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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED: March 31, 2025**

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

**Commission File Number 001-35280**

**VERICEL CORPORATION**

(Exact name of registrant as specified in its charter)

**Michigan**

(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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of May 1, 2025, 50,342,969 shares of Common Stock, no par value per share, were outstanding.

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

## Item 1. Financial Statements (Unaudited)

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

	March 31, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 73,490	\$ 74,520
Restricted cash	6,215	10,529
Short-term investments	39,412	41,693
Accounts receivable (net of allowance for doubtful accounts of \$3 and \$10, respectively)	52,899	61,375
Inventory	17,106	17,373
Other current assets	8,518	7,287
Total current assets	<u>197,640</u>	<u>212,777</u>
Property and equipment, net	108,294	103,161
Intangible assets, net	6,094	6,250
Right-of-use assets	68,716	70,098
Long-term investments	43,342	39,880
Other long-term assets	501	556
Total assets	<u>\$ 424,587</u>	<u>\$ 432,722</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 16,751	\$ 23,848
Accrued expenses	11,418	17,065
Current portion of operating lease liabilities	11,163	9,257
Other current liabilities	116	116
Total current liabilities	<u>39,448</u>	<u>50,286</u>
Operating lease liabilities	87,804	89,593
Other long-term liabilities	1,848	876
Total liabilities	<u>129,100</u>	<u>140,755</u>
COMMITMENTS AND CONTINGENCIES (Note 12)		
Shareholders' equity:		
Common stock, no par value; shares authorized — 75,000; shares issued and outstanding — 50,252 and 49,628, respectively	699,412	684,778
Accumulated other comprehensive gain (loss)	136	4
Accumulated deficit	<u>(404,061)</u>	<u>(392,815)</u>
Total shareholders' equity	<u>295,487</u>	<u>291,967</u>
Total liabilities and shareholders' equity	<u>\$ 424,587</u>	<u>\$ 432,722</u>

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

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

	Three Months Ended March 31,	
	2025	2024
Product sales, net	\$ 52,598	\$ 51,281
Total revenue	52,598	51,281
Cost of product sales	16,325	15,927
Gross profit	36,273	35,354
Research and development	7,261	6,418
Selling, general and administrative	41,804	34,400
Total operating expenses	49,065	40,818
Loss from operations	(12,792)	(5,464)
Other income (expense):		
Interest income	1,657	1,762
Interest expense	(153)	(153)
Other income (expense)	42	(7)
Total other income	1,546	1,602
Net loss	\$ (11,246)	\$ (3,862)
Net loss per common share:		
Basic and diluted	\$ (0.23)	\$ (0.08)
Weighted-average common shares outstanding:		
Basic and diluted	49,905	48,141

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

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

	<u>Three Months Ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net loss	\$ (11,246)	\$ (3,862)
Other comprehensive income (loss):		
Unrealized gain (loss) on investments	132	(145)
Comprehensive loss	<u>\$ (11,114)</u>	<u>\$ (4,007)</u>

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

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

	Common Stock		Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
BALANCE, DECEMBER 31, 2024	49,628	\$ 684,778	\$ 4	\$ (392,815)	\$ 291,967
Net loss	—	—	—	(11,246)	(11,246)
Stock-based compensation expense	—	11,505	—	—	11,505
Stock option exercises	398	9,158	—	—	9,158
Shares issued under the Employee Stock Purchase Plan	7	251	—	—	251
Issuance of stock for restricted stock unit vesting	332	—	—	—	—
Restricted stock withheld for employee tax remittance	(113)	(6,280)	—	—	(6,280)
Unrealized gain on investments	—	—	132	—	132
BALANCE, MARCH 31, 2025	50,252	\$ 699,412	\$ 136	\$ (404,061)	\$ 295,487

	Common Stock		Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
BALANCE, DECEMBER 31, 2023	47,829	\$ 629,229	\$ (100)	\$ (403,177)	\$ 225,952
Net loss	—	—	—	(3,862)	(3,862)
Stock-based compensation expense	—	9,834	—	—	9,834
Stock option exercises	487	6,779	—	—	6,779
Shares issued under the Employee Stock Purchase Plan	9	247	—	—	247
Issuance of stock for restricted stock unit vesting	265	—	—	—	—
Restricted stock withheld for employee tax remittance	(101)	(4,909)	—	—	(4,909)
Unrealized loss on investments	—	—	(145)	—	(145)
BALANCE, MARCH 31, 2024	48,489	\$ 641,180	\$ (245)	\$ (407,039)	\$ 233,896

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

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

	Three Months Ended March 31,	
	2025	2024
Operating activities:		
Net loss	\$ (11,246)	\$ (3,862)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization expense	2,686	1,378
Stock-based compensation expense	11,505	9,834
Amortization of premiums and discounts on marketable securities	(119)	(102)
Amortization of debt issuance costs	54	54
Non-cash lease costs	1,382	1,771
Other	4	7
Changes in operating assets and liabilities:		
Inventory	267	(470)
Accounts receivable	8,476	8,422
Other current assets	(1,231)	(922)
Accounts payable	(551)	(4,883)
Accrued expenses	(5,721)	(6,198)
Operating lease liabilities	117	2,119
Other non-current assets and liabilities, net	977	54
Net cash provided by operating activities	6,600	7,202
Investing activities:		
Purchases of investments	(13,430)	(22,555)
Sales and maturities of investments	12,500	11,120
Expenditures for property and equipment	(14,212)	(14,017)
Net cash used in investing activities	(15,142)	(25,452)
Financing activities:		
Net proceeds from common stock issuance	9,409	7,026
Payments on employee's behalf for taxes related to vesting of restricted stock unit awards	(6,207)	(4,900)
Other	(4)	—
Net cash provided by financing activities	3,198	2,126
Net decrease in cash, cash equivalents, and restricted cash	(5,344)	(16,124)
Cash, cash equivalents, and restricted cash at beginning of period	85,049	86,866
Cash, cash equivalents, and restricted cash at end of period	\$ 79,705	\$ 70,742

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

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Supplemental disclosure of cash flow information:</b>		
Non-cash information:		
Right-of-use asset and lease liability recognized	\$ —	\$ 1,991
Additions to property and equipment included in accounts payable	5,347	12,115
Restricted stock held for employee tax remittance included in accounts payable	73	9
<b>Reconciliation to amounts within the condensed consolidated balance sheets:</b>		
Cash and cash equivalents	\$ 73,490	\$ 62,938
Restricted cash	6,215	7,804
<b>Total cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 79,705</b>	<b>\$ 70,742</b>

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

**VERICEL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## **1. Organization**

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

MACI (autologous cultured chondrocytes on porcine collagen membrane) is an autologous cellularized scaffold product that is indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. 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<sup>™</sup> 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 United States during the third quarter of 2024 and the Company began selling the MACI Arthro instruments at that time.

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

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

### ***Liquidity***

The accompanying condensed consolidated financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As of March 31, 2025, the Company had an accumulated deficit of \$404.1 million and had a net loss of \$11.2 million during the three months ended March 31, 2025. The Company had cash and cash equivalents of \$73.5 million and investments of \$82.8 million as of March 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 condensed consolidated financial statements. If revenues decline for a sustained period, the Company may need to access additional capital; however, the Company may not be able to obtain additional financing on acceptable terms or at all. The terms of any additional financing may adversely affect the holdings or the rights of the Company's shareholders.

### ***Concentration of Credit Risk***

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

## 2. Basis of Presentation

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

The financial statements reflect, in the opinion of management, all adjustments (consisting only of normal, recurring adjustments) necessary to state fairly the financial position and results of operations as of and for the periods indicated. The Company bases its estimates on historical experience and on various other assumptions that it believes are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenue and expenses.

The condensed consolidated balance sheet as of December 31, 2024 has been derived from the audited consolidated financial statements at that date, but does not include all the information and notes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 27, 2025 (“Annual Report”).

### *Recent Accounting Pronouncements*

No new accounting standards were adopted during the three months ended March 31, 2025. The Company considers the applicability and impact of any recent Accounting Standards Updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”), as noted below:

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, to provide more detailed income tax disclosure requirements. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as information on income taxes paid. The disclosure requirements will be applied on a prospective basis, with the option to apply it retrospectively. The effective date for the standard is for fiscal years beginning after *December 15, 2024*, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its related disclosures.

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

## 3. Revenue

### *Revenue Recognition and Product Sales, Net*

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

#### *MACI Biopsy Kits*

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

### *MACI Arthro Instruments*

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

### *MACI Implants*

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

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

When the Company sells MACI through its specialty pharmacies, the Company is typically reimbursed by a third-party insurer or government payer, subject to a patient co-pay amount. Reimbursements from third-party insurers and government payers vary by patient and payer and are based on either contracted rates, publicly available rates, fee schedules or past payer precedents. Net product revenue is recognized net of estimated contractual allowances, which considers historical collection experience from both the payer and patient, denial rates and the terms of the Company's contractual arrangements. The Company estimates expected collections for these transactions using the portfolio approach. The Company records a reduction to revenue at the time of sale for its estimate of the amount of consideration that will not be collected. In addition, potential credit risk exposure has been evaluated for the Company's accounts receivable in accordance with *ASC 326, Financial Instruments - Credit Losses*. The Company assesses risk and determines a loss percentage by pooling accounts receivable based on similar risk characteristics. The loss percentage is calculated through the use of forecasts that are based on current and historical economic and financial information. This loss percentage was applied to the accounts receivables as of March 31, 2025. The total allowance for uncollectible consideration as of March 31, 2025 and December 31, 2024 was \$5.1 million and \$5.4 million, respectively. Changes to the estimate of the amount of consideration that will not be collected could have a material impact on the revenue recognized. A 50 basis points change to the estimated uncollectible percentage could result in an approximately \$0.5 million decrease or increase in the revenue recognized for the three months ended March 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 period.

### *Epicel*

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

## NexoBrid

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

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

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

### Revenue by Product and Customer

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

Revenue by product (in thousands)	Three Months Ended March 31,	
	2025	2024
<i>MACI implants, kits, and instruments</i>		
Implants based on contracted rate sold through a specialty pharmacy <sup>(a)</sup>	\$ 31,836	\$ 27,196
Implants subject to third party reimbursement sold through a specialty pharmacy <sup>(b)</sup>	2,738	3,253
Implants sold direct based on contracted rates <sup>(c)</sup>	8,421	6,402
Implants sold direct subject to third-party reimbursement <sup>(d)</sup>	1,631	1,185
Biopsy kits and instruments - direct bill	596	565
Change in estimates related to prior periods <sup>(e)</sup>	1,075	1,580
<i>Total MACI implants, kits, and instruments</i>	46,297	40,181
<i>Epicel</i>		
Direct bill (hospital)	4,964	10,664
<i>NexoBrid</i>		
	1,337	436
<b>Total revenue</b>	<b>\$ 52,598</b>	<b>\$ 51,281</b>

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

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

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

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

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

#### 4. Selected Balance Sheet Components

##### *Inventory*

Inventory consisted of the following:

(In thousands)	March 31, 2025	December 31, 2024
Raw materials	\$ 11,832	\$ 12,827
Work-in-process	1,587	1,571
Finished goods	3,687	2,975
Total inventory	<u>\$ 17,106</u>	<u>\$ 17,373</u>

##### *Property and Equipment*

Property and Equipment, net consisted of the following:

(In thousands)	March 31, 2025	December 31, 2024
Machinery and equipment	\$ 12,491	\$ 12,161
Furniture, fixtures and office equipment	4,684	5,109
Computer equipment and software	13,301	12,318
Leasehold improvements	75,507	77,990
Construction in process	25,570	22,482
Total property and equipment, gross	131,553	130,060
Less accumulated depreciation	(23,259)	(26,899)
Total property and equipment, net	<u>\$ 108,294</u>	<u>\$ 103,161</u>

Depreciation expense for the three months ended March 31, 2025 and 2024 was \$2.5 million and \$1.2 million, respectively.

##### *Intangible Assets*

Intangible assets, net consisted of the following:

(In thousands)	Useful Life (in years)	Amortization Method	March 31, 2025			December 31, 2024		
			Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
NexoBrid license	12	Straight-line	\$ 7,500	\$ (1,406)	\$ 6,094	\$ 7,500	\$ (1,250)	\$ 6,250

Amortization expense for the three months ended March 31, 2025 and 2024 was \$0.2 million.

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

(In thousands)	Amount
Remainder of 2025	\$ 469
2026	625
2027	625
2028	625
2029	625
Thereafter	3,125
Total	<u>\$ 6,094</u>

### Accrued Expenses

Accrued Expenses consisted of the following:

(In thousands)	March 31, 2025	December 31, 2024
Bonus-related compensation	\$ 4,077	\$ 10,313
Employee-related accruals	3,896	3,269
Insurance reimbursement-related liabilities	3,054	3,159
Other accrued expenses	391	324
Total accrued expenses	<u>\$ 11,418</u>	<u>\$ 17,065</u>

### 5. Leases

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

On January 28, 2022, the Company entered into a lease agreement (as amended, the “Burlington Lease”) to lease approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts (the “Premises”), which has been under construction. The Burlington facility is substantially complete, and the Company is currently utilizing the facility’s office space. The remaining tenant improvements to the manufacturing suites and related equipment remain ongoing and 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 are 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.

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 three months ended March 31, 2024, the Company recorded a right-of-use asset related to landlord-owned improvements incurred of approximately \$1.8 million.

For the three months ended March 31, 2025 and 2024, lease expense of less than \$0.2 million and \$0.1 million, respectively, was recorded related to short-term leases. For the three months ended March 31, 2025 and 2024, the Company recognized \$3.0 million and \$3.2 million, respectively, of operating lease expense. For the three months ended March 31, 2025, the Company recognized less than \$0.1 million of financing lease expense.

Operating and finance lease assets and liabilities are as follows:

(In thousands)	Classification	March 31, 2025	December 31, 2024
<b>Assets</b>			
Operating	Right-of-use assets	\$ 68,716	\$ 70,098
Finance	Property and equipment, net	686	686
Total leased assets		<u>\$ 69,402</u>	<u>\$ 70,784</u>
<b>Liabilities</b>			
<i>Current</i>			
Operating	Current portion of operating lease liabilities	\$ 11,163	\$ 9,257
Finance	Other current liabilities	116	116
<i>Non-current</i>			
Operating	Operating lease liabilities	\$ 87,804	\$ 89,593
Finance	Other long-term liabilities	566	570
Total leased liabilities		<u>\$ 99,649</u>	<u>\$ 99,536</u>

## 6. Investments

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

(In thousands)	March 31, 2025				
	Amortized Cost	Gross Unrealized		Credit Losses	Estimated Fair Value
		Gains	Losses		
Commercial paper	\$ 972	\$ —	\$ —	\$ —	\$ 972
Corporate notes	73,008	171	(23)	—	73,156
U.S. government agency bonds	8,638	2	(14)	—	8,626
	<u>\$ 82,618</u>	<u>\$ 173</u>	<u>\$ (37)</u>	<u>\$ —</u>	<u>\$ 82,754</u>
Classified as:					
Short-term investments					\$ 39,412
Long-term investments					43,342
					<u>\$ 82,754</u>

(In thousands)	December 31, 2024				
	Amortized Cost	Gross Unrealized		Credit Losses	Estimated Fair Value
		Gains	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>

As of March 31, 2025 and December 31, 2024, all marketable securities held by the Company had remaining contractual maturities of three years or less. There have been no impairments of the Company's assets measured and carried at fair value during the three months ended March 31, 2025 and 2024.

## 7. Fair Value Measurements

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

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

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The commercial paper, corporate notes, U.S. government securities, and U.S. government agency bonds are classified as Level 2 as they were valued based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. The deferred compensation plan liabilities are recorded at the value of the amount owed to the plan participants, with changes in value recognized as compensation expense. The calculation of the deferred compensation plan obligation is derived from observable market data by reference to hypothetical investments selected by the participants. There were no transfers into or out of Level 3 from December 31, 2024 to March 31, 2025.

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

(In thousands)	March 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
<b>Assets:</b>								
Money market funds	\$ 48,252	\$ 48,252	\$ —	\$ —	\$ 43,307	\$ 43,307	\$ —	\$ —
Commercial paper	972	—	972	—	1,953	—	1,953	—
Corporate notes	73,156	—	73,156	—	71,763	—	71,763	—
U.S. government agency bonds	8,626	—	8,626	—	7,857	—	7,857	—
U.S. government securities <sup>(a)</sup>	16,353	—	16,353	—	16,150	—	16,150	—
	<u>\$ 147,359</u>	<u>\$ 48,252</u>	<u>\$ 99,107</u>	<u>\$ —</u>	<u>\$ 141,030</u>	<u>\$ 43,307</u>	<u>\$ 97,723</u>	<u>\$ —</u>
<b>Liabilities:</b>								
Deferred compensation plan liabilities	\$ 1,283	\$ —	\$ 1,283	\$ —	\$ 306	\$ —	\$ 306	\$ —
<b>Total liabilities</b>	<u>\$ 1,283</u>	<u>\$ —</u>	<u>\$ 1,283</u>	<u>\$ —</u>	<u>\$ 306</u>	<u>\$ —</u>	<u>\$ 306</u>	<u>\$ —</u>

<sup>(a)</sup> Approximately \$16.4 million and \$16.2 million of U.S. government securities had an original maturity of 90 days or less and were recorded as a cash equivalent as of March 31, 2025 and December 31, 2024, respectively.

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

## 8. Revolving Credit Agreement

On July 29, 2022, the Company, as borrower, entered into a \$150.0 million five-year senior secured revolving credit agreement by and among the Company, the other loan parties thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent (the “Revolving Credit Agreement”). The Revolving Credit Agreement includes a \$15.0 million sub-facility for the issuance of letters of credit, of which the Company is utilizing approximately \$6.2 million. Amounts available under the Revolving Credit Agreement are for the working capital needs and other general corporate purposes of the Company. The Company incurred and capitalized approximately \$1.1 million of debt issuance costs related to the Revolving Credit Agreement.

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

The Company is permitted to voluntarily prepay borrowings under the Revolving Credit Agreement, in whole or in part, without premium or penalty. On any business day on which the total amount of outstanding Revolving Loans (as defined in the Revolving Credit Agreement) and letters of credit exceeds the total Revolving Commitments (as defined in the Revolving Credit Agreement), the Company must prepay the Revolving Loans in an amount equal to such excess. As of March 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. Stock-Based Compensation

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

### *Stock Compensation Expense*

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

(in thousands)	Three Months Ended March 31,	
	2025	2024
Cost of product sales	\$ 1,141	\$ 1,241
Research and development	1,487	1,221
Selling, general and administrative	8,877	7,372
Total non-cash stock-based compensation expense	<u>\$ 11,505</u>	<u>\$ 9,834</u>

### *Service-Based Stock Options*

During the three months ended March 31, 2025 and 2024, the Company granted service-based options to purchase common stock of 502,098 and 507,162, respectively. The weighted-average grant-date fair value of service-based options granted during the three months ended March 31, 2025 and 2024 was \$29.93 and \$28.21 per option, respectively.

### *Restricted Stock Units*

During the three months ended March 31, 2025 and 2024, the Company granted 468,886 and 538,425 restricted stock units, respectively. The weighted-average grant-date fair value of restricted stock units granted during the three months ended March 31, 2025 and 2024 was \$54.30 and \$48.25 per unit, respectively.

## 10. Net Loss Per Common Share

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

(Amounts in thousands, except per share amounts)	Three Months Ended March 31,	
	2025	2024
Net loss	\$ (11,246)	\$ (3,862)
Basic weighted-average common shares outstanding	49,905	48,141
Effect of dilutive stock options and restricted stock units	—	—
Diluted weighted-average common shares outstanding	49,905	48,141
Basic loss per common share	\$ (0.23)	\$ (0.08)
Diluted loss per common share	\$ (0.23)	\$ (0.08)
Anti-dilutive shares excluded from diluted net loss per common share:		
Stock options	5,798	6,730
Restricted stock units	1,222	1,201

## 11. NexoBrid License and Supply Agreements

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

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

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

Additionally, the Company is obligated to pay MediWound up to \$125.0 million, which is contingent upon meeting certain sales milestones. The first sales milestone payment of \$7.5 million would be triggered when annual net sales of NexoBrid or improvements to NexoBrid in North America exceed \$75.0 million. As of March 31, 2025, the sales milestone payments are not yet probable and therefore, not recorded as a liability. The Company also pays MediWound tiered royalties on net sales ranging from mid-high single-digit to mid-teen percentages, subject to customary reductions. Pursuant to the terms of the Company's supply agreement with MediWound, MediWound is manufacturing, and will continue to manufacture, NexoBrid for the Company on a unit price basis, which may be increased pursuant to the terms of the supply agreement. MediWound is obligated to supply the Company with NexoBrid for sale in North America on an exclusive basis for the first five years of the term of the supply agreement. Under the supply agreement, the Company possesses the option to extend the initial term of the agreement by an additional 24 months, which it did in May 2022. After the initial term, the Company may extend the supply agreement on an annual basis for up to 10 additional years, at its sole discretion. In March 2025, the Company exercised the first of these annual extensions, extending the term of the supply agreement through at least May 2027. Under the supply agreement, the Company is permitted to establish an alternate source of supply in certain circumstances, including the event of a supply failure.

Additionally, beginning in 2020, BARDA procured quantities of NexoBrid from MediWound for use as a medical countermeasure in the event of a mass casualty emergency in the U.S. involving thermal burns. The initial, quarterly, procurement of NexoBrid by BARDA under its agreement with MediWound was completed during the third quarter of 2022. As a part of BARDA's commitment to procure NexoBrid, the Company received a percentage of gross profit for sales directly to BARDA. As of March 31, 2025, the Company did not hold a direct contract or distribution agreement with BARDA, or take title to the product procured by BARDA.

## **12. Commitments and Contingencies**

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

As of March 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.

### 13. Segment Information

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

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

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

<i>(in thousands)</i>	Three Months Ended March 31,	
	2025	2024
Selling and marketing	\$ 22,803	\$ 19,433
General and administrative	19,001	14,967
Total selling, general and administrative expenses	\$ 41,804	\$ 34,400

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

#### Overview

Vericel Corporation is a fully-integrated, commercial-stage biopharmaceutical company and a leading provider of advanced therapies for the sports medicine and severe burn care markets. Whether we are treating damaged cartilage or severe burns, we provide advanced therapies to repair serious injuries and restore lives. Our highly differentiated portfolio of cell therapy and specialty biologic products combines innovations in biology with medical technologies. We were among the first companies to achieve commercial success in the complex field of cell therapies with treatments that use tissue engineering to regenerate skin and healthy knee cartilage. We currently market two U.S. Food and Drug Administration ("FDA") approved autologous cell therapy products and one FDA-approved specialty biologic product in the U.S. MACI<sup>®</sup> is an autologous cellularized scaffold product that is indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. 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<sup>™</sup> 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 United States during the third quarter of 2024 and the Company began selling the MACI Arthro instruments at that time.

Epicel<sup>®</sup> is a permanent skin replacement Humanitarian Use Device ("HUD") indicated for the treatment of adult and pediatric patients with deep-dermal or full-thickness burns comprising greater than or equal to 30 percent of a patient's total body surface area ("TBSA"). We also hold an exclusive license from MediWound Ltd. ("MediWound") for North American rights to NexoBrid<sup>®</sup> (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 Ongoing Conflicts in the Middle East*

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

We continue to monitor the ongoing conflicts in the Middle East region involving Israel, and we 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 U.S. To the extent the conflicts in the Middle East region intensify or expand and MediWound's facilities in Israel are damaged or

destroyed, travel to and from Israel is halted or inhibited, or significant key MediWound operational personnel are called to military service, MediWound's ability to continue to supply NexoBrid to the U.S. market could be disrupted. As of the date of this report, we maintain an ample supply of NexoBrid at our U.S.-based third-party logistics provider.

### ***U.S. Trade Policy***

The U.S. government recently announced a broad range of tariffs on foreign goods imported into the U.S., with certain nations and regions responding with retaliatory tariffs on U.S. goods.

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

### **Manufacturing**

We have a cell manufacturing facility in Cambridge, Massachusetts, which is used for U.S. manufacturing and distribution of MACI and Epicel. In January 2022, we entered into a lease agreement (as amended, the "Burlington Lease") to lease approximately 126,000 square feet of manufacturing, laboratory and office space in Burlington, Massachusetts, which has been under construction. The Burlington facility is substantially complete, and we are currently utilizing the facility's office space. Once validated, the facility's manufacturing component will eventually become the primary manufacturing facility for MACI and Epicel.

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

### **Product Portfolio**

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

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

## **MACI**

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

Our target audiences are orthopedic surgeons who self-identify and/or have formal specialty training in sports medicine, and a subpopulation of general orthopedic surgeons who perform a high volume of cartilage repair procedures involving the knee. Our MACI commercial team consists of individual sales representatives that regularly engage with our target audience. The team is divided into geographic regions and is managed by a senior sales leadership team. Most private payers have a medical policy that covers treatment with MACI with the top 30 largest commercial payers having a formal medical policy for MACI or ACI in general. With respect to private commercial payers that have not yet approved a medical policy for MACI, we often obtain approval on a case-by-case basis.

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

We also are evaluating the feasibility and potential market opportunity involved in delivering MACI treatment to patients suffering from cartilage damage in the ankle. We believe that this potential lifecycle enhancement and indication expansion for MACI will require conducting an additional randomized clinical trial concerning the product’s use in the ankle and we are on track to initiate a MACI Ankle clinical trial beginning in 2025. If approved, we believe MACI’s label expansion allowing its use to repair cartilage defects in the ankle will be a significant long-term growth driver for the product in the coming years.

## **Epicel**

Epicel is a permanent skin replacement for deep-dermal or full-thickness burns comprising greater than or equal to 30 percent TBSA. Epicel is regulated by the Center for Biologics Evaluation and Research (“CBER”) of the FDA under medical device authorities, and is the only FDA-approved cultured epidermal autograft product available for large total surface area burns in both adult and pediatric patients. Epicel was designated as a HUD in 1998 and a Humanitarian Device Exemption (“HDE”) application for the product was submitted in 1999. HUDs are devices that are intended for diseases or conditions that affect fewer than 8,000 individuals annually in the U.S., and certain HUDs are restricted by the amount which a manufacturer may charge for its use.

Epicel is not price-restricted in this manner because on February 18, 2016, the FDA approved our HDE supplement to revise the labeled indications of use for Epicel to specifically include pediatric patients, thus allowing Epicel to be sold for profit. The revised product label also now specifies that the probable benefit of Epicel, mainly related to survival, was demonstrated in two Epicel clinical experience databases and a physician-sponsored study comparing outcomes in patients with large burns treated with Epicel relative to standard care.

## **NexoBrid**

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

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

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

## Results of Operations

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

(In thousands)	Three Months Ended March 31,			
	2025	2024	Change \$	Change %
Total revenue	\$ 52,598	\$ 51,281	\$ 1,317	2.6 %
Cost of product sales	16,325	15,927	398	2.5 %
Gross profit	36,273	35,354	919	2.6 %
Research and development	7,261	6,418	843	13.1 %
Selling, general and administrative	41,804	34,400	7,404	21.5 %
Total operating expenses	49,065	40,818	8,247	20.2 %
Loss from operations	(12,792)	(5,464)	(7,328)	134.1 %
Total other income	1,546	1,602	(56)	(3.5)%
Net loss	\$ (11,246)	\$ (3,862)	\$ (7,384)	191.2 %

## Comparison of the Periods Ended March 31, 2025 and 2024

### Total Revenue

Revenue by product is as follows:

(In thousands)	Three Months Ended March 31,			
	2025	2024	Change \$	Change %
MACI	\$ 46,297	\$ 40,181	\$ 6,116	15.2 %
Epicel	4,964	10,664	(5,700)	(53.5)%
NexoBrid	1,337	436	901	206.7 %
Total revenue	\$ 52,598	\$ 51,281	\$ 1,317	2.6 %

Total revenue increase for the three months ended March 31, 2025, compared to the same period in 2024, was driven primarily by MACI volume and price growth and NexoBrid volume growth, partially offset by lower Epicel volume.

*Seasonality*

Sales of MACI implants have historically experienced a level of seasonality throughout the year. In the last five years through 2024, MACI sales volumes from the first through the fourth quarter on average represented 21% (20%-22% range), 22% (16%-24% range), 23% (21%-26% range) and 34% (33%-38% range) respectively, of total annual volumes. Historically, MACI orders are normally stronger in the fourth quarter due to several factors including the satisfaction by patients of insurance deductible limits and the time of year patients prefer to start rehabilitation. Due to the low incidence and variable occurrence of severe burns, Epicel revenue has inherent variability from quarter-to-quarter and does not exhibit significant seasonality. U.S. sales of NexoBrid began September of 2023, and as such we are still relatively early in its commercial launch, but we do not expect NexoBrid revenue to experience significant seasonality given its emergent use in treating severe burns.

*Gross Profit*

Gross profit increase for the three months ended March 31, 2025, compared to the same period in 2024, was driven by MACI revenue growth, combined with our primarily fixed manufacturing cost structure which consists mainly of labor and facility costs.

*Research and Development Expenses*

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

(In thousands)	Three Months Ended March 31,			
	2025	2024	Change \$	Change %
MACI	\$ 4,699	\$ 4,735	\$ (36)	(0.8)%
Epicel	1,424	1,121	303	27.0 %
NexoBrid	1,138	562	576	102.5 %
Total research and development expenses	\$ 7,261	\$ 6,418	\$ 843	13.1 %

Research and development expenses increased for the three months ended March 31, 2025, compared to the same period in 2024. The increase is primarily due to higher headcount and employee expenses.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses for the three months ended March 31, 2025 were \$41.8 million, compared to \$34.4 million for the same period in 2024. The increase in selling, general and administrative expenses was primarily due to higher headcount and employee expenses, including stock compensation, an increase in marketing programs and events, and depreciation expense for the new facility in Burlington, MA.

### Total Other Income

The decrease in other income for the three months ended March 31, 2025, compared to the same period in 2024 was due to a decrease in interest income primarily due to fluctuations in the rates of return on our investments in various marketable debt securities and money market funds.

### Stock-based Compensation Expense

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

(In thousands)	Three Months Ended March 31,			
	2025	2024	Change \$	Change %
Cost of product sales	\$ 1,141	\$ 1,241	\$ (100)	(8.1)%
Research and development	1,487	1,221	266	21.8 %
Selling, general and administrative	8,877	7,372	1,505	20.4 %
Total non-cash stock-based compensation expense	\$ 11,505	\$ 9,834	\$ 1,671	17.0 %

The increase in stock-based compensation expense for the three months ended March 31, 2025, compared to the same period in 2024, was due primarily to fluctuations in stock prices and the mix of service-based options and restricted stock units, which impacts the fair value of the options and restricted stock units awarded and the expense recognized in the period.

### Liquidity and Capital Resources

#### Cash Flows

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

(In thousands)	Three Months Ended March 31,	
	2025	2024
Net cash provided by operating activities	\$ 6,600	\$ 7,202
Net cash used in investing activities	(15,142)	(25,452)
Net cash provided by financing activities	3,198	2,126
Net decrease in cash, cash equivalents, and restricted cash	\$ (5,344)	\$ (16,124)

#### Net Cash Provided by Operating Activities

Our cash, cash equivalents and restricted cash totaled \$79.7 million, short-term investments totaled \$39.4 million and long-term investments totaled \$43.3 million as of March 31, 2025. The \$6.6 million of cash provided by operations during the three months ended March 31, 2025 was primarily the result of non-cash charges of \$11.5 million related to stock-based compensation expense, \$2.7 million in depreciation and amortization expense and \$1.4 million of operating lease amortization, partially offset by a net loss of \$11.2 million and a net increase of \$1.4 million related to movements in our working capital accounts. The overall increase in cash from our working capital accounts was primarily driven by a decrease in accounts receivable due to cash collections and receipts of tenant improvement allowances which exceeded payments on operating leases amortization, offset by a decrease in accounts payable and accrued expenses due to timing of payments.

Our cash, cash equivalents and restricted cash totaled \$70.7 million, short-term investments totaled \$47.7 million and long-term investments totaled \$29.4 million as of March 31, 2024. The \$7.2 million of cash provided by operations during the three months ended March 31, 2024 was primarily the result of non-cash charges of \$9.8 million related to stock-based compensation expense, \$1.8 million of operating lease amortization and \$1.4 million in depreciation and amortization expense, offset by a net loss of \$3.9 million and a net decrease of \$1.9 million related to movements in our working capital accounts. The overall increase in cash from our working capital accounts was primarily driven by a decrease in accounts receivable due to cash collections on the sales from the previous sequential quarter and receipts of tenant improvement allowances which exceeded payments on operating leases amortization, offset by a decrease in accounts payable and accrued expenses due to timing of payments.

*Net Cash Used In Investing Activities*

Net cash used in investing activities during the three months ended March 31, 2025 was the result of \$14.2 million of property and equipment purchases primarily for construction in process related to the Burlington Lease and \$13.4 million in investment purchases, partially offset by \$12.5 million of investment sales and maturities.

Net cash used in investing activities during the three months ended March 31, 2024 was the result of \$22.6 million in investment purchases and \$14.0 million of property and equipment purchases primarily for construction in process related to the Burlington Lease, partially offset by \$11.1 million of investment sales and maturities.

*Net Cash Provided by Financing Activities*

Net cash provided by financing activities during the three months ended March 31, 2025 was the result of net proceeds from the exercise of stock options and the employee stock purchase plan of \$9.4 million, partially offset by the payment of employee withholding taxes related to the vesting of restricted stock units of \$6.2 million.

Net cash provided by financing activities during the three months ended March 31, 2024 was the result of net proceeds from the exercise of stock options and purchases under the employee stock purchase plan of \$7.0 million, partially offset by the payment of employee withholding taxes related to the vesting of restricted stock units of \$4.9 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 the sales of equity securities, revolver borrowings or other debt financings, in addition to cash generated from operations.

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

As of March 31, 2025, we were not party to any off-balance sheet arrangements.

**Sources of Capital**

On July 29, 2022, we entered into a \$150.0 million five-year senior secured revolving credit agreement by and among the Company, the other loan parties thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent (the "Revolving Credit Agreement"). We have no immediate plans to borrow under the Revolving Credit Agreement, but we may use the facility for working capital needs and other general corporate purposes. As of March 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 condensed consolidated financial statements for further details.

**Contractual Obligations and Commitments**

The disclosure of our contractual obligations and commitments is set forth in the heading "Management's Discussion and Analysis of Financial Conditions and Results of Operations - Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no other material changes, outside of the ordinary course of business, to our contractual obligations and commitments since December 31, 2024.

## Critical Accounting Policies

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

There have been no material changes to our critical accounting policies and estimates in the three months ended March 31, 2025. For further information, refer to our summary of significant accounting policies and estimates in our Annual Report on Form 10-K filed for the year ended December 31, 2024.

## Cautionary Note Regarding Forward-Looking Statements

This report, including the documents incorporated by reference herein, contains certain statements that describe our management's beliefs concerning future business conditions, plans and prospects, growth opportunities and the outlook for our business based upon information currently available. Such statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Wherever possible, we have identified these forward-looking statements by words such as "will," "may," "anticipates," "believes," "intends," "estimates," "expects," "plans," "projects," "trends," "opportunity," "current," "intention," "position," "assume," "potential," "outlook," "remain," "continue," "maintain," "sustain," "seek," "target," "achieve," "continuing," "ongoing," and similar words or phrases, or future or conditional verbs such as "would," "should," "could," "may," or similar expressions. Among the factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, uncertainties associated with our expectations regarding future revenue, growth in revenue, market penetration for MACI<sup>®</sup>, MACI Arthro<sup>™</sup>, Epicel<sup>®</sup>, and NexoBrid<sup>®</sup>, 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 completion and qualification of a new manufacturing facility in Burlington, Massachusetts, the ability to sustain profitability, contributions to adjusted EBITDA, the expected target surgeon audience, potential fluctuations in sales and volumes and our results of operations over the course of the year, timing and conduct of clinical trial and product development activities, timing and likelihood of the FDA's potential approval of the use of MACI to treat cartilage defects in the ankle, the estimate of the commercial growth potential of our products and product candidates, competitive developments, changes in third-party coverage and reimbursement, including recent and future healthcare reform measures and private payor initiatives, surgeon adoption of MACI Arthro, physician and burn center adoption of NexoBrid, labor strikes, changes in surgeon and hospital treatment prioritizations caused by the temporary shortage of essential medical supplies, 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 the ongoing conflicts in the Middle East region involving Israel, negative impacts on the global economy and capital markets resulting from the conflict in Ukraine and the Middle East conflicts, 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, possible 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, global geopolitical tensions and potential future impacts on our business or the economy generally stemming from a public health emergency. These forward-looking statements are based upon assumptions our management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties, which could cause our actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among others, the risks and uncertainties listed in our Annual Report on Form 10-K under "Part I, Item 1A Risk Factors."

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

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Part II, Item 7A. “Quantitative and Qualitative Disclosures About Market Risk,” of our Annual Report on Form 10-K for the year ended December 31, 2024. Our exposures to market risk have not changed materially since December 31, 2024.

### Item 4. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Management of the Company, with the participation of its Chief Executive Officer and Chief Financial Officer (its Certifying Officers), evaluated the effectiveness of the Company’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the evaluation as of March 31, 2025, the Company’s Certifying Officers concluded that the Company’s disclosure controls and procedures were effective.

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

#### Changes in Internal Control over Financial Reporting

During the three months ended March 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).

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

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

#### Item 1A. Risk Factors

Factors that could cause the Company’s actual results to differ materially from those in this Quarterly Report are any of the risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 27, 2025. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. With the exception of the risk factor below, as of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

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

The ability of the FDA to review and approve regulatory submissions and new products can be affected by a variety of factors, including government budget and funding levels, the ability to hire and retain key personnel, and statutory, regulatory, and policy changes. For example, the Trump administration has taken several executive actions, including the issuance of several Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA’s ability to engage in routine oversight activities, such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. The average time to review and approve regulatory submissions at the agency has fluctuated in recent years as a result of some of these factors. In addition, government funding of the SEC and other government agencies on which our operations may depend, including those that fund research and development activities, is subject to the political process, which is inherently unpredictable. On January 20, 2025, President Trump signed an executive order creating

an advisory commission, the “Department of Government Efficiency” to reform federal government processes and reduce expenditures. Potential changes in U.S. federal government budgetary priorities and spending could adversely affect funding and staffing levels at the FDA, which could impose constraints on its ability to engage in oversight and respond in a timely manner to product related submissions, including with respect to its ongoing review of our Investigational New Drug application, amendments and supplements for MACI Ankle clinical trial activity for which we expect to begin enrollment during the second half of 2025.

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

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

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

Not applicable.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

**Rule 10b5-1 Trading Plans**

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

- On March 5, 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 41,825 shares of our common stock between June 5, 2025 and June 30, 2026; and
- On March 14, 2025, Jonathan Siegal, Vericel Corporation’s Principal Accounting Officer, entered into a 10b5-1 Plan providing for the potential sale of up to 51,798 shares of our common stock between June 12, 2025 and February 27, 2026.

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

**Item 6. Exhibits**

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

**EXHIBIT INDEX**

Exhibit Number	Description of Exhibits	Incorporated by Reference			Filing Date
		Form	File Number	Exhibit	
3.1	<a href="#">Restated Articles of Incorporation of the Company.</a>	8-K	000-22025	4.1	December 17, 2009
3.2	<a href="#">Certificate of Amendment to Restated Articles of Incorporation of the Company dated February 9, 2010.</a>	S-1	333-160044	3.2	March 31, 2010
3.3	<a href="#">Certificate of Amendment to Restated Articles of Incorporation of the Company dated March 22, 2011.</a>	8-K	000-22025	3.1	March 25, 2011
3.4	<a href="#">Certificate of Amendment to the Restated Articles of Incorporation of the Company, dated November 21, 2014.</a>	8-K	001-35280	3.1	November 24, 2014
3.5	<a href="#">Amended and restated bylaws.</a>	8-K	000-22025	3.1	November 12, 2010
4.1	<a href="#">Description of Capital Stock.</a>	10-K	001-35280	4.5	February 25, 2020
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
32.1*	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
10.1#*	<a href="#">Employment Agreement, by and between Karen Mahoney and the Company, dated July 24, 2024.</a>				
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*	<a href="#">Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)</a>				

\* Filed herewith.

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

**SIGNATURES**

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

Date: May 8, 2025

VERICEL CORPORATION

/s/ DOMINICK C. COLANGELO

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

/s/ JOSEPH A. MARA

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

## EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is entered into between Vericel Corporation, a Michigan corporation (the “Company”) and Karen Mahoney (the “Executive”), effective as of July 25, 2024, unless another date is agreed to by the Executive and the Company (the “Effective Date”).

WHEREAS, the Company and the Executive previously entered into that certain offer letter dated as of June 24, 2024 (the “Offer Letter”), and both parties desire to supersede and replace the terms set forth in the Offer Letter with the terms set forth herein;

WHEREAS, as a material condition of Executive’s employment, the Executive entered into an Employee Confidentiality, Assignment and Noncompetition Agreement dated June 24, 2024 (the “Restrictive Covenant Agreement”) the terms of which shall remain in full force and effect; and

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company on the terms contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Position and Duties. The Executive’s employment with the Company shall continue and Executive shall have such powers and duties as may from time to time be prescribed by the Chief Executive Officer of the Company (the “CEO”) or other authorized executive. This is a full-time position, and the Executive shall not engage in any other employment, consulting or other business activities (whether full-time or part-time), unless expressly authorized in writing by the CEO. Notwithstanding the foregoing, the Executive may engage in religious, charitable or other community activities as long as such services and activities do not interfere with the Executive’s performance of the Executive’s duties to the Company as provided in this Agreement.

2. Compensation and Related Matters.

(a) Base Salary. As of the Effective Date, the Executive’s annual base salary rate shall be \$440,000. The Executive’s base salary may be redetermined by the Company’s Compensation Committee, after consultation with the CEO. The base salary in effect at any given time is referred to herein as “Base Salary.” The Base Salary shall be payable in a manner that is consistent with the Company’s usual payroll practices for senior executives.

(b) Incentive Compensation. The Executive shall be eligible to receive cash incentive compensation as determined by the Company’s Compensation Committee from time to time. As of the Effective Date, the Executive’s target annual incentive compensation shall be Forty-Five

Percent (45%) of the Executive's Base Salary, pro-rated for any partial year of active employment, and the actual bonus amount shall be determined by the Company's Compensation Committee. The target annual incentive compensation in effect at any given time is referred to herein as "Target Bonus." The Target Bonus may be redetermined by the Company's Compensation Committee. To be eligible to earn incentive compensation, the Executive must be employed by the Company on the day such incentive compensation is paid.

(c) Equity Compensation. From time to time and at the discretion of the Company's Compensation Committee, the Company may grant to the Executive equity compensation. Such equity compensation may include options to purchase shares of the Company's common stock at an exercise price equal to the fair market value of the Company's common stock on the effective date of grant, and which shall vest in accordance with and be subject to the terms and conditions of the underlying stock option agreement and the Company's 2022 Omnibus Incentive Plan, as may be amended or restated from time to time (the "Plan"). Such equity compensation may also include restricted stock units, which shall vest in accordance with and be subject to the terms and conditions of a restricted stock unit agreement approved by the Company's Compensation Committee, and the Plan (the Plan and any award agreements collectively the "Equity Documents").

(d) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company.

(e) Customary Benefits. The Executive shall be entitled to such benefits as the Company customarily makes available to the Company's senior executives (collectively, "Benefits"). The Benefits shall include sick leave, health insurance coverage, and 401(k) plan participation, in accordance with the terms and provisions of such plans, policies and arrangements as adopted by the Company from time to time during the term of this Agreement. The Company reserves the right to change the Benefits on a prospective basis, at any time, effective upon delivery of written notice to the Executive. The Executive shall not be entitled to receive payments in lieu of Benefits, other than as may be required by Company policy or applicable law.

(f) Paid Time Off. The Executive is entitled to accrue 16.67 hours per month, equaling twenty-five (25) days per year, of paid time off (including statutory sick leave), pro-rated for any partial calendar year of active employment during the term of this Agreement, in accordance with the Company's current Paid Time Off policy ("Paid Time Off"). The Executive also shall be entitled to such paid holidays as are established by the Company for all regular full-time employees. The Company reserves the right to change its Benefits, including its Paid Time Off policy in its discretion.

3. Termination. The Executive's employment with the Company shall be "at will," meaning that the Executive's employment may be terminated by the Company or the Executive at any time for any or no reason, subject to the terms of this Agreement. The Executive's

employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon the Executive's death.

(b) Disability. The Company may terminate the Executive's employment if the Executive is disabled and unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Company's determination of such issue shall be binding on the Executive. Nothing in this Section 3(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(c) Termination by Company for Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) conduct by the Executive constituting a material act of misconduct in connection with the performance of the Executive's duties, including, without limitation, misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and de minimis use of Company property for personal purposes; (ii) the commission by the Executive of any felony or a misdemeanor involving moral turpitude, deceit, dishonesty or fraud, or any conduct by the Executive that would reasonably be expected to result in material injury or reputational harm to the Company or any of its subsidiaries and affiliates if the Executive were retained in the Executive's position; (iii) continued unsatisfactory performance or non-performance by the Executive of the Executive's duties hereunder (other than by reason of the Executive's physical or mental illness, incapacity or disability) which has continued for more than 15 days following written notice from the CEO (or the CEO's designee); (iv) a breach by the Executive of any of the provisions contained in Section 7 of this Agreement or the Restrictive Covenant Agreement (as defined above); (v) a material violation by the Executive of the Company's written employment policies, or (vi) failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation. Any determination of Cause by the Company shall be conclusive.

(d) Termination by the Company without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or Disability of the Executive under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by the Executive. The Executive may terminate the Executive's employment hereunder at any time for any reason, including but not limited to Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Executive has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Executive's responsibilities, authority or duties; (ii) a material diminution in the Executive's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) the material breach of this Agreement by the Company; or (iv) a material change in the geographic location of the principal place where the Executive is required to perform services, such that there is an increase of at least fifty (50) miles of driving distance to such location from the Executive's principal residence as of such change. "Good Reason Process" shall mean that (i) the Executive reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Executive notifies the Company in writing of the first occurrence of the Good Reason condition within 30 days of the first occurrence of such condition; (iii) the Executive cooperates in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Executive terminates the Executive's employment within 30 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive's employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by the Executive's death, the date of the Executive's death; (ii) if the Executive's employment is terminated on account of disability under Section 3(b), by the Company for Cause under Section 3(c) or by the Company without Cause under Section 3(d), the date on which Notice of Termination is given unless another date is specified by the Company therein; (iii) if the Executive's employment is terminated by the Executive under Section 3(e) other than for Good Reason, 30 days after the date on which a Notice of Termination is given, and (iv) if the Executive's employment is terminated by the Executive under Section 3(e) for Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination

and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

#### 4. Compensation Upon Termination.

(a) Termination Generally. If the Executive's employment with the Company terminates for any reason, the Company shall pay or provide to the Executive (or to the Executive's authorized representative or estate) any earned but unpaid Base Salary, unpaid expense reimbursements, and, to the extent applicable, accrued but unused Paid Time Off, all through the Date of Termination, and any vested benefits the Executive may have under any employee benefit plan of the Company (the "Accrued Benefit") on or before the time required by law but in no event more than 30 days after the Executive's Date of Termination.

(b) Termination by the Company without Cause or by the Executive for Good Reason. If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates the Executive's employment for Good Reason as provided in Section 3(e), then the Company shall, through the Date of Termination, pay the Executive's Accrued Benefit. In addition, subject to (i) the Executive signing a separation agreement in a form and manner satisfactory to the Company which includes, without limitation, a general release of claims in favor of the Company and related persons and entities, a reaffirmation of all of the Executive's Continuing Obligations (as defined below), and, in the Company's sole discretion, a one-year post-employment noncompetition agreement, and shall provide that if the Executive breaches any of the Continuing Obligations, all payments of the Severance Amount shall immediately cease (the "Release") and (ii) such Release becoming irrevocable within the time period set forth in such Release, but in no event later than 60 days following the Date of Termination, which, if a noncompetition clause is included in the Release, must include a seven (7) business day revocation period:

(i) the Company shall pay the Executive an amount equal to twelve (12) months of the Executive's Base Salary (the "Severance Amount"); provided in the event the Executive is entitled to any payments pursuant to the Restrictive Covenant Agreement, the Severance Amount received in any calendar year will be reduced by the amount the Executive is paid in the same such calendar year pursuant to the Restrictive Covenant Agreement (the "Restrictive Covenant Agreement Setoff");

(ii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), then the Company shall pay to the Executive a monthly cash payment for twelve (12) months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company. The Executive may continue to participate in COBRA benefits following the expiration of the twelve (12) months, at the Executive's sole cost, provided that the Executive remains eligible for such participation; and

(iii) the amounts payable under this Section 4(b) shall be paid out in substantially equal installments in accordance with the Company's payroll practice over twelve (12) months commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

5. Change in Control Payment. The provisions of this Section 5 set forth certain terms of an agreement reached between the Executive and the Company regarding the Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Executive's continued attention and dedication to the Executive's assigned duties and the Executive's objectivity during the pendency and after the occurrence of any such event. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits upon a termination of employment, if such termination of employment occurs within eighteen (18) months after the occurrence of the first event constituting a Change in Control (the "Change in Control Period"). These provisions shall terminate and be of no further force or effect beginning eighteen (18) months after the occurrence of a Change in Control.

(a) Change in Control. If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates employment for Good Reason as provided in Section 3(e), and the Date of Termination occurs within the Change in Control Period, then, subject to the signing of the Release by the Executive and such Release becoming irrevocable within the period set forth in such Release, but in no event later than 60 days following the Date of Termination:

(i) the Company shall pay the Executive a lump sum in cash in an amount equal to one (1) multiplied by the sum of (A) the Executive's then-effective Base Salary, and (B) the Executive's Target Bonus for the year during which the Date of Termination occurs (the "Change in Control Payment"); provided the Change in Control Payment shall be reduced by the amount of the Restrictive Covenant Agreement Setoff, if applicable, paid or to be paid in the same calendar year;

(ii) the Company shall pay a prorated annual performance bonus (the "Prorated Annual Bonus") equal to (x) the Executive's Target Bonus for the year during which the Date of Termination occurs multiplied by (y) a fraction, the numerator of which is the number of days in the fiscal year in which the Executive was employed through the Date of Termination and the denominator of which is 365, provided that the Prorated Annual Bonus shall be less the amount of any annual performance bonus, or advance thereof, previously paid for the period associated with the Prorated Annual Bonus;

(iii) notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, all time-based stock options and other stock-based awards held by the Executive shall immediately accelerate and become fully exercisable or nonforfeitable as of the Date of Termination; and

(iv) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment for twelve (12) months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company. The Executive may continue to participate in COBRA benefits following the expiration of the twelve (12) months, at the Executive's sole cost, provided that the Executive remains eligible for such participation.

(v) The amounts payable under this Section 5(a) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full benefits payable under this Agreement.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of

benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

(ii) For the purposes of this Section 5(b), “Threshold Amount” shall mean three times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

(iii) The determination as to which of the alternative provisions of Section 5(b)(i) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of Section 5(b)(i) shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(b) Definitions. For purposes of this Section 5, the following terms shall have the following meanings:

“Change in Control” shall mean any of the following:

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company’s then outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(iii) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not,

immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a “Change in Control” shall be deemed to have occurred for purposes of the foregoing clause (i).

#### 6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive’s separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement or otherwise on account of the Executive’s separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive’s separation from service, or (B) the Executive’s death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive’s termination of employment, then such payments or benefits shall be payable only upon the Executive’s “separation from service.” The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

#### 7. Confidential Information, Noncompetition and Cooperation.

(a) Continuing Obligations. The terms of the Restrictive Covenant Agreement continue to be in full force and effect. For purposes of this Agreement, the obligations in this Section 7 and those that arise in the Restrictive Covenant Agreement and any other agreement relating to confidentiality, assignment of inventions, or other restrictive covenants shall collectively be referred to as the “Continuing Obligations.”

(b) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive’s use or disclosure of information or the Executive’s engagement in any business. The Executive represents to the Company that the Executive’s execution of this Agreement, the Executive’s employment with the Company and the performance of the Executive’s proposed duties for the Company will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive’s work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Cooperation. During and after the Executive’s employment, the Executive shall cooperate fully with the Company, including in the defense or prosecution of any claims or

actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 7(c).

(d) Injunction. The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the promises set forth in this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 8 of this Agreement, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

(e) Protected Disclosure. Nothing contained in this Agreement, any other agreement with the Company, or any Company policy or code limits your ability, with or without notice to the Company, to: (i) file a charge or complaint with any federal, state or local governmental agency or commission (a "Government Agency"), including without limitation, the Equal Employment Opportunity Commission or the Securities and Exchange Commission (the "SEC"); (ii) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including by providing non-privileged documents or information; (iii) engage in activities protected by Section 7 of the National Labor Relations Act; and (iv) testify truthfully in a legal proceeding. Any such communications and disclosures must be consistent with applicable law and the information disclosed must not have been obtained through a communication that was subject to the attorney-client privilege (unless disclosure of that information would otherwise be permitted consistent with such privilege or applicable law). If a Government Agency or any other third party pursues any claim on your behalf, you waive any right to monetary or other individualized relief (either individually or as part of any collective or class action), but the Company will not limit any right you may have to receive an award pursuant to the whistleblower provisions of any applicable law or regulation.

8. Consent to Jurisdiction. The parties hereby consent to the jurisdiction of the Superior Court of the Commonwealth of Massachusetts and the United States District Court for the District of Massachusetts. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

9. Integration. This Agreement, including the Restrictive Covenant Agreement and the Equity Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including without limitation, the Offer Letter.

10. Withholding. All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

11. Successor to the Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after the Executive's termination of employment but prior to the completion by the Company of all payments due to the Executive under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to the Executive's death (or to the Executive's estate, if the Executive fails to make such designation).

12. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

13. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

14. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

15. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

16. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

17. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles of such Commonwealth. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

19. Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

20. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the Effective Date.

VERICEL CORPORATION

/s/ Dominick C. Colangelo

By: Dominick C. Colangelo

Its: President and Chief Executive Officer

KAREN MAHONEY

/s/ Karen Mahoney

## CERTIFICATION

I, Dominick C. Colangelo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vericel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 8, 2025

/s/ DOMINICK C. COLANGELO

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

## CERTIFICATION

I, Joseph A. Mara, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vericel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ JOSEPH A. MARA

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Joseph A. 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 Quarterly Report of Vericel Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), the following:

- (1) The Report fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2025

/s/ DOMINICK C. COLANGELO

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

/s/ JOSEPH MARA

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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.