



# VERICEL Q2 2022 RESULTS

AUGUST 3, 2022

**CAUTION**  
ALL MAINTENANCE ACTIONS ON THIS EQUIPMENT MUST BE PERFORMED BY A QUALIFIED TECHNICIAN WHO IS FAMILIAR WITH THE PROPER MAINTENANCE PROCEDURES REQUIRED FOR THIS EQUIPMENT. THIS INCLUDES BOTH CERTIFICATION AS WELL AS REPAIR.

# Safe Harbor

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

Among the factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, uncertainties associated with our expectations regarding future revenue, growth in revenue, market penetration for MACI® and Epicel®, growth in profit, gross margins and operating margins, the ability to achieve or 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, likelihood of the FDA’s potential approval of the NexoBrid® Biologics License Application (BLA) resubmission seeking approval for the treatment of severe burns in the United States, the estimate of the commercial growth potential of our products and product candidates, availability of funding from BARDA under its agreement with MediWound for use in connection with NexoBrid development activities, competitive developments, changes in third-party coverage and reimbursement, our ability to supply or meet customer demand for our products, negative impacts on the global economy and capital markets resulting from the conflict in Ukraine, geopolitical tensions or record inflation and the ongoing impacts of the COVID-19 pandemic on our business or the economy generally.

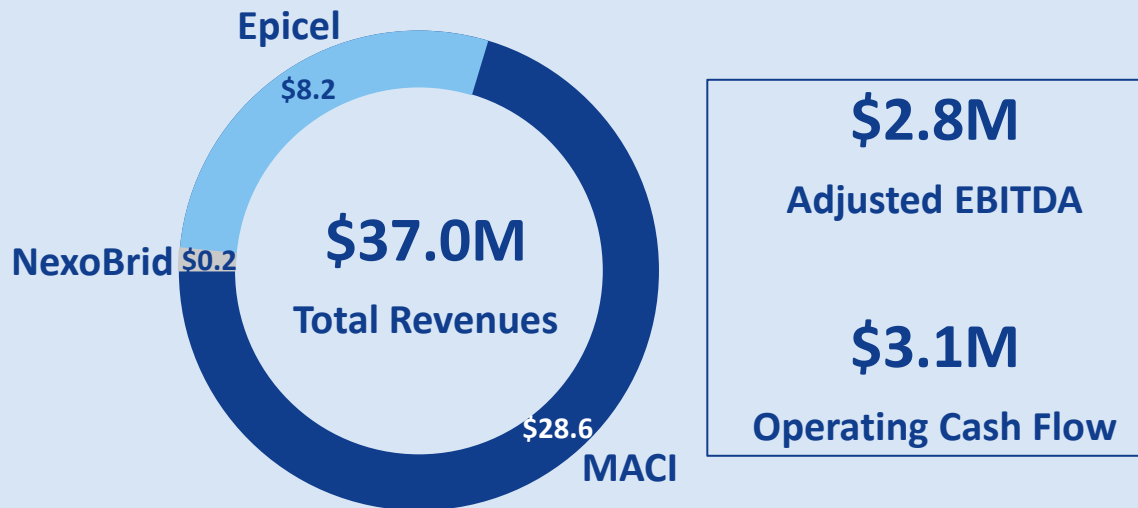
With respect to COVID-19, we are currently unable to predict whether a future resurgence of COVID-19 infections will result in future restrictions on the performance of elective surgical procedures or affect the availability of physicians and/or their treatment prioritizations, cause healthcare facility staffing shortages, effect the willingness or ability of patients to seek treatment, or heighten the impact of the pandemic on the overall healthcare infrastructure. Other disruptions or potential disruptions include restrictions on the ability of Company personnel to travel and access customers for training, promotion and case support, delays in product development efforts, and additional government-imposed quarantines or other incremental mitigation efforts or initiatives that may impact our ability to source supplies for our operations or our ability or capacity to manufacture, sell and support the use of our

products. With respect to NexoBrid, the COVID-19 pandemic may impact the FDA’s response times to regulatory submissions, its ability to monitor our clinical trials, and/or conduct necessary reviews or inspections of manufacturing facilities involved in the production of NexoBrid, any or all of which may result in timelines being materially delayed, which could affect the development and ultimate commercialization of NexoBrid. The total impact of these disruptions could have a material impact on the Company’s financial condition, cash flows and results of operations.

These and other significant factors are discussed in greater detail in Vericel’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission (SEC) on February 24, 2022, Vericel’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, filed with the SEC on August 3, 2022, and in other filings with the SEC. These forward-looking statements reflect our views as of the date hereof and Vericel does not assume and specifically disclaims any obligation to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of this presentation, except as required by law.

# Q2 2022 Financial Results and Business Highlights

## Q2 Financial Highlights

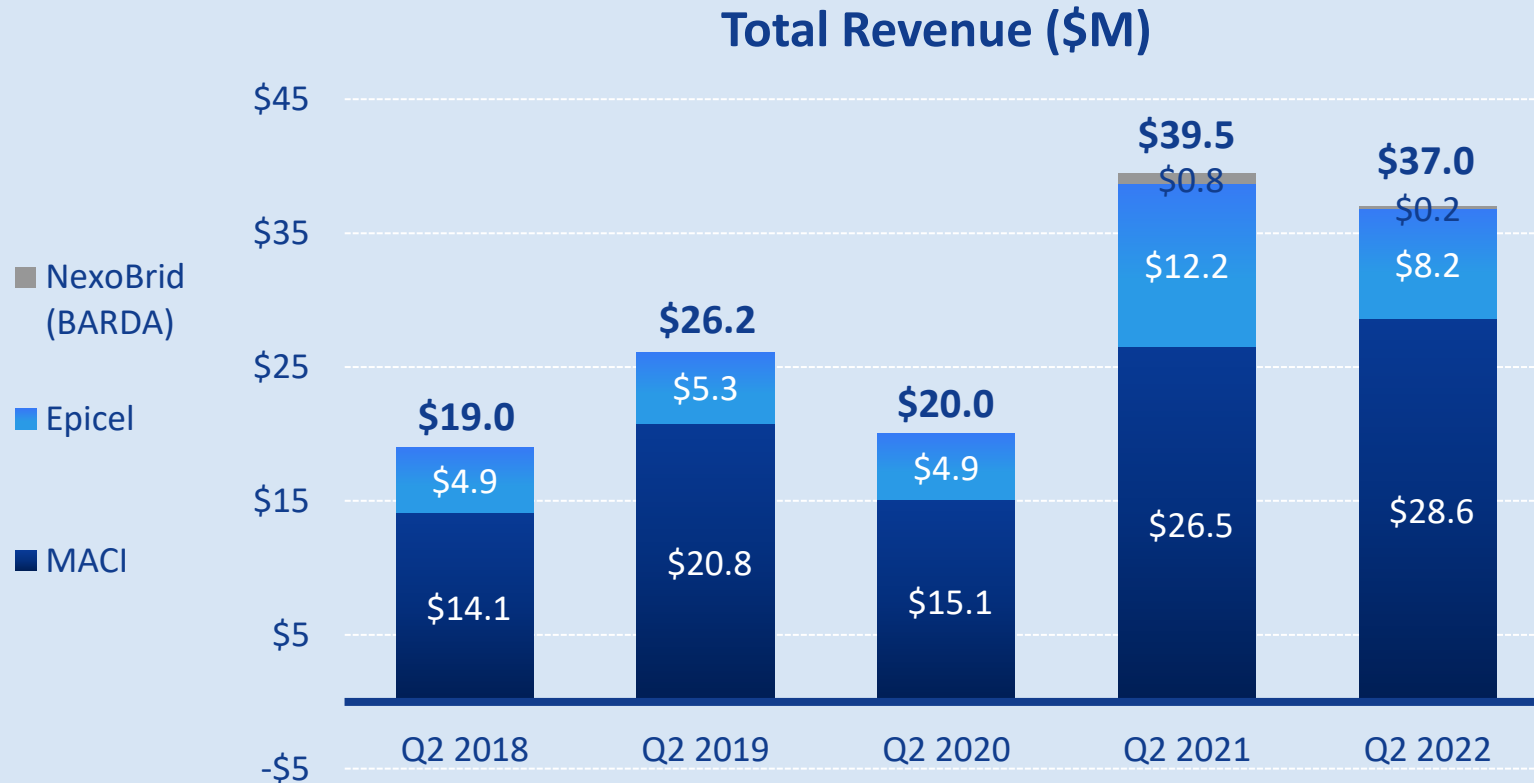


8<sup>th</sup> Straight quarter with positive adjusted EBITDA and Operating Cash Flow

## Business Highlights

- ▶ Second-quarter MACI revenue growth of 8% compared to Q2 2021 and 10% sequential growth versus Q1 2022, representing the highest quarterly revenue outside of the seasonally-high fourth quarter since the launch of MACI
- ▶ NexoBrid BLA resubmission accepted for review by the FDA, with a Prescription Drug User Fee Act date of January 1, 2023
- ▶ Announced publication in the *Journal of Burn Care & Research* of results from a retrospective study conducted by the Burn and Reconstructive Centers of America showing a 90% survival rate for patients with large posterior burns treated with Epicel
- ▶ Data from a recently published MACI study featured in *Orthopedics Today*, highlighting the expansion of knee cartilage defects and the formation of new high-grade lesions in patients as time between cartilage biopsy and implantation increases
- ▶ Entered into a \$150 million revolving credit facility with a syndicate of banks led by J.P. Morgan Chase Bank, N.A.
- ▶ Issued inaugural Environmental, Social, and Governance Report

# Q2 Revenue Details



MACI revenue growth of 8% despite an estimated double-digit decline in overall cartilage repair market procedures compared to Q2 2021<sup>1</sup>

<sup>1</sup>LexisNexis MarketView Data and Vericel estimates  
Vericel Q2 2022 Financial Results – August 3, 2022

# Second Quarter 2022 Financial Results

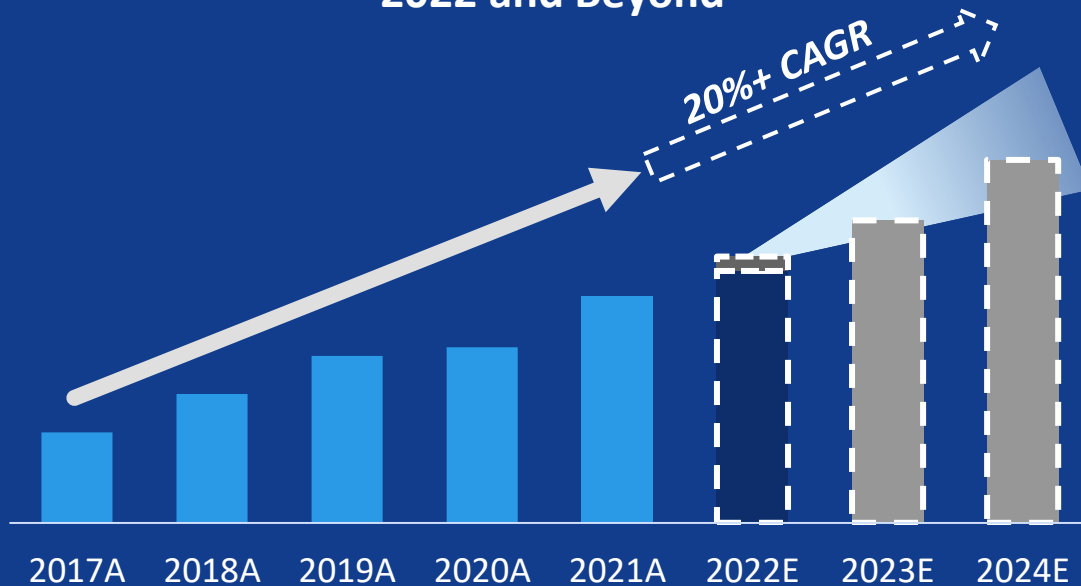
Unaudited, amounts in millions except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net Revenue	\$ 37.0	\$ 39.5	\$73.1	\$74.1
Gross Profit	22.9	26.9	46.3	49.9
<i>Gross Margin</i>	62%	68%	63%	67%
Research and Development	4.8	4.4	9.7	8.1
Selling, General and Administrative	<u>27.1</u>	<u>26.2</u>	<u>53.0</u>	<u>48.8</u>
Total Operating Expenses	31.9	30.6	62.7	56.9
Operating Loss	<u>(9.1)</u>	<u>(3.7)</u>	<u>(16.4)</u>	<u>(7.0)</u>
Net Loss Per Share (Diluted)	(0.19)	(0.08)	(0.34)	(0.15)
Weighted average shares outstanding (Diluted)	47.1	46.4	47.1	46.2
Adjusted EBITDA	2.8	7.8	6.0	12.4
<i>Adjusted EBITDA Margin</i>	7%	20%	8%	17%
<i>Stock-based compensation included in Operating and Net Loss</i>	10.8	10.9	20.3	17.9

▷ Q2 2022 Operating Cash Flow of \$3.1 million

▷ ~\$131 million in cash, restricted cash and investments as of June 30, 2022, and no debt

# 2022 Financial Guidance

Expect to Maintain Strong Growth Trajectory in 2022 and Beyond<sup>1</sup>



- ▷ 25% CAGR since launch of MACI in 2017
- ▷ 26% total net revenue growth in 2021

## 2022 Guidance Details

TOTAL REVENUE	<b>\$178M-\$189M</b>
GROSS MARGIN	<b>~69%</b>
ADJUSTED EBITDA MARGIN	<b>~21%</b>

- ▷ Revenue estimates assume MACI revenues of \$132M-\$141M, with typical H1/H2 seasonality and Epicel returning to a higher run rate in H2 2022
- ▷ Higher margins expected in H2 driven by revenue phasing

<sup>1</sup> Based on 2022 financial guidance and internal estimated long-term financial projections.  
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# VERICEL Q2 2022 FINANCIAL RESULTS

APPENDIX

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

(unaudited, amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
<b>Adjusted EBITDA</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net Loss (GAAP)</b>	\$ (8,963)	\$ (3,789)	\$ (16,054)	\$ (7,075)
Stock-based compensation expense	10,808	10,866	20,339	17,885
Depreciation and amortization	1,055	695	1,928	1,506
Net interest income	(128)	(42)	(198)	(117)
Income tax expense	-	72	-	215
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 2,772	\$ 7,805	\$ 6,015	\$12,414



# Vericel Capitalization Table

<b>Capitalization (as of June 30, 2022)</b>	<b>Shares</b>
Common Stock	47,140,574
Options Outstanding	6,585,835
Unvested Restricted Stock Units	635,628
<b>Total</b>	<b><u>54,362,037</u></b>