Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40498

Century Therapeutics, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**84-2040295**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3675 Market Street Philadelphia, Pennsylvania	**19104**
(Address of principal executive offices)	**(Zip Code)**

(267) 817-5790

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	IPSC	The Nasdaq Global Select Market

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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

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, 2023 the registrant had 59,580,817 shares of common stock, $0.0001 par value per share, outstanding.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein contain forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this Quarterly Report on Form 10-Q or the documents incorporated by reference herein regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “would,” “could,” “should,” “potential,” “seek,” “evaluate,” “pursue,” “continue,” “design,” “impact,” “affect,” “forecast,” “target,” “outlook,” “initiative,” “objective,” “designed,” “priorities,” “goal,” or the negative of such terms and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated.

The forward-looking statements in this Quarterly Report on Form 10-Q include, among other things, statements about:

- our ability to raise additional capital to fund our operations and continue the development of our current and future product candidates;
- the preclinical and early clinical nature of our business and our ability to successfully advance our current and future product candidates through development activities, preclinical studies, and clinical trials;
- our ability to generate revenue from future product sales and our ability to achieve and maintain profitability;
- the accuracy of our projections and estimates regarding our expenses, capital requirements, cash utilization, and need for additional financing;
- the extent to which the COVID-19 pandemic, or any other pandemic or global health crises may impact our business, including development activities, preclinical studies, clinical trials, supply chain and labor force;
- our dependence on the success of our lead product candidate, CNTY-101;
- the novelty of our approach to immuno-oncology treatment of cancer, utilizing iPSC-derived natural killer cells, or iNK cells, and iPSC-derived T cells, or iT cells, and the challenges we will face due to the novel nature of such technology;
- the success of competing therapies that are or become available;
- our reliance on the maintenance of our collaborative relationship with FUJIFILM Cellular Dynamics Inc., or FCDI, for access to key differentiation and reprogramming technology for the manufacturing and development of our product candidates;
- the initiation, progress, success, cost, and timing of our development activities, preclinical studies and future clinical trials;
- the timing of future investigational new drug, or IND, applications and the likelihood of, and our ability to obtain and maintain, regulatory clearance of such IND applications for our product candidates;
- the timing, scope and likelihood of regulatory filings and approvals, including final regulatory approval of our product candidates;

- our reliance on FCDI to be the exclusive manufacturer of certain product candidates, and our ability to manufacture our own product candidates in the future, and the timing and costs of such manufacturing activities;
- our reliance on the maintenance of our collaborative relationship with Bristol-Myers Squibb Company, or Bristol-Myers Squibb, in connection with the furtherance of our collaboration programs;
- the performance of third parties in connection with the development of our product candidates, including third parties conducting our current and future clinical trials as well as third-party suppliers and manufacturers;
- our ability to attract and retain strategic collaborators with development, regulatory, and commercialization expertise;
- the public opinion and scrutiny of cell-based immuno-oncology therapies for treating cancer and its potential impact on public perception of our company and product candidates;
- our ability to successfully commercialize our product candidates and develop sales and marketing capabilities, if our product candidates are approved;
- the size and growth of the potential markets for our product candidates and our ability to serve those markets;
- regulatory developments and approval pathways in the United States and foreign countries for our product candidates;
- the potential scope and value of our intellectual property and proprietary rights;
- our ability, and the ability of our licensors, to obtain, maintain, defend, and enforce intellectual property and proprietary rights protecting our product candidates, and our ability to develop and commercialize our product candidates without infringing, misappropriating, or otherwise violating the intellectual property or proprietary rights of third parties;
- our ability to recruit and retain key members of management and other clinical and scientific personnel;
- the volatility of capital markets and other macroeconomic factors, including due to inflationary pressures, banking instability geopolitical tensions or the outbreak of hostilities or war;
- developments relating to our competitors and our industry; and
- other risks and uncertainties, including those described under the caption “Risk factors” in our Annual Report on Form 10-K for the year ended December 31, 2022.

We have based these forward-looking statements largely on our current expectations, estimates, forecasts, and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. You should refer to the section titled “Risk Factors” set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be

material. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We intend the forward-looking statements contained in this Quarterly Report on Form 10-Q to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CENTURY THERAPEUTICS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	March 31, 2023 (unaudited)	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 86,832	$ 84,265
Short-term investments	164,637	231,233
Escrow deposits, current	—	220
Prepaid expenses and other current assets	4,465	4,003
Total current assets	255,934	319,721
Property and equipment, net	85,842	82,785
Operating lease right-of-use assets	28,207	28,945
Restricted cash	1,979	1,979
Long-term investments	83,316	51,854
Security deposits	950	1,260
Total assets	**$ 456,228**	**$ 486,544**
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 3,475	$ 5,454
Accrued expenses and other liabilities	6,531	9,841
Deposit liability	881	866
Long-term debt, current	10,297	6,502
Deferred revenue, current	6,500	7,154
Total current liabilities	**27,684**	**29,817**
Operating lease liability, long term	41,168	38,698
Deposit liability, non-current	433	718
Deferred revenue, non-current	109,768	110,834
Long-term debt, net	—	3,739
Total liabilities	**179,053**	**183,806**
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $ 0.0001 par value, 10,000,000 shares authorized and 0 shares issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value, 125,236,190 shares authorized; 59,106,784 and 58,473,660 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	6	6
Additional paid-in capital	828,806	824,292
Accumulated deficit	(550,362)	(519,098)
Accumulated other comprehensive loss	(1,275)	(2,462)
Total stockholders' equity	**277,175**	**302,738**
Total liabilities and stockholders' equity	**$ 456,228**	**$ 486,544**

See accompanying notes to the consolidated financial statements.

CENTURY THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Collaboration revenue	$ 1,720	$ 1,058
Operating expenses		
Research and development	24,899	21,196
General and administrative	8,902	7,298
In-process research and development	-	10,000
Total operating expenses	33,801	38,494
Loss from operations	(32,081)	(37,436)
Interest expense	(404)	(314)
Interest income	2,623	253
Other expense, net	(194)	—
Total other income (expense)	2,025	(61)
Loss before provision for income taxes	(30,056)	(37,497)
Provision for income taxes	(1,208)	(16)
Net loss	**$ (31,264)**	**$ (37,513)**
Net loss per common share Basic and Diluted	(0.53)	(0.66)
Weighted average common shares outstanding Basic and Diluted	58,610,375	57,051,539
Other comprehensive loss		
Net loss	$ (31,264)	$ (37,513)
Unrealized gain (loss) on investments	1,196	(1,986)
Foreign currency translation	(9)	(6)
Comprehensive loss	$ (30,077)	$ (39,505)

See accompanying notes to the consolidated financial statements.

CENTURY THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2022	**58,473,660**	**$ 6**	**$ 824,292**	**$ (519,098)**	**$ (2,462)**	**$ 302,738**
Issuance of common stock upon the exercise of stock options	452,102	—	448	—	—	**448**
Vesting of restricted stock	95,877	—	—	—	—	**—**
Vesting of early exercise stock options	85,145	—	269	—	—	**269**
Unrealized gain on short-term investments	—	—	—	—	1,196	**1,196**
Foreign currency translation	—	—	—	—	(9)	**(9)**
Stock based compensation	—	—	3,797	—	—	**3,797**
Net loss	—	—	—	(31,264)	—	**(31,264)**
Balance, March 31, 2023	**59,106,784**	**$ 6**	**$ 828,806**	**$ (550,362)**	**$ (1,275)**	**$ 277,175**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2021	**55,005,523**	**$ 5**	**$ 785,049**	**$ (388,166)**	**$ (650)**	**$ 396,238**
Issuance of stock to collaboration partner	2,160,760	1	26,812	—	—	**26,813**
Issuance of common stock upon the exercise of stock options	85,396	—	65	—	—	**65**
Vesting of restricted stock	161,159	—	—	—	—	**—**
Vesting of early exercise stock options	173,192	—	673	—	—	**673**
Stock based compensation	—	—	2,380	—	—	**2,380**
Unrealized loss on investments	—	—	—	—	(1,986)	**(1,986)**
Foreign currency translation	—	—	—	—	(6)	**(6)**
Net loss	—	—	—	(37,513)	—	**(37,513)**
Balance, March 31, 2022	**57,586,030**	**$ 6**	**$ 814,979**	**$ (425,679)**	**$ (2,642)**	**$ 386,664**

See accompanying notes to the consolidated financial statements.

CENTURY THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended March 31, 2023 (unaudited)	Three Months Ended March 31, 2022 (unaudited)
Cash flows from operating activities		
Net loss	$ (31,264)	$ (37,513)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,908	1,160
Amortization of deferred financing cost	56	76
Non-cash operating lease expense	(738)	188
Stock based compensation	3,797	2,380
Change in operating assets and liabilities:		
Escrow deposit	220	125
Prepaid expenses and other assets	(160)	1,033
Operating lease liability	3,842	(152)
Deferred revenue	(1,720)	122,129
Accounts payable	(2,954)	(1,503)
Accrued expenses and other liabilities	(3,206)	(1,170)
Net cash (used in) provided by operating activities	**(29,219)**	**86,753**
Cash flows from investing activities		
Acquisition of property and equipment	(4,991)	(4,067)
Acquisition of fixed maturity securities, available for sale	(42,829)	(103,060)
Sale of fixed maturity securities, available for sale	79,158	63,090
Net cash provided by (used in) investing activities	**31,338**	**(44,037)**
Cash flows from financing activities		
Proceeds from issuance of common stock	448	65
Proceeds from issuance of shares to collaboration partner	—	26,813
Net cash provided by financing activities	**448**	**26,878**
Net increase in cash, cash equivalents, and restricted cash	**2,567**	**69,594**
Cash, cash equivalents and restricted cash, beginning of period	86,244	58,162
Cash, cash equivalents and restricted cash, end of period	**$ 88,811**	**$ 127,756**
Supplemental disclosure of cash and non-cash operating activities:		
Cash paid for interest	**$ 345**	**$ 238**
Supplemental disclosure of non-cash investing and financing activities:		
Purchase of property and equipment, accrued and unpaid	**$ 975**	**$ 3,796**

See accompanying notes to the consolidated financial statements.

CENTURY THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(in thousands, except share and per share amounts)

Note 1—Organization and description of the business

Century Therapeutics, Inc. (the “Company”) is an innovative biotechnology company developing transformative allogeneic cell therapies to create products for the treatment of both solid tumor and hematological malignancies with significant unmet medical need. Since inception, the Company has devoted substantially all of its time and efforts to performing research and development activities, building infrastructure and raising capital. The Company is incorporated in the state of Delaware.

Century Therapeutics Canada ULC (“Century Canada”) is the Company’s wholly owned subsidiary performing research and development activities in Canada.

Principles of Consolidation

The consolidated financial statements include the consolidated financial position and consolidated results of operations of the Company and Century Canada. All intercompany balances and transactions have been eliminated in consolidation.

Liquidity

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has limited operating history and its prospects are subject to risks, expenses, and uncertainties frequently encountered by companies in the biotechnology and pharmaceutical industries. These risks include, but are not limited to, the uncertainty of availability of additional financing and the uncertainty of achieving future profitability.

Since inception, the Company has incurred net losses. During the three months ended March 31, 2023, the Company incurred a net loss of $31,264. During the three months ended March 31, 2023, the Company used $29,219 of cash from operations. Cash and cash equivalents and investments were $334,785 at March 31, 2023. Management expects to incur additional losses in the future to fund its operations and conduct product research and preclinical and clinical development and recognizes the need to raise additional capital to fully implement its business plan. The Company believes it has adequate cash and financial resources to operate for at least the next 12 months from the date of issuance of these consolidated financial statements.

Reduction in force

In January 2023, the Company's Board of Directors approved, and management implemented a new portfolio prioritization and capital allocation strategy. The resulting changes include pausing investment in CNTY-103 for glioblastoma as well as a discovery program in hematologic malignancies. The Company will focus on CNTY-101 and will accelerate key programs, including one follow-on candidate for lymphoma, CNTY-102, and CNTY-107 for Nectin-4+ solid tumors. In addition, the Company will continue its partnered programs with Bristol Myers Squibb. The restructuring plan resulted in a reduction in the Company's workforce of approximately 25%. In addition, lab operations in Seattle and Hamilton, Ontario were closed and research activities were consolidated in Philadelphia.

Note 2—Summary of significant accounting policies and basis of presentation

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the interim period reporting requirements of Form 10-Q and Article 10 of Regulation S-X. The consolidated balance sheet as of March 31, 2023, the consolidated statements of operations and comprehensive loss, and consolidated statements of changes in stockholders' equity for the three months ended March 31, 2023 and 2022, and the consolidated statements of cash flows for the three months ended March 31, 2023 and 2022 are unaudited, but, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, which the Company considers necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented. The results for any interim period are not necessarily indicative of results for the year ending December 31, 2023 or for any other subsequent interim period. The consolidated balance sheet at December 31, 2022 has been derived from the Company's audited consolidated financial statements.

Certain prior year information has been reclassified to conform to the fiscal year 2023 presentation.

Segment information

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions on how to allocate resources and assess performance. The Company views its operations and manages the business as one operating segment.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are primarily made in relation to the valuations supporting stock compensation, the estimation of the incremental borrowing rate for operating leases and standalone selling prices of performance obligations in collaboration agreements. If actual results differ from the Company's estimates, or to the extent these estimates are adjusted in future periods, the Company's results of operations could either benefit from, or be adversely affected by, any such change in estimate.

Concentration of credit risk and other risks and uncertainties

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist of cash, cash equivalents, U.S. Treasury bills and bonds, as well as corporate bonds. Cash and cash equivalents, as well as short and long-term investments include a checking account and asset management accounts held by a limited number of financial institutions. At times, such deposits may be in excess of insured limits. As of March 31, 2023 and December 31, 2022, the Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, rapid technological change, uncertainty of market acceptance of its products, competition from substitute products and larger companies, protection of proprietary technology, strategic relationships, and dependence on key individuals.

Products developed by the Company require clearances from the U.S. Food and Drug Administration (the "FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance the Company's future products will receive the necessary clearances. If the Company was denied clearance,

clearance was delayed, or if the Company was unable to maintain clearance, it could have a material adverse impact on the Company.

Fair value of financial instruments

The Company discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs are unobservable in which there is little or no market data available, which require the reporting entity to develop its own assumptions that are unobservable.

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 Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

Cash and cash equivalents

Management considers all highly liquid investments with an insignificant interest rate risk and original maturities of three months or less to be cash equivalents.

Restricted cash

As of March 31, 2023 and December 31, 2022, the Company had $1,979 in cash on deposit to secure certain lease commitments. Restricted cash is recorded separately in the Company's consolidated balance sheets.

The following provides a reconciliation of the Company's cash, cash equivalents, and restricted cash as reported in the consolidated balance sheets to the amounts reported in the consolidated statements of cash flows:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 86,832	$ 84,265
Restricted cash	1,979	1,979
Cash, cash equivalents, and restricted cash	$ 88,811	$ 86,244

Investments

The Company invests in fixed maturity securities including U.S. Treasury bills and bonds as well as corporate bonds. The investments are classified as available-for-sale and reported at fair value. Unrealized gains or losses are determined by comparing the fair market value of the securities with their cost or amortized cost. Realized gains and losses on investments are recorded on the trade date and are included in the statement of operations. Unrealized gains and losses on investments are recorded in other comprehensive income (loss) on the consolidated statements of operations and comprehensive loss. The cost of securities sold is based on the specified identification method. Investment income is recognized as earned and discounts or premiums arising from the purchase of debt securities are recognized in investment income using the interest

method over the remaining term of the security. Securities with an original maturity date greater than three months that mature within one year of the balance sheet date are classified as short-term, while investments with a maturity date greater than one year are classified as long-term.

Property and equipment, net

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally five years. Leasehold improvements are amortized over the shorter of the asset's useful life or the remaining term of the lease. Construction in progress includes direct cost related to the construction of leasehold improvements and is stated at original cost. Such costs are not depreciated until the asset is completed and placed into service. Once the asset is placed into service, these capitalized costs will be allocated to leasehold improvements and will be depreciated over the shorter of the asset's useful life or the remaining term of the lease. Computer software and equipment includes implementation costs for cloud-based software and network equipment.

Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance, and repairs are charged to expense as incurred. When property is retired or otherwise disposed of, the costs and accumulated depreciation are removed from the respective accounts, with any resulting gain or loss recognized concurrently.

Research and development expenses

Research and development expenses include costs directly attributable to the conduct of research and development programs, including the cost of salaries, payroll taxes, employee benefits, stock compensation, materials, supplies, rent, depreciation on and maintenance of research equipment with alternative future use, and the cost of services provided by outside contractors. All costs associated with research and development are expensed as incurred.

Clinical trial costs are a component of research and development expenses. The company expenses costs for its clinical trial activities performed by third parties, including clinical research organizations and other service providers, as they are incurred, based upon estimates of the work completed over the life of the individual study in accordance with associated agreements. The Company uses information it receives from internal personnel and outside service providers to estimate the clinical trial costs incurred.

Stock-based compensation

Employees, consultants and members of the board of directors of the Company have received stock options and restricted stock of the Company. The Company recognizes the cost of the stock-based compensation incurred as its employees and board members vest in the awards. The Company accounts for stock-based compensation arrangements in accordance with provisions of Accounting Standards Codification ("ASC") 718, Compensation—Stock Compensation. ASC 718 requires the recognition of compensation expense, using a fair-value based method, for costs related to all share-based payments including stock options. ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model ("Black Scholes") to determine the fair value of options granted. The Company's stock-based awards are subject to service-based vesting conditions and performance-based vesting conditions. Compensation expense related to awards to employees and directors with service-based vesting conditions is recognized on a straight-line basis based on the grant date fair value over the associated service period of the award, which is generally the vesting term. For performance-based awards, the Company reassesses at each reporting date whether achievement of the performance condition is probable and accrues compensation expense if and when achievement of the performance condition is probable.

Black-Scholes requires inputs based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free interest rate and (iv) expected dividends. Due to

the lack of a public market for the Company's common stock prior to its initial public offering ("IPO") and lack of company-specific historical and implied volatility data, the Company based its computation of expected volatility on the historical volatility of a representative group of public companies with similar characteristics to the Company, including stage of product development and life science industry focus. The historical volatility is calculated based on a period of time commensurate with expected term assumption. The risk-free interest rate is based on U.S. Treasury securities with a maturity date commensurate with the expected term of the associated award. The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on its common stock. Forfeitures are recognized as they occur.

Warrants

The Company has issued warrants that have been recognized as equity, and the fair value is recorded into additional paid-in capital in the accompanying consolidated balance sheets. Warrants are accounted for in accordance with applicable accounting guidance provided in ASC Topic 815, Derivatives and Hedging—Contracts in Entity's Own Equity, as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreement. The Company's warrants issued are in connection with its long-term debt and in connection with services provided by consultants, and are equity classified on the accompanying consolidated balance sheets. Equity classified warrants are accounted for at fair value on the issuance date, using Black Scholes, with no changes in fair value recognized after the issuance date.

Foreign currency translation

The reporting currency of the Company is the U.S. dollar. The functional currency of Century Canada is the Canadian dollar. Assets and liabilities of Century Canada are translated into U.S. dollars based on exchange rates at the end of each reporting period. Expenses are translated at average exchange rates during the reporting period. Gains and losses arising from the translation of assets and liabilities are included as a component of accumulated other comprehensive loss or income on the company's consolidated balance sheets. Gains and losses resulting from foreign currency transactions are reflected within the Company's consolidated statements of operations and comprehensive loss. The Company has not utilized any foreign currency hedging strategies to mitigate the effect of its foreign currency exposure.

Intercompany payables and receivables are considered to be long-term in nature and any change in balance due to foreign currency fluctuation is included as a component of the Company's consolidated comprehensive loss and accumulated other comprehensive loss within the Company's consolidated balance sheets.

Basic and diluted net loss per common shares

Basic net loss per common share is computed by dividing net loss applicable to common shareholders by the weighted-average number of common shares outstanding during the period. The Company computes diluted net loss per common share by dividing the net loss applicable to common shareholders by the sum of the weighted- average number of common shares outstanding during the period plus the potential dilutive effects of its warrants, restricted stock and stock options to purchase common shares, but such items are excluded if their effect is anti-dilutive. Because the impact of these items is anti-dilutive during periods of net loss, there were no differences between the Company's basic and diluted net loss per common share for the three months ended March 31, 2023 and 2022.

Early exercised options

The Company allowed certain of its employees and its consultants to exercise options granted under the 2018 Stock Option and Grant Plan (the "2018 Incentive Plan") (Note 16) prior to vesting and prior to its IPO. The shares related to early exercised stock options are subject to the Company's repurchase right upon termination of employment or services at the lesser of the original purchase price or fair market value at the time of repurchase. In order to vest, the holders are required to provide continued service to the Company. The early exercise by an employee or consultant of a stock option is not considered to be a substantive

exercise for accounting purposes, and therefore, the payment received by the employer for the exercise price is recognized as a liability. For accounting purposes, unvested early exercised shares are not considered issued and outstanding and therefore not reflected as issued and outstanding in the accompanying consolidated balance sheets or the consolidated statements of changes in stockholders' equity (deficit) until the awards vest. The deposits received are initially recorded in deposit liability. The liabilities are reclassified to common stock and additional paid-in-capital as the repurchase right lapses. At March 31, 2023 and December 31, 2022, there were $1,314 and $1,584, respectively, recorded in deposit liability related to shares held by employees and nonemployees that were subject to repurchase.

All shares that were early exercised by the executives of the Company are considered legally issued, however, for accounting purposes, only vested shares are considered issued. Below is a reconciliation of shares issued and outstanding:

	March 31, 2023	December 31, 2022
Total shares legally outstanding	59,541,904	59,137,491
Less: unvested early exercised shares	(385,655)	(470,800)
Less: unvested restricted stock awards (Note 16)	(49,465)	(193,031)
Total shares issued and outstanding	59,106,784	58,473,660

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations and comprehensive loss. As of March 31, 2023 and December 31, 2022, no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheet.

Collaboration revenue

The Company may enter into collaboration and licensing agreements with strategic partners for research and development, manufacturing, and commercialization of its product candidates. Payments under these arrangements may include non-refundable, upfront fees; reimbursement of certain costs; customer option fees for additional goods or services; payments upon the achievement of development, regulatory, and commercial milestones; sales of product at certain agreed-upon amounts; and royalties on product sales.

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, or ASC 606. This standard applies to all contracts with customers. When an agreement falls under the scope of other standards, such as ASC Topic 808, Collaborative Arrangements, or ASC 808, the Company will apply the recognition, measurement, presentation, and disclosure guidance in ASC 606 to the

performance obligations in the agreements if those performance obligations are with a customer. Revenue recognized by analogizing to ASC 606 is recorded as collaboration revenue on the statements of operations.

Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under a collaboration agreement, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations on a relative stand-alone selling price basis; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

As part of the accounting for these arrangements, the Company must use its judgment to determine the stand-alone selling price for each performance obligation identified in the contract for the allocation of transaction price. The estimation of the stand-alone selling price may include such estimates as forecasted revenues and costs, development timelines, discount rates, and probabilities of regulatory and commercial success. The Company also applies significant judgment when evaluating whether contractual obligations represent distinct performance obligations, allocating transaction price to performance obligations within a contract, determining when performance obligations have been met, assessing the recognition and future reversal of variable consideration and determining and applying appropriate methods of measuring progress for performance obligations satisfied over time. Amounts expected to be recognized as revenue within the 12 months following the balance sheet date are classified as deferred revenue, current. Amounts not expected to be recognized as revenue within the 12 months following the balance sheet date are classified as deferred revenue, non-current.

If an arrangement is determined to contain customer options that allow the customer to acquire additional goods or services, the goods and services underlying the customer options are not considered to be performance obligations at the outset of the arrangement, as they are contingent upon option exercise. The Company evaluates the customer options for material rights or options to acquire additional goods or services for free or at a discount. If the customer options are not determined to represent a material right, no transaction price is allocated to these options and the Company will account for these options at that time they are exercised. If the customer options are determined to represent a material right, the material right is recognized as a separate performance obligation at the outset of the arrangement.

The obligations under the Company’s collaboration agreements may include research and development services to be performed by the Company for or on behalf of the customer. Amounts allocated to these performance obligations are recognized as the Company performs these obligations, and revenue is measured based on an inputs method of costs incurred to date of budgeted costs. Under certain circumstances, the Company may be reimbursed for certain expenses incurred under the research and development services.

At the inception of each arrangement that includes development milestone payments, the Company evaluates whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The Company evaluates factors such as the scientific, clinical, regulatory, commercial and other risks that must be overcome to achieve the particular milestone in making this assessment. There is considerable judgment involved in determining whether it is probable that a significant revenue reversal would not occur. At the end of each subsequent reporting period, the Company reevaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis in the statements of operations in the period of adjustment.

Recent accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses of Financial Instruments (ASC 326). The guidance is effective for the Company beginning January 1, 2023 and it changes how entities account for credit losses on the financial assets and other instruments that are not measured at fair value through net income, including available-for-sale debt securities. The adoption of ASC 326 did not have a material impact on the consolidated financial statements.

Note 3—Reduction in force

During the three months ended March 31,2023, the Company incurred $2,032 of cash-based expenses related to employee severances, benefits and related costs. In addition, the Company recorded non-cash stock-based compensation charge of $581 related to modification of equity awards for employees impacted by the restructuring during the quarter ended March 31, 2023. There were no remaining outstanding liabilities related to the reduction in force during the quarter ended March 31, 2023.

Note 4—Asset purchase by Century Therapeutics Canada ULC

On June 9, 2020, Century Canada and the Company entered into an agreement with Empirica Therapeutics, Inc. (“Empirica”), a company focused on the development of adoptive immunotherapies against aggressive and treatment-resistant forms of cancers, including glioblastoma and brain metastasis. Under the terms of the Empirica Agreement, the Company acquired an IPR&D asset. Cash of $4,519 was paid at closing and transaction expenses totaled $203. The Company also deposited $1,506 in escrow (the “Escrow Deposit”). Release of the Escrow Deposit is subject to the terms of a promissory note, which provides for the funds to be released in equal annual installments over a three-year period related to continuing services by certain Empirica shareholders. In July 2021, the first annual installment of $523 was released from the Escrow Deposit. In June 2022, the second annual installment of $517 was released from the Escrow Deposit. In February 2023, the third installment of $494 was released from Escrow Deposit. As of March 31, 2023 and December 31, 2022, accrued compensation expense on the promissory note was $0 and $220, which is presented within escrow deposits on the consolidated balance sheets.

Note 5—Financial instruments and fair value measurements

The following table sets forth the Company’s assets that were measured at fair value as of March 31, 2023 by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 83,187	—	—	$ 83,187
U.S. Treasury	65,197	—	—	65,197
Corporate bonds		182,756	—	182,756
Total	$ 148,384	$ 182,756	$ —	$ 331,140

The following table sets forth the Company's assets that were measured at fair value as of December 31, 2022, by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 77,736	—	—	$ 77,736
U.S. Treasury	86,475	—	—	86,475
Corporate bonds	—	196,603	—	196,603
Total	$ 164,211	$ 196,603	$ —	$ 360,814

There were no transfers between levels during the period ended March 31, 2023. The Company uses the services of its investment manager, which uses widely accepted models for assumptions in valuing securities with inputs from major third-party data providers.

The Company classifies all of its investments in fixed maturity debt securities as available-for-sale and, accordingly, are carried at estimated fair value.

The amortized cost, gross unrealized gains and losses, and fair value of investments in fixed maturity securities are as follows as of March 31, 2023:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury	$ 65,807	$ —	$ (610)	$ 65,197
Corporate bonds	183,329	87	(660)	182,756
Total	$ 249,136	$ 87	$ (1,271)	$ 247,953

The amortized cost, gross unrealized gains and losses, and fair value of investments in fixed maturity securities are as follows as of December 31, 2022:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury	$ 87,798	$ —	$ (1,323)	$ 86,475
Corporate bonds	197,668	2	(1,067)	196,603
Total	$ 285,466	$ 2	$ (2,390)	$ 283,078

The following table provides the maturities of our fixed maturity available-for-sale securities:

	March 31, 2023	December 31, 2022
Less than one year	$ 164,637	$ 231,224
One to five years	83,316	51,854
	$ 247,953	$ 283,078

The Company has evaluated the unrealized losses on the fixed maturity securities and determined that they are not attributable to credit risk factors. For fixed maturity securities, losses in fair value are viewed as temporary if the fixed maturity security can be held to maturity and it is reasonable to assume that the issuer will be able to service the debt, both as to principal and interest.

At March 31, 2023 and December 31, 2022, respectively, the Company had 32 and 42 available-for-sale investment debt securities in an unrealized loss position without an allowance for credit losses. Unrealized losses on corporate debt securities have not been recognized into income because the issuers' bonds are of high credit quality (rated BBB+ or higher) and the decline in fair value is largely due to market conditions and or changes in interest rates. Management does not intend to sell and it is likely that management will not be required to sell the securities prior to the anticipated recovery of their amortized cost basis. The issuers

continue to make timely payments on the bonds. The fair value is expected to recover as the bond approach maturity.

As of March 31, 2023 and December 31, 2022, accrued interest receivable on available-for-sale investment debt securities totaling $855 and $0, respectively, is excluded from the estimate of credit losses and is included in prepaid expenses and other current assets.

Note 6—Prepaid expenses and other current assets

The following is a summary of prepaid expenses and other current assets:

	March 31, 2023	December 31, 2022
Research and development	$ —	$ 110
Prepaid clinical trial related costs	791	—
Insurance	884	1,454
Software licenses and other	1,123	1,417
Reimbursement receivable	610	780
Warranties	202	242
Accrued interest receivable	855	—
Total prepaid expenses and other current assets	$ 4,465	$ 4,003

Note 7—Property and equipment, net

The following is a summary of property and equipment, net:

	March 31, 2023	December 31, 2022
Lab equipment	$ 28,787	$ 28,811
Leasehold improvements	49,180	48,951
Construction in progress	19,758	13,998
Computer software and equipment	3,132	3,132
Furniture and fixtures	1,548	1,548
Total	102,405	96,440
Less: Accumulated depreciation	(16,563)	(13,655)
Property and equipment, net	$ 85,842	$ 82,785

Depreciation expense was $2,908 and $1,160 for the three months ended March 31, 2023 and 2022, respectively.

Note 8—Accrued expenses and other liabilities

The following is a summary of accrued expenses:

	March 31, 2023	December 31, 2022
Payroll and bonuses	$ 3,139	$ 7,062
Interest	122	117
Accrued clinical trial related costs	—	314
Professional and legal fees	2,432	1,637
Operating lease liability, current	579	475
Other	259	236
Total accrued expenses and other liabilities	$ 6,531	$ 9,841

Note 9—Long-term debt

The following is a summary of the Company's indebtedness:

	March 31, 2023	December 31, 2022
Principal	$ 10,000	$ 10,000
Plus: End of term fee	395	395
Less: Debt discount attributable to warrants, net of accretion	(8)	(8)
Less: Unamortized deferred financing cost and end of term fee, net of accretion	(90)	(146)
Long-term debt, net	$ 10,297	$ 10,241

On September 14, 2020, the Company entered into a $10,000 Term Loan Agreement (as amended, the "Loan Agreement") with Hercules Capital, Inc. ("Hercules"). Pursuant to the terms of the Loan Agreement, the Company borrowed $10,000 (the "Tranche 1 Advance") from the lenders at closing. Beginning January 1, 2021 and upon the achievement of certain development milestones and continuing through September 30, 2021 the Company may borrow an additional $10,000 (the "Tranche 2 Advance"). The remaining $10,000 tranche ("Tranche 3 Advance") is subject to Hercules' investment committee's sole discretion.

The Loan Agreement has a four-year term and an interest-only period of up to 30 months. The Company was in compliance with all provisions of the Loan Agreement as of March 31, 2023. Amounts borrowed under the Loan Agreement accrue interest at a floating rate per annum (based on a year of 360 days) equal to (i) the sum of (a) the greater of 6.30% plus (b) the prime rate as reported in *The Wall Street Journal* on the last business day of the month that immediately precedes the month in which the interest will accrue or (ii) 9.55%. The interest rate as of March 31, 2023 was 14.3%.

The Company incurred $410 in deferred financing costs. The Company is also required to pay the lenders an end of term fee of 3.95% of loan proceeds upon repayment or prepayment of any loans made under the Loan Agreement. The end of term fee is being recognized as interest expense and accreted over the term of the Loan Agreement using the effective interest method. The Company is also required to pay Hercules a prepayment charge equal to 2.00% of the loan amounts prepaid during the interest-only period and 1.00% thereafter on any loans made under the Loan Agreement.

The Company granted Hercules a lien on substantially all of the Company's assets, excluding intellectual property.

The Company issued to Hercules warrants to purchase up to an aggregate of 16,112 shares of common stock. The warrants are exercisable for a period of ten years from the date of the issuance of each warrant at a per share exercise price equal to $13.96, subject to certain adjustments as specified in the warrants. The fair value of the warrants at issuance was $46. The Company accounted for the warrants as equity, and the fair value is recorded in additional paid-in capital. The warrant value is also recorded as a debt discount and classified as a contra- liability on the consolidated balance sheet and amortized to interest expense. If the Company borrows on the remaining two tranche advances outlined above, the Company will be required to issue warrants to Hercules equal to 2.25% of the aggregate amount funded.

Interest expense of the Loan Agreement is as follows:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Interest expense	$ 348	$ 238
Amortization of debt issuance costs, including end of term fee accretion	56	76
	$ 404	$ 314

Included in accrued expenses in the accompanying consolidated balance sheets as of March 31, 2023 and December 31, 2022 was $122 and $117 of accrued interest, respectively.

Future principal payments due (including the end of term fee) under the Loan Agreement are as follows (in thousands):

	Principal Payments
2023	$ 10,395
Total future payments	$ 10,395

On May 1, 2023, the Company repaid the loan in its entirety. See Note 18.

Note 10 – Bristol-Myers Squibb Collaboration

On January 7, 2022, the Company entered into the Collaboration Agreement with Bristol-Myers Squibb to collaborate on the research, development and commercialization of iNK and iT cell programs for hematologic malignancies and solid tumors (“Collaboration Program,” and each product candidate a “Development Candidate”). The Collaboration Agreement is within the scope of ASC 808, Collaborative Arrangements as both parties are active participants in the arrangement and are exposed to significant risks and rewards. While this arrangement is in the scope of ASC 808, the Company analogizes to ASC 606 for the accounting for the Collaboration Agreement, including for the delivery of goods and services (i.e., units of account). Revenue recognized by analogizing to ASC 606 is recorded as collaboration revenue in the statements of operations.

Pursuant to the Collaboration Agreement, the Company and Bristol-Myers Squibb will initially collaborate on two Collaboration Programs focused on acute myeloid leukemia (“AML”) and multiple myeloma (“MM”), and Bristol-Myers Squibb has the option to add up to two additional Collaboration Programs for an additional fee. The Company is responsible for generating Development Candidates for each Collaboration Program, and Bristol-Myers Squibb has the option to elect to exclusively license the Development Candidates for pre-clinical development, clinical development and commercialization on a worldwide basis (“License Option”). Following Bristol-Myers Squibb’s exercise of the License Option, the Company will be responsible for performing IND-enabling studies, supporting Bristol-Myers Squibb’s preparation and submission of an IND, and manufacturing of clinical supplies until completion of a proof of concept clinical trial. Bristol-Myers Squibb will be responsible for all regulatory, clinical, manufacturing (after the proof of concept clinical trial) and commercialization activities for such Development Candidates worldwide. The Company has the option to co-promote Development Candidates generated from certain specified Collaboration Programs.

Under the terms of the Collaboration Agreement, Bristol-Myers Squibb made a non-refundable, upfront cash payment of $100,000 and will pay an exercise fee upon the exercise of the License Option (“Licensed Program” and product candidates developed under a Licensed Program, “Licensed Products”). For each Licensed Program, Bristol-Myers Squibb will pay up to $235,000 in milestone payments upon the first achievement of certain development and regulatory milestones and will pay up to $500,000 per Licensed Product in net sales-based milestone payments. Bristol-Myers Squibb will also pay the Company tiered royalties per Licensed Product as a percentage of net sales in the high-single digits to low-teens, subject to reduction for biosimilar competition, compulsory licensing and certain third party license costs. If Century exercises its co-promote option, such royalty percentage will be increased to low-teens to high-teens in respect of the sales of the co-promoted Licensed Products in the United States. The royalty term shall terminate on a Licensed Product-by-Licensed Product and country-by-country basis on the latest of (i) the twelve (12) year anniversary of the first commercial sale of such Licensed Product in such country, (ii) the expiration of any regulatory exclusivity period that covers such Licensed Product in such country, and (iii) the expiration of the last-to-expire licensed patent of the Company or a jointly owned patent that covers such the Licensed Product in such country. After expiration of the applicable royalty term for a Licensed Product in a

country, all licenses granted by the Company to Bristol-Myers Squibb for such Licensed Product in such country will be fully paid-up, royalty- free, perpetual and irrevocable.

In connection with the Collaboration Agreement, Bristol-Myers Squibb purchased 2,160,760 shares of the Company's common stock at a price per share of $23.14, for an aggregate purchase price of $50,000. In determining the fair value of the common stock issued to Bristol-Myers Squibb, the Company considered the closing price of the common stock on the date of the transaction and included a lack of marketability discount because the shares are subject to certain restrictions. The Company determined the common stock purchase represented a premium of $7.82 per share, or $23,200 in the aggregate ("Equity Premium"), and the remaining $26,800 was recorded as issuance of common stock in stockholders' equity.

The Company identified the following commitments under the arrangement: (i) research and development services ("R&D Services") under each of the two initial Collaboration Programs and (ii) Bristol-Myers Squibb's License Option to elect to exclusively license the Development Candidates for each of the two initial Collaboration Programs. The Company determined that these four commitments represent distinct performance obligations for purposes of recognizing revenue and will recognize revenue as the Company fulfills each performance obligation.

The Company determined that the upfront payment and Equity Premium constitute the transaction price at the inception of the Collaboration Agreement. The future potential development and regulatory milestone payments were fully constrained at contract inception as the risk of significant revenue reversal related to these amounts has not yet been resolved. The achievement of the future potential milestones is not within the Company's control and is subject to certain research and development success and therefore carries significant uncertainty. The Company will reevaluate the likelihood of achieving these milestones at the end of each reporting period and adjust the transaction price in the period the risk is resolved. In addition, the Company will recognize any consideration related to sales-based milestones and royalties when the subsequent sales occur.

At March 31, 2023, the total transaction price of $123,187 is allocated to the performance obligations based on their estimated standalone selling price. The stand-alone selling price of the research and development services was estimated using the expected cost-plus margin approach, and the stand-alone selling price of the License Options was based on a discounted cash flow approach and considered several factors including, but not limited to, discount rate, development timeline, regulatory risks, estimated market demand, and future revenue potential using an adjusted market approach. The allocated transaction price is recognized as revenue in one of two ways:

- Research and development services: The Company recognizes the portion of the transaction price allocated to each of the research and development performance obligations as the research and development services are provided, using an inputs method, in proportion to costs incurred to date for each research development target as compared to total costs incurred and expected to be incurred in the future to satisfy the underlying obligation related to each research and development target. The transfer of control occurs over this period and, in management's judgment, is the best measure of progress towards satisfying the performance obligation.

- License option rights: The transaction price allocated to the license options rights, which are considered material rights to license and commercialize the underlying research and development target, are deferred until the period that Bristol-Myers Squibb elects to exercise or elects to not exercise its option or when the option to exercise expires.

The following table summarizes the allocation of the total transaction price to the identified performance obligations under the arrangement, and the amount of the transaction price unsatisfied as of March 31, 2023:

Performance obligations:	Transaction price	Cumulative collaboration revenue recognized	Deferred collaboration revenue
Option rights	$ 109,164	$ -	$ 109,164
Research and development services	14,023	(6,919)	7,104
Total	123,187	(6,919)	116,268
Less current portion of deferred revenue	-	-	(6,500)
Total long-term deferred revenue	$ 123,187	$ (6,919)	$ 109,768

The following table summarizes the allocation of the total transaction price to the identified performance obligations under the arrangement, and the amount of the transaction price unsatisfied as of December 31, 2022:

Performance obligations:	Transaction price	Cumulative collaboration revenue recognized	Deferred collaboration revenue
Option rights	$ 109,164	$ -	$ 109,164
Research and development services	14,023	(5,199)	8,824
Total	123,187	(5,199)	117,988
Less current portion of deferred revenue	-	-	(7,154)
Total long-term deferred revenue	$ 123,187	$ (5,199)	$ 110,834

As a direct result of the execution of the Collaboration Agreement, the Company incurred $10,000 in fees to amend the FCDI agreement to gain access to the territory rights of Japan. This is recorded as in-process research and development expenses in the consolidated statement of operations and comprehensive loss for the three months ended March 31, 2022.

Note 11—Commitments and contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when future expenditures are probable and such expenditures can be reasonably estimated.

Distributed Bio Master Service Agreement

On July 24, 2019, the Company entered into a Master Service Agreement with Distributed Bio, Inc (“DBio”), whereby DBio will screen for protein binders that bind to specific therapeutic targets. The Company pays for such services according to a payment schedule, and if the Company brings the protein binders into the clinic for further development, DBio will receive milestone payments of up to $16,100 in total for each product as the products move through the clinical development and regulatory approval processes. No milestone payments were due since the inception of the agreement.

The Company had $27 within accounts payable as of March 31, 2023 and $110 as of December 31, 2022, in its consolidated balance sheets related to the Master Service Agreement.

iCELL Inc. Sublicense Agreement

In March 2020, the Company entered into a Sublicense Agreement with iCELL Inc (“iCELL”) whereby iCELL granted the Company a license of certain patents and technology. The Company will pay iCELL royalties in the low single digits on net sales of the licensed product. In addition to the earned royalties, the Company will pay sales milestones, not to exceed $70,000, for the sales of the licensed product. iCELL is also eligible to

receive payments of up to $4,250 in development and regulatory approval milestone payments. No milestones or royalties were due in 2022 or 2021.

Note 12—Leases

The Company has commitments under operating leases for certain facilities used in its operations. The Company maintains security deposits on certain leases in the amounts of $950 and $1,260 within security deposits in its consolidated balance sheets at March 31, 2023 and December 31, 2022, respectively. The Company's leases have initial lease terms ranging from 5 to 16 years. Certain lease agreements contain provisions for future rent increases.

The following table reflects the components of lease expense:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Operating lease expense:		
Fixed lease cost	$ 1,395	$ 597
Variable lease cost	125	297
Short term lease expense	594	649
Total operating lease expense	$ 2,114	$ 1,543

The following table reflects supplemental balance sheet information related to leases:

	Location in Balance Sheet	As of March 31, 2023	As of December 31, 2022
Operating lease right-of-use asset, net	Operating lease right-of-use assets	$ 28,207	$ 28,945
Operating lease liability, current	Accrued expenses and other liabilities	$ 579	$ 475
Operating lease liability, long-term	Operating lease liability, long-term	41,168	38,698
Total operating lease liability		$ 41,747	$ 39,173

The following table reflects supplement lease term and discount rate information related to leases:

	As of March 31, 2023	As of December 31, 2022
Weighted-average remaining lease terms - operating leases	9.1 years	9.4 years
Weighted-average discount rate - operating leases	9.0 %	9.0 %

The following table reflects supplemental cash flow information related to leases as of the periods indicated:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ (31)	$ (152)

The following table reflects future minimum lease payments under noncancelable leases as of March 31, 2023:

	Operating Leases
2023	$ 4,306
2024	8,079
2025	8,588
2026	8,727
2027	8,905
Thereafter	53,073
Total lease payments	91,678
Less: Imputed interest	(46,097)
Less: Tenant incentive receivable	(3,834)
Total	$ 41,747

Note 13—Income taxes

During the three months ended March 31, 2023, the Company recorded income tax expense of $1,208, which includes a tax provision of $13 related to its income tax obligations of its operating company in Canada. The Company is projecting taxable income for tax year 2023, due primarily to revenue recognition for tax purposes from the Company's Research Collaboration and Collaboration Agreement entered into with Bristol-Myers Squibb Company in 2022.

The Company’s tax provision and the resulting effective tax rate for interim periods is determined based upon its estimated annual effective tax rate (“AETR”), adjusted for the effect of discrete items arising in that quarter. The impact of such inclusions could result in a higher or lower effective tax rate during a particular quarter, based upon the mix and timing of actual earnings or losses versus annual projections. In each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual tax rate changes, a cumulative adjustment is made in that quarter.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize its deferred tax assets, which primarily consist of net operating loss carryforwards. While the Company anticipates utilizing a portion of its existing net operating loss carryforwards during tax year 2023, the Company has considered its history of cumulative net losses in the U.S., estimated future taxable income and prudent and feasible tax planning strategies and has concluded that it is more likely than not that the Company will not realize the benefits of its U.S. deferred tax assets. As a result, as of March 31, 2023, the Company has recorded a full valuation allowance against its net deferred tax assets in the U.S.

Note 14—Basic and diluted net loss per common share

Basic and diluted net loss per common share is calculated as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Numerator		
Net loss	$ (31,264)	$ (37,513)
Denominator		
Weighted-average common shares for basic and diluted net loss per share	58,610,375	57,051,539
Basic and diluted net loss per common share	$ (0.53)	$ (0.66)

The Company's potentially dilutive securities, which include restricted stock, warrants, early exercised stock options and stock options to purchase shares of the Company's common stock, have been excluded from the computation of dilutive net loss per share as the effect would be antidilutive. Therefore, the weighted- average number of shares of common stock outstanding used to calculate both basic and diluted net loss per share is the same. The Company excluded the following potential shares of common stock presented based on amounts outstanding at each stated period end, from the computation of diluted net loss per share for the three months ended March 31, 2023 and 2022 because including them would have had an anti-dilutive effect.

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Stock options to purchase common stock	10,370,402	7,424,538
Early exercised stock options subject to future vesting	385,655	773,394
Restricted stock award subject to future vesting	49,465	520,630
Unvested restricted stock units	544,650	—
Warrants	32,009	32,009
Total	11,382,181	8,750,571

Note 15—Defined contribution plan

The Company has a 401(k) Employee Savings Plan ("401(k) Plan") that is available to all employees of the Company. The Company has elected a Safe-Harbor provision for the 401(k) Plan in which participants are always fully vested in their employer contributions. The Company matches 100% of the first 3% of participating employee contributions and 50% of the next 2% of participating employee contributions. Contributions are made in cash. Contributions were approximately $384 and $158 for the three months ended March 31, 2023 and 2022, respectively. Such contribution expense has been recognized in the consolidated statement of operations for each period.

Note 16—Stock-based compensation

On June 17, 2021, the Company adopted the Century Therapeutics, Inc. 2021 Equity Incentive Plan (the "2021 Incentive Plan") which superseded the 2018 Incentive Plan and from that date forward all issuances of incentive awards will be governed by the 2021 Incentive Plan.

The 2021 Incentive Plan provides for the Company to sell or issue common stock or restricted common stock, restricted stock units ("RSU"), or to grant incentive stock options or nonqualified stock options for the purchase of common stock, to employees, members of the Board of Directors, and consultants of the Company under terms and provisions established by the Board of Directors. Under the terms of the 2021 Incentive Plan, options may be granted at an exercise price not less than fair market value.

Upon adoption of the 2021 Incentive Plan, the Company was authorized to issue 5,481,735 shares of Common Stock under the 2021 Incentive Plan (which represents 5,640,711 shares of Common Stock initially available for grant under the 2021 Incentive Plan less 158,976 shares of Common Stock reserved for issuance upon the exercise of previously granted stock options that remain outstanding under the 2018 Incentive Plan). The number of shares of common stock initially reserved for issuance under the 2021 Incentive Plan shall be increased, upon approval by the board of directors, on January 1, 2022 and each January 1 thereafter, in an amount equal to the least of, (i) five percent (5%) of the outstanding common stock on the immediately preceding December 31, or (ii) such number of common stock determined by the board of directors no later than the immediately preceding December 31. For 2022, the 2021 Incentive Plan reserved shares were increased under clause (i) by 2,750,276 shares, effective as of January 1, 2022. For 2023, the 2021 Incentive Plan reserved shares were increased under clause (i) by 2,954,788 shares, effective as of January 1, 2023. As of March 31, 2023, there were 4,863,670 shares available for issuance under the 2021 Incentive Plan.

The Company's stock-based awards are subject to service-based vesting conditions. Compensation expense related to awards to employees and directors with service-based vesting conditions is recognized on a straight-line basis based on the grant date fair value over the associated service period of the award, which is generally the vesting term. Stock awards granted typically vest over a four-year period but may be granted with different vesting terms. The Company may also issue awards with performance-based vesting conditions. For performance-based awards, the Company would reassess at each reporting date whether achievement of the performance condition is probable and accrue compensation expense if and when the achievement of the performance condition is probable.

The Company recognizes the costs of the stock-based payments as the employees vest in the awards.

As of March 31, 2023, the Company had reserved shares of common stock for issuance as follows:

	Shares
Options and RSUs issued and outstanding	10,915,052
Shares available for future stock option and RSU grants	4,863,670
Shares available for employee stock purchase plan	1,114,126
Total	16,892,848

The shares of Common Stock available under the 2021 Incentive Plan as of March 31, 2023 are as follows

	Shares
Balance, December 31, 2022	5,786,358
Shares reserved for issuance	2,954,788
Options granted	(3,770,399)
RSU's granted	(546,795)
Options and RSUs forfeited / cancelled	439,718
Balance March 31, 2023	4,863,670

Stock Options

The following table summarizes stock option activity for the three month period ended March 31, 2023:

		Weighted Average		
	Shares	Exercise Price	Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding January 1, 2023	7,489,678	$ 7.77	7.84	$ 8,991
Granted	3,770,399	4.66	—	—
Exercised	(452,102)	0.99	—	—
Forfeited	(437,573)	10.39	—	—
Outstanding, March 31, 2023	10,370,402	$ 5.28	4.55	$ 3,952
Exercisable at March 31, 2023	3,145,362	$ 6.45	6.93	$ 3,262

The weighted average grant date fair value of awards for options granted during the three months ended March 31, 2023 was $4.65. As of March 31, 2023, there was $38,428 of total unrecognized compensation expense related to unvested stock options with time-based vesting terms, which is expected to be recognized over a weighted average period of 3.13 years.

The Company estimates the fair value of its option awards to employees and directors using Black-Scholes. Due to the lack of substantial company-specific historical and implied volatility data of its common stock, the Company has based its estimate of expected volatility on the historical volatility of a group of similar public

companies. The Company has never paid dividends and does not expect to in the foreseeable future. The expected term of the options granted to employees is derived from the “simplified” method as described in Staff Accounting Bulletin 107 relating to stock-based compensation. The risk-free interest rates for periods within the expected term of the option are based on the U.S. Treasury securities with a maturity date commensurate with the expected term of the associated award. The Company will account for actual forfeitures as they occur.

The weighted-average assumptions used to calculate the fair value of stock options granted are as follows:

	March 31, 2022	December 31, 2022
Expected dividend rate	—	—
Expected option term (years)	6.08	6.09
Expected volatility	79.15 %	69.73 %
Risk-free interest rate	3.65 %	1.08 %

Stock-based compensation expense recorded under ASC 718 related to stock options granted and common stock issued under the 2021 Employee Stock Purchase Plan (the “ESPP”) were allocated to research and development and general and administrative expense as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Research and development	$ 2,112	$ 1,309
General and administrative	1,685	1,071
Total stock-based compensation	$ 3,797	$ 2,380

Stock-based compensation expense by award type included within the condensed consolidated statements of operations is as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Stock options	$ 3,546	$ 2,108
Restricted stock units	97	—
Restricted stock awards	93	272
Employee stock purchase plan	61	—
Total stock-based compensation	$ 3,797	$ 2,380

Restricted Stock Units

The following table summarizes RSU activity for the quarter ended March 31, 2023:

	Shares	Weighted Average Grant Date Fair Value
Total Unvested December 31, 2022	—	$ —
Granted	546,795	4.64
Forfeited	(2,145)	4.64
Total Unvested March 31, 2023	544,650	$ 4.64

As of March 31, 2023, there was $2,428 of total unrecognized compensation expense related to the unvested restricted stock with time-based vesting terms, which is expected to be recognized over a weighted average period of 3.85 years. All restricted stock units vest over a four-year period.

Restricted Stock Awards

The following table summarizes restricted stock activity as of March 31, 2023 and December 31, 2022:

	Shares	Weighted Average Grant Date Fair Value
Total Unvested December 31, 2022	193,031	$ 8.41
Granted	—	—
Forfeited	(47,689)	—
Vested	(95,877)	2.50
Total Unvested March 31, 2023	49,465	$ 7.27

Pursuant to certain stock purchase agreements containing vesting and other provisions, the Company has the right to repurchase unvested shares.

As of March 31, 2023, there was $356 of total unrecognized compensation expense related to the unvested restricted stock with time-based vesting terms, which is expected to be recognized over a weighted average period of 1.98 years. All restricted stock vests over a four-year period.

Early-Exercise of Unvested Equity Awards

Certain equity award holders early exercised unvested equity awards. The cash received upon early exercise of options of $1,314 was recorded as a deposit liability on the Company's balance sheet as of March 31, 2023.

Employee Stock Purchase Plan

The ESPP was adopted by the Board of Directors in May 2021. A total of 564,071 shares of common stock were initially reserved for issuance under this plan, which shall be increased, upon approval by the board of directors, on January 1, 2022 and each January 1 thereafter, to the lesser of (i) one percent (1%) of the outstanding shares of common stock on the last day of the immediately preceding fiscal year, or (ii) an amount determined by the board of directors no later than the last day of the immediately preceding fiscal year. For 2022, the ESPP reserved shares were increased under clause (i) by 550,055 shares, effective as of January 1, 2022. For 2023, the board waived the annual increase to the shares reserved under the ESPP. As of March 31, 2023, there were 1,114,126 shares available for issuance, under the ESPP.

Note 17—Related party transactions

License Agreements and Collaborative Agreements with Shareholder

The Company owns licenses and other contracts with FUJIFILM Cellular Dynamics, Inc. ("FCDI"). FCDI is a shareholder of Century. The acquired licenses and other contracts with FCDI are as follows:

FCDI Licenses

The Company owns a non-exclusive license agreement with FCDI. The license provides the Company with certain patents and know-how related to the reprogramming of human somatic cells to induce pluripotent stem cells ("iPSCs") ("License Agreement"). Under this agreement, the Company is required to make certain developmental and regulatory milestone payments as well as royalty payments upon commercialization. Royalties are in the low single digits on the sale of all licensed products.

The Company also owns an exclusive license agreement with FCDI. The license provides the Company with patents and know-how related to human iPSC exclusively manufactured by FCDI.

The potential development and regulatory milestone payments to be paid by the Company to FCDI are $6,000.

FCDI Collaboration Agreement

In October 2019, the Company entered into the Master Collaboration Agreement with FCDI, whereby FCDI will provide certain services to the Company to develop and manufacture iPSCs and immune cells derived therefrom. FCDI will provide services in accordance with the approved research plan and related research budget. The initial research plan covers the period from October 2019 through March 31, 2022. On July 29, 2022 the Company amended it's Master Collaboration Agreement to extend the term through September 30, 2025.

On March 23, 2021, the Company entered into a Manufacturing Agreement with FCDI, or the Manufacturing Agreement, pursuant to which FCDI will provide certain agreed upon technology transfer, process development, analytical testing and cGMP manufacturing services to the company.

On January 7, 2022, the Company and FCDI entered into a letter agreement (the "Letter Agreement"), which amends each of the FCDI agreements pursuant to the Company's Research Collaboration and License Agreement with Bristol-Myers Squibb. Pursuant to the Letter Agreement, and in consideration for amending the FCDI Agreements, the Company will pay to FCDI (i) an upfront payment of $10,000, (ii) a percentage of any milestone payments received by the Company under the FCDI Collaboration Agreement in respect of achievement of development or regulatory milestones specific to Japan, and (iii) a percentage of all royalties received by the Company under the FCDI Collaboration Agreement in respect of sales of products in Japan.

During the three months ended March 31, 2023, the Company made payments of $12 and incurred research and development expenses of $32 and legal fees of $33, recorded within general and administrative expenses in its consolidated statements of operations and comprehensive loss. As of March 31, 2023, there was $21 in accrued expenses related to this agreement on the consolidated balance sheets. As of December 31, 2022, there was $0 in accrued expenses on the consolidated balance sheets.

During the three months ended March 31, 2022, the Company made payments of $3,003 and incurred research and development expenses of $1,445, and legal fees of $30, recorded within general and administrative expenses in its consolidated statements of operations and comprehensive loss.

Bayer Option Agreement

Bayer Health, LLC ("Bayer") has the right of first refusal to acquire certain products researched and developed by the Company. Subject to certain exceptions, Bayer's right of first refusal is exercisable with respect to up to four products and may only exercise these option rights in a non-sequential and alternating manner, and such rights are subject to additional limitations.

Consulting Arrangements with Shareholders

In 2019, the Company entered into arrangements with two shareholders of the Company, wherein the shareholders provide consulting services to the Company. As compensation for the consulting services, the shareholders are entitled to an annual retainer fee of $125 payable quarterly, along with payment of reasonable expenses associated with providing the consulting services. The Company incurred $0 related to these consulting arrangements that were included in research and development expenses in the consolidated statements of operations and comprehensive loss for the three months ended March 31, 2023. The Company incurred $19 related to these consulting arrangements that were included in research and development expenses in the consolidated statements of operations and comprehensive loss for the three months ended March 31, 2022. As of March 31, 2023 and December 31, 2022, there was $0 in accrued

expenses related to this agreement on the consolidated balance sheets. This agreement was terminated in January 2023.

Note 18—Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q, and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.

On May 1, 2023 the Company repaid the Loan Agreement with Hercules in full. The total repayment was $10,617, which included principal, interest, and end of term and prepayment charge.

Item 2. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this Quarterly Report on Form 10-Q and the financial statements and accompanying notes thereto for the fiscal year ended December 31, 2022 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, which are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2023 (the "Annual Report"). This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such forward-looking statements, which represent our intent, belief, or current expectations, involve risks and uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. In some cases you can identify forward-looking statements by terms such as "may," "will," "expect," "anticipate," "estimate," "intend," "plan," "predict," "potential," "believe," "should" and similar expressions. Factors that could cause or contribute to differences in results include, but are not limited to, those set forth under "Risk Factors" in our Annual Report. Except as required by law, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes.

Overview

We are an innovative biotechnology company developing transformative allogeneic cell therapies to create products for the treatment of both solid tumor and hematological malignancies with significant unmet medical need. We have created a comprehensive allogeneic cell therapy platform that includes industry-leading induced pluripotent stem cells, or iPSCs, differentiation know-how to generate immune effector cells from iPSCs, or iPSC- derived cells, clustered regularly interspaced short palindromic repeats, or CRISPR, mediated precision gene editing that allows us to incorporate multiple transgenes and remove target genes intended to optimize cell product performance, sophisticated protein engineering capabilities to develop proprietary next generation chimeric antigen receptors, or CARs, our proprietary Allo-EvasionTM technology intended to prevent rejection of our cell products by the host immune system, and cutting edge manufacturing capabilities intended to minimize product development and supply risk. We believe that these vertically integrated capabilities will allow us to further expand our existing pipeline and develop therapeutics from iPSC-derived natural killer cells, or iNK cells, or iNK, and iPSC-derived T cells, or iT cells, or iT, that may provide enhanced clinical outcomes compared to available therapeutic options. Our vision is to become a premier fully integrated biotechnology company by developing and ultimately commercializing off-the-shelf allogeneic cell therapies that dramatically and positively transform the lives of patients suffering from life-threatening cancers. To achieve our vision, we have assembled a world-class team whose members collectively have decades of experience in cell therapy and drug development, manufacturing, and commercialization.

Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential product candidates and preparing to initiate and conduct clinical trials, undertaking preclinical studies and in-licensing intellectual property. All of our programs are currently in the development stage, and we do not have any products approved for sale. Since our inception, we have incurred net losses each year. We had an accumulated deficit of $550.4 million as of March 31, 2023. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs, the acquisition of in-process research and development and from general and administrative costs associated with our operations. Included in our accumulated deficit, as noted above, is a non-cash expense of $225.9 million related to the fair value of the in-process research and development.

In August 2022, the FDA notified us that our ELiPSE-1 clinical trial may proceed to assess CNTY-101 in patients with relapsed or refractory CD19 positive B-cell malignancies. The phase 1 trial, ELiPSE-1, is intended to assess the safety, tolerability, pharmacokinetics and preliminary efficacy of CNTY-101 in patients with relapsed or refractory CD19-positive B-cell malignancies. We initiated our phase 1 trial and in February 2023, we began dosing patients in ELiPSE-1, evaluating CNTY-101.

In June 2021, we completed our initial public offering, or IPO, in which we issued and sold 12,132,500 shares of our common stock, at a public offering price of $20.00 per share. We received net proceeds of $221.4 million after deducting underwriting discounts, commissions, and other offering costs of $21.2 million in the aggregate. To date, we have funded our operations from the issuance and sale of our equity securities and the receipt of payments from Bristol-Myers Squibb, in connection with our collaborations as described below, and have not generated any revenues. Since our inception, we have raised approximately $591 million in net proceeds from sales of our equity securities. As of March 31, 2023, we had cash and cash equivalents of $86.8 million and investments of $248.0 million.

In January 2023, we announced a strategic internal portfolio prioritization through which, among other discovery efforts, CNTY-103, a CAR-iNK product targeting CD133 and a discovery program for hematological malignancies, was de-prioritized, allowing us to further prioritize our CNTY-102 and CNTY-107 product candidates, which we believe have a higher probability of technical success and greater market potential. As a result of the operational restructuring, lab operations in Seattle and Hamilton, Ontario, have been closed and research activities have been consolidated in Philadelphia.

Based on our current business plans and the January 2023 strategic reprioritization, we believe, our cash, cash equivalents and investments as of March 31, 2023, will be sufficient for us to fund our operating expenses and capital expenditures requirements into 2026. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. We anticipate that our expenses and operating losses will increase substantially over the foreseeable future. The expected increase in expenses will be driven in large part by our ongoing activities, if and as we:

- continue to advance our iPSC cell therapy platforms;
- progress clinical development of CNTY-101 and continue preclinical development of our other product candidates;
- seek to discover and develop additional product candidates;
- expand and validate our own clinical-scale current good manufacturing practices, or cGMP, facilities;
- seek regulatory approvals for any of our product candidates that successfully complete clinical trials;
- maintain, expand, protect, and enforce our intellectual property portfolio;
- acquire or in-license other product candidates and technologies; and
- increase our employee headcount and related expenses to support these activities.

We are also investing early in building our capabilities in key areas of manufacturing sciences and operations, including development of our iPSC cell therapy platforms, product characterization, and process analytics from the time product candidates are in early research phases. Our investments also include scaled research solutions, scaled infrastructure, and novel technologies intended to improve efficiency, characterization, and scalability of manufacturing.

We anticipate that we will need to raise additional financing in the future to fund our operations, including funding for preclinical studies, clinical trials and the commercialization of any approved product candidates. We intend to use the proceeds from such financings to, among other uses, fund research and development of our product candidates and development programs, including our pre-clinical and clinical development of CNTY-101, CNTY-102, and CNTY-107, as well as CNTY-104 and CNTY-106 in collaboration with Bristol-Myers Squibb. Until such time, if ever, as we can generate significant product revenue, we expect to finance our operations with our existing cash and cash equivalents, investments, any future equity or debt financings, and upfront and milestone and royalties payments, if any, received under future licenses or collaborations. We may not be able to raise additional capital on terms acceptable to us or at all. If we are unable to raise

additional capital when desired, our business, results of operations, and financial condition would be adversely affected. Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability.

While the COVID-19 pandemic has stabilized within many global regions, it may cyclically continue to adversely affect our business, financial condition and results of operations. Although the Department of Health and Human Services announced that the federal public health emergency for COVID-19 ended on May 11, 2023, we expect the trends that emerged as a result of the pandemic may continue to result in disruptions to the global economy, as well as businesses and capital markets around the world. We experienced modest delays in our discovery and development activities as a result of the COVID-19 pandemic, primarily due to temporary and partial shutdowns at certain of our CROs and academic institutions that have since resumed operations, and due to governmental responses to the pandemic. We implemented a mandatory vaccination policy for all employees and have taken other precautionary measures, including testing of any employees displaying symptoms of COVID-19. While the vaccines have proven effective in reducing the severity and mortality of COVID-19 including the variants that have evolved to date, the emergence of new variants, which could prove resistant to existing vaccines, could again result in major disruptions to businesses and markets worldwide. The extent to which the outbreak may affect our preclinical studies, clinical trials, business, financial condition, and results of operations will depend on future developments, which are uncertain and cannot be predicted at this time.

License and collaboration agreements

Bristol-Myers Squibb

On January 7, 2022, we entered into the Research, Collaboration and License Agreement, with Bristol-Myers Squibb, or the Collaboration Agreement, to collaborate on the research, development and commercialization of iNK and iT cell programs for hematologic malignancies and solid tumors, or the Collaboration Program, and each product candidate, a Development Candidate. We and Bristol-Myers Squibb will initially collaborate on two Collaboration Programs focused on acute myeloid leukemia, or AML, and multiple myeloma, or MM, and Bristol-Myers Squibb has the option to add up to two additional Collaboration Programs for an additional fee. We are responsible for generating Development Candidates for each Collaboration Program, and Bristol-Myers Squibb has the option to elect to exclusively license the Development Candidates for pre-clinical development, clinical development and commercialization on a worldwide basis, or the License Option. Following Bristol-Myers Squibb's exercise of the License Option, we will be responsible for performing IND-enabling studies, supporting Bristol-Myers Squibb's preparation and submission of an IND, and manufacturing of clinical supplies until completion of a proof of concept clinical trial. Bristol-Myers Squibb will be responsible for all regulatory, clinical, manufacturing (after the proof of concept clinical trial) and commercialization activities for such Development Candidates worldwide. We have the option to co-promote Development Candidates generated from certain specified Collaboration Programs.

Under the terms of the Collaboration Agreement, Bristol-Myers Squibb made a non-refundable, upfront cash payment of $100 million and will pay an exercise fee upon the exercise of the License Option, or the Licensed Program, and product candidates developed under a Licensed Program, the Licensed Products. For each Licensed Program, Bristol-Myers Squibb will pay up to $235 million in milestone payments upon the first achievement of certain development and regulatory milestones and will pay up to $500 million per Licensed Product in net sales-based milestone payments. Bristol-Myers Squibb will also pay us tiered royalties per Licensed Product as a percentage of net sales in the high-single digits to low-teens, subject to certain adjustments.

In connection with the Collaboration Agreement, Bristol-Myers Squibb purchased 2,160,760 shares of our common stock at a price per share of $23.14, for an aggregate purchase price of $50 million. We determined the common stock purchase represented a premium of $7.82 per share, or $23.2 million in the aggregate, and the remaining $26.8 million was recorded as issuance of common stock in stockholders' equity.

We identified the following commitments under the arrangement: (i) research and development services under each of the two initial Collaboration Programs and (ii) License Option to elect to exclusively license the Development Candidates for each of the two initial Collaboration Programs. We determined that these four commitments represent distinct performance obligations for purposes of recognizing revenue and will recognize revenue as we fulfill each performance obligation.

Fujifilm Cellular Dynamics, Inc. (FCDI)

On September 18, 2018, we entered into a license agreement, or the Differentiation License, with FCDI. The Differentiation License, as amended, provides us with an exclusive license under certain patents and know-how related to human iPSC consisting of cells that are or are modifications of NK cells, T cells, dendritic cells and macrophages derived from human iPSC. In consideration for the Differentiation License, FCDI received 2,980,803 shares of common stock in connection with the Reorganization.

Also on September 18, 2018, we entered into the non-exclusive license, or the Reprogramming License, with FCDI. The Reprogramming License, as amended, provides us with a non-exclusive license under certain patents and know- how related to the reprogramming of human somatic cells to iPSCs and provide us access to iPSC lines for clinical use. Under the Reprogramming License, we are required to make certain developmental and regulatory milestone payments as well as royalty payments upon commercialization in the low single digits. The potential development and regulatory milestone payments to be paid by us to FCDI are approximately $6 million per licensed product. In connection with the Reprogramming License, we entered into a collaboration agreement, or the FCDI Collaboration Agreement, with FCDI pursuant to which we agreed to fund research and development work at FCDI pursuant to a research plan.

On October 21, 2019, we entered into the FCDI Collaboration Agreement with FCDI, whereby FCDI provides certain services to us to develop and manufacture iPSCs and immune cells derived therefrom. Under the terms of the FCDI Collaboration Agreement, as amended, FCDI will provide services in accordance with the approved research plan and related research budget. The initial research plan covers the period from the date of execution of the FCDI Collaboration Agreement through March 31, 2022. On July 29, 2022, we amended the FCDI Collaboration Agreement to extend the term through September 30, 2025.

On January 7, 2022, we and FCDI entered into a letter agreement, or the Letter Agreement, which amends each of the FCDI agreements as further discussed in Note 10 to our consolidated financial statements. Pursuant to the Letter Agreement, and in consideration for amending the FCDI Agreements, we agreed to pay to FCDI (i) an upfront payment of $10 million, (ii) a percentage of any milestone payments received by us under the Collaboration Agreement, in respect of achievement of development or regulatory milestones specific to Japan, and (iii) a percentage of all royalties received by us under the Collaboration Agreement in respect of sales of products in Japan.

During the three months ended March 31, 2023, the Company made payments of $12 thousand and incurred research and development expenses of $33 thousand and legal fees of $31 thousand, recorded within general and administrative expenses in its consolidated statements of operations and comprehensive loss.

During the three months ended March 31, 2022, the Company made payments of $0.8 million and incurred research and development expenses of $0.3 million, and legal fees of $21 thousand, recorded within general and administrative expenses in its consolidated statements of operations and comprehensive loss.

From inception of the FCDI Collaboration Agreement through March 31, 2023, we incurred $36.1 million of expenses under the FCDI Collaboration Agreement.

Components of operating results

Collaboration Revenue

We have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products for the foreseeable future. Our revenues to date have been generated through our collaboration, option and license agreement with Bristol-Myers Squibb. We recognize revenue over the expected performance period under this agreement. We expect that our revenue for the next several years will be derived primarily from this agreement and any additional collaborations that we may enter into in the future. To date, we have not received any royalties under any of our existing collaboration agreements.

Operating expenses

Research and development

To date, research and development expenses have related primarily to discovery and development of our iPSC cell therapy platform technology and product candidates and acquired in-process research and development. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are recorded as prepaid expenses until the goods or services are received.

Research and development expenses consist of personnel-related costs, including salaries, and benefits, stock compensation expense, external research and development expenses incurred under arrangements with third parties, laboratory supplies, costs to acquire and license technologies facility and other allocated expenses, including rent, depreciation, and allocated overhead costs, and other research and development expenses.

We deploy our employee and infrastructure resources across multiple research and development programs for developing our iPSC cell therapy platforms, identifying and developing product candidates, and establishing manufacturing capabilities. Due to the number of ongoing projects and our ability to use resources across several projects, the vast majority of our research and development costs are not recorded on a program-specific basis. These include costs for personnel, laboratory, and other indirect facility and operating costs.

Research and development activities account for a significant portion of our operating expenses. We anticipate that our research and development expenses will increase for the foreseeable future as we expand our research and development efforts including expanding the capabilities of our iPSC cell therapy platforms, identifying product candidates, progressing preclinical studies and clinical trials, including for our first clinical product candidate CNTY-101, seeking regulatory approval of our product candidates, and incurring costs to acquire and license technologies aligned with our goal of translating iPSCs to therapies. A change in the outcome of any of these variables could mean a significant change in the costs and timing associated with the development of our product candidates.

General and administrative

General and administrative expenses consist of personnel-related costs, including salaries, benefits, and non-cash stock-based compensation, for our employees in executive, legal, finance, human resources, information technology, and other administrative functions, legal fees, consulting fees, recruiting costs, and facility costs not otherwise included in research and development expenses. Legal fees include those related to corporate and patent matters.

We anticipate that our general and administrative expenses will increase over the foreseeable future to support our continued research and development activities, operations generally, future business development opportunities, consulting fees, as well as due to the increased costs of operating as a public company.

In-process research and development

As a direct result of the execution of the Collaboration Agreement with Bristol-Myers Squibb, we incurred $10 million in fees to amend the FCDI agreement to gain access to the territory rights of Japan. See Note 10 to our consolidated financial statements.

Interest expense

Interest expense relates to interest incurred on the Loan Agreement we entered into with Hercules Capital, Inc., or Hercules, in 2020, as well as amortization of the related deferred financing cost. See Note 9 to our consolidated financial statements.

Other income, net

Interest income, net consists of interest earned on our cash, cash equivalents and investment balances.

Income taxes

We have incurred losses and recorded a full valuation allowance on all of our net deferred tax assets. For the three months ended March 31, 2023, the Company recorded $1.2 million in provisions for income taxes in the accompanying consolidated financial statements. The main drivers of the tax provision during the quarter ended March 31, 2023 are taxable revenue related to the Collaboration Agreement with Bristol-Myers Squibb and the limitation of deductions for research and development under Section 174 of the Internal Revenue Code.

Results of operations

Comparison of the three months ended March 31, 2023 and 2022

The following table summarizes our results of operations for the periods presented:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change
	(in thousands)		
Collaboration revenue	$ 1,720	$ 1,058	$ 662
Operating expenses:			
Research and development	24,899	21,196	3,703
General and administrative	8,902	7,298	1,604
Write off of in-process research and development asset	—	10,000	(10,000)
Total operating expenses	33,801	38,494	(4,693)
Loss from operations	(32,081)	(37,436)	5,355
Other income (expense):			
Interest expense	(404)	(314)	(90)
Interest income	2,623	253	2,370
Other income, net	(194)	—	(194)
Total other income (expense)	2,025	(61)	2,086
Loss before provision for income taxes	(30,056)	(37,497)	7,441
Provision for income taxes	(1,208)	(16)	(1,192)
Net loss	$ (31,264)	$ (37,513)	$ 6,249

Collaboration revenue

During the three months ended March 31, 2023 and 2022, we recognized revenue of $1.7 and $1.1 million under our collaboration agreement with Bristol-Myers Squibb, respectively.

Research and development expenses

The following table summarizes the components of our research and development expenses for the periods presented:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change
	(in thousands)		
Personnel and related costs	$ 12,469	$ 9,595	$ 2,874
Facility and other allocated costs	5,814	2,641	3,173
Research and laboratory	6,124	5,804	320
Collaborations	254	2,385	(2,131)
Consulting	238	609	(371)
Other	-	162	(162)
Total research and development expense	$ 24,899	$ 21,196	$ 3,703

Research and development expenses were $24.9 million and $21.2 million for the three months ended March 31, 2023 and 2022. The increase of $3.7 million was primarily due to:

- an increase in personnel-related expenses of $2.9 million, including an increase of severance pay of $1.7, which was related to the reduction in force in January of 2023; an increase of $0.2 million in payroll tax expense; and an increase of $0.8 million in stock-based compensation.

- an increase of $3.2 million of facility and other allocated costs, including an increase of rent and allocated overhead costs of $1.4 million and an increase in depreciation expense of $1.8 million as a result of an expansion of our geographic footprint for office and lab space;

- a decrease of $2.1 million related to our collaboration with FCDI. The decline was due to in process development work being completed in 2022 as the scope of work with FCDI has narrowed down to primarily manufacturing CNTY-101 clinical supply for us.

General and administrative expenses

General and administrative expenses were $8.9 million for the three months ended March 31, 2023 and $7.3 million for three months ended March 31, 2022. The increase of $1.6 million was primarily due to increased personnel-related expenses of $0.8 million, and an increase of stock-based compensation of $0.6 million primarily attributable to an increase in headcount to build our infrastructure, increased information technology and facility costs, including rent, of $0.8 million, partially offset by a decrease in directors' and officers' insurance expense of $0.2 million, and decrease in professional development of $0.3 million.

Interest expense

Interest expense was $0.4 million and $0.3 million for the three months ended March 31, 2023 and 2022, respectively, which related to our Loan Agreement with Hercules. On May 1, 2023, we repaid the loan in its entirety and thus expect our interest expenses to decrease accordingly in subsequent periods.

Interest income

Interest income was $2.6 million and $0.3 million for the three months ended March 31, 2023 and 2022, respectively, which related to interest earned on our cash, cash equivalents, and investment balances. The increase in our interest income was due to higher interest rates earned on average balances of cash, cash equivalents and investments.

Liquidity, capital resources, and capital requirements

Sources of liquidity

To date, we have funded our operations from the issuance and sale of our equity securities, debt financing and collaboration revenues. Since our inception, we have raised approximately $591 million in net proceeds from the sales of our equity securities. As of March 31, 2023, we had cash, and cash equivalents of $86.8 million and investments of $248.0 million. Based on our research and development plans, we believe our existing cash, cash equivalents and investments, will be sufficient to fund our operating expenses and capital expenditures requirements into 2026. Since our inception, we have incurred significant operating losses. We have not yet commercialized any products and we do not expect to generate revenue from sales of any product candidates for a number of years, if ever. We had an accumulated deficit of $550.4 million as of March 31, 2023.

In July 2022, we entered into a Sales Agreement, or the Sales Agreement, with Cowen and Company, LLC, or Cowen, under which we may offer and sell, from time to time in our sole discretion, shares of our common stock, having an aggregate offering price of up to $150 million through Cowen as sales agent. No sales have been made under the Sales Agreement since its inception.

Future funding requirements

We expect to incur additional losses in the foreseeable future as we conduct and expand our research and development efforts, including conducting preclinical studies and clinical trials, developing new product candidates, establishing internal and external manufacturing capabilities, and funding our operations generally. We anticipate that we will need to raise additional financing in the future to fund our operations, including the commercialization of any approved product candidates. We are subject to the risks typically related to the development of new products, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may adversely affect our business.

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

- the scope, timing, progress, costs, and results of discovery, preclinical development, and clinical trials for our current and future product candidates;
- the number of clinical trials required for regulatory approval of our current and future product candidates;
- the costs, timing, and outcome of regulatory review of any of our current and future product candidates;
- the cost of manufacturing clinical and commercial supplies of our current and future product candidates;
- the costs and timing of future commercialization activities, including manufacturing, marketing, sales, and distribution, for any of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing, and prosecuting patent applications, obtaining, maintaining, protecting, and enforcing our intellectual property rights, and defending any intellectual property-related claims, including any claims by third parties that we are infringing upon, misappropriating, or violating their intellectual property rights;
- our ability to maintain existing, and establish new, strategic collaborations, licensing, or other arrangements and the financial terms of any such agreements, including the timing and amount of any future milestone, royalty, or other payments due under any such agreement;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- expenses to attract, hire and retain, skilled personnel;

- our ability to establish a commercially viable pricing structure and obtain approval for coverage and adequate reimbursement from third-party and government payors;
- the effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products, and technologies.

Until and unless we can generate substantial product revenue, we expect to finance our cash needs through the proceeds from a combination of equity offerings and debt financings, and potentially through additional license and development agreements or strategic partnerships or collaborations with third parties. Financing may not be available in sufficient amounts or on reasonable terms. In addition, market volatility resulting from the COVID-19 pandemic, inflationary pressures, disruptions of financial institutions, political unrest and hostilities, war or other factors could adversely impact our ability to access capital as and when needed. We have no commitments for any additional financing and will likely be required to raise such financing through the sale of additional securities, which, in the case of equity securities, may occur at prices lower than the offering price of our common stock. If we sell equity or equity-linked securities, our current stockholders, may be diluted, and the terms may include liquidation or other preferences that are senior to or otherwise adversely affect the rights of our stockholders. Moreover, if we issue debt, we may need to dedicate a substantial portion of our operating cash flow to paying principal and interest on such debt and we may need to comply with operating restrictions, such as limitations on incurring additional debt, which could impair our ability to acquire, sell or license intellectual property rights which could impede our ability to conduct our business.

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Three months ended March 31, 2023	Three months ended March 31, 2022	Change
Net cash provided by (used in):			
Operating activities	$ (29,219)	$ 86,753	$ (115,972)
Investing activities	31,338	(44,037)	75,375
Financing activities	448	26,878	(26,430)
Net increase in cash, cash equivalents, and restricted cash	$ 2,567	$ 69,594	$ (67,027)

Operating activities

Net cash used in operating activities was $29.2 million for the three months ended March 31, 2023. Net cash used in operating activities during the three months ended March 31, 2023 consisted primarily of our net loss of $31.3 million. The non-cash charges of $6.0 million consisted primarily of $2.9 million for depreciation expense, non-cash stock-based compensation expense of $3.8 million, and non-cash operating lease expense of $0.7 million. and net cash outflows from decreases in our accounts payable of $3.0 million and accrued expenses and other liabilities of $3.2 million.

Net cash provided by operating activities was $86.8 million for the three months ended March 31, 2022. Net cash provided by operating activities during the three months ended March 31, 2022 consisted primarily of our deferred revenue of $122.1 million from our collaboration agreement with Bristol-Myers Squibb partially offset by our net loss of $37.5 million and net cash outflows from decreases in our accounts payable of $1.5 million, and accrued expenses and other liabilities of $1.2 million.

Investing activities

Net cash provided by investing activities was $31.3 million for the three months ended March 31, 2023. Cash provided by investing activities for the three months ended March 31, 2023 consisted primarily of the sale of

fixed maturity securities, available for sale of $79.2 million, which was partially offset by purchases of fixed maturity securities of $42.8 million and acquisition of property and equipment of $5.0 million.

Cash used in investing activities was $44.0 million for the three months ended March 31, 2022. Cash used in investing activities for the three months ended March 31, 2022 consisted primarily of net purchases of fixed maturity securities of $103.1 million and purchases of property and equipment of $4.1 million.

Financing activities

Net cash provided by financing activities was $0.4 million for the three months ended March 31, 2023. Cash provided by financing activities consisted of $0.4 million from issuance of our common stock from equity incentive plans pursuant to the exercise of employee stock options.

Net cash provided by financing activities was $26.9 million for the three months ended March 31, 2022. Cash provided by financing activities consisted primarily of net proceeds of $26.8 million from Bristol-Myers Squibb for the purchase of our common stock, and cash of $0.1 million from issuance of our common stock from equity incentive plans pursuant to the exercise of employee stock options.

Contractual obligations and commitments

The following table summarizes our significant contractual obligations and commitments as of March 31, 2023:

	Payments Due by Period				
	1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
					(in thousands)
Operating leases	$ 6,317	$ 16,829	$ 17,721	$ 50,811	$ 91,678
Long-term debt	10,395	—	—	—	10,395
Interest on long-term debt [1]	122	—	—	—	122

(1) Reflects minimum interest payable under the Loan Agreement. Payment herein subject to variable rate debt have been estimated.

Other than as disclosed in the table above, the payment obligations under our license, collaboration, and acquisition agreements as of March 31, 2023 are contingent upon future events such as our achievement of pre- specified development, regulatory, and commercial milestones, or royalties on net product sales. As of March 31, 2023, the timing and likelihood of achieving the milestones and success payments and generating future product sales are uncertain and therefore, any related payments are not included in the table above. We have commitments under operating leases for certain facilities used in our operations.

We also enter into agreements in the normal course of business for sponsored research, preclinical studies, contract manufacturing, and other services and products for operating purposes, which are generally cancelable upon written notice. These obligations and commitments are not included in the table above. See Note 11 to our unaudited consolidated financial statements for additional information.

We have entered into a $10.0 million Term Loan Agreement with Hercules. Amounts borrowed under the Loan Agreement have an interest-only period of up to 24 months and a maturity date of April 1, 2024. On May 1, 2023, the Company repaid the loan in its entirety See Note 9 to our unaudited consolidated financial statements for additional information.

JOBS Act accounting election

As a company with less than $1.235 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are

otherwise generally applicable to public companies. As such, we may take advantage of reduced disclosure and other requirements otherwise generally applicable to public companies, including:

- not being required to have our registered independent public accounting firm attest to management's assessment of our internal control over financial reporting;
- presenting reduced disclosure about our executive compensation arrangements;
- an exemption from compliance with any requirement that the Public Company Accounting Oversight Board may adopt regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- not being required to hold non-binding advisory votes on executive compensation or golden parachute arrangements; and
- extended transition periods for complying with new or revised accounting standards.

The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period to enable us to comply with new or revised accounting standards and, therefore, we will adopt new or revised accounting standards at the time private companies adopt the new or revised accounting standard and will do so until such time that we either (i) irrevocably elect to "opt out" of such extended transition period or (ii) no longer qualify as an emerging growth company.

We will remain an emerging growth company until the earliest of (i) December 31, 2026, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded $700.0 million as of the last business day of the second fiscal quarter of such year or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

We are also a "smaller reporting company," meaning that the market value of our stock held by non-affiliates is less than $700.0 million and our annual revenue is less than $100.0 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250.0 million or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700.0 million as of the last business day of the second fiscal quarter of such year. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Critical accounting policies and significant judgments and estimates

Refer to Note 2, Summary of Significant Accounting Policies, included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of our critical accounting policies.

During the three months ended March 31, 2023, there were no material changes to our critical accounting policies from those described in our audited financial statements for the year ended December 31, 2022

included in the our Annual Report on Form 10-K filed with the SEC on March 16, 2023, except as noted below.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. We do not currently have any material exposure to foreign currency fluctuations and do not engage in any hedging activities as part of our normal course of business.

Interest rate risk

We had cash, cash equivalents, and restricted cash of $86.0 million as of March 31, 2023, which consisted of bank deposits and money market funds. We also had investments of $248.8 million as of March 31, 2023. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the low risk profile of the instruments in our portfolio, a change in market interest rates would not have a material impact on our financial condition and/or results of operations. Additionally, we had the $10.0 million borrowing related to the Loan Agreement in September 2020 with a floating interest rate per annum (based on a year of 360 days) equal to (i) the sum of (a) the greater of 6.30% plus (b) the prime rate as reported in The Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, or (ii) 9.55%. We are therefore exposed to changes in variable United States interest rates on borrowings under our Loan Agreement. A hypothetical 1% increase in interest rates would not result in a material impact to our business.

Banking Instability

Future disruptions of financial institutions where we bank or have credit arrangements, or disruptions of the financial services industry in general, could adversely affect our ability to access our cash and cash equivalents.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor and laboratory consumables. We believe that inflation has not had a material effect on our financial statements.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosures controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2023. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a 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 SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2023, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

Management determined that, as of March 31, 2023, there were no changes in our internal control over financial reporting that occurred during the three months then ended that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which would have a material adverse effect on our results of operations, financial condition or cash flows.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

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

Use of Proceeds

On June 22, 2021, we completed our IPO. Our registration statement on Form S-1 (File No. 333- 256648) relating to the IPO was declared effective by the SEC on June 17, 2021. We issued an aggregate of 12,132,500 shares of our common stock at a price of $20.00 per share for aggregate net cash proceeds of $221.4 million, after deducting approximately $17.0 million in underwriting discounts and commissions and approximately $4.0 million in other offering costs. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of equity securities, or to their associates, or to our affiliates.

The sale and issuance of 12,132,500 shares in the IPO closed on June 22, 2021. J.P. Morgan, BofA Securities, SVB Leerink and Piper Sandler acted as joint book-running managers for the IPO.

There has been no material change in the planned use of proceeds from the IPO from that described in the prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on June 21, 2021.

Dividends

Our ability to pay cash dividends is currently restricted by the terms of our Loan and Security Agreement with Hercules Capital, Inc., as discussed in Note 9 - “Long term debt” in the notes to our consolidated financial statements.

Repurchase of Shares of Company Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	
10.1	Executive Employment Agreement, by and between the Company and Hyam Levitsky, M.D., dated April 15, 2023
10.2	Separation Agreement and Release by and between the Company and Hyam Levitsky, M.D., dated January 23, 2023
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	The cover page from Century Therapeutics, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in Inline XBRL and contained in Exhibit 101

* This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

● Indicates management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

Century Therapeutics, Inc.

Date: May 11, 2023

By: /s/ Gregory Russotti, Ph.D.
Gregory Russotti, Ph.D.
interim President and Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2023

By: /s/ Michael Diem, M.D.
Michael Diem, M.D.
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "**Agreement**"), dated April 15, 2023, is made and entered into by and between CENTURY THERAPEUTICS, INC., a Delaware corporation (the "**Company**") and HYAM LEVITSKY ("**Executive**"), and will become effective as of April 12, 2023 (the "**Effective Date**").

Introduction

WHEREAS, the Company desires to employ Executive on the terms and conditions set forth herein; and

WHEREAS, Executive desires to be employed by the Company on such terms and conditions.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. **Position**. Executive will serve as the President of Research and Development of the Company and will report directly to the Chief Executive Officer of the Company or his or her delegate. In addition to performing the duties and responsibilities associated with that position, from time to time the Company may assign to Executive other duties and responsibilities reasonable and consistent with such position. Executive agrees to devote his full business time and best efforts to the performance of his duties and to the furtherance of the Company's interests. Executive also agrees that during his employment with the Company, he will not engage in any other employment, consulting or business services without the written consent of the Company; provided, however, that without such consent, Executive may engage in (i) charitable or public service and (ii) the activities described on Schedule 1, so long as such activities do not interfere with the performance of his duties and obligations to the Company.

2. **Term**. Executive's employment pursuant to this Agreement will commence on the Effective Date and will continue until terminated in accordance with Section 8 hereof.

3. **Place of Performance**. Executive will perform services hereunder at the principal executive offices of the Company in a location to be determined by the board of directors of the Company (the "**Board**"); provided, however, that Executive may be required to travel from time to time for business purposes.

4. **Salary**. This is a frill-time exempt position. The Company will pay Executive a salary at an annual rate of $430,700 ("**Base Salary**"), payable in accordance with the Company's standard payroll schedule and subject to applicable deductions and withholdings. The Base Salary shall be reviewed on an annual basis by the Compensation Committee of the Board (the "**Committee**") and may be adjusted from time to time by the Committee.

5. **Annual Bonus**. For each calendar year ending during his employment, Executive will have the opportunity to earn an annual bonus with a target amount of 40% of the Base Salary in effect at the end of the applicable year (the "**Target Bonus**"). The actual bonus payable to Executive, if

any, with respect to any year may be more or less than the Target Bonus and will be determined by the Committee, in its sole discretion, based on the achievement of corporate and/or personal objectives established by the Committee. Except as otherwise provided herein or determined by the Committee, payment of any otherwise earned bonus will be conditioned on Executive's continued service through the date that annual bonuses are paid to the Company's executive officers generally with respect to the applicable year.

6. **Equity Incentives**. As soon as practicable after the Effective Date, the Company will recommend to the Board that Executive receive a one-time grant of, as elected by Executive, either (i) stock options to purchase 131,250 shares of the Company's common stock (as such term is defined in the Equity Documents) or (ii) stock options to purchase 98,437 shares of the Company's common stock and restricted stock units covering 32,813 shares of the Company's common stock. The Executive's eligibility for and other rights with respect to the options and restricted stock units will be governed by the 2021 Equity Incentive Plan and the associated equity grant agreements required to be entered into by Executive and the Company (the "**Equity Documents**"). To the extent this Agreement conflicts with the Equity Documents, the Equity Documents shall control. Executive may receive additional equity awards, at times and on terms determined by the Committee in its discretion.

7. **Benefits; Business Expenses**.

(a) Executive shall be entitled to participate in Company benefit plans that are generally available to other employees of the Company of similar rank and tenure, in accordance with and subject to the terms and conditions of such plans, as in effect from time to time.

(b) The Company will pay or reimburse Executive for all reasonable business expenses incurred or paid by Executive in the performance of his duties and responsibilities for the Company in accordance with the expense reimbursement policies of the Company, as may be amended from time to time.

8. **Termination**.

(a) Executive's employment hereunder shall terminate on the earliest of: (i) on the date set forth in a written notice to Executive from the Board that Executive's employment with the Company has been or will be terminated, (ii) on the date not less than 30 days following written notice from Executive to the Company that Executive is resigning from the Company, (iii) on the date of Executive's death, or (iv) on the date set forth in a written notice to Executive from the Board that Executive's employment is terminated on account of Executive's Disability, as determined by the Board. Notwithstanding the foregoing, in the event that Executive gives notice of termination to the Company, the Company may unilaterally accelerate the date of termination and such acceleration shall not constitute a termination by the Company for purposes of this Agreement.

(b) Upon cessation of Executive's employment for any reason, unless otherwise consented to in writing by the Board, Executive will resign immediately from any and all officer, director and other positions Executive then holds with the Company and its affiliates and agrees to execute such documents as may be requested by the Company to confirm that resignation.

(c) Upon any cessation of Executive's employment with the Company, Executive will be entitled only to such compensation and benefits as described in Section 9 below.

(d) Executive agrees that, following any cessation of his employment and subject to reimbursement of his reasonable expenses, he will cooperate with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) in which Executive was in any way involved during his employment with the Company. Executive agrees to render such cooperation in a timely manner on reasonable notice from the Company, provided the Company exercises reasonable efforts to limit and schedule the need for Executive's cooperation so as not to materially interfere with his other professional obligations.

(e) Executive agrees that, upon any cessation of his employment, he will deliver to the Company (and will not retain in his possession or control, or deliver to anyone else) all property and equipment of the Company, including without limitation (i) all keys, books, records, computer hardware, software, cellphones, access cards, credit cards and identification, and (ii) all other Company materials (including copies thereof), including without limitation any records, data, notes, reports, proposals, lists or correspondence.

9. **Rights Upon Termination**.

(a) **Termination without Cause or Resignation for Good Reason**. If Executive's employment by the Company ceases due to a termination by the Company without Cause (as defined below) or a resignation by Executive for Good Reason (as defined below):

(i) the Company shall pay to Executive all accrued and unpaid Base Salary through the date of such cessation of employment at the time such Base Salary would otherwise be paid according to the Company's usual payroll practices;

(ii) to the extent then unpaid, the Company shall pay to Executive the annual bonus (if any) earned with respect to the fiscal year ended immediately prior to the cessation of Executive's employment;

(iii) the Company shall make monthly severance payments equal to one-twelfth of Executive's Base Salary as in effect immediately prior to such cessation of employment (or, if such cessation is due to the Good Reason described in clause (ii) of that definition, the Base Salary in effect immediately prior to such material diminution) for a period equal to the Severance Period;

(iv) if Executive validly elects to receive continuation coverage under the Company's group health plan (if any) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company shall reimburse Executive the applicable premium otherwise payable for COBRA continuation coverage for himself and his eligible dependents for the Severance Period, to the extent such premium exceeds the monthly amount charged to active similarly-situated employees of the Company for the same coverage; and

(v) to the extent such cessation of employment occurs within three (3) months prior to or twelve (12) months following a Change in Control (as defined below), (x) the Company shall pay to Executive an amount equal to the Target Bonus, and (y) all outstanding equity awards that are subject to vesting solely based on the passage of time and Executive's continued

employment shall become vested upon the later of the date of Executive's cessation of employment and the Change in Control.

Except as otherwise provided in this Section 9(a), all compensation and benefits will cease at the time of Executive's cessation of employment and the Company will have no further liability or obligation by reason of such cessation of employment. The payments and benefits described in this Section 9(a) are in lieu of, and not in addition to, any other severance arrangement maintained by the Company. Notwithstanding any provision of this Agreement, the payments and benefits described in Section 9(a)(ii) - 9(a)(v) are conditioned on Executive's execution and delivery to the Company and the expiration of all applicable statutory revocation periods, by the 60th day following the effective date of Executive's cessation of employment, of a general release of claims against the Company and its affiliates (which shall have customary exclusions relating to Executive's equity in the Company, any claims that Executive may have relating to accrued vested benefits under the Company's benefit plans, subject to the terms and conditions of such plans, and any claims for indemnification in Executive's role as an officer and director of the Company) in a form and manner satisfactory to the Company (the "**Release**") and on Executive's continued compliance with the provisions of the Proprietary Information and Assignment Agreement (defined below).

Subject to Section 10 below (to the extent applicable) and provided the Release requirement described above has been timely satisfied: (x) the payment described in Section 9(a)(ii) will be paid on the later of the sixty-fifth (65th) day following Executive's cessation of employment (the "**Settlement Date**")and the date such annual bonus would have otherwise been paid, absent Executive's cessation of employment; (y) the payments described in Section 9(a)(iii) and 9(a)(iv) will commence to be paid on the Settlement Date, provided that the initial payment will include any payments that, but for the above-described timing rule, would have otherwise been paid since the date of Executive's cessation of employment; and (z) the payment of an amount equal to the Target Bonus described in Section 9(a)(v) will be paid on the later of the Settlement Date or the tenth (10th) day following the Change in Control.

(b) **Other Terminations**. If Executive's employment with the Company ceases for any reason other than as described in Section 9(a) above (including but not limited to (i) termination by the Company for Cause, (ii) resignation by Executive without Good Reason, (iii) termination as a result of Executive's Disability, or (iv) Executive's death), then the Company's obligation to Executive will be limited solely to the payment of accrued and unpaid Base Salary through the date of such cessation of employment. All compensation and benefits will cease at the time of such cessation of employment and, except as otherwise provided by COBRA, the Company will have no further liability or obligation by reason of such termination. The foregoing will not be construed to limit Executive's right to payment or reimbursement for claims incurred prior to the date of such termination under any insurance contract funding an employee benefit plan, policy or arrangement of the Company in accordance with the terms of such insurance contract.

10. **Section 409A**.

(a) The parties intend for this Agreement to comply with or be exempt from Section 409A of the Code, and all provisions of this Agreement will be interpreted and applied

accordingly. Nonetheless, the Company does not guaranty the tax treatment of any compensation payable to Executive.

(b) Notwithstanding anything to the contrary in this Agreement, no portion of the benefits or payments to be made under Section 9(a) above will be payable until Executive has a "separation from service" from the Company within the meaning of Section 409A of the Code. In addition, to the extent compliance with the requirements of Treas. Reg. § 1.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409A of the Code to payments due to Executive upon or following his "separation from service," then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following Executive's "separation from service" (taking into account the preceding sentence of this paragraph) will be deferred without interest and paid to Executive in a lump sum immediately following that six month period. This paragraph should not be construed to prevent the application of Treas. Reg. § 1.409A-l(b)(9)(iii) (or any successor provision) to amounts payable hereunder. For purposes of the application of Section 409A of the Code, each payment in a series of payments will be deemed a separate payment.

(c) Notwithstanding anything in this Agreement to the contrary, to the extent an expense, reimbursement or in-kind benefit provided to Executive pursuant to this Agreement or otherwise constitutes a "deferral of compensation" within the meaning of Section 409A of the Code: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

11. **Section 280G**. Notwithstanding any contrary provision of this Agreement (or any plan, policy, agreement or other arrangement covering Executive), if any payment, right or benefit paid, provided or due to Executive, whether pursuant to this Agreement or otherwise (each, a "**Payment**," and collectively, the "**Total Payments**"), would subject Executive to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the Total Payments will be reduced to the minimum extent necessary to avoid the imposition of the Excise Tax, but only if (i) the amount of such Total Payments, as so reduced, is greater than or equal to (ii) the amount of such Total Payments without reduction (in each case, determined on an after-tax basis). Any reduction of the Total Payments required by this paragraph will be implemented by determining the Parachute Ratio (as defined below) for each Payment and then by reducing the Payments in order, beginning with the Payment with the highest Parachute Ratio. For Payments with the same Parachute Ratio, later Payments will be reduced before earlier Payments. For Payments with the same Parachute Ratio and the same time of payment, each Payment will be reduced proportionately. For purposes of this paragraph, "Parachute Ratio" means a fraction, (x) the numerator of which is the value of the applicable Payment, as calculated for purposes of Section 280G of the Code, and (y) the denominator of which is the economic value of the applicable Payment.

12. **Certain Definitions**. For purposes of this Agreement:

(a) "**Cause**" means (i) conduct by Executive constituting a material act of misconduct in connection with the performance of Executive's duties, including, without limitation, a material misappropriation of funds or property of the Company or any of its subsidiaries or affiliates; (ii) the commission by Executive of any felony or a misdemeanor involving moral turpitude, deceit, dishonesty or fraud, or any conduct by Executive that would reasonably be expected to result in material injury or reputational harm to the Company or any of its subsidiaries and affiliates; (iii) continued material non-performance by Executive of his duties hereunder (other than by reason of Executive's physical or mental illness, incapacity or disability) which has continued for more than 10 days following written notice of such nonperformance from the Board; (iv) a material breach by Executive of the Proprietary Information and Assignment Agreement (defined below), any other agreement with the Company or its affiliates, or of any duty owed to the Company or its affiliates, which breach is not cured (if curable) within 10 days after the delivery of written notice thereof; (v) a material violation by Executive of the Company's written employment policies, including policies prohibiting sexual harassment, which violation is not cured (if curable) within 10 days after the delivery of written notice thereof; (vi) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription); or (vii) 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. For avoidance of doubt, a termination of Executive's employment due to his Disability will not constitute a termination without Cause.

(b) "**Change in Control**" shall mean the occurrence of a "change in control event" with respect to the Company, within the meaning of Treas. Reg. § 1.409A-3(i)(5)(i).

(c) "**Code**" means the Internal Revenue Code of 1986, as amended.

(d) "**Disability**" means a condition entitling Executive to benefits under the Company's long term disability plan, policy or arrangement; provided, however, that if no such plan, policy or arrangement is then maintained by the Company and applicable to Executive, "Disability" will mean Executive's inability to perform his duties under this Agreement due to a mental or physical condition (other than alcohol or substance abuse) that can be expected to result in death or that can be expected to last (or has already lasted) for a continuous period of 90 days or more, or for 120 days in any 180 consecutive-day period. Termination as a result of a Disability will not be construed as a termination by the Company "without Cause."

(e) "**Good Reason**" means: (i) a material diminution in Executive's title, responsibilities, authority or duties; (ii) a material diminution in Executive's Base Salary, except for across-the-board salary reductions similarly affecting all or substantially all C-level executives of the Company; (iii) a change of more than 50 miles in the geographic location at which Executive provide services to the Company; or (iv) the material breach of this Agreement by the Company; provided, however, that no such event will constitute Good Reason unless (x) Executive provides the Company with written objection to such event within 60 days after the initial occurrence thereof, (y) such event is not reversed or corrected by the Company within 30 days of its receipt

of such written objection, and (z) Executive separates from service within 60 days following the expiration of that cure period.

(f) "**Severance Period**" means nine (9) months. Notwithstanding the foregoing, with respect to a cessation of employment due to a termination by the Company without Cause or resignation by Executive for Good Reason that occurs (in either case) within three (3) months prior to a Change in Control or twelve (12) months following a Change in Control, "Severance Period" shall mean twelve (12) months.

13. **Company Policies**. Executive will comply with all policies of the Company in effect from time to time, including (without limitation) policies regarding ethics, personal conduct, stock ownership, securities trading, clawback and hedging and pledging of securities.

14. **Indemnification**. In addition to any rights to indemnification to which Executive may be entitled under the Company's governing documents, the Company shall obtain and maintain an appropriate level of Directors and Officers Liability insurance coverage for Executive's benefit on the same terms as applicable to other directors and C-level executives of the Company.

15. **Proprietary Information and Assignment Agreement**. On the same date this Agreement is executed, Executive will execute the Proprietary Information and Assignment Agreement attached hereto as Exhibit A (the "**Proprietary Information and Assignment Agreement**").

16. **No Conflicting Agreements**. Executive represents and warrants that he is not a party to or otherwise bound by any agreement or restriction that could conflict with, or be violated by, the performance of his duties to the Company or his obligations under this Agreement. Executive will not use or misappropriate any intellectual property, trade secrets or confidential information belonging to any third party.

17. **Taxes**. All compensation payable to Executive are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law. Executive hereby acknowledges that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive not make any claim against the Company or its board of directors related to tax liabilities arising from his compensation.

18. **Entire Agreement; Assignment; Amendment**.

(a) This Agreement, together with the Proprietary Information and Assignment Agreement, constitute the final and entire agreement of the parties with respect to the matters covered hereby and replace and supersede all prior agreements, discussions, negotiations, representations or understandings (whether written, oral or implied) relating to Executive's employment by the Company, including without limitation the Prior Agreement.

(b) The rights and obligations of Executive hereunder are personal and may not be assigned. The Company may assign this Agreement, and its rights and obligations hereunder, to any entity to which the Company transfers substantially all of its assets (or an affiliate thereof). Notwithstanding any other provision of this Agreement, any such assignment of this Agreement by the Company will not entitle Executive to severance benefits under Section 9(a) or otherwise, whether or not Executive accepts employment with the assignee.

(c) This Agreement may be amended or modified only by a written instrument signed by a duly authorized officer of the Company and Executive.

19. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to its choice of law provisions.

20. **Arbitration.** In the event of any dispute under the provisions of this Agreement or otherwise regarding Executive's employment or compensation (other than a dispute in which the primary relief sought is an injunction or other equitable remedy, such as an action to enforce compliance with the Proprietary Information and Assignment Agreement), the parties shall be required to have the dispute, controversy or claim settled by arbitration in Philadelphia County, Commonwealth of Pennsylvania, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association ("**AAA**"), by one arbitrator mutually agreed upon by the parties (or, if no agreement can be reached within 30 days after names of potential arbitrators have been proposed by the AAA, then by one arbitrator having relevant experience who is chosen by the AAA). Any award or finding will be confidential. The arbitrator may not award attorneys' fees to either party unless a statute or contract at issue specifically authorizes such an award. Any award entered by the arbitrators will be final, binding and non-appealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision will be specifically enforceable. Each party will be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and will share equally the fees of the arbitrator.

21. **Headings**. The headings of the sections of this Agreement are inserted for convenience only and shall not the meaning of this Agreement.

22. **Notices**. All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered in person, by e-mail or fax, by United States mail, certified or registered with return receipt requested, or by a nationally recognized overnight courier service, or otherwise actually delivered: (a) if to Executive, at the most recent address contained in the Company's personnel files; (b) if to the Company, to the attention of its Legal Department at the address of its principal executive office; or (c) or at such other address as may have been furnished by such person in writing to the other party. Any such notice, demand or communication shall be deemed given on the date given, if delivered in person, e-mailed or faxed, on the date received, if given by registered or certified mail, return receipt requested or by overnight delivery service, or three days after the date mailed, if otherwise given by first class mail, postage prepaid.

23. **Counterparts**. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

[Signature Page Follows]

This Agreement has been executed and delivered on the date first above written.

CENTURY THERAPEUTICS, INC.

By: /s/ Gregory Russotti, Ph.D.
Name: Gregory Russotti, Ph.D.
Title: Interim President and Chief Executive Officer

EXECUTIVE

Hyam Levitsky, M.D.

By: /s/ Hyam Levitsky, M.D.
Name: Hyam Levitsky, M.D.

Exhibit 10.2

SEPARATION AGREEMENT AND RELEASE

THIS SEPARATION AGREEMENT AND RELEASE is made by and between HYAM LEVITSKY, M.D. ("Employee") and CENTURY THERAPEUTICS, INC. (the "Company") as of the last date signed below.

RECITALS

WHEREAS, Employee is presently employed by the Company as its President of Research and Development;

WHEREAS, on May 26, 2021, Employee entered into an Employee Confidentiality, Restrictive Covenant and Assignment Agreement (the "Confidentiality Agreement") and an Executive Employment Agreement with the Company (the "Employment Agreement");

WHEREAS, on January 5, 2023, Employee provided the Company with written notice of his intention to resign from employment with "Good Reason" (as that term is used in the Employment Agreement);

WHEREAS, the Company and Employee desire to enter into this Separation Agreement and Release to set forth the terms and conditions of Employee's remaining period of employment and Employee's entitlements in connection with the cessation of his employment; and

NOW THEREFORE, in consideration of the mutual promises made herein, intending to be legally bound, the Company and Employee hereby agree as follows:

1. Transition Period; Cessation of Employment.

a. The Company agrees to continue to employ Employee, and Employee agrees to remain in employment with the Company, until the earliest of (i) January 31, 2023 (the "Termination Date"), (ii) the date of Employee's death or Disability, or (iii) the date Employee's employment is terminated by the Company with Cause, at which time Employee's employment by the Company will cease. For the purposes of this Separation Agreement and Release, "Cause" and "Disability" have the meaning set forth in the Employment Agreement.

b. During the period between the date hereof and the date his employment ceases (the "Transition Period"), Employee agrees to devote his reasonable best efforts and full business time to the performance of his duties for the Company and its affiliates (collectively, the "Company Group"), including, but not limited to, conducting an orderly transition of his duties to other Company Group personnel.

c. Employee hereby resigns all offices, titles and positions with the Company Group, effective as of the date his employment ceases, and agrees to execute such further documents as the Company Group may reasonably request to confirm such resignation. Employee further agrees that no compensation or other amounts are payable

in connection with the cessation of his employment and service, except as expressly provided in this Separation Agreement and Release.

2. Compensation During the Transition Period. During the Transition Period, Employee will continue to be paid his base salary at the current rate, but will not be eligible for a 2023 bonus or any additional equity incentive awards.

3. Compensation Upon Cessation of Employment.

a. In the event of Employee's cessation of employment prior to the Termination Date due to his death, Disability, or a termination by the Company for Cause, the consequences of such termination shall be as set forth in the Employment Agreement. If Employee resigns from employment with the Company prior to the Termination Date or otherwise fails to comply with paragraph 1 of this Separation Agreement and Release, the consequences of such termination shall be as described in the Employment Agreement with respect to a resignation with Good Reason.

b. Provided that Employee remains employed with the Company until the Termination Date in accordance with this Separation Agreement and Release, executes this Separation Agreement and Release within 21 days of the date it was delivered to him and does not revoke this Separation Agreement and Release, executes the Subsequent Release attached hereto as Exhibit A and does not revoke such Subsequent Release such that it becomes irrevocable within 60 days following the Termination Date, and complies with the Confidentiality Agreement, the Company:

(i) waives its right to "cure" such Good Reason basis and agrees that Employee's cessation of employment on the Termination Date will be a resignation with Good Reason;

(ii) will provide Employee with the severance payments, rights and benefits described in Section 9(a) of the Employment Agreement, at the time(s) and in the manner therein specified;

(iii) will cause the restricted stock award issued to Employee by the Company on September 18, 2019 to become fully vested as of the Termination Date; and

(iv) will cause each vested Company stock option held by Employee on the Termination Date to remain exercisable until the date that is six months following the Termination Date (subject to earlier termination only if provided in the applicable equity plan or award agreement in connection with a change in control of the Company or similar event or transaction).

c. Employee acknowledges and agrees that Employee will not be entitled to any severance benefits from the Company Group if he does not fulfill the conditions described above in paragraph 3(b) of this Separation Agreement and Release. Employee acknowledges that the severance payments, rights and benefits described above in paragraph 3(b) constitute consideration to which Employee would not be entitled without

timely signing and not revoking this Separation Agreement and Release and the Subsequent Release.

4. Employee's Release. Employee hereby generally releases and discharges the Company, together with each and every of its predecessors, successors (by merger or otherwise), parents, subsidiaries, affiliates, divisions, directors, officers, employees and agents, whether present or former (collectively the "Releasees"), from any and all suits, causes of action, complaints, obligations, demands, or claims of any kind, whether in law or in equity, direct or indirect, known or unknown, suspected or unsuspected (hereinafter "claims"), which Employee ever had or now has against the Releasees, or any one of them, arising out of or relating to any matter, thing or event occurring up to and including the date of this Separation Agreement and Release. Employee's release specifically includes, but is not limited to:

a. any and all claims for wages and benefits including, without limitation, salary, stock, options, commissions, royalties, license fees, health and welfare benefits, separation pay, vacation pay, and bonuses;

b. any and all claims for wrongful discharge, breach of contract (whether express or implied), or for breach of the implied covenant of good faith and fair dealing;

c. any and all claims for alleged employment discrimination, harassment or retaliation on the basis of race, color, religion, sex, sexual orientation, national origin, age, ancestry, veteran or military status, genetic information, disability and/or handicap, familial status, marital status, gender identity, and any and all other claims in violation of any federal, state or local statute, ordinance, judicial precedent or executive order, including but not limited to claims under the following statutes: Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq., the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq., the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f), the Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. §§ 4301 et seq., the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq., the National Labor Relations Act, 29 U.S.C. §§ 151 et seq., the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101 et seq., the Genetic Information Nondiscrimination Act, 42 U.S.C. §§ 2000ff et seq., the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq., the Family and Medical Leave Act, 29 U.S.C. §§ 2601 et seq., the Employee Retirement and Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq., the Pennsylvania Human Relations Act, the Pennsylvania Whistleblower Law, the Philadelphia Fair Practices Ordinance, the Washington Industrial Welfare Act, the Washington Minimum Wage Act, the Washington Wage Payment Act and Wage Rebate Act, the Washington Law Against Discrimination, Washington leave laws (including the Paid Sick Leave Act, the Family Care Act, the Domestic Violence Leave Act, and the Military Family Leave Act), and any comparable statute of any other state, country or locality.

d. any and all claims in tort (including but not limited to any claims for wrongful termination, misrepresentation, defamation, interference with contract

or prospective economic advantage, intentional or negligent infliction of emotional distress, duress, loss of consortium, invasion of privacy and negligence);

e. any and all claims under any federal, state or local statute or law;

f. any and all claims for damages of any kind, including compensatory and punitive damages; and

g. any and all claims for attorneys' fees and costs.

The foregoing notwithstanding, this paragraph 4 will not release Employee's rights (i) under paragraph 3(b) of this Separation Agreement and Release, (ii) under the Company Group's welfare benefit plans (other than severance benefit plans) and 401 (k) plan, subject to the terms and conditions of those plans, or (iii) to indemnification for his acts or omissions as an employee or officer of the Company or any of its affiliates, or for the benefit of any applicable D&O insurance, to the extent contemplated by the Employment Agreement or the Company's governing documents.

5. Acknowledgment. Employee understands that Employee's release extends to all of the aforementioned claims and potential claims which arose on or before the date of this Separation Agreement and Release, whether now known or unknown, suspected or unsuspected, and that this constitutes an essential term of this Separation Agreement and Release. Employee further understands and acknowledges the significance and consequence of this Separation Agreement and Release and of each specific release and waiver, and expressly consents that this Separation Agreement and Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims, demands, obligations, and causes of action, if any, as well as those relating to any other claims, demands, obligations or causes of action herein above-specified.

6. Return of Company Property.

a. As used in this Separation Agreement and Release, the term "Company Property" includes, without limitation: (i) all materials (including all copies thereof) containing any Confidential Information (as defined in the Employee Confidentiality Agreement), including, without limitation, drawings, tapes, disks, codes, descriptions or other papers, documents or other materials; (ii) all computer hardware, computer software, cell phones, smart phones, business equipment, drawings, designs, specifications, tapes, drives, disks, codes, notes, files, documents, memoranda or data created by Employee, or made available or furnished to Employee by the Company or any affiliated company (including all copies thereof), whether or not they contain Confidential Information; (iii) all other materials containing any information pertaining to the business of the Company or any affiliated company, or any of their employees, consultants, or business associates, that were acquired by Employee in the course of employment with the Company; and (iv) any passwords to any electronically stored documents on Employee's mobile phone or computer.

b. Employee represents that, not later than the Termination Date, Employee will return all Company Property to the Company, and delete all copies of any Company documents, emails, files, data, software, code, business processes and procedures, and/or any Confidential Information that Employee has stored on any personally owned computer, smartphone, network, or computer system. Employee agrees that the Company may demand proof of deletion and that Employee will provide such proof upon request.

7. Covenant Not to Sue. Employee affirms that no charge, complaint or action exists in any forum brought by or on behalf of Employee against the Releasees, and that Employee has not assigned any existing or potential claim to any third party. Further, Employee (for Employee and for Employee's family members, heirs, executors, administrators, successors, and assigns) covenants that Employee will not at any time hereafter commence, maintain, or in any way cause, or advise to be commenced or prosecuted, or permit to be filed by any other person on Employee's behalf, any grievance, charge, action (including any class action), suit, or proceeding (judicial or administrative) against the Releasees, except as such waiver is specifically prohibited by law or as provided in paragraph 8 below. Although Employee is not waiving the right to file a charge with the Equal Employment Opportunity Commission or similar state agency, Employee waives any right to personal relief, including reinstatement and money damages.

8. Permitted Conduct. Nothing in this Separation Agreement and Release restricts or prohibits Employee from initiating communications directly with, responding to any inquiries from, providing testimony before, providing Confidential Information to, reporting possible violations of law or regulation to, or assisting with an investigation directly with any governmental agency or entity or self-regulatory authority, including but not limited to the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Employee is not required to notify the Company that Employee has engaged in such communications, responded to such inquiries or made such reports or disclosures.

9. No Legal Violations. Employee agrees and covenants that during Employee's employment with the Company, Employee did not violate any federal, state or local law, statute or regulation, or Company policy while acting within the scope of Employee's employment with the Company. While the Company is not currently aware of any facts giving rise to a potential claim against Employee, Employee acknowledges and understands that if the Company should discover any such violation after execution of this Separation Agreement and Release, it will be considered a material breach of this Separation Agreement and Release, all of the Company's obligations to Employee hereunder (including the obligation to provide the severance benefits described in Section 9(a) of the Employment Agreement) will become immediately null and void, and the Company will have the ability to pursue all claims to enforce its rights. Employee further agrees and covenants that during Employee's employment with the Company, Employee did not witness and fail to report any violation of federal, state, or local law, statute or

regulation, nor did Employee witness and fail to report any violation of any Company policy.

10. Duty of Cooperation. Employee acknowledges that his obligation under Section 8(d) of Employment Agreement to cooperate with the Company and its counsel will survive the cessation of his employment and he hereby reaffirms such obligation.

11. Remedies. Ail remedies at law or in equity shall be available to the Releasees for the enforcement of this Separation Agreement and Release. This Separation Agreement and Release may be pleaded as a full bar to the enforcement of any claim that Employee may assert against the Releasees.

12. No Admissions. Neither the execution of this Separation Agreement and Release by the Company, nor the terms hereof, constitute an admission by the Company of liability to Employee.

13. Non-Disparagement. Employee agrees to refrain from making disparaging comments about the Releasees, and from taking any action or making any statements that would harm the professional or business reputation of any of the Releasees, including on social media. Employee is permitted to discuss his employment history at the Company in general terms, provided that in doing so, he does not disparage the Company or make any statements that are misrepresentative or inaccurate, and does not reveal any of the Company's confidential information. Employee will direct any requests for a reference to Shane Williams, Chief People Officer (shane@centurytx.com). Dr. Williams will only provide Employee's title and dates of employment.

14. Confidentiality. Employee shall not discuss, disclose or publicize the terms or fact of this Separation Agreement and Release, directly or indirectly, to any person or entity, except to Employee's accountant, attorney, spouse, and to others as required by law. Employee further understands and agrees that such information may be disclosed to the aforementioned individuals only on the condition that such individuals in turn agree to keep such information completely confidential, and not to disclose it to others. A breach of this provision by any of these persons shall constitute a breach by Employee.

15. No Assistance. Employee shall not solicit or assist current, future or former employees or temporary workers of the Company in preparing, commencing or prosecuting any action or proceeding against the Company, including but not limited to, any administrative agency claims, claims in arbitration, charges or complaints and/or lawsuits against the Company and will not participate voluntarily or cooperate in any such action or proceeding, except when such waiver is specifically prohibited by law, unless ordered by a Court of competent jurisdiction or as provided in paragraph 8. Nothing in this paragraph shall prevent Employee from testifying truthfully in response to a bona fide subpoena or Court Order. Employee agrees that if Employee receives a subpoena or Court Order requiring Employee to testify or participate in any action or proceeding against the Company, Employee will notify Osvaldo Flores, Chief Executive Officer (or his successor or designee), and will make no disclosure until the Company has had fifteen (15) days from receipt of notice to contest the right of the requesting person or entity to such disclosure.

16. Confidentiality Agreement. Employee acknowledges and agrees that his obligations under the Confidentiality Agreement will survive his cessation of employment. Employee further acknowledges and agrees that he received adequate consideration for entering into the Confidentiality Agreement and hereby reaffirms his obligations thereunder.

17. Essential Terms. Employee understands and acknowledges that Employee's promises in paragraphs 6, 7, 10, 13, 14, 15 and 16 of this Separation Agreement and Release are a material inducement for the Company to enter into this Separation Agreement and Release and are of the essence of this Separation Agreement and Release. Employee therefore agrees that if a Court determines that Employee has breached any of the provisions of the aforementioned paragraphs, then in addition to any other equitable or legal remedies available to the Company, (a) Employee will be obligated to return to the Company the severance payments, rights and benefits described in paragraph 3(b) of this Separation Agreement and Release; and (b) the Company will be relieved from any obligation to provide any further severance benefits.

18. Fees and Costs. The parties shall bear their own attorneys' fees and costs.

19. Entire Agreement. This Separation Agreement and Release, together with the Confidentiality Agreement and Subsequent Release, contain the entire agreement of the parties with respect to the subject matter hereof, supersede any prior agreements or understandings with respect to the subject matter hereof, and shall be binding upon their respective heirs, executors, administrators, successors and assigns.

20. Severability. If any term or provision of this Separation Agreement and Release shall be held to be invalid or unenforceable for any reason, the validity or enforceability of the remaining terms or provisions shall not be affected, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

21. Review of Agreement/Advice of Counsel.

a. Employee is hereby advised to seek the advice of counsel.

b. Employee acknowledges that Employee is acting of Employee's own free will, that Employee has been afforded a reasonable time to read and review the terms of the Separation Agreement and Release, and that Employee is voluntarily entering into this Separation Agreement and Release with full knowledge of its provisions and effects. Employee intends that this Separation Agreement and Release shall not be subject to any claim for duress.

c. Employee further acknowledges that Employee has been given at least 21 days within which to consider this Separation Agreement and Release and that if Employee decides to execute this Separation Agreement and Release before the 21 day period has expired, Employee does so voluntarily and waives the opportunity to use the full review period. Employee agrees that changes to this Separation Agreement and Release, whether or not material, will not restart the review period. If Employee chooses

to accept this Separation Agreement and Release, Employee should send a signed copy to Shane Williams via email at shane@centurytx.com.

d. Employee has seven (7) days after signing to revoke Employee's acceptance of this Separation Agreement and Release, and this Separation Agreement and Release will not become effective or enforceable until the seven-day period has expired. If Employee chooses to revoke Employee's acceptance of this Separation Agreement and Release, Employee should send written notice to Shane Williams via email at shaiie@centurytx.com.

22. Amendments. Neither this Separation Agreement and Release nor any term hereof may be orally changed, waived, discharged, or terminated, and may be amended only by a written agreement between the parties hereto.

23. Governing Law. This Separation Agreement and Release shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to the conflict of law principles of any jurisdiction.

24. Counterparts. This Separation Agreement and Release may be executed in one or more counterparts, including by a scanned version of a manual signature, each of which shall be deemed an original, and all of which together shall be deemed to be one and the same instrument.

25. Legally Binding. The terms of this Separation Agreement and Release contained herein are contractual, and not a mere recital.

[signature page follows]

IN WITNESS WHEREOF, the parties, acknowledging that they are acting of their own free will, have caused the execution of this Separation Agreement and Release on the day and year written below, respectively.

HYAM LEVITSKY, M.D.

/s/ Hyam Levitsky, M.D.

Date: 1/22/2023

CENTURY THERAPEUTICS, INC

/s/ Shane Williams

By: Shane Williams

Title: Title: Chief People Officer

Date: 1/23/2023

Exhibit 31.1

CERTIFICATION

I, Gregory Russotti, certify that:

1. I have reviewed this Quarterly Report of Century Therapeutics, Inc.;

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 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 11, 2023

/s/ Gregory Russotti, Ph.D.
Gregory Russotti, Ph.D.
Interim President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Michael Diem, certify that:

1. I have reviewed this Quarterly Report of Century Therapeutics, Inc.;

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 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 11, 2023

/s/ Michael Diem, M.D.
Michael Diem, M.D.
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
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 Century Therapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023, 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, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 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 11, 2023

/s/ Gregory Russotti, Ph.D.
Gregory Russotti, Ph.D.
Interim President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
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 Century Therapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023, 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, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 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 11, 2023

/s/ Michael Diem, M.D.
Michael Diem, M.D.
Chief Financial Officer
(Principal Financial Officer)