

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

for the fiscal year ended December 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
or
Commission File Number 001-35280

VERICEL CORPORATION

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction of incorporation or organization)

94-3096597

(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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

Act.

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S. 7262(b)) by the registered public accounting firm that prepared or issued its audit report

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant's Common Stock, no par value per share ("Common Stock"), held by non-affiliates of the registrant (based on the closing sales price of the Common Stock as reported on the NASDAQ Capital Market) on June 30, 2025 was approximately \$2.1 billion. This computation excludes shares of Common Stock held by each executive officer and director who may be deemed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

[Table of Contents](#)

As of February 19, 2026, 50,763,319 shares of Common Stock, no par value per share, were outstanding.

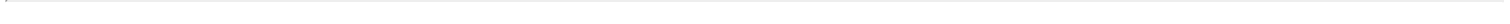
DOCUMENTS INCORPORATED BY REFERENCE

Document

Form 10-K Reference

Proxy Statement for the Annual Meeting of Shareholders for the fiscal year ended December 31, 2025, scheduled for April 29, 2026

Items 10, 11, 12, 13 and 14 of Part III



**VERICEL CORPORATION
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS**

	<u>Page</u>
PART I	
Item 1. Business	5
Item 1A. Risk Factors	23
Item 1B. Unresolved Staff Comments	54
Item 1C. Cybersecurity	54
Item 2. Properties	54
Item 3. Legal Proceedings	55
Item 4. Mine Safety Disclosures	55
PART II	
Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities	57
Item 6. Reserved	57
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	58
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	66
Item 8. Consolidated Financial Statements and Supplementary Data	67
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	98
Item 9A. Controls and Procedures	98
Item 9B. Other Information	98
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	99
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	100
Item 11. Executive Compensation	100
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	100
Item 13. Certain Relationships and Related Transactions, and Director Independence	100
Item 14. Principal Accountant Fees and Services	100
PART IV	
Item 15. Exhibit and Financial Statement Schedules	101
Item 16. Form 10-K Summary	101
Exhibit Index	102
Signatures	105

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, 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 timing and likelihood of obtaining market approval for MACI in the United Kingdom, the estimate of the commercial growth potential of our products and product candidates, competitive developments, changes in third-party coverage and reimbursement, including recent and future healthcare 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 conflicts in Ukraine and the Middle East and political and military developments in South America, 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 landscape, including those included in the One Big Beautiful Bill Act (the "OBBBA"), a U.S. government shutdown and global geopolitical tensions. 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."

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.

Except for the historical information presented, the matters discussed in this Annual Report, including our product development and commercialization goals and expectations, our plans and anticipated timing and results of clinical and regulatory development activities, potential market opportunities, revenue expectations and the potential advantages and applications of our products and product candidates under development, include forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption "Risk Factors." Unless the context requires otherwise, references to "Vericel," "the Company," "our company," "we," "us," and "our" refer to Vericel Corporation.

We own various trademark registrations and applications, and unregistered trademarks, including Vericel, Epicel, MACI, MACI Arthro and our corporate logo. All other trade names, trademarks and service marks of other companies appearing in this Form 10-K are the property of their respective holders, including NexoBrid, which is a registered trademark of MediWound Ltd. Solely for convenience, the trademarks and trade names in this document may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend to use or display other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Market Data and Industry Forecasts and Projections

We use market data and industry forecasts and projections throughout this Annual Report on Form 10-K, and in particular in “Part I - Item 1. - Business.” We have obtained the market data from certain publicly available sources of information, including publicly available independent industry publications and other third-party sources. Unless otherwise indicated, statements in this Annual Report on Form 10-K concerning our industry and the markets in which we operate, including our general expectations and competitive position, business opportunity and market size, growth and share, are based on information from independent industry organizations and other third-party sources (including industry publications, surveys and forecasts), data from our internal research and management estimates. We believe the data that third parties have compiled is reliable, but we have not independently verified the accuracy of this information and there is no assurance that any of the forecasted amounts will be achieved. Any forecasts are based on data (including third-party data), models and experience of various professionals and are based on various assumptions, all of which are subject to change without notice. While we are not aware of any misstatements regarding the industry data presented herein, forecasts, assumptions, expectations, beliefs, estimates and projections involve risks and uncertainties and are subject to change based on various factors, including those described under the heading “Forward-Looking Statements - Cautionary Language” and in “Part I - Item 1A. Risk Factors.”

PART I

Item 1. *Business*

General Information

Vericel Corporation is a leading provider of advanced therapies for the sports medicine and severe burn care markets. We have a highly differentiated portfolio of cell therapy and specialty biologic products that combines innovations in biology with medical technologies. We were among the first companies to achieve commercial success in the complex field of cell therapies with treatments that use tissue engineering to regenerate skin and healthy knee cartilage. We currently market two U.S. Food and Drug Administration (“FDA”) approved autologous cell therapy products and one FDA-approved specialty biologic product in the U.S. MACI[®] is an autologous cellularized scaffold product indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. Since MACI’s commercial launch, the product’s FDA-approved labeling has provided for a treating surgeon to use MACI to treat a patient through an open surgical procedure. In August 2024, the FDA approved a supplemental Biologics License Application (“sBLA”) expanding the MACI indication to add instructions for the arthroscopic delivery of MACI to the product’s approved labeling. MACI Arthro[®] allows surgeons to evaluate and prepare the cartilage defect site as well as deliver the MACI implant through small incisions using custom-designed arthroscopic instruments developed by the Company (“MACI Arthro instruments”). MACI Arthro became commercially available in the U.S. during the third quarter of 2024, and the Company began selling MACI Arthro instruments at that time.

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

Our Strategy

Our objective is to expand our leadership position in the sports medicine and severe burn care markets and deliver a unique combination of revenue and profitability growth. To achieve this objective, we intend to:

- Continue to invest in potential MACI growth initiatives;
- Seek clinical indication expansion for MACI, including for usage in additional joints;
- Launch MACI outside the United States in select markets, including the United Kingdom;
- Leverage our unique burn portfolio to expand the number of burn centers and surgeons using Epicel and NexoBrid; and;
- Generate positive operating income and cash flow.

Manufacturing

We have a cell manufacturing facility in Cambridge, Massachusetts, which is currently used for U.S. manufacturing and distribution of MACI and Epicel. In January 2022, we entered into a lease agreement (as amended, the “Burlington Lease”) to lease approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts. The Burlington facility is complete, and we are currently utilizing the facility’s office space. 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.

On July 1, 2023, we renewed our long-term supply agreement with Matricel GmbH (“Matricel”) for the supply of ACI-Maix collagen membranes used in the manufacture of MACI (the “Matricel Supply Agreement”). In the event Matricel is unable to supply the membranes, we may license the technology and procure the membranes from another source. The Matricel Supply Agreement provides that Matricel will supply the ACI-Maix membranes exclusively to us during the term of the agreement.

The Matricel Supply Agreement is effective until December 31, 2030, with an option to extend its term for three additional years to December 31, 2033. Thereafter, the Matricel Supply Agreement may be renewed for additional three-year periods.

Product Portfolio

Our current marketed products include two FDA-approved autologous cell therapies and one FDA-approved specialty biologic product. MACI is a third-generation autologous cellularized scaffold product indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. In connection with our MACI product, we sell MACI biopsy kits, which are used by treating surgeons to obtain a sample of cartilage tissue, which is later sent to us. If a patient decides to move forward with MACI treatment, we subsequently use the cartilage sample to manufacture a MACI implant. When an orthopedic surgeon decides to treat a patient by implanting MACI through an arthroscopic approach, the surgeon may choose to use our custom MACI Arthro instruments during the procedure, which we sell by way of a separate transaction.

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

MACI

Background of Cartilage Defects

Damage to cartilage in the knee can occur from acute or repetitive trauma from playing sports, exercising, work-related physical demands, or performing everyday activities. When damaged, cartilage in the knee does not usually heal on its own. If left untreated, cartilage defects can progress and lead to degenerative joint disease, osteoarthritis and potentially require total knee replacement, which is a poor option for younger and more active patients.

Carticel was the first FDA-approved autologous cartilage repair product for the repair of symptomatic cartilage defects. It was indicated for the repair of symptomatic cartilage defects of the femoral condyle (medial, lateral or trochlea), caused by acute or repetitive trauma, in patients who have had an inadequate response to a prior arthroscopic or other surgical repair procedure such as debridement (the removal of damaged or defective cartilage), microfracture (the creation of tiny fractures in the bone to encourage new cartilage), drilling/abrasion arthroplasty, or osteochondral allograft/autograft. The FDA approved a BLA for Carticel in 1997, and Carticel was marketed in the U.S. by Vericel through the second quarter of 2017. The FDA approved a BLA for MACI on December 13, 2016.

MACI is an autologous cellular scaffold product consisting of autologous cultured chondrocytes seeded onto a resorbable Type I/III porcine-derived collagen membrane. Autologous cultured chondrocytes are human-derived cells which are obtained from a sample of the patient's own cartilage for the manufacture of MACI. An orthopedic surgeon obtains the sample by taking a cartilage biopsy during an initial arthroscopic procedure. We isolate the patient's chondrocytes (the cells that produce cartilage) from the biopsy and expand those cells in a manufacturing process that is compliant with current Good Manufacturing Practices ("cGMP"). The expanded cells are then uniformly seeded onto a resorbable collagen membrane using a proprietary process prior to shipment. After receipt by the surgeon, MACI is implanted into the cartilage defect(s). A key driver of the therapeutic advantage of autologous chondrocyte implantation ("ACI") relative to other approaches, such as microfracture, is that autologous chondrocytes have the potential to produce the hyaline-like cartilage that is naturally present in the knee, rather than fibrous cartilage, which lacks the durability and wear characteristics of hyaline cartilage. Unlike Carticel, which was a cell suspension and required a membrane to be sutured in place to confine the cell suspension to the defect area, MACI is comprised of cells uniformly seeded on a collagen membrane resulting in a surgery that is simpler than Carticel involved surgeries. MACI may be implanted through a smaller incision or mini arthrotomy for focal defects. Additionally, since the FDA approval of MACI Arthro in August 2024, surgeons are now able to evaluate and prepare the cartilage defect site, as well as deliver the MACI implant, through small incisions using the MACI Arthro instruments. MACI is simply trimmed by the surgeon to the size of the defect, allowing for a precise fit, and fixed to the bone with an off-the-shelf surgical fibrin sealant. MACI has expanded the ACI market beyond Carticel because it: (i) shares the efficacy advantages of Carticel, while being less invasive; (ii) has a shorter procedure time; (iii) eliminates the need for a periosteal harvest and suture fixation of the periosteal patch; and (iv) has been recognized to have a short rehabilitation timeline. In addition, MACI is indicated for a broader range of

cartilage defects of the knee, ensures more uniform distribution of the cells in the cartilage defect, and is supported by Phase 3 clinical data demonstrating a statistically significant improvement in pain and function scores compared to microfracture.

The pivotal clinical trial supporting MACI registration in Europe and approval in the U.S., the Superiority of MACI Implant versus Microfracture Treatment in patients with symptomatic articular cartilage defects in the knee (“SUMMIT”) trial, was completed in 2012. Analysis of this 144-patient study demonstrated a statistically significant greater improvement in the co-primary endpoint of pain and function at Week 104 for those patients treated with MACI compared to microfracture.

MACI became commercially available in the European Union (the “EU”) in 2001 and in Australia in 2002, prior to promulgation of regulations requiring marketing authorizations for cell therapies in those markets. MACI received marketing authorization in Europe in June 2013 by meeting the requirements of the Advanced Therapy and Medicinal Product (“ATMP”) guidelines based on the results of the SUMMIT trial. We suspended the marketing of MACI in Europe in September 2014 and the European manufacturing authorization for MACI expired by its terms at the end of June 2018. Australian operations and the commercialization of MACI in that country was discontinued prior to our acquisition of the product in 2014.

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

Market Opportunity for MACI

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. A vast majority of the largest commercial payers in the U.S. have a formal medical policy that provides benefit coverage for treatment with MACI. With respect to private commercial payers that have not yet approved a medical policy for MACI, we often obtain approval on a case-by-case basis.

We estimate that approximately 750,000 patients undergo cartilage repair procedures of the knee annually in the U.S. Of these, approximately 315,000 patients are consistent with the current MACI label. Based on defect characteristics, doctors that have implanted MACI consider approximately 125,000 of these patients clinically appropriate for MACI. Approximately 60,000 of these eligible patients have larger lesions and are likely to secure insurance authorization for MACI.

We have traditionally experienced a level of seasonality with respect to the timing of MACI revenues. In the last five years through 2025, MACI sales volumes from the first through the fourth quarter on average represented 21% (20%-22% range), 23% (22%-24% range), 22% (21%-24% range) and 34% (33%-34% range) respectively, of total annual volumes. Historically, MACI orders are normally stronger in the fourth quarter due to several factors including the satisfaction by patients of insurance deductible limits and the time of year patients prefer to start rehabilitation.

Seasonal sales patterns and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows. We expect to continue to experience this seasonality effect in subsequent years.

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 an 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 cm² in size via an arthroscopic approach. MACI Arthro provides a less invasive technique compared to the open arthrotomy approach and allows surgeons to evaluate, prepare and treat the cartilage defect and deliver the MACI implant, under direct arthroscopic visualization and, should the surgeon so choose, to use specialized and custom-designed instruments (the “MACI Arthro instruments”) through small incisions or portals. The arthroscopic delivery of MACI may increase the ease of MACI’s use for physicians and may reduce both the length of the procedure as well as procedure-induced trauma, which may result in a reduction of a patient’s post-operative pain and accelerate a patient’s recovery. MACI Arthro became commercially available in the U.S. during the third quarter of 2024, and we began selling the MACI Arthro instruments at that time. We have experienced strong surgeon interest in the MACI Arthro technique since its launch. To date, more than 900 surgeons have participated in Company-sponsored education and training programs concerning the arthroscopic approach. We believe that the availability of MACI Arthro provides a significant growth opportunity for the overall MACI business, as we have already seen a significant increase in both MACI biopsies and implants from those surgeons who have engaged in MACI Arthro training and education programs. In conjunction with the launch of

MACI Arthro, we have expanded our target surgeon base from 5,000 to 7,000 to include orthopedic surgeons that perform high volumes of knee cartilage repair surgeries, predominantly through arthroscopic procedures.

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

Epicel

Epicel is a permanent skin replacement for deep-dermal or full-thickness burns comprising greater than or equal to 30 percent of total body surface area (“TBSA”). The extent of the skin surface that the burn affects is usually referred to as a percent of TBSA. Epicel is currently the only FDA-approved cultured epidermal autograft product available for large total surface area burns in both adult and pediatric patients.

Epicel is produced by isolating and expanding keratinocytes, which are the predominant cell type in the epidermis or outer layer of the skin, and which are originally obtained by taking a small biopsy of a patient’s healthy skin. Epicel is an important treatment option for patients with severe burns who are generally understood to need a keratinocyte-based epithelium, and, because of the severity and extent of their burns, these patients generally have very little healthy skin remaining on their bodies from which to obtain keratinocyte-based epithelium for autografting.

Epicel is a cell-based product that is regulated by the FDA’s Center for Biologics Evaluation and Research (“CBER”) under medical device authorities. Epicel was designated as a HUD in 1998 and a Humanitarian Device Exemption (“HDE”) application for the product was submitted in 1999. HUDs are devices that are intended for diseases or conditions that affect fewer than 8,000 individuals annually in the U.S., and, for certain HUDs, the amount a manufacturer may charge for the product’s use is restricted. Epicel is not price-restricted in this manner because in 2016, the FDA approved our HDE supplement to revise the labeled indications of use for Epicel to specifically include pediatric patients, thus allowing Epicel to be sold for profit. The product label also specifies that the probable benefit of Epicel, mainly related to survival, was demonstrated in two Epicel clinical experience databases and a physician-sponsored study comparing outcomes in patients with large burns treated with Epicel relative to standard care.

Market Opportunity for Epicel

Each year in the U.S., more than 40,000 people are hospitalized for burns. Approximately 1,500 of these patients are treated for burns covering more than 30% TBSA, the labeled indication for Epicel. Currently, the mortality rate for this group is approximately 34%, partially due to the inability to quickly close wounds because of the lack of remaining healthy tissue from which to harvest autografts. The typical Epicel patient has suffered full-thickness burns due to a wide variety of occupational, household or vehicular accidents. Many of the most severely burned patients are transported by medivac to one of the approximately 140 specialized burn centers across the U.S. While the average acute care hospital has less than three admissions for burns annually, these specialized burn centers average over 200 admissions per year.

Relative to clinical need, we believe Epicel has been underutilized by burn centers due to the lack of a consistent promotional and educational effort prior to our acquisition of the product. We expect Epicel’s utility to continue to grow as commercial and medical efforts are appropriately dedicated to the product and the burn centers that use it to treat patients.

Due to the low incidence and sporadic nature of severe burns, Epicel revenue has inherent variability from quarter to quarter and does not exhibit significant seasonality. Over the past five years, a single quarter has ranged from as high as 33% to as low as 16% of annual volumes.

NexoBrid

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

The treatment pathway for burn patients is generally determined by the ultimate size and depth of the patient’s burn injury. Patients with full-thickness burn injuries of any size and partial-thickness burn injuries greater than 10% TBSA are most often transferred to specialized burn centers. These types of burn injuries, which damage the epidermal and dermal layers of the skin, require removal of the damaged tissue, or eschar, followed by grafting of the wound area to achieve closure of the wound. Early eschar removal and burn assessment are critical first steps in the treatment of burn patients. The early removal of eschar can help reduce inflammation, slow or stop burn progression and reduce the potential for infection and sepsis. Surgical excision of eschar, which involves slicing away the burn tissue until healthy tissue is reached, currently is the standard of care for the removal of eschar. There are limitations to surgical excision, however, in that this procedure is non-selective and can cause pain, blood loss and loss of healthy tissue. Currently, there also exist certain non-surgical approaches for the removal of eschar, which have limited efficacy and have not been shown to reduce the need for surgical eschar removal.

In treating patients with deep partial-thickness and/or full-thickness thermal burns, NexoBrid works to selectively degrade eschar over the course of approximately four hours while preserving viable tissue. NexoBrid can be administered to an area of up to 20% body surface area, in two separate applications, at the patient’s bedside through a series of steps. First, pain management as practiced for extensive dressing changes of burn wounds is administered, the wound is cleaned, a dressing soaked with antibacterial solution is applied to the treatment area and a petrolatum ointment barrier is created. Then, the NexoBrid lyophilized powder is mixed with a gel vehicle and applied to the wound. After a film dressing is applied, NexoBrid is left in place for four hours, after which the dissolved eschar is removed by scraping it away with a sterile blunt-edged instrument.

Market Opportunity for NexoBrid

In addition to the U.S., NexoBrid is approved in the European Union (“EU”) and other international markets and has been designated as an orphan biologic in the U.S., EU and other international markets. NexoBrid has the potential to change the standard of care for eschar removal with respect to hospitalized burn patients and treat a significant addressable market in the U.S. With respect to NexoBrid, of the approximately 40,000 people that are hospitalized in the U.S. each year for burn-related injuries, the majority, over 30,000, have thermal burns and will likely require some level of eschar removal. NexoBrid’s FDA approval expands our burn care franchise’s total addressable market, which permits us to treat a significantly larger segment of hospitalized burn patients than with Epicel alone. The expansion of our target addressable market supports a broader commercial footprint, and we believe that this will help drive both increased NexoBrid use as well as increased Epicel awareness throughout the burn care space.

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.

Pursuant to the terms of our existing license agreement, following the FDA’s approval of the BLA for NexoBrid, MediWound transferred the BLA to Vericel. Subsequently, in August 2024, the FDA approved a supplemental BLA expanding NexoBrid’s indication to include pediatric patients.

Research & Development

The bulk of our ongoing research and development activities have historically focused on exploring methods that improve our ability to efficiently manufacture high quality cell therapy products for patients. In 2025, we initiated a Study of MACI in Patients Aged 17 to 65 with Symptomatic Chondral or Osteochondral Defects of the Talus (“MASCOT”). MASCOT is a two-year prospective, multicenter, two-arm, parallel group open label trial with a total of 309 subjects, aged 17 to 65, which will be randomized 2:1 to receive a one-time treatment in the ankle with MACI or arthroscopic bone marrow stimulation. MASCOT is the first randomized, controlled clinical trial evaluating MACI for the treatment of Osteochondral Lesions of the Talus (“OLT”). Therefore, for the next several years our research and development activities will be more balanced between manufacturing method development and clinical activities for the MASCOT trial.

Patents and Proprietary Rights

Our success depends in part on our ability, and the ability of our future licensors, to obtain patent protection for our products and processes.

As part of the acquisition of the Cell Therapy and Regenerative Medicine (“CTRM”) business from Sanofi, we acquired a multinational intellectual property estate, which includes patents and patent applications directed to chondrocyte implants and technologies related to the determination of the presence of chondrocytes in the cell cultures used to produce the chondrocyte implants. Although we do not own any patents or patent applications relating to Epicel, many of the processes and techniques are trade secrets and would be difficult to replicate without significant investment and time. We own issued patents directed to methods of determining the presence of chondrocytes in cell cultures used to produce both MACI and Carticel, which are scheduled to expire in September 2030 in the U.S. and in April 2028 abroad. We own two issued patents directed to compositions and methods for repairing cartilage defects, which are scheduled to expire in the U.S. in March 2039 and February 2040. We have one issued patent in the U.S. directed to a device related to MACI that is set to expire in November 2033, and one issued patent in the EU that is set to expire in November 2034. We own one issued patent directed to methods and devices for repairing cartilage defects via arthroscopic MACI, which is scheduled to expire in the U.S. in March 2043.

As a biologic, MACI is entitled to twelve years of data exclusivity, until December 13, 2028, calculated from its date of approval. When these patents and data exclusivity expire, our opportunity to establish or maintain product revenue could be substantially reduced.

Since 2019, we have held exclusive license and supply agreements with MediWound to commercialize NexoBrid in North America. We will need to continue to comply with the terms of such agreements in order to maintain our exclusive rights to commercialize NexoBrid in the U.S.

Our efforts to secure our proprietary rights also include our reliance on trade secrets and know-how, which we seek to protect, in part, by confidentiality agreements. It is our policy to require our employees, consultants, contractors, manufacturers, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the individual during the course of the individual’s relationship with us is to be kept confidential and not disclosed to third parties except in specific limited circumstances. We also require signed confidentiality or material transfer agreements from any company that is to receive our confidential information. In the case of employees, consultants and contractors, the agreements generally provide that all inventions conceived by the individual while rendering services to us shall be assigned to us as the exclusive property of Vericel.

See “Government Regulation — Product Approval” and “Risk Factors — Risks Related to Intellectual Property,” below, for additional information.

We also own a broadly filed trademark portfolio with registrations for MACI and Epicel, and additional registrations and applications for various marks related to those two products. MediWound has additionally registered trademarks with respect to NexoBrid, which we have licensed as part of our License Agreement with MediWound.

Sales and Marketing

MACI, Epicel and NexoBrid are specialty products with focused physician and institutional call points. We have two sales teams, one dedicated to MACI and a Burn Care team focused on both Epicel and NexoBrid. Our MACI commercial team, which we expanded by approximately 30% in late 2025, is divided into geographic regions and consists of sales representatives that regularly engage with our target audience and who are managed by a senior sales leadership team. 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.

A vast majority of the largest commercial payers in the U.S. have a formal medical policy that provides benefit coverage for treatment with MACI. Even for private payers that have not yet approved a medical policy for MACI, for medically appropriate cases, we often obtain approval on a case-by-case basis.

We contract with two specialty pharmacies, Orsini Pharmaceutical Services, Inc. (“Orsini”) and AllCare Plus Pharmacy, Inc. (“AllCare”) to distribute MACI in a manner in which we retain the credit and collection risk from the end customer. We pay 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, we sell 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. We engage a third-party contractor to provide services in connection with a patient support program to manage patient cases and to ensure that complete and accurate billing information is provided to payers and hospitals.

Following the approval and commercial launch of NexoBrid, we have expanded the burn care commercial team to include both account management and clinical specialist professionals. The burn care commercial team is divided into geographic regions and consists of sales representatives that regularly engage with our target audience and who are managed by a senior sales leadership team. There are approximately 140 burn centers in the U.S., and a subset of these institutions regularly treat patients suffering from large TBSA burns. We sell Epicel directly to hospitals and burn centers based on contracted rates stated in an approved contract or an applicable purchase order with the hospital. We sell NexoBrid to specialty distributors. These customers subsequently resell NexoBrid to hospitals and burn centers.

Government Regulation

Our research and development activities and the manufacturing and marketing of our products are subject to the laws and regulations of governmental authorities in the U.S. and other countries in which our products may be marketed. Specifically, in the U.S., the FDA regulates drugs, biologics and medical devices and requires new product approvals or clearances to assure the safety and effectiveness of these products. Governments in other countries have similar requirements for testing and marketing. In the U.S., in addition to meeting FDA regulations, we are also subject to other federal laws, such as the Occupational Safety and Health Act and the Environmental Protection Act, as well as certain state laws.

Some human cell or tissue products that are intended for implantation, transplantation, infusion, or transfer into a human recipient are regulated solely as human cell, tissue, and cellular or tissue-based products (“HCT/Ps”) and do not require the FDA’s premarket review. If these cell or tissue products do not meet the FDA’s requirements for regulation solely as an HCT/P, they require FDA premarket review and marketing authorization. The types of marketing authorizations required for non-HCT/P cell therapy products have evolved since cell therapy products were initially introduced. Epicel was approved by FDA’s Center for Devices and Radiological Health (“CDRH”) as an HUD under an HDE in 2007 but now is regulated by CBER under the same medical device regulations. MACI, approved in 2016, is regulated by CBER as a combination cell therapy/device product and required an approved BLA to be marketed in the U.S. Significant changes to products approved under a BLA require a supplemental BLA to be approved before such changes to products may be marketed in the U.S. In August 2024, the FDA approved a supplemental BLA expanding the MACI indication to add instructions for the arthroscopic delivery of MACI to the product’s approved labeling. NexoBrid is regulated by FDA’s Center for Drug Evaluation and Research (“CDER”) as a botanical protein biologic, and the BLA associated with it was approved by the FDA on December 28, 2022, paving the way for marketing and commercialization in the U.S. Subsequently, in August 2024, the FDA approved a supplemental BLA expanding NexoBrid’s indication to include pediatric patients. Commercial production of these products must occur in FDA-registered facilities in compliance with cGMP requirements.

Regulatory Process

The FDA regulates biologics under the Federal Food, Drug, and Cosmetic Act (“FFDCA”) and the Public Health Service Act (“PHSA”), and their implementing regulations. Obtaining approval of a BLA for a new biological product is a lengthy process, from the development of a new product through preclinical and clinical testing. This process takes several years and requires the expenditure of significant resources. There can be no assurance that our current or future product candidates will ultimately receive approval.

The FFDCA, PHSA, and other federal and state statutes and regulations govern the research, testing, manufacture, safety, labeling, storage, record-keeping, approval, distribution, use, adverse event reporting, and advertising and promotion of our products. Noncompliance with applicable requirements can result in inspectional observations, FDA warning letters, civil penalties, recalls, injunctions or seizures of products, refusal of the government to approve our marketing applications or to allow us to enter into government supply contracts, withdrawal of previously approved applications and criminal prosecution.

The MHRA is responsible for regulating the medicinal products market in the United Kingdom (Great Britain and Northern Ireland). An MHRA authorization must be obtained for each medicine to be marketed in the regions that comprise the United Kingdom. On January 1, 2024, the MHRA launched the International Recognition Procedure (“IRP”), which provides for an expedited authorization procedure for products that have received positive marketing authorization decisions from trusted partner agencies, such as the FDA. Even so, there can be no assurance that our current or future product candidates will ultimately receive approval.

Product Approval in the U.S.

To obtain an FDA license for, or approval of, a new biological product, sponsors must submit proof of safety, purity and potency, or effectiveness. In most cases, such proof entails extensive non-clinical (also known as preclinical) studies in animal models and well-controlled clinical trials in human subjects. The testing and preparation of necessary applications and the processing of those applications by the FDA is expensive, can take several years to complete, and can have uncertain outcomes. The FDA regulatory review and approval process is complex and can result in requests for additional data, resulting in increased development costs, and time to market delays, or could preclude us altogether from bringing to market new products. The FDA may also require post-marketing studies and risk evaluation and mitigation strategies (“REMS”) as conditions of approval. These requirements, if imposed, add to the cost of regulatory compliance and the cost of selling, due to complex distribution and restricted commercial operations. Product approvals may be withdrawn if compliance with applicable regulations is not maintained or if safety issues are identified during routine safety monitoring following commercialization.

Adequate and well-controlled clinical studies are required by the FDA for approval of a BLA. To conduct a clinical trial in the U.S., the study sponsor is required to submit an IND application, including the study protocols, prior to commencing human clinical trials. The submission must be supported by data, typically including the results of nonclinical, manufacturing and laboratory testing. The conduct of the nonclinical tests must comply with Good Laboratory Practices, as well as applicable cGMP requirements. Long-term nonclinical testing, such as animal reproductive toxicity and carcinogenicity studies, is conducted if warranted and its results are submitted in connection with the IND to support clinical investigations conducted to support a future BLA. Following the initial submission of the IND, the FDA has 30 days to review the application and raise safety and other clinical trial issues. If questions or objections are not raised within that period, the clinical trial of the investigational product may commence according to the protocol submitted to the FDA and following Institutional Review Board (“IRB”) approvals for each of the clinical sites where the study will be conducted. Protocol amendments need to be submitted and approved by the IRB and/or FDA prior to implementation. Clinical studies can also be conducted outside of the U.S. with or without a U.S. IND. However, a clinical trial application (“CTA”) or IND is required to be submitted to the local competent regulatory authority to begin conducting human clinical trials. The CTA has similar data requirements to those of an IND including the need for IRB and/or Ethics Committee approvals for investigational protocols.

MACI and NexoBrid are regulated by the FDA as biologics. For products that are regulated as biologics, the FDA requires: (i) nonclinical animal testing to establish a safety profile and/or a starting dose for initiation of clinical trials in humans; (ii) submission to the FDA of an IND application, which must become effective prior to the initiation of human clinical trials; (iii) adequate and well-controlled clinical trials to demonstrate the safety, purity and potency, or effectiveness, of the product for its intended use; (iv) submission to the FDA of a BLA; and (v) review and approval of the BLA, including pre-license inspections conducted by FDA of the facilities that manufacture the biological product or components of the biological product.

For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may sometimes overlap:

- Phase 1—The biological product is initially tested for safety and tolerability. The initial human testing is generally conducted in healthy patients. These trials may also provide early evidence of effectiveness.
- Phase 2—These trials are conducted in a limited number of subjects in the target population to determine a safe and effective dosage to evaluate in Phase 3 and to identify possibly related adverse effects and safety risks. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- Phase 3—Phase 3 trials are undertaken to provide evidence of clinical efficacy and to further evaluate dosage, potency, and safety in an expanded patient population at multiple clinical trial sites. Phase 3 studies are performed after preliminary evidence suggesting effectiveness of the product has been obtained and they are intended to establish the overall benefit-risk relationship of the investigational product, and provide an adequate basis for product approval and labeling.

Post-approval clinical trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials may be required by the FDA as a condition of approval to generate additional information and data from the treatment of patients in the intended therapeutic indication, particularly for long-term safety follow-up. The FDA has express statutory authority to require post-market clinical trials to address safety issues. All of these trials must be conducted in accordance with good clinical practice (“GCP”) requirements in order protect the health and safety of human subjects and for the data to be considered reliable for regulatory purposes.

During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data, and clinical trial investigators. Annual progress reports detailing the results of the clinical trials must be submitted to the IND. Written IND safety reports must be promptly submitted to the FDA and the investigators for serious and unexpected adverse events; any findings from other studies, testing in laboratory animals or in vitro testing that suggests a significant risk for human subjects; or any clinically important increase in the rate of a serious suspected adverse reactions over that listed in the protocol or investigator's brochure. The sponsor must submit an IND safety report within 15 calendar days after the sponsor determines that the information qualifies for reporting. The sponsor also must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days after the sponsor's initial receipt of the information.

Phase 1, Phase 2, and Phase 3 clinical trials may not be completed successfully or within any specified period, or at all. Regulatory authorities, a data safety monitoring board or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the participants are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the biological product has been associated with unexpected serious harm to patients.

An unapproved drug being studied in clinical trials may be made available to individual patients who are not enrolled in the trial in certain circumstances. Pursuant to the 21st Century Cures Act, or Cures Act, which was signed into law in December 2016, the manufacturer of an unapproved, investigational drug for a serious disease or condition is required to make public and readily available, such as by posting on its website, its policy on evaluating and responding to requests for individual patient access to such investigational drug. This requirement applies upon initiation of a Phase 2 or Phase 3 trial of the investigational drug.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the physical characteristics of the biological product as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. To help reduce the risk of the introduction of adventitious agents with the use of biological products, the Public Health Service Act emphasizes the importance of manufacturing control for products whose attributes cannot be precisely defined. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the sponsor must develop methods for testing the identity, strength, quality, potency, and purity of the final biological product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the biological product candidate does not undergo unacceptable deterioration over its shelf life.

After completion of the required clinical testing, a BLA is prepared and submitted to the FDA. FDA review and approval of the BLA is required before the marketing of the product may begin in the U.S. The BLA must include the results of all nonclinical, clinical, and other testing, as well as a compilation of data relating to the quality and manufacture of the product, including, chemistry, manufacturing, and controls ("CMC") information demonstrating the safety, purity and potency, or efficacy, of the product. The cost of preparing and submitting a BLA is substantial. Under federal law, the submission of most BLAs is subject to an application user fee, as well as an annual prescription drug product program user fee, which may total several million dollars; these fees generally are increased annually.

The FDA has 60 days from its receipt of a BLA to determine whether the application will be accepted for filing based on the agency's threshold determination that the application is sufficiently complete to permit substantive review. Once the application is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in its review of BLAs, including to review 90 percent of standard BLAs within 10 months from the date the application is accepted for filing. Although the FDA often meets its user fee performance goals, the FDA can extend these timelines as warranted. The FDA usually refers applications for novel biologics, or biologics which present difficult questions of safety or efficacy, to an advisory committee (typically a panel that includes clinicians and other experts) for review, evaluation, and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of the advisory committee, but it generally follows such recommendations. Before approving a BLA, the FDA will typically inspect one, or more, clinical sites to assure compliance with GCPs. Additionally, the FDA typically will inspect the facility or facilities at which the biologic is manufactured as part of a pre-license inspection. The FDA will not approve the product unless it verifies that compliance with cGMP requirements is satisfactory and that the BLA contains data that provides substantial evidence that the biologic is safe, pure, and potent, or effective, for its intended use.

For certain products, the FDA also will not approve the product if the manufacturer is not in compliance with Good Tissue Practice ("GTP") requirements. GTP requirements are set forth in the FDA regulations that govern the methods used in, and the

facilities and controls used for, the manufacture of HCT/Ps, which are human cells or tissue intended for implantation, transplant, infusion, or transfer into a human recipient. The primary intent of the GTP requirements is to ensure that cell and tissue-based products are manufactured in a manner designed to prevent the introduction, transmission and spread of communicable disease. FDA regulations also require tissue establishments to register and list their HCT/Ps with the FDA and, when applicable, to evaluate donors through screening and testing. To assure compliance with cGMP, GTP and GCP requirements, an applicant must expend significant time, money, and effort in the areas of training, record keeping, production, and quality control.

After the FDA evaluates the BLA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter means that the BLA will not be approved in its present form and generally outlines the deficiencies in the submission. Complete responses may require substantial additional testing, or information, in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA's satisfaction, the FDA will issue an approval letter. The agency generally will review such resubmissions within two or six months, depending on the type of information included in the resubmission. The FDA's approval is never guaranteed, and the agency may refuse to approve a BLA if regulatory requirements are not satisfied.

An approval letter authorizes commercial marketing of the biologic with specific prescribing information for specific indications. The approval of a biologic may be significantly more limited than requested in the application, including limitations on the specific diseases and dosages or the indications for use, which could restrict the commercial value of the product. The FDA may also require that certain contraindications, warnings, or precautions be included in the product labeling. In addition, as a condition of BLA approval, the FDA may require a Risk Evaluation and Mitigation Strategy ("REMS") to help ensure that the benefits of the biologic outweigh potential risks. A REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use ("ETASU"). ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, distribution controls, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS (or use of a companion diagnostic with a biologic) can materially affect the potential market and profitability of the biologic. Moreover, product approval may require, as a condition of approval, substantial post-approval testing and surveillance to monitor the biologic's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory requirements and standards is not maintained, or problems are identified following initial marketing.

Facilities manufacturing biological products for commercial distribution must be registered with the FDA. In addition to describing the preclinical studies and clinical trials of the biologic product, the BLA includes a description of the facilities, equipment and personnel involved in the manufacturing process. A biologics license, which is the product's approval, is granted on the basis of inspections of the facilities where the product is manufactured. The primary focus of such inspections is compliance with cGMPs and the facility's ability to consistently manufacture the product in the facility in accordance with the BLA. If the FDA finds the results of the inspection to be unsatisfactory, it may decline to approve the BLA, resulting in a delay in production and commercialization of products.

Product Approval in the UK

We are currently focused on obtaining regulatory and marketing approval for MACI in the United Kingdom through the MHRA and, if successful, anticipate commercializing MACI in the UK in 2027. MACI is regulated by the MHRA as an advanced therapy medicinal product. As of January 1, 2021, European Union law no longer directly applies in the UK. The UK has adopted existing European Union medicines regulation as standalone UK legislation with some amendments to reflect procedural and other requirements with respect to marketing authorizations and other regulatory provisions. The MHRA has introduced changes to national licensing procedures, including procedures to prioritize access to new medicines that will benefit patients, an accelerated assessment procedure and new routes of evaluation for novel products and biotechnology products.

On January 1, 2024, the MHRA implemented a new international recognition procedure ("IRP"), which enables applicants who have already received marketing authorization for a medicinal product from a specified "Reference Regulator" to obtain UK authorization through a streamlined assessment process. The procedure applies to marketing authorization applications for chemical and biological new active substances, known active substances, generic applications, hybrid applications, biosimilar applications, and new fixed combination products. Reference Regulators include the FDA (United States), the Therapeutic Goods Administration (Australia), Health Canada (Canada), SwissMedic (Switzerland), the Health Science Authority (Singapore), the Pharmaceuticals and Medical Devices Agency (Japan), and the European Medicines Agency, along with EU/EEA Member State Competent Authorities.

The IRP features two recognition routes with distinct eligibility requirements and timelines. Recognition Route A follows a 60-day timetable (with no clock stop) and is available when the Reference Regulator approval was granted within the previous two years, the manufacturing process remains the same as that approved by the Reference Regulator, and none of the Recognition B criteria apply. Recognition Route B follows a 110-day timetable (with one clock stop at day 70) and applies when the Reference Regulator approval was granted within the previous 10 years and at least one of 24 specified criteria is met. These criteria include situations where the Reference Regulator granted a conditional or exceptional circumstances authorization; additional manufacturing sites have been cited that were not assessed by the Reference Regulator; substantial changes exist in the manufacturing process or analytical methods; the environmental risk assessment or risk management plan was not assessed by the Reference Regulator; the product is a first-in-class new active substance, an advanced therapy medicinal product, or a fractionated plasma product; or the application seeks orphan drug designation.

Humanitarian Device Exemption

Unless an exemption applies, each medical device commercially distributed in the U.S. requires either a substantial equivalence determination under a premarket notification submission pursuant to Section 510(k) of the FDCA, or approval of a premarket approval application (“PMA”). The FDA provides an incentive for the development of certain devices intended to benefit patients by treating or diagnosing a disease or condition that affects or is manifested in not more than 8,000 individuals in the U.S. per year. These devices receive a HUD designation and may be eligible for marketing approval under an HDE application. An HDE application is a premarket approval application that seeks an exemption from the effectiveness requirement that would otherwise apply to the application. FDA approval of an HDE application authorizes the applicant to market the device.

To obtain marketing approval for a HUD, an HDE application is submitted to the FDA. An HDE application is similar in both form and content to a PMA application in that the applicant must demonstrate a reasonable assurance of safety, but in an HDE application, the applicant seeks an exemption from the PMA requirement to demonstrate reasonable assurance of effectiveness. An HDE application is not required to contain the results of scientifically valid clinical investigations demonstrating that the device is effective for its intended purpose. The application, however, must contain sufficient information for the FDA to determine that the device does not pose an unreasonable or significant risk of illness or injury, and that the probable benefit to health outweighs the risk of injury or illness from its use, taking into account the probable risks and benefits of currently available devices or alternative forms of treatment. Additionally, the applicant must demonstrate that no comparable devices are available to treat or diagnose the disease or condition, and that they could not otherwise bring the device to market.

Except in certain circumstances, HUDs approved under an HDE cannot be sold for profit, i.e., for an amount that exceeds the costs of research and development, fabrication, and distribution of the device. Under the current HDE provision, as amended by the Food and Drug Administration Safety and Innovation Act (the “FDASIA”), a device is eligible to be sold for profit after receiving HDE approval if the device is intended for the treatment or diagnosis of a disease or condition that occurs in pediatric patients or in a pediatric subpopulation, and such device is labeled for use in pediatric patients or in a pediatric subpopulation in which the disease or condition occurs; or is intended for the treatment or diagnosis of a disease or condition that does not occur in pediatric patients or that occurs in pediatric patients in such numbers that the development of the device for such patients is impossible, highly impracticable, or unsafe. If the FDA determines that a HUD meets the eligibility criteria, the HUD is permitted to be sold for profit after receiving HDE approval so long as the number of devices distributed in any calendar year does not exceed the FDA-determined Annual Distribution Number (“ADN”) for the device. The holder of the HDE must immediately notify the FDA if the number of devices distributed during a calendar year exceeds the ADN. The ADN is determined by the FDA (i) when the agency approves the original HDE application, or (ii) when the agency approves an HDE supplement for an HDE approved before the enactment of FDASIA if the HDE holder seeks a determination based upon the profit-making eligibility criteria, and the FDA determines that the HUD meets the eligibility criteria.

Post-Approval Requirements

Maintaining substantial compliance with applicable federal, state, local, and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Rigorous and extensive FDA regulation of biological products and devices continues after approval, particularly with respect to cGMPs. We will rely, and expect to continue to rely, on third parties to manufacture or supply certain components, equipment, disposable devices, testing and other materials used in our manufacturing process for any products that we commercialize or may commercialize. With respect to NexoBrid, we will rely on MediWound to source supplies for the manufacture and to manufacture the product to support our commercialization efforts in the U.S. Manufacturers of our products are required to comply with applicable cGMP requirements, including quality control, quality assurance and maintenance of records and documentation. We cannot be certain that we, MediWound, or our

present or future suppliers will be able to comply with the cGMP requirements and other FDA regulatory requirements. Other post-approval requirements applicable to biological products include the reporting of cGMP deviations that may affect the identity, potency, purity and overall safety of a distributed product, record-keeping requirements, monitoring and reporting of adverse effects, reporting updated safety and efficacy information, periodic reporting requirements and complying with electronic record and signature requirements. Similarly, there are a number of post-marketing requirements for devices, including: 1) medical device reporting regulations that require manufacturers to report to the FDA if a device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur; and 2) corrections and removal reporting regulations that require manufacturers to report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health. Additionally, devices must comply with the cGMP requirements that are set forth in the FDA's Quality System Regulation ("QSR"), including complaint handling and corrective and preventative actions.

After a BLA is approved, the biological product also may be subject to official lot release. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA also may perform certain confirmatory tests on lots of some products, such as viral vaccines, before releasing the lots for distribution by the manufacturer. In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency, and effectiveness of biological products. After approval of biologics, manufacturers must address any safety issues that arise, may be required to recall products or halt manufacturing, and are subject to periodic inspection after approval.

Discovery of previously unknown problems or the failure to comply with the applicable regulatory requirements, by us or our suppliers, may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions and adverse publicity. FDA sanctions could include refusal to approve pending applications, license revocation, withdrawal of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or other civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Biological product and medical device manufacturers and other entities involved in the manufacture and distribution of approved biological products and devices are required to register their facilities with the FDA and certain state agencies and they are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. In addition, changes to the manufacturing process or facility generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval, with certain exceptions. For product(s) manufactured outside the U.S., failure to comply with applicable regulatory requirements, including cGMPs, could result in FDA placing the manufacturing facility on an import alert, meaning that the product(s) cannot be imported into the U.S. until the non-compliance with regulatory requirements is corrected to FDA's satisfaction.

In the UK, marketing authorization holders ("MAHs") bear comprehensive obligations under the MHRA regulatory framework encompassing pharmacovigilance, manufacturing, regulatory affairs, and documentation. MAHs must maintain a UK-accessible Pharmacovigilance System Master File, appoint a Qualified Person for Pharmacovigilance based in the UK, submit serious Individual Case Safety Reports ("ICSRs") for serious adverse reactions within 15 calendar days and non-serious UK adverse reactions within 90 calendar days, operate a risk management system using the EU risk management plan ("RMP") template, and submit Periodic Safety Update Reports. MAHs must also continuously assess new data on their product to ensure that its risk-benefit balance remains positive. For manufacturing and distribution, MAHs must ensure that the manufacturer(s) comply with good manufacturing practice ("GMP") compliance, conduct annual Product Quality Reviews, and hold GMP certificates for all manufacturing sites, and that the whole distributors comply with Good Distribution Practices. Regulatory obligations include adhering to marketing authorization conditions, obtaining approval for main variations prior to implementation, submitting renewal applications at least nine months before expiry, notifying authorities of product launches or withdrawals, and paying applicable fees. All regulatory, clinical, quality and safety documentation must be retained and readily available for inspection.

Advertising and Promotion

The FDA closely regulates the post-approval marketing and promotion of biologics and devices, including regulating through standards and regulations for direct-to-consumer advertising and promotional activities involving the internet. The agency also prohibits the off-label promotion of biologics and devices and provides guidance on industry-sponsored scientific and educational activities to ensure that these activities are not promotional. Any claims we make about our products in advertising or promotion must be appropriately balanced with important safety information and otherwise adequately substantiated. A company's failure to comply with these requirements can result in adverse publicity and significant penalties, including the issuance of untitled or warning letters directing a company to correct deviations from FDA standards, a requirement to issue corrective advertising, FDA pre-clearance of future advertising and promotional materials, injunctions, and federal and state civil and criminal investigations and prosecutions.

While doctors are free to prescribe any product approved by the FDA for use, a company can only make claims relating to safety and effectiveness of a biological product or device that are consistent with the FDA approval or clearance, and the company is allowed to actively market and promote a biological product or device only for the particular use and treatment approved or cleared by the FDA. For BLAs, changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission of a new BLA or BLA supplement and FDA approval of the same before the change can be implemented. A BLA supplement for a new indication often requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing BLA supplements as it does in reviewing BLAs. Similarly, changes to approved or cleared devices may require FDA's premarket review.

Other Healthcare Laws

In the U.S., the research, manufacturing, distribution, sale and promotion of biological products and devices are subject to regulation by various federal, state, and local authorities, including (in addition to the FDA), the Centers for Medicare & Medicaid Services, other divisions of the U.S. Department of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice, state Attorneys General, and other federal, state, and local government agencies. For example, sales, marketing, and scientific/educational grant programs must comply with the FDCA, the Anti-Kickback Statute, as amended, the False Claims Act, as amended, the privacy regulations promulgated under the Health Insurance Portability and Accountability Act, or HIPAA, and similar state laws. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. All of these activities are also potentially subject to federal and state consumer protection and unfair competition laws.

As noted above, in the U.S., we are subject to complex laws and regulations pertaining to healthcare "fraud and abuse," including, but not limited to, the federal Anti-Kickback Statute, the federal False Claims Act, and other state and federal laws and regulations. The Anti-Kickback Statute makes it illegal for any person, including a medical device or biological product manufacturer (or a party acting on its behalf) to knowingly and willfully solicit, receive, offer, or pay any remuneration that is intended to induce the referral of business, including the purchase or order of an item for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties, and exclusion from participation in federal healthcare programs. In addition, many states have adopted laws similar to the Anti-Kickback Statute. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs like Medicare and Medicaid. Due to the breadth of these federal and state anti-kickback laws and the potential for additional legal or regulatory change in this area, it is possible that our sales and marketing practices and/or our relationships with physicians might be challenged under anti-kickback laws, which could harm us. Because we commercialize products that could be reimbursed under a federal healthcare program and other governmental healthcare programs, we have developed and maintain a comprehensive compliance program that establishes internal controls to facilitate adherence to the rules and program requirements to which we are subject.

The federal False Claims Act prohibits anyone from, among other things, knowingly presenting, or causing to be presented, for payment by federal programs (including Medicare and Medicaid) claims for items or services, including for medical devices or biological products, that are false or fraudulent. Although we would not submit claims directly to payers, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers or promoting a product for off-label uses. In addition, our activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information, and other information affecting federal, state, and third-party reimbursement for our products, and the sale and marketing of our products, are subject to scrutiny under this law. For example, pharmaceutical companies have been prosecuted under the federal False Claims Act in connection with their off-label promotion of drugs. Penalties for a False Claims Act violation include three times the actual damages sustained by the government, plus mandatory

civil penalties of between \$14,308 and \$28,619 for each separate false claim, the potential for exclusion from participation in federal healthcare programs, and penalties associated with various federal criminal statutes (although the federal False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate federal criminal statutes). If the government were to allege that we were, or convict us of, violating these false claims laws, we could be subject to a substantial fine and may suffer a decline in our stock price. In addition, private individuals have the ability to bring actions under the federal False Claims Act and certain states have enacted laws modeled after the federal False Claims Act.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit a person from knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing, or covering up by any trick or device a material fact or making any materially false, fictitious, or fraudulent statements or representations in connection with the delivery of, or payment for, healthcare benefits, items, or services relating to healthcare matters; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, including the Final Omnibus Rule published in January 2013, imposes requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates, independent contractors, or agents that perform services involving the creation, maintenance, receipt, use, or disclosure of, individually identifiable health information relating to the privacy, security and transmission of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, there may be additional federal, state, and non-U.S. laws which govern the privacy and security of health and other personal information in certain circumstances, many of which differ from each other in significant ways, some, but not all, of which may apply to our business activities.

There are also an increasing number of state laws that require manufacturers to make reports to states on pricing and marketing information. In addition, a provision of the Patient Protection and Affordable Care Act ("ACA"), referred to as the Sunshine Act, requires manufacturers of drugs, medical devices, and biologics to track and report to the federal government certain payments or other transfers of value made to covered recipients including physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors) and teaching hospitals in the previous calendar year. Effective January 1, 2022, these reporting obligations extend to include transfers of value made to certain non-physician providers (physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists and anesthesiologist assistants, and certified nurse midwives). These laws may affect our sales, marketing, and other promotional activities by imposing administrative and compliance burdens on us. In addition, given the lack of clarity with respect to these laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent state and federal authorities.

International Regulation

In addition to regulations in the U.S., a variety of foreign regulations govern clinical trials, commercial sales, and distribution of product candidates. The marketing authorization approval process and requirements vary from country to country, and the review timelines may be longer or shorter than that required for FDA approval.

EU pharmaceutical legislation requires a Marketing Authorization Holder ("MAH") in the EU to comply with the Pediatric Investigational Plan ("PIP") that is in place as a post-authorization commitment agreed to with the Pediatric Committee ("PDCO") within the European Medicines Agency ("EMA") to undergo an initial license renewal procedure within five years after initial market authorization. Our license to market MACI in the EU was suspended due to closure of a European manufacturing facility. Renewal of the license would have required the registration, qualification, and approval of an EU-compliant cGMP manufacturing facility before the end of the applicable renewal period in June 2018. However, we did not take such actions prior to expiration, and therefore the EU marketing authorization for MACI expired in June 2018.

As of January 1, 2021, European Union law no longer directly applies in the UK. The UK has adopted existing European Union medicines regulation as standalone UK legislation with some amendments to reflect procedural and other requirements with respect to marketing authorizations and other regulatory provisions. The MHRA has introduced changes to national licensing procedures, including procedures to prioritize access to new medicines that will benefit patients, an accelerated

assessment procedure and new routes of evaluation for novel products and biotechnology products. On January 1, 2024, the MHRA implemented a new international recognition procedure (“IRP”), which enables applicants who have already received marketing authorization for a medicinal product from a specified “Reference Regulator” to obtain UK marketing authorization through a streamlined assessment process.

Pharmaceutical Coverage and Reimbursement

In the U.S. and other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payers, including government health administrative authorities, managed care providers, private health insurers, and other organizations. Third-party payers are increasingly examining the medical necessity and cost effectiveness of medical products and services in addition to safety and efficacy and, accordingly, significant uncertainty exists as to the reimbursement status of our products. Factors that payers consider in determining reimbursement include whether the product is (i) a covered benefit under its health plan; (ii) safe, effective, and medically necessary; (iii) appropriate for the specific patient; (iv) cost-effective; and (v) neither experimental nor investigational. Third-party reimbursement adequate to enable us to realize an appropriate return on our investment in research and product development may not be available for our products. Further, one payer’s determination to provide coverage for a product does not assure that other payers will also provide coverage and reimbursement for the product and the level of coverage and reimbursement can differ significantly from payer to payer.

Healthcare Reform

In both the U.S. and certain foreign jurisdictions, there have been, and continue to be, a number of legislative and regulatory changes to the health care system. Among policy makers and payers in the U.S. and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality, and/or expanding access. In the U.S., the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. In particular, on August 16, 2022, President Biden signed Public Law 117-169, commonly referred to as the Inflation Reduction Act of 2022 (“IRA”), which significantly impacts prescription drug costs and pricing. More specifically, the IRA for the first time allows the government to directly negotiate drug prices with manufacturers of certain “select drugs,” creates inflation rebates for Medicare drugs whose price increases faster than the rate of inflation, benchmarked to 2021, and restructures the Medicare Prescription Drug (Part D) program in significant ways.

There has been heightened governmental scrutiny in the U.S. of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. At a federal level, President Trump signed an Executive Order on May 12, 2025, intended to deliver most favored nation (“MFN”) drug pricing to American patients. This MFN order expressed the Administration’s view that Americans are unfairly subsidizing low-cost prescription drugs and biologics in other developed countries and facing “overcharges” for the same products in the United States. In a subsequent press release, HHS communicated its expectation that pharmaceutical companies “align” their “U.S. pricing” with “the lowest price in an OECD country with a GDP per capita of at least 60 percent of the U.S. GDP per capita.” On July 31, 2025, President Trump sent letters to 17 pharmaceutical companies calling upon every manufacturer to take several actions within 60 days, including to guarantee MFN pricing for newly launched drugs and to return increased revenues abroad to American patients and taxpayers. President Trump also signaled a 100% tariff threat on branded or patented drugs unless a company is building its manufacturing plant in America. By December 2025, fourteen companies signed MFN agreements with the government under the Trump Administration. Although the agreements remain confidential, they reportedly guarantee MFN prices on all new innovative products which a company brings to market and require a company to repatriate increased foreign revenue on existing products that it realizes as a result of the U.S. trade policies. The Administration also seeks to base drug pricing on international benchmarks in models proposed by CMS’s Center for Medicare and Medicaid Innovation (“CMMI”). The “GENERating cost Reductions for U.S. Medicaid” (“GENEROUS”) model would be voluntary and require manufacturers to pay supplemental Medicaid rebates to effectuate international prices. The “Global Benchmark for Efficient Drug Pricing” (“GLOBE”) and “Guarding U.S. Medicare Against Rising Drug Costs” (“GUARD”) models would be mandatory and implement new drug rebate calculations for select drugs in Medicare Parts B and D, respectively. These measures may materially and adversely affect the price we receive for any of our products.

In the U.S., individual states have also increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures. In some cases, state measures have been designed to encourage importation of drugs from other countries and bulk purchasing.

Competitive Environment for Cartilage Repair and Burn Treatment

The biotechnology and medical device industries are characterized by rapidly evolving technology and intense competition. Our competitors include major multinational medical device companies, pharmaceutical companies, biotechnology companies (those that process and distribute human tissue as well as human tissue-derived products or tissue banks), and stem cell companies operating in the fields of tissue engineering, regenerative medicine, orthopedics and neural medicine. Many of these companies are well-established and possess technical, research and development, financial, and sales and marketing resources significantly greater than ours. In addition, many of our smaller potential competitors have formed strategic collaborations, partnerships and other types of joint ventures with larger, well-established industry competitors that afford these companies potential research and development and commercialization advantages in the technology and therapeutic areas currently being pursued by us. Academic institutions, governmental agencies and other public and private research organizations are also conducting and financing research activities which may produce products directly competitive to those being commercialized by us. Moreover, many of these competitors may be able to obtain patent protection, obtain FDA and other regulatory approvals and begin commercial sales of their products before us.

For patients diagnosed with cartilage defects, there are several treatment options, including arthroscopic debridement/chondroplasty, marrow stimulation techniques such as microfracture, osteochondral autografts or allograft derived tissue products for smaller cartilage injuries, osteochondral allografts, and autologous chondrocyte implants (e.g., MACI) for larger injuries.

The main competing treatments for MACI in the U.S. are microfracture and osteochondral allograft. Microfracture, a minimally invasive procedure that can be performed during the initial arthroscopic procedure, involves creating small fractures in the underlying bone allowing bone marrow to enter the defect. This treatment eventually forms a weaker form of cartilage known as fibrocartilage which can offer shorter term relief but is at high risk of breaking down in larger defects. This treatment is sometimes augmented with allograft derived products such as BioCartilage[®] and Cartiform[®] (distributed by Arthrex, Inc.) and Prochondrix[®] (distributed by Stryker Corporation). Additionally, CartiMax[®] (distributed by ConMed Corporation) is an allograft filler that can be used to treat certain cartilage defects. Other competitive treatments in the U.S. include a juvenile donor-derived allograft product, DeNovo[®] NT, marketed by Zimmer Biomet Holdings, Inc. The osteochondral allograft procedure involves the transplant of a bone and cartilage graft from a deceased donor. The donor tissue is processed by a number of tissue banks and distributed by several companies. There are multiple other cartilage repair technologies currently being studied in clinical and preclinical studies. Hyalofast[®] is a biodegradable hyaluronic acid-based scaffold used in conjunction with autologous concentrated bone marrow aspirate being developed by Anika Therapeutics, Inc. The Phase 3 trial completed patient enrollment in 2023. The final module of clinical data was filed with FDA in late 2025. Potential U.S. launch is anticipated in the future. Agili-C[®] is a non-cellular biphasic implant derived from aragonite coral which is implanted into the subchondral bone. On March 29, 2022, Agili-C received premarket approval from the FDA and is indicated for the treatment of International Cartilage Repair Society (ICRS) grade III or above knee-joint surface lesions, with a total treatable area of 1-7cm² for patients without severe osteoarthritis. Agili-C was developed by CartiHeal, a privately held company headquartered in Israel. In January 2024, Smith & Nephew, plc. completed the acquisition of CartiHeal, the developer of Agili-C.

MACI is the only FDA-approved ACI product on the market in the U.S. We are aware of one other ACI product in development in the U.S. for the treatment of articular cartilage defects of the knee. Aesculap Biologics completed enrollment in its Phase 3 clinical trial for NOVOCART[®] 3D in the U.S. in 2023. It was subsequently announced in June of 2024 that the NOVOCART assets had been acquired by Octane Medical Group.

Patients who are severely burned over a substantial portion of their TBSA have few options for permanent skin coverage. When undamaged skin is available, a procedure known as meshed split-thickness auto-grafting can be considered. However, this option becomes less viable as the percentage of TBSA burn increases. Epicel is a potentially lifesaving therapy and represents the only FDA-approved option for patients with TBSA burns greater than 30%. In September 2018, the FDA-approved Avita Medical, Inc's RECELL[®] System for use in partial-thickness burns and in full-thickness burns in conjunction with meshed split-thickness auto-graft. The RECELL system is a device which enables the on-site preparation of an autologous epithelial cell suspension, and it is most often used to treat patients with burns covering less than 30% of the TBSA. One RECELL kit can treat an approximately 10% TBSA wound.

NexoBrid is the first enzymatic agent to have demonstrated rapid and consistent removal of eschar in adult and pediatric patients suffering from deep partial-thickness and full-thickness thermal burns. NexoBrid has a novel mechanism of action and is the only product that specifically targets eschar or non-viable tissue, thereby preserving viable tissue and potentially minimizing the need for subsequent skin grafting in burn patients. The current standard of care for eschar removal of deep partial-thickness and full-thickness burns in the U.S. is surgical excision, which can result in both viable and non-viable tissue being removed. Surgical excision involves the use of sharp instruments or hydrosurgery, through the use of the Versajet IITM Hydrosurgery System (Smith & Nephew, plc.). Other non-surgical treatments include clostridial collagenase ointment (Santyl[®])

(Smith & Nephew, plc.), antimicrobial agents (silver sulfadiazine), or hydrogels. Although less invasive than surgical excision, prior to NexoBrid, non-surgical debridement agents have often been considered inefficient, can result in a lengthy sloughing period, and have the potential for the development of granulation tissue and increased infection and scarring. Other than NexoBrid, Santyl is the only FDA-approved product for enzymatic eschar removal in the U.S.

In the general area of cell-based therapies, we potentially compete with a variety of companies, most of whom are specialty medical technology/device or biotechnology companies. Some of these, such as Smith & Nephew, plc, Arthrex, Inc. and Zimmer Biomet Holdings, Inc., are well-established and have substantial technical and financial resources compared to us. However, as cell-based products are only just emerging as viable medical therapies, many of our potential competitors are smaller biotechnology and specialty medical products companies.

Environmental Matters

We are subject to various federal, state and local laws and regulations relating to the protection of the environment, human health and safety in the U.S. and in other jurisdictions in which we operate. If we violate these laws and regulations, we could be fined, criminally charged or otherwise sanctioned by regulators. Environmental laws and regulations are complex, change frequently and have become more stringent over time. The regulatory landscape continues to evolve, and we anticipate additional regulations in the near future. Laws and regulations are implemented and under consideration to mitigate the effects of climate change mainly caused by greenhouse gas emissions. Our business is not energy intensive. Therefore, we do not anticipate being subject to a cap and trade system or other mitigation measure that would materially impact our capital expenditures, operations or competitive position. We believe that our operations currently comply in all material respects with applicable environmental laws and regulations.

Employees and Human Capital Resources

As of December 31, 2025, we employed approximately 398 full-time employees. A significant number of our management and professional employees have had prior experience with pharmaceutical, biotechnology or medical product companies. None of our employees are covered by collective bargaining agreements, and management considers relations with our employees to be good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

We are committed to the health and safety of our employees, patients and other partners in the healthcare community. We work to promote an environment of awareness and shared responsibility for safety and regulatory compliance throughout our organization, in order to minimize risks of injury, exposure, or business impact.

We appreciate one another's differences and strengths and are proud to be an Equal Opportunity Employer. We value diversity of backgrounds and perspectives and our policy is that we do not discriminate based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, military and veteran status, sexual orientation or any other protected characteristic as established by federal, state or local laws.

Available Information

Additional information about Vericel, including for complying with our disclosure under the SEC's Regulation FD (Fair Disclosure), is included on our website, at www.vcel.com. Information on our website is not incorporated by reference into this Annual Report. We make available on our website free of charge our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K as soon as reasonably practicable after those reports are filed with the Securities and Exchange Commission ("SEC"). Our reports filed with the SEC are also made available on its website at www.sec.gov. The following Corporate Governance documents are also posted on the Investor Relations section of our website: Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers, Insider Trading Policy, Special Trading Procedures for Insiders, Board Member Attendance at Annual Meetings Policy, Director Nominations Policy, Shareholder Communications with Directors Policy and the Charters for each of the Committees of the Board of Directors.

Item 1A. Risk Factors

Summary Risk Factors

The following summary highlights some of the principal risks that could adversely affect our business, financial condition or results of operations. This summary is not complete and the risks summarized below are not the only risks we face. These risks are discussed more fully further below. These risks include, but are not limited to, the following:

- We may experience significant quarterly and annual fluctuations in our results of operations due to a number of factors.
- Our operating results will be harmed if we are unable to effectively manage and sustain our future growth or scale our operations.
- We may not be able to manage inventory in an effective and efficient manner, which could adversely affect our results of operations.
- Although we reported net income for the years ended 2024 and 2025, we have incurred losses in the past and may not achieve consistent profitability for some time or at all.
- Our products and product development programs are based on novel technologies and are inherently risky, which may decrease the chances of regulatory approval and could have a material effect on our financial condition and operating results.
- If we do not effectively expand and train our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business will be adversely affected.
- Expansion into international markets is expected to be an aspect of our long-term growth, and as we expand internationally, we will face additional business, political, legal, regulatory, operational, financial, and economic risks, any of which could increase our costs and hinder such growth.
- We may not be able to raise the required capital to develop and commercialize our future product candidates and otherwise grow and expand our business.
- Current financial market conditions may exacerbate certain risks affecting our business.
- We are dependent on our key manufacturing, quality and other management personnel and the loss of any of these individuals could harm our business.
- Inflationary pressures and our responses thereto as well as other unfavorable global and regional economic conditions, geopolitical events, and conflicts, such as repercussions from the ongoing conflicts in Ukraine or the Middle East region could harm or adversely affect our business.
- If our manufacturing facility is destroyed or we experience any manufacturing difficulties, disruptions or delays, this could limit supply of our products or adversely affect our ability to conduct clinical trials and our business would be adversely impacted.
- Failure of third parties, including, for example, Matricel GmbH (“Matricel”), to manufacture or supply certain components, equipment, disposable devices and other materials used in our MACI or Epicel cell manufacturing processes would impair our cell product development and commercialization.
- Because our manufacturing and supply chain are subject to significant regulations, failure by our third-party manufacturers, including Matricel, to comply with the regulatory requirements set forth by the FDA with respect to our products could limit our ability to manufacture commercial products and/or result in the products being subject to restrictions or withdrawn from the market.
- Our financial results could be significantly impacted by uncertainty in U.S. trade policy, including uncertainty surrounding changes in tariffs, trade agreements or other trade restrictions imposed by the U.S. or other governments.
- Failure to achieve the commercial success of NexoBrid in the U.S.
- The commercial success of NexoBrid in the U.S. is dependent, in part, on MediWound’s ability to timely manufacture and supply sufficient quantities of NexoBrid to meet customer demand. To the extent MediWound is unable to manufacture NexoBrid in accordance with the requirements of its BLA approval, or experiences supply chain or other disruptions, whether as a result of the conflicts in the Middle East region involving Israel, tensions between China and Taiwan, or some other event, it could adversely affect the commercial success of NexoBrid.
- NexoBrid may not be approved for the treatment of severe burns in other North American markets, outside of the U.S., and NexoBrid may not be accepted in the markets where regulatory approvals have been received.
- A cyber security incident could result in a loss of confidential data, give rise to remediation and other expenses, expose us to liability under HIPAA, consumer protection and privacy laws, or other common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business.
- We face risks associated with disruptive technologies, innovation and competition, including artificial intelligence.

- Failure to obtain adequate reimbursement and reimbursement rates for our products, which could result from recent MFN-related efforts, could have a material adverse effect on our financial condition and operating results.
- Failure to obtain and/or maintain required regulatory approvals would severely limit our ability to sell our products.
- Corporate sustainability and any related reporting obligations may adversely impact our business, financial condition and results of operations.
- Any changes in the regulatory requirements that affect our products and/or future product candidates could prevent, limit or delay our ability to market or develop new product candidates.
- Changes to our products or future product candidates, including the use of MACI to treat cartilage defects in the ankle, will require regulatory approvals following the conduct of a clinical trial or trials, which could result in the delay of the change being made or, if not approved, prevent any changes from being made.
- If any federal or state agency determines that we have promoted the off-label use of our products and/or we have violated anti-kickback or other anti-bribery laws, we may be subject to various penalties, including civil or criminal penalties, and the off-label use of our products may result in injuries that lead to product liability lawsuits, which could be costly to our business.
- If MediWound's family of patents and proprietary rights covering NexoBrid do not provide substantial protection, our commercialization efforts with respect to NexoBrid could suffer.
- Future sales of shares of common stock could have an adverse effect on the market price of such shares.

Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and trading price of our common stock. The risks and uncertainties described below are not the only ones we face. There may be additional risks and uncertainties that are not known to us or that we do not consider to be material at this time. If the events described in these risks occur, our business, financial condition, and results of operations would likely suffer. See "Cautionary Note Regarding Forward-Looking Statements" and the risks of our businesses described elsewhere in this Annual Report on Form 10-K.

Risks Related to Our Operations

We may experience significant quarterly and annual fluctuations in our results of operations due to a number of factors.

Our quarterly and annual results of operations may fluctuate significantly due to a variety of factors, many of which are outside of our control. This variability may lead to volatility in our stock price as investors and research analysts respond to quarterly fluctuations. In addition, comparing our results of operations on a period-to-period basis, particularly on a sequential quarterly basis, may not be meaningful. You should not rely on our past results as an indication of our future performance.

Factors that may affect our results of operations include:

- the timing of new orders and revenue recognition for new and prior year orders;
- seasonal buying patterns of our customers;
- volatility in the sales of our products;
- variability in burn-care treatments;
- pace and timing of surgeon training and procedural adoption;
- volume of revenues;
- results of or developments in nonclinical studies and clinical trials of our product candidates and timing of achievement of related regulatory milestones;
- competitive developments;
- changes in third-party coverage and reimbursement for our products;
- our ability to supply and meet customer demand for our products;
- our ability to increase sales to our existing customers, particularly larger customers;
- our ability to attract new customers;
- our ability to develop and achieve market adoption of our products;
- our ability to continue to successfully commercialize NexoBrid;
- the impact of a recession or any other adverse global economic conditions on our business;
- rapid changes in trade policy;
- erosion in margins or significant fluctuations in revenues caused by changing customer demand;
- the timing and cost of hiring personnel and of large expenses such as third-party professional services;
- stock-based compensation expenses, which vary along with changes to our stock price;

- supply chain disruptions or constraints;
- fluctuations in foreign currency exchange rates; and
- future accounting pronouncements or changes in accounting rules or our accounting policies.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly and annual results of operations. There can be no assurance that the level of revenues and profits, if any, achieved by us in any particular fiscal period, will not be significantly lower than in other comparable fiscal periods. Additionally, our expense levels are based, in part, on our expectations as to future revenues. As a result, if future revenues are below expectations, net income or loss may be disproportionately affected by a reduction in revenues, as any corresponding reduction in expenses may not be proportionate to the reduction in revenues. If we fail to achieve our quarterly forecasts, if our forecasts fall below the expectations of investors or research analysts, or if our actual results fail to meet the expectations of investors or research analysts, our stock price may decline.

Our operating results will be harmed if we are unable to effectively manage and sustain our future growth or scale our operations.

There can be no assurance that we will be able to manage our future growth efficiently or profitably. Our business remains unproven at a large-scale operational level and actual revenue and operating margins, or revenue and margin growth, may be less than expected. If we are unable to scale our production capabilities efficiently or maintain pricing without significant discounting, we may fail to achieve expected operating margins, which would have a material and adverse effect on our operating results. For example, we are planning to move our cell therapy manufacturing operations to our new and larger facility in Burlington, Massachusetts to support our potential growth, but if the qualification of such facility is delayed, we may be limited in our ability to meet future demand for our products. Growth may also stress our ability to adequately manage our operations, quality of products, safety and regulatory compliance. For example, as we expand our commercial operations outside of the U.S., our operations will require additional operational and reimbursement capabilities and will become subject to the regulations of additional jurisdictions, which will subject us to additional compliance expenses. If growth significantly decreases it will negatively impact our cash reserves, and we may be required to obtain additional financing, which may increase indebtedness or result in dilution to shareholders. Further, there can be no assurance that we would be able to obtain additional financing on acceptable terms, if at all.

If we do not manage inventory in an effective and efficient manner, it could adversely affect our results of operations.

Many factors affect the efficient use and planning of inventory of certain components and other materials used in our cell manufacturing process to manufacture our marketed products, such as effectiveness of predicting demand, effectiveness of preparing manufacturing to meet demand, efficiently meeting product demand requirements and expiration of materials in inventory. We may be unable to manage our inventory efficiently, keep inventory within expected budget goals, keep inventory on hand or manage it efficiently, control expired inventory or keep sufficient inventory of materials to meet product demand due to our dependence on third-party suppliers. Finally, we cannot provide assurances that we can keep inventory costs within our target levels. Failure to do so may harm our long-term growth prospects.

Although we reported net income for the years ended December 31, 2024 and 2025, we have incurred losses in the past and may not achieve consistent profitability for some time or at all.

For the years ended December 31, 2025 and 2024, we reported net income of \$16.5 million and \$10.4 million, respectively. Prior to that, with the exception of the year ended December 31, 2020, when we reported net income of \$2.9 million, we had incurred net losses each year since our inception.

Although we believe we can continue to achieve profitability without the need to raise additional capital, we may incur operating losses over the next several years despite sales increasing, due to continuing expenses related to research and development, the qualification of our new manufacturing facility, expenses associated with our planned international expansion for commercial operations, and the expense associated with continuing the commercialization of our approved products. We cannot predict with any certainty the existence or amount of future losses. Our ability to maintain profitability will depend on, among other things, increasing sales of our current products, improving gross margins, successfully commercializing new products (including the recent commercial launch of MACI Arthro), completing the development of our future product candidates (including MACI Ankle™, for which we initiated a clinical trial in the fourth quarter of 2025), timely initiation and completion of clinical trials, obtaining regulatory approvals, establishing manufacturing, sales and marketing arrangements with third parties, maintaining supplies of key manufacturing components and the possible acquisition and development of additional and complementary products. Therefore, we may not be able to consistently achieve or sustain profitability.

In the longer term, we may need to raise additional funds in order to continue to complete product development programs and the clinical trials needed to obtain approval for, and commercialize, our future product candidates, or to capitalize on potential strategic opportunities. We cannot be certain that actual results will not differ materially from our current projections and that current capital will be sufficient to achieve profitability or that funding will be available on favorable terms, if at all. Some of the factors that will impact our ability to raise additional capital and our overall success include:

- The ability to maintain our manufacturing facility's compliance with FDA requirements, including establishment and product fees;
- The requirements necessary to maintain in good standing marketing authorizations and licenses from regulatory bodies in the U.S. and other countries;
- The liquidity and market volatility of our equity securities;
- Regulatory and manufacturing requirements and uncertainties;
- Anticipating technological developments by competitors;
- The rate and degree of progress of our product development and product lifecycle management initiatives; and
- The rate and cadence of the regulatory approvals needed to proceed with clinical development programs.

Our products and product development programs are based on novel technologies and are inherently risky, which may decrease the chances of regulatory approval and could have a material adverse effect on our financial condition and operating results.

Our products are subject to the inherent risks of failure associated with the development of new products based on novel technologies. The innovative nature of our therapeutics creates significant challenges with regard to product development and optimization, manufacturing, regulatory environment and emerging regulations, third-party reimbursement and market acceptance. Therapeutic advancements are generally ahead of development and release of regulatory guidance and requirements. The lack of established precedents and evolving regulatory policy for novel products can pose significant challenges in product and clinical development, which can decrease the chances of regulatory success.

Our products represent new classes of therapy that the marketplace may not understand or accept. Furthermore, the success of our products is dependent on wider acceptance by the medical community.

While our products have had some commercial success to date, the broader market may not understand or accept our products. Our products represent new treatments or therapies and compete with a number of more conventional products and therapies manufactured and marketed by others. The nature of our products creates significant challenges with regard to product development and optimization, manufacturing, regulations, and third-party reimbursement. As a result, the commercialization of our current products and the development pathway for our potential new products may be subject to increased scrutiny, as compared to the pathway for more conventional products.

The degree of market acceptance of any of our marketed or potential new products will depend on a number of factors, including:

- The clinical safety and effectiveness of our products and their demonstrated advantage over alternative treatment methods;
- Our ability to demonstrate to healthcare providers that our products provide a therapeutic advancement over standard of care treatment or other competitive products and methods;
- Our ability to educate healthcare providers on the autologous use of human tissue, to avoid potential confusion with, and differentiate ourselves from, the ethical controversies associated with human fetal tissue and engineered human tissue;
- Our ability to educate healthcare providers on the benefits and appropriate use of enzymatic agents for the removal of eschar in adult and pediatric patients suffering from deep partial-thickness and full-thickness thermal burns;
- Our ability to educate healthcare providers, patients and payers on the safety and adverse reactions associated with our products;
- Our ability to meet supply and demand and develop a group of medical professionals familiar with and committed to the use of our products; and
- The cost-effectiveness of our products and the reimbursement policies of government and third-party payers.

Market acceptance of any future product candidates (including MACI Ankle, for which we initiated a clinical trial in the fourth quarter of 2025), if approved, will not be fully known until after they are launched and may be negatively affected by a

potentially poor safety experience and the track record of other similar products and product candidates. Further, continued market acceptance of Epicel, MACI, MACI Arthro and NexoBrid, and any future product candidates that may be approved, depends on our efforts to educate the medical community and third-party payers on the benefits of our products and product candidates and will require significant resources from us. If the medical community or patients do not accept the safety and effectiveness of our products, it could negatively affect our ability to sell those products, which would have a material adverse impact on our business, financial condition and operations.

If we do not effectively expand and train our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business will be adversely affected.

During 2025, we began an expansion of our MACI sales force. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel. We have expanded our sales organization significantly in recent periods and may do so again in the future. There is significant competition for sales personnel with the skills and technical knowledge that we require. New hires require significant training and may take significant time before they achieve full productivity. Our recent hires and potential future hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, some members of our sales force are new to our company and selling our products, and therefore may be less effective than our more seasoned sales personnel. Furthermore, hiring sales personnel in new territories and regions, or expanding our existing presence, requires upfront and ongoing expenditures that we may not recover if the sales personnel fail to achieve full productivity. We cannot predict whether, or to what extent, our sales will increase as we expand our sales force or how long it will take for sales personnel to become productive. If we are unable to hire and train a sufficient number of effective sales personnel, or the sales personnel we hire are not successful in obtaining new customers or increasing sales to our existing customer base, our business and results of operations will be adversely affected.

Expansion into international markets is an aspect of our long-term growth, and as we expand internationally, we will face additional business, political, legal, regulatory, operational, financial, and economic risks, any of which could increase our costs and hinder such growth.

Expanding our business to attract customers in countries other than the United States is an element of our long-term business strategy. For example, we have initiated a staged approach to expanding our MACI operations outside of the U.S. and initially into the United Kingdom. Conducting business internationally involves a number of risks, including:

- uncertain legal and regulatory requirements applicable to our industry;
- multiple, conflicting and changing laws and regulations such as tax laws, privacy and data protection laws and regulations, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses;
- obtaining regulatory approvals or clearances where required for the sale of our products in various countries;
- protecting and enforcing our intellectual property rights;
- natural disasters, political and economic instability, including wars, terrorism, social or political unrest, including civil unrest, protests, and other public demonstrations, outbreaks of disease, pandemics or epidemics, boycotts, curtailment of trade, and other market restrictions;
- uncertainty surrounding the impact of the Trump Administration's efforts to deliver MFN drug pricing to American patients on drug prices in international markets;
- uncertainty surrounding changes in tariffs, trade agreements or other trade restrictions imposed by the U.S. or other governments; and
- regulatory and compliance risks that relate to maintaining accurate information and control over activities subject to regulation under the U.S. Foreign Corrupt Practices Act (the "FCPA"), and comparable laws and regulations in other countries.

Our ability to continue to expand our business and to attract customers and talented employees in various international markets will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple legal systems, alternative dispute resolution systems, regulatory systems, and commercial infrastructures. Entering new international markets will be expensive, our ability to successfully gain market acceptance in any particular market is uncertain, and the distraction of our senior management team could harm our business, financial condition, and results of operations.

Our success depends, in part, on the commercial success of NexoBrid for the removal of eschar in adult and pediatric patients with deep partial-thickness and/or full-thickness thermal burns.

On December 28, 2022, we announced that the FDA granted a BLA and approved NexoBrid for the removal of eschar in adults with deep partial-thickness and/or full-thickness thermal burns. On September 20, 2023, the Company announced the U.S. commercial availability of NexoBrid and subsequently commenced commercial sales of the product. On August 15, 2024, we announced the FDA approval of a pediatric indication for NexoBrid for eschar removal in pediatric patients with deep partial-thickness and/or full-thickness thermal burns. We expect that the commercial success of NexoBrid and our future NexoBrid-related revenue will depend largely on the medical community's acceptance of NexoBrid as an important treatment option for patients that are suffering from severe burn injuries and, ultimately, as the standard of care for the removal of eschar. The U.S. medical community's acceptance of NexoBrid and our other products will depend upon our ability to demonstrate long-term clinical performance and the advantages and cost-effectiveness of our products. In addition, acceptance of products for the treatment of eschar removal is dependent upon, among other factors, the level of awareness and education of the medical community about the removal of eschar in adult and pediatric patients with deep partial-thickness and/or full-thickness thermal burns and the existence, effectiveness, safety, and cost effectiveness of our products. Market acceptance and adoption of our products or procedures also depends on the level of payer (including government payers such as Medicare) reimbursement to physicians and hospitals for procedures using our products. Negative publicity resulting from incidents involving our products, or similar products, could have a significant adverse effect on the overall acceptance of our products. Market acceptance could be delayed by lack of physician willingness to attend training sessions, by the time required to complete this training, or by state or institutional restrictions on our ability to provide training. If we are unable to gain and/or maintain such support, training services and collaboration, our ability to grow the market for our products may be impacted and we may not be able to increase our revenue enough to achieve or sustain profitability, and our business and operating results may be seriously harmed. Additional factors that may affect our ability to successfully commercialize NexoBrid include:

- Our ability and the ability of MediWound to recruit and retain employees with the right expertise and experience, at sufficient numbers;
- Our ability to access and develop relationships with key healthcare providers and public health agencies;
- Our ability to educate key healthcare providers on the clinical efficacy, cost effectiveness and appropriate use of NexoBrid in the clinical setting;
- Our ability to compete successfully as a new entrant in established distribution channels for similar products;
- Our ability to maintain sufficient funding to cover the costs and expenses associated with building and operating an effective commercial organization; and
- MediWound's ability to timely manufacture and supply sufficient quantities of NexoBrid to meet customer demand.

Failure of our Specialty Pharmacies to enter into written agreements with payers for reimbursement of our products and to obtain adequate reimbursement and reimbursement rates could have a material adverse effect on our financial condition and operating results.

We have a limited network of specialty pharmacy distributors for MACI, and we primarily rely on our specialty pharmacy distributors' contracts with third-party payers for reimbursement. Under our distribution agreements with Orsini and AllCare, we assume the credit and collection risk of third-party payers, as Orsini and AllCare dispense MACI and perform the collection activities. We also sell a portion of MACI implants directly to facilities based on prices stated in an approved contract or an applicable purchase order with the facility. Often the contracted rates are tied to the facility's third-party reimbursement from an underlying insurance provider. We sell Epicel directly to hospitals based on contracted rates stated in an approved contract or an applicable purchase order with the hospital. The hospital is then reimbursed by third-party payers for each patient case, based on a capitated/global payment structure or a negotiated rate of either percent of billed charges or per diem rates.

Failing to maintain and obtain written agreements from payers for reimbursement of our products or to obtain adequate reimbursement rates could have a material adverse effect on our financial condition and operating results. In addition, many healthcare providers are under pressure to increase profitability and reduce costs. We cannot predict the extent to which reimbursement for our products will be affected by initiatives to reduce costs for healthcare providers. Failure to collect from such payers or to obtain or maintain written agreements with such payers or obtaining lower than estimated reimbursement for our products would adversely affect our business, financial conditions and results of operations.

A cyber security incident or data privacy issue could result in a loss of confidential data, give rise to remediation and other expenses, expose us to liability under HIPAA, consumer protection and privacy laws, or other common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business.

We collect and store on our networks and work-issued devices sensitive information, including intellectual property and personally identifiable information. The secure maintenance of this information is critical to our business operations. We have implemented multiple layers of security measures, and have developed an enterprise-wide incident response plan, which are designed to protect this confidential data through technology, processes, and our people. We strive to utilize current security technologies, and our defenses are monitored and routinely reviewed by internal and external parties.

Despite these efforts, threats from malicious persons and groups, new vulnerabilities, intentional or inadvertent insider personnel misconduct, and advanced and increased attacks against our and our service providers' or partners' information systems create risk of cyber security and/or privacy incidents. These threats could include use of harmful malware or ransomware, protected health information leakage from implementing third-party technology to process and share data, and our information technology systems could be compromised by internal and outside parties intent on extracting ransom or information, corrupting data or disrupting business practices. There can be no assurance that we will not be subject to cyber security or privacy incidents that evade our security or privacy measures, result in the loss of personal health information, intellectual property, or other data subject to privacy laws or disrupt our information systems and business. We are focused on developing and enhancing of our controls, processes and practices designed to protect our information systems from attack, damage or unauthorized access, however, the techniques and sophistication used to conduct cyber-attacks and breaches of information systems frequently change. For example, the deployment of evolving artificial intelligence tools used to identify vulnerabilities and create more deceptive phishing attempts have the potential to not be recognized until such attacks are launched or have been in place for a period of time. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures and processes or to investigate and remediate cyber security or privacy vulnerabilities. Although the Company has been subjected to cyber threats and attacks, to date there have been no incidents of which we are aware that have had a material effect on our business or operations. The occurrence of any of these events could result in interruptions, delays, the loss, access, misappropriation, disclosure or corruption of data or intellectual property, liability under privacy, security and consumer protection laws or litigation under these or other laws, including common law theories, and subject us to federal and state governmental inquiries, any of which could have a material adverse effect on our financial position and results of operations and harm our business reputation. Any of these events could give rise to potential costs and consequences that cannot be estimated or predicted, and which may not be fully insured by our cyber risk insurance policy. For example, the SEC has adopted rules requiring the disclosure of cybersecurity incidents that we determine to be "material," to be made within four business days of such determination, which can be complex, requiring a number of assumptions based on several factors. It is possible that the SEC may not agree with our determinations, which could result in fines, civil litigation or damage to our reputation.

In addition, regulators in the U.S. and globally are also inquiring more about and imposing greater monetary fines for privacy violations. The FTC has announced that it will begin enforcing the Health Breach Notification Rule, and has enforced the Rule several times. The FTC and many states have specific requirements for collecting and processing certain data including data minimization, data de-identification, opt out rights, deletion and sharing.

EU regulation also governs our business. For example, in 2016, the EU adopted a new regulation governing data practices and privacy called the General Data Protection Regulation ("GDPR"), which became effective on May 25, 2018. The GDPR applies to any company established in the EU as well as to those outside the EU if they collect and use personal data in connection with the offering of goods or services to individuals in the EU or the monitoring of their behavior. The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, extensive rights for individuals, including to request access to personal data and to request personal data is erased, and onerous new obligations on services providers, as well as specific contracting requirements applicable to data sharing with service providers. In addition, there are strict restrictions on the transfer of personal data outside of the EU to countries which are not considered by the EU to have equivalent data protection laws, which includes the US. Transfers of data must be legitimized by (i) carrying out risk assessments and (ii) entering into approved forms of agreement between the EU based exporter of the personal data, and the recipient ("importer") of the personal data. The EU has been greatly focused on this issue since the landmark judgment of in the case of *Schrems II* handed down by the European Court of Justice in July 2020, and it has become an area for greater scrutiny and enforcement by EU privacy regulators. Non-compliance with the GDPR may result in monetary penalties of up to €20 million or 4% of worldwide revenue, whichever is greater. The GDPR is no longer applicable to the UK since the UK left the EU in December 2021. However, it has been replaced by equivalent legislation in the UK, including the UK GDPR and the Data Protection Act 2018. The GDPR (and UK equivalent laws) and other changes in laws or regulations associated with the enhanced protection of certain types of personal data, such as healthcare data or other sensitive information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions that we may operate in.

We rely on complex information technology systems for various critical purposes, including timely delivery of products and maintaining patient confidentiality. If these systems fail or are disrupted, we could lose product sales and our revenue and reputation would suffer.

We have developed comprehensive, integrated information technology (“IT”) systems for the intake of physician orders for our products, to track product delivery, and to store patient-related data that we obtain for purposes of manufacturing MACI and Epicel. We rely on these systems to maintain the chain of identity for each autologous product, and to ensure timely delivery of product, prior to expiration. Each of our autologous products has a limited usable life measured in days from the completion of the manufacturing process to patient implant or grafting, therefore, maintaining accurate scheduling logistics is critical. Accordingly, in addition to regularly evaluating and making changes and upgrades to our IT systems, we have recently implemented a new enterprise resource planning (“ERP”) system. While we follow a disciplined methodology when evaluating and making such changes, there can be no assurances that we will successfully implement such changes, that such changes will occur without disruptions to our operations, that the new or upgraded systems will achieve the desired business objectives or that the internal controls will be effective in preventing misstatements in financial reporting. Any such disruptions, inadequate internal controls or the failure to successfully implement new or upgraded systems such as those referenced above, could have a material adverse effect on our results of operations and could also affect our reputation, our relationship with customers and our products.

Furthermore, our IT systems store and protect the privacy of certain patient information, which is required for the manufacture of our individualized cell therapy products. We have also developed an integrated information technology system for care coordination for MACI patients who have opted-in to the MyCartilageCare[®] program, which we use with our care coordination contractor and our contracted specialty pharmacies. This system contains patient-related information some of which is accessible by company personnel and used for surgery coordination activities. If any of our systems were to fail or be disrupted for an extended period of time, we could lose product sales and our revenue and reputation would suffer. Similarly, in the event our systems were to be breached by an unauthorized third-party, that party could potentially access the aforementioned patient information, which could cause us to suffer further reputational damage and loss of customer confidence. Any one of these events could cause our business to be materially harmed and our results of operations would be adversely impacted.

Our inability to complete our product development activities successfully would materially limit our ability to operate or finance our operations.

In order to obtain regulatory approvals necessary to commercialize future product candidates in the U.S. or advancements to our current commercial products, we must conduct adequate and well-controlled clinical trials to demonstrate the safety and effectiveness of those products, in compliance with current regulatory requirements. For example, during the fourth quarter of 2025, we initiated the MASCOT clinical trial designed to evaluate MACI’s use to treat cartilage defects in the ankle. We may not be able to successfully complete the development of future product candidates or advancements to our current commercial products, or successfully market our technologies or future product candidates. We, and any of our potential collaborators, may encounter problems and delays relating to research and development, regulatory approval and intellectual property rights of relevant technologies and future product candidates. Our research and development programs may not be successful, or our cell therapy technologies and future product candidates may not facilitate the production of cells outside the human body with the expected results. Additionally, our technologies and future product candidates may not prove to be safe and effective in clinical trials, and we may not obtain the requisite regulatory approvals for our product candidates. If any of these events occur, our future prospects may be adversely impacted.

We must successfully complete nonclinical and clinical development to be able to demonstrate safety and efficacy to seek marketing approval of our current or future product candidates. Lack of efficacy and or safety events can lead to the discontinuation of clinical development, and this can occur at any stage of the clinical development program. We may experience numerous unforeseen events during development that can delay or prevent commercialization of our future development candidates.

The results of early-stage clinical trials do not ensure success in later clinical trials, and interim results are not necessarily predictive of final results. Data obtained from clinical activities are not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval.

Additionally, several of our ongoing clinical trials utilize an “open-label” trial design. An “open-label” clinical trial is one where both the patient and investigator know whether the patient is receiving the investigational product candidate or either an

existing approved drug or placebo. Most typically, open-label clinical trials test only the investigational product candidate and sometimes may do so at different dose levels. Open-label clinical trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label clinical trials are aware when they are receiving treatment. Open-label clinical trials may be subject to a “patient bias” where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. In addition, open-label clinical trials may be subject to an “investigator bias” where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge. The results from an open-label trial may not be predictive of future clinical trial results with any of our product candidates for which we include an open-label clinical trial when studied in a controlled environment with a placebo or active control.

Our planned clinical trials may not begin or be completed on schedule, if at all. Typically, if a biological product is intended to treat a chronic disease, safety and efficacy data must be gathered over an extended period of time, which can range from six months to three years or more.

With respect to any clinical trials affecting our approved products or future development candidates, failures or delays can occur at any stage of the trials, and may be directly or indirectly caused by a variety of factors, including but not limited to:

- Delays in securing clinical investigators or trial sites for our clinical trials and their subsequent performance in conducting accurate and reliable trials on a timely basis;
- Delays in obtaining IRB and other regulatory approvals to commence a clinical trial;
- Slower than anticipated rates of patient recruitment and enrollment in our clinical trials, or failing to reach the targeted number of patients due to competition for patients from other trials;
- Limited or no availability of coverage, reimbursement, and adequate payment from health maintenance organizations and other third-party payers for the use of biological products supplied for use in our clinical trials;
- Negative or inconclusive results from clinical trials;
- Unforeseen adverse effects interrupting, delaying, or halting clinical trials of any future therapeutic product candidates, and possibly resulting in the FDA or other regulatory authorities denying approval of any future therapeutic product candidates;
- Unforeseen safety issues;
- Approval and introduction of new therapies or changes in standards of practice or regulatory requirements or guidance that render our clinical trial endpoints or the targeting of our proposed indications obsolete;
- Inability to monitor patients adequately during or after treatment or problems with investigator or patient compliance with the trial protocols;
- Inability to replicate in large, controlled trials safety and efficacy data obtained from a limited number of patients in uncontrolled trials;
- Inability or unwillingness of medical investigators to follow our clinical protocols; and
- Unavailability of clinical trial supplies.

The FDA, the IRBs, and the sponsor monitor the progress of clinical trials and they may suspend or terminate a clinical trial at any time because of concerns related to patient safety or for other considerations. The FDA may impose a clinical hold on our trials because of safety concerns that have arisen for products or product candidates that are similar to our product candidates. Even when successful clinical results are reported for a product from a completed clinical trial, the durability of response may not be sustained over time or may not be sufficient to support regulatory approval.

Our current product development activities include but are not limited to projects directed at expanding clinical indications, increasing the ease of use of our products for our customers, and decreasing the cost of manufacturing our products. These production process changes may alter the functionality of our cells and require various additional levels of experimental and clinical testing and evaluation. Any such testing could lengthen the time before these product enhancements are approved and would be commercially available.

We rely on third parties to conduct some of our clinical trials, and their failure to perform their obligations in a timely or competent manner may delay development and/or impact commercialization, if approved, of our current and future product candidates.

We use clinical research organizations (“CROs”) to assist in the conduct of our clinical trials. We may face delays outside of our control if these parties do not perform their obligations in a timely or competent fashion, or if we are forced to change service providers. Any third-party that we hire to conduct or provide services in connection with our clinical trials may also provide services to our competitors, which could compromise the performance of their obligations to us. If we experience

significant delays in the progress of our clinical trials, the commercial prospects for our current and future product candidates could be harmed and our ability to generate product revenue would be delayed or prevented. In addition, we and any provider that we retain will be subject to GCP requirements. If GCP and other regulatory requirements are not adhered to by us or our third-party providers or clinical investigators, the conduct of the trial may be compromised, and the development and commercialization of our current and future product candidates could be delayed or approval may never be obtained.

Any failure by a CRO, a clinical trial site, or clinical investigator, or us to successfully accomplish clinical trial monitoring, data collection, safety monitoring and reporting, and data management and other services in a timely manner and in compliance with regulatory requirements could have a material adverse effect on our ability to utilize the trial to obtain regulatory approval or complete clinical development of our product candidates to support regulatory approval. Problems with the timeliness or quality of the work of a CRO or a clinical trial site or clinical investigator may lead us to seek to terminate the relationship and use an alternate provider. However, making such changes may be costly and may delay our trials or affect regulatory approval, and certain contractual restrictions may make such a change difficult or impossible. Additionally, it may be difficult to find a replacement organization that can conduct our trials in an acceptable manner and at an acceptable cost.

If we do not keep pace with our competitors and with technological and market changes, our products will become less attractive or obsolete and our business may suffer.

The markets for our products are highly competitive, subject to rapid technological changes, and vary for different product candidates and processes that directly compete with our products. Our competitors in the medical and biotechnology industries may have superior products, research and development, manufacturing, and marketing capabilities, financial resources or marketing positions. These competitors may successfully market products that compete with our products or identify and bring to market new product candidates earlier than we do, which could require us to conduct substantial new research and development activities to establish new product targets. Furthermore, our competitors may have developed, or could in the future develop, new technologies that compete with our products, are less costly than our products or even render our products obsolete. As a result, these competitors may be able to adapt to the market more quickly, take advantage of acquisitions and other opportunities more readily, devote greater resources to the marketing and sale of their products, adopt more aggressive pricing strategies than we can, and more successfully utilize developing technology, including data analytics, artificial intelligence, and machine learning.

To the extent that we or others develop new technologies that address the targeted application for our products, our business may suffer. Finally, if we are unable to continue to develop and market new products and technologies (such as MACI Arthro) in a timely manner, the demand for our products may decrease or our products could become obsolete, and our revenue may decline or our growth prospects may be adversely affected.

We face risks associated with disruptive technologies, innovation and competition, including artificial intelligence.

Increasingly, biopharmaceutical companies are leveraging artificial intelligence, including but not limited to generative artificial intelligence, to streamline business operations. Failure to safely and effectively integrate artificial intelligence tools into our business operations could result in an inability to maintain a competitive edge among industry peers. In particular, such failure could result in an inability to meet industry needs as well as a loss in market share. Further, navigating continually evolving legal and regulatory requirements associated with implementing artificial intelligence tools that may be inconsistent from jurisdiction to jurisdiction may require significant resources to help ensure compliance with U.S. law or various international laws or limit our ability to incorporate certain artificial intelligence capabilities into our operations.

Presently, we employ limited arrays of artificial intelligence technology in our business, the use of which may introduce us to certain risks including dependency on accurate intelligence performance, potential security breaches, challenges in regulatory compliance, ethical considerations, potential workforce disruption, the risk of intellectual property infringement, and other emerging technology risks. It is conceivable that we might integrate additional artificial intelligence solutions into our information systems in the future, potentially assuming a more critical role in our operations over time. However, our competitors or other entities may also integrate artificial intelligence into their information systems and business operations more swiftly or effectively than us, potentially impairing our competitive edge and negatively impacting our financial performance.

Additionally, while we have established policies governing the use of artificial technology, and we safeguard our assets, including intellectual property and sensitive information, we cannot ensure that our employees, contractors or other agents would adhere to those policies. Failure or perceived failure by us to address these risks adequately may negatively impact our

operations, reputation and financial performance. Additionally, other unforeseen risks stemming from our use and development of artificial intelligence tools and technology may arise in the future that could adversely affect our business, financial condition and results of operations.

Restrictions on the use of animal-derived materials could harm our product development and commercialization efforts.

Some of the manufacturing materials and/or components that we use in, and which are critical to, implementation of our technology involve the use of animal-derived products, including fetal bovine serum. Supplier changes or regulatory actions may limit or restrict the availability of such materials for clinical and commercial use for a variety of reasons including contamination or perceived risk of contamination with an adventitious agent, such as bovine spongiform encephalopathy, in one of our suppliers' herds. This may lead to a restricted supply of the serum currently required for our product manufacturing processes. Any restrictions on these materials would impose a potential competitive disadvantage for our products or prevent our ability to manufacture our cell products. The FDA and other regulatory agencies have issued regulations for controls over bovine material in animal feed. These regulations do not appear to affect our ability to purchase the manufacturing materials we currently use. However, regulatory agencies may introduce new regulations that could affect our operations. Our inability to develop or obtain alternative compounds would harm our product development and commercialization efforts. There are certain limitations in the supply of certain animal-derived materials, which may lead to delays in our ability to complete clinical trials or eventually to meet the anticipated market demand for our cell products.

If our licensing arrangement with MediWound is unsuccessful, our development of NexoBrid and its associated revenues may be limited.

We have entered into a licensing arrangement with MediWound for the development and commercialization of NexoBrid in North America. Collaboration and licensing arrangements pose many risks, including, but not limited to, the following:

- collaborations and licensing arrangements may be terminated;
- collaborators and licensors may delay clinical trials or post-market studies and prolong clinical development, or under-fund or stop a clinical trial;
- expected revenue might not be generated because clinical adoption of the product may be less than predicted;
- collaborators and licensors could independently develop, or develop with third parties, products that could compete with our future products despite non-competition provisions;
- the terms of our contracts with current or future collaborators and license parties may not be favorable to us in the future;
- disputes may arise delaying, or terminating or interrupting the research, development, supply or commercialization of our products or product candidates, or result in significant and costly litigation or arbitration; and
- one or more third-party developers could obtain approval for a similar product resulting in unforeseen price competition in connection with the product.

Risks Related to the Manufacturing and Production of Our Products

We rely on MediWound for the manufacture, production, and supply of NexoBrid, and our business, financial condition, and results of operations could be materially adversely affected to the extent the manufacture, production, and supply of NexoBrid is disrupted or delayed.

We have entered into exclusive license and supply agreements with MediWound, under which MediWound will manufacture and supply NexoBrid on a unit price basis, which may be increased pursuant to the terms of the agreements. NexoBrid contains an active pharmaceutical ingredient of concentrate of proteolytic enzymes enriched in bromelain. For its part, MediWound has entered into an agreement with Challenge Bioproducts Corporation, Ltd. ("CBC"), through which CBC supplies Bromelain SP, a material derived from pineapple stems, and which is manufactured by CBC at its facility in Taiwan. Once produced, MediWound uses Bromelain SP in the development and manufacture of NexoBrid at its facilities in Israel. The manufacture and production of NexoBrid is a complicated process, and MediWound's manufacture and supply of the product is subject to various cGMP and other FDA requirements. To the extent the supply of NexoBrid is delayed or disrupted as the result of MediWound's failure to timely ensure its facilities meet FDA and/or cGMP requirements, our financial condition or results of operations may be adversely affected.

Additionally, the escalation of instabilities and tensions in the Middle East region involving Israel could negatively affect MediWound's ability to supply NexoBrid to the U.S. market. We continue to monitor the conflicts in Israel and are in close communication with MediWound leadership. MediWound's NexoBrid manufacturing operations are continuing and, as of the

date of this disclosure, MediWound does not anticipate a material disruption to its ongoing supply of commercial NexoBrid to the United States. 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.

In the event that MediWound is unable to supply us with NexoBrid pursuant to the terms of our supply agreement and we are unable to identify alternative sources of supply for NexoBrid on a timely basis, our operations and business prospects may be materially adversely affected. In addition, even if we identify any such alternative sources of NexoBrid, we could experience delays in testing, evaluating, and validating the new supplier. Qualifying new contract manufacturers and suppliers, and specifically Bromelain SP and NexoBrid manufacturers, is time consuming and might result in unforeseen supply and operations problems.

Furthermore, financial or other difficulties faced by MediWound or CBC, or significant changes in demand for the Bromelain SP that CBC supplies MediWound, could limit the availability of NexoBrid to us. Any of these problems or delays could damage our relationships with our customers, adversely affect our reputation and adversely affect our business, financial condition, results of operations, our ability to grow our business, and the market price and liquidity of our shares.

We have limited manufacturing capacity and our commercial manufacturing operations in the U.S. depend on one facility. If the facility is destroyed or we experience any manufacturing difficulties, disruptions, or delays, this could limit supply of our products or adversely affect our ability to conduct clinical trials and our business would be adversely impacted.

We presently conduct all of our commercial manufacturing operations for MACI and Epicel in the U.S., at one facility located in Cambridge, Massachusetts. We have entered into a lease agreement for approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts, which has been under construction. The Burlington facility is 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. As a result, all of the commercial manufacturing for the U.S. market of our marketed products, MACI and Epicel, currently takes place at a single U.S. facility. If regulatory, manufacturing, or other problems require us to discontinue production at our facility, we will not be able to supply our products to our patients until the FDA approved qualification of the Burlington facility, which would adversely impact our business. If the Cambridge facility, or some or all of the equipment in it, is significantly damaged or destroyed by fire, flood, power loss, catastrophic incident, or similar event, we will not be able to quickly or inexpensively replace our current manufacturing capacity until FDA qualification of the Burlington facility, and we may not be able to replace our Cambridge facility at all. In the event of a temporary or protracted loss of the Cambridge facility or critical equipment, we might not be able to transfer manufacturing to a third-party before FDA qualification of the Burlington facility would permit us to replace and expand our current manufacturing capacity. Even if we could transfer manufacturing from one facility to a third-party, the shift would likely be expensive and time-consuming, particularly since an alternative facility would need to comply with applicable regulatory and quality standard requirements whereby validation and FDA approval would be required before any products manufactured at that facility could be made commercially available. In addition, we do not currently have a fully automated manufacturing process, which could potentially introduce contaminants to the production process or other problems due to human error.

While we do maintain insurance coverage against damage to our property and equipment, if we have underestimated our insurance needs, we will not have sufficient insurance to cover losses above and beyond the limits on our policies. Additionally, any supply interruption could harm our reputation and cause our product sales and profitability to suffer even after such supply interruption is corrected.

Failure of third parties, including, for example, Matricel GmbH, to manufacture or supply certain components, equipment, disposable devices, and other materials used in our MACI or Epicel cell manufacturing processes would impair our cell product development and commercialization.

We rely on third parties, including Matricel GmbH ("Matricel"), to manufacture and/or supply certain of our devices/manufacturing equipment and to manufacture and/or supply certain components, equipment, disposable devices and other materials used in our cell manufacturing process to manufacture our marketed cell therapy products and to develop our product candidates. In many instances these third parties serve as our sole suppliers. For example, Matricel is the sole supplier of the membrane for MACI. It would be difficult to obtain alternate sources of supply on a short-term basis due to the need for FDA approval of a new supplier. If any of our manufacturers or suppliers fails to perform its respective obligations, or if our supply of certain components, equipment, disposable devices and other materials is limited or interrupted, it could impair our ability to

manufacture our products, which would delay our ability to market our commercial products or future product candidates or conduct clinical trials on a timely and cost-competitive basis, if at all.

Many of our suppliers are sole or single source suppliers. We do not have long-term supply agreements with many of our sole or single source suppliers of certain components and other materials used in our cell manufacturing process to manufacture our marketed cell therapy products. We purchase our required supply on a purchase order basis, and at any time the suppliers could stop supplying our orders. FDA approval of a new supplier may be required if these materials become unavailable from our current suppliers. Although there may be other suppliers that have equivalent materials that would be available to us, FDA approval of any alternate suppliers, if required, could take several months or a year or more to obtain, if we could obtain such approval at all. Should we need to find alternate manufacturers or suppliers, we will also need to verify, such as through a manufacturing comparability study, that any new manufacturing process will produce our product candidate according to the specifications previously submitted to the FDA or another regulatory authority. Any delay, interruption or cessation of production by our suppliers of important materials, any delay in qualifying new materials, if necessary, or any delay associated with the transition to and verification of any new manufacturers or suppliers would prevent or delay our ability to manufacture products. In addition, a supplier's variation in a raw material or testing, either unknown to us or incompatible with our manufacturing process, or any other problem with our materials, testing or components, would prevent or delay our ability to manufacture products. These delays may limit our ability to meet demand for our products, which would have a material adverse impact on our business, results of operations and financial condition.

We may be unable to establish any agreements with suppliers or be able to do so on acceptable terms. Even if we are able to establish agreements with suppliers, reliance on them entails additional risks, including the possible breach of the supply agreement by the supplier, and the possible termination or nonrenewal of the agreement by the supplier at a time that is costly or inconvenient for us.

In addition, we may not be able to continue our present arrangements with our suppliers, supplement existing relationships, establish and maintain new relationships or be able to identify and obtain the ancillary materials that are necessary to develop our product candidates in the future. Our dependence upon third parties for the supply and manufacture of these items could adversely affect our ability to develop and deliver commercial and commercially feasible products on a timely and competitive basis.

Failure by our third-party manufacturers, including Matricel, to comply with the regulatory requirements set forth by the FDA with respect to our products could limit our ability to manufacture commercial products.

Third-party manufacturers, such as Matricel, are subject to inspection by the FDA for cGMP compliance, as well as for their ability to manufacture the components, products, or product candidates in compliance with the established process and procedure for the product or product candidate during an inspection. We may compete with other companies for access to these manufacturers' facilities and may be subject to delays in manufacture if the manufacturers give other clients higher priority than they give to us. If we are unable to secure and maintain third-party manufacturing capacity, the development and sales of our products and product candidates, if approved, and our financial performance may be materially affected.

Manufacturers of FDA-regulated products are obligated to operate in accordance with FDA-mandated requirements. A failure of any of our third-party manufacturers to establish and follow cGMP requirements and to document their adherence to such practices may lead to significant delays in the availability of material for clinical trials, may delay or prevent filing or approval of marketing applications for our future product candidates, and may cause delays or interruptions in the availability of our products for commercial distribution. This could result in higher costs to us or deprive us of potential product revenues.

Complying with cGMP, International Conference on Harmonization ("ICH") and other non-U.S. regulatory requirements will require that we expend time, money, and effort in production, recordkeeping, and quality control to assure that the product or product candidate meets applicable specifications and other requirements. We, or our contracted manufacturing facility, must also pass a pre-approval inspection by the FDA for future product candidates, and are subject to routine FDA cGMP inspections. If there is inadequate information to make a determination on the acceptability of a facility, the FDA may defer action on the application until an inspection can be completed. Failure to address any FDA inspection observations in a timely manner, pass pre-approval inspections, or comply with cGMP requirements can result in delays to approvals for future product candidates and/or regulatory action that can limit the ability to manufacture commercial products. As a result, our business, financial condition, and results of operations may be materially harmed.

The manufacture of cell therapy products is characterized by inherent risks and challenges and has proven to be a costly endeavor relative to manufacturing other therapeutic products.

The manufacture of cell therapy products, such as our products and product candidates, is highly complex and is characterized by inherent risks and challenges such as biological raw material inconsistencies, logistical challenges, significant quality control and assurance requirements, manufacturing complexity, and significant manual processing. Unlike products that rely on chemicals for efficacy, such as most pharmaceuticals, cell therapy products are difficult to characterize due to the inherent variability of biological input materials. When manufacturing autologous cell therapies, the number and composition of the cell population varies from patient-to-patient, in part due to the age of the patient, since the therapy is dependent on patient-specific physiology. Such variability in the number and composition of these cells could adversely affect our ability to manufacture autologous cell therapies in a cost-effective manner and meet acceptable product release specifications for use in a clinical trial or, if approved, for commercial sale.

Difficulty in characterizing biological materials or their interactions creates greater risk in the manufacturing process. We attempt to mitigate risks associated with the manufacture of biologics by continuing to improve the characterization of all of our input materials, utilizing multiple vendors for supply of qualified biological materials when possible, and manufacturing some of these materials ourselves. However, there can be no assurance that we will be able to maintain adequate sources of biological materials or that the biological materials that we maintain in inventory will yield finished products that satisfy applicable product release criteria. Our inability to obtain necessary biological materials or to successfully manufacture cell therapy products that incorporate such materials could have a material adverse effect on our results of operations.

There can be no assurance that we or any third-party contractors with whom we enter into strategic relationships will be successful in streamlining manufacturing operations and implementing efficient, low-cost manufacturing capabilities and processes that will enable us to meet and/or maintain the quality, price and production standards or production volumes necessary to achieve our growth and profitability objectives as projected, or at all.

If any of our manufacturers or suppliers fails to perform its respective obligations, or if our supply of certain components, equipment, disposable devices and other materials is limited or interrupted, ultimately we may be forced to manufacture the materials ourselves, for which we may not have the experience, capabilities or resources. In some cases, the technical skills required to manufacture our products or product candidates may be unique or proprietary to the original manufacturer or supplier, and we may have difficulty, or there may be contractual restrictions prohibiting us from, transferring such skills to a back-up or alternate supplier, or we may be unable to transfer such skills at all.

Risks Related to Our Regulation by the FDA and other Government Entities

Failure to maintain required regulatory approvals would severely limit our ability to sell our products.

We must maintain our domestic regulatory approvals to continue to commercialize our products in the U.S. We must demonstrate the safety, purity, and potency, or efficacy, of cell therapy products to obtain FDA regulatory approval prior to marketing in the U.S. Demonstration of safety and efficacy requires the conduct of nonclinical studies and well-controlled clinical trials in compliance with FDA, ICH and applicable local regulations. The FDA regulatory review process to obtain marketing approval is a rigorous process that requires demonstrating the ability to manufacture the product in compliance with cGMP in addition to demonstrating a favorable risk/benefit profile and making certain post-marketing commitments.

To date, our product commercialization efforts have been limited to the U.S. In the event we market any products outside of the U.S. in the future, including in the United Kingdom, we will be required to maintain our foreign regulatory approvals in compliance with regulatory requirements and applicable local regulations to allow for commercialization outside the U.S. Regulatory requirements outside the U.S. often require additional studies and data to obtain registration and, as a result, approval timelines can also be longer than those in the U.S.

The safety, potency, and purity of our products must be monitored to be in compliance with FDA requirements for safety, cGMPs, and all other applicable regulations. This requires adverse event monitoring and reporting to regulatory agencies, as well as submission and approval of any changes in the manufacturing process. Our manufacturing and testing facilities are subject to FDA periodic inspections for compliance with cGMP requirements. Failure to meet regulatory requirements and post-marketing commitments and to maintain cGMP compliance could result in severe and detrimental regulatory actions, including the loss of marketing approval.

The price and sale of any of our products may be limited by health insurance coverage and government regulation.

Maintaining and growing sales of our products will depend in large part on the availability of adequate coverage and the extent to which third-party payers, including health insurance companies, health maintenance organizations, and government health administration authorities such as the military, Medicare and Medicaid, private insurance plans and managed care programs will pay for the cost of the products and related treatment. At the federal level, there has been ongoing scrutiny of drug prices. Under President Biden, HHS began negotiating prices for certain Medicare drugs. Under President Trump, there have been efforts to effectuate MFN drug pricing. These developments indicate the government's intent to reduce drug spending. Hospitals and other healthcare provider clients that purchase our products typically bill various third-party payers to cover all or a portion of the costs and fees associated with the procedures in which such products are used, sometimes including the cost of the purchase of these products. See section entitled "*Business - Government Regulation - Pharmaceutical Coverage and Reimbursement*".

Many private payers in the U.S. use coverage decisions and payment amounts determined by the Centers for Medicare & Medicaid Services ("CMS"), as guidelines in setting their coverage and reimbursement policies. While certain procedures using our products are currently covered by Medicare and other third-party payers, future action by CMS or other government agencies, including the imposition of coverage and reimbursement limitations, or MFN pricing-related efforts, may diminish payments to physicians, outpatient centers and/or hospitals for covered services. Additionally, payers may require us to conduct post-marketing studies in order to demonstrate the cost-effectiveness of our products and current and future product candidates to such payers' satisfaction. Such studies might require us to commit a significant amount of management time and financial and other resources. Our products and future products might not ultimately be considered cost-effective. As a result, we cannot be certain that the procedures performed with our products will be reimbursed at a cost-effective level or reimbursed at all. Furthermore, the healthcare industry in the U.S. has experienced a trend toward cost containment as government and private insurers seek to control healthcare costs by imposing lower payment rates and negotiating reduced contract rates with service providers. Increasingly, third-party payers have attempted to control costs by challenging the prices charged for medical products. Therefore, we cannot be certain that the procedures performed with our products will be reimbursed at a cost-effective level. Nor can we be certain that third-party payers using a methodology that sets amounts based on the type of procedure performed, such as those utilized in many privately managed care systems and by Medicare, will view the cost of our products as justified so as to incorporate such costs into the overall cost of the procedure.

Moreover, we are unable to predict what changes will be made to the reimbursement methodologies used by third-party payers in the future. As a result of the continuing evaluation and assessment of these expected payments, our estimates for expected payments could change. We cannot be sure that reimbursement will be available for any product that we commercialize and, if reimbursement is available, the level of such reimbursement. Reimbursement may impact the demand for, or the price of, any product or product candidate for which we obtain marketing approval. Adequate third-party reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in our products and future product development. If coverage or adequate reimbursement is not available, or if our costs of production increase faster than increases in reimbursement levels, we may not be able to successfully grow the sales of our products or commercialize any current and future product candidates for which marketing approval is obtained. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize any product or product candidate for which we obtain marketing approval. Further, coverage policies and third-party payor reimbursement rates may change at any time. Therefore, even if favorable coverage and reimbursement status is attained for one or more products for which we receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

We are subject to significant regulation with respect to the manufacturing of our products. If we are not able to comply with such regulation, our business may be materially harmed.

All of those involved in the preparation of our products for commercial sale or clinical trials, including our existing supply contract manufacturers and clinical trial investigators, are subject to extensive and continuing government regulations by the FDA and comparable agencies in other jurisdictions. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMPs. These regulations govern manufacturing processes and procedures and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Our facilities and quality systems and the facilities and quality systems of some or all of our third-party contractors and suppliers are subject to pre-approval and routine FDA inspections for compliance with the applicable regulations as a condition of FDA approval of our products.

Generally, if any FDA inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulation occurs independent of such an inspection or audit, we or the FDA may require

remedial measures that may be costly and/or time consuming for us or a third-party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales, recalls, warning letters, market withdrawals, seizures, placement of a non-U.S. facility on an import alert, or the temporary or permanent closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business.

Corporate sustainability matters and any related reporting obligations may adversely impact our business, financial condition and results of operations.

U.S. and international regulators, customers and some investors have focused on corporate sustainability practices and disclosures, and may evaluate our business or other practices according to a variety of sustainability targets, standards, and expectations. For example, new domestic and international laws and regulations relating to sustainability matters are under consideration or being adopted. Additional legislation which may be passed, may cause us to incur significant additional costs of compliance due to the need for expanded data collection, analysis, and certification with respect to greenhouse gas emissions and other climate change related risks, as well as other sustainability topics.

Furthermore, the criteria by which our sustainability practices, including our initiatives and public goals, are assessed may change due to the evolution of the sustainability landscape, which could result in greater expectations of us and may cause us to undertake costly initiatives to satisfy new criteria. Additionally, there are several state-level anti-sustainability initiatives in the U.S. that may conflict with other regulatory requirements or various stakeholders' expectations. If we are unable to respond effectively to these changes to the sustainability landscape, governments, customers, and investors may conclude that our policies and/or actions with respect to sustainability matters are inadequate. If we fail or are perceived to have failed to achieve previously announced public goals or to accurately disclose our progress on such goals or initiatives, our reputation, business, financial condition and results of operations could be adversely impacted. Additionally, both advocates and opponents to certain sustainability matters have resorted to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business.

We could incur significant costs complying with environmental and health and safety requirements, or as a result of liability for contamination or other harm caused by hazardous materials that we use.

Our research and development and manufacturing processes involve the use of hazardous materials. We are subject to federal, state, local and foreign environmental requirements, including regulations governing the use, manufacture, handling, storage and disposal of hazardous materials, discharge to air and water, the cleanup of contamination and occupational health and safety matters. We cannot eliminate the risk of contamination or injury resulting from hazardous materials, and we may incur liability as a result of any contamination or injury. Under some environmental laws and regulations, we could also be held responsible for costs relating to any contamination at our past or present facilities and at third-party waste disposal sites where we have sent waste. These could include costs relating to contamination that did not result from any violation of law, and in some circumstances, contamination that we did not cause. We may incur significant expenses in the future relating to any failure to comply with environmental laws. Any such future expenses or liability could have a significant negative impact on our financial condition. The enactment of stricter laws or regulations, the stricter interpretation of existing laws and regulations or the requirement to undertake the investigation or remediation of currently unknown environmental contamination at our own or at a third-party site may require us to make additional expenditures, which could be material.

In order to obtain marketing authorization of any of our current or future product candidates in the U.S., the FDA requires us to submit a BLA or marketing application, which is subject to the agency's detailed review and the denial of such applications could negatively impact our prospects, financial condition, and future results.

Cell therapy and other products require FDA review under an appropriate marketing application prior to commercialization. Future cell and other biologic therapy candidates would be subject to FDA's biological product requirements and require submission of a BLA. The BLA is a request for permission to introduce, or deliver for introduction, a biologic product into interstate commerce in the U.S. and, once submitted, undergoes a detailed and rigorous review by the FDA. The review process includes, among other requirements, pre-approval inspections of the manufacturing facility. Additionally, approval may rely on post-market commitments. These commitments may include costly activities, such as additional clinical trials, and a failure to meet these commitments can result in negative actions by the FDA, including the withdrawal of the product from the market.

Our business, financial condition, results of operation and cash flows could be significantly and negatively affected by substantial governmental regulations.

Our products are subject to rigorous regulation by the FDA and numerous other federal, state and foreign governmental authorities. Overall, there appears to be a trend toward more stringent regulation worldwide, and we do not anticipate that this trend will dissipate in the near future.

In general, the development, testing, labeling, manufacturing, and marketing of our products is subject to extensive regulation and review by numerous governmental authorities both in the U.S. and abroad. The regulatory process requires the expenditure of significant time, effort and resources to bring new products to market. For example, the FDA approved Epicel as a HUD pursuant to an HDE application. A HUD is a medical device intended to benefit patients in the treatment or diagnosis of a disease or condition that affects not more than 8,000 individuals in the U.S. per year. Once a HUD receives a HDE from the FDA, the product may be marketed and sold in the U.S. However, IRB approval is required before a HUD can be used at a facility, with the exception of emergency use. The HDE holder is responsible for ensuring that the product is administered only in facilities having an IRB that is constituted and which acts in accordance with the agency's regulation governing IRBs, including the requirement of continuing review of the use of the device. HUDs are also subject to additional FDA requirements, such as adverse event reporting and the submission of updated information on a periodic basis to demonstrate that the HUD designation is still valid. Failure to meet FDA requirements pertaining to a HUD could result in the suspension or revocation of the HDE.

If the HDE for Epicel is suspended or revoked, marketing approval for the product would require the submission and approval of a PMA in order for Epicel to be commercially available. The PMA process is costly, lengthy, and uncertain. A PMA must be supported by extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing, and labeling data to demonstrate to the FDA's satisfaction the safety and efficacy of the device for its intended use. If the HDE approval for Epicel was withdrawn, and we were unable to obtain premarket approval through the PMA process, we would be unable to market Epicel for sale in the U.S.

We are also required to implement and maintain stringent reporting, labeling, and record keeping procedures for our products, both in the U.S., and abroad. Specifically, in the U.S., both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations. Compliance with the FDA's requirements, including the FDA's cGMP recordkeeping regulations, labeling and promotional requirements, adverse event reporting regulations, and applicable product tracking and tracing requirements, is subject to continual review and is monitored rigorously through periodic inspections by the FDA and through submission of annual reports. Our failure to comply with federal, state, and foreign governmental regulations could lead to the issuance of warning letters or untitled letters, the imposition of injunctions, suspensions or loss of regulatory approvals, product recalls, placement of non-U.S. manufacturing facilities on an import alert, termination of distribution, product seizures, or civil penalties. In the most extreme cases, criminal sanctions or the closure of our manufacturing facility are possible.

In addition, the pharmaceutical, biologic, and medical device industries also are subject to many complex laws and regulations governing Medicare and Medicaid reimbursement, and which target healthcare fraud and abuse. Many of these laws and regulations are subject to interpretation. In many instances, manufacturers and the life science industry do not have the benefit of significant regulatory or judicial interpretation of these laws and regulations. In certain public statements, governmental authorities have taken positions on issues for which little official interpretation was previously available. Some of these positions appear to be inconsistent with common practices within the industry but have not previously been challenged.

Various federal and state agencies have become increasingly active in recent years in their investigation and prosecution of various business practices, such as through the enforcement of the federal Anti-kickback Statute, the federal False Claims Act, and the FFCA and/or similar state laws. Governmental and regulatory actions against us could result in various consequences that could adversely impact our operations, including:

- The recall or seizure of products;
- The suspension or revocation of the authority necessary for the production or sale of a product;
- The suspension of shipments from particular manufacturing facilities, including non-U.S. facilities placed on an import alert;
- The imposition of fines and penalties;
- The delay of our ability to introduce new products into the market;

- Our exclusion or the exclusion of our products from being reimbursed by federal and state healthcare programs (such as military, Medicare, Medicaid, Veterans Administration health programs and/or Civilian Health and Medical Program Uniformed Service, or CHAMPUS); and
- Other civil or criminal prosecution or sanctions against us or our officers, directors and employees, such as fines, penalties or imprisonment.

Any of these consequences, in combination or alone, or even a public announcement that we are being investigated for possible violations of these laws, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In the U.S., if the FDA were to conclude that we are not in compliance with applicable laws or regulations or that any of our products are ineffective or pose an unreasonable health risk, the FDA could ban such products; detain or seize adulterated or misbranded products; order the recall, repair, replacement, or refund of payment for certain products, refuse to grant pending applications; refuse to provide certificates to foreign governments for exports; place non-U.S. manufacturing facilities on import alert; and/or require us to notify healthcare professionals and others that the products present unreasonable risks of substantial harm to the public health. The FDA may also impose operating restrictions on a company-wide basis, enjoin and restrain certain violations of applicable law pertaining to our products and assess civil or criminal penalties against our officers, employees, or us. The FDA may also recommend further investigation and prosecution to the U.S. Department of Justice (“DOJ”). Adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and selling our products.

In many of the foreign countries in which our products may be marketed in the future, we will be subject to regulations affecting, among other things, clinical efficacy, product standards, packaging requirements, labeling requirements, import/export restrictions, tariff regulations, and duties and tax requirements. Many of the regulations applicable to our products in these countries, such as the Medicinal Products Directive and the ATMP guidelines governing products in the EU, are similar to those imposed by the FDA. In addition, in many countries the national health or social security organizations of those nations may require our products to be qualified before they can be marketed with the benefit of reimbursement eligibility. Failure to receive or delays in the receipt of relevant foreign qualifications could also be detrimental to our future growth.

As both U.S. and foreign government regulators have become increasingly stringent, we may be subject to more rigorous regulation by governmental authorities in the future. Our products and our operations are also often subject to the rules of industrial standards bodies, such as the International Standards Organization (“ISO”). If we fail to adequately address any of these regulations, our business will be harmed.

Our financial results could be significantly impacted by uncertainty in U.S. trade policy, including uncertainty surrounding changes in tariffs, trade agreements or other trade restrictions imposed by the U.S. or other governments.

Our ability to conduct business can be significantly impacted by changes in tariffs, changes or repeals of trade agreements, or the imposition of other trade restrictions or retaliatory actions imposed by various governments. For example, the U.S. presidential administration enacted new tariffs during 2025, and has proposed additional changes in trade policy, that significantly increased, and that may further increase, tariffs on foreign imports into the U.S. The imposition of such tariffs have been introduced and paused on numerous occasions, pending negotiations with the relevant countries. Other effects of these changes, including responsive actions from governments, could also have adverse impacts on our financial results. As a result, there continues to be significant uncertainty regarding the extent and duration of applicable tariffs, and their impact on the global economy. All of our operations are currently located in the U.S. and 100% of our revenue in 2025 was derived from U.S. sales of our products. For the next several years we expect that the vast majority of our revenue will continue to be derived from domestic sales. However, should tariffs remain in place on certain other commodities, there is potential for an adverse impact to our operating results. Nevertheless, 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, but we cannot predict what further action may be taken with respect to tariffs or trade relations between the U.S. and other governments, and any further changes in U.S. or international trade policy could have an adverse impact on our business.

NexoBrid has been designated as an orphan drug in the U.S., but we may be unable to obtain or maintain such a designation or the benefits associated with orphan drug status, including marketing exclusivity, which may cause our revenue to be reduced.

Under the Orphan Drug Act, the FDA may grant orphan designation to drugs or biologics intended to treat a rare disease or condition, generally a disease or condition that affects fewer than 200,000 individuals in the U.S., or affects more than 200,000

individuals in the U.S. and for which there is no reasonable expectation that the cost of developing and making available the drug or biologic in the U.S for such disease or condition will be recovered from sales in the U.S of such drug or biologic. Orphan drug designation must be requested to and granted by the FDA before submitting a BLA. Among the other benefits of orphan drug designation are opportunities for grant funding towards clinical trial costs, tax credits for certain research, and a waiver of the BLA application user fee. After the FDA grants orphan drug designation, the generic identity of the biologic and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not necessarily convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first BLA applicant to receive FDA approval for a particular product to treat a particular disease with FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the U.S. for that product, for that indication. During the seven-year exclusivity period, the FDA may not approve any other applications to market the same drug for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or if the FDA finds that the holder of the orphan exclusivity has not shown that it can assure the availability of sufficient quantities of the orphan product to meet the needs of patients with the disease or condition for which the biologic was designated. Orphan drug exclusivity, which would most likely run concurrently with the exclusivity, if any, received from the time of first licensure of a reference product, does not prevent the FDA from approving a different biologic for the same disease or condition, or the same biologic for a different disease or condition.

Such a designation may be revoked by the FDA in certain circumstances, such as if the agency finds that the applicant's request for designation request omitted material information required under the Orphan Drug Act and its implementing regulations. Furthermore, the FDA can waive orphan exclusivity if the applicant is unable to manufacture sufficient supply of the product subject to a period of orphan drug marketing exclusivity.

Changes to our products or future product candidates may require regulatory approvals and a denial of such required approval will negatively impact our prospects, financial condition and future results.

Changes or modifications to our products or to the manufacturing process of any of our products may require the submission of supplements to our BLAs, HDE application, and INDs. These supplements require the generation of data to support the change, and the review and approval by the FDA to obtain authorization for the change in the commercial product or in the investigational biological product before they can be implemented. Obtaining regulatory approvals for these changes may require the conduct of new studies and the purchase of new equipment to justify the change. This can be costly and time-consuming. Regulatory delays can adversely impact our ability to improve our products and to introduce new products in a timely manner, which can be detrimental to our future growth.

For example, we are currently focused on delivering MACI treatment to patients suffering from cartilage damage in the ankle. Following an application to the FDA, we received IND clearance for MACI's use in the ankle during the second quarter of 2025 and initiated the MASCOT clinical trial during the fourth quarter of 2025.

There can be no guarantee that we will receive regulatory approval of MACI for treatment of cartilage defects in the ankle. A number of companies have suffered significant setbacks during evaluation due to lack of efficacy or unacceptable safety issues, notwithstanding promising preliminary results. Failure to receive FDA approval or regulatory approval for the clinical use of MACI to treat cartilage defects in the ankle in a timely manner or at all, could harm our financial results and results of operations. Even if we obtain such regulatory approval, our ability to successfully market MACI for treatment of cartilage defects in the ankle may be limited. If we cannot commercialize new products or product improvements as planned, our financial results could be harmed.

If we or our suppliers fail to comply with ongoing FDA or other foreign regulatory authority requirements, or if we experience unanticipated problems with our products, these products could be subject to restrictions or withdrawal from the market.

The manufacturing processes, reporting requirements, post-approval clinical data, and promotional activities for each of our products are subject to continued regulatory reporting and periodic inspections by the FDA, as well as other domestic and foreign regulatory agencies. In particular, we and our suppliers, including MediWound, are required to comply with cGMP and GTP regulations for the manufacture of our products and other regulations which include methods and documentation of production controls, labeling, packaging, storage, and shipment of any product, to name a few. Regulatory agencies such as the FDA enforce the cGMP, GTP, and other regulations through periodic inspections and reporting. For example, the holder of an approved BLA or HDE is obligated to monitor and report adverse events and product failures, including critical deviations and lack of efficacy. A BLA or HDE device holder must maintain regulatory compliance for all aspects of the applicable regulations or the holder can be subject to regulatory action, including the recall or withdrawal of the product from the market.

Product manufacturers are subject to payment of annual prescription drug product program user fees and their facilities are subject to periodic inspections by the FDA and other regulatory agencies for compliance with cGMP and other applicable regulations. If at any time we or a regulatory agency discovers a previously unknown safety concern with a product, such as a serious adverse event of unanticipated severity or frequency that cannot be adequately managed and changes the risk-benefit profile of the product, or there are problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including suspension of manufacturing, recall, placement of non-U.S. facilities on an import alert, or the withdrawal of the product from the market.

The failure by us or one of our suppliers, including MediWound, to comply with applicable legal statutes and regulations administered by the FDA and other regulatory agencies, or the failure to timely and adequately respond to any adverse inspectional or review observations, or product safety issues, could result in, among other things, any of the following enforcement actions:

- Untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- Unanticipated expenditures to address or defend such actions;
- Client notifications for repair, replacement, or refund of a product;
- Recall, detention or seizure of our products;
- Operating restrictions or partial suspension or total shutdown of production;
- Denial, refusal or delay of our requests for approval of new products or proposed changes to existing products;
- Implementation of operating restrictions;
- Withdrawal of product approvals that have already been granted;
- Refusal to approve a pending marketing application, such as a BLA or supplements to a BLA submitted by us;
- Placement of non-U.S. facilities on an import alert;
- Refusal to grant export approval for our products; or
- Criminal prosecution.

If any of these actions were to occur it would harm our reputation and cause our product sales and profitability to suffer, preventing us from generating revenue. Furthermore, our key suppliers or partners may have compliance issues, which could impact our ability to manufacture our products on a timely basis and in the required quantities.

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 our MACI Ankle (MASCOT) trial for which we received FDA IND clearance for during the second quarter of 2025 and initiated during the fourth quarter 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. Additionally, the U.S. government has previously shut down, including for a prolonged period during the second half of 2025. During previous shutdowns, certain regulatory agencies, including the FDA and the Biomedical Advanced Research and Development Authority (“BARDA”), have had to furlough essential employees and stop critical activities, including during the 2025 shutdown. If such layoffs, further resignations, a prolonged government shutdown, 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, there is substantial uncertainty as to how, if at all, the current presidential 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.

If the FDA determines that we have marketed or promoted our products for one or more off-label uses, we may be subject to civil or criminal penalties.

Although federal law and the FDA do not restrict licensed healthcare professionals from engaging in the practice of medicine and prescribing and using our products to treat patients with conditions that the physician believes our products are clinically appropriate for, we are prohibited from promoting our products for uses that are inconsistent with the uses that have been approved by the FDA—also known as “off-label” promotion or promotion of “off-label” uses. This means, for example, that we may not make claims about the use of any of our marketed products, including MACI, Epicel, or NexoBrid, which are outside of their approved labeling and indications. Consequently, our sales representatives may not proactively discuss or provide information to healthcare professionals on such off-label uses. Should the FDA determine that our activities constitute off-label promotion, the FDA could bring an action to prevent us from distributing MACI, Epicel, or NexoBrid for the off-label use and could seek to impose fines and penalties on us and our executives.

In addition, advertising and promotional materials, including educational and website material, must comply with the FDA’s promotional and advertising regulations in addition to other potentially applicable federal and state laws, and such materials for biologics are subject to submission and review by the FDA. Failure to follow FDA rules and guidelines relating to promotion and advertising can result in, among other things, the FDA’s refusal to approve a product, the suspension or withdrawal of an approved product from the market, product recalls, fines, disgorgement of money, operating restrictions, injunctions and/or criminal prosecutions.

If the Office of Inspector General within the Department of Health and Human Services, the DOJ, or another federal or state agency determines that we have promoted the off-label use of our products and/or we have violated anti-kickback laws, we may be subject to various penalties, including civil or criminal penalties, and the off-label use of our products may result in injuries that lead to product liability lawsuits, which could be costly to our business.

In addition to FDA restrictions concerning the manner in which we market our products, several other state and federal healthcare laws have been applied by the DOJ and state attorneys general to restrict certain marketing practices in the biopharmaceutical and medical technology industries. While physicians may prescribe products for off-label uses and indications, a company is prohibited from promoting an approved product for uses not consistent with its approved label. In addition, anti-kickback laws generally prohibit a prescription drug manufacturer from soliciting, offering, receiving, or paying any remuneration in order to induce a healthcare professional or another individual or entity to purchase or prescribe a particular drug, biologic, or medical device. If other federal or state regulatory authorities determine that we have engaged in off-label promotion and/or engaged in conduct violative of anti-kickback laws, we may be subject to civil or criminal penalties and could be prohibited from participating in government healthcare programs, such as Medicaid and Medicare. In addition, government agencies or departments could conclude that we have engaged in off-label promotion or violations of anti-kickback laws and, potentially, caused the submission of false claims. Even if we are successful in resolving such matters without incurring penalties, responding to investigations or prosecutions will likely result in substantial costs and could significantly and adversely impact our reputation and divert management’s attention and resources, which could have a material adverse effect on our business, operating results, financial condition, and our ability to finance our operations. In addition, the off-label

use of our products may increase the risk of injury to patients, and, in turn, the risk of product liability claims being pursued against us. Product liability claims are expensive to defend and could divert our management's attention and result in substantial damage awards against us.

Health care reform measures and changes in policies, funding, staffing and leadership at the FDA and other agencies could hinder or prevent the commercial success of our products.

In the U.S., there have been a number of legislative and regulatory changes to the healthcare system that could affect our future results of operations and the future results of operations of our potential customers. See section entitled "*Business — Government Regulation — Healthcare Reform*".

Furthermore, there have been and continue to be a number of initiatives at the federal and state levels that seek to reduce healthcare costs. In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act (jointly, the ACA), which includes measures to significantly change the way health care is financed by both governmental and private insurers. In August 2022, President Biden signed the Inflation Reduction Act ("IRA"), which permitted for the first time the Department of Health and Human Services ("HHS") to negotiate prices directly with participating manufacturers for certain high expenditure, qualifying single source Medicare drugs without generic or biosimilar competition. In May 2025, President Trump signed an Executive Order intended to deliver MFN drug pricing to American patients. Follow-on efforts, including negotiating MFN agreements with pharmaceutical companies and proposing CMMI models with international benchmarks, seek to effectuate the order.

These laws and efforts, and other state and federal healthcare reform measures may be adopted in the future, any of which may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate is prescribed or used. Litigation and legislative efforts to change or repeal the ACA may be initiated in the coming months and years, with unpredictable and uncertain results.

While we cannot predict what impact on federal reimbursement policies these laws or any replacement law will have in general or specifically on any product we may commercialize in the future, modifications to the ACA or IRA, subsequent Executive Branch action, or HHS implementation of current laws may result in downward pressure on reimbursement, which could negatively affect market acceptance of new products. Any rebates, discounts, taxes costs or regulatory or systematic changes on healthcare may have a significant effect on our profitability in the future. We cannot predict how the ACA, IRA, or MFN-related efforts will be implemented, whether future litigation will be filed seeking to revise the laws or to challenge executive actions, or whether other laws or proposals will be made or adopted, or what impact these efforts may have on us.

Individual states have become increasingly aggressive in passing legislation and implementing regulations designed to control product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure and transparency measures, and designed to encourage importation from other countries and bulk purchasing. Legally-mandated price controls on payment amounts by third-party payers or other restrictions could harm our business, results of operations, financial condition and prospects.

Regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what products and which suppliers will be included in their healthcare programs. This can reduce demand for our products or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

Given recent federal and state government initiatives directed at lowering the total cost of healthcare, the executive branch, Congress and state legislatures will likely continue to focus on healthcare reform and the reform of the Medicare and Medicaid programs. For example, on April 15, 2025, President Trump issued an executive order entitled "Lowering Drug Prices by Once Again Putting Americans First," which outlined several initiatives, including modifying the IRA's Medicare Drug Price Negotiation Program and directing FDA to enhancing generic/biosimilar competition and drug importation. President Trump also signed another executive order intended to deliver MFN drug pricing to American patients, and CMMI subsequently proposed a voluntary model for Medicaid and mandatory models for Medicare Parts B and D to effectuate the order. While we cannot predict the full outcome of any such government action or legislation, it may harm our ability to market our products and generate revenues.

Furthermore, regulatory authorities' assessment of the data and results required to demonstrate safety and effectiveness can change over time and can be affected by many factors, such as the emergence of new information, including on other products,

changing policies and agency funding, staffing and leadership. We cannot be sure whether future changes to the regulatory environment will be favorable or unfavorable to our business prospects.

Our relationships with healthcare providers, physicians, prescribers, purchasers, third-party payers, charitable organizations, and patients will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third-party payers in the U.S. and elsewhere play a primary role in the recommendation and prescription of biotechnology and biopharmaceutical products. Arrangements with third-party payers and customers can expose biotechnology and biopharmaceutical manufacturers to broadly applicable fraud and abuse and other healthcare laws and regulations, including, without limitation, the federal Anti-Kickback Statute, or AKS, and the federal False Claims Act, or FCA, which may constrain the business or financial arrangements and relationships through which such companies sell, market, and distribute biotechnology and biopharmaceutical products. In particular, the research of our product candidates, as well as the promotion, sales, and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and commission(s), certain customer incentive programs, and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials. See the section entitled, “*Business — Government Regulation — Other Healthcare Laws*”.

The distribution of biotechnology and biopharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage, and security requirements intended to prevent the unauthorized sale of biotechnology and biopharmaceutical products.

The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry.

Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance, or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including administrative, civil and criminal penalties, damages, fines, disgorgement, the exclusion from participation in federal and state healthcare programs, individual imprisonment, reputational harm, and the curtailment or restructuring of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Further, defending against any such actions can be costly and time consuming, and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. If any of the physicians or other providers or entities with whom we expect to do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and imprisonment. If any of the above occur, our ability to operate our business and our results of operations could be adversely affected.

Tissue-based products are regulated differently in different countries. These requirements may be costly and result in delay or otherwise preclude the distribution of our products in some foreign countries, any of which would adversely affect our ability to generate operating revenues.

Tissue based products are regulated differently in different countries. Many foreign jurisdictions have a different, and potentially more difficult, regulatory pathway for human tissue-based products, which may prohibit the distribution of these products until the applicable regulatory agencies grant marketing approval, or licensure. The process of obtaining regulatory approval is lengthy, expensive and uncertain, and we may never seek such approvals, or if we do, we may never obtain those approvals. Furthermore, any adverse events in our clinical trials could negatively impact our products and product candidates.

Competitor companies may be able to take advantage of additional FDA guidance and new expedited programs designed for cell therapies to develop and/or commercialize new products in a shorter time period than previously predicted or in certain cases without a BLA. If we cannot remain competitive in light of such developments, our business may suffer.

Recognizing the importance of the cell therapy field, Congress included several provisions related to regenerative medicine in the Cures Act, signed into law on December 13, 2016. Building on the FDA's existing expedited programs available to regenerative medicine products, one of these provisions established a new program to help foster the development and approval of these products: the RMAT designation.

On November 16, 2017, the FDA also announced a comprehensive policy framework for the development and oversight of regenerative medicine products, including novel cellular therapies. This framework completes a risk-based regulatory approach that further describes the appropriate pathway for products that contain tissue or cells including more clearly defining which products may be considered only minimally manipulated or for homologous use.

With these changes in guidance and expedited programs, competitors may be able to make sales in the U.S. with minimally manipulated or homologous use products without the necessity of a BLA. In addition, competitors may also be able to obtain accelerated approval of new cell therapy products through use of RMAT designation.

Risks Related to Intellectual Property

If we fail to fulfill our obligations under our intellectual property licenses with third parties, we could lose license rights that are important to our business.

We are a party to intellectual property license agreements with third parties, including our license agreement with MediWound for NexoBrid, and we may enter into additional license agreements in the future. Our existing license agreements impose, and we expect that our future license agreements will impose, various diligence, milestone payment, royalty, insurance and other obligations on us. If we fail to comply with these obligations, our licensors may have the right to terminate these agreements, in which event we may not be able to further develop and market any product that is covered by these agreements. Termination of these licenses or a reduction or elimination of our licensed rights may result in our having to negotiate new or reinstated licenses with less favorable terms. In addition, if these in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours after the expiry of data exclusivity. The occurrence of such events could materially harm our business.

If we are unable to protect the confidentiality of our proprietary information and know-how related to our products, our competitive position would be impaired and our business, financial condition and results of operations could be adversely affected.

Some of our technology, including our knowledge regarding the processing of our products, is maintained by us as trade secrets. In an effort to protect these trade secrets, we require our employees, consultants, collaborators and advisors to execute confidentiality agreements upon the commencement of their relationships with us. These agreements require that all confidential information developed by the individual, or made known to the individual by us during the course of the individual's relationship with us, be kept confidential and not disclosed to third parties. These agreements, however, may not provide us with adequate protection against improper use or disclosure of confidential information, and these agreements may be breached. A breach of confidentiality could affect our competitive position. In addition, in some situations, these agreements may conflict with, or be subject to, the rights of third parties with whom our employees, consultants, collaborators or advisors have previous employment or consulting relationships. Also, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets.

Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. The disclosure of our trade secrets would impair our competitive position and could have a material adverse effect on our business, financial condition and results of operations.

We have no patent protection for Epicel, which could adversely impact Epicel's competitive position.

We have no issued patents or pending patent applications relating to Epicel. While we attempt to protect our proprietary information as trade secrets through certain agreements with our employees, consultants, agents and other organizations to which we disclose our proprietary information, we cannot give any assurance that these agreements will provide effective protection for our proprietary information in the event of unauthorized use or disclosure of such information. If other cultured

epidermal autografts are approved and marketed, we will be unable to prevent them from competing with Epicel in the marketplace. We expect that the presence of one or more competing products would reduce our market share and could negatively impact price levels and third-party reimbursement for Epicel, any of which would materially affect our business.

If MediWound's family of patents and proprietary rights covering NexoBrid do not provide substantial protection, then our commercialization efforts with respect to the product could suffer.

Through the parties' License Agreement, MediWound has licensed to us a family of patents covering NexoBrid. The commercial success of NexoBrid depends, in part, on MediWound's ability to obtain and maintain patent protection and trade secret protection for NexoBrid and its uses, as well as our ability to operate without infringing upon the proprietary rights of others. The family of patents that covers NexoBrid specifically includes approximately 17 granted patents worldwide. However, there can be no assurance that patent applications relating to NexoBrid or related processes or technologies will result in patents being issued, that any patents that have been issued will be adequate to protect that intellectual property or that NexoBrid will enjoy patent protection for any significant period of time. Additionally, any issued patents may be challenged by third parties, and patents that MediWound holds may be found by a judicial authority to be invalid or unenforceable. Other parties may independently develop similar or competing technology or design around any patents that may be issued to or held by MediWound. MediWound's current patents will eventually expire or they may otherwise cease to provide meaningful competitive advantage, and MediWound may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage or avoid adverse effects on our business.

Some of our issued patents relating to MACI have already expired and others may be insufficient to protect our business.

We have issued patents in the U.S. and in certain foreign countries that relate to the combinations of chondrocytes and collagen membranes used in MACI. However, some of these have expired. Other patent filings that include technology relevant to MACI (e.g., its production and/or use of chondrocytes and collagen membranes, surgical devices, and related arthroscopic procedures) include granted patents and pending applications inside and outside the U.S. These granted patents and pending applications, if granted, have already expired or are expected to expire, absent any extensions, between late-2027 and early-2043. Whether or not these patent filings are or will be issued patents, they may not be sufficient to protect our product revenue. We may be subject to increased competition and our opportunity to establish or maintain product revenue could be substantially reduced or eliminated if our patents fail to issue or are revoked.

The patents we own may not be of sufficient scope or strength to provide us with significant commercial protection or commercial advantage, and competitors may be able to design around our patents or develop products that provide outcomes that are similar to ours without infringing on our intellectual property rights. In addition, we cannot be certain that patents will be issued from any of our pending patent applications or that the scope of the claims in our pending patent applications will not be significantly narrowed and/or invalidated.

If our patents and proprietary rights do not provide substantial protection, then our business and competitive position will suffer.

Our success depends in large part on our ability to develop or license intellectual property rights to protect our proprietary products and technologies. This involves complex legal, scientific, and factual questions and uncertainties. We rely upon patent, trade secret, copyright and contract laws to protect proprietary technology and trademark law to protect brand identities. However, we cannot assure you that any patent applications filed by, assigned to, or licensed to us will lead to patents, and that the scope of any of our issued or licensed patents will be sufficiently broad to offer meaningful protection. In addition, our issued patents or patents licensed to us could be successfully challenged, invalidated, held to be unenforceable, or circumvented so that our patent rights would not create an effective competitive barrier. We also cannot assure you that the inventors of the patents and applications that we own or license were the first to invent or the first to file on the inventions, or that a third-party will not claim ownership in one or more of our patents or patent applications. We cannot assure you that a third-party does not have or will not obtain patents that dominate the patents we own or license now or in the future.

Patent law relating to the scope of claims in the biotechnology field is evolving and our patent rights in this country and abroad are subject to this uncertainty. From time to time, the Supreme Court, other federal courts, the U.S. Congress or the U.S. Patent and Trademark Office ("USPTO") may change the standards of patentability and any such changes could have a negative impact on our business.

We cannot assure you that our patent portfolio or our efforts to seek patent protection for our technology and products will not be negatively impacted by the guidance issued by the USPTO, the decisions described above, rulings in other cases, or changes in guidance or procedures issued by the USPTO.

There can be no assurance that future decisions of the Supreme Court or other federal courts will not have a negative impact on biotechnology patents generally or the ability of biotechnology companies to obtain or enforce their patents in the future. Such negative decisions by the Supreme Court or other federal courts could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submissions, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can, in many cases, be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering our products or current and future product candidates, our competitive position would be adversely affected.

With respect to MACI, if we are unable to obtain and enforce patents and to protect our trade secrets, others could use our technology to compete with us, which could limit opportunities for us to generate revenues by licensing our technology and selling products.

Our success will depend in part on our ability to obtain and enforce patents and maintain trade secrets in the U.S. and in other countries. If we are unsuccessful in obtaining and enforcing patents, our competitors could use our technology and create products that compete with our products, without paying license fees or royalties to us.

The preparation, filing, and prosecution of patent applications can be costly and time consuming. Our limited financial resources may not permit us to pursue patent protection of all of our technology and products throughout the world.

Even if we are able to obtain issued patents covering our technology or products, we may have to incur substantial legal fees and other expenses to enforce our patent rights in order to protect our technology and products from infringing uses. We may not have the financial resources to finance the litigation required to preserve our patent and trade secret rights.

A successful challenge to our trademarks, or to MediWound's trademarks covering NexoBrid, could force us to rebrand Epicel, MACI or NexoBrid, which could result in a loss of brand recognition and adversely affect our business.

We rely on our trademarks to distinguish our products from the products of our competitors, and have registered or applied to register a number of these trademarks. MediWound has additionally registered trademarks with respect to NexoBrid, which we have licensed as part of our License Agreement with MediWound. Third parties may challenge our use of these trademarks. In the event that these trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing these new brands.

Intellectual property litigation could harm our business. We may be subject to patent infringement claims that could be costly to defend, which may limit our ability to use disputed technologies, and which could prevent us from pursuing research and development or commercialization of some of our products, require us to pay licensing fees to have freedom to operate and/or result in monetary damages or other liability for us.

The success of our business will depend significantly on our ability to operate without infringing patents and other proprietary rights of others. Our cell processing system and cell compositions utilize a wide variety of technologies and we can give no assurance that we have identified or can identify all inventions and patents that may be infringed by development and manufacture of our cell compositions. If the technology that we use infringes a patent held by others, or if the technology utilized by MediWound in development and manufacturing NexoBrid infringes another's patent, we could be sued for monetary

damages by the patent holder or its licensee, or we could be prevented from continuing research, development, and commercialization of products that rely on that technology, unless a license is obtained to use the patent. The cost and availability of a license to a patent cannot be predicted, and the likelihood of obtaining a license at an acceptable cost would be lower if the patent holder or any of its licensees is using the patent to develop or market a product with which any of our existing or future product candidates or our products would compete. If we could not obtain a necessary license, we would need to develop or obtain rights to alternative technologies, which could prove costly and could cause delays in product development, or we could be forced to discontinue the development or marketing of any products that were developed using the technology covered by the patent.

Although we have not been subject to any filed patent infringement claims, patents could exist or could be filed which would prohibit or limit our ability to market our products or maintain our competitive position. In the event of an intellectual property dispute, we may be forced to litigate. Such litigation is typically protracted and the results are unpredictable. Intellectual property litigation would divert management's attention from developing our products and would force us to incur substantial costs regardless of whether we are successful. An adverse outcome could subject us to significant liabilities to third parties including treble damages and the opposing party's attorneys' fees, and force us to pay significant license fees and royalties or cease the development and sale of our products and processes.

We have hired and expect to continue to hire individuals who have experience in cell culture and cell-based therapeutics and may have confidential trade secret or proprietary information of third parties. We caution these individuals not to use or reveal this third-party information, but we cannot assure you that these individuals will not use or reveal this third-party information. Thus, we could be sued for misappropriation of proprietary information and trade secrets. Such claims are expensive to defend and could divert our attention and could result in substantial damage awards and injunctions that could have a material adverse effect on our business, financial condition or results of operations.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful and have a material adverse effect on the success of our business.

Competitors may infringe our patents or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Also, third parties may initiate legal proceedings against us to challenge the validity or scope of intellectual property rights we own or control. These proceedings can be expensive and time consuming. Many of our current and potential competitors have the ability to dedicate substantially greater resources to defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

Litigation could result in substantial costs and diversion of management resources, which could harm our business and financial results. In addition, in an infringement proceeding, a court may decide that a patent owned by or licensed to us is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on our business, financial condition or results of operations.

If we infringe the rights of third parties, we could be prevented from selling products, forced to pay damages, and defend against litigation.

If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may have to: obtain licenses, which may not be available on commercially reasonable terms, if at all; abandon an infringing product; redesign our products or processes to avoid infringement; stop using the subject matter claimed in the patents held by others; pay damages; and/or defend litigation or administrative proceedings which may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage. If we are not able to protect our intellectual property rights, our business may be adversely affected.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to make products that are the same as or similar to our products or product candidates, but that are not covered by the claims of the patents that we own or have exclusively licensed;
- We or any strategic partners might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or have exclusively licensed;
- We might not have been the first to file and/or the first to invent patent applications covering certain of our inventions;
- Others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- It is possible that our pending patent applications will not lead to issued patents;
- Issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges;
- Our competitors might conduct research and development activities in the U.S. and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where we do not have patent rights, and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- We may not develop additional proprietary technologies that are patentable; and
- The patents of others may have an adverse effect on our business.

Others may challenge our patents or other intellectual property rights or sue us for infringement.

General Risks

The use of our products and future product candidates may expose us to product liability claims, and we may not be able to obtain adequate insurance. As a result, such claims could affect our earnings and financial condition.

We face an inherent business risk of exposure to product liability claims in the event that the manufacture and/or use of our products during clinical trials, or after commercialization, result in adverse events. Moreover, we derive the raw materials for MACI and Epicel from patients serving as their own donors, the production process is complex, and the handling requirements are specific. All of these factors increase the likelihood of quality failures and subsequent product liability claims. We may incur material liabilities relating to product liability claims in the future, including product liability claims arising out of the usage of MACI, MACI Arthro, Epicel or NexoBrid. Additionally, we may not be able to obtain or maintain product liability insurance on acceptable terms with adequate coverage or at all. If we are unable to obtain insurance, or if claims against us substantially exceed our coverage, then our business could be adversely impacted. Excessive insurance costs or uninsured claims would increase our operating loss and adversely affect our financial condition. Whether or not we are ultimately successful in any product liability litigation, such litigation could consume substantial amounts of our financial and managerial resources and could result in, among other things:

- Significant awards against us;
- Substantial litigation costs;
- Recall of the product;
- Decreased demand for our products or product candidates;
- Injury to our reputation;
- Withdrawal of clinical trial participants; or
- Adverse regulatory action.

Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to raise the required capital to develop and commercialize our future product candidates and product enhancements and otherwise grow and expand our business.

Notwithstanding the net proceeds we received from previous public offerings, we may require substantial additional capital resources for strategic opportunities.

In order to grow and expand our business and to introduce other new product candidates and product enhancements into the marketplace, we may need to raise additional funds. We may also need significant additional funds or a collaborative partner, or both, to finance the research and development activities of future product candidates for additional indications or in additional markets.

Our future capital requirements will depend upon many factors, including:

- Continued scientific progress in our research, clinical and development programs;
- Costs and timing of conducting clinical trials and seeking regulatory approvals;
- Competing technological and market developments;
- Avoiding infringement and misappropriation of third-party intellectual property;
- Obtaining valid and enforceable patents that give us a competitive advantage;
- Our ability to establish additional collaborative relationships;
- Our ability to scale up our production capabilities for larger quantities of our products;
- The effect of commercialization activities and facility improvements and expansions, if and as required; and
- Complementary business acquisitions or development opportunities.

We may try to access the public or private equity markets if conditions are favorable to complete a financing, even if we do not have an immediate need for additional capital at that time, or whenever we require additional operating capital. In addition, we may seek collaborative relationships, incur debt and access other available funding sources. This additional funding may not be available to us on reasonable terms, or at all. Some of the factors that will impact our ability to raise additional capital and our overall success include:

- Our ability to further commercialize our products;
- The rate and degree of progress of our product development;
- The rate of regulatory approval to proceed with clinical developmental programs;
- The level of success achieved in clinical trials;
- The requirements necessary for marketing authorization from regulatory bodies in the U.S. and other countries;
- The liquidity and market volatility of our equity securities; and
- Regulatory and manufacturing requirements and uncertainties, and technological developments by competitors.

If adequate funds are not available in the future, we may not be able to develop or enhance our products, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements and we may be required to delay or terminate research and development programs, curtail capital expenditures, and reduce business development and other operating activities, which would have a material adverse impact on our business, financial condition and results of operations.

The current credit and financial market conditions may exacerbate certain risks affecting our business.

We rely upon third parties for certain aspects of our business, including collaboration partners, wholesale distributors, contract clinical trial providers, contract manufacturers and third-party suppliers. Because of the tightening of global credit in recent years, volatility in the financial markets, and global inflationary pressures, there may be a delay or disruption in the performance or satisfaction of commitments to us by these third parties, which could adversely affect our business.

We may incur substantial indebtedness.

On July 29, 2022, we entered into a \$150.0 million five-year senior secured Revolving Credit Agreement. As of December 31, 2025, we had no outstanding borrowings under the Revolving Credit Agreement. We may be exposed to the impact of interest rate changes primarily through our borrowing activities. Subject to the limits contained in the Revolving Credit Agreement, we may incur substantial additional debt from time-to-time for general corporate purposes, including, without limitation, acquisitions and capital expenditures, and such other uses as permitted under the Revolving Credit Agreement. If we do so, the risks related to our debt could intensify. Specifically, our debt could have important consequences to our investors, including the following:

- making it more difficult for us to satisfy our obligations under the Revolving Credit Agreement; and if we fail to comply with these requirements, an event of default could result;

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions, or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as borrowings under our Revolving Credit Agreement are subject to floating interest rates based on SOFR, which could increase the cost of servicing our financial instruments and could materially reduce our profitability and cash flows;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

Our Revolving Credit Agreement contains covenant restrictions that may limit our ability to operate our business.

The terms of our Revolving Credit Agreement, contain, and any of our other future debt agreements may contain, covenant restrictions that limit our ability to: (i) incur additional indebtedness (ii) create liens; (iii) consolidate, merge, sell or otherwise dispose of all, or substantially all, of our 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 our affiliates. As a result of these covenants, our ability to respond to changes in business and economic conditions and engage in beneficial transactions, including to obtain additional financing as needed, may be restricted. Furthermore, our failure to comply with our debt covenants could result in a default under our Revolving Credit Agreement, which could permit the holders to accelerate our obligation to repay any borrowings.

Adverse developments affecting financial institutions, companies in the financial services industry or the financial services industry generally, such as actual events or concerns involving liquidity, defaults or non-performance, could adversely affect our operations and liquidity.

We regularly maintain cash balances with leading financial institutions in excess of the U.S. Department of Treasury, Federal Deposit Insurance Corporation (“FDIC”) insurance limit. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems.

Our access to our cash and cash equivalents in amounts adequate to finance our operations could be significantly impaired if the financial institutions with which we have arrangements directly face liquidity constraints or failures. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any material decline in available funding or our ability to access our cash and cash equivalents could adversely impact our ability to meet our operating expenses, result in breaches of our contractual obligations or result in violations of federal or state wage and hour laws, any of which could have material adverse impacts on our operations and liquidity. Furthermore, should our customers have relationships with financial institutions that fail, this may result in a delay of collecting outstanding receivables, which could have a material adverse effect on our business.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability, ongoing conflicts in Russia and the Middle East Region and political and military developments in South America, and sustained high levels of inflation. Our business, financial condition and results of operations could be materially adversely affected by any negative impact on the global economy and capital markets resulting from the ongoing conflicts in Ukraine and the Middle East region and political and military developments in South America, geopolitical tensions, or sustained high levels of inflation.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions due, in part, to the conflicts in Ukraine and the Middle East region involving Israel and political and military developments in South America. Although the length and impact of the ongoing conflicts in Ukraine and the Middle East region and political and military developments in South America are highly unpredictable, the geopolitical uncertainty caused by the conflicts and developments has led to market disruptions, including significant volatility in commodity prices, credit and capital markets, as

well as supply chain interruptions, which has contributed to sustained high levels of inflation globally. Although inflation has moderated slightly, it has remained persistent in the United States in recent years due, in part, to supply chain issues, elevated energy prices, labor shortages and trade policies, among other factors. We are continuing to monitor inflation, the situations in Ukraine, the Middle East region and South America and global capital markets and assessing the potential impact on our business.

Although, to date, our business has not been materially impacted by the ongoing military conflicts in Russia and the Middle East region or the political and military developments in South America, geopolitical tensions, or sustained high levels of inflation, it is impossible to predict the extent to which our operations will be impacted in the short and long term, or the ways in which such matters may impact our business. The extent and duration of the ongoing conflicts in Ukraine and the Middle East region and political and military developments in South America, geopolitical tensions, sustained high levels of inflation and resulting market disruptions are impossible to predict but could be substantial.

We are dependent on our key manufacturing, quality and other management personnel and the loss of any of these individuals could harm our business.

Our success depends largely upon the efforts of our key management and manufacturing and quality staff. The loss of any of these individuals, or our inability to attract and retain highly qualified scientific and management personnel in a timely manner, could materially and adversely affect our business and our future prospects. In the future, we may need to seek additional manufacturing and quality staff members. There is a high demand for highly trained manufacturing and quality personnel in our industry. We face competition for such personnel from other companies, research and academic institutions and other entities. Although, to date, we have not experienced a material number of departures among our manufacturing staff, we cannot be sure such departures will not occur in the future. We do not know whether we will be able to attract, train and retain highly qualified manufacturing and quality personnel in the future, which could have a material adverse effect on our business, financial condition and results of operations. A loss of one or more of our key personnel could severely and negatively impact our operations. Our key personnel are employed “at-will,” and any of them may elect to pursue other opportunities at any time. We have no present intention of obtaining key man life insurance on any of our key management, manufacturing, quality or other personnel.

Efforts to comply with securities laws and regulations require management resources, and we still may fail to comply. If we are not able to comply with such laws and regulations, there may be a material adverse impact on our business, financial conditions and results of operations.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include a report of management on their internal controls over financial reporting in their annual reports on Form 10-K. The independent registered public accounting firm auditing our consolidated financial statements is required to attest to the effectiveness of our internal controls over financial reporting. If, in any year, we are unable to conclude that we have effective internal controls over financial reporting or if our independent registered public accounting firm is required to, but is unable to provide us with a report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our consolidated financial statements, which could result in a decrease in the value of our securities.

Our corporate documents and Michigan law contain provisions that may make it more difficult for us to be acquired.

Our Board of Directors has the authority, without shareholder approval, to issue additional shares of preferred stock and to fix the rights, preferences, privileges and restrictions of these shares without any further vote or action by our shareholders. Michigan law contains a statute that makes it more difficult for a 10% shareholder, or its officers, to acquire a company. This authority, together with certain provisions of our charter documents, may have the effect of making it more difficult for a third-party to acquire, or of discouraging a third-party from attempting to acquire, control of our company. This effect could occur even if our shareholders consider the change in control to be in their best interest.

Changes to tax legislation and regulations could negatively impact our earnings.

We are subject to income taxes in the U.S. From time to time, various legislative or administrative initiatives may be proposed that could adversely affect our tax positions. There can be no assurance that our tax positions or tax payments will not be adversely affected by these initiatives. In addition, U.S. federal, state and local tax laws and regulations are extremely complex and subject to varying interpretations. The OBBBA, enacted in 2025, includes a broad range of tax reform provisions that may affect our financial results. Among other provisions, the OBBBA includes the allowance of immediate expensing of qualifying domestic research and development expenses and permanent extensions of certain provisions within the Tax Cuts

and Jobs Act of 2017. We could face audit challenges on how we apply the tax laws that could have a negative impact on our provision for income taxes. We continue to monitor new tax legislation or other developments since our future earnings could be negatively impacted by changes in tax legislation, changes in tax rates and tax base such as limiting, phasing-out or eliminating deductions or tax credits, increased taxation of certain excess income from intellectual property, revising tax law interpretations and changes in other tax laws in the U.S.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk management and strategy

We have developed processes for assessing, identifying and managing material risks from cybersecurity threats, including such threats associated with our use of any third-party service providers. Our enterprise risk management system incorporates risks from cybersecurity threats, including those emanating from the rapid emergence of artificial intelligence in the marketplace, alongside other risks to the Company. Our information technology team oversees and implements a range of tools and services designed to minimize the risk or impact of any breach or unauthorized disclosure of our confidential and sensitive data. These tools and services include, from time to time:

- monitoring emerging data protection laws and best practices regarding application security, access management, device protection, network management, and data loss prevention and recovery and implementing responsive changes to our processes;
- undertaking periodic reviews of our partner-facing policies and statements related to cybersecurity;
- utilizing intrusion detection and monitoring applications and multifactor authentication;
- requiring that any systems, components, or functionality incorporating or embedded with artificial intelligence capabilities be subject to legal and Information Technology approval, including technical assessments of vendor’s capabilities, established governance controls, and appropriate-use training for employees granted access to such tools;
- conducting periodic table-top exercises with management, including our Vice President, Information Technology, and testing of our data security, incident response policies and procedures;
- conducting periodic cybersecurity management and incident training for employees, including simulated phishing campaigns, which provide education on the risk of potential cybersecurity incidents, methods for identification of such incidents and appropriate responses; and
- requiring employees, as well as third-parties who provide services on our behalf, to treat information and data with care.

We also maintain an enterprise-wide incident response plan designed to secure the enterprise, mitigate the impact of a cybersecurity incident, recover and restore normal business operations, prevent similar future incidents and comply with applicable regulatory obligations arising from an incident. Management, including our Vice President, Information Technology, collaborates with our information technology team and technical partners to review at least annually our enterprise-wide incident response plan. Periodically, we engage assessors, consultants, auditors and other third parties, including by conducting exercises with an external partner to stress test our data security systems and practice company-wide response tactics. Our risk management processes also address cybersecurity threat risks associated with our use of third-party service providers, and third-party risks are included within our enterprise risk management program. In the event of a suspected or actual cybersecurity event, we have partnered with a globally recognized digital forensics investigation firm and outside counsel to provide services and support on a real-time basis to analyze any breach and secure both our data and information systems.

Despite our security measures, there can be no assurance that we, or the third parties with which we interact, will not experience a cybersecurity incident in the future that will materially affect us. Cybersecurity attacks are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been launched against a target. For example, the emergence of artificial intelligence has provided additional tools for those who perpetrate these attacks, including through social engineering, the development of customized malware, and an enhanced ability to evade detection. For a discussion of how any risks from cybersecurity threats could materially affect the Company, including our business strategy and results of operations, see “Risk Factors – A cyber security incident or data privacy issue could result in a loss of confidential data, give rise to remediation and other expenses, expose us to liability under HIPAA, consumer protection and privacy laws, or

other common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business,” which is incorporated by reference into this Item 1C.

In the three most recently completed fiscal years and as of the date of this Annual Report on Form 10-K, we do not believe we have experienced any material cybersecurity incidents. Additionally, we do not believe any previous cybersecurity incidents we may have experienced are reasonably likely to materially affect us. This includes cybersecurity incidents resulting in penalties and settlements, of which there were none.

Governance

The Audit Committee of our Board oversees our risk management process, which includes risks from cybersecurity threats. The Audit Committee receives reports from management at least semi-annually, and more frequently if necessary, with respect to risks from cybersecurity threats. The Audit Committee also reviews cybersecurity and data security risks and mitigation strategies, along with program assessments, planned improvements and the status of information technology initiatives. The Audit Committee also consider the evolution of different cybersecurity threats, including through artificial intelligence. The entire Board receives annual training from outside experts concerning the current global cybersecurity and artificial intelligence threat landscape and corporate best practices for mitigating cybersecurity risks, as well as the Board’s legal, regulatory and fiduciary responsibilities from a cybersecurity standpoint. Additionally, the Board was engaged with management and outside experts throughout 2023, 2024 and 2025 in overseeing the development of the Company’s Enterprise Incident Response Plan. This plan is reviewed and updated on an annual basis.

Our Vice President, Information Technology, along with our Chief Legal Officer, Information Technology management team, and Chief Operating Officer, oversees our approach to cybersecurity and is responsible for assessing and managing material risks associated with cybersecurity threats. Our Vice President, Information Technology has over 20 years of experience in the life science industry, including a focus in the past five years on information technology management. Additionally, his academic background includes advanced degrees in the life sciences and he brings a strong track record of managing cyber incident responses and related activities. In this role, our Vice President, Information Technology works closely with an internal team that includes resources with various professional cybersecurity certifications and leverages the support of our external information security firm, technology partners and an industry-leading intelligence platform. Our Vice President, Information Technology manages and leads the internal Information Technology team to maintain, update and enhance the Company’s technology infrastructure and corresponding safety measures, as well as to ensure that appropriate safety measures are implemented to protect against evolving cybersecurity threats.

Our Vice President, Information Technology is informed about and monitors the prevention, detection, mitigation and remediation of cybersecurity incidents through the management of and participation in the cybersecurity risk management and strategy processes described above, including the operation of our Enterprise Incident Response Plan. Our Chief Legal Officer works closely with him and reports regularly to the Board and to the Audit Committee of the Board, covering the risks from cybersecurity threats.

Item 2. Properties

The following table summarizes information regarding our leased properties as of December 31, 2025:

Location	Primary Use	Approximate Square Footage	Lease Expiration Date	Renewal Option
Burlington, Massachusetts	Manufacturing, laboratory and office space*	126,000	June 2036	One ten-year term
Cambridge, Massachusetts	Manufacturing, laboratory and office space	57,000	February 2032	One five-year term
Ann Arbor, Michigan	Office space	6,000	April 2026	None

* The Burlington facility is complete, and we are currently utilizing the facility’s office space. Once validated, the facility’s manufacturing space will eventually become the primary manufacturing facility for MACI and Epicel.

We believe that our facilities are adequate to meet our current needs. Additional facilities may be required to support expansion of our manufacturing operations and research and development activities. See Note 5, “Leases” in our accompanying consolidated financial statements for further information.

Item 3. *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 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchase of Equity Securities

Market Information

Our common stock is currently trading on the NASDAQ Stock Market under the symbol “VCEL”.

Holders of Record

As of January 31, 2026 there were approximately 162 holders of record of our common stock.

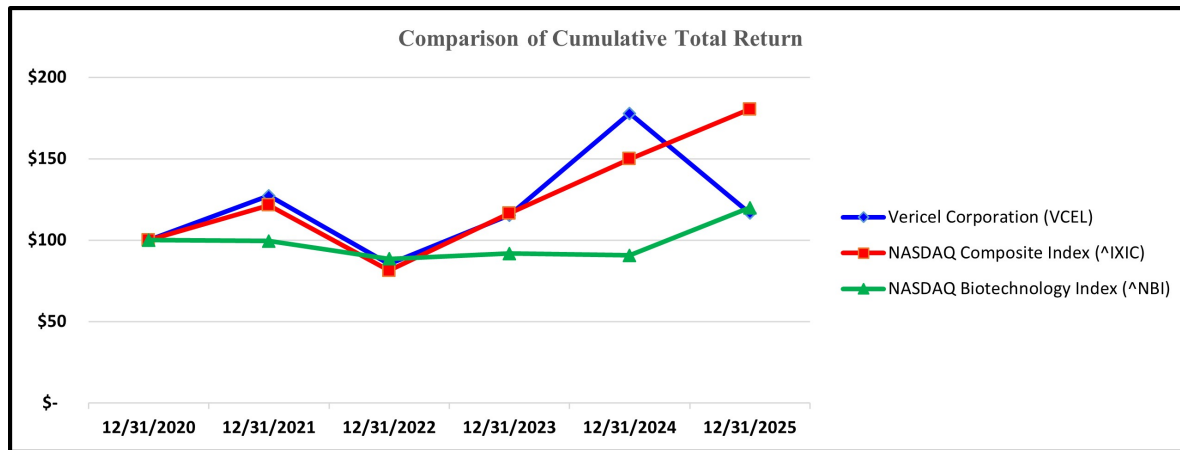
Dividends

We have never paid cash dividends on our common stock and we do not anticipate paying such cash dividends in the foreseeable future. We currently anticipate that we will retain all future earnings, if any, for use in the development of our business.

Stock Performance Graph

The performance graph set forth below shall not be deemed “soliciting material” or to be “filed” with the SEC. This graph will not be deemed “incorporated by reference” into any filing under the Securities Act or the Exchange Act, whether such filing occurs before or after the date hereof, except to the extent that the Company explicitly incorporates it by reference into in such filing.

Set forth below is a line graph comparing the cumulative total shareholder return on Vericel’s common stock with the cumulative total return of (i) the NASDAQ Composite Index, and (ii) the NASDAQ Biotechnology Index, for the period from December 31, 2020 through December 31, 2025. The comparison assumes that a hypothetical \$100 was invested on December 31, 2020 in our common stock and in both of the foregoing indices. All values assume reinvestment of the pre-tax value of dividends paid by companies included in these indices. The historical stock price performance of our common stock shown in the graph below is not necessarily indicative of future stock price performance, and we do not make or endorse any predictions as to future stockholder returns.



	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
Vericel Corporation (VCEL)	\$100	\$127	\$85	\$115	\$178	\$117
NASDAQ Composite Index (^IXIC)	\$100	\$121	\$81	\$116	\$150	\$180
NASDAQ Biotechnology Index (^NBI)	\$100	\$99	\$89	\$92	\$91	\$120

Purchases of Equity Securities by the Issuer

There were no repurchases of shares of common stock made during the year ended December 31, 2025.

Item 6. *Reserved*

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Vericel Corporation is a leading provider of advanced therapies for the sports medicine and severe burn care markets. We have a highly differentiated portfolio of cell therapy and specialty biologic products that combines innovations in biology with medical technologies. We were among the first companies to achieve commercial success in the complex field of cell therapies with treatments that use tissue engineering to regenerate skin and healthy knee cartilage. We currently market two U.S. Food and Drug Administration ("FDA") approved autologous cell therapy products and one FDA-approved specialty biologic product in the U.S. MACI[®] is an autologous cellularized scaffold product indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. Since MACI's commercial launch, the product's FDA-approved labeling has provided for a treating surgeon to use MACI to treat a patient through an open surgical procedure. In August 2024, the FDA approved a supplemental Biologics License Application ("sBLA") expanding the MACI indication to add instructions for the arthroscopic delivery of MACI to the product's approved labeling. MACI Arthro[®] allows surgeons to evaluate and prepare the cartilage defect site as well as deliver the MACI implant through small incisions using custom-designed arthroscopic instruments developed by the Company ("MACI Arthro instruments"). MACI Arthro became commercially available in the U.S. during the third quarter of 2024 and the Company began selling MACI Arthro instruments at that time.

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

Manufacturing

We have a cell manufacturing facility in Cambridge, Massachusetts, which is currently used for U.S. manufacturing and distribution of MACI and Epicel. In January 2022, we entered into a lease agreement (as amended, the "Burlington Lease") to lease approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts. The Burlington facility is complete, and we are currently utilizing the facility's office space. 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, MACI and Epicel, are currently manufactured and marketed in the U.S. NexoBrid is a topically-administered biological orphan product containing proteolytic enzymes that is indicated for eschar removal in adult and pediatric patients with deep partial-thickness and/or full-thickness thermal burns. We hold exclusive license and supply agreements with MediWound to commercialize NexoBrid in North America. 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. A vast majority of the largest commercial payers in the U.S. have a formal medical policy that provides benefit coverage for treatment with MACI. With respect to private commercial payers that have not yet approved a medical policy for MACI, we often obtain approval on a case-by-case basis.

MACI consists of autologous cultured chondrocytes, which are human-derived cells that are obtained from the patient’s own cartilage, and which are seeded onto 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 cm² in size via an arthroscopic approach. MACI Arthro provides a less invasive technique compared to the open arthrotomy approach and allows surgeons to evaluate, prepare and treat the cartilage defect and deliver the MACI implant, under direct arthroscopic visualization and, should the surgeon so choose, to use specialized and custom-designed instruments (the “MACI Arthro instruments”) through small incisions or portals. The arthroscopic delivery of MACI may increase the ease of MACI’s use for physicians and may reduce both the length of the procedure as well as procedure-induced trauma, which may result in a reduction of a patient’s post-operative pain and accelerate a patient’s recovery. MACI Arthro became commercially available in the U.S. during the third quarter of 2024 and we began selling MACI Arthro instruments at that time. We have experienced strong surgeon interest in the MACI Arthro technique since its launch. To date, more than 900 surgeons have participated in Company-sponsored education and training programs concerning the arthroscopic approach. We believe that the availability of MACI Arthro provides a significant growth opportunity for the overall MACI business, as we have already seen a significant increase in both MACI biopsies and implants from those surgeons who have engaged in MACI Arthro training and education programs. In conjunction with the launch of MACI Arthro, we have expanded our target surgeon base from 5,000 to 7,000 to include orthopedic surgeons that perform high volumes of knee cartilage repair surgeries, predominantly through arthroscopic procedures.

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

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

Epicel

Epicel is a permanent skin replacement for deep-dermal or full-thickness burns comprising greater than or equal to 30 percent TBSA. Epicel is regulated by the FDA’s Center for Biologics Evaluation and Research (“CBER”) under medical device authorities, and is the only FDA-approved cultured epidermal autograft product available for large total surface area burns in both adult and pediatric patients. Epicel was designated as a HUD in 1998 and an HDE application for the product was

submitted in 1999. HUDs are devices that are intended for diseases or conditions that affect fewer than 8,000 individuals annually in the U.S., and, for certain HUDs, the amount a manufacturer may charge for the product’s use is restricted.

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

NexoBrid

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

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

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

Results of Operations

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

(In thousands)	Year Ended December 31,			2025 vs. 2024	
	2025	2024	2023	Change \$	Change %
Total revenue	\$ 276,259	\$ 237,224	\$ 197,516	\$ 39,035	16.5 %
Cost of product sales	70,660	65,117	61,940	5,543	8.5 %
Gross profit	205,599	172,107	135,576	33,492	19.5 %
Research and development	27,563	24,797	21,042	2,766	11.2 %
Selling, general and administrative	166,992	142,791	120,998	24,201	16.9 %
Total operating expenses	194,555	167,588	142,040	26,967	16.1 %
Income (loss) from operations	11,044	4,519	(6,464)	6,525	144.4 %
Total other income	6,333	5,991	4,096	342	5.7 %
Income tax expense	859	148	814	711	480.4 %
Net income (loss)	\$ 16,518	\$ 10,362	\$ (3,182)	\$ 6,156	59.4 %

Comparison of the Periods Ended December 31, 2025 and 2024

Total Revenue

Revenue by product is as follows:

(In thousands)	Year Ended December 31,			2025 vs. 2024	
	2025	2024	2023	Change \$	Change %
MACI	\$ 239,506	\$ 197,309	\$ 164,800	\$ 42,197	21.4 %
Epistel	32,066	36,623	31,574	(4,557)	(12.4)%
NexoBrid	4,687	3,292	1,142	1,395	42.4 %
Total revenue	\$ 276,259	\$ 237,224	\$ 197,516	\$ 39,035	16.5 %

Total revenue increase for the year ended December 31, 2025, compared to 2024, was driven primarily by MACI volume and price growth and NexoBrid volume growth, partially offset by lower Epistel volume.

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

Gross Profit

Gross profit increased for the year ended December 31, 2025, compared to the same period in 2024, primarily 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

Research and development expenses for the year ended December 31, 2025 were \$27.6 million, compared to \$24.8 million for 2024. The increase is primarily related to additional headcount and expenses including to support the technical transfer of MACI to our new manufacturing facility in Burlington, Massachusetts, primarily offset by lower MACI Arthro project costs compared to 2024.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2025 were \$167.0 million, compared to \$142.8 million for 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 change in total other income for the year ended December 31, 2025, was due primarily to fluctuations in the rates of return on our investments in various marketable debt securities and money market funds.

Income Tax Expense

For the years ended December 31, 2025 and 2024, we recorded \$0.9 million and \$0.1 million, respectively, of income tax expense as a result of state income taxes. The increase in income tax expense is primarily due to an increase in taxable income. We continue to maintain a full valuation allowance on all of our net deferred tax assets.

Stock-based Compensation Expense

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

(In thousands)	Year Ended December 31,			2025 vs. 2024	
	2025	2024	2023	Change \$	Change %
Cost of product sales	\$ 4,217	\$ 3,911	\$ 2,970	\$ 306	7.8 %
Research and development	4,680	4,068	3,705	612	15.0 %
Selling, general and administrative	29,870	28,516	25,650	1,354	4.7 %
Total non-cash stock-based compensation expense	\$ 38,767	\$ 36,495	\$ 32,325	\$ 2,272	6.2 %

The increase in stock-based compensation expense for the year ended December 31, 2025, is 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.

Comparison of the Periods Ended December 31, 2024 and 2023

For a comparison of our results of operations for the fiscal years ended December 31, 2024 and December 31, 2023, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 27, 2025.

Cash Flows

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

	Year Ended December 31,		
	2025	2024	2023
Net cash provided by operating activities	\$ 51,910	\$ 58,163	\$ 35,311
Net cash used in investment activities	(43,937)	(79,034)	(3,130)
Net cash provided by financing activities	7,070	19,054	3,618
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 15,043	\$ (1,817)	\$ 35,799

For a discussion of our liquidity and capital resources related to our cash flow activities for the fiscal year ended December 31, 2023, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our annual report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 27, 2025.

Net Cash Provided by Operating Activities

Our cash and cash equivalents totaled \$100.1 million, short-term investments totaled \$37.4 million and long-term investments totaled \$61.4 million as of December 31, 2025. The \$51.9 million of net cash provided by operations in 2025, was primarily the result of net income of \$16.5 million, non-cash charges of \$38.8 million related to stock compensation expense, \$11.5 million in depreciation and amortization expense and \$5.4 million in operating lease amortization, partially offset by a net decrease of \$22.4 million related to movements in our working capital accounts. The overall decrease in cash from our working capital accounts was primarily driven by an increase in accounts receivable due to higher sales volume and payments on operating leases, partially offset by an increase in accounts payable and accrued expenses due to timing of payments.

Our cash, cash equivalents, and restricted cash totaled \$85.0 million, short-term investments totaled \$41.7 million and long-term investments totaled \$39.9 million as of December 31, 2024. The \$58.2 million of net cash provided by operations in 2024, was primarily the result of net income of \$10.4 million, non-cash charges of \$36.5 million related to stock compensation expense, \$6.7 million in operating lease amortization and \$5.5 million in depreciation and amortization expense, partially offset by a net decrease of \$0.7 million related to movements in our working capital accounts. The overall decrease in cash from our working capital accounts was primarily driven by an increase in inventory primarily related to supporting NexoBrid commercial

availability and an increase in accounts receivable due to higher sales volume, partially offset by an increase in operating lease liabilities due to receipts of tenant improvement allowances which exceeded payments on operating leases amortization.

Net Cash Used in Investing Activities

Net cash used in investing activities during the year ended December 31, 2025 was the result of \$72.4 million in investment purchases, \$27.2 million of property and equipment purchases primarily for construction in process related to the Burlington Lease, partially offset by \$55.6 million of investment sales and maturities.

Net cash used in investing activities during the year ended December 31, 2024 was the result of \$68.2 million in investment purchases, \$64.0 million of property and equipment purchases primarily for construction in process related to the Burlington Lease, partially offset by \$53.2 million of investment sales and maturities.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the year ended December 31, 2025 was the result of net proceeds from the exercise of stock options and the employee stock purchase plan of \$13.9 million, partially offset by the payment of employee withholding taxes related to the vesting of restricted stock units of \$6.8 million.

Net cash provided by financing activities during the year ended December 31, 2024 was the result of net proceeds from the exercise of stock options and the employee stock purchase plan of \$24.5 million, partially offset by the payment of employee withholding taxes related to the vesting of restricted stock units of \$5.5 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 consolidated financial statements included in this Annual Report on Form 10-K. 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.

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 December 31, 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 consolidated financial statements for further details.

Contractual Obligations

We lease facilities in Ann Arbor, Michigan, Cambridge, Massachusetts and Burlington, Massachusetts. The Cambridge facility includes clean rooms, laboratories for MACI and Epicel manufacturing and office space. We also pay for use of two offsite warehouse spaces and lease equipment. Total remaining obligations related to operating and finance leases are \$132.3 million as of December 31, 2025.

On July 1, 2023, we renewed our long-term supply agreement with Matricel for the supply of ACI-Maix collagen membranes used in the manufacture of MACI. Under the terms of the Matricel Supply Agreement, we have committed to annual minimum purchase values totaling approximately €12.5 million over the eight-year term.

Our total purchase commitments consist of minimum purchase amounts of raw materials and finished goods used in our cell manufacturing process to manufacture our marketed cell therapy products and total \$15.8 million as of December 31, 2025, as well as usage of offsite warehouse space. The total remaining contractual obligations related to the warehouse agreement are \$0.7 million as of December 31, 2025. See Note 14, “Commitments and Contingencies” in our accompanying consolidated financial statements for further information.

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on our financial condition.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that could materially impact the consolidated financial statements and disclosures based on varying assumptions. We believe our estimates and assumptions are reasonable; however, actual results and the timing of the recognition of such amounts could differ from these estimates.

The following is a list of accounting policies that are most significant to the portrayal of our financial condition and results of operations and/or that require management’s most difficult, subjective or complex judgments.

Revenue Recognition and Net Product Sales

Revenue from sales to a customer is recognized in accordance with ASC 606, *Revenue Recognition*. We recognize product revenue from sales to a customer following the five-step model in ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation. Under this revenue standard, we recognize revenue when our customer obtains control of the promised goods, in an amount that reflects the consideration which we expect to receive in exchange for those goods.

MACI Implants

We contract with two specialty pharmacies, Orsini Pharmaceutical Services, Inc. (“Orsini”) and AllCare Plus Pharmacy, Inc. (“AllCare”) to distribute MACI in a manner in which we retain the credit and collection risk from the end customer. We pay 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, we sell 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. We engage 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. We recognize 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 which we expect to collect in exchange for MACI implants (the “Transaction Price”) may be fixed or variable. Direct sales to hospitals or distributors are recorded at a contracted price, and there are typically no forms of variable consideration related to warranties to customers.

When we sell MACI through specialty pharmacies, we are 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 our contractual arrangements. We estimate expected collections for these transactions using the portfolio approach. We record a reduction to revenue at the time of sale for the estimate of the amount of consideration that will not be collected. In addition, potential credit risk exposure has been evaluated for our accounts receivable in accordance with ASC 326, *Financial Instruments - Credit Losses*. We assess risk and determine 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.

Changes in estimates of the Transaction Price are recorded through revenue in the period in which such change occurs. They 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 year. A 50 basis points change to the estimated uncollectible percentage could result in approximately \$0.7 million decrease or increase in the revenue recognized for the year ended December 31, 2025.

Leases

We determine if an arrangement is a lease at inception, in accordance with ASC Topic 842, *Leases*. Operating lease commitments with a lease term greater than 12 months are recognized as right-of-use (“ROU”) assets and liabilities, on a discounted basis on the balance sheet. Leases with an initial term of 12 months or less are not recorded on the balance sheet. We primarily enter into lease agreements for manufacturing and office space, warehouse space, and certain equipment. The leases have varying terms, some of which may include options to extend. Certain of our lease agreements include lease payments that are adjusted periodically for an index or rate. The leases are initially measured using the present value of the projected payments adjusted for the index or rate in effect at the commencement date. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

ROU assets represent our right to control the use of an explicitly or implicitly identified fixed asset for a period of time and lease liabilities represent our obligation to make lease payments arising from the lease. Control of an underlying asset is conveyed to us if we obtain the rights to direct the use of and to obtain substantially all of the economic benefits from using the underlying asset.

Lease payments included in the measurement of the lease liability are comprised of fixed payments. Our leases contain non-lease components and activities that do not transfer a good or service to us which were not considered to be components of the contract and therefore were not included in the net ROU assets or lease liabilities.

The lease term for all of our leases include the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not to terminate) the lease that is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

Stock-Based Compensation

The accounting for stock-based compensation requires us to determine the fair value of common stock issued in the form of stock option awards and restricted stock units. The fair value of restricted stock units held by employees and non-employee directors is determined based on the fair value of our common stock on the date of the grant. We use the value of our common stock at the date of the grant in the calculation of the fair value of our share-based awards. The fair value of stock options held by our employees and non-employee directors is determined using a Black-Scholes option valuation method, which is a valuation technique that is acceptable for share-based payment accounting. Key assumptions in determining fair value include volatility, risk-free interest rate, dividend yield and expected term. The assumptions used in calculating the fair value of stock options represent our best estimates; however, these estimates involve inherent uncertainties and the application of management’s judgment. As a result, if factors change and different assumptions are used, the stock-based compensation expense could be materially different in the future. In addition, we estimate the expected forfeiture rate and only recognize expense for those stock options expected to vest over the service period. We estimate the forfeiture rate considering the historical experience of our stock-based awards. If the actual forfeiture rate is different from the estimate, we adjust the expense accordingly. We record the expense for stock options and restricted stock units using a graded-vesting attribution method.

Tax Valuation Allowance

A valuation allowance is recorded if it is more likely than not that a deferred tax asset will not be realized based on the weight of available evidence, both positive and negative. Due to our three-year cumulative loss position and history of operating losses, a full valuation allowance against our net deferred tax assets was considered necessary. We will continue to monitor our cumulative loss position and forecasts and reevaluate the need for a valuation allowance as it could be reversed in future periods.

This summary of significant accounting policies should be read in conjunction with our consolidated financial statements and related notes and this discussion of our results of operations.

Recent Accounting Pronouncements

Refer to Note 2, “Summary of Significant Accounting Policies” in the accompanying consolidated financial statements located under Item 8 of this Annual Report on Form 10-K for information regarding recently issued accounting standards that may have a significant impact on our business.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

As of December 31, 2025, we held marketable debt securities, which are classified as available-for-sale and carried at fair value in the accompanying consolidated balance sheet included in this Form 10-K. The fair value of our cash equivalents and marketable securities is subject to changes in market interest rates. Our earnings and cash flows are subject to fluctuations due to changes in interest rates, principally in connection with our investments in marketable debt securities. We believe that probable near-term changes in interest rates would not materially affect our financial condition, results of operations or cash flows. We do not currently use interest rate derivative instruments or hedging transactions to manage exposure to interest rate changes of our investments. We estimate that a 100 basis point, or 1%, unfavorable change in interest rates would have resulted in approximately a \$0.9 million decrease in the fair value of our investment portfolio as of December 31, 2025.

We are also subject to interest rate risks in connection with our Revolving Credit Agreement, which is variable rate indebtedness. As of December 31, 2025, there were no borrowings outstanding under the Revolving Credit Agreement. To the extent that we have outstanding borrowings under the Revolving Credit Agreement, we may increase our exposure to risk from interest rate fluctuations which may have a negative impact on our earnings and cash flows.

We have evaluated the potential credit risk exposure for our accounts receivable and available-for sale investment securities in accordance with ASC 326, Financial Instruments - Credit Losses. See Note 3 and Note 6 in the accompanying consolidated financial statements located under Item 8 of this Annual Report on Form 10-K for further discussion.

We currently operate in the U.S. only. We are primarily exposed to foreign exchange risk with respect to recognized assets and liabilities due to vendors in countries outside the U.S., which are typically paid in Euros. We do not enter into hedging transactions and do not purchase derivative instruments.

Item 8. Consolidated Financial Statements and Supplementary Data

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	68
Consolidated Balance Sheets	70
Consolidated Statements of Operations	71
Consolidated Statements of Comprehensive Income (Loss)	72
Consolidated Statements of Shareholders' Equity	73
Consolidated Statements of Cash Flows	74
Notes to Consolidated Financial Statements	76

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Vericel Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Vericel Corporation and its subsidiaries (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income (loss), of shareholders’ equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Contractual Allowances Related to MACI Implant Sales Subject to Third Party Reimbursement

As described in Note 3 to the consolidated financial statements, when the Company sells MACI implants to patients, the Company is typically reimbursed by a third-party insurer or government payer, subject to a patient co-pay amount. The Company records a reduction of revenue at the time of sale for its estimate of the amount of consideration that will not be collected. 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. As of December 31, 2025, the allowance for uncollectible consideration was \$8.4 million.

The principal considerations for our determination that performing procedures relating to contractual allowances related to MACI implant sales subject to third party reimbursement is a critical audit matter are (i) the significant judgment by management when developing the estimates of contractual allowances and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures related to historical collection experience from the payer.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to revenue recognition, including controls relating to MACI implant sales subject to third party reimbursement, as well as the assumptions used to estimate the contractual allowance. These procedures also included, among others, (i) testing management's process for developing the estimates of contractual allowances; (ii) evaluating the appropriateness of the methodology used by management; (iii) testing the completeness and accuracy of underlying data; and (iv) evaluating the reasonableness of the significant assumptions used by management related to historical collection experience from the payer by testing, on a sample basis, historical collection data, current contracted rates, publicly available rates or government fee schedules.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 26, 2026

We have served as the Company's auditor since at least 1996, which is when the Company became subject to SEC reporting requirements. We have not been able to determine the specific year we began serving as auditor of the Company.

VERICEL CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 100,092	\$ 74,520
Restricted cash	—	10,529
Short-term investments	37,407	41,693
Accounts receivable (net of allowance for doubtful accounts of \$13 and \$10, respectively)	84,634	61,375
Inventory	17,560	17,373
Other current assets	7,744	7,287
Total current assets	247,437	212,777
Property and equipment, net	108,397	103,161
Intangible assets, net	5,625	6,250
Right-of-use assets	64,774	70,098
Long-term investments	61,395	39,880
Other long-term assets	341	556
Total assets	<u>\$ 487,969</u>	<u>\$ 432,722</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,828	\$ 23,848
Accrued expenses	19,236	17,065
Current portion of operating lease liabilities	13,969	9,257
Other current liabilities	116	116
Total current liabilities	49,149	50,286
Operating lease liabilities	82,284	89,593
Other long-term liabilities	1,896	876
Total liabilities	133,329	140,755
COMMITMENTS AND CONTINGENCIES (Note 14)		
Shareholders' equity:		
Common stock, no par value; shares authorized — 75,000; shares issued and outstanding — 50,620 and 49,628, respectively	730,662	684,778
Accumulated other comprehensive gain	275	4
Accumulated deficit	(376,297)	(392,815)
Total shareholders' equity	<u>354,640</u>	<u>291,967</u>
Total liabilities and shareholders' equity	<u>\$ 487,969</u>	<u>\$ 432,722</u>

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

VERICEL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2025	2024	2023
Product sales, net	\$ 276,259	\$ 237,224	\$ 197,516
Other revenue	—	—	—
Total revenue	276,259	237,224	197,516
Cost of product sales	70,660	65,117	61,940
Gross profit	205,599	172,107	135,576
Research and development	27,563	24,797	21,042
Selling, general and administrative	166,992	142,791	120,998
Total operating expenses	194,555	167,588	142,040
Income (loss) from operations	11,044	4,519	(6,464)
Other income (expense):			
Interest income	7,007	6,410	4,632
Interest expense	(630)	(614)	(600)
Other (expense) income	(44)	195	64
Total other income	6,333	5,991	4,096
Income (loss) before income taxes	17,377	10,510	(2,368)
Income tax expense	859	148	814
Net income (loss)	\$ 16,518	\$ 10,362	\$ (3,182)
Net income (loss) per common share:			
Basic	\$ 0.33	\$ 0.21	\$ (0.07)
Diluted	\$ 0.32	\$ 0.20	\$ (0.07)
Weighted-average common shares outstanding:			
Basic	50,340	48,848	47,590
Diluted	52,151	51,679	47,590

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

VERICEL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 16,518	\$ 10,362	\$ (3,182)
Other comprehensive income:			
Unrealized gain on investments	271	104	878
Comprehensive income (loss)	<u>\$ 16,789</u>	<u>\$ 10,466</u>	<u>\$ (2,304)</u>

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

VERICEL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Common Stock		Accumulated Other Comprehensive	Accumulated	Total
	Shares	Amount	Gain (Loss)	Deficit	Shareholders' Equity
BALANCE, DECEMBER 31, 2022	<u>47,253</u>	<u>\$ 593,245</u>	<u>\$ (978)</u>	<u>\$ (399,995)</u>	<u>\$ 192,272</u>
Net loss				(3,182)	(3,182)
Stock-based compensation expense		32,325			32,325
Stock option exercises	378	4,737			4,737
Shares issued under the Employee Stock Purchase Plan	54	1,263			1,263
Issuance of stock for restricted stock unit vesting	224				—
Restricted stock withheld for employee tax remittance	(80)	(2,341)			(2,341)
Unrealized gain on investments			878		878
BALANCE, DECEMBER 31, 2023	<u>47,829</u>	<u>629,229</u>	<u>(100)</u>	<u>(403,177)</u>	<u>225,952</u>
Net income				10,362	10,362
Stock-based compensation expense		36,495			36,495
Stock option exercises	1,545	23,125			23,125
Shares issued under the Employee Stock Purchase Plan	42	1,391			1,391
Issuance of stock for restricted stock unit vesting	324				—
Restricted stock withheld for employee tax remittance	(112)	(5,462)			(5,462)
Unrealized gain on investments			104		104
BALANCE, DECEMBER 31, 2024	<u>49,628</u>	<u>684,778</u>	<u>4</u>	<u>(392,815)</u>	<u>291,967</u>
Net income				16,518	16,518
Stock-based compensation expense		38,767			38,767
Stock option exercises	676	12,478			12,478
Shares issued under the Employee Stock Purchase Plan	43	1,456			1,456
Issuance of stock for restricted stock unit vesting	401				—
Restricted stock withheld for employee tax remittance	(128)	(6,817)			(6,817)
Unrealized gain on investments			271		271
BALANCE, DECEMBER 31, 2025	<u>50,620</u>	<u>\$ 730,662</u>	<u>\$ 275</u>	<u>\$ (376,297)</u>	<u>\$ 354,640</u>

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

VERICEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Operating activities:			
Net income (loss)	\$ 16,518	\$ 10,362	\$ (3,182)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:			
Depreciation and amortization expense	11,544	5,504	4,632
Stock-based compensation expense	38,767	36,495	32,325
Amortization of premiums and discounts on marketable securities	(183)	(657)	(824)
Amortization of debt issuance costs	215	215	215
Non-cash lease costs	5,350	6,651	6,070
Provision for excess and obsolete inventory	1,043	—	—
Other	13	43	39
Changes in operating assets and liabilities:			
Inventory	(1,230)	(4,286)	2,899
Accounts receivable	(23,259)	(3,019)	(11,817)
Other current assets	(457)	(434)	(1,733)
Accounts payable	2,974	(287)	3,049
Accrued expenses	2,171	(149)	1,025
Operating lease liabilities	(2,623)	7,520	2,513
Other non-current assets and liabilities, net	1,067	205	100
Net cash provided by operating activities	51,910	58,163	35,311
Investing activities:			
Purchases of investments	(72,371)	(68,211)	(55,225)
Sales and maturities of investments	55,596	53,151	79,608
Expenditures for property and equipment	(27,162)	(63,974)	(20,013)
Purchases of intangible assets	—	—	(7,500)
Net cash used in investing activities	(43,937)	(79,034)	(3,130)
Financing activities:			
Net proceeds from common stock issuance	13,934	24,516	6,000
Payments on employee's behalf for taxes related to vesting of restricted stock unit awards	(6,817)	(5,462)	(2,341)
Other	(47)	—	(41)
Net cash provided by financing activities	7,070	19,054	3,618
Net increase (decrease) in cash, cash equivalents, and restricted cash	15,043	(1,817)	35,799
Cash, cash equivalents, and restricted cash at beginning of period	85,049	86,866	51,067
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 100,092</u>	<u>\$ 85,049</u>	<u>\$ 86,866</u>

VERICEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Supplemental disclosure of cash flow information:			
Non-cash information:			
Right-of-use assets and operating lease liabilities recognized	\$ —	\$ 3,287	\$ 37,960
Property and equipment obtained in exchange for financing lease liabilities	—	686	—
Additions to property and equipment included in accounts payable	891	11,898	10,152
Cash information:			
Interest paid	\$ 489	\$ 399	\$ 383
Taxes paid	\$ 580	\$ 628	\$ 1,166
	Year Ended December 31,		
	2025	2024	2023
Reconciliation of amounts within the consolidated balance sheets:			
Cash and cash equivalents	\$ 100,092	\$ 74,520	\$ 69,088
Restricted cash	—	10,529	17,778
Total cash, cash equivalents, and restricted cash at end of period	\$ 100,092	\$ 85,049	\$ 86,866

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

VERICEL CORPORATION
NOTES TO 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 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 December 31, 2025, the Company had an accumulated deficit of \$376.3 million and had a net income of \$16.5 million during the year ended December 31, 2025. The Company had cash and cash equivalents of \$100.1 million and investments of \$98.8 million as of December 31, 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 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. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates reflected in the Company's consolidated financial statements include, but are not limited to, certain judgments regarding revenue recognition, inventory valuation, stock option valuation, lease valuation, deferred tax assets and liabilities and accrued expenses. The Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments reflected in these consolidated financial statements or a revision of the carrying value of its assets or liabilities as of the issuance of these consolidated financial statements. These estimates may change as new events occur and additional information is obtained. Actual results could materially differ from those estimates.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less from the date of purchase and consist primarily of demand deposits, money market funds, U.S. government securities, U.S. government agency bonds and commercial paper.

Restricted Cash

Restricted cash as of December 31, 2024, represents amounts in a construction escrow account. See Note 5, "Leases" for further discussion.

Investments

Investments classified as short-term have maturities of less than one year. Investments classified as long-term are those that: (i) have a maturity of greater than one year, and (ii) the Company does not intend to liquidate within the next twelve months, although these funds are available for use and, therefore, are classified as available-for-sale. The Company's investment strategy is to buy short-duration marketable securities with a high credit rating. As of December 31, 2025 and 2024, all marketable securities held by the Company had remaining contractual maturities of three years or less.

Unrealized gains are included as a component of accumulated other comprehensive income in the consolidated balance sheets and consolidated statements of shareholders' equity and a component of total comprehensive income (loss) in the consolidated statements of comprehensive income (loss), until realized. Unrealized losses are evaluated for impairment under ASC 326, *Financial Instruments - Credit Losses* ("ASC 326"), to determine if the impairment is credit-related or non-credit-related. Credit-related impairment is recognized as an allowance on the balance sheet with a corresponding adjustment to earnings, and non-credit-related impairment is recognized in other comprehensive income (loss), net of taxes.

Leases

The Company determines if an arrangement is a lease at inception, in accordance with ASC Topic 842, *Leases*. Operating lease commitments with a lease term greater than 12 months are recognized as right-of-use assets and liabilities, on a discounted basis on the balance sheet. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Certain of the Company's lease agreements include lease payments that are adjusted periodically for an index or rate. The leases are initially measured using the present value of the projected payments adjusted for the index or rate in effect at the commencement date. In addition to rent, the leases may require the Company to pay additional amounts for taxes, insurance, maintenance and other expenses, which do not transfer a good or service to the Company and are generally referred to as non-lease components. Variable non-lease components are not measured as part of the right-of-use asset and liability. Only when lease components and their associated non-lease components are fixed are they accounted for as a single lease component and

are recognized as part of a right-of-use asset and liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company has options to renew lease terms for facilities and other assets. Some leases contain clauses for renewal at the Company's option with renewal terms that generally extend the lease term from 1 to 10 years. The exercise of lease renewal options is generally at the Company's sole discretion. The Company evaluates renewal and termination options at the lease commencement date to determine if it is reasonably certain to exercise the option on the basis of economic factors. Certain lease agreements contain options to terminate the lease. A portfolio approach is applied to certain lease contracts with similar characteristics.

The Company uses a discount rate to calculate the present value of lease payments in order to determine lease classification and measurement of the lease asset and liability. In the absence of a rate of interest that is readily determinable in the contract, the Company estimates the incremental borrowing rate ("IBR") for each lease based on the information available at commencement. The IBR reflects the rate of interest that the Company would pay on the lease commencement date to borrow an amount equal to the lease payments on a collateralized basis over a similar term in similar economic environments.

Inventory

Inventories are measured at the lower of cost or net realizable value. Cost is calculated based upon standard-cost which approximates costs determined on the first-in, first-out method. The Company periodically reviews its inventories for excess or obsolescence and writes down obsolete or other unmarketable inventory to its estimated net realizable value. If the actual net realizable value is less than that estimated by the Company, or if it is determined that inventory utilization will further diminish based on estimates of demand, additional inventory write-downs may be required. In all cases, product inventory is carried at the lower of cost or its estimated net realizable value. Amounts written down are charged to cost of product sales.

Accounts Receivable

Accounts receivable are initially recorded at the contractual amount owed by the customer or based on expected payments from the insurance provider, hospital or patient. Allowances for doubtful accounts are established when the facts and circumstances indicate that a receivable may not be collectible. Potential credit risk exposure has been evaluated for the Company's accounts receivable in accordance with ASC 326. 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.

Property and Equipment, net

Property and equipment are initially measured and recognized at acquisition cost, including any directly attributable cost of preparing the asset for its intended use. After initial measurement, property and equipment are carried at cost less accumulated depreciation. Repair and maintenance costs of property and equipment are expensed as incurred.

The depreciable value of property and equipment is depreciated on a straight-line basis over the useful life of the asset. The useful life of an asset is usually equivalent to its economic life. The useful lives of property and equipment are as follows:

- Machinery and equipment: 3 to 10 years
- Furniture, fixtures and office equipment: 5 years
- Computer equipment and software: 3 to 10 years
- Leasehold improvements: shorter of the remaining life of the lease or 15 years

The costs of assets retired or otherwise disposed of and the accumulated depreciation thereon are removed from the accounts, with any gain or loss realized upon sale or disposal credited or charged to operations.

Intangible Assets, net

The Company amortizes its intangible assets on a straight-line basis over their estimated economic lives, unless another amortization method is deemed to be more appropriate. In determining the useful lives of intangible assets, the Company considers the expected use of the assets and the effects of obsolescence, demand, competition, anticipated technological advances, market influence and other economic factors.

Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be fully recoverable. No impairment was identified or recorded during the years ended December 31, 2025, 2024 and 2023.

Revenue Recognition

The Company recognizes product revenue from sales to a customer following the five step model in Accounting Standards Codification 606, *Revenue Recognition* (“ASC 606”): (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) the Company satisfies the performance obligation. Under this revenue standard, the Company recognizes revenue when its customer obtains control of the promised goods, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. There are no contractual rights of returns, refunds or similar obligations related to MACI, MACI biopsy kits, MACI Arthro instruments or Epicel; however, in certain limited cases the Company will accept a product return if a surgery is canceled. Revenue is not recognized in certain canceled cases. There are limited contractual rights of returns, refunds, or similar obligations related to NexoBrid.

For MACI, MACI biopsy kits, MACI Arthro instruments, Epicel and NexoBrid, there are typically no forms of variable consideration related to warranties to customers. The majority of orders are due within 30 to 90 days of delivery. Shipping and handling fees are included as a component of revenue. The Company recognizes any commission fees as an expense when incurred. These fees are included in selling, general, and administrative expenses. See Note 3, “Revenue” for further discussion on revenues.

Research and Development Expense

Research and development expenses are expensed as incurred. These expenditures relate to the development of new products, improvement of existing products, technical support of products and compliance with governmental regulations for the protection of consumers and patients.

Stock-Based Compensation

The Company’s accounting for stock-based compensation requires it to determine the fair value of common stock issued in the form of stock option awards and restricted stock units. The fair value of restricted stock units held by employees and non-employee directors is determined based on the fair value of the Company’s common stock on the date of the grant. Compensation expense is recorded for restricted stock units that are expected to vest over the expected vesting period. The fair value of stock options held by employees and non-employee directors is determined using a Black-Scholes option valuation method. Key assumptions in determining fair value include volatility, risk-free interest rate, dividend yield and expected term. The assumptions used in calculating the fair value of stock options represent the Company’s best estimates; however, these estimates involve inherent uncertainties and the application of management’s judgment. As a result, if factors change and different assumptions are used, the stock-based compensation expense could be materially different in the future. In addition, the Company estimates the expected forfeiture rate and only recognizes expense for those stock options expected to vest over the service period. The estimated forfeiture rate considers the historical experience of the Company’s stock-based awards. If the actual forfeiture rate is different from the estimate, expense is adjusted accordingly. The Company records the expense for stock options and restricted stock units using a graded-vesting attribution method.

The Company also has an Employee Stock Purchase Plan (“ESPP”) which is a compensatory plan. Compensation expense is recorded based on the fair value of the purchased options at the grant date, which corresponds to the first day of each purchase period, and is amortized over the purchase period.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in shareholders’ equity during a period arising from unrealized gains or losses related to the Company’s investments.

Income Taxes

Deferred tax assets are recognized for deductible temporary differences and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized based on the weight of available evidence. When evaluating the realizability of the deferred tax assets, all evidence, both positive and negative, is considered. Items considered when evaluating the need for a valuation allowance include the ability to carry back losses, future reversals of existing temporary differences, tax planning strategies, and expectations of future earnings.

The Company records uncertain tax positions in the consolidated financial statements only if it is more likely than not that the uncertain tax position will be sustained upon examination by the taxing authorities. The Company records interest and penalties related to uncertain tax positions in income tax expense.

Net Income (Loss) Per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period, plus the potential dilutive effect of other securities if those securities were converted or exercised. During periods in which the Company incurs net losses, both basic and diluted loss per common share is calculated by dividing the net loss by the weighted-average shares of common stock outstanding and potentially dilutive securities are excluded from the calculation because their effect would be antidilutive.

Financial Instruments

The Company's financial instruments include cash, cash equivalents, accounts receivables, accounts payable and accrued expenses for which the current carrying amounts approximate market value, based upon their short-term nature, deferred compensation plan liability carried at fair value, and marketable debt securities which are classified as available-for-sale and carried at fair value on a settlement date basis.

Recent Accounting Pronouncements

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 adopted ASU 2023-09 for the fiscal year ending December 31, 2025 and the adoption of this standard is disclosed in the footnotes of the Company's consolidated financial statements.

No other accounting standards were adopted during the year ended December 31, 2025. The Company considers the applicability and impact of any recent Accounting Standards Updates ("ASU's") issued by the Financial Accounting Standards Board ("FASB"), as noted below.

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

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for 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.

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

3. Revenue

Revenue Recognition and Product Sales, Net

As disclosed in Note 2, 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 ASC 606, Revenue Recognition.

MACI Biopsy Kits

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

MACI Arthro Instruments

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

MACI Implants

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

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

When the Company sells MACI through its specialty pharmacies, the Company is typically reimbursed by a third-party insurer or government payer, subject to a patient co-pay amount. Reimbursements from third-party insurers and government payers vary by patient and payer and are based on either contracted rates, publicly available rates, fee schedules or past payer precedents. Net product revenue is recognized net of estimated contractual allowances, which considers historical collection experience from both the payer and patient, denial rates and the terms of the Company's contractual arrangements. The Company estimates expected collections for these transactions using the portfolio approach. The Company records a reduction to revenue at the time of sale for its estimate of the amount of consideration that will not be collected. In addition, potential credit risk exposure has been evaluated for the Company's accounts receivable in accordance with *ASC 326, Financial Instruments - Credit Losses*. The Company assesses risk and determines a loss percentage by pooling accounts receivable based on similar risk characteristics. The loss percentage is calculated through the use of forecasts that are based on current and historical economic and financial information. This loss percentage was applied to the accounts receivables as of December 31, 2025. The total allowance for uncollectible consideration was \$8.4 million and \$5.4 million as of December 31, 2025, and 2024, 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 \$0.7 million decrease or increase in the revenue recognized for the year ended December 31, 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 year.

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 delivery to the hospital, at which time the customer is in control of the Epicel grafts and the claim is billable to the hospital.

NexoBrid

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

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

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

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)	Year Ended December 31,		
	2025	2024	2023
MACI implants, kits, and instruments			
Implants based on contracted rate sold through a specialty pharmacy ^(a)	\$ 180,234	\$ 141,806	\$ 105,948
Implants subject to third party reimbursement sold through a specialty pharmacy ^(b)	14,444	15,058	22,203
Implants sold direct based on contracted rates ^(c)	35,371	31,217	27,484
Implants sold direct subject to third-party reimbursement ^(d)	5,791	4,603	4,921
Biopsy kits and instruments - direct bill	2,607	2,096	2,087
Change in estimates related to prior periods ^(e)	1,059	2,529	2,157
<i>Total MACI implants, kits, and instruments</i>	<u>239,506</u>	<u>197,309</u>	<u>164,800</u>
Epicel			
Direct bill (hospital)	32,066	36,623	31,574
NexoBrid			
	4,687	3,292	1,142
Total revenue	<u>\$ 276,259</u>	<u>\$ 237,224</u>	<u>\$ 197,516</u>

(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.

Concentration of Credit Risk

The Company's total revenue and accounts receivable concentrations from a single customer consisted of the following:

For the year ended and as of	Revenue	Accounts Receivable
December 31, 2024	11 %	10 %
December 31, 2025	13 %	11 %

4. Selected Balance Sheet Components

Inventory

Inventory consisted of the following:

(In thousands)	December 31,	
	2025	2024
Raw materials	\$ 12,953	\$ 12,827
Work-in-process	1,584	1,571
Finished goods	3,023	2,975
Total inventory	\$ 17,560	\$ 17,373

Property and Equipment

Property and Equipment, net consisted of the following:

(In thousands)	December 31,	
	2025	2024
Machinery and equipment	\$ 14,498	\$ 12,161
Furniture, fixtures and office equipment	5,424	5,109
Computer equipment and software	18,953	12,318
Leasehold improvements	76,421	77,990
Construction in process	24,651	22,482
Total property and equipment, gross	139,947	130,060
Less accumulated depreciation	(31,550)	(26,899)
Total property and equipment, net	\$ 108,397	\$ 103,161

Depreciation expense for the years ended December 31, 2025, 2024 and 2023 was \$10.9 million, \$4.9 million and \$4.0 million, respectively.

Intangible Assets

Intangible assets, net consisted of the following:

(In thousands)	Useful Life (in years)	Amortization Method	December 31, 2025			December 31, 2024		
			Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
NexoBrid license	12	Straight-line	\$ 7,500	\$ (1,875)	\$ 5,625	\$ 7,500	\$ (1,250)	\$ 6,250

Amortization expense for each of the years ended December 31, 2025, 2024 and 2023 was \$0.6 million per year. The NexoBrid intangible asset is amortized to cost of product sales.

Future amortization expense of intangible assets as of December 31, 2025 is estimated to be as follows:

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

Accrued Expenses

Accrued Expenses consisted of the following:

(In thousands)	December 31,	
	2025	2024
Bonus related compensation	\$ 11,253	\$ 10,313
Employee related accruals	3,009	3,269
Insurance reimbursement-related liabilities	4,401	3,159
Other accrued expenses	573	324
Total accrued expenses	\$ 19,236	\$ 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 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 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 year ended December 31, 2024, the Company recorded a right-of-use asset related to landlord-owned improvements incurred of approximately \$3.6 million.

For the years ended December 31, 2025 and 2024, lease expense of \$0.3 million, and for the year ended December 31, 2023, lease expense of less than \$0.1 million, was recorded related to short-term leases. For the years ended December 31, 2025, 2024 and 2023, the Company recognized \$11.9 million, \$12.7 million and \$10.3 million, respectively, of operating lease expense. For the years ended December 31, 2025, 2024 and 2023, 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	December 31,	
		2025	2024
Assets			
Operating	Right-of-use assets	\$ 64,774	\$ 70,098
Finance	Property and equipment, net	686	686
Total leased assets		<u>\$ 65,460</u>	<u>\$ 70,784</u>
Liabilities			
<i>Current</i>			
Operating	Current portion of operating lease liabilities	\$ 13,969	\$ 9,257
Finance	Other current liabilities	116	116
<i>Non-current</i>			
Operating	Operating lease liabilities	82,284	89,593
Finance	Other long-term liabilities	522	570
Total leased liabilities		<u>\$ 96,891</u>	<u>\$ 99,536</u>

Cash paid for amounts included in the measurement of the Company's operating lease liabilities was \$9.3 million and \$1.7 million for the years ended December 31, 2025 and 2023, respectively. Cash received for amounts included in the measurement of the Company's operating lease liabilities was \$1.4 million for the year ended December 31, 2024. Cash paid for amounts included in the measurement of the Company's finance lease liabilities was less than \$0.1 million for the year ended December 31, 2025.

Future minimum lease payments under non-cancellable leases as of December 31, 2025 are as follows:

(In thousands)	Operating Leases	Finance Leases	Total
2026	\$ 13,969	\$ 116	\$ 14,085
2027	14,351	116	14,467
2028	14,743	116	14,859
2029	15,146	116	15,262
2030	15,561	116	15,677
Thereafter	57,779	167	57,946
Total lease payments	<u>\$ 131,549</u>	<u>\$ 747</u>	<u>\$ 132,296</u>
Less: interest	(35,296)	(109)	(35,405)
Present value of lease liabilities	<u>\$ 96,253</u>	<u>\$ 638</u>	<u>\$ 96,891</u>

Lease terms and discount rates are as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term (years)		
Operating leases	8.8	9.7
Finance leases	6.4	6.9
Weighted-average discount rate		
Operating leases	6.9%	6.9%
Finance leases	5.0%	5.0%

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 consolidated balance sheets on a settlement date basis. The following tables summarize the gross unrealized gains and losses of the Company's marketable securities:

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

(In thousands)	December 31, 2024					Estimated Fair Value
	Amortized Cost	Gains	Gross Unrealized		Credit Losses	
			Losses	Credit Losses		
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	
	<u>\$ 81,569</u>	<u>\$ 122</u>	<u>\$ (118)</u>	<u>\$ —</u>	<u>\$ 81,573</u>	
Classified as:						
Short-term investments					\$ 41,693	
Long-term investments					39,880	
					<u>\$ 81,573</u>	

There have been no impairments of the Company's assets measured and carried at fair value during the years ended December 31, 2025 or 2024.

7. Stock-Based Compensation

Stock Option, Restricted Stock Units and Equity Incentive Plans

The Company has historically had various stock incentive plans and agreements that provide for the issuance of non-qualified and incentive stock options and restricted stock units as well as other equity awards. Such awards may be granted by the Company's Board of Directors to certain of the Company's employees, directors and consultants.

Options granted to employees and non-employees under these plans expire no later than ten years from the date of grant. Options and restricted stock units generally become exercisable or vest over a four year period (other than options and restricted stock units awarded annually to non-employee directors, which generally vest over one year, and options and restricted stock units awarded to non-employee directors upon initial appointment to the Vericel Board of Directors, which generally vest over a three year period), under a graded-vesting methodology for stock options and annually on the anniversary grant date for restricted stock units, following the date of grant. The Company generally issues new shares upon the exercise of stock options or vesting of restricted stock units.

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.

As of December 31, 2025, there were 5,060,613 shares available for future grant under the Amended and Restated 2022 Plan.

Stock Compensation Expense

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

(in thousands)	Years Ended December 31,		
	2025	2024	2023
Cost of product sales	\$ 4,217	\$ 3,911	\$ 2,970
Research and development	4,680	4,068	3,705
Selling, general and administrative	29,870	28,516	25,650
Total non-cash stock-based compensation expense	\$ 38,767	\$ 36,495	\$ 32,325

Service-Based Stock Options

The fair value of each service-based stock option grant for the reported periods is estimated on the date of the grant using the Black-Scholes option-pricing model using the assumptions noted in the following table:

Service-Based Stock Options	Year Ended December 31,		
	2025	2024	2023
Expected dividend rate	—%	—%	—%
Expected stock price volatility	54.2 - 58.2%	57.3 - 62.5%	62.5 - 66.7%
Risk-free interest rate	3.6 - 4.5%	3.4 - 4.7%	3.40 - 4.7%
Expected life (years)	5.3	5.5	5.5
Weighted-average grant date fair value	\$28.18	\$28.05	\$18.85

The following table summarizes the activity for service-based stock options for the indicated periods:

Service-Based Stock Options	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Thousands)
Outstanding at December 31, 2024	5,764,107	\$ 31.22	6.1	\$ 137,365
Granted	620,373	51.34		
Exercised	(675,645)	18.48		
Expired	(81,074)	36.84		
Forfeited	(85,220)	35.29		
Outstanding at December 31, 2025	5,542,541	\$ 34.88	5.7	\$ 42,291
Exercisable at December 31, 2025	4,439,220	\$ 32.09	5.0	\$ 41,007

As of December 31, 2025, 5,412,478 shares are vested and expected to vest. As of December 31, 2025, there was approximately \$16.5 million of total unrecognized compensation cost related to non-vested service-based stock options granted under the Amended and Restated 2022 Plan and the Prior Plans. That cost is expected to be recognized over a weighted-average period of 2.7 years.

The total intrinsic value of stock options exercised for the years ended December 31, 2025, 2024, and 2023 was \$19.4 million, \$50.1 million and \$7.5 million, respectively.

Restricted Stock Units

The following table summarizes the activity for restricted stock units for the indicated periods:

Restricted Stock Units	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2024	1,135,261	\$ 40.80
Granted	607,991	50.48
Vested	(401,140)	40.78
Forfeited	(158,117)	45.41
Unvested at December 31, 2025	1,183,995	\$ 45.17

The weighted-average grant-date fair value of restricted stock units granted during the years ended December 31, 2025, 2024, and 2023 was \$50.48, \$48.20 and \$30.36, respectively.

At December 31, 2025 the total unrecognized compensation cost related to the restricted stock units was \$30.3 million, and the weighted-average period over which that cost is expected to be recognized was 2.6 years. The total fair value of restricted stock units vested in the years ended December 31, 2025 and 2024 was \$20.9 million and \$15.7 million respectively.

Employee Stock Purchase Plan

Employees are able to purchase stock under the ESPP. The ESPP allows for the issuance of an aggregate of 2.0 million shares of common stock of which 935,238 have been issued since the inception of the benefit in 2015. Participation in this plan is available to substantially all employees. The ESPP is a compensatory plan accounted for under the expense recognition provisions of the share-based payment accounting standards. Compensation expense is recorded based on the fair market value of the purchase options at the grant date, which corresponds to the first day of each purchase period and is amortized over the purchase period.

8. Revolving Credit Agreement

On July 29, 2022, the Company, as borrower, entered into a \$150.0 million five-year senior secured revolving credit agreement by and among the Company, the other loan parties thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent (the "Revolving Credit Agreement"). The Revolving Credit Agreement includes a

\$15.0 million sub-facility for the issuance of letters of credit, of which the Company is utilizing approximately \$6.0 million. Amounts available under the Revolving Credit Agreement are for the working capital needs and other general corporate purposes of the Company. The Company incurred and capitalized approximately \$1.1 million of debt issuance costs related to the Revolving Credit Agreement.

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

The Company is permitted to voluntarily prepay borrowings under the Revolving Credit Agreement, in whole or in part, without premium or penalty. On any business day on which the total amount of outstanding Revolving Loans (as defined in the Revolving Credit Agreement) and letters of credit exceeds the total Revolving Commitments (as defined in the Revolving Credit Agreement), the Company must prepay the Revolving Loans in an amount equal to such excess. As of December 31, 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. 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)	Year Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 16,518	\$ 10,362	\$ (3,182)
Basic weighted-average common shares outstanding	50,340	48,848	47,590
Effect of dilutive stock options and restricted stock units	1,811	2,831	—
Diluted weighted-average common shares outstanding	52,151	51,679	47,590
Basic income (loss) per common share	\$ 0.33	\$ 0.21	\$ (0.07)
Diluted income (loss) per common share	\$ 0.32	\$ 0.20	\$ (0.07)
Anti-dilutive shares excluded from diluted net income (loss) per common share:			
Stock options	2,527	1,887	6,717
Restricted stock units	410	23	931

10. 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, 2023 to December 31, 2025.

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

(In thousands)	December 31, 2025				December 31, 2024			
	Total	Fair value measurement category			Total	Fair value measurement category		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets:								
Money market funds	\$ 38,110	\$ 38,110	\$ —	\$ —	\$ 43,307	\$ 43,307	\$ —	\$ —
Commercial paper ^(a)	7,111	—	7,111	—	1,953	—	1,953	—
Corporate notes	83,034	—	83,034	—	71,763	—	71,763	—
U.S. government agency bonds	10,651	—	10,651	—	7,857	—	7,857	—
U.S. government securities ^(a)	47,766	—	47,766	—	16,150	—	16,150	—
Total assets	\$ 186,672	\$ 38,110	\$ 148,562	\$ —	\$ 141,030	\$ 43,307	\$ 97,723	\$ —
Liabilities:								
Deferred compensation plan liabilities	\$ 1,422	\$ —	\$ 1,422	\$ —	\$ 306	\$ —	\$ 306	\$ —
Total liabilities	\$ 1,422	\$ —	\$ 1,422	\$ —	\$ 306	\$ —	\$ 306	\$ —

^(a) Approximately \$47.8 million of U.S. government securities and \$2.0 million of commercial paper had an original maturity of 90 days or less and were recorded as a cash equivalent as of December 31, 2025. Approximately \$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 December 31, 2024.

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.

11. Income Taxes

The components of income (loss) before income taxes are summarized as follows:

(In thousands)	Year Ended December 31,		
	2025	2024	2023
U.S.	\$ 17,471	\$ 10,580	\$ (2,381)
Foreign	(94)	(70)	13
Income (loss) before income taxes	\$ 17,377	\$ 10,510	\$ (2,368)

Provision for income taxes consisted of the following:

(In thousands)	Year Ended December 31,
	2025
Federal	\$ —
State	859
International	—
Total	\$ 859

During the year ended December 31, 2025, the Company adopted ASU 2023-09 to enhance income taxes disclosures regarding incomes taxes paid and the rate reconciliation disclosures.

Income taxes paid, net of refunds, consisted of the following:

(In thousands)	Year Ended December 31,
	2025
Federal	\$ —
State	580
Foreign	—
Total income taxes paid, net of refunds	\$ 580

Income taxes paid, net of refunds, exceeded 5 percent of the total income taxes paid in the following jurisdictions:

(In thousands)	Year Ended December 31,
	2025
State	
California	\$ 136
New York	135
Massachusetts	84
Tennessee	76
Louisiana	45
Georgia	37
Other	67
Total	\$ 580

A reconciliation of income taxes computed using the U.S. federal statutory rate to the taxes reported in the consolidated statements of operations is as follows:

(In thousands)	December 31, 2025	
	Amount	Percent
Income before income taxes	\$ 17,377	
U.S. Federal Statutory Tax Rate	3,649	21.0 %
State and Local Income taxes, Net of Federal Income Tax Effect ^(a)	859	4.9 %
Effect of change in tax laws or rates enacted in the current period	—	— %
Tax Credits		
Research and development tax credits	(2,310)	(13.3)%
Changes in Valuation Allowances	(2,175)	(12.5)%
Nontaxable or Nondeductible items		
Stock Compensation	(2,856)	(16.4)%
Officers Compensation - 162(m)	3,510	20.2 %
Other	182	1.0 %
Effective Tax Rate	\$ 859	4.9 %

^(a) State taxes in California, New York and Massachusetts make up the majority (greater than 50%) of the tax effect in this category.

(In thousands)	Year Ended December 31,	
	2024	2023
Income (loss) before income taxes	\$ 10,510	\$ (2,368)
Federal statutory rate	21 %	21 %
Taxes computed at federal statutory rate	2,207	(497)
State and local income taxes	381	(389)
Nondeductible stock-based compensation	(6,547)	(586)
Federal and state rate change	1,090	(704)
Research and orphan drug credits	(156)	362
Other	402	162
Deferred tax adjustment	7,374	—
Change in valuation allowance	(4,603)	2,466
Reported income taxes	\$ 148	\$ 814

Deferred tax assets (liabilities) consist of the following:

(In thousands)	Year Ended December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	\$ 9,462	\$ 15,481
Employee benefits and stock-based compensation	20,050	18,606
Research and development costs	—	4,778
Intangible assets	327	786
Operating lease liabilities	22,887	20,664
Inventory reserve	5,093	2,540
Tax credit carryforward	13,222	10,937
Other, net	5	3
Total deferred tax assets	71,046	73,795
Less: valuation allowance	(41,195)	(45,153)
Total net deferred tax assets	29,851	28,642
Deferred tax liabilities:		
Right-of-use assets	(16,742)	(18,056)
Property and equipment, net	(13,109)	(10,586)
Total net deferred tax liabilities	(29,851)	(28,642)
Net deferred tax assets and liabilities	\$ —	\$ —

As of December 31, 2025, the Company had U.S. federal net operating loss carryforwards of \$36.3 million, of which \$6.2 million begin to expire in 2033 and the remainder do not expire but are subject to 80% limitation. As of December 31, 2025, the Company had state net operating loss carryforwards of \$15.2 million that begin to expire in 2030. The projected annual limitation on the use of the net operating losses that existed prior to September 17, 2014, resulting from the Company's change in control in 2014 per Section 382 of the Internal Revenue Code is \$0.8 million. As a result, a portion of the net operating losses and tax credit carryforwards may expire prior to their utilization. As of December 31, 2025, the Company's U.S. federal tax credit carryforwards available to offset future profits are \$13.2 million. These credit carryforwards expire between 2026 and 2044.

In accordance with the accounting guidance for income taxes, the Company estimates whether recoverability of its deferred tax assets is "more likely than not", based on forecasts of taxable income in the related tax jurisdictions. In this estimate, the Company uses historical results, projected future operating results based upon approved business plans, eligible carry forward periods, tax planning opportunities and other relevant considerations. Based on these factors, including historical losses incurred by the Company, a full valuation allowance for the deferred tax assets, including the deferred tax assets for the aforementioned net operating losses and credits has been provided, since they are not more likely than not to be realized. If sufficient positive evidence exists in future periods to support a release of some or all of the valuation allowance, such a release would likely have a material impact on the Company's results of operations. The change in the valuation allowance was a decrease of \$4.0 million and \$4.6 million for the years ended December 31, 2025 and 2024, respectively.

The Company assesses uncertain tax positions in accordance with the guidance for accounting for uncertain tax positions. This pronouncement prescribes a recognition threshold and measurement methodology for recording within the consolidated financial statements uncertain tax positions taken, or expected to be taken, in the Company's income tax returns. To the extent the uncertain tax positions do not meet the "more likely than not" threshold, the Company derecognizes such positions. To the extent the uncertain tax positions meet the "more likely than not" threshold, the Company measures and records the highest probable benefit, and establishes appropriate reserves for benefits that exceed the amount likely to be sustained upon examination. The Company currently has not recorded any uncertain tax positions and does not anticipate that unrecognized tax benefits will significantly increase or decrease within the next twelve months.

The Company files U.S. federal and state income tax returns with varying statutes of limitations. During the year ended December 31, 2020, examinations by U.S. tax authorities were completed for 2017 and 2018. During the year ended December 31, 2025, examinations by U.S. tax authorities were completed for 2021. Due to the Company's net operating loss

carryforwards, federal income tax returns from incorporation are still subject to examination. The Company files in several state tax jurisdictions and is subject to examination in years ranging from incorporation to 2025.

On July 4, 2025, the One Big Beautiful Act (“OBBBA”), was signed into law. Included in this legislation are provisions that allow for the immediate expensing of domestic U.S. research and development expenses, a general requirement to reduce the deduction for research and development expense by any research credit taken, and reinstates 100% bonus depreciation on qualified property placed in service after January 19, 2025. The company has incorporated the impact of the enacted legislation and has determined there is no material impact to the company’s consolidated financial statements.

12. Employee Benefit Plans

401(k) Plan

The Company has a 401(k) savings plan that allows participating employees to contribute a portion of their salary, subject to annual limits and minimum qualifications. The Board may, at its sole discretion, approve Company matching contributions to the plan. The Company made contributions of \$1.5 million, \$1.3 million and \$1.2 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Non-Qualified Deferred Compensation Plan

The Company has a deferred compensation plan which is a non-qualified deferred compensation plan that is intended to comply with Section 409A of the Code, for its non-employee directors, a select group of executive officers, senior management and highly compensated employees of the Company. Eligible employees may elect to contribute up to 75% of their annual base salary and 100% of their annual bonus, restricted stock units and/or director fees earned to the deferred compensation plan, and such employee contributions are 100% vested. The calculation of the deferred compensation plan obligation is derived from observable market data by reference to hypothetical investments selected by the participants. The deferred compensation plan obligations are payable in cash upon retirement, termination of employment and/or certain other times in lump-sum distribution or in installments, as elected by the participant in accordance with the plan. As of December 31, 2025 the deferred compensation plan liabilities total \$1.4 million and are recorded in accrued expenses and other long-term liabilities.

13. NexoBrid License and Supply Agreements

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

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

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

Additionally, the Company is obligated to pay MediWound up to \$125.0 million, which is contingent upon meeting certain sales milestones. The first sales milestone payment of \$7.5 million would be triggered when annual net sales of NexoBrid or improvements to NexoBrid in North America exceed \$75.0 million. As of December 31, 2025, the sales milestone payments are not yet probable and therefore, not recorded as a liability. The Company pays MediWound tiered royalties on net sales ranging from mid-high single-digit to mid-teen percentages, subject to customary reductions. Pursuant to the terms of the Company’s supply agreement with MediWound, MediWound is manufacturing, and will continue to manufacture NexoBrid for the Company on a unit price basis, which may be increased pursuant to the terms of the supply agreement. MediWound 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. 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.

14. Commitments and Contingencies

Legal Proceedings

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 consolidated financial statements.

As of December 31, 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.

Manufacturing and Supply Agreements

Matricel — On July 1, 2023, the Company renewed its long-term supply agreement with Matricel GmbH (“Matricel”) for the supply of ACI-Maix collagen membranes used in the manufacture of MACI (the “Matricel Supply Agreement”). In the event Matricel is unable to supply the membranes, the Company may license the technology and procure the membranes from another source. The Matricel Supply Agreement provides that Matricel will supply the ACI-Maix membranes exclusively to the Company during the term of the agreement. The Matricel Supply Agreement is effective until December 31, 2030, with an option to extend its term for three additional years to December 31, 2033. Thereafter, the Matricel Supply Agreement may be renewed for additional three-year periods. Under the terms of the Matricel Supply Agreement, the Company has committed to annual minimum purchase values totaling approximately €12.5 million over the eight-year term.

Manufacture, Supply and Other Agreements — The Company has entered into various agreements relating to the manufacture of its products and the supply of certain components. If the manufacturing or supply agreements expire or are otherwise terminated, the Company may not be able to identify and obtain ancillary materials that are necessary to develop its products and such expiration and termination could have a material effect on the Company’s business.

The Company’s purchase commitments consist of minimum purchase amounts of raw materials and finished goods used in the Company’s cell manufacturing process to manufacture its marketed cell therapy products. In addition, the Company also pays for usage of offsite warehouse space.

Future minimum purchase commitments related to the Company’s contractual obligations are as follows:

Contractual Obligations (In thousands)	Payments Due by Period						
	Total	2026	2027	2028	2029	2030	More than 5 Years
Purchase commitments	\$ 15,789	\$ 7,331	\$ 2,035	\$ 2,141	\$ 2,141	\$ 2,141	\$ —
Warehouse operating agreement	741	741	—	—	—	—	—
Total	\$ 16,530	\$ 8,072	\$ 2,035	\$ 2,141	\$ 2,141	\$ 2,141	\$ —

15. 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 accounting policies, as described in Note 2, “Summary of Significant Accounting Policies” apply to the reportable segment.

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.

The Company’s revenues are generated in the U.S. and the Company’s long-lived assets, which consist primarily of property and equipment and right-of-use assets, are located in U.S.

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:

(in thousands)	Year Ended December 31,		
	2025	2024	2023
Selling and marketing	\$ 90,202	\$ 82,142	\$ 69,007
General and administrative	76,790	60,649	51,991
Total selling, general and administrative expenses	\$ 166,992	\$ 142,791	\$ 120,998

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management of the Company, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the Company's CEO and CFO (its "Certifying Officers") concluded that the Company's disclosure controls and procedures were effective as of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed under the supervision of our CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Management of the Company evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework* (2013). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as attested to in their report which appears in Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 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).

Item 9B. Other Information

Rule 10b5-1 Trading Plans

During the three months ended December 31, 2025, the following Section 16 officers and directors adopted, modified or terminated a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act):

- On December 2, 2025, Joseph Mara, Vericel Corporation's Chief Financial Officer, entered into a Rule 10b5-1 trading arrangement providing for the potential sale of up to 160,000 shares of our common stock between March 2, 2026, and March 5, 2027; and
- On December 2, 2025, Michael Halpin, Vericel Corporation's Chief Operating Officer, entered into a Rule 10b5-1 trading arrangement providing for the potential sale of up to 49,575 shares of our common stock between March 2, 2026, and February 26, 2027; and
- On December 2, 2025, Sean Flynn, Vericel Corporation's Chief Legal Officer, entered into a Rule 10b5-1 trading arrangement providing for the potential sale of up to 71,825 shares of our common stock between March 2, 2026 and November 6, 2026, and terminated a prior Rule 10b5-1 trading arrangement dated March 5, 2025; and
- On December 4, 2025, Heidi Hagen, a member of the Vericel Corporation Board of Directors, entered into a Rule 10b5-1 trading arrangement providing for the potential sale of up to 17,500 shares of our common stock between March 30, 2026, and May 28, 2027; and

- On December 10, 2025, Jonathan Siegal, Vericel Corporation’s Principal Accounting Officer, entered into a 10b5-1 Plan providing for the potential sale of up to 63,136 shares of our common stock between March 10, 2026 and November 6, 2026.

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 December 31, 2025 by our Section 16 officers or directors.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required by this item will be included in our Definitive Proxy Statement with respect to our 2026 Annual Meeting of Shareholders to be filed with the SEC no later than 120 days after the close of our year ended December 31, 2025, and is incorporated herein by reference.

Item 11. *Executive Compensation*

The information required with respect to this item will be incorporated herein by reference to our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders or an amendment of this report to be filed with the SEC no later than 120 days after the close of our year ended December 31, 2025.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters*

The information required with respect to this item will be incorporated herein by reference to our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders or an amendment of this report to be filed with the SEC no later than 120 days after the close of our year ended December 31, 2025.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required with respect to this item will be incorporated herein by reference to our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders or an amendment of this report to be filed with the SEC no later than 120 days after the close of our year ended December 31, 2025.

Item 14. *Principal Accountant Fees and Services*

The information required with respect to this item will be incorporated herein by reference to our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders or an amendment of this report to be filed with the SEC no later than 120 days after the close of our year ended December 31, 2025.

PART IV

Item 15. *Exhibit and Financial Statement Schedules*

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements (see [Item 8](#)).
2. All information is included in the Consolidated Financial Statements or Notes thereto.
3. Exhibits:
See [Exhibit Index](#).

Item 16. *Form 10-K Summary*

None.

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
10.1 #	Form of Indemnification Agreement entered into between the Company and each of its directors.	8-K	000-22025	10.1	August 31, 2010
10.2 #	Senior Executive Incentive Bonus Plan.	8-K	000-22025	10.3	March 25, 2011
10.3	Asset Purchase Agreement, dated as of April 19, 2014, by and between the Company and Sanofi.	8-K	001-35280	2.1	April 23, 2014
10.4 #	Second Amended and Restated 2009 Omnibus Incentive Plan, Lease Agreement, dated October 21, 2020, by and between the Company and Up 64 Sidney Street, LLC, as amended.	Sch. 14A	001-35280	Appendix II	October 21, 2014
10.5	Lease Agreement, dated January 28, 2022, by and between the Company and NDB Property Owner 2, L.P.	10-K	001-35280	10.7	February 24, 2021
10.6	First Amendment to the Lease Agreement by and between the Company and NDB Property Owner 2, L.P., dated November 6, 2024.	10-K	001-35280	10.7	February 27, 2025
10.7	Vericel Corporation 2015 Employee Stock Purchase Plan.	Sch. 14A	001-35280	Appendix I	March 25, 2015
10.8 #	Vericel Corporation Amended and Restated 2015 Employee Stock Purchase Plan.	8-K	001-35280	10.2	May 2, 2025
10.9 #	First Amendment to Executive Employment Agreement by and between Dominick C. Colangelo and the Company, dated September 14, 2017.	8-K	001-35280	10.1	September 19, 2017
10.10 #	Amended and Restated Non-Employee Director Compensation Guidelines (revised April 30, 2025).	10-Q	001-35280	10.1	July 31, 2025
10.11	Amended and Restated ACI-Maix Supply Agreement, dated March 17, 2018, as amended, by and between the Company and Matricel GMBH.	10-Q	001-35280	10.1	May 8, 2018
10.12 †	2017 Omnibus Incentive Plan.	Sch. 14A	001-35280	Appendix I	March 20, 2017
10.13 #	Form of Incentive Stock Option Award Agreement under the 2017 Omnibus Incentive Plan.	10-K	001-35280	10.49	February 26, 2019
10.14 #	Form of Non-Employee Director Award Agreement under the 2017 Omnibus Incentive Plan.	10-K	001-35280	10.5	February 26, 2019
10.15 #	Form of Restricted Stock Unit Award Agreement under the 2017 Omnibus Incentive Plan.	10-K	001-35280	10.51	February 26, 2019
10.16 #	Vericel Corporation Amended and Restated 2019 Omnibus Incentive Plan.	8-K	001-35280	10.1	May 1, 2020
10.17 #	Form of Current Employee Incentive Stock Option Agreement under the 2019 Omnibus Incentive Plan (amended February 15, 2022).	10-Q	001-35280	10.2	May 4, 2022
10.18 #	Form of New Hire Incentive Stock Option Award Agreement under the 2019 Omnibus Incentive Plan (amended February 15, 2022).	10-Q	001-35280	10.3	May 4, 2022

Exhibit Number	Description of Exhibits	Incorporated by Reference			
		Form	File Number	Exhibit	Filing Date
10.20 #	Form of Non-Qualified Stock Option Award Agreement for Non-Employee Directors under the 2019 Omnibus Incentive Plan (amended February 15, 2022).	10-Q	001-35280	10.4	May 4, 2022
10.21 #	Vericel Corporation 2022 Omnibus Incentive Plan.	8-K	001-35280	10.1	April 29, 2022
10.22 #	Vericel Corporation Amended and Restated 2022 Omnibus Incentive Plan.	8-K	001-35280	10.1	May 2, 2025
10.23 #	Vericel Corporation Deferred Compensation Plan.	10-Q	001-35280	10.1	August 2, 2023
10.24 #	Vericel Corporation 2022 Omnibus Incentive Plan Restricted Stock Unit Award (Deferred) Agreement for Non-Employee Directors.	10-Q	001-35280	10.2	August 2, 2023
10.25 #	Form of New Hire Incentive Stock Option Agreement under the 2022 Omnibus Incentive Plan amended July 25, 2023.	10-Q	001-35280	10.1	November 8, 2023
10.26 #	Form of Current Employee Incentive Stock Option Agreement under the 2022 Omnibus Incentive Plan amended July 25, 2023.	10-Q	001-35280	10.2	November 8, 2023
10.27 #	Form of Non-Qualified Stock Option Award Agreement for Non-Employee Directors under the 2022 Omnibus Incentive Plan amended July 25, 2023.	10-Q	001-35280	10.3	November 8, 2023
10.28 #	Form of Restricted Stock Unit Award Agreement for Employees under the 2022 Omnibus Plan, amended February 21, 2024.	10-Q	001-35280	10.1	May 8, 2024
10.29 †	License Agreement between the Company and MediWound LTD., dated May 6, 2019.	10-Q	001-35280	10.9	August 6, 2019
10.30 †	Supply Agreement between the Company and MediWound LTD., dated May 6, 2019.	10-Q	001-35280	10.1	August 6, 2019
10.31 #	First Amendment to Executive Employment Agreement, executed and effective June 3, 2019, by and between the Company and Michael Halpin.	10-Q	001-35280	10.12	August 6, 2019
10.32 #	Employment Agreement, dated January 25, 2021, by and between the Company and Joseph Mara.	8-K	001-35280	10.1	January 25, 2021
10.33 #	Employment Agreement, dated November 4, 2019, by and between the Company and Sean Flynn.	10-K	001-35280	10.43	February 24, 2021
10.34 #	Employment Agreement, dated August 20, 2018, by and between the Company and Dr. Jonathan M. Hopper.	10-K	001-35280	10.44	February 24, 2021
10.35 #	Employment Agreement, by and between Karen Mahoney and the Company, dated July 24, 2024.	10-Q	001-35280	10.1	May 8, 2025
10.36	Eighth Amendment to the Distribution Agreement between Orsini Pharmaceutical Services, Inc. and the Company, dated May 15, 2022.	10-Q	001-35280	10.5	August 3, 2022
10.37	Ninth Amendment to the Distribution Agreement between Orsini Pharmaceutical Services, Inc. and the Company, dated May 15, 2024.	10-K	001-35280	10.34	February 27, 2025
10.38	Tenth Amendment to the Distribution Agreement between Orsini Pharmaceutical Services, Inc. and the Company, dated July 1, 2024.	10-Q	001-35280	10.2	August 1, 2024
10.39 †	Eleventh Amendment to the Distribution Agreement between Orsini Pharmaceutical Services, Inc. and the Company, dated July 31, 2024.	10-Q	001-35280	10.1	November 7, 2024
10.40	Third Amendment to the Dispensing Agreement between AllCare Plus Pharmacy, Inc. and the Company, dated May 16, 2022.	10-Q	001-35280	10.6	August 3, 2022
10.41 †	Fourth Amendment to the Dispensing Agreement between AllCare Plus Pharmacy, Inc. and the Company, dated June 1, 2024.	10-Q	001-35280	10.1	August 1, 2024

Exhibit Number	Description of Exhibits	Incorporated by Reference			
		Form	File Number	Exhibit	Filing Date
10.42 †	Revolving Credit Agreement, dated as of July 29, 2022, by and among Vericel Corporation, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent, sole bookrunner and sole lead arranger.	10-Q	001-35280	10.12	November 9, 2022
10.43	Insider Trading Policy.	10-K	001-35280	19	February 27, 2025
21.1**	Subsidiaries of Registrant.				
23.1**	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				
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.				
97	Policy for Recoupment of Erroneously Awarded Incentive Compensation.	10-K	001-35280	97	February 29, 2024
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).				

Management contract or compensatory plan or arrangement covering executive officers or directors of Vericel.

† Confidential treatment status has been granted as to certain portions thereto, which portions are omitted and filed separately with the Securities and Exchange Commission.

* Furnished herewith.

** Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 26, 2026

Vericel Corporation

/s/ DOMINICK C. COLANGELO

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on behalf of the registrant on February 26, 2026 by the following persons in the capacities indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ DOMINICK C. COLANGELO</u> Dominick C. Colangelo	<i>President and Chief Executive Officer, Director</i> <i>(Principal Executive Officer)</i>
<u>/s/ JOSEPH A. MARA</u> Joseph A. Mara	<i>Chief Financial Officer</i> <i>(Principal Financial Officer)</i>
<u>/s/ JONATHAN D. SIEGAL</u> Jonathan D. Siegal	<i>Vice President and Corporate Controller</i> <i>(Principal Accounting Officer)</i>
<u>/s/ ROBERT L. ZERBE, M.D.</u> Robert L. Zerbe, M.D.	<i>Chairman of the Board of Directors</i>
<u>/s/ ALAN L. RUBINO</u> Alan L. Rubino	<i>Director</i>
<u>/s/ HEIDI M. HAGEN</u> Heidi M. Hagen	<i>Director</i>
<u>/s/ KEVIN F. MCLAUGHLIN</u> Kevin F. McLaughlin	<i>Director</i>
<u>/s/ PAUL K. WOTTON</u> Paul K. Wotton	<i>Director</i>
<u>/s/ LISA WRIGHT</u> Lisa Wright	<i>Director</i>

SUBSIDIARIES OF REGISTRANT

Vericel Denmark ApS, a Danish private limited company
Vericel Security Corporation, a Massachusetts corporation
Vericel UK Limited

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-281607) and on Form S-8 (Nos. 333-287079, 333-287076, 333-241700, 333-264747, 333-217741, 333-205338, 333-187346, 333-174758, 333-163832, 333-140624, 333-121006, 333-231163, and 333-272119) of Vericel Corporation of our report dated February 26, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

February 26, 2026

CERTIFICATION

I, Dominick C. Colangelo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vericel Corporation for the year ended December 31, 2025;
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: February 26, 2026

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

CERTIFICATION

I, Joseph Mara, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vericel Corporation for the year ended December 31, 2025;
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: February 26, 2026

/s/ JOSEPH MARA

Joseph Mara
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Annual Report of Vericel Corporation (Company) on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (Report), each of the undersigned officers of the Company, certify, 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: February 26, 2026

/s/ DOMINICK C. COLANGELO

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

/s/ JOSEPH MARA

Joseph Mara
Chief Financial Officer
(Principal Financial Officer)

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