VERICEL

VERICEL
Q2 2020 RESULTS

AUGUST 5, 2020

Safe Harbor

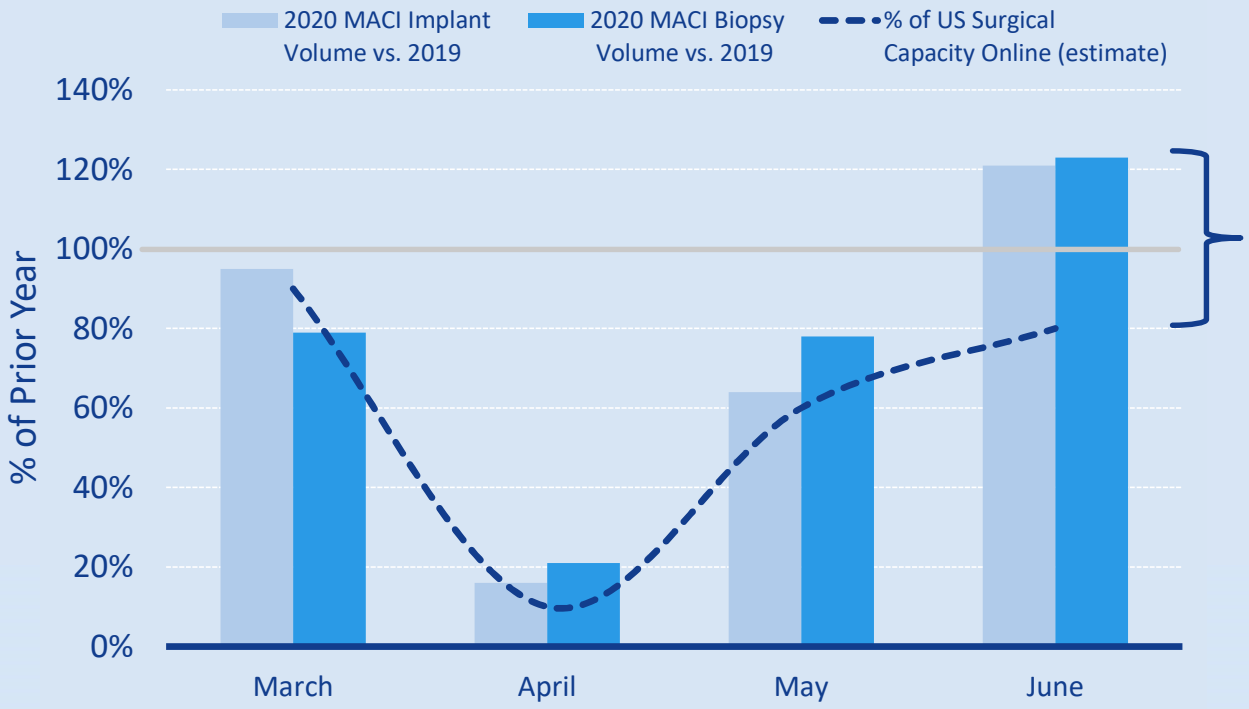
Vericel cautions you that all statements other than statements of historical fact included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Although we believe that we have a reasonable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

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 the scope, scale and duration of the impact of the COVID-19 pandemic, growth in revenues for MACI® and Epicel®, the expected target surgeon audience, the estimate of the commercial growth potential of our products and product candidates, availability of funding from the Biomedical Research and Development Authority under its agreement with MediWound Ltd. for use in connection with NexoBrid® development activities, potential fluctuations in sales and volumes and our results of operations over the course of the year, competitive developments, timing and conduct of clinical trial and product development activities, timing or likelihood of regulatory approvals, market demand for our products, changes in third party coverage and reimbursement, and our ability to supply or meet customer demand for our products.

With respect to COVID-19, we are currently unable to reasonably estimate the specific extent, or duration, of the impact of the COVID-19 outbreak on our business, financial and operating results. We are also unable to predict how the outbreak will affect the pace with which state and local governments lift restrictions on the performance of elective surgical procedures or whether additional such restrictions may be imposed by states in the future, the availability of physicians and/or their treatment prioritizations or the impact of the outbreak on the overall healthcare infrastructure. In addition, patients who have cancelled or postponed surgeries may not reschedule cases in a timely fashion, or at all. Other disruptions or potential disruptions include restrictions on the ability of Company personnel to travel and access customers for training, promotion and case support, delays in approvals by regulatory bodies, delays in product development efforts, and additional government-imposed quarantines and requirements to "shelter at home" or other incremental mitigation efforts that may impact our ability to source supplies for our operations or our ability or capacity to manufacture, sell and support the use of our products. The total impact of these disruptions could have a material impact on the Company's financial condition, cash flows and results of operations.

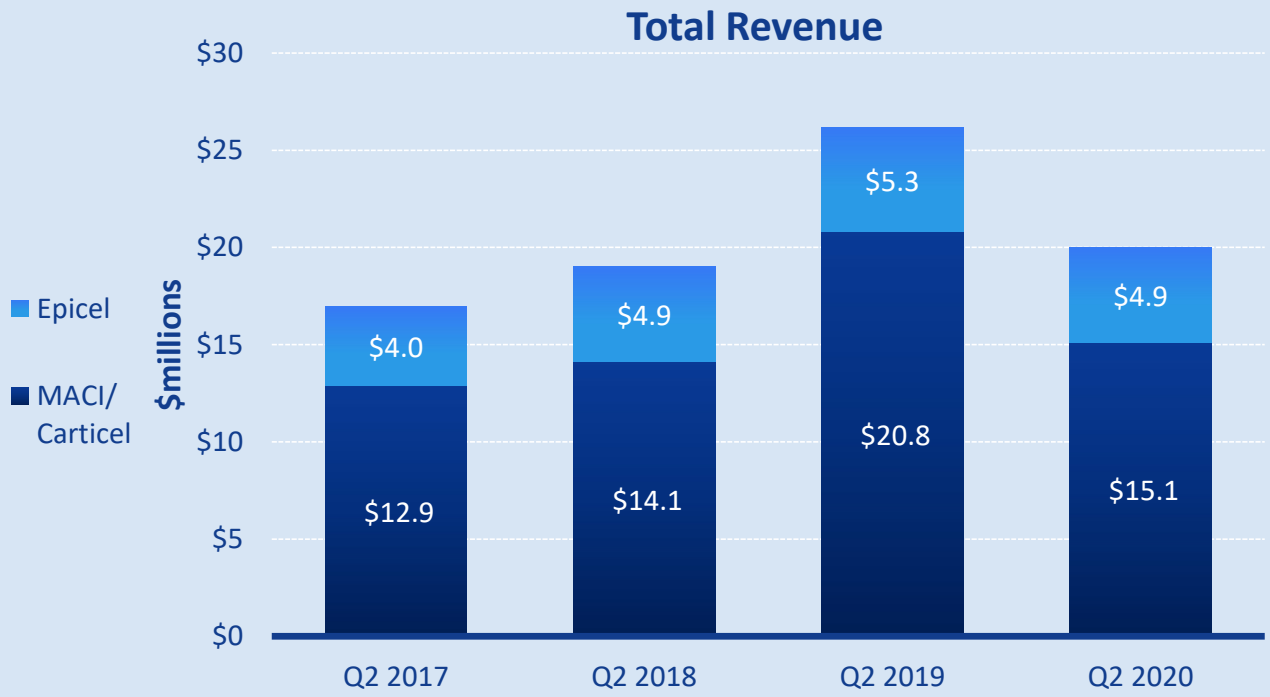
These and other significant factors are discussed in greater detail in Vericel's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission ("SEC") on February 25, 2020, Vericel's Quarterly Report on Form 10-Q for the quarter ended June, 30, 2020, filed with the SEC on August 5, 2020, and in other filings with the SEC. These forward-looking statements reflect our views as of the date hereof and Vericel does not assume and specifically disclaims any obligation to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of this release except as required by law.

MACI® Volume Tracked Closely With Available Surgical Capacity Through May, and Then Strongly Outperformed Surgical Capacity in June



- Implant and biopsy volume grew more than 20% in June over June 2019
- Biopsy volume dropped earlier than implants but then recovered earlier

Second-Quarter 2020 Revenue Details



Total net product revenues, which decreased ~23% for the quarter, declined approximately 78% in April and 32% in May compared to the same periods in 2019, and increased ~29% in June compared to June 2019

Business Updates

MACI

- MACI implants, which declined ~84% in April and ~37% in May compared to the same periods in 2019, increased ~21% in June compared June 2019
- MACI biopsies declined ~79% in April and ~22% in May compared to the same periods in 2019, and increased ~23% in June compared June 2019

Burn Franchise

- Epicel® graft volume, which declined 70% in April, increased ~20% in the May through June period compared to the same period in 2019
- Epicel biopsies increased ~6% in the second quarter compared to the second quarter of 2019
- The company announced the submission of a Biologics License Application to the FDA for NexoBrid® for the treatment of severe thermal burns

MACI Well-Positioned To Perform in a Challenging Operating Environment and to Return to Growth Trajectory

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

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

MACI patients are typically young, active and otherwise healthy patients

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

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

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

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

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

Staying connected with surgeons and patients

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

Second-Quarter 2020 Financial Results

Unaudited, amounts in thousands except per share amounts	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net Product Sales	$ 20,014	$ 26,151	$ 46,692	$ 47,961
Gross Profit	11,354	17,129	28,110	30,299
Gross Margin	*57%*	*66%*	*60%*	*63%*
Research and Development	3,226	21,070*	6,989	24,078*
Selling, General and Administrative	16,486	16,259	34,555	29,779
Total Operating Expenses	19,712	37,329	41,544	53,857
Operating Loss	(8,358)	(20,200)	(13,434)	(23,558)
Other Income (Expense)	89	408	460	922
Net Loss	$ (8,269)	$ (19,792)	$ (12,974)	$ (22,636)
Net Loss Per Share (Basic and Diluted)	$ (0.18)	$ (0.45)	$ (0.29)	$ (0.52)
Weighted average number of common shares outstanding	45,137	43,956	45,031	43,841

*Included $17.5 million for the upfront license payment to MediWound for NexoBrid rights.

- Ended Q2 2020 with $81 million in cash and investments, and no debt

Expectations for Q3 2020

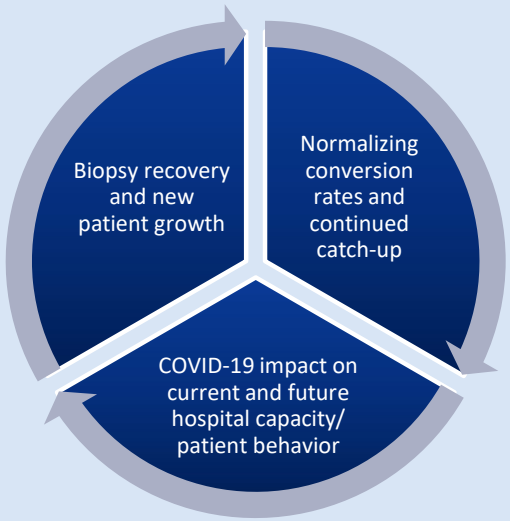
Revenue

- MACI revenue expected to improve from the 23% decline in the second quarter to at least **mid-single digit growth** over Q3 2019
- Epicel revenue expected to increase at least $1 million over Q2 2020, with a return to the average level seen in Q4 2019 and Q1 2020 prior to COVID-19 disruptions
- Expect to recognize ~$1 million of NexoBrid-related revenue associated with the first delivery by MediWound under the BARDA procurement contract

Margin/OPEX

- With the improvement in revenue, gross margins are expected to be at least equivalent to Q1 2020, or ~63%
- OPEX is expected to increase ~$2 million compared to Q2 2020, driven by the larger MACI sales force and variable costs resulting from the sequential revenue growth

MACI Revenue Dynamics



VERICEL Q2 2020 FINANCIAL RESULTS

APPENDIX

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Reconciliation of Second Quarter Reported Net Loss (GAAP) to Adjusted EBITDA (Non-GAAP Measure) – Unaudited

Adjusted EBITDA	Three Months Ended June 30, 2019	2020
Net Loss (GAAP)	**$(19,792)**	**($8,269)**
Non-recurring license agreement purchase	17,500	-0-
Stock compensation expense	4,182	4,376
Depreciation and amortization	376	546
Net interest expense (income)	(426)	(146)
Adjusted EBITDA (Non-GAAP) (unaudited)	**$1,840**	**($3,493)**

Adjusted EBITDA	Six Months Ended June 30, 2019	2020
Net Loss (GAAP)	**($22,636)**	**($12,974)**
Non-recurring license agreement purchase	17,500	-0-
Stock compensation expense	6,810	8,144
Depreciation and amortization	700	1,079
Net interest expense (income)	(904)	(450)
Adjusted EBITDA (Non-GAAP) (unaudited)	**$1,470**	**($4,201)**

Vericel Capitalization Table

Capitalization (as of June 30, 2020)	Shares
Common Stock	45,194,141
Options Outstanding	6,017,794
Unvested Restricted Stock Units	300,706
Fully Diluted Shares Outstanding	**51,512,641**