March 1989 and began employee-based operations in 1991. The Company is a fully-integrated, commercial-stage biopharmaceutical and medical technology company and a leading provider of advanced therapies for the sports medicine and severe burn care markets. Vericel currently markets three commercial-stage products in the U.S., MACI®, Epicel® and NexoBrid®.

MACI (autologous cultured chondrocytes on porcine collagen membrane) is 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. Since MACI's commercial launch, the product's FDA-approved labeling has provided for a treating surgeon to use MACI to treat a patient through an open surgical procedure. In August 2024, the U.S. Food and Drug Administration ("FDA") approved a supplemental Biologics License Application ("sBLA") expanding the MACI indication to add instructions for the arthroscopic delivery of MACI to the product's approved labeling. MACI Arthro® allows surgeons to evaluate and prepare the cartilage defect site as well as deliver the MACI implant through small incisions using custom-designed arthroscopic instruments developed by the Company ("MACI Arthro instruments"). MACI Arthro became commercially available in the U.S. during the third quarter of 2024, and the Company began selling MACI Arthro instruments at that time.

Epicel (cultured epidermal autografts) is a permanent skin replacement Humanitarian Use Device ("HUD") indicated for the treatment of adult and pediatric patients with deep-dermal or full-thickness burns comprising greater than or equal to 30 percent of a patient's total body surface area ("TBSA"). The Company also holds an exclusive license from MediWound Ltd. ("MediWound") for North American rights to NexoBrid (anacaulase-bcdb), a topically-administered biological orphan product containing proteolytic enzymes, which is indicated for the removal of eschar in adult and pediatric patients with deep partial-thickness and/or full-thickness thermal burns.

The Company is subject to risks common to companies in the life sciences industry including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, commercialization of existing and new products, and compliance with FDA regulations and approval requirements, as well as the ability to grow the Company's business through appropriate commercial strategies.

Liquidity

The accompanying condensed consolidated financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As of September 30, 2026, the Company had an accumulated deficit of $366.2 million and had a net income of $10.1 million during the nine months ended September 30, 2026. The Company had cash and cash equivalents of $133.5 million and investments of $102.1 million as of September 30, 2026. The Company expects that cash from the sales of its products and existing cash, cash equivalents, investments, and available borrowing capacity will be sufficient to support the Company's current operations through at least 12 months from the issuance of these condensed consolidated financial statements. If revenues decline for a sustained period, the Company may need to access additional capital; however, the Company may not be able to obtain additional financing on acceptable terms or at all. The terms of any additional financing may adversely affect the holdings or the rights of the Company's shareholders.

2. Basis of Presentation

The accompanying condensed consolidated financial statements of Vericel are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates, judgments, and assumptions that may affect the reported amounts of assets, liabilities, equity, revenue and expenses. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations.

The financial statements reflect, in the opinion of management, all adjustments (consisting only of normal, recurring adjustments) necessary to state fairly the financial position and results of operations as of and for the periods indicated. The Company bases its estimates on historical experience and on various other assumptions that it believes are reasonable, the results

of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenue and expenses.

The condensed consolidated balance sheet as of December 31, 2025 has been derived from the audited consolidated financial statements at that date, but does not include all the information and notes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on February 26, 2026 ("Annual Report").

Recent Accounting Pronouncements

In December 2025, the FASB issued ASU 2025-12, Codification Improvements. The Company has elected to early adopt the treasury stock retirement guidance (Issue 10) in ASU 2025-12. Under this amendment, the Company has established an accounting policy to record the full repurchase price of shares repurchased and retired as a reduction to common stock, as the Company's common stock has no par value. The adoption of this update did not have a material impact on total shareholders' equity.

No other new accounting standards were adopted during the nine months ended September 30, 2026. The Company considers the applicability and impact of any recent Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"), as noted below:

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, and in January 2025, the FASB issued ASU 2025-01, *Clarifying the Effective Date*. These updates require new disclosures to disaggregate prescribed natural expenses underlying any income statement caption. This standard is effective for annual periods in fiscal years beginning after December 15, 2026, and interim periods within those annual periods beginning after December 15, 2027, with early adoption permitted, and will be applied on a prospective basis. The Company is currently evaluating the impact of this guidance on the consolidated financial statements and disclosures.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.* This update introduces a practical expedient for all entities when estimating expected credit losses on current accounts receivable and current contract assets arising from revenue transactions accounted for under Topic 606. The expedient allows entities to assume current conditions as of the balance sheet date remain unchanged over the remaining life of the asset. This amendment is effective for annual periods in fiscal years beginning after December 15, 2025, and interim periods within those annual reporting periods, with early adoption permitted, and will be applied on a prospective basis. The Company is currently evaluating the impact of this guidance on the consolidated financial statements and disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. The standard removes all references to software development stages. It also requires that an entity capitalizes software when both: (1) management has authorized and committed funding to the project and (2) it is probable that the project will be completed and the software is used to perform the intended function. This ASU may be adopted prospectively, retrospectively, or on a modified transition approach based on the status of the project and whether software costs were capitalized before the date of adoption. It is effective for annual periods beginning after December 15, 2027 and interim periods within fiscal years beginning after December 15, 2027 with early adoption permitted. The Company is currently evaluating the impact of this guidance on the consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*. The standard establishes authoritative guidance in U.S. GAAP about accounting for government grants received by business entities and clarifies the appropriate accounting in an effort to reduce diversity in practice, and increase consistency of application across business entities. It is effective for annual reporting periods beginning after December 15, 2028, and interim periods thereafter, with early adoption permitted, and may be applied prospectively, retrospectively, or with a modified retrospective approach. The Company is currently evaluating the impact of this guidance on the consolidated financial statements and disclosures.

3. Revenue

Revenue Recognition and Product Sales, Net

The Company recognizes product revenue from sales of MACI biopsy kits, MACI implants, MACI Arthro instruments, Epicel grafts, and NexoBrid following the five-step model in Accounting Standards Codification ("ASC") 606, *Revenue Recognition.*

MACI Biopsy Kits

MACI biopsy kits are sold directly to hospitals and ambulatory surgical centers based on contracted rates set forth in an approved contract or sales order. The Company recognizes MACI kit revenue upon delivery of the biopsy kit, at which time the customer (the facility) is in control of the kit. The kit is used by the treating surgeon to provide a sample of cartilage tissue to the Company, which can later be used to manufacture a MACI implant. The ordering of the kit does not obligate the Company to manufacture an implant nor does the receipt of the cartilage tissue by the Company from the customer following biopsy. The customer's order of an implant is separate from the process of ordering the biopsy kit. Therefore, the sale of the biopsy kit and any subsequent sale of an implant are distinct contracts and are accounted for separately.

MACI Arthro Instruments

MACI Arthro instruments are sold directly to hospitals and ambulatory surgical centers based upon rates set forth in price lists. The Company recognizes revenue from the sale of MACI Arthro instruments upon delivery of the instruments, at which time the customer (the facility) is in control of the instruments. MACI Arthro instruments can be used by an orthopedic surgeon to deliver MACI to a treated patient using an arthroscopic approach. The customer's order of a MACI implant is separate from the process of ordering the MACI Arthro instruments. Therefore, the sale of the MACI Arthro instruments and any sale of an implant are distinct and are accounted for separately.

MACI Implants

The Company contracts with two specialty pharmacies, Orsini Pharmaceutical Services, Inc. ("Orsini") and AllCare Plus Pharmacy, Inc. ("AllCare") to distribute MACI in a manner in which the Company retains the credit and collection risk from the end customer. The Company pays each specialty pharmacy a fee in each instance when it dispenses MACI for use in treating a patient. Both Orsini and AllCare perform collection activities to collect payment from customers. In addition, the Company sells MACI directly to hospitals pursuant to an agreed upon purchase order and to a distributor, DMS Pharmaceutical Group, Inc. ("DMS") at a contracted rate for the treatment of patients at military facilities throughout the U.S. The Company engages a third party to provide services in connection with a patient support program to manage patient cases and to ensure that complete and correct billing information is provided to the insurers and hospitals.

Prior authorization and confirmation of coverage level by the patient's private insurance plan, hospital or government payer is a prerequisite to the shipment of a MACI implant to a patient. The Company recognizes product revenue from sales of all MACI implants upon delivery at which time the customer obtains control of the implant and the claim is billable. The total consideration that the Company expects to collect in exchange for MACI implants (the "Transaction Price") may be fixed or variable. Direct sales to hospitals or distributors are recorded at a contracted price, and there are typically no forms of variable consideration related to warranties to customers.

When the Company sells MACI through its specialty pharmacies, the Company is typically reimbursed by a third-party insurer or government payer, subject to a patient co-pay amount. Reimbursements from third-party insurers and government payers vary by patient and payer and are based on either contracted rates, publicly available rates, fee schedules or past payer precedents. Net product revenue is recognized net of estimated contractual allowances, which considers historical collection experience from both the payer and patient, denial rates and the terms of the Company's contractual arrangements. The Company estimates expected collections for these transactions using the portfolio approach. The Company records a reduction to revenue at the time of sale for its estimate of the amount of consideration that will not be collected. In addition, potential credit risk exposure has been evaluated for the Company's accounts receivable in accordance with *ASC 326, Financial Instruments - Credit Losses*. The Company assesses risk and determines a loss percentage by pooling accounts receivable based on similar risk characteristics. The loss percentage is calculated through the use of forecasts that are based on current and historical economic and financial information. This loss percentage was applied to the accounts receivable as of September 30, 2026. The total allowance for uncollectible consideration as of September 30, 2026 and December 31, 2025 was $9.6 million and $8.4 million, respectively. Changes to the estimate of the amount of consideration that will not be collected could have a material impact on

the revenue recognized. A 50 basis points change to the estimated uncollectible percentage could result in an approximately $0.6 million decrease or increase in the revenue recognized for the nine months ended September 30, 2026.

Changes in estimates of the Transaction Price are recorded through revenue in the period in which such change occurs. Changes in estimates related to prior periods are shown in the Revenue by Product and Customer table below and relate primarily to changes in the initial expected reimbursement or collection expectation upon completion of the billing claims process for MACI implants that occurred in a prior period.

Epicel

The Company sells Epicel directly to hospitals and burn centers based on contracted rates stated in an approved contract or purchase order. In some cases, volume-based rebates are offered. Similar to MACI, there is no obligation to manufacture Epicel grafts upon receipt of a skin biopsy. The Company recognizes product revenue from sales of Epicel upon delivery to the hospital, at which time the customer is in control of the Epicel grafts and the claim is billable to the hospital.

NexoBrid

The Company entered into exclusive license and supply agreements with MediWound in May 2019, pursuant to which MediWound will manufacture and supply NexoBrid on a unit price basis, which may be increased pursuant to the terms of the agreements.

In December 2022, the FDA approved a BLA for NexoBrid, granting a license for its commercial use in the U.S. NexoBrid is a topically-administered biological orphan product containing proteolytic enzymes. Through the 2022 BLA, NexoBrid was originally indicated for the removal of eschar in adults with deep partial-thickness and/or full-thickness thermal burns. In August 2024, the FDA authorized the expansion of the product's indication to include pediatric patients.

The Company sells NexoBrid to specialty distributors. These customers subsequently resell NexoBrid to hospitals and burn centers. Product revenue is recorded net of reserves for specialty distributor fees, prompt payment or other discounts and allowances for returns, as applicable. The Company recognizes product revenue from sales of NexoBrid when the specialty distributors take control of the product, which typically occurs upon its delivery to the specialty distributors.

In March 2026, the Company entered into an agreement with the U.S. Biomedical Advanced Research and Development Authority ("BARDA"), to procure certain quantities of NexoBrid, establish a Vendor Managed Inventory ("VMI") system for NexoBrid, potentially design and validate a U.S.-based NexoBrid manufacturing facility, and develop a next generation formulation and an additional indication for the product (see Note 15, "The BARDA Agreement" for further details).

Revenue by Product and Customer

The following table and descriptions below show the products from which the Company generated its revenue for the periods indicated:

Revenue by product (in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
MACI implants, kits, and instruments				
Implants based on contracted rate sold through a specialty pharmacy [(a)]	$ 49,859	$ 41,090	$ 141,728	$ 113,086
Implants subject to third party reimbursement sold through a specialty pharmacy [(b)]	5,006	4,034	15,730	9,605
Implants sold direct based on contracted rates [(c)]	9,719	8,032	24,622	25,358
Implants sold direct subject to third-party reimbursement [(d)]	1,712	1,056	5,696	3,624
Biopsy kits and instruments - direct bill	606	652	1,826	1,890
Change in estimates related to prior periods [(e)]	470	798	(327)	1,853
Total MACI implants, kits, and instruments	67,372	55,662	189,275	155,416
Epicel				
Direct bill (hospital)	12,714	10,375	34,004	23,954
NexoBrid [(f)]	5,285	1,466	7,974	3,971
Total revenue	$ 85,371	$ 67,503	$ 231,253	$ 183,341

(a) Represents implants sold through Orsini and AllCare whereby such specialty pharmacies have a direct contract with the underlying insurance provider. The amount of reimbursement is based on contracted rates at the time of sale supported by the pharmacy's direct contracts.

(b) Represents implants sold through Orsini and AllCare whereby such specialty pharmacy does not have a direct contract with the underlying payer and is subject to third-party reimbursement. The amount of reimbursement is established based on publicly available rates, fee schedules or past payer precedents.

(c) Represents implants sold directly from the Company to the facility based on a contract and known price agreed upon prior to the surgery date. Also represents direct sales under a contract to specialty distributor DMS.

(d) Represents implants sold directly from the Company to the facility based on a contract and known price agreed upon prior to the surgery date. The payment terms are subject to third-party reimbursement from an underlying insurance provider.

(e) Primarily represents changes in estimates related to implants sold through Orsini or AllCare and relate to changes to the initial expected reimbursement or collection expectations upon completion of the billing claims process. The change in estimates is a result of additional information, changes in collection expectations or actual cash collections received in the current period.

(f) During the three and nine months ended September 30, 2026, the Company recognized $3.0 million of NexoBrid revenue, related to the BARDA Agreement (see Note 15, "The BARDA Agreement" for further details).

4. Selected Balance Sheet Components

Inventory

Inventory consisted of the following:

(In thousands)	September 30, 2026	December 31, 2025
Raw materials	$ 13,348	$ 12,953
Work-in-process	1,281	1,584
Finished goods	2,427	3,023
Total inventory	$ 17,056	$ 17,560

Property and Equipment

Property and Equipment, net consisted of the following:

(In thousands)	September 30, 2026	December 31, 2025
Machinery and equipment	$ 26,131	$ 14,498
Furniture, fixtures and office equipment	5,302	5,424
Computer equipment and software	19,594	18,953
Leasehold improvements	80,103	76,421
Construction in process	13,270	24,651
Total property and equipment, gross	144,400	139,947
Less accumulated depreciation	(39,321)	(31,550)
Total property and equipment, net	$ 105,079	$ 108,397

Depreciation expense for the three and nine months ended September 30, 2026 was $3.5 million and $10.0 million, respectively, and $2.8 million and $8.0 million, respectively, for the same periods in 2025.

Intangible Assets

Intangible assets, net consisted of the following:

			September 30, 2026			December 31, 2025		
(In thousands)	Useful Life (in years)	Amortization Method	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
NexoBrid license	12	Straight-line	$ 7,500	$ (2,344)	$ 5,156	$ 7,500	$ (1,875)	$ 5,625

Amortization expense for each of the three and nine months ended September 30, 2026 and 2025 was $0.2 million and $0.5 million, respectively. The NexoBrid intangible asset is amortized to cost of product sales.

Future amortization expense of intangible assets as of September 30, 2026 is estimated to be as follows:

(In thousands)	Amount
Remainder of 2026	$ 156
2027	625
2028	625
2029	625
2030	625
Thereafter	2,500
Total	$ 5,156

Accrued Expenses

Accrued Expenses consisted of the following:

(In thousands)	September 30, 2026	December 31, 2025
Bonus-related compensation	$ 9,920	$ 11,253
Employee-related accruals	4,336	3,009
Insurance reimbursement-related liabilities	2,599	4,401
Accrued rebates	2,725	273
Other accrued expenses	811	300
Total accrued expenses	$ 20,391	$ 19,236

5. Leases

The Company leases facilities in Ann Arbor, Michigan, Cambridge, Massachusetts and Burlington, Massachusetts. The Ann Arbor facility includes office space, and the Cambridge facility includes clean rooms, laboratories for MACI and Epicel manufacturing and office space. The Company also leases certain equipment.

On January 28, 2022, the Company entered into a lease agreement (as amended, the "Burlington Lease") to lease approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts. The Burlington facility is complete, and the Company is currently utilizing the facility's office space. In March 2026, the Company received FDA approval to begin MACI commercial manufacturing at the Burlington facility, and a portion of the tenant improvements to the manufacturing suites and related equipment related to MACI manufacturing were placed in service following the FDA approval. The Company is currently transitioning the Burlington facility's manufacturing component into the primary manufacturing facility for MACI, and has begun manufacturing a portion of MACI implants at that location. The Company intends that the Burlington facility's manufacturing component will eventually also become the primary manufacturing facility for Epicel, upon FDA qualification for Epicel manufacturing.

For each of the three and nine months ended September 30, 2026 and 2025, lease expense of less than $0.1 million and less than $0.3 million, respectively, was recorded related to short-term leases. For each of the three and nine months ended September 30, 2026 and 2025, the Company recognized $3.0 million and $9.0 million of operating lease expense, respectively. For each of the three and nine months ended September 30, 2026 and 2025, the Company recognized less than $0.1 million of financing lease expense.

Operating and finance lease assets and liabilities are as follows:

(In thousands)	Classification	September 30, 2026	December 31, 2025
Assets			
Operating	Right-of-use assets	$ 60,590	$ 64,774
Finance	Property and equipment, net	503	686
Total leased assets		$ 61,093	$ 65,460
Liabilities			
Current			
Operating	Current portion of operating lease liabilities	$ 14,254	$ 13,969
Finance	Other current liabilities	116	116
Non-current			
Operating	Operating lease liabilities	$ 76,319	$ 82,284
Finance	Other long-term liabilities	458	522
Total leased liabilities		$ 91,147	$ 96,891

6. Investments

Marketable debt securities held by the Company are classified as available-for-sale pursuant to ASC 320, *Investments – Debt and Equity Securities*, and carried at fair value in the accompanying condensed consolidated balance sheets on a settlement date basis. The following tables summarize the gross unrealized gains and losses of the Company's marketable securities:

	September 30, 2026				
		Gross Unrealized			
(In thousands)	Amortized Cost	Gains	Losses	Credit Losses	Estimated Fair Value
Commercial paper	$ 4,005	$ —	$ (16)	$ —	$ 3,989
Corporate notes	89,233	10	(968)	—	88,275
U.S. government agency bonds	9,928	—	(81)	—	9,847
	$ 103,166	$ 10	$ (1,065)	$ —	$ 102,111
Classified as:					
Short-term investments					$ 36,775
Long-term investments					65,336
					$ 102,111

	December 31, 2025				
		Gross Unrealized			
(In thousands)	Amortized Cost	Gains	Losses	Credit Losses	Estimated Fair Value
Commercial paper	$ 5,117	$ 1	$ (1)	$ —	$ 5,117
Corporate notes	82,754	308	(28)	—	83,034
U.S. government agency bonds	10,656	6	(11)	—	10,651
	$ 98,527	$ 315	$ (40)	$ —	$ 98,802
Classified as:					
Short-term investments					$ 37,407
Long-term investments					61,395
					$ 98,802

As of September 30, 2026 and December 31, 2025, all marketable securities held by the Company had remaining contractual maturities of three years or less. There have been no impairments of the Company's assets measured and carried at fair value during the three and nine months ended September 30, 2026 and 2025.

7. Fair Value Measurements

The Company's fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The commercial paper, corporate notes, U.S. government securities, and U.S. government agency bonds are classified as Level 2 as they were valued based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. The deferred compensation plan liabilities are recorded at the value of the amount owed to the plan participants, with changes in value recognized as compensation expense. The calculation of the deferred compensation plan obligation is derived from observable market data by reference to hypothetical investments selected by the participants. There were no transfers into or out of Level 3 from December 31, 2025 to September 30, 2026.

The following table summarizes the valuation of the Company's financial assets and liabilities that are measured at fair value on a recurring basis:

	September 30, 2026				December 31, 2025			
		Fair value measurement category				Fair value measurement category		
(In thousands)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Money market funds	$ 80,557	$ 80,557	$ —	$ —	$ 38,110	$ 38,110	$ —	$ —
Commercial paper [(a)]	3,989	—	3,989	—	7,111	—	7,111	—
Corporate notes	88,275	—	88,275	—	83,034	—	83,034	—
U.S. government agency bonds	9,847	—	9,847	—	10,651	—	10,651	—
U.S. government securities [(a)]	42,397	—	42,397	—	47,766	—	47,766	—
	$ 225,065	$ 80,557	$ 144,508	$ —	$ 186,672	$ 38,110	$ 148,562	$ —
Liabilities:								
Deferred compensation plan liabilities	$ 1,483	$ —	$ 1,483	$ —	$ 1,422	$ —	$ 1,422	$ —
Total liabilities	$ 1,483	$ —	$ 1,483	$ —	$ 1,422	$ —	$ 1,422	$ —

[(a)] Approximately $42.4 million of U.S. government securities had an original maturity of 90 days or less and were recorded as a cash equivalent as of September 30, 2026. Approximately $47.8 million of U.S. government securities and $2.0 million of commercial paper had an original maturity of 90 days or less and were recorded as a cash equivalent as of December 31, 2025.

The fair values of the cash equivalents and marketable securities are based on observable market prices. The Company's accounts receivable, accounts payable and accrued expenses are valued at cost which approximates fair value.

8. Revolving Credit Agreement

On July 29, 2022, the Company, as borrower, entered into a $150.0 million five-year senior secured revolving credit agreement by and among the Company, the other loan parties thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent (the "Revolving Credit Agreement"). The Revolving Credit Agreement includes a $15.0 million sub-facility for the issuance of letters of credit, of which the Company is utilizing approximately $6.0 million. Amounts available under the Revolving Credit Agreement are for the working capital needs and other general corporate purposes of the Company. The Company incurred and capitalized approximately $1.1 million of debt issuance costs related to the Revolving Credit Agreement.

Outstanding borrowings under the Revolving Credit Agreement bear interest, with pricing based from time to time at the Company's election at (i) the Secured Overnight Financing Rate ("SOFR") plus 0.10% plus a spread ranging from 1.25% to 2.50% as determined by the Company's Total Net Leverage Ratio (as defined in the Revolving Credit Agreement) or (ii) the alternative base rate (as defined in the Revolving Credit Agreement) plus a spread ranging from 0.25% to 1.50% as determined by the Company's Total Net Leverage Ratio. The Revolving Credit Agreement also includes a commitment fee, which ranges from 0.20% to 0.25% as determined by the Company's Total Net Leverage Ratio.

The Company is permitted to voluntarily prepay borrowings under the Revolving Credit Agreement, in whole or in part, without premium or penalty. On any business day on which the total amount of outstanding Revolving Loans (as defined in the Revolving Credit Agreement) and letters of credit exceeds the total Revolving Commitments (as defined in the Revolving Credit Agreement), the Company must prepay the Revolving Loans in an amount equal to such excess. As of September 30, 2026, there are no outstanding borrowings under the Revolving Credit Agreement.

The Revolving Credit Agreement contains a number of affirmative, negative, reporting and financial covenants, in each case subject to certain exceptions and materiality thresholds. The Revolving Credit Agreement requires the Company to be in quarterly compliance, measured on a trailing four quarter basis, with a financial covenant. The maximum Total Net Leverage Ratio (as defined in the Revolving Credit Agreement) is 3.50 to 1.00. The Company may elect to increase the maximum Total Net Leverage Ratio to 4.00 to 1.00 for a period of four consecutive quarters in connection with a Permitted Acquisition (as defined in the Revolving Credit Agreement).

The Revolving Credit Agreement contains usual and customary restrictions on the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) create liens; (iii) consolidate, merge, sell or otherwise dispose of all, or substantially all, of its assets; (iv) sell certain assets; (v) pay dividends on, repurchase or make distributions in respect of capital stock or make other restricted payments in certain circumstances; (vi) make certain investments; (vii) repay subordinated indebtedness prior to stated maturity; and (viii) enter into certain transactions with its affiliates.

Obligations under the Revolving Credit Agreement are secured by first priority liens over substantially all of the assets of Vericel Corporation, excluding certain subsidiaries (subject to customary exclusions set forth in the Revolving Credit Agreement and the other transaction documents).

9. Shareholders' Equity

Repurchase Program

In July 2026, the Company's Board of Directors authorized the repurchase of up to $200.0 million of the Company's common stock, with no expiration date. The authorization allows for repurchases to be made in the open market, privately negotiated transactions, or otherwise, in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The share repurchase program does not obligate the Company to acquire any specific amount of the Company's common stock and may be suspended or discontinued at any time at the Company's discretion.

During the three and nine months ended September 30, 2026, the Company repurchased and retired 220,744 shares of its common stock for a total cost of $8.8 million, or an average of $40.08 per share. As of September 30, 2026, the Company had $191.2 million available to repurchase under the repurchase program.

Repurchased shares are automatically retired and constitute authorized but unissued shares.

10. Stock-Based Compensation

The Vericel Corporation 2022 Omnibus Incentive Plan ("2022 Plan") was approved on April 27, 2022, and the Vericel Corporation Amended and Restated 2022 Omnibus Incentive Plan ("Amended and Restated 2022 Plan") was approved on April 30, 2025. The Amended and Restated 2022 Plan provides incentives through the grant of stock options, stock appreciation rights, restricted stock awards and restricted stock units. The exercise price of stock options granted under the Amended and Restated 2022 Plan shall not be less than the fair market value of the Company's common stock on the date of grant. The Amended and Restated 2022 Plan amended and restated the 2022 Plan, which replaced the 1992 Stock Option Plan, the 2001 Stock Option Plan, the Amended and Restated 2004 Equity Incentive Plan, the 2009 Second Amended and Restated Omnibus Incentive Plan, the 2017 Omnibus Incentive Plan and the Amended and Restated 2019 Omnibus Incentive Plan (collectively the "Prior Plans"), and no new grants have been granted under the Prior Plans after approval of the 2022 Plan. However, the expiration or forfeiture of options previously granted under the Prior Plans will increase the number of shares available for issuance under the Amended and Restated 2022 Plan.

Stock Compensation Expense

Non-cash stock-based compensation expense (service-based stock options, restricted stock units and the employee stock purchase plan) is summarized in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2026	2025	2026	2025
Cost of product sales	$ 899	$ 1,029	$ 3,311	$ 3,279
Research and development	950	1,015	3,293	3,650
Selling, general and administrative	5,974	6,655	21,596	23,415
Total non-cash stock-based compensation expense	$ 7,823	$ 8,699	$ 28,200	$ 30,344

Service-Based Stock Options

During the nine months ended September 30, 2026, the Company granted service-based options to purchase common stock of 580,440, at a weighted-average grant-date fair value of $19.71 per option. There were no service-based options granted during the three months ended September 30, 2026. During the three and nine months ended September 30, 2025, the Company granted service-based options to purchase common stock of 13,500 and 590,223, respectively. The weighted-average grant-date fair value of service-based options granted during the three and nine months ended September 30, 2025 was $17.74 and $28.59 per option, respectively.

Restricted Stock Units

During the three and nine months ended September 30, 2026, the Company granted 10,380 and 599,931 restricted stock units, respectively, and 20,760 and 576,711, respectively, for the same periods in 2025. The weighted-average grant-date fair value of restricted stock units granted during the three and nine months ended September 30, 2026 was $42.78 and $37.98 per unit, respectively, and $33.95 and $51.22 per unit, respectively, for the same periods in 2025.

11. Net Income (Loss) Per Common Share

A summary of net income (loss) per common share is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands, except per share amounts)	**2026**	**2025**	**2026**	**2025**
Net income (loss)	$ 14,161	$ 5,074	$ 10,065	$ (6,725)
Basic weighted-average common shares outstanding	51,186	50,489	51,013	50,256
Effect of dilutive stock options and restricted stock units	1,776	1,419	1,446	—
Diluted weighted-average common shares outstanding	52,962	51,908	52,459	50,256
Basic income (loss) per common share	$ 0.28	$ 0.10	$ 0.20	$ (0.13)
Diluted income (loss) per common share	$ 0.27	$ 0.10	$ 0.19	$ (0.13)
Anti-dilutive shares excluded from diluted net income (loss) per common share:				
Stock options	2,883	2,996	3,070	5,586
Restricted stock units	3	1,185	10	1,185

12. NexoBrid License and Supply Agreements

On May 6, 2019, the Company entered into exclusive license and supply agreements with MediWound to commercialize NexoBrid in North America. NexoBrid is a topically-administered biological orphan product containing proteolytic enzymes, for which the FDA approved a BLA in December 2022, permitting the product's use for the removal of eschar in adults with deep partial-thickness and/or full-thickness thermal burns. Subsequently, in August 2024, the FDA approved a supplemental BLA expanding NexoBrid's indication to include pediatric patients.

Pursuant to the terms of the license agreement, following the FDA's approval of the BLA for NexoBrid, MediWound transferred the BLA to Vericel. NexoBrid is approved in the European Union ("EU") and other international markets and has been designated as an orphan biologic in the U.S., EU and other international markets.

In May 2019, the Company paid MediWound $17.5 million in consideration for the license, which was recorded as research and development expense during 2019. The FDA's December 2022 approval of NexoBrid resulted in the achievement of a $7.5 million regulatory milestone payment pursuant to the terms of the license agreement. The Company recorded the $7.5 million milestone for the licensing rights to commercially sell NexoBrid in the U.S. as an intangible asset as of December 31, 2022 (see Note 4, "Selected Balance Sheet Components" for further details). The $7.5 million milestone payment was paid to MediWound in February of 2023.

Additionally, the Company is obligated to pay MediWound up to $125.0 million, which is contingent upon meeting certain sales milestones. The first sales milestone payment of $7.5 million would be triggered when annual net sales of NexoBrid or improvements to NexoBrid in North America exceed $75.0 million. As of September 30, 2026, the sales milestone payments are not yet probable and therefore, not recorded as a liability. The Company pays MediWound tiered royalties on net sales ranging from mid-high single-digit to mid-teen percentages, subject to customary reductions. Pursuant to the terms of the Company's supply agreement with MediWound, MediWound is manufacturing, and will continue to manufacture, NexoBrid for the Company on a unit price basis, which may be increased pursuant to the terms of the supply agreement. MediWound was obligated to supply the Company with NexoBrid for sale in North America on an exclusive basis for the first five years of the term of the supply agreement. Under the supply agreement, the Company possessed the option to extend the initial term of the agreement by an additional 24 months, which it did in May 2022. After the initial term, the Company may extend the supply agreement on an annual basis for up to 10 additional years, at its sole discretion. In March 2025 and March 2026, the Company exercised the first and second of these annual extensions, respectively, extending the term of the supply agreement through at least May 2028. Under the supply agreement, the Company is permitted to establish an alternate source of supply in certain circumstances, including the event of a supply failure.

13. Commitments and Contingencies

From time to time, the Company could be a party to various legal proceedings arising in the ordinary course of business. The costs and outcome of litigation, regulatory, investigatory or other proceedings cannot be predicted with certainty, and some lawsuits, claims, actions or proceedings may be disposed of unfavorably to the Company and could have a material adverse effect on the Company's results of operations or financial condition. In addition, intellectual property disputes often have a risk of injunctive relief which, if imposed against the Company, could materially and adversely affect its financial condition or results of operations. If a matter is both probable to result in material liability and the amount of loss can be reasonably estimated, the Company estimates and discloses the possible material loss or range of loss. If such loss is not probable or cannot be reasonably estimated, a liability is not recorded in its condensed consolidated financial statements.

As of September 30, 2026, the Company had no material ongoing litigation in which the Company was a party or any material ongoing regulatory or other proceedings and had no knowledge of any investigations by government or regulatory authorities in which the Company is a target that could have a material adverse effect on its current business.

14. Segment Information

The Company operates its business primarily in the U.S. in one reportable segment - the research, product development, manufacture and distribution of cellular therapies and specialty biologics for use in the treatment of specific conditions. The Company is managed on a consolidated basis.

The Company's Chief Executive Officer was determined to be the Company's chief operating decision maker ("CODM"). The CODM reviews and evaluates revenue, expenses and consolidated net income (loss), consistent with what is reported on the consolidated statement of operations, for purposes of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

In addition to the significant expense categories within the Company's consolidated statements of operations, see below for disaggregated amounts that comprise selling, general and administrative expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2026	2025	2026	2025
Selling and marketing	$ 25,529	$ 21,200	$ 80,531	$ 66,299
General and administrative	18,010	18,617	60,709	57,233
Total selling, general and administrative expenses	$ 43,539	$ 39,817	$ 141,240	$ 123,532

15. The BARDA Agreement

On March 31, 2026, the Company entered into a ten-year agreement with the U.S. Biomedical Advanced Research and Development Authority ("BARDA"), part of the Administration for Strategic Preparedness and Response ("ASPR") within the U.S. Department of Health and Human Services (the "BARDA Agreement"). The BARDA Agreement is valued at up to $196.9 million and details BARDA's agreement to procure certain quantities of NexoBrid, establish a Vendor Managed Inventory ("VMI") system for NexoBrid, potentially design and validate a U.S.-based NexoBrid manufacturing facility, and develop a next generation formulation and an additional indication for the product.

The BARDA Agreement's base period encompasses $34.9 million in BARDA funding, which includes approximately $10 million for the initial procurement of NexoBrid for emergency preparedness and VMI establishment, funding for VMI-related services and initial development activities for a potential expanded NexoBrid indication for the treatment of blast trauma injuries. The BARDA Agreement, which became effective on April 1, 2026, also includes optional awards for additional NexoBrid procurement, further clinical development for a potential blast trauma indication, design and validation of a potential U.S.-based manufacturing facility and the development and procurement of a room temperature stable formulation of NexoBrid. The Company recorded $3.0 million in revenue from this agreement during the three and nine months ended September 30, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Vericel Corporation is a leading provider of advanced therapies for the sports medicine and severe burn care markets. We have a highly differentiated portfolio of cell therapy and specialty biologic products that combines innovations in biology with medical technologies. We were among the first companies to achieve commercial success in the complex field of cell therapies with treatments that use tissue engineering to regenerate skin and healthy knee cartilage. We currently market two U.S. Food and Drug Administration ("FDA") approved autologous cell therapy products and one FDA-approved specialty biologic product in the U.S. MACI® is 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. Since MACI's commercial launch, the product's FDA-approved labeling has provided for a treating surgeon to use MACI to treat a patient through an open surgical procedure. In August 2024, the FDA approved a supplemental Biologics License Application ("sBLA") expanding the MACI indication to add instructions for the arthroscopic delivery of MACI to the product's approved labeling. MACI Arthro® allows surgeons to evaluate and prepare the cartilage defect site as well as deliver the MACI implant through small incisions using custom-designed arthroscopic instruments developed by the Company ("MACI Arthro instruments"). MACI Arthro became commercially available in the U.S. during the third quarter of 2024 and the Company began selling MACI Arthro instruments at that time.

Epicel® is a permanent skin replacement Humanitarian Use Device ("HUD") indicated for the treatment of adult and pediatric patients with deep-dermal or full-thickness burns comprising greater than or equal to 30 percent of a patient's total body surface area ("TBSA"). We also hold an exclusive license from MediWound Ltd. ("MediWound") for the North American rights to NexoBrid® (anacaulase-bcdb), a topically-administered biological orphan product containing proteolytic enzymes, which is indicated for the removal of eschar in adult and pediatric patients with deep partial-thickness and/or full-thickness thermal burns.

Manufacturing

We have a cell manufacturing facility in Cambridge, Massachusetts, which is currently used for U.S. manufacturing and distribution of MACI and Epicel. In January 2022, we entered into a lease agreement (as amended, the "Burlington Lease") to lease approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts. The Burlington facility is complete, and we are currently utilizing the facility's office space. In March 2026, we received FDA approval to begin MACI commercial manufacturing at the Burlington facility and we are currently transitioning the facility's manufacturing component into the primary manufacturing facility for MACI, and have begun manufacturing a portion of MACI implants at that location. We intend that the Burlington facility's manufacturing component will eventually also become the primary manufacturing facility for Epicel, upon FDA qualification for Epicel manufacturing.

The manufacturing process for NexoBrid is conducted by MediWound, primarily at manufacturing locations in Israel. Certain raw materials utilized in NexoBrid's manufacture, including the supply of the active ingredient bromelain, are sourced from Taiwan.

Product Portfolio

Our current marketed products include two FDA-approved autologous cell therapies and one FDA-approved specialty biologic product. MACI is a third-generation 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. In connection with our MACI product, we sell MACI biopsy kits, which are used by treating surgeons to obtain a sample of cartilage tissue, which is later sent to us. If a patient decides to move forward with MACI treatment, we subsequently use the cartilage sample to manufacture a MACI implant. When an orthopedic surgeon decides to treat a patient by implanting MACI through an arthroscopic approach, the surgeon may choose to use our custom MACI Arthro instruments during the procedure, which we sell by way of a separate transaction.

Epicel is a permanent skin replacement indicated for the treatment of adult and pediatric patients with deep-dermal or full-thickness burns comprising greater than or equal to 30 percent of a patient's TBSA. Both autologous cell therapy products, MACI and Epicel, are currently manufactured and marketed in the U.S. NexoBrid is a topically-administered biological orphan product containing proteolytic enzymes that is indicated for eschar removal in adult and pediatric patients with deep partial-thickness and/or full-thickness thermal burns. We hold exclusive license and supply agreements with MediWound to commercialize NexoBrid in North America. We operate our business primarily in the U.S. in one reportable segment - the research, product development, manufacture and distribution of cellular therapies and specialty biologics for use in the treatment of specific conditions.

MACI

MACI is a third-generation autologous chondrocyte implantation ("ACI") product indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults.

Our target audiences are orthopedic surgeons who self-identify and/or have formal specialty training in sports medicine, and a subpopulation of general orthopedic surgeons who perform a high volume of cartilage repair procedures involving the knee. Our MACI commercial team consists of individual sales representatives that regularly engage with our target audience. The team is divided into geographic regions and is managed by a senior sales leadership team. A vast majority of the largest commercial payers in the U.S. have a formal medical policy that provides benefit coverage for treatment with MACI. With respect to private commercial payers that have not yet approved a medical policy for MACI, we often obtain approval on a case-by-case basis.

MACI consists of autologous cultured chondrocytes, which are human-derived cells that are obtained from the patient's own cartilage, and which are seeded onto a resorbable Type I/III collagen membrane. Since MACI's commercial launch, the product's FDA-approved labeling has provided for a treating surgeon to use MACI to treat a patient through an open surgical procedure. In August 2024, the FDA approved a supplemental Biologics License Application ("sBLA") expanding the MACI indication to add instructions for the arthroscopic delivery of MACI to the product's approved labeling, permitting the repair of single or multiple full-thickness cartilage defects of the knee up to 4 cm^2 in size via an arthroscopic approach. MACI Arthro provides a less invasive technique compared to the open arthrotomy approach and allows surgeons to evaluate, prepare and treat the cartilage defect, and deliver the MACI implant, under direct arthroscopic visualization and, should the surgeon so choose, to use specialized and custom-designed instruments (the "MACI Arthro instruments") through small incisions or portals. The arthroscopic delivery of MACI may increase the ease of MACI's use for physicians and may reduce both the length of the procedure as well as procedure-induced trauma, which may result in a reduction of a patient's post-operative pain and accelerate a patient's recovery. MACI Arthro became commercially available in the U.S. during the third quarter of 2024, and we began selling MACI Arthro instruments at that time. We have experienced strong surgeon interest in the MACI Arthro technique since its launch, and we believe that the availability of MACI Arthro provides a significant growth opportunity for the overall MACI business. In conjunction with the launch of MACI Arthro, we have expanded our target surgeon base from 5,000 to 7,000 to include orthopedic surgeons that perform high volumes of knee cartilage repair surgeries, predominantly through arthroscopic procedures.

We also are focused on delivering MACI treatment to patients suffering from cartilage damage in the ankle. Following an application to the FDA, we received Investigational New Drug ("IND") clearance for MACI's use in the ankle during the second quarter of 2025, and during the fourth quarter of 2025 initiated a Study of MACI in Patients Aged 17 to 65 with Symptomatic Chondral or Osteochondral Defects of the Talus ("MASCOT"). MASCOT is a two-year prospective, multicenter, two-arm, parallel group open-label trial in which a total of 309 subjects, aged 17 to 65, will be randomized using a 2:1 ratio to receive a one-time treatment in the talus with MACI or arthroscopic bone marrow stimulation. MASCOT is the first randomized, controlled clinical trial evaluating MACI for the treatment of Osteochondral Lesion of the Talus ("OLT"). There are approximately 165,000 ankle resurfacing procedures conducted in the U.S. each year. Approximately 66,000 of those patients each year are considered clinically appropriate for MACI by surgeons. We estimate that approximately 18,000 of those patients suffer from larger ankle cartilage lesions, resulting in an increase of MACI's addressable market. If approved, we believe MACI's label expansion allowing its use to repair cartilage defects in the ankle will be a significant long-term growth driver for the product in the coming years.

Finally, our Burlington facility, discussed more fully above, is designed to meet both U.S. and global manufacturing requirements, which provides strategic flexibility to potentially commercialize MACI outside the U.S., and we are currently evaluating introducing MACI in additional geographies. We are currently focused on obtaining regulatory and marketing approval for MACI in the United Kingdom through the Medicine and Healthcare products Regulatory Agency ("MHRA") and, if successful, anticipate commercializing MACI in the United Kingdom in 2027.

Epicel

Epicel is a permanent skin replacement for deep-dermal or full-thickness burns comprising greater than or equal to 30 percent TBSA. Epicel is regulated by the FDA's Center for Biologics Evaluation and Research ("CBER") under medical device authorities, and is the only FDA-approved cultured epidermal autograft product available for large total surface area burns in both adult and pediatric patients. Epicel was designated as a HUD in 1998 and a Humanitarian Device Exemption ("HDE") application for the product was submitted in 1999. HUDs are devices that are intended for diseases or conditions that affect fewer

than 8,000 individuals annually in the U.S., and, for certain HUDs, the amount a manufacturer may charge for the product's use is restricted.

Epicel is not price-restricted in this manner because in 2016, the FDA approved our HDE supplement to revise the labeled indications of use for Epicel to specifically include pediatric patients, thus allowing Epicel to be sold for profit. The product label also specifies that the probable benefit of Epicel, mainly related to survival, was demonstrated in two Epicel clinical experience databases and a physician-sponsored study comparing outcomes in patients with large burns treated with Epicel relative to standard care.

NexoBrid

Our portfolio of commercial-stage products also includes NexoBrid (anacaulase-bcdb), a topically-administered biological orphan product containing proteolytic enzymes, for which the FDA approved a BLA in December 2022. NexoBrid is indicated for the removal of eschar in adults with deep partial-thickness and/or full-thickness thermal burns. Subsequently, in August 2024, the FDA approved an sBLA expanding NexoBrid's indication to include pediatric patients.

In addition to the U.S., NexoBrid is approved in the European Union ("EU") and other international markets and has been designated as an orphan biologic in the U.S., EU and other international markets. NexoBrid has the potential to change the standard of care for eschar removal with respect to hospitalized burn patients and treat a significant addressable market in the U.S. With respect to NexoBrid, of the approximately 40,000 people that are hospitalized in the U.S. each year for burn-related injuries, the majority, over 30,000, have thermal burns and will likely require some level of eschar removal. NexoBrid's FDA approval expands our burn care franchise's total addressable market, which permits us to treat a significantly larger segment of hospitalized burn patients than with Epicel alone. The expansion of our target addressable market supports a broader commercial footprint, and we believe that this may help drive both increased NexoBrid use as well as increased Epicel awareness throughout the burn care space. Both our Epicel and NexoBrid products are serviced by our burn care field force, which consists of individual sales and clinical representatives that regularly engage with our target audience. The team is divided into geographical regions and is managed by a senior sales leadership team.

In May 2019, we entered into exclusive license and supply agreements with MediWound to commercialize NexoBrid in North America. The manufacturing process for NexoBrid is conducted by MediWound, primarily at manufacturing locations in Israel. Certain raw materials utilized in NexoBrid's manufacture, including the supply of the active ingredient bromelain, are sourced from Taiwan.

Recent Developments

In July 2026, our Board of Directors authorized the repurchase of up to $200.0 million of the Company's common stock, with no expiration date. The authorization allows for repurchases to be made in the open market, privately negotiated transactions, or otherwise, in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The share repurchase program does not obligate us to acquire any specific amount of our common stock and may be suspended or discontinued at any time at our discretion (see Note 9, "Shareholders' Equity" in the accompanying condensed consolidated financial statements for further details).

Results of Operations

The following is a summary of our condensed consolidated results of operations:

(In thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change $	Change %	2026	2025	Change $	Change %
Total revenue	$ 85,371	$ 67,503	$ 17,868	26.5 %	$ 231,253	$ 183,341	$ 47,912	26.1 %
Cost of product sales	22,761	17,918	4,843	27.0 %	62,975	50,870	12,105	23.8 %
Gross profit	62,610	49,585	13,025	26.3 %	168,278	132,471	35,807	27.0 %
Research and development	6,885	6,318	567	9.0 %	22,482	20,310	2,172	10.7 %
Selling, general and administrative	43,539	39,817	3,722	9.3 %	141,240	123,532	17,708	14.3 %
Total operating expenses	50,424	46,135	4,289	9.3 %	163,722	143,842	19,880	13.8 %
Income (loss) from operations	12,186	3,450	8,736	253.2 %	4,556	(11,371)	15,927	(140.1)%
Total other income	1,975	1,624	351	21.6 %	5,509	4,646	863	18.6 %
Net income (loss)	$ 14,161	$ 5,074	$ 9,087	179.1 %	$ 10,065	$ (6,725)	$ 16,790	(249.7)%

Comparison of the Periods Ended September 30, 2026 and 2025

Total Revenue

Revenue by product is as follows:

(In thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change $	Change %	2026	2025	Change $	Change %
MACI	$ 67,372	$ 55,662	$ 11,710	21.0 %	$ 189,275	$ 155,416	$ 33,859	21.8 %
Epicel	12,714	10,375	2,339	22.5 %	34,004	23,954	10,050	42.0 %
NexoBrid	5,285	1,466	3,819	260.5 %	7,974	3,971	4,003	100.8 %
Total revenue	$ 85,371	$ 67,503	$ 17,868	26.5 %	$ 231,253	$ 183,341	$ 47,912	26.1 %

Total revenue increase for the three and nine months ended September 30, 2026, compared to the same periods in 2025, was driven primarily by volume and price growth across all products, including approximately $3.0 million of NexoBrid sales to BARDA.

Seasonality

Sales of MACI implants have historically experienced a level of seasonality throughout the year. In the last five years through 2025, MACI sales volumes from the first through the fourth quarter on average represented 21% (20%-22% range), 23% (22%-24% range), 22% (21%-24% range) and 34% (33%-34% range) respectively, of total annual volumes. Historically, MACI orders are normally stronger in the fourth quarter due to several factors including the satisfaction by patients of insurance deductible limits and the time of year patients prefer to start rehabilitation. Due to the low incidence and variable occurrence of severe burns, Epicel has inherent variability from quarter-to-quarter and does not exhibit significant seasonality.

Gross Profit

Gross profit increased for the three and nine months ended September 30, 2026, compared to the same periods in 2025, primarily driven by MACI, Epicel and NexoBrid revenue growth combined with our primarily fixed manufacturing cost structure, which consists mainly of labor and facility costs.

Research and Development Expenses

Research and development expenses for the three and nine months ended September 30, 2026 were $6.9 million and $22.5 million, respectively, compared to $6.3 million and $20.3 million, respectively, for the same periods in 2025. The increase is primarily due to higher headcount and employee expenses, regulatory support for the potential launch of MACI in the United Kingdom and spend related to the MACI MASCOT trial.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three and nine months ended September 30, 2026 were $43.5 million and $141.2 million, respectively, compared to $39.8 million and $123.5 million, respectively, for the same periods in 2025. The increase in selling, general and administrative expenses for the three and nine months ended September 30, 2026 is primarily due to higher headcount and employee expenses, including the MACI sales force expansion, and an increase in marketing programs.

Total Other Income

The increase in total other income for the three and nine months ended September 30, 2026, compared to the same periods in 2025 was due to an increase in interest income, which was primarily due to fluctuations in the balances and rates of return on our investments in various marketable debt securities and money market funds.

Stock-based Compensation Expense

Non-cash stock-based compensation expense is summarized in the following table:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(In thousands)	2026	2025	Change $	Change %	2026	2025	Change $	Change %
Cost of product sales	$ 899	$ 1,029	$ (130)	(12.6)%	$ 3,311	$ 3,279	$ 32	1.0 %
Research and development	950	1,015	(65)	(6.4)%	3,293	3,650	(357)	(9.8)%
Selling, general and administrative	5,974	6,655	(681)	(10.2)%	21,596	23,415	(1,819)	(7.8)%
Total non-cash stock-based compensation expense	$ 7,823	$ 8,699	$ (876)	(10.1)%	$ 28,200	$ 30,344	$ (2,144)	(7.1)%

The decrease in non-cash stock-based compensation expense for the three and nine months ended September 30, 2026, compared to the same periods in 2025, was due primarily to fluctuations in stock prices and the mix of service-based options and restricted stock units, which impacts the fair value of the options and restricted stock units awarded and the expense recognized in the period.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	Nine Months Ended September 30,	
(In thousands)	2026	2025
Net cash provided by operating activities	$ 50,297	$ 36,896
Net cash used in investing activities	(9,729)	(27,547)
Net cash (used in) provided by financing activities	(7,167)	6,005
Net increase in cash, cash equivalents, and restricted cash	$ 33,401	$ 15,354

Net Cash Provided by Operating Activities

Our cash and cash equivalents totaled $133.5 million, short-term investments totaled $36.8 million and long-term investments totaled $65.3 million as of September 30, 2026. The $50.3 million of cash provided by operations during the nine months ended September 30, 2026 was primarily the result of non-cash charges of $28.2 million related to stock-based compensation expense, $10.5 million in depreciation and amortization expense, net income of $10.1 million and $4.2 million of operating lease amortization, partially offset by a net decrease of $3.1 million related to movements in our working capital accounts. The overall decrease in cash from our working capital accounts was primarily driven by payments on operating leases and an increase in prepaid contracts, partially offset by an increase in accounts payable due to timing of payments.

Our cash and cash equivalents totaled $100.4 million, short-term investments totaled $35.0 million and long-term investments totaled $49.7 million as of September 30, 2025. The $36.9 million of cash provided by operations during the nine months ended September 30, 2025 was primarily the result of non-cash charges of $30.3 million related to stock-based compensation expense, $8.5 million in depreciation and amortization expense and $4.0 million of operating lease amortization, partially offset by a net loss of $6.7 million and a net increase of $0.1 million related to movements in our working capital accounts. The overall increase in cash from our working capital accounts was primarily driven by an increase in accounts payable due to timing of payments, partially offset by payments on operating leases and a decrease in accrued expenses due to timing of payments.

Net Cash Used In Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2026 was the result of $39.7 million in investment purchases and $5.2 million of property and equipment purchases primarily for construction in process, partially offset by $35.2 million of investment sales and maturities.

Net cash used in investing activities during the nine months ended September 30, 2025 was the result of $43.5 million in investment purchases and $25.0 million of property and equipment purchases primarily for construction in process related to the Burlington Lease, partially offset by $40.9 million of investment sales and maturities.

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2026 was the result of repurchases of common stock of $8.5 million and payment of employee withholding taxes related to the vesting of restricted stock units of $4.9 million, partially offset by the net proceeds from the exercise of stock options and the employee stock purchase plan of $6.4 million.

Net cash provided by financing activities during the nine months ended September 30, 2025 was the result of net proceeds from the exercise of stock options and the employee stock purchase plan of $12.7 million, partially offset by the payment of employee withholding taxes related to the vesting of restricted stock units of $6.6 million.

Liquidity

Since our acquisition of MACI and Epicel in 2014, our primary focus has been to invest in our existing commercial business with the goal of growing revenue. We have raised significant funds in order to advance and complete our product development and product life-cycle management programs and to market and commercialize our products. To date, we have financed our operations primarily through cash received through MACI, Epicel and NexoBrid sales, debt, and public and private sales of our equity securities. In the future, we may finance our operations through sales of equity securities, revolver borrowings or other debt financings, in addition to cash generated from operations.

We believe that our current cash on hand, cash equivalents, investments, and available borrowing capacity will be sufficient to support our current operations through at least 12 months from the issuance of the condensed consolidated financial statements included in this report. Our actual cash requirements may differ from projections and will depend on many factors, including the level and pace of future research and development efforts, the scope and results of ongoing and potential clinical trials, the costs involved in filing, prosecuting and enforcing patents, the need for additional manufacturing capacity, competing technological and market developments, global macroeconomic conditions, costs associated with possible acquisitions or development of complementary business activities, and the cost to market our products.

As of September 30, 2026, we were not party to any off-balance sheet arrangements.

Sources of Capital

On July 29, 2022, we entered into a $150.0 million five-year senior secured revolving credit agreement by and among the Company, the other loan parties thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent (the “Revolving Credit Agreement”). We have no immediate plans to borrow under the Revolving Credit Agreement, but we may use the facility for working capital needs and other general corporate purposes. As of September 30, 2026, there are no outstanding borrowings under the Revolving Credit Agreement, and we are in compliance with all applicable covenant requirements. See Note 8, “Revolving Credit Agreement” in the accompanying condensed consolidated financial statements for further details.

Contractual Obligations and Commitments

The disclosure of our contractual obligations and commitments is set forth in the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no other material changes, outside of the ordinary course of business, to our contractual obligations and commitments since December 31, 2025.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, expenses, and related disclosures. Actual results may differ materially from these estimates under different assumptions and conditions.

There have been no material changes to our critical accounting policies and estimates in the nine months ended September 30, 2026. For further information, refer to our summary of significant accounting policies and estimates in our Annual Report on Form 10-K filed for the year ended December 31, 2025.

Cautionary Note Regarding Forward-Looking Statements

This report, including the documents incorporated by reference herein, contains certain statements that describe our management's beliefs concerning future business conditions, plans and prospects, growth opportunities and the outlook for our business based upon information currently available. Such statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Wherever possible, we have identified these forward-looking statements by words such as "will," "may," "anticipates," "believes," "intends," "estimates," "expects," "plans," "projects," "trends," "opportunity," "current," "intention," "position," "assume," "potential," "outlook," "remain," "continue," "maintain," "sustain," "seek," "target," "achieve," "continuing," "ongoing," and similar words or phrases, or future or conditional verbs such as "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 revenue, growth in revenue, market penetration for MACI®, MACI Arthro®, Epicel®, and NexoBrid® in the U.S. and in applicable markets outside the U.S., growth in profit, gross margins and operating margins, the ability to continue to scale our manufacturing operations to meet the demand for our cell therapy products, the ability to sustain profitability, 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 and likelihood of the FDA's potential approval of the use of MACI to treat cartilage defects in the ankle, the timing and likelihood of obtaining market approval for MACI in the United Kingdom, the estimate of the commercial growth potential of our products and product candidates, competitive developments, changes in third-party coverage and reimbursement, including recent and future healthcare and drug pricing reform measures and private payor initiatives, surgeon adoption of MACI Arthro, physician and burn center adoption of NexoBrid, labor strikes, supply chain disruptions or other events or factors that might affect our ability to manufacture MACI or Epicel or affect MediWound's ability to manufacture and supply sufficient quantities of NexoBrid to meet customer demand, including but not limited to conflicts in the Middle East region involving Israel or those related to disruptions of land or sea transportation routes or distribution or shipping channels, uncertainties associated with the potential benefits of the Company's agreement with BARDA for the procurement and development of NexoBrid and the availability of funding from BARDA under that agreement, negative impacts on the global economy and capital markets resulting from the conflicts in Ukraine and Iran, as well as other hostilities in the Middle East, changes in trade policies and regulations, including the potential for increases or changes in duties, current and potentially new tariffs or quotas, lingering effects of adverse developments affecting financial institutions, companies in the financial services industry or the financial services industry generally, changes in governmental monetary and fiscal policies, including, but not limited to, Federal Reserve policies in connection with continued inflationary pressures, the impact from future regulatory, judicial and legislative changes affecting our industry or to the broader market, including those included in the One Big Beautiful Bill Act (the "OBBBA"), and a U.S. government shutdown. These forward-looking statements are based upon assumptions our management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties, which could cause our actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among others, the risks and uncertainties listed in our Annual Report on Form 10-K under "Part I, Item 1A. Risk Factors" and in our subsequent reports filed with the SEC.

Because our forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different and any or all of our forward-looking statements may turn out to be wrong. Forward-looking statements speak only as of the date made and can be affected by assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in our Annual Report on Form 10-K will be important in determining future results. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. Consequently, we cannot assure you that our expectations or forecasts expressed in such forward-looking statements will be achieved. Except as required by law, we undertake no obligation to publicly update any of our forward-looking or other statements, whether as a result of new information, future events, or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the year ended December 31, 2025. Our exposures to market risk have not changed materially since December 31, 2025.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management of the Company, with the participation of its Chief Executive Officer and Chief Financial Officer (its Certifying Officers), evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the evaluation as of September 30, 2026, the Company's Certifying Officers concluded that the Company's disclosure controls and procedures were effective.

The Company has established disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management of the Company, with the participation of its Certifying Officers, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2026, there were no material changes made in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are currently not party to any material legal proceedings, although from time to time we may become involved in disputes in connection with the operation of our business.

Item 1A. Risk Factors

Factors that could cause the Company's actual results to differ materially from those in this Quarterly Report are any of the risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 26, 2026. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table contains information regarding all repurchases of our common stock for the three months ended September 30, 2026:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares (in millions) that May Yet Be Purchased Under the Plans or Programs
July 1, 2026 - July 31, 2026	—	$ —	—	$ 200.0
August 1, 2026 - August 31, 2026	46,829	$ 41.74	46,829	$ 198.0
September 1, 2026 - September 30, 2026	173,915	$ 39.63	173,915	$ 191.2
Total	220,744		220,744	

[1] On July 30, 2026, we announced the approval by our Board of Directors of repurchase authorization with no expiration date. Under this authorization, the Company may repurchase up to $200.0 million of outstanding shares of our common stock. The authorization allows for repurchases to be made in the open market, privately negotiated transactions, or otherwise, in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2026, the following Section 16 officers or directors adopted, modified or terminated a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act).

- On August 19, 2026, Kevin McLaughlin, a member of the Vericel Corporation Board of Directors, entered into a Rule 10b5-1 trading arrangement providing for the potential sale of up to 26,250 shares of our common stock between February 10, 2027 and November 30, 2027.

- On August 25, 2026, Dominick Colangelo, Vericel Corporation's Chief Executive Officer, entered into a Rule 10b5-1 trading arrangement providing for the potential sale of up to 279,307 shares of our common stock between December 9, 2026 and August 27, 2027. All of the shares subject to this arrangement are in the form of stock options that were awarded to Mr. Colangelo on February 7, 2018, and which would otherwise expire and become forfeitable on February 7, 2028.

There were no "non-Rule 10b5-1 trading arrangements" (as defined in Item 408 of Regulation S-K of the Exchange Act) adopted, modified or terminated during the three months ended September 30, 2026 by our Section 16 officers or directors.

Item 6. Exhibits

The Exhibits listed in the Exhibit Index are filed as a part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits	Incorporated by Reference			
		Form	File Number	Exhibit	Filing Date
3.1	Restated Articles of Incorporation of the Company.	8-K	000-22025	4.1	December 17, 2009
3.2	Certificate of Amendment to Restated Articles of Incorporation of the Company dated February 9, 2010.	S-1	333-160044	3.2	March 31, 2010
3.3	Certificate of Amendment to Restated Articles of Incorporation of the Company dated March 22, 2011.	8-K	000-22025	3.1	March 25, 2011
3.4	Certificate of Amendment to the Restated Articles of Incorporation of the Company, dated November 21, 2014.	8-K	001-35280	3.1	November 24, 2014
3.5	Second Amended and Restated Bylaws of Vericel Corporation, effective as of May 18, 2026.	8-K	001-35280	3.1	May 18, 2026
4.1	Description of Capital Stock.	10-K	001-35280	4.5	February 25, 2020
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 5, 2026

VERICEL CORPORATION

/s/ DOMINICK C. COLANGELO

Dominick C. Colangelo
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH A. MARA

Joseph A. Mara
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION

I, Dominick C. Colangelo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vericel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ DOMINICK C. COLANGELO

Dominick C. Colangelo

President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Joseph A. Mara, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vericel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ JOSEPH A. MARA

Joseph A. Mara

Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vericel Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), the following:

(1) The Report fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2026

/s/ DOMINICK C. COLANGELO
Dominick C. Colangelo
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH MARA
Joseph Mara
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Vericel Corporation and will be retained by Vericel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.