

A photograph of a scientist wearing a white lab coat, a face mask, and safety glasses, working in a biosafety cabinet. The scientist is wearing yellow gloves and is handling a clear plastic container. The biosafety cabinet has a "CAUTION" warning label that reads: "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." There are several bottles and containers on the work surface, including a red-capped bottle and a clear bottle with red liquid. The background is a plain, light-colored wall.

VERICEL

Q3 2019 RESULTS

NOVEMBER 5, 2019

Safe Harbor

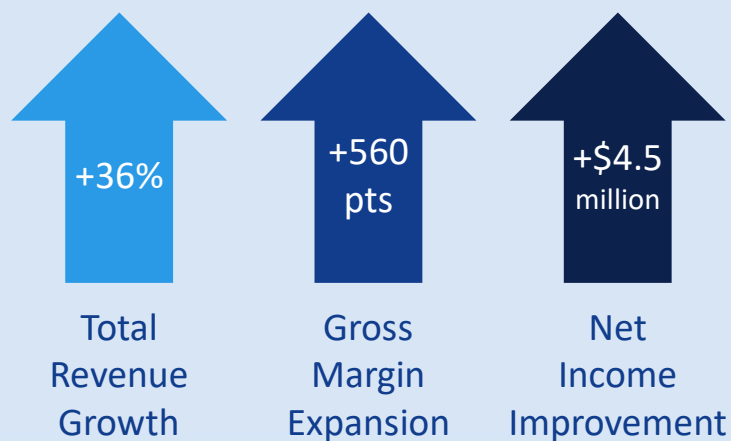
This presentation contains forward-looking statements, including, without limitation, statements regarding full-year 2019 revenue and financial guidance, statements concerning anticipated progress, objectives and expectations regarding the commercial potential of our products and growth in revenues, profit, and cash flow, and objectives and expectations regarding our company as described herein, all of which involve certain risks and uncertainties. These statements are often, but are not always, made through the use of words or phrases such as "anticipates," "intends," "estimates," "plans," "expects," "we believe," "we intend," "guidance," "outlook," "future," and similar words or phrases, or future or conditional verbs such as "will," "would," "should," "potential," "could," "may," or similar expressions. Actual results may differ significantly from the expectations contained in the forward-looking

statements. Among the factors that may result in differences are the inherent uncertainties associated with our expectations regarding 2019 revenues, growth in revenues for MACI and Epicel, the expected target surgeon audience, improvements in gross margins, our need to generate significant sales to become profitable, potential fluctuations in sales volumes and our results of operations over the course of the year, competitive developments, estimating the commercial growth potential of our products and product candidates, timing and conduct of clinical trial and product development activities, timing or likelihood of regulatory submissions or approvals, availability of funding from the Biomedical Advanced Research and Development Authority ("BARDA") under its agreement with MediWound Ltd. for use in connection with NexoBrid development activities, market demand for our products,

changes in third party coverage and reimbursement, our ability to maintain and expand our network of direct sales employees, and our ability to supply or meet customer demand for our products. 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, 2018, filed with the Securities and Exchange Commission ("SEC") on February 26, 2019, Quarterly Reports on Form 10-Q and other filings with the SEC. These forward-looking statements reflect management's views as of the date hereof and Vericel does not assume and specifically disclaims any obligation to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of this release except as required by law.

Vericel Entering New Phase Of Growth, With Continued Strong Double Digit Revenue Growth Translating Into Rapid Profit Growth

Q3 2019 Financial Performance vs. Q3 2018



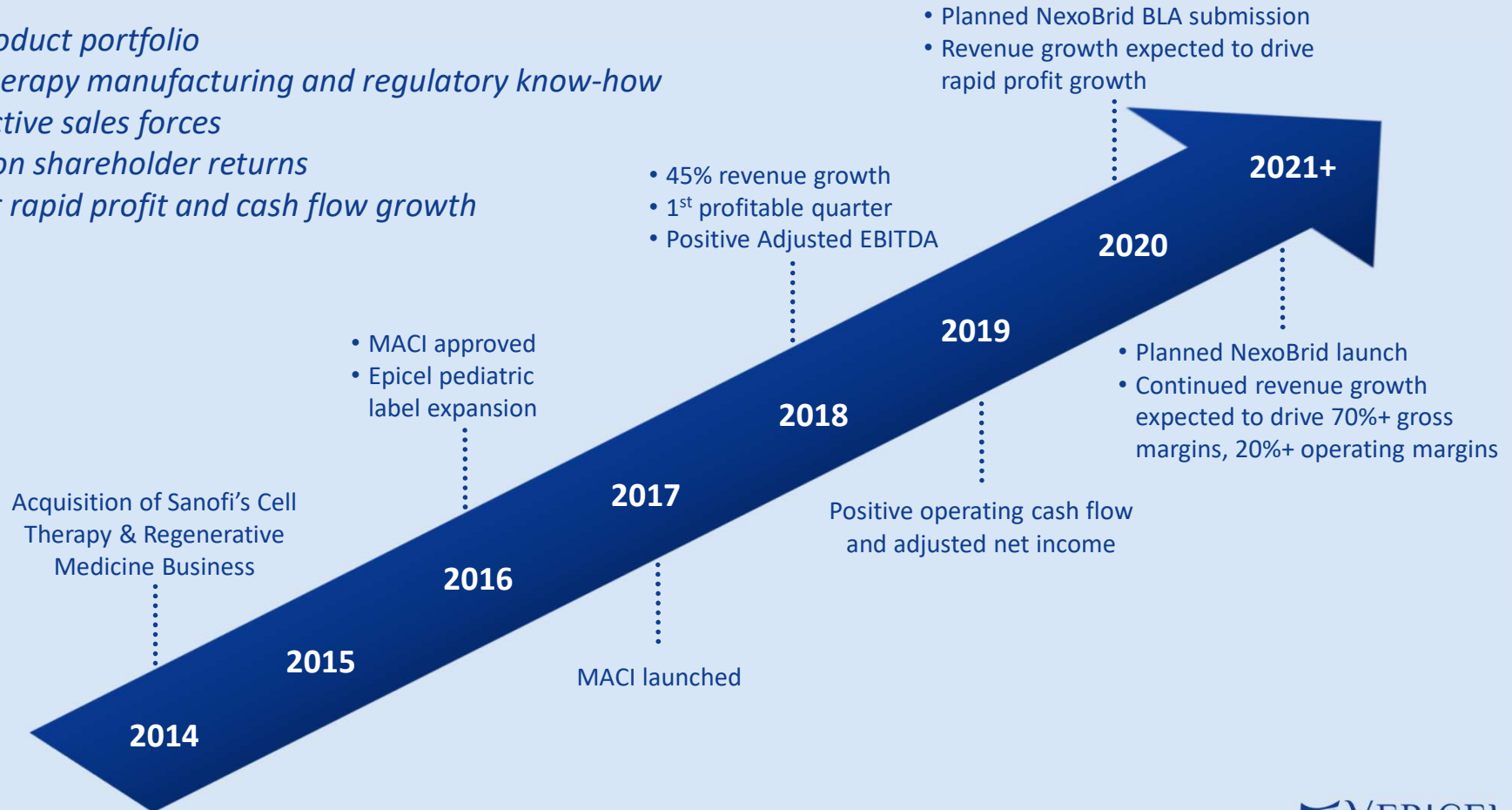
Business Highlights

- ▷ 10th consecutive quarter with record revenues for the reported quarter
- ▷ Highest Epicel revenue quarter in history
- ▷ Announced plans to expand MACI sales force from 49 to 76 sales representatives by Q2 2020
- ▷ Completed initial expansion of burn care sales team
- ▷ Announced initiation of the U.S. NexoBrid Expanded Access Treatment (NEXT) protocol

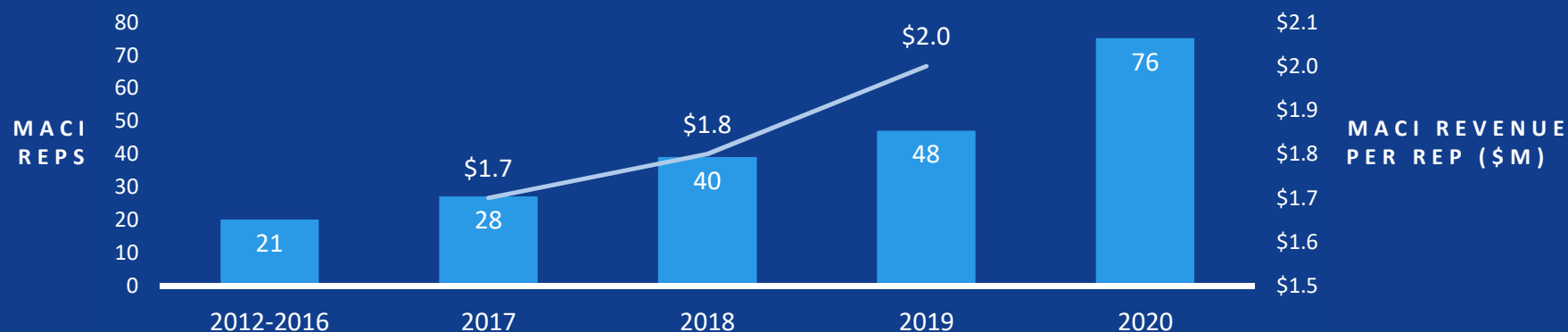
Full Year 2019 Revenue guidance increased

Vericel Positioned For Success

- *Innovative product portfolio*
- *Unique cell therapy manufacturing and regulatory know-how*
- *Highly productive sales forces*
- *Strong focus on shareholder returns*
- *Positioned for rapid profit and cash flow growth*



Significant Addressable Market For MACI Remains Underpenetrated – MACI Sales Force Expansion Planned For 2020



Strong Momentum Exiting 2019

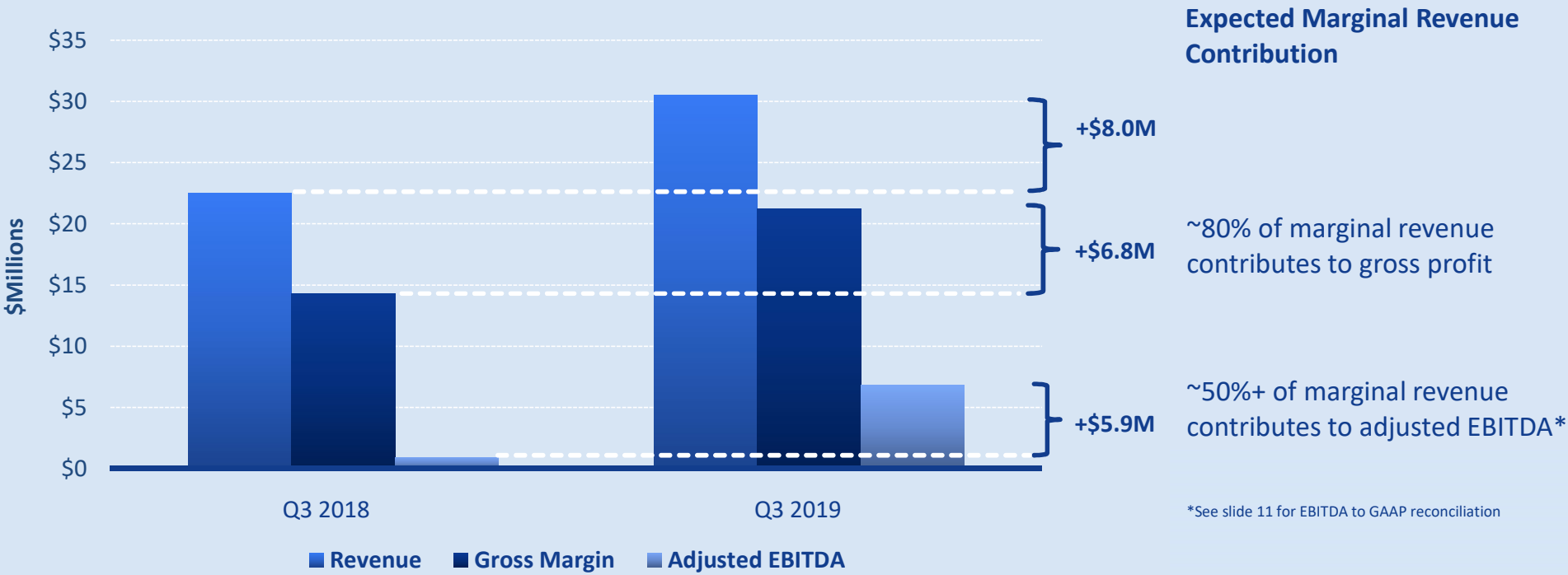
- Year-to-date revenue growth of 36%
- Received biopsies from ~1,300 surgeons in the last 12 months, +26% compared to prior period
- Sales force productivity surpassing historical averages

Significant Room For Growth

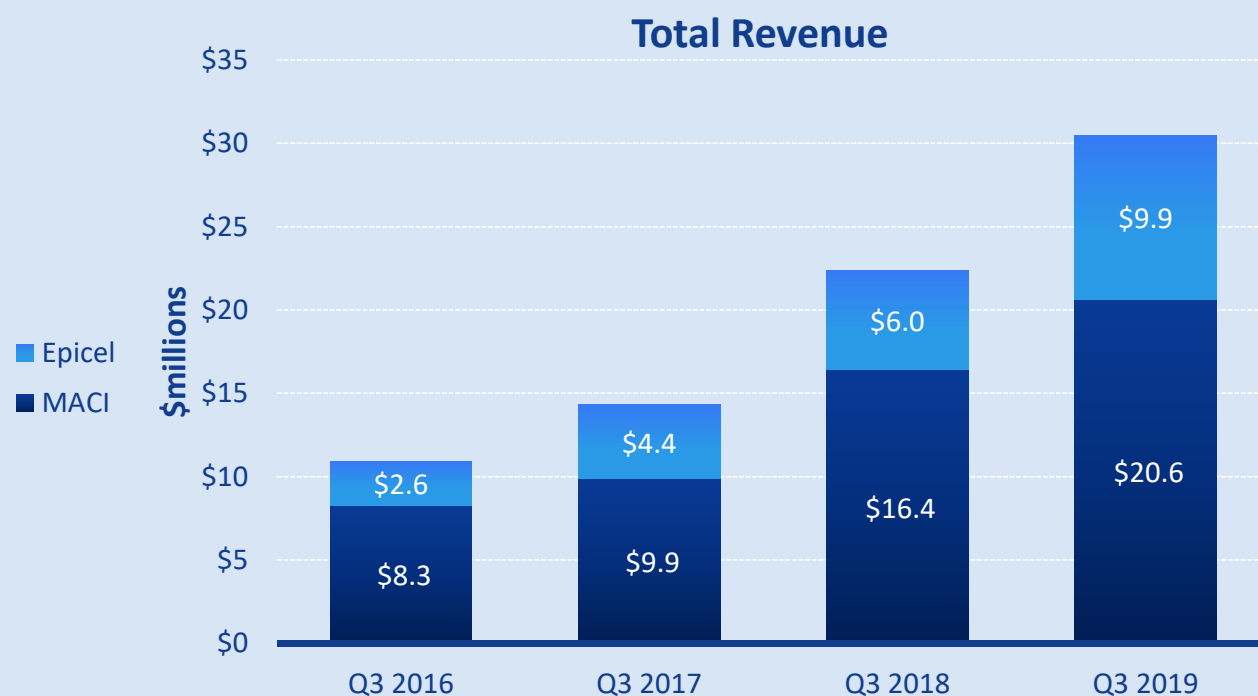
- While growing rapidly, the number of biopsy surgeons represents only ~25% of the estimated 5,000 surgeons who see potential MACI patients and perform open procedures
- Historical sales force expansions have demonstrated strong correlation between increased reach and frequency and higher MACI volume



Revenue Growth Continues To Translate Into Significant Profit Growth



Third-Quarter 2019 Revenue Details



MACI momentum continued through the third quarter based on new surgeon, implant, and biopsy growth

Reported highest Epicel revenue in company history

Third-Quarter 2019 Financial Results

Unaudited, amounts in thousands except per share amounts	Three Months Ended September 30,	
	2019	2018
Net Product Sales	\$ 30,499	\$ 22,484
Gross Profit	21,175	14,346
<i>Gross Margin</i>	69%	64%
Research and Development	3,096	3,113
Selling, General and Administrative	<u>14,982</u>	<u>12,569</u>
Total Operating Expenses	18,078	15,682
Operating Income (Loss)	<u>3,097</u>	<u>(1,336)</u>
Other Income (Expense)	<u>373</u>	<u>267</u>
Net Income (Loss)	\$ <u>3,470</u>	\$ <u>(1,069)</u>
Net Income (Loss) Per Share (Basic)	\$ 0.08	\$ (0.02)
Weighted average number of common shares outstanding (Basic)	44,251	42,925
Net Income (Loss) Per Share (Diluted)	\$ 0.07	\$ (0.02)
Weighted average number of common shares outstanding (Diluted)	46,667	42,925

Updated 2019 Financial Guidance

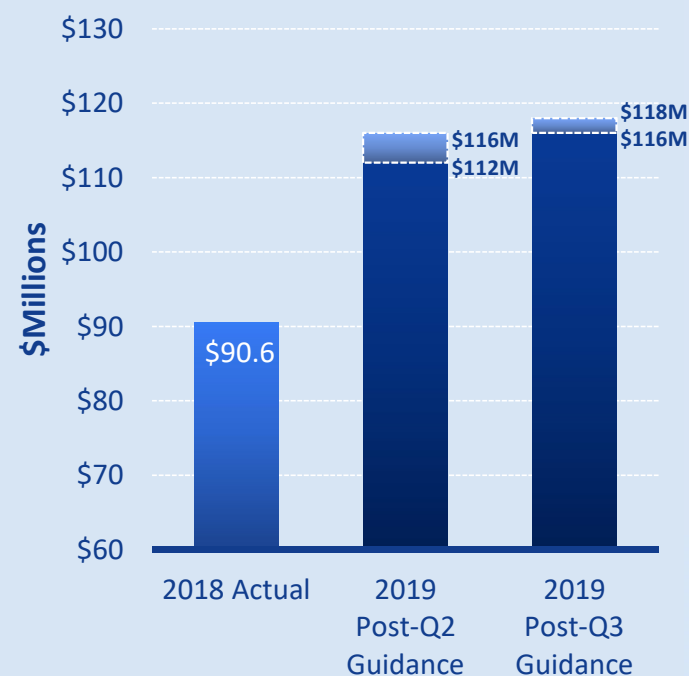
Vericel expects total MACI and Epicel net product revenues to be in the range of **\$116 to \$118 million**, compared to previous revenue guidance of \$112 to \$116 million

- ▷ Full-Year MACI revenue growth of 35% to 36%
- ▷ Full-Year Epicel revenue growth of 10% to 15%

Excluding the \$17.5 million NexoBrid upfront license payment, Vericel expects to report **positive adjusted EPS** for 2019

- ▷ Full-Year gross margins of approximately 68%
- ▷ Full-Year operating expenses of approximately \$92M
 - Includes the \$17.5M NexoBrid payment

2019 Net Product Revenues Guidance



VERICEL Q3 2019 FINANCIAL RESULTS

APPENDIX

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

(unaudited, amounts in thousands)

Three Months Ended September 30,

Annual Adjusted EBITDA (In Thousands)	2016	2017	2018	2019
Net (Loss) Income (GAAP)	\$ (6,675)	\$ (5,407)	\$ (1,069)	\$ 3,470
Change in fair value of warrants	203	1,060	(420)	-
Stock compensation expense	654	755	1,932	3,285
Depreciation and amortization	470	402	320	475
Net interest expense (income)	86	315	153	(383)
Adjusted EBITDA (Non-GAAP)	\$ (5,262)	\$ (2,875)	\$ 916	\$ 6,847

Vericel Capitalization Table

Capitalization (as of September 30, 2019)	Shares
Common Stock	44,520,161
Options Outstanding	5,116,053
Unvested Restricted Stock Units	158,732
Fully Diluted Shares Outstanding	<u>49,794,946</u>