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, 2025

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.)

64 Sidney Street
Cambridge, MA 02139
(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 30, 2025, 50,574,026 shares of Common Stock, no par value per share, were outstanding.

VERICEL CORPORATION
QUARTERLY REPORT ON FORM 10-Q
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 100,403	$ 74,520
Restricted cash	—	10,529
Short-term investments	34,977	41,693
Accounts receivable (net of allowance for doubtful accounts of $19 and $10, respectively)	60,426	61,375
Inventory	18,155	17,373
Other current assets	8,006	7,287
Total current assets	221,967	212,777
Property and equipment, net	109,380	103,161
Intangible assets, net	5,781	6,250
Right-of-use assets	66,087	70,098
Long-term investments	49,664	39,880
Other long-term assets	395	556
Total assets	$ 453,274	$ 432,722
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,335	$ 23,848
Accrued expenses	16,286	17,065
Current portion of operating lease liabilities	13,845	9,257
Other current liabilities	116	116
Total current liabilities	45,582	50,286
Operating lease liabilities	84,161	89,593
Other long-term liabilities	1,673	876
Total liabilities	131,416	140,755
COMMITMENTS AND CONTINGENCIES (Note 12)		
Shareholders' equity:		
Common stock, no par value; shares authorized — 75,000; shares issued and outstanding — 50,550 and 49,628, respectively	721,140	684,778
Accumulated other comprehensive gain	258	4
Accumulated deficit	(399,540)	(392,815)
Total shareholders' equity	321,858	291,967
Total liabilities and shareholders' equity	$ 453,274	$ 432,722

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,	
	2025	2024	2025	2024
Product sales, net	$ 67,503	$ 57,905	$ 183,341	$ 161,848
Total revenue	67,503	57,905	183,341	161,848
Cost of product sales	17,918	16,252	50,870	48,240
Gross profit	49,585	41,653	132,471	113,608
Research and development	6,318	6,093	20,310	19,874
Selling, general and administrative	39,817	38,025	123,532	107,694
Total operating expenses	46,135	44,118	143,842	127,568
Income (loss) from operations	3,450	(2,465)	(11,371)	(13,960)
Other income (expense):				
Interest income	1,808	1,578	5,122	4,850
Interest expense	(158)	(154)	(468)	(460)
Other income (expense)	(26)	140	(8)	125
Total other income	1,624	1,564	4,646	4,515
Net income (loss)	$ 5,074	$ (901)	$ (6,725)	$ (9,445)
Net income (loss) per common share:				
Basic	$ 0.10	$ (0.02)	$ (0.13)	$ (0.19)
Diluted	$ 0.10	$ (0.02)	$ (0.13)	$ (0.19)
Weighted-average common shares outstanding:				
Basic	50,489	49,085	50,256	48,639
Diluted	51,908	49,085	50,256	48,639

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,	
	2025	2024	2025	2024
Net income (loss)	$ 5,074	$ (901)	$ (6,725)	$ (9,445)
Other comprehensive income (loss):				
Unrealized gain on investments	75	632	254	459
Comprehensive gain (loss)	$ 5,149	$ (269)	$ (6,471)	$ (8,986)

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	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

	Common Stock		Accumulated Other Comprehensive (Loss) Gain	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
BALANCE, DECEMBER 31, 2023	47,829	$ 629,229	$ (100)	$ (403,177)	$ 225,952
Net loss	—	—	—	(3,862)	(3,862)
Stock-based compensation expense	—	9,834	—	—	9,834
Stock option exercises	487	6,779	—	—	6,779
Shares issued under the Employee Stock Purchase Plan	9	247	—	—	247
Issuance of stock for restricted stock unit vesting	265	—	—	—	—
Restricted stock withheld for employee tax remittance	(101)	(4,909)	—	—	(4,909)
Unrealized loss on investments	—	—	(145)	—	(145)
BALANCE, MARCH 31, 2024	48,489	$ 641,180	$ (245)	$ (407,039)	$ 233,896
Net loss	—	—	—	(4,682)	(4,682)
Stock-based compensation expense	—	9,520	—	—	9,520
Stock option exercises	329	4,020	—	—	4,020
Shares issued under the Employee Stock Purchase Plan	14	414	—	—	414
Issuance of stock for restricted stock unit vesting	34	—	—	—	—
Restricted stock withheld for employee tax remittance	(4)	(163)	—	—	(163)
Unrealized loss on investments	—	—	(28)	—	(28)
BALANCE, JUNE 30, 2024	48,862	$ 654,971	$ (273)	$ (411,721)	$ 242,977
Net loss	—	—	—	(901)	(901)
Stock-based compensation expense	—	9,224	—	—	9,224
Stock option exercises	382	5,442	—	—	5,442
Shares issued under the Employee Stock Purchase Plan	9	353	—	—	353
Issuance of stock for restricted stock unit vesting	16	—	—	—	—
Restricted stock withheld for employee tax remittance	(4)	(255)	—	—	(255)
Unrealized gain on investments	—	$ —	$ 632	$ —	$ 632
BALANCE, SEPTEMBER 30, 2024	49,265	$ 669,735	$ 359	$ (412,622)	$ 257,472

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,	
	2025	2024
Operating activities:		
Net loss	$ (6,725)	$ (9,445)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization expense	8,456	4,027
Stock-based compensation expense	30,344	28,578
Amortization of premiums and discounts on marketable securities	(242)	(542)
Amortization of debt issuance costs	161	161
Non-cash lease costs	4,014	5,139
Other	(8)	25
Changes in operating assets and liabilities:		
Inventory	(782)	(2,669)
Accounts receivable	949	9,877
Other current assets	(719)	(1,029)
Accounts payable	2,261	(1,639)
Accrued expenses	(792)	(2,887)
Operating lease liabilities	(844)	6,182
Other non-current assets and liabilities, net	823	143
Net cash provided by operating activities	36,896	35,921
Investing activities:		
Purchases of investments	(43,518)	(52,612)
Sales and maturities of investments	40,946	38,416
Expenditures for property and equipment	(24,975)	(50,187)
Net cash used in investing activities	(27,547)	(64,383)
Financing activities:		
Net proceeds from common stock issuance	12,679	17,255
Payments on employee's behalf for taxes related to vesting of restricted stock unit awards	(6,648)	(5,309)
Other	(26)	—
Net cash provided by financing activities	6,005	11,946
Net decrease in cash, cash equivalents, and restricted cash	15,354	(16,516)
Cash, cash equivalents, and restricted cash at beginning of period	85,049	86,866
Cash, cash equivalents, and restricted cash at end of period	$ 100,403	$ 70,350

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

	Nine Months Ended September 30,	
	2025	**2024**
Supplemental disclosure of cash flow information:		
Non-cash information:		
Right-of-use asset and lease liability recognized	$ —	$ 3,238
Additions to property and equipment included in accounts payable	1,128	10,301

	Nine Months Ended September 30,	
	2025	**2024**
Reconciliation to amounts within the condensed consolidated balance sheets:		
Cash and cash equivalents	$ 100,403	$ 53,681
Restricted cash	—	16,669
Total cash, cash equivalents, and restricted cash at end of period	$ 100,403	$ 70,350

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 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 & 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, 2025, the Company had an accumulated deficit of $399.5 million and had a net loss of $6.7 million during the nine months ended September 30, 2025. The Company had cash and cash equivalents of $100.4 million and investments of $84.6 million as of September 30, 2025. 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.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash, cash equivalents and investments in marketable debt securities. The Company may maintain deposits in financial institutions in excess of the insurance coverage offered by the Federal Deposit Insurance Corporation, the loss of which could have a negative effect on its operations and liquidity. The Company believes that it is not exposed to significant credit risk as its deposits, including cash and cash equivalents, are held at multiple high-credit-quality financial institutions. The Company has not experienced any losses on these deposits; however, no assurances can be provided that there will not be losses experienced in the future. The Company believes that the market risk arising from its holdings of these financial instruments is mitigated based on the fact that many of these securities are either government-backed or of high credit rating.

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, 2024 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, 2024, as filed with the SEC on February 27, 2025 ("Annual Report").

Recent Accounting Pronouncements

No new accounting standards were adopted during the nine months ended September 30, 2025. 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 December 2023, the FASB issued ASU 2023-09*, Improvements to Income Tax Disclosures*, to provide more detailed income tax disclosure requirements. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as information on income taxes paid. The disclosure requirements will be applied on a prospective basis, with the option to apply it retrospectively. The effective date for the standard is for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company expects to adopt ASU 2023-09 in our Annual Report on Form 10-K for the year ending December 31, 2025 and in annual periods thereafter. We are in the process of evaluating the requirements of this update, which is expected to result in expanded disclosures within our consolidated financial statements upon adoption.

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*, which requires 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 thereafter, 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 Account 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 thereafter, 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.

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 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.

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 receivables as of September 30, 2025. The total allowance for uncollectible consideration as of September 30, 2025 and December 31, 2024 was $6.9 million and $5.4 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 $0.5 million decrease or increase in the revenue recognized for the nine months ended September 30, 2025.

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. 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 its 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 delivery to the specialty distributors.

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, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
MACI implants, kits, and instruments				
Implants based on contracted rate sold through a specialty pharmacy [a]	$ 41,090	$ 31,637	$ 113,086	$ 90,246
Implants subject to third party reimbursement sold through a specialty pharmacy [b]	4,034	3,473	9,605	10,160
Implants sold direct based on contracted rates [c]	8,032	6,968	25,358	21,465
Implants sold direct subject to third-party reimbursement [d]	1,056	1,083	3,624	3,227
Biopsy kits and instruments - direct bill	652	469	1,890	1,530
Change in estimates related to prior periods [e]	798	1,026	1,853	2,345
Total MACI implants, kits, and instruments	55,662	44,656	155,416	128,973
Epicel				
Direct bill (hospital)	10,375	12,184	23,954	30,606
NexoBrid	1,466	1,065	3,971	2,269
Total revenue	$ 67,503	$ 57,905	$ 183,341	$ 161,848

(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 are 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.

4. Selected Balance Sheet Components

Inventory

Inventory consisted of the following:

(In thousands)	September 30, 2025	December 31, 2024
Raw materials	$ 12,704	$ 12,827
Work-in-process	1,466	1,571
Finished goods	3,985	2,975
Total inventory	$ 18,155	$ 17,373

Property and Equipment

Property and Equipment, net consisted of the following:

(In thousands)	September 30, 2025	December 31, 2024
Machinery and equipment	$ 13,647	$ 12,161
Furniture, fixtures and office equipment	5,221	5,109
Computer equipment and software	19,039	12,318
Leasehold improvements	76,393	77,990
Construction in process	23,797	22,482
Total property and equipment, gross	138,097	130,060
Less accumulated depreciation	(28,717)	(26,899)
Total property and equipment, net	$ 109,380	$ 103,161

Depreciation expense for the three and nine months ended September 30, 2025, was $2.8 million and $8.0 million, respectively, and $1.2 million and $3.5 million, respectively, for the same periods in 2024.

Intangible Assets

Intangible assets, net consisted of the following:

			September 30, 2025			December 31, 2024		
(In thousands)	Useful Life (in years)	Amortization Method	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
NexoBrid license	12	Straight-line	$ 7,500	$ (1,719)	$ 5,781	$ 7,500	$ (1,250)	$ 6,250

Amortization expense for the three and nine months ended September 30, 2025 and for the same periods in 2024, was $0.2 million and $0.5 million, respectively.

Future amortization expense of intangible assets as of September 30, 2025 is estimated to be as follows:

(In thousands)	Amount
Remainder of 2025	$ 156
2026	625
2027	625
2028	625
2029	625
Thereafter	3,125
Total	$ 5,781

Accrued Expenses

Accrued Expenses consisted of the following:

(In thousands)	September 30, 2025	December 31, 2024
Bonus-related compensation	$ 8,283	$ 10,313
Employee-related accruals	3,603	3,269
Insurance reimbursement-related liabilities	3,773	3,159
Other accrued expenses	627	324
Total accrued expenses	$ 16,286	$ 17,065

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 offsite warehouse space and 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 "Premises"). The Burlington facility is substantially complete, and the Company is currently utilizing the facility's office space. The remaining tenant improvements to the manufacturing suites and related equipment will be placed in service when they are ready for their intended uses. Once validated, the facility's manufacturing component will eventually become the primary manufacturing facility for MACI and Epicel.

In April 2023, in connection with the Burlington Lease, the Company entered into a construction escrow agreement (the "Construction Escrow Agreement") with the facility's landlord and an escrow agent. Pursuant to the terms of the Construction Escrow Agreement, in April 2023, the Company began funding, into an escrow account maintained by the escrow agent, a portion of its share of tenant improvement construction costs at the facility, which were designated as restricted cash. At the same time, the facility's landlord began funding a portion of its tenant improvement allowance through a separate escrow account. The Company funded the remaining 50% of its required cost amount, or approximately $28.3 million, with cash on hand, pursuant to the Construction Escrow Agreement, in April 2024. During the second quarter of 2025, the amounts deposited by the Company into its escrow account pursuant to the Construction Escrow Agreement were disbursed. The Company's escrow account is now closed and approximately $5.2 million, which remained in the Company's escrow account at the time of closure, was returned to the Company and is no longer restricted cash.

The Company has determined that certain improvements to the Premises are landlord-owned improvements and costs incurred for these improvements are accounted for as a variable lease payment. In the nine months ended September 30, 2024, the Company recorded a right-of-use asset related to landlord-owned improvements incurred of approximately $3.6 million.

For the three and nine months ended September 30, 2025, lease expense of less than $0.1 million and less than $0.3 million, respectively, was recorded related to short-term leases, and lease expense of less than $0.1 million was recorded for the same periods in 2024. The Company recognized operating lease expense for the three and nine months ended September 30, 2025, of $3.0 million and $9.0 million, respectively, and $3.2 million and $9.6 million, respectively, for the same periods in 2024. For the three and nine months ended September 30, 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, 2025	December 31, 2024
Assets			
Operating	Right-of-use assets	$ 66,087	$ 70,098
Finance	Property and equipment, net	686	686
Total leased assets		$ 66,773	$ 70,784
Liabilities			
Current			
Operating	Current portion of operating lease liabilities	$ 13,845	$ 9,257
Finance	Other current liabilities	116	116
Non-current			
Operating	Operating lease liabilities	$ 84,161	$ 89,593
Finance	Other long-term liabilities	543	570
Total leased liabilities		$ 98,665	$ 99,536

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, 2025				
		Gross Unrealized			
(In thousands)	Amortized Cost	Gains	Losses	Credit Losses	Estimated Fair Value
Commercial paper	$ 2,950	$ 1	$ (1)	$ —	$ 2,950
Corporate notes	71,328	286	(17)	—	71,597
U.S. government agency bonds	10,105	6	(17)	—	10,094
	$ 84,383	$ 293	$ (35)	$ —	$ 84,641
Classified as:					
Short-term investments					$ 34,977
Long-term investments					49,664
					$ 84,641

	December 31, 2024				
		Gross Unrealized			
(In thousands)	Amortized Cost	Gains	Losses	Credit Losses	Estimated Fair Value
Commercial paper	$ 1,953	$ 1	$ (1)	$ —	$ 1,953
Corporate notes	71,733	117	(87)	—	71,763
U.S. government agency bonds	7,883	4	(30)	—	7,857
	$ 81,569	$ 122	$ (118)	$ —	$ 81,573
Classified as:					
Short-term investments					$ 41,693
Long-term investments					39,880
					$ 81,573

As of September 30, 2025 and December 31, 2024, 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, 2025 and 2024.

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, 2024 to September 30, 2025.

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

	September 30, 2025				December 31, 2024			
		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	$ 42,257	$ 42,257	$ —	$ —	$ 43,307	$ 43,307	$ —	$ —
Commercial paper	2,950	—	2,950	—	1,953	—	1,953	—
Corporate notes	71,597	—	71,597	—	71,763	—	71,763	—
U.S. government agency bonds	10,094	—	10,094	—	7,857	—	7,857	—
U.S. government securities [(a)]	47,239	—	47,239	—	16,150	—	16,150	—
	$ 174,137	$ 42,257	$ 131,880	$ —	$ 141,030	$ 43,307	$ 97,723	$ —
Liabilities:								
Deferred compensation plan liabilities	$ 1,389	$ —	$ 1,389	$ —	$ 306	$ —	$ 306	$ —
Total liabilities	$ 1,389	$ —	$ 1,389	$ —	$ 306	$ —	$ 306	$ —

[(a)] Approximately $47.2 million and $16.2 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, 2025 and December 31, 2024, respectively.

The fair values of the cash equivalents and marketable securities are based on observable market prices. The Company's accounts receivables, 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 $6.2 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, 2025, 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; (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. 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)	**2025**	**2024**	**2025**	**2024**
Cost of product sales	$ 1,029	$ 762	$ 3,279	$ 2,914
Research and development	1,015	1,095	3,650	3,281
Selling, general and administrative	6,655	7,367	23,415	22,383
Total non-cash stock-based compensation expense	$ 8,699	$ 9,224	$ 30,344	$ 28,578

Service-Based Stock Options

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, and 105,025 and 745,412, respectively, for the same periods in 2024. 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, and $27.73 and $28.08, respectively, for the same periods in 2024.

Restricted Stock Units

During the three and nine months ended September 30, 2025, the Company granted 20,760 and 576,711 restricted stock units, respectively, and 35,610 and 622,535, respectively, for the same periods in 2024. The weighted-average grant-date fair value of restricted stock units granted during the three and nine months ended September 30, 2025, was $33.95 and $51.22 per unit, respectively, and $47.59 and $48.19 per unit, respectively, for the same periods in 2024.

10. Net Income (Loss) Per Common Share

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

(Amounts in thousands, except per share amounts)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Net income (loss)	$ 5,074	$ (901)	$ (6,725)	$ (9,445)
Basic weighted-average common shares outstanding	50,489	49,085	50,256	48,639
Effect of dilutive stock options and restricted stock units	1,419	—	—	—
Diluted weighted-average common shares outstanding	51,908	49,085	50,256	48,639
Basic income (loss) per common share	$ 0.10	$ (0.02)	$ (0.13)	$ (0.19)
Diluted income (loss) per common share	$ 0.10	$ (0.02)	$ (0.13)	$ (0.19)
Anti-dilutive shares excluded from diluted net income (loss) per common share:				
Stock options	2,996	6,115	5,586	6,115
Restricted stock units	1,185	1,142	1,185	1,142

11. 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 approval of 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. 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, 2025, the sales milestone payments are not yet probable and therefore, not recorded as a liability. The Company also 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 is 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 possesses 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, the Company exercised the first of these annual extensions, extending the term of the supply agreement through at least May 2027. 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.

Additionally, beginning in 2020, BARDA procured quantities of NexoBrid from MediWound for use as a medical countermeasure in the event of a mass casualty emergency in the U.S. involving thermal burns. The initial, quarterly, procurement of NexoBrid by BARDA under its agreement with MediWound was completed during the third quarter of 2022. As a part of BARDA's commitment to procure NexoBrid, the Company received a percentage of gross profit for sales directly to BARDA. As of September 30, 2025, the Company did not hold a direct contract or distribution agreement with BARDA, or take title to the product procured by BARDA.

12. 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, 2025, 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.

13. 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)	2025	2024	2025	2024
Selling and marketing	$ 21,200	$ 21,781	$ 66,299	$ 61,072
General and administrative	18,617	16,244	57,233	46,622
Total selling, general and administrative expenses	$ 39,817	$ 38,025	$ 123,532	$ 107,694

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

Overview

Vericel Corporation is a fully-integrated, commercial-stage biopharmaceutical company and a leading provider of advanced therapies for the sports medicine and severe burn care markets. Whether we are treating damaged cartilage or severe burns, we provide advanced therapies to repair serious injuries and restore lives. Our highly differentiated portfolio of cell therapy and specialty biologic products 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 the 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 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.

Conflicts in the Middle East

In May 2019, we entered into exclusive license and supply agreements with MediWound, under which MediWound manufactures and supplies NexoBrid to the U.S. market on a unit price basis. MediWound develops and manufactures NexoBrid, in part, at its facilities in Yavne, Israel.

We continue to monitor instability and tensions in the Middle East region and we are in close communication with MediWound leadership. As of the date of this disclosure, MediWound does not anticipate a material disruption to its ongoing supply of commercial NexoBrid to the U.S. To the extent conflicts in the Middle East region were to result in damage to MediWound's facilities in Israel or inhibit travel or commercial shipments to and from Israel, MediWound's ability to continue to supply NexoBrid to the U.S. market could be disrupted. As of the date of this report, we maintain an ample supply of NexoBrid at our U.S.-based third-party logistics provider.

U.S. Trade Policy

We continue to monitor evolving trade policies, including the imposition of tariffs on foreign goods imported into the U.S., as part of our ongoing risk assessment process. We anticipate minimal impact on our business and operations from current or potential future U.S.-imposed tariffs or any retaliatory measures taken by other governments. All of our operations are located in the U.S. and 100% of our revenue is currently derived from domestic sales. The majority of our manufacturing costs are fixed costs consisting of labor and overhead required to produce MACI and Epicel at our manufacturing facility in Massachusetts. Materials to support manufacturing operations are primarily purchased from U.S. suppliers. Based on the limited costs associated with imported materials, we expect that current or future tariffs will have an insignificant impact on our cost of goods sold and gross margin moving forward. In addition, because we maintain significant safety stock of most materials, including NexoBrid finished product and the ACI-Maix collagen membrane used to manufacture MACI, we expect that the impact of current or future tariffs on our cost of goods sold and gross margin in 2025 and 2026 will be negligible.

Manufacturing

We have a cell manufacturing facility in Cambridge, Massachusetts, which is 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 substantially complete, and we are currently utilizing the facility's office space. Once validated, the facility's manufacturing component will eventually become the primary manufacturing facility for MACI and Epicel.

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 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 burns. We hold exclusive license and supply agreements with MediWound to commercialize NexoBrid in North America. 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.

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. Most private payers have a medical policy that covers treatment with MACI with the top 30 largest commercial payers having a formal medical policy for MACI or ACI in general. 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 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 could 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 the MACI Arthro instruments at that time. 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 evaluating the feasibility and potential market opportunity involved in delivering MACI treatment to patients suffering from cartilage damage in the ankle. We believe that this potential lifecycle enhancement and indication expansion for MACI will require conducting an additional randomized clinical trial concerning the product's use in the ankle and we are on track to initiate a MACI Ankle clinical trial beginning in 2025. 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.

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 Center for Biologics Evaluation and Research ("CBER") of the FDA 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 certain HUDs are restricted by the amount which a manufacturer may charge for its use.

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 revised product label also now 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, 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 an sBLA expanding NexoBrid's indication to include pediatric patients.

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 will permit 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.

Results of Operations

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
(In thousands)	**2025**	**2024**	**Change $**	**Change %**	**2025**	**2024**	**Change $**	**Change %**
Total revenue	$ 67,503	$ 57,905	$ 9,598	16.6 %	$ 183,341	$ 161,848	$ 21,493	13.3 %
Cost of product sales	17,918	16,252	1,666	10.3 %	50,870	48,240	2,630	5.5 %
Gross profit	49,585	41,653	7,932	19.0 %	132,471	113,608	18,863	16.6 %
Research and development	6,318	6,093	225	3.7 %	20,310	19,874	436	2.2 %
Selling, general and administrative	39,817	38,025	1,792	4.7 %	123,532	107,694	15,838	14.7 %
Total operating expenses	46,135	44,118	2,017	4.6 %	143,842	127,568	16,274	12.8 %
Income (loss) from operations	3,450	(2,465)	5,915	(240.0)%	(11,371)	(13,960)	2,589	(18.5)%
Total other income	1,624	1,564	60	3.8 %	4,646	4,515	131	2.9 %
Net income (loss)	$ 5,074	$ (901)	$ 5,975	(663.2)%	$ (6,725)	$ (9,445)	$ 2,720	(28.8)%

Comparison of the Periods Ended September 30, 2025 and 2024

Total Revenue

Revenue by product is as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(In thousands)	2025	2024	Change $	Change %	2025	2024	Change $	Change %
MACI	$ 55,662	$ 44,656	$ 11,006	24.6 %	$ 155,416	$ 128,973	$ 26,443	20.5 %
Epicel	10,375	12,184	(1,809)	(14.8)%	23,954	30,606	(6,652)	(21.7)%
NexoBrid	1,466	1,065	401	37.7 %	3,971	2,269	1,702	75.0 %
Total revenue	$ 67,503	$ 57,905	$ 9,598	16.6 %	$ 183,341	$ 161,848	$ 21,493	13.3 %

Total revenue increase for the three and nine months ended September 30, 2025, compared to the same periods in 2024, was driven primarily by MACI volume and price growth and NexoBrid volume growth, partially offset by lower Epicel volume.

Seasonality

Sales of MACI implants have historically experienced a level of seasonality throughout the year. In the last five years through 2024, MACI sales volumes from the first through the fourth quarter on average represented 21% (20%-22% range), 22% (16%-24% range), 23% (21%-26% range) and 34% (33%-38% 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 revenue has inherent variability from quarter-to-quarter and does not exhibit significant seasonality. U.S. sales of NexoBrid began September of 2023, and as such we are still relatively early in its commercial launch, but we do not expect NexoBrid revenue to experience significant seasonality given its emergent use in treating severe burns.

Gross Profit

Gross profit increase for the three and nine months ended September 30, 2025, compared to the same periods in 2024, was driven by MACI revenue growth, combined with our primarily fixed manufacturing cost structure which consists mainly of labor and facility costs.

Research and Development Expenses

The following table summarizes research and development expenses, which include materials, professional fees and an allocation of employee-related salary and fringe benefit costs for our research and development projects:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(In thousands)	2025	2024	Change $	Change %	2025	2024	Change $	Change %
MACI	$ 4,146	$ 4,345	$ (199)	(4.6)%	$ 13,112	$ 14,635	$ (1,523)	(10.4)%
Epicel	1,309	1,138	171	15.0 %	4,207	3,463	744	21.5 %
NexoBrid	863	610	253	41.5 %	2,991	1,776	1,215	68.4 %
Total research and development expenses	$ 6,318	$ 6,093	$ 225	3.7 %	$ 20,310	$ 19,874	$ 436	2.2 %

Research and development expenses increased for the three and nine months ended September 30, 2025, compared to the same periods in 2024. The increase is primarily due to higher headcount and employee expenses, partially offset by MACI Arthro project costs in 2024.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended September 30, 2025 were $39.8 million, compared to $38.0 million for the same period in 2024. The increase in selling, general and administrative expenses is primarily due to higher headcount and employee expenses and facility costs including depreciation expense for the new facility in Burlington, Massachusetts.

Selling, general and administrative expenses for the nine months ended September 30, 2025 were $123.5 million, compared to $107.7 million for the same period in 2024. The increase in selling, general and administrative expenses is primarily due to higher headcount and employee expenses, including stock compensation, an increase in marketing programs and sales activity, and facility costs including depreciation expense for the new facility in Burlington, Massachusetts.

Total Other Income

The increase in total other income for the three and nine months ended September 30, 2025, compared to the same periods in 2024 was due to an increase in interest income, which was primarily due to fluctuations in the 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)	**2025**	**2024**	**Change $**	**Change %**	**2025**	**2024**	**Change $**	**Change %**
Cost of product sales	$ 1,029	$ 762	$ 267	35.0 %	$ 3,279	$ 2,914	$ 365	12.5 %
Research and development	1,015	1,095	(80)	(7.3)%	3,650	3,281	369	11.2 %
Selling, general and administrative	6,655	7,367	(712)	(9.7)%	23,415	22,383	1,032	4.6 %
Total non-cash stock-based compensation expense	$ 8,699	$ 9,224	$ (525)	(5.7)%	$ 30,344	$ 28,578	$ 1,766	6.2 %

The decrease in stock-based compensation expense for the three months ended September 30, 2025, compared to the same period in 2024, 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.

The increase in stock-based compensation expense for the nine months ended September 30, 2025, compared to the same period in 2024, 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)	**2025**	**2024**
Net cash provided by operating activities	$ 36,896	$ 35,921
Net cash used in investing activities	(27,547)	(64,383)
Net cash provided by financing activities	6,005	11,946
Net decrease in cash, cash equivalents, and restricted cash	$ 15,354	$ (16,516)

Net Cash Provided by Operating Activities

Our cash, cash equivalents and restricted cash 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.

Our cash, cash equivalents and restricted cash totaled $70.4 million, short-term investments totaled $48.1 million and long-term investments totaled $32.9 million as of September 30, 2024. The $35.9 million of cash provided by operations during the nine months ended September 30, 2024 was primarily the result of non-cash charges of $28.6 million related to stock-based compensation expense, $5.1 million of operating lease amortization and $4.0 million in depreciation and amortization expense, offset by a net loss of $9.4 million and a net increase of $7.8 million related to movements in our working capital accounts. The overall increase in cash from our working capital accounts was primarily driven by a decrease in accounts receivable due to cash collections and receipts of tenant improvement allowances which exceeded payments on operating leases amortization, offset by a decrease in accounts payable and accrued expenses due to timing of payments and an increase in inventory primarily related to supporting NexoBrid commercial availability.

Net Cash Used In Investing Activities

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 investing activities during the nine months ended September 30, 2024 was the result of $52.6 million in investment purchases and $50.2 million of property and equipment purchases primarily for construction in process related to the Burlington Lease, partially offset by $38.4 million of investment sales and maturities.

Net Cash Provided by Financing Activities

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.

Net cash provided by financing activities during the nine months ended September 30, 2024 was the result of net proceeds from the exercise of stock options and the employee stock purchase plan of $17.3 million, partially offset by the payment of employee withholding taxes related to the vesting of restricted stock units of $5.3 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, including NexoBrid. 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, 2025, 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, 2025, 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 Conditions and Results of Operations - Contractual Obligations” in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no other material changes, outside of the ordinary course of business, to our contractual obligations and commitments since December 31, 2024.

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, 2025. 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, 2024.

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®, 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, including the timely qualification of a new manufacturing facility in Burlington, Massachusetts, the ability to sustain profitability, contributions to adjusted EBITDA, the expected target surgeon audience, potential fluctuations in sales and volumes and our results of operations over the course of the year, timing and conduct of clinical trial and product development activities, timing and likelihood of the FDA’s potential approval of the use of MACI to treat cartilage defects in the ankle, 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 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, negative impacts on the global economy and capital markets resulting from the conflict in Ukraine and Middle East conflicts, including those associated with potential further involvement by the U.S., 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 to our industry or to the broader business landscape, including those included in the One Big Beautiful Bill Act, a U.S. government shutdown or gridlock, global geopolitical tensions and potential future impacts on our business or the economy generally stemming from a public health emergency. 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 on 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, 2024. Our exposures to market risk have not changed materially since December 31, 2024.

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, 2025, 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, 2025, 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, 2024, filed with the SEC on February 27, 2025. 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.

Inadequate funding for the FDA and other government agencies and/or other disruptions could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve regulatory submissions and new products can be affected by a variety of factors, including government budget and funding levels, the ability to hire and retain key personnel, and statutory, regulatory, and policy changes. For example, the Trump administration has taken several executive actions, including the issuance of several Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine oversight activities, such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. The average time to review and approve regulatory submissions at the agency has fluctuated in recent years as a result of some of these factors. In addition, government funding of the SEC and other government agencies on which our operations may depend, including those that fund research and development activities, is subject to the political process, which is inherently unpredictable. On January 20, 2025, President Trump signed an executive order creating an advisory commission, the "Department of Government Efficiency" to reform federal government processes and reduce expenditures. Potential changes in U.S. federal government budgetary priorities and spending could adversely affect funding and staffing levels at the FDA, which could impose constraints on its ability to engage in oversight and respond in a timely manner to product related submissions, including with respect to its ongoing review of our Investigational New Drug application, amendments and supplements for MACI Ankle clinical trial activity for which we expect to begin enrollment during the second half of 2025.

Disruptions at the FDA and other agencies may also slow the time necessary to review and/or approve product candidates or changes to existing products, approve the qualification of the Burlington manufacturing facility and/or conduct required inspections of our and/or third-party manufacturing and testing facilities, and approve and/or inspect third-party contractors and/or potential new or alternate suppliers of materials used in our MACI and Epicel cell manufacturing processes, all of which would adversely affect our business. For example, beginning on February 13, 2025, the Department of Health and Human Services began firing a large number of its probationary employees, a category that includes new federal employees and employees recently promoted or transferred to new positions or agencies. Larger layoffs may follow, according to a memorandum issued by the Office of Personnel Management on February 26, 2025. These terminations, if they withstand legal challenges, may significantly delay and impede our interactions with FDA. Similar results may stem from the recent confirmed resignations of some senior FDA employees with responsibility for regulation of drugs and biologics, as well as possible future layoffs and resignations. If such layoffs, further resignations, or other disruptions occur in the future, it could significantly impact the ability of the FDA to perform any of the functions described above, which could have a material adverse effect on our business.

Additionally, with the change in presidential administrations in 2025, there is substantial uncertainty as to how, if at all, the new administration will seek to modify or revise the requirements and policies of the FDA and other regulatory agencies with jurisdiction over our products and product candidates. The FDA's policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our products. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action. If we are slow or unable to adapt to any changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained.

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

Not applicable.

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, 2025, none of our 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).

Additionally, 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, 2025 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	Amended and restated bylaws.	8-K	000-22025	3.1	November 12, 2010
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 6, 2025

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 6, 2025

/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 6, 2025

/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, 2025, 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 6, 2025

/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.