

FINANCIAL STATEMENTS

as of December 31, 2023

GENENTA SCIENCE SPA

Registered Office: VIA OLGETTINA, 58, 20132 MILAN (MI)

Tax code: 08738490963

REA number: MI 2045555

VAT number: 08738490963

Share capital: Euro 378.986,60 fully paid-up

Legal status: SOCIETÀ PER AZIONI [JOINT STOCK COMPANY]

Main business sector (ATECO): 212009

Company in liquidation: No

Single-member company: No

Company subject to the management and coordination activities: No

Member of a group: No

This document is an English translation of a document in Italian language. In preparing this document, an attempt has been made to translate as literally as possible without jeopardizing the overall continuity of the text. Inevitably, however, differences may occur in translation and if they do, the Italian text will govern by law. In this translation, Italian legal concepts are expressed in English terms and not in their original Italian terms. The concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.

All amounts are stated in Euro

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INDEX

BALANCE SHEET	6
INCOME STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023	10
NOTES TO THE FINANCIAL STATEMENTS, INITIAL PART	10
Drafting Principles	10
Evaluation criteria applied	15
CONDENSED NOTES TO FINANCIAL STATEMENTS, ASSETS	20
Subscribed capital unpaid	20
Fixed assets	20
Intangible Assets	20
Tangible assets	21
Financial assets	21
Current assets	24
Cash and cash equivalents	27
Accrued income and prepaid expenses	27
CONDENSED NOTES TO THE FINANCIAL STATEMENTS, LIABILITIES AND SHAREHOLDERS' EQUITY	29
Shareholders' equity	29
Provisions for risks and charges	30
Employee severance indemnities	30
Payables	30
Accrued expenses and deferred income	33
Condensed notes to the financial statements, income statement	34
Value of production	34

Financial income and expenses	35
Current, deferred and anticipated income taxes	36
CONDENSED NOTES TO THE FINANCIAL STATEMENTS, OTHER INFORMATION	36
Company Activities	36
Fiscal position	36
Exceptions pursuant to paragraph 4 Art. 2423 Of the civil code	36
Relationships with subsidiaries, affiliated and parent companies	36
Employment data	37
Compensation, advances and credits granted to directors and statutory auditors and commitments made on their behalf	37
Compensation to the external auditor or audit firm	38
Details on other financial instruments issued by the company	38
Off-balance sheets commitments, guarantees and contingent liabilities	38
Information on assets and loans for a specific business	39
Information on related party transactions	39
Information on off-balance sheet agreements	41
Information on significant events occurring after the end of the financial year	41
Information related to startups, also with a social vocation, and innovative SMEs	41
Information pursuant to article 1, paragraph 125, of law n. 124 dated August 4, 2017	41
Proposal for allocation of profits or to cover losses	42
NOTES TO THE FINANCIAL STATEMENTS - FINAL PART	42
STATEMENT OF COMPLIANCE OF THE FINANCIAL STATEMENTS	43
EXTERNAL AUDITORS REPORT	45
REPORT OF THE BOARD OF STATUTORY AUDITORS	48

BALANCE SHEET

	as at 31/12/2023	as at 31/12/2022
Balance sheet		
Assets		
A) Subscribed capital unpaid	-	-
B) Fixed Assets		
I - Intangible fixed assets	53,145	87,800
II - Tangible fixed assets	29,832	20,995
III - Financial fixed assets	4,350	4,350
Total fixed assets (B)	87,327	113,145
C) Current Assets		
I - Inventories	-	-
Tangible fixed assets held for sale	-	-
II - Receivables		
due within the next financial year	6,506,812	2,039,575
due beyond the subsequent year	4,105,811	4,407,977
deferred tax assets	-	-
Total receivables	10,612,624	6,447,552
III - Financial assets that are not fixed assets	11,033,334	-
IV - Cash and cash equivalents	3,035,982	29,637,188
Total current assets (C)	24,681,940	36,084,740
D) Accrued income and prepaid expenses	420,082	342,050
Total assets	25,189,349	36,539,935
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital	371,696	371,686
II - Share premium reserve	33,833,862	41,512,752
III - Revaluation reserves	-	-
IV - Legal reserve	10,000	10,000
V - Statutory reserves	-	-
VI - Other reserves	-	(2)
VII - Reseve for hedging of expected cash flow operations	-	-
VIII - Retained earnings (losses)	-	-
IX - Profit (loss) for the year	(10,619,668)	(7,679,411)
Loss balanced during the year	-	-
X - Negative reserve for own shares in portfolio	-	-
Total shareholders' equity	23,595,890	34,215,025
B) Provisions for risks and charges	282,041	-
C) Employees severance indemnities	164,655	88,962
D) Payables		
due within the next financial year	1,146,653	2,213,674
due beyond the subsequent year	-	-
Total payables	1,146,653	2,213,674
E) Accrued expenses and deferred income	110	22,274
Total liabilities	25,189,349	36,539,935

INCOME STATEMENT

	as at 31/12/2023	as at 31/12/2023
Income statement		
A) Value of production		
1) revenue from sales and services	-	5,967
2), 3) changes in inventories of work in progress, semi-finished and finished goods and contract work in progress	-	-
2) changes in inventories of work in progress, semi-finished and finished goods	-	-
3) Changes in work in progress contracts	-	-
4) increases in own work capitalized	-	-
5) other revenues and income		
operating grants	-	-
Others	465,708	1,182,886
Total other revenues and income	465,708	1,182,886
Total value of production	465,708	1,188,853
B) Costs of production		
6) for raw materials, consumables and goods	3,369,953	2,793,528
7) for services	6,240,259	7,057,003
8) for use of third party assets	38,591	32,280
9) for personnel		
a) wages and salaries	1,171,854	1,078,134
b) social security contributions	186,735	186,795
c), d), e) severance indemnity, pensions, other personnel expenses	84,953	64,169
c) severance pay indemnity	78,903	58,871
d) provision for indemnity pensions and similar obligations	6,050	5,298
e) other costs	-	-
Total personnel costs	1,443,542	1,329,098
10) depreciation and write-downs		
a), b), c) depreciation of intangible fixed assets and tangible assets, other write-downs of fixed assets	42,440	5,528
a) depreciation of intangible fixed assets	34,655	-
b) depreciation of tangible fixed assets	7,785	5,528
c) other write-downs of fixed assets	-	-
d) write-downs of receivables included in current assets and cash and cash equivalents	-	-
Total depreciation and write-downs	42,440	5,528
11) changes in inventories of raw materials, supplies consumables and goods for resale	-	-
12) Provisions for risks	-	-
13) other provisions	-	-
14) Other operating expenses	96,313	27,386
Total costs of production	11,231,098	11,244,823
Difference between value and cost of production (A - B)	(10,765,390)	(10,055,970)
C) Financial income and expenses		
15) Income from equity investments		

from subsidiary companies	-	-
from affiliated companies	-	-
from parent companies	-	-
from companies controlled by parent companies	-	-
Others	-	-
Total income from equity investments	-	-
16) other financial income		
a) from receivables included in fixed assets		
from subsidiary companies	-	39,939
from affiliated companies	-	-
from parent companies	-	-
from companies controlled by parent companies	-	-
Others	-	-
Total financial income from receivables included in fixed assets	-	39,939
b), c) from securities included in non-equity fixed assets and from securities included in current assets that are not equity investments	10,117	-
b) from securities included in fixed assets that are not equity investments	-	-
c) from securities recorded as current assets that are not equity investments	10,117	-
d) income other than the above		
from subsidiary companies	126,595	-
from affiliated companies	-	-
from parent companies	-	-
from enterprises subject to the control of parent companies	-	-
Others	283,747	48,899
Total income other than the above	410,341	48,899
Total other financial income	420,458	88,838
17) interest and other financial expenses		
from subsidiary companies	-	-
from associated companies	-	-
from parent companies	-	-
from companies controlled by parent companies	-	-
Others	4,222	4,149
Total interest and other financial expenses	4,222	4,149
17-bis) foreign exchange gains and losses	(216,904)	2,291,870
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	199,333	2,376,559
D) Value Adjustments on Financial Assets and Liabilities		
18) Revaluations		
a) of equity investments	-	-
b) of financial assets that are not equity investments	-	-
c) of securities shown under current assets that are not equity investments	-	-
d) of derivative financial instruments of financial assets for centralised treasury management	-	-
Total revaluations	-	-

19) Write-downs		
a) of equity investments	-	-
b) of financial assets that are not equity investments	-	-
c) of securities included in current assets that are not equity investments	53,610	-
d) of derivative financial instruments	-	-
e) of financial assets for centralised management of treasury	-	-
Total write-downs	53,610	-
Total value adjustments of assets and financial liabilities (18 - 19)	(53,610)	-
Income before taxes (A - B + - C + - D)	(10,619,668)	(7,679,411)
20) Income taxes for the year, current, deferred and advanced		
current taxes	-	-
taxes related to previous years	-	-
deferred and advanced taxes	-	-
Income (charges) from joining the tax consolidation/tax transparency regime	-	-
Total income taxes for the year, current deferred and advanced	-	-
21) Profit (loss) for the year	(10,619,668)	(7,679,411)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS, INITIAL PART

These financial statements for the year ended 31.12.2023 show a loss for the year of € 10,619,668 (compared to a positive net equity of € 23,595,890, already including said loss).

Genenta Science S.p.A. (hereinafter also referred to as “Genenta” or the “Company”) is a start-up company that does not yet generate revenues, with legal personality organised under the laws of the Republic of Italy that develops “first class” cells and gene therapies for the fight against cancer. The Company is initially developing its leading clinical product, Temferon™, for the treatment of glioblastoma multiforme (“GBM”), a solid tumour affecting the brain. The Company intends to continue its clinical trials in Europe and eventually initiate a clinical trial in the US to study Temferon™ in other tumours.

In December 2021, the Company completed a listing on Nasdaq market. Through the IPO, 3,216,858 new no par value, dematerialised ordinary shares were issued, of which 720,114 were subscribed by the Company’s historical shareholders through a Reserved Offering and 2,496,744 were subscribed by new investors through an initial placement of ADS, “American Depository Shares”, directly on Nasdaq market. About EUR 29 million net of listing costs (about EUR 3.9 million) were raised through the IPO. The total number of shares outstanding after the Offering was 18,216,858, and as a result of the IPO, the share capital was increased to a total of € 371,685.80.

In May 2023, the Company filed a registration document with the Securities and Exchange Commission (SEC), which was subsequently declared effective. This transaction will allow the Company to issue ordinary shares, including shares represented by the ADS ‘American Depository Shares’, and option rights for the subscription of these shares, up to a maximum aggregate sales value of \$ 100,000,000. The offering of newly issued shares will take place through the so-called ATM (At-The-Market) offering (i.e., at a price related to the market price of the securities at the time). The maximum aggregate value of the shares issued in connection with the ATM offering is \$ 30,000,000. Such shares will be sold through the agent Cantor Fitzgerald & Co, pursuant to an agreement with the Company that complies with the terms and conditions described by SEC regulations.

As a result of the ATM offering, a capital increase of 100 new shares was executed in July 2023, bringing the total number of shares outstanding to 18,216,958 and the subscribed and paid-up capital to € 371,695.80.

The Company owns 100% of Genenta Science, Inc, a company under the laws of the State of Delaware (USA), for future operations in the United States.

DRAFTING PRINCIPLES

INTRODUCTION CONTENT AND FORMAT OF THE FINANCIAL STATEMENTS

The Financial Statements, a unitary and organic document consisting of the Balance Sheet, Income Statement and these Notes to the Financial Statements, correspond to the results of the accounting records duly kept and have been prepared in accordance with Articles 2423 et seq. of the Italian Civil Code, as well as with the

accounting principles and recommendations developed by the Italian Accounting Organisation (O.I.C.).

These financial statements have been prepared in a condensed form pursuant to Article 2435-bis of the Italian Civil Code and without preparation of the management report as the information required under points 3 and 4 of Article 2428 is contained in these notes. Although the company does not exceed the limits set forth in Article 2435-ter of the Italian Civil Code, it was deemed appropriate to prepare these notes to the financial statements in order to provide better information to shareholders. The criteria used in preparing the financial statements for the year ended 31.12.2023 do not differ from those used in preparing the financial statements for the previous period, particularly in the valuations and continuity of the same principles. The Financial Statements as of 31.12.2023 are drawn up in Euros, without decimal fractions.

The valuation of items in the financial statements has been carried out taking into account the principle of prudence, relevance, perspective of the going concern assumption and the substance of the transactions or contract, as well as taking into account the economic function of the asset and liability item considered. The accrual basis of accounting was also followed, whereby the effect of transactions and other events was recognised in the accounts and attributed to the financial year to which these transactions and events refer, and not to the year in which the related financial movements (receipts and payments) materialise.

Pursuant to Art. 2423, the amount of the corresponding item of previous year is shown for each item.

Items not expressly reported in the Balance Sheet and Income Statement, as provided for in Articles 2424 and 2425 of the Civil Code, are understood to be zero balance.

SIGNIFICANT EVENTS OCCURRING DURING THE FINANCIAL YEAR

In addition to the information provided at the beginning of these notes, with regard to the ATM offering finalised during the financial year 2023, the following are further highlights:

LIQUIDITY MANAGEMENT IN ITALY

To improve the return on excess liquidity not immediately needed for current operations, the Company invested about € 10,000,000 in short-term Italian BTPs with an average gross yield of about 3.1% and € 2,000,000 also in Italian BTPs with an average gross yield of about 2.3%. At 31 December 2023, the balance of the short-term securities account was € 11,033,334. See section Financial Assets that are not fixed assets for details.

INTERCOMPANY RELATIONSHIPS AND CASH MANAGEMENT IN THE US

In addition, in August 2023, \$ 6,000,000 was transferred to the company Genenta Science Inc. based on the intercompany loan already in place with the subsidiary. The same funds were invested by Genenta Science Inc. in short-term US Government Treasury Bills with an average gross yield of 5.3%. The residual liquidity given to the financing is used for operating needs substantially related to the payment of salaries of US employees.

Following the transfer of these funds to Genenta Science Inc., the balance of intercompany receivables at 31 December 2023 is € 4,217,898.

LICENCE AGREEMENT WITH OSPEDALE SAN RAFFAELE (OSR) AMENDED AND RENEWED

The Company entered into an Amended and Restated Licence Agreement (the “OSR Amended and Restated Licence Agreement” or “ARLA”) with OSR in March 2023. The ARLA replaced the Company’s original Licence Agreement originally entered into with OSR on December 15, 2014, which was subsequently amended on March 16, 2017, February 1, 2019, December 23, 2020, September 28, 2021, January 22, 2022, September 29, 2022 and December 22, 2022 (the “Original OSR Licence Agreement”).

The effectiveness of the ARLA was subject to Italian Decree Law Nr. 21 of March 15, 2012 (i.e. the Italian Golden Power Regulations), subsequently amended and supplemented, and would not have become effective until the relevant Italian governmental authority had given consent to the ARLA. On April 20, 2023, such consent was received and the ARLA became effective.

Pursuant to the terms of the ARLA, OSR granted the Company an exclusive, paid-up, non-transferable (except with OSR’s prior written consent), sublicensable, worldwide licence, subject to certain retained rights, to (1) certain patent existing patent applications and know-how for use in the field(s) of Interferon (“IFN”) gene therapy by means of lentivirus-based hematopoietic stem and progenitor cell (“HSPC”) gene transfer with respect to any solid cancer indication (including glioblastoma and solid liver cancer) and/or (b) any lymphatopoietic indication for which the Company exercises an option (described below) and (2) certain gene therapy products (subject to certain specified exceptions related to competent viruses for replication) developed during the license period for use in the aforementioned field(s) consisting of any lentivirus or other viral vectors regulated by miR126 and/or miR130 and/or other miRs with the same expression pattern as miR126 and miR130 in hematopoietic cells for expression of IFNs under the control of a Tie2 promoter. The lymphohematopoietic indication means any indication relating to lymphohaematopoietic malignancy and the solid cancer indication means any indication of solid cancer (e.g., without limitation, breast cancer, pancreatic cancer, colon cancer), with each affected human organ counted as a specific solid cancer indication.

The rights retained by OSR, extended to its affiliates, include the right to use the licensed technology for internal research in the fields of use, the right to use the licensed technology in fields of use other than the licensed products, and the right to use the licensed technology for any other use outside the fields of use, but subject to the options described below. In addition, the Company has granted OSR a perpetual, worldwide, paid-up, non-exclusive licence for any improvements generated by the Company with respect to the licensed technology, to conduct internal research in the fields of use either directly or in collaboration with third parties; and, for any use outside the fields of use, where the licence is sublicensable by OSR. Finally, the worldwide rights for the fields of use granted to the Company regarding Lentigen’s knowledge are non-exclusive and cannot be sub-licensed due to a pre-existing non-exclusive sub-licence of these rights between OSR and GlaxoSmithKline Intellectual Property Development Limited.

Pursuant to the ARLA, the Company has an exclusive option exercisable until 20 April 2026 (the “OPI Option Period”) for any improvements to OSR’s products at no additional cost that would be beneficial to the development and/or commercialisation of the licensed products in the field of use (the “OPI Option”). The Company also has an exclusive option exercisable until 20 April 2026 (the “LHI Option Period”) for any lymphohematopoietic indications to be included as part of the Field of Use, on an indication-by-indication basis, subject to specified optional fees and milestone payments (the “LHI Option”):

- € 1.0 million for the first lymphohaematopoietic indication;
- € 0.5 million for the second lymphohaematopoietic indication;
- € 0.3 million for the third lymphohaematopoietic indication.

No option fee is payable for the fourth and any subsequent lymphohaematopoietic indication.

The Company has the right to extend the LHI Option Period twice for additional 12-month periods upon payment of specified extension fees.

Prior to the effective date of the ARLA, the Company made an initial payment of € 250,000 to OSR under the Original OSR Licence Agreement.

Pursuant to the ARLA, for consideration, the Company agreed to pay OSR additional licence fees of up to € 875,000 in aggregate.

In addition, the Company agreed to pay royalties to OSR upon the occurrence of certain milestone events.

As part of the ARLA, the Company has agreed to make every reasonable effort to involve OSR in Phase I clinical trials for the licensed products in the field of use, provided that OSR maintains the required quality standards and provides its services on customary and reasonable terms and in accordance with applicable market standards.

OSR retains control over the preparation, prosecution and maintenance of the licensed patents. The company is obliged to cover these costs unless other licensees benefit from these rights, in which case the costs will be shared proportionally. OSR monitors the enforcement of patents and know-how rights, at its own expense. In the event OSR does not sue to enforce such rights after notification by the Company, the Company has the right to enforce the licensed technology within the field of use. Both parties, the Company and OSR, must agree to the settlement of any inherent litigation, and all recovered proceeds will be divided, after reimbursement of expenses, in proportion to the damages suffered by each party, or, in the absence of a good faith agreement between the Company and OSR, on a 50-50 split.

The ARLA expires at the end of the "Licence Term" for all licensed products and all countries, unless terminated earlier. The Licence Term begins with the first commercial sale of a Licensed Product in each country, on a country-by-country basis, and ends at the end of the longer of (a) the expiry of the Commercial Exclusivity for such Licensed Product in that country (where Commercial Exclusivity refers to any remaining valid patent claims covering such Licensed Product, any remaining regulatory exclusions to market and sell such licensed product or any remaining data regulatory exclusions for such licensed product), and (b) 10 years from the first commercial sale of such licensed product in such country.

The parties may terminate the agreement in the event that the other party violates its obligations under it, and such term will become effective 60 business days after written notification to the defaulting party. The defaulting party shall have the right to remedy such breach or default during such 60 business days. OSR may terminate the agreement in the event of non-payment if the Company does not pay any of the initial

payments, additional license fees, sublicense income, or milestone payments within 30 days of the relevant due date. In addition, OSR may terminate (with written notice of 60 business days) the Company's rights regarding certain fields of use in the event that the Company does not reach certain development milestones for specific licensed products within certain time periods, which may be subject to extension. In addition, OSR may terminate the agreement in the event that the marketing of a licensed product does not commence within 24 months of the issue of both the MAA approval and the price approval of that licensed product, provided that such term relates solely to that licensed product and to that country or region to which both such MAA approval and price approval have been granted.

SPONSORED RESEARCH AGREEMENT WITH OSR (SRA)

On August 1, 2023, the Company entered into a Sponsored Research Agreement ("CP1 SRA"), provided for under the ARLA, under which the Company will fund feasibility studies for certain gene therapy products consisting of lentiviral vectors regulated by miR126 and/or miR130 and/or other miRs with the same miR126 and miR130 expression pattern in hematopoietic cells for IFN expression under the control of a Tie2 promoter, in combination with any immunotherapy ("Candidate Products 1"), along with three additional research projects, to be conducted at OSR. If OSR determines that additional funds are needed, OSR will inform the Company and provide an estimate to complete the search.

During the period from the date of execution of the CP1 SRA up to six months from the last report delivered to the Company under the CP1 SRA (the "CP1 Option Period"), the Company has the exclusive option to include certain intellectual property relating to Candidate 1 Products and Candidate 1 Products as part of the patents licensed and products licensed under the ARLA. To exercise this option, the Company must pay an option exercise fee. The Company also has the right to extend the CP1 Option Period twice for additional 24-month periods. The extension requires payment of an extension fee for each 24-month extension.

AMENDMENT TO THE AMENDED AND RESTYPULATED LICENSE AGREEMENT WITH OSR

On September 28, 2023, the Company and OSR entered into an amendment to the ARLA, according to which the Company and OSR agreed that the Company fulfilled the obligations set out in the ARLA specifically for Candidate Products 1 under CP1 SRA. In addition, the amendment provides that the Company and OSR have no additional obligations to negotiate and execute a sponsored research agreement for the execution of feasibility studies related to certain gene therapy products consisting of lentiviral vectors regulated by miR126 and / or miR130 and/or other miRs with the same Mir126 and miR130 expression pattern in hematopoietic cells for the expression of cytokines and their variants (other than IFN or in addition to IFN) under the control of a Tie2 promoter, alone or in combination with any immunotherapy ("Candidate Products 2"). Despite the removal of the obligation to enter into a sponsored research agreement with respect to Candidate 2 Products, OSR has granted the Company an exclusive option, to be exercised by sending written notice to OSR by September 30, 2025, to include certain intellectual property relating to Candidate 2 Products and Candidate 2 Products as part of the licensed patents and products licensed under ARLA. The option fee and the Company fee to extend the option period, if necessary, remain consistent with the prior fees to those costs reflected in the ARLA specifically for Candidate Products 2. OSR will also have the right to prepare, file and pursue patents and patent applications with respect to the results of Candidate Products 2. The amendment provides that the costs of the activities mentioned above are borne by the Company.

EVALUATION CRITERIA APPLIED

(ART. 2427, N. 1) ADOPTABLE EVALUATION CRITERIA

INTANGIBLE FIXED ASSETS (ART. 2426 CO. 1 NR. 1)

Intangible assets are recorded at the cost of purchase or internal production, including all directly related charges, and are systematically depreciated in straight shares in relation to the residual possibility of use of the asset, with an explicit indication of the depreciation and write-downs made. Fixed assets whose value at the end of the year is durably lower than the residual cost to be amortised shall be recorded at this lower value; this is not maintained if in subsequent years the reasons for the correction made are lost. Registration and valuation of items included in the category of intangible assets were carried out with the consent of the Board of Statutory Auditors.

TANGIBLE FIXED ASSETS (ART. 2426 CO. 1 N. 1)

Tangible fixed assets are recorded in the financial statements according to the general criteria of production and acquisition cost, including additional charges and any other charges incurred to put the assets in conditions of utility for the company, in addition to indirect costs that can reasonably be allocated to the asset. These items are shown net of their respective accumulated depreciation and adjusted by the currency revaluations made in accordance with the law.

Fixed assets are systematically depreciated in each financial year on the basis of economic-technical rates determined in relation to the remaining useful life of the assets.

In accordance with OIC accounting Standard 16, depreciation was determined on the basis of a straight-line depreciation schedule, adopting the rule to use half of the standard depreciation rate for fixed assets purchased in the year, in view of the fact that the resulting deviation from the calculated share since the fixed asset is available for use, is negligible. This depreciation process is applied over time in a consistent and systematic manner.

The depreciation schedule would eventually be readjusted only if a residual useful economic life other than that originally estimated was established. In particular, in addition to considerations on the physical duration of the goods, all other factors affecting the duration of “economic” use such as, for example, technical obsolescence, intensity of use, maintenance policy, any contractual terms as the duration of use, etc., have been taken into account.

In the event that, regardless of the depreciation already accounted for, there is a permanent loss in value, the fixed asset is correspondingly written down; if in subsequent years the conditions for the write-down are no longer met, the original value is restored. The causes which, if any, would involve the use of such write-downs, however, must be extraordinary and serious in nature, beyond the facts which instead require normal adjustments to the depreciation plan. There is no evidence, for the year in question, of the need to make write-downs as per Article 2426, first paragraph, n. 3, of the Civil Code, exceeding the pre-established depreciation. Maintenance costs of an ordinary nature are fully charged to the income statement. “Incremental” expenses were eventually calculated on the purchase cost only if there is a real and “measurable” increase in productivity, or in the assets’ useful life or a tangible improvement in the quality of products or services obtained, or finally an increase in safety of assets use.

Any other cost relating to the assets in question was instead fully charged to the income statement. Assets with a unit value of less than Eur 516.46 are fully charged to the income statement in the acquisition year in view of their low future utility.

Contributions are recognised in the financial statements on an accrual basis only when there is certainty of disbursement by the issuing institution. Capital contributions, which refer to fixed assets, are recorded to reduce the cost of fixed assets to which they refer. Contributions for operating activities are entered in the income statement among the income components.

Assets under financial lease are recorded in the assets in the year in which the right of redemption is exercised. During the lease period, lease cost contributes to the determination of the operating result by debiting the lease payments recorded on an accrual basis to the income statement.

LAND AND BUILDINGS

There is no land and buildings in this financial statement.

FINANCIAL FIXED ASSETS (ART. 2426 CO. 1 NR. 4)

Financial fixed assets include only assets that are intended for long-term use. Below are accounting principles and evaluation criteria for the most relevant items.

Equity investments in subsidiaries, affiliated and controlled by parent companies as well as investments in other companies are recorded at the purchase cost including any additional subscription charges or at the value of appraisal for those deriving from transfer transactions. The cost is adjusted in case of durable losses in value.

The original value is restored if the reasons for the previous write-downs have ceased.

Financial fixed assets consisting of receivables are valued at the expected realization value.

There are no other financial fixed assets on the balance sheet.

INVENTORIES

There are no closing inventories in the balance sheet.

FINANCIAL ASSETS THAT DO NOT CONSTITUTE FIXED ASSETS

In order to improve the return on excess liquidity not immediately necessary for current operations, the Company invested, in February 2023, about € 10,000,000 in short-term Italian BTPs (treasury Bonds), which will mature between January and April 2024 and with an average gross return of about 3.1%.

In addition, in August 2023, the Company invested a further € 2,000,000 approximately, again in Italian BTPs, with an average gross return of about 2.3%, of which around € 900,000 matured by December 31, 2023, resulting in a capital gain of approximately € 10,000 and the remaining for approximately € 1,098,000 will come to maturity in January 2024.

Securities are initially recorded in the balance sheet at purchase cost, which includes the actual purchase price, transaction fees, and other additional expenses related to acquisition. Acquisition expenses were not material for the investments in question.

Subsequently, securities are valued at the lower between purchase cost and market value, in order to reflect any lasting losses in value.

Any write-downs of securities are accounted for as losses and reflect the company management's estimate of the future prospects of securities.

As of December 31, 2023, the balance of short-term securities account amounts to approximately €11,033,000 net of a write-down of approximately € 54,000 referring to a difference between the purchase cost above par and the price that will be recognized at maturity date.

It should be noted that at December 31, 2023, however, no unrealized capital gains deriving from a historical purchase price below par have been recognized, which will also be realized at maturity, for an amount equal to approximately € 206,000.

RECEIVABLES

Receivables are recorded according to their presumed realizable value obtained by adjusting nominal value with the related impairment charge (taxed and untaxed) considered adequate for reasonably foreseeable losses and not under the amortized cost method, as the financial statements are prepared in abbreviated form pursuant to Article 2435 bis of the Civil code despite the fact that the company does not exceed the limits provided by Article 2435-ter cc.

Therefore, write-down of receivables takes into account all the individual situations already manifested, or inferred from certain and precise elements, which may give rise to losses.

For example, even if known after the end of the year and until the date of preparation of this financial statements, any insolvencies and transactions on receivables in litigation are considered.

Foreign currency receivables are originally accounted for at the exchange rate on transaction day. These foreign exchange receivables outstanding at the end of the year are valued at current exchange rates on that date and the related foreign exchange gains and losses shall be charged to the income statement.

CASH AND CASH EQUIVALENTS

Active balances of deposits and bank accounts essentially consider credits, cheques and wire transfers with a value date not exceeding the end of the financial year and shall be recorded at nominal value.

Accrued interest was accounted for on an accrual basis.

Cash and other cash equivalents also include bank cheques that have not yet been paid, for which there is reasonable certainty that they are due and are valued according to the nominal value criterion.

Foreign currency bank accounts and cash are recorded at year-end exchange rates.

ACCRUALS AND DEFERRALS

These items include portions of costs and income, common to two or more years, the amount of which varies over time, in accordance with the principle of time accrual and the principle of cost/revenue correlation.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are allocated to cover presumed costs, losses or liabilities, of certain or probable existence, of which, however, at the end of the year, the amount or date of occurrence could not be determined. Appropriations shall reflect the most accurate estimate possible based on the available information.

In evaluating risks and charges, whose actual occurrence depends on future events, information available after the end of the financial year and up to the date of preparation of this financial statement was also taken into account.

DEFERRED TAXATION

In preparing the financial statements, the principle of economic relevance has been respected, according to which, in the financial statements, income taxes must be calculated and recognized in order to achieve full temporal correlation with the costs and revenues that give rise to the economic result for the period.

Both “current” taxation, calculated according to tax rules, and “deferred” taxation, where applicable, were therefore detected.

Deferred and advance taxes were allocated, if any, on temporary differences between the values of the assets and liabilities recorded in the balance sheet and their respective values recognized for tax purposes (capital gains, tax losses, etc.), in accordance with the principle that funds must be allocated for risks and charges only in respect of events whose existence is judged certain or probable.

In particular, advance taxes are recognised when there is reasonable certainty that, in the years in which the temporarily deductible differences will be reversed, taxable income is not less than the amount of the differences that will be annulled.

Deferred taxes, on the other hand, are not recorded if there is little likelihood that the related liability will arise. The financial statements may include both advanced taxes, which, although pertaining to future periods, are payable in the current period, and deferred taxes, which, although pertaining to the current period, will become payable only in subsequent periods.

At the end of each financial year, the Company shall verify whether, and to what extent, the conditions for holding deferred tax assets and deferred tax liabilities recorded in previous financial statements are still in place, or whether the conditions for recording assets and liabilities excluded in the past can be considered fulfilled.

EMPLOYEES SEVERANCE INDEMNITY

Severance pay is allocated to cover the entire liability accrued to employees in accordance with current legislation and collective labour agreements and supplementary company agreements.

This liability is subject to revaluation by means of indices.

Employee severance indemnity is determined in accordance with the provisions of Article 2120 of the Civil Code and the employment contracts in force and covers accrued employee liabilities at the date of the financial statements. This liability is subject to revaluation as required by current legislation.

PAYABLES

Payables are recorded at their nominal value, corresponding to the presumed extinguishment value and not to the amortized cost method, as these are condensed financial statements pursuant to Article 2435 bis of the Civil Code despite the fact that the company does not exceed the limits established by Article 2435-ter cc. Foreign currency payables are originally accounted for at the exchange rate transaction date.

These outstanding currency payables at the end of the year are valued at current exchange rates at that date and the related foreign exchange gains and losses are charged to the income statement.

REGISTRATION OF COSTS AND REVENUES

Costs and revenues are presented in the financial statements according to the principles of prudence and on an accrual basis with recognition of the relative accruals and deferrals. Revenues and profits are recorded net of returns, discounts, allowances and bonuses as well as taxes directly related to the sale of products and the provision of services.

Costs and charges are recorded net of any returns, discounts, allowances and bonuses, as well as taxes directly related to the purchase of goods or services.

Extraordinary income and expenses are separately indicated by amount and nature.

Revenues from the sale of finished products are recognized at the time of transfer of ownership, which is normally identified with the delivery or shipment of the goods.

Revenues for services provision were recorded only at the time they were rendered.

Revenues of a financial and service nature are recognized on an accrual basis.

DIVIDEND

Dividends are accounted for in the year in which they were resolved.

TAXES ON OPERATING INCOME

They are recorded on the basis of estimated taxable income in accordance with the current rules, taking into account applicable exemptions and tax credits.

Income taxes for the year are determined based on a realistic forecast of the tax liabilities to be settled, in application of current tax legislation; the expected liability, taking into account advances paid and withholding taxes incurred in accordance with the law, is entered in the item "Tax Payables" in the case of a net liability and under the item "Tax receivables" in the case of a net credit.

VALUATION OF MONETARY ASSETS AND LIABILITIES IN CURRENCY OTHER THAN EURO (ART. 2426 NR. 8BIS)

Monetary assets and liabilities in foreign currencies, other than fixed assets (intangible assets, tangible assets and equity investments), already accounted for during the year at the exchange rates in force on transaction date, were recorded at the spot exchange rate at year-end date.

This adjustment resulted in the recognition of "differences" (Foreign exchange gains or losses) in the income statement, in the appropriate item "C17-bis foreign exchange gains and losses".

In accordance with Article 2426, n. 8-bis), of the Civil Code, the profit for the year, referable to net profit on foreign exchange, must be set aside in a special non-distributable reserve until it is actually realized.

In order to determine the above "differences", the following exchange rates noted as of 31.12.2023 were used:

- 1 EURO = 1,10392 USD
- 1 EURO = 0,86706 GBP

Fixed assets in foreign currencies (non-monetary assets and liabilities in foreign currencies) are recorded at the exchange rate in force at the time of their purchase.

Lastly, note that the above valuations were carried out with a view to the company as a going concern and on the basis of a valuation scenario with matching maturities for the assets and liabilities involved.

Note also that there are no receivables and payables not originally stated in a currency other than the reporting currency that have been "covered" by "forward transactions," "domestic swaps", "options" etc.

CONDENSED NOTES TO FINANCIAL STATEMENTS, ASSETS

SUBSCRIBED CAPITAL UNPAID

There is no subscribed capital unpaid against subscribed share capital.

FIXED ASSETS

CHANGES IN FIXED ASSETS

ANALYSIS OF CHANGES IN FIXED ASSETS

	Intangible assets	Tangible assets	Fixed assets	Total fixed assets
Value at the beginning of the year				
Cost	87,800	32,517	4,350	124,667
Depreciation (Accumulated depreciation)	-	(11,522)	-	(11,522)
Book value	87,800	20,995	4,350	113,145
Changes during the year				
Increases for acquisitions	-	17,228	-	17,228
Decreases for alienation and disposals (of balance sheet value)	-	(769)	-	(769)
Depreciation for the year	(34,655)	(7,785)	-	(42,440)
Other changes	-	163	-	163
Total changes	(34,655)	8,836	-	(25,819)
Year-end value				
Cost	87,800	48,976	4,350	141,126
Depreciation (Accumulated depreciation)-	(34,655)	(19,144)	-	(53,799)
Book value	53,145	29,831	4,350	87,326

INTANGIBLE ASSETS

CHANGES IN INTANGIBLE ASSETS

ANALYSIS OF CHANGES IN INTANGIBLE ASSETS

	Intangible assets in progress and advances	Intangible assets	Total intangible assets
Value at the beginning of the year			
Cost	87,800	-	87,800
Depreciation (Accumulated depreciation)	-	-	-
Book value	87,800	-	87,800
Changes during the year			
Depreciation for the year	-	(34,655)	(34,655)
Other changes	(87,800)	87,800	-
Total changes	(87,800)	53,145	(34,655)
Year-end value			
Cost	-	87,800	87,800
Depreciation (Accumulated depreciation)	-	(34,655)	(34,655)
Book value	-	53,145	53,145

In 2023, with the implementation of new Oracle NetSuite management platform, previous intangible assets classified as work in progress and advances were capitalized among software, and a depreciation expense of 33% was calculated for the year 2023 based on the license agreement duration (approximately 3 years).

TANGIBLE ASSETS

CHANGES IN TANGIBLE ASSETS

ANALYSIS OF CHANGES IN TANGIBLE ASSETS

	Other tangible assets	Total tangible assets
Value at the beginning of the year		
Cost	32,517	32,517
Depreciation (Accumulated depreciation)	(11,522)	(11,522)
Book value	20.995	20.995
Changes during the year		
Increases for acquisitions	17,228	17,228
Decrease for sales and disposals (of the book value)	(769)	(769)
Depreciation for the year	(7,785)	(7,785)
Other changes	163	163
Total changes	8.836	8.836
Year-end value		
Cost	48,976	48,976
Depreciation (Accumulated depreciation)	(19,144)	(19,144)
Book value	29.831	29.831

Increases for the year mainly relate to the purchase of laptops used by new employees hired during the year and the renewal of the meeting room teleconferencing system.

FINANCIAL LEASE TRANSACTIONS

(ART. 2427, NR. 22) - FINANCIAL LEASE TRANSACTIONS

There are no financial lease transactions on the balance sheet.

FINANCIAL ASSETS

Financial assets refer to the equity investment in the subsidiary Genenta Science Inc. with headquarters in the USA (State of Delaware), established in the course of the month of may 2021, 100% owned and registered at a value of € 1,000 and security deposits for € 3.350 paid to San Raffaele Hospital as a guarantee for the office lease contract.

**CHANGES IN EQUITY INVESTMENTS,
OTHER SECURITIES AND DERIVATIVE FINANCIAL ASSETS CLASSIFIED AS FIXED ASSETS**

**ANALYSIS OF CHANGES IN EQUITY INVESTMENTS, OTHER SECURITIES,
DERIVATIVE FINANCIAL ASSETS CLASSIFIED AS FIXED ASSETS**

	Equity Investments in subsidiaries	Total equity investments
Value at the beginning of the year		
Cost	1.000	1.000
Book value	1.000	1.000
Year-end value		
Cost	1.000	1.000
Book value	1.000	1.000

Equity investment in the subsidiary Genenta Science Inc. is valued at subscription cost. The cost shall, where appropriate, be reduced for durable losses in the event that the subsidiary has incurred losses, and foreseeable future profits are not expected to absorb these losses in the immediate future. The original value is restored in subsequent years if the reasons for the write-down are no longer valid.

Below are the main information and summary financial data for the financial statements as of December 31, 2023 of Genenta science Inc.:

- Company Name: GENENTA SCIENCE INC.
- Registered Office: 8 The Green, Ste A 19901 Dover Delaware (DE) USA
- Share capital: USD 1,000
- Equity value as of 31/12/2023 is negative for: \$ (302,582) including the loss of last financial year
- Profit (Loss) as of 31/12/2023: \$ (366,567)

Genenta Science Inc. resulted in a loss for the year ended December 31, 2023, mainly due to the fact that the provisions relating to estimated employee bonuses at the end of the year, were not chargeable to the parent company as discretionary and uncertain in the amount and date of payment. These same will be charged back to Genenta Science S. p.A., including the markup provided by the Service Level Agreement, once the Board of Directors of Genenta Science S.p.A. has definitively approved them for payment.

For this reason, the operating loss is considered only temporary.

Genenta Science Inc. in fact, is destined in the long term, to the economic and financial balance thanks to a contractual system with the parent company as described below. Therefore, there is no basis for any write-down.

The Company Genenta Science Inc. hired Chief Financial Officer Richard Slansky and Chief Medical Officer Carlo Russo, who are already serving as Top Managers of Genenta Science S.p.A. at the end of the 2021 financial year, following the successful listing of the Parent Company.

Subsequently, during 2022 Tim Obara was hired, who worked during 2022 and early 2023 as Head of Business Development of Genenta Science S.p.A. In the second quarter of 2023, Tim Obara ended his employment relationship with Genenta Science Inc, and signed a collaboration agreement with the same as an external consultant, continuing his activity as Head of Business Development.

In addition, as of July 2022, a new Accounting Manager with administrative and accounting duties has been hired by Genenta Science Inc., actively collaborating with the administrative team of Genenta Science S.p.A.

Between Genenta Science S.p.A. and Genenta Science Inc. there is an interest-bearing intercompany loan agreement provided by the Parent Company to the Subsidiary, whose dynamic balance may vary during the year according to the financial needs of the latter mainly related to the payment of salaries of the hired staff and a commercial Service Level Agreement for the recharging of labor costs incurred directly by Genenta Science Inc. but pertaining to Genenta Science S.p.A. as the ultimate beneficiary of the activity carried out mainly by employees and any collaborators as described above.

During the third quarter of 2023, Genenta Science S.p.A. transferred \$ 6,000,000 to Genenta Science Inc for the purpose of investing the aforementioned capital in Treasury Bills, short-term, high-rate U.S. Government bonds. The entire capital was paid into a special account with First Republic Bank (Brokerage account B9G-020224), in the name of Genenta Science Inc, as the purchase of these securities is reserved for American companies. At each maturity, the capital and the relative returns are reinvested or redeemed in the account of Genenta Science S.p.A.. Transfers resulting from these transactions are managed as intercompany financing items, regulated as described below.

Financing is subject to the applicable Federal rate (AFR) as the minimum interest rate that the Internal Revenue Service (IRS - the federal agency responsible for collecting taxes and enforcing tax laws in the United States) allows for private loans. For the purposes of applying this interest rate, the loan granted is considered to be short-term because with a periodicity of at least half a year, the figures disbursed are compensated in application of the Service Level Agreement.

In addition, the duration of the loan was originally set until December 31, 2022 with automatic renewal for annual periods, and is therefore still in place as of December 31, 2023.

If the loan was repaid (or offset) in whole or in part before the expiry of an annual period, interest would be calculated pro-rata temporis.

Under the Service Level Agreement, Genenta Science Inc. quarterly charges back to Genenta Science S.p.A. the cost of work pertaining to the latter plus a mark-up that during 2022 was 10% and in 2023 7% and any other general and administrative costs if incurred on behalf of Genenta Science S.p.A.

As a result of the existing financing and service agreements with the Parent Company, Genenta Science Inc. is intended to remain in financial and economic balance over time, limiting the risks of potential write-downs. The Company's business continuity is substantially linked to the business continuity of the Parent Company.

Following the transfer of these funds to Genenta Science Inc., the balance of Intercompany receivables at 31 December 2023 amounted to € 4,217,898.

During the 2023 financial year, costs for intercompany services recognised in the income statement of Genenta Science S.p.A. amounted to approximately € 1,365,131, while interest income on intercompany financing amounted to approximately € 127,000.

Pursuant to Article 10 of Law 19 March 1983 n 72 and Article 2427 of the Italian Civil Code, it is stated that no economic or monetary revaluation has ever been made on the existing equity investments in the Company's assets as of December 31, 2023.

The company has no equity investments in other companies involving an unlimited debtor's liability.

CHANGES AND MATURITY OF NON-CURRENT RECEIVABLES

Other non current receivables, recorded at historical cost and related additional charges pursuant to Article 2426 of the Civil Code, consist of security deposits for € 3,350 as a guarantee of the office rental contract in place with Ospedale san Raffaele.

ANALYSIS OF CHANGES AND MATURITY OF FINANCIAL FIXED ASSETS: RECEIVABLES

	Value at the beginning of the year	Changes during the year	Value at the end of the year	Portion due beyond the year
Non-current receivables from subsidiaries	-	-	-	-
Non-current receivables from other	3,350	-	3,350	3,350
Total non-current receivables	3,350	-	3,350	3,350

BREAKDOWN OF NON-CURRENT RECEIVABLES BY GEOGRAPHICAL AREA**BREAKDOWN ON NON-CURRENT RECEIVABLES BY GEOGRAPHICAL AREA**

Geographical area	Non-current receivables from other	Total non-current receivables
ITALY	3.350	3.350
Total	3,350	3,350

NON-CURRENT RECEIVABLES RELATED TO REPURCHASE TRANSACTIONS**NON-CURRENT RECEIVABLES WITH REPURCHASE TRANSACTIONS**

There are no non-current receivables with repurchase transactions.

CURRENT ASSETS**TANGIBLE FIXED ASSETS INTENDED FOR SALE**

There are no tangible fixed assets intended for sale.

CURRENT RECEIVABLES**CURRENT ASSETS: RECEIVABLES**

The following tables show, separately for each item, the amount of receivables with specific indication of their nature and with specific distribution according to geographical areas. In addition Credits are divided according to their maturity

CHANGES AND MATURITY OF CURRENT RECEIVABLES

ANALYSIS OF CHANGES AND MATURITY OF CURRENT RECEIVABLES

	Value at the beginning of the year	Changes during the year	Year-end value	Portion due within the year	Portion due beyond the year
Current trade receivables	610	(610)	-	-	-
Current receivables from subsidiaries	-	4,501,920	4,501,920	4,501,920	-
Current tax receivables	6,438,648	(329,203)	6,109,445	2,003,634	4,105,811
Other current receivables	8,295	(7,037)	1,258	1,258	-
Total current receivables	6,447,553	4,165,071	10,612,624	6,506,812	4,105,811

Receivables from subsidiaries consist of the year-end balance of Intercompany loan for € 4,217,898 and the credit note to be received from the subsidiary Genenta Science Inc. for € 284,022 referable to the reversal of the charge related to the variable part of 2023 employee compensation. This will be defined and counted at the time of the subsequent Board resolution of Genenta Science S.p.A. which will also determine the time of settlement in that context.

Tax credits refer mainly to annual VAT credit for about € 1,177,000, previous years VAT credit for about € 624,463, tax credits for research and development expenses for € 4,127,894, credits for Super Ace 2021 for € 180.000.

The decrease compared to previous year is mainly due to the higher use of research and development credit for compensation of taxes and contributions mainly related to the cost of employee work. The difference is also caused by the lower increase in research and development credit for the year 2023 due to the reduction in applicable rate to eligible research expenses that has passed from fiscal year 2023 and up to 2031, from 20% to 10%.

In determining the short-term portion of tax credits, account was taken of the expected reimbursement of the annual VAT credit at the end of 2023 for a total of approximately € 1,171,000 and the estimated portion of research and development credit that is expected to be used shortly in offsetting tax and contribution payments for approximately € 833.000.

During 2023 financial year, research and development credit was used to offset taxes and contributions payments for approximately € 732.000 The increase in short-term use of the same is expected as a result of the prospective increase in the cost of personnel.

From year to year, the Company obtains certification of research and development tax credit issued according to laws by an external auditor.

The other receivables recorded in current assets for € 1,258 refer to minor receivables of various nature.

BREAKDOWN OF CURRENT RECEIVABLES BY GEOGRAPHICAL AREA**BREAKDOWN OF CURRENT RECEIVABLES BY GEOGRAPHICAL AREA**

Geographical area	Current receivables from subsidiaries	Current tax receivables	Other current receivables	Total current receivables
ITALY	-	6,109,445	1,258	6,110,703
EXTRA EU	4,501,920	-	-	4,501,920
Total	4,501,920	6,109,445	1,258	10,612,624

Receivables are stated at their estimated realisable value. As of December 31, 2023, no allowance for doubtful accounts was recognised.

RECEIVABLES IN FOREIGN CURRENCY

Receivables from subsidiaries in current assets refer to the Intercompany loan originally disbursed in US dollars. This loan is accounted for during the year exclusively by transactions in US dollars. These transactions consist of the offsetting of invoices issued by the subsidiary in US dollars, and payments made in the same currency; in both cases, transactions are recorded at the exchange rate in effect on execution date. Subsequently, the accounting balances at the end of the period are reported in the financial statements after a conversion process, based on the exchange rate in force at the end of the financial year.

Gains and losses resulting from the conversion of individual short-term receivables and payables are credited and debited respectively to the financial gains and losses (items C.17 - bis).

OTHER RECEIVABLES FROM THIRD PARTIES

Receivables from third parties such as tax authorities, employees, other debtors shown in the balance sheet are valued at nominal value.

They are summarised below with an indication, in the case of tax receivables, of the formation year. Regarding research and development tax credit, as indicated above, it is estimated that it will be utilised in the short term, during next financial year, in the amount of approximately € 833,000, while the remainder is expected to be utilised beyond the year.

These are summarised below:

TAX RECEIVABLES € 6,109,444

R&D Credit 2023	427,503
R&D Credit 2022	654,098
R&D Credit 2021	276,167
R&D Credit 2020	27
R&D Credit (pre-2000)	2,770,099
Tax Credit for investment in capital goods	576
Super Ace Credit	180,000
VAT Credit	1,800,975

CURRENT RECEIVABLES RELATED TO REPURCHASE TRANSACTIONS

There are no current receivables related to repurchase transactions.

CASH AND CASH EQUIVALENTS

CHANGES IN CASH AND CASH EQUIVALENTS

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	Value at beginning of year	Change during year	Year-end value
Bank and postal deposits	29,637,188	(26,601,206)	3,035,982
Cash and equivalents on hand	-	-	-
Total cash and cash equivalent	29,637,188	(26,601,206)	3,035,982

Bank deposits consist of the account balance with Banca Intesa in the amount of € 1,355,000; Mediobanca account in the amount of € 332,000; First Republic Bank account in USD in the amount of € 562,000, Intesa San Paolo NY account in USD whose corresponding amount in euros as of December 31, 2023 was approximately € 55,308, Banca Intesa account in USD whose corresponding amount in euros as of December 31, 2023 was approximately € 459, as well as of the Eurizon deposit account for approximately € 728,000. In March 2023, a cash-pooled account was opened with First Republic Bank, so that the main account maintains a fixed balance of \$ 250,000 (balance included in the total balance of First Republic Bank account converted to Euro as of December 31, 2023 totalling € 561,623,44 as indicated above), while all transactions are transferred to an Insured Cash Sweep account, with funds allocated to various US credit institutions in order to ensure a reduction in concentration risk against possible default of an institution, guaranteeing an interest rate of 1.24%. This form of investment does not affect the Company's liquidity, as the funds remain in the company's name. The decrease in balance of cash and cash equivalents is partly attributable to the absorption of liquidity determined by current management and the investments made by the Company in government securities, both in Italy and the United States. The balances of cash and cash equivalents in bank accounts are converted at December 31, 2023 at the spot exchange rate on the same date, which was USD/Euro 1.10392.

ACCRUED INCOME AND PREPAID EXPENSES

The breakdown of accrued income and prepaid expenses is shown below.

ANALYSIS OF CHANGES IN ACCRUED INCOME AND PREPAID EXPENSES

	Value at the beginning of the year	Change during year	Year-end value
Accrued income	37,929	7,169	45,098
Prepaid expenses	304,121	70,863	374,984
Total accrued income and prepaid expenses	342,050	78,032	420,082

Accrued income as of December 31, 2023 for about € 45,000 refers to the accrued portion of a maturing coupon on Italian BTPs.

Prepaid expenses are made up of multiple items mainly referring to services invoiced and paid, but whose cost accrual is partially referable to the next financial year(s). The change in prepaid expenses was mainly due to the fact that the D&O insurance policy covering professional risks of members of the Company's governance and control bodies, as well as company managers, in place since the listing operation (December 15, 2021) was paid in December 2023, and therefore generated prepaid expenses for the portion pertaining to the year 2024.

There are no long-term prepaid expenses of a significant amount, however, for the long-term prepaid expenses recognised in the financial statements, the conditions that had led to their recognition still existed as of December 31, 2023.

CAPITALISED FINANCIAL CHARGES

(ART. 2427, NR. 8) - FINANCIAL CHARGES ALLOCATED TO VALUES INCLUDED IN ASSETS

There are no financial expenses allocated to the values entered under assets in the balance sheet.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS, LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY ITEMS

Share capital

As of 31.12.2023, the share capital of Genenta Science S.p.A. was fully subscribed and paid-up in the amount of € 371,695.80 and divided into 18,216,958 dematerialised ordinary shares with no par value. These values resulted after the issue in July 2023, following an ATM offering, of 100 new shares placed by Cantor Fitzgerald & Co.

Share premium reserve

In accordance with Article 2431 of the Italian Civil Code, share premium reserve was partially utilised in the amount of € 7,679,411 to cover the loss recorded in 2022.

There was also an increase in the reserve of € 521, following the capital increase in July 2023 through the placement of 100 new shares by Cantor Fitzgerald & Co described in the previous section.

Legal reserve

No change.

Loss for the year

The loss for year 2023 amounted to € 10,619,668. The worsening of the operating result, compared to previous year, was mainly due to the increase in research and development activities, particularly with regard to product production, as well as the reversal, compared to previous year, of the trend in fluctuations in the euro/dollar exchange rate.

The items that make up Shareholders' Equity are shown below, indicating the possibility of their utilisation and distribution and their utilisation in previous years.

ANALYSIS OF CHANGES IN SHAREHOLDERS' EQUITY ITEMS

	Value at beginning of year	Increases/decreases	Profit (loss) for the year	Year-end value
Capital stock	371,686	10	-	371,696
Share premium reserve	41,512,752	(7,678,890)	-	33,833,862
Legal reserve	10,000	-	-	10,000
Miscellaneous other reserves	(2)	2	-	-
Total other reserves	(2)	2	-	-
Retained earnings (losses)	-	-	-	-
Profit (loss) for the year	(7,679,411)	7,679,411	(10,619,668)	(10,619,668)
Total shareholders' equity	34,215,025	533	(10,619,668)	23,595,890

AVAILABILITY AND UTILISATION OF SHAREHOLDERS' EQUITY

ORIGIN, POSSIBILITY OF UTILISATION AND DISTRIBUTABILITY OF SHAREHOLDERS' EQUITY ITEMS

	Amount	Origin/nature	Possibility of utilisation	Available portion	To cover losses
Capital	371,696	C		-	-
Share premium reserve	33,833,862	C	A B C	33,833,862	33,833,862
Legal reserve	10,000	C		-	-
Other reserves	-			-	-
Total	34,215,558			33,833,862	33,833,862
Residual distributable portion	-			33,833,862	-

Legend for "Origin/nature" column: C = Capital reserve; U = Revenue reserve.

PROVISIONS FOR RISKS AND CHARGES

As of December 31, 2023, a provision for employee bonuses of € 282,041 was accrued, corresponding to the best estimate of bonuses related to the 2023 performance, which will be better defined at a later date by the board of directors, both in terms of amount and date of payment.

EMPLOYEE SEVERANCE INDEMNITIES

INFORMATION ON EMPLOYEE SEVERANCE INDEMNITIES

The provision set aside represents the Company's actual liability as of 31 December 2023 to employees in force at that date, net of advances paid.

ANALYSIS OF CHANGES IN EMPLOYEE SEVERANCE INDEMNITIES

	Employee severance indemnity
Value at the beginning of the year	88,962
Allocation for the year	78,903
Use for the year	(3,210)
Year-end value	164,655

PAYABLES

	Value at start of year	Change during year	Year-end value
Payables to banks	9,219	(6,610)	2,609
Trade payables	1,777,818	(745,175)	1,032,643
Payables to subsidiaries	114,158	(114,158)	-
Tax payables	189	2,955	3,143
Payables to social security institutions	53,720	(51,900)	1,820
Other payables	194,742	(88,304)	106,438
Total Payables	2,149,846	(1,003,192)	1,146,653

Payables to banks € 2,609: consisting of debts to credit card issuers.

Trade payables:

	Value at the beginning of year	Change during year	Year-end value
Trade payables	1,248,722	(953,815)	294,907
Invoices to be received from third party suppliers	202,330	(49,418)	152,913
Payables to Related Party Suppliers (OSR)	150,206	20,682	170,888
Invoices to Be Received Related Parties (OSR)	176.559	237.376	413.935
Total trade payables	1,777,818	(745,175)	1,032,643

Tax payables € 3.143: Liabilities to tax authorities for Substitute Taxes and withholding taxes.

Payables to social security institutions € 1,820: These are mainly debts to INPS and supplementary pension funds.

Payables to others € 106,438: This item refers to payables to employees for deferred salaries.

Trade payables are recorded net of trade discounts; cash discounts are recognized at the time of payment. The value of these debts shall be adjusted, on the occasion of any billing adjustments, to the extent corresponding to the amount agreed with the counterparty.

Tax Payables item includes only certain and determined tax liabilities.

There are no liabilities secured by guarantees.

TRADE PAYABLES IN FOREIGN CURRENCY

	Original exchange rate value at invoice date	Valuation at 31.12.23 exchange rate	Gain/(Loss) from valuation
Foreign currency payables (USD)	(51,418)	(51,565)	147
Foreign currency payables (GBP)	26,843	26,855	(12)
TOTAL	(24,574)	(24,710)	136

CHANGES AND MATURITY OF PAYABLES

All payables recognised in the financial statements have short-term maturity.

ANALYSIS OF CHANGES AND MATURITY OF PAYABLES

	Value at the beginning of the year	Change during the year	Year-end value	Portion due within the year	Portion due beyond the year
Payable to banks	9,219	(6,610)	2,609	2,609	-
Trade payables	1,777,818	(745,175)	1,032,643	1,032,643	-
Payables to subsidiaries	114,158	(114,158)	-	-	-
Tax payables	189	2,955	3,143	3,143	-
Payables to social security institutions	53,720	(51,900)	1,820	1,820	-
Other payables	194,742	(88,304)	106,438	106,438	-
Total Payables	2,149,846	(1,003,192)	1,146,653	1,146,653	-

BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA

BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA

Geographical area	Payables to banks	Trade payables	Payables to subsidiaries	Tax payables	Payables to social security institutions	Other payables	Payables
ITALY	2,609	926,536	-	3,143	1,820	106,438	1,040,547
EXTRA EU	-	106,107	-	-	-	-	106,107
Total	2,609	1,032,642	-	3,143	1,820	106,438	1,146,653

PAYABLES WITH A DURATION EXCEEDING FIVE YEARS AND LIABILITIES SECURED BY GUARANTEES ON COMPANY ASSETS

PAYABLES BEYOND 5 YEARS

There are no payables due in more than 5 years.

PAYABLES SECURED BY GUARANTEES

There are no payables secured by guarantees.

PAYABLES TO CREDIT INSTITUTIONS SECURED BY GUARANTEES

There are no payables to credit institutions secured by guarantees on the balance sheet.

PAYABLES RELATED TO REPURCHASE TRANSACTIONS

(ART. 2427, NR. 6-TER) - TRANSACTIONS WITH REVERSE REPURCHASE AGREEMENTS

There are no transactions with reverse repurchase agreements in the financial statements.

LOANS FROM COMPANY SHAREHOLDERS

(ART. 2427, NR. 19-BIS) - LOANS FROM SHAREHOLDERS

There are no loans from shareholders in the balance sheet.

ACCRUED EXPENSES AND DEFERRED INCOME

The breakdown of accrued expenses is shown below, while there are no deferred income.

In the case of existence of accrued expenses and deferred income with a multi-year duration, the conditions that had determined the original registration are verified, adopting, where necessary, the appropriate adjustments. There are no accruals of multi-year duration.

ANALYSIS OF CHANGES IN ACCRUED EXPENSES AND DEFERRED INCOME

	Value at the beginning of year	Change during year	Year-end value
Accrued expenses	22,274	(22,163)	110
Total accrued expenses and deferred income	22,274	(22,163)	110

The change in accruals is due to the fact that the insurance premium inherent to the D&O insurance policy to cover professional risks of members of the governing and controlling bodies of the Company, as well as of the company managers, in force from the listing transaction date (December 15, 2021) was paid in December 2023, and therefore generated prepaids for the part referred to year 2024. On the other hand, the coverage for 2023 financial year was paid in February of the same year (2023), resulting in an accrual as of December 31, 2022.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS, INCOME STATEMENT

VALUE OF PRODUCTION

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY ACTIVITIES CATEGORY

REVENUES BREAKDOWN (ART. 2427 NR. 10)

Revenues of a financial nature and those deriving from the provision of services are recognized on an accrual basis. In the financial statements as of 31.12.2023, there are other revenues resulting from the accounting of 2023 R&D credit for approximately € 427,503 and from the adjustment of costs relating to previous year for approximately € 27,733. In addition, there are other revenues for recovery of leasing costs amounting to approximately € 10.469.

PRODUCTION COSTS

	Value for the year ended 31.12.2023	Value for the year ended 31.12.2022	Change
Production Costs	3,369,953	2,793,528	576,425
Costs for services	6,240,259	7,057,003	(816,744)
Costs for use of third-party assets	38,591	32,280	6,311
Wages and salaries	1,171,854	1,078,134	93,720
Social Security contributions	186,735	186,795	(60)
Employee severance indemnity	78.903	58.871	20.032
Retirement benefit	6.050	5.298	752
Other personnel costs	-	-	-
Depreciation and Write-downs	42,440	5,528	36,912
Other operating expenses	96,313	27,386	68,927
Total Production Costs	11,231,098	11,244,823	(13,725)

Production costs mainly relate to the production of the drug under clinical trial, Temferon and related materials and reagents used in trial activity. The increase in costs mainly refers to new activities not present in previous year from the most important suppliers (production of plasmids and additional cell banks and introduction of a production process), together with the costs from supplier AGC for transferring material to a new production site.

Costs for services refer mainly to:

- clinical costs and related scientific consultants for € 2,426,000, about € 3,060,000 as of December 31, 2022. The decrease was primarily due to the fact that not all service costs charged by Genenta Science Inc. were also charged back at the end of the year 2023 compared to 2022, in particular those related to the

variable compensation of Chief Medical Officer; in addition, costs for patent maintenance are considered between administrative costs starting from the year 2023. Furthermore, R&D expenditure in 2023 was more concerned with production activities.

- administrative and general costs for approximately € 3,800,000, about € 3,997,000 as of December 31 2022: these are mainly related to costs for specific legal advice, accountants, auditors. Overall, there are no significant changes.

Personnel costs increased as a result of new hires during 2023.

Depreciation and write-downs increased compared to previous year, due in part to the start of depreciation on new software NetSuite in January 2023 following the implementation of new management platform, and in part to the recognition of a write-down on government bonds related to a BTP purchased just above par and close to maturity.

Other operating expenses were increased due to higher registration costs incurred as a result of maintaining the status of Nasdaq-listed Company.

FINANCIAL INCOME AND EXPENSES

BREAKDOWN OF INTEREST AND OTHER FINANCIAL COSTS BY TYPE OF PAYABLES (ART. 2427 NR. 12)

Financial income amounted to approximately € 420,450, approximately € 88,838 as of December 31, 2022. They are composed by financial income for capital gain on matured government bonds for approximately € 10,117, interest income from investments in government bonds for approximately € 283,747 and interest income accrued on intercompany financing for approximately € 126,596.

Regarding interests on intercompany loan to the subsidiary, it is noted that in the balance sheet template, this value has been reclassified compared to previous year from section 16) letter a) to letter d), revised allocation in light of the short-term nature of the intercompany loan (as specified in the table on page 25).

The increase in balance compared to previous year was generated by the investment activity in Italian and American government bonds that took place in 2023.

Financial expenses mainly refer to interest expense on operating vehicle leasing contracts. Item C. 17.bis represents the net balance of realized and unrealized foreign exchange gains and losses, resulting in a net loss of approximately (€ 217,000), mainly attributable to the fluctuation effect of Euro/Dollar exchange rate during the year. In this regard, the realized foreign exchange rate gain amounts to approximately € 56,000, the realized foreign exchange rate loss amounts to approximately (€ 15,000) while the unrealized foreign exchange rate loss amounts to approximately (€ 258,000).

The change in net foreign exchange rate compared to last year was determined by the reversal of foreign exchange rate trend during 2023 financial year compared to 2022 financial year, when it was decided to convert about \$ 12,000,000 into Euros to take advantage of the favorable exchange rate in place at that time.

AMOUNT AND NATURE OF INDIVIDUAL REVENUE/COST ITEMS EXTRAORDINARY IN SIZE OR IMPACT

AMOUNT AND NATURE OF REVENUE OF EXTRAORDINARY SIZE OR IMPACT (ART. 2427 NR. 13)

There are no revenues of extraordinary size or impact on the financial statement.

AMOUNT AND NATURE OF COSTS OF EXTRAORDINARY SIZE OR IMPACT (ART. 2427 NR. 13)

There are no costs of extraordinary size or impact on the financial statement.

CURRENT, DEFERRED AND ANTICIPATED INCOME TAXES

RECOGNITION OF CURRENT, DEFERRED AND ANTICIPATED INCOME TAXES

Income taxes amount to zero euros.

Deferred taxes are not recognised as no taxable profits are expected in the short term.

Anticipated taxes amount to approximately € 12,321,000 and are mainly composed by taxes calculated on losses of approximately € 48,680,000 that can be used to reduce the taxable amount for IRES purposes in future years in addition to an insufficient ACE of € 2,065,384.

Tax losses can be carried forward indefinitely, and unused ACE can also be carried forward with no time limit. The asset resulting from anticipated taxes has not been recognized, in compliance with prudence principle, as there is no reasonable certainty of the existence in future years of taxable income not lower than the amount of the differences that will be offset.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS, OTHER INFORMATION

COMPANY ACTIVITIES

The company's activity consists in the research and development of gene therapies for solid tumors treatment as described in the introduction to this Note.

FISCAL POSITION

There are currently no disputes in progress and fiscal years starting from 2019 remain open for tax definition.

EXCEPTIONS PURSUANT TO PARAGRAPH 4 ART. 2423 OF THE CIVIL CODE

It should also be noted that no exceptions have been made in the financial statements under the terms of paragraph 4 of Article 2423 of the Italian Civil Code.

RELATIONSHIPS WITH SUBSIDIARIES, AFFILIATED AND PARENT COMPANIES

Pursuant to Art. 2435 bis and with reference to Art.2428, numbers 3 and 4, at the date of this financial statements, the company does not hold shares of parent companies or treasury shares, including through trust companies or through an intermediary. Nor shares or quotas of parent companies have been acquired or sold

during the year nor treasury shares also through a trust company or through a third party. Relationships with the 100% owned subsidiary Genenta Science Inc. have already been previously described.

EMPLOYMENT DATA

(ART. 2427 NR. 15)

During the year ended December 31, 2023, the average number of employees was 8 (11 as of December 31, 2023), while during previous year the average number of employees was 5.

	31.12.2023	31.12.2022
Managers	2	2
Employees	9	4
Total	11	6

COMPENSATION, ADVANCES AND CREDITS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS MADE ON THEIR BEHALF

(ART. 2427 NR. 16)

AMOUNT OF COMPENSATION, ADVANCES AND CREDITS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS MADE ON THEIR BEHALF

	Compensation
Directors	680.447
Statutory Auditors	43.680

The total amount of € 680,447 for directors' compensation includes the compensation of Chief Executive Officer Pierluigi Paracchi for approximately € 600,000. The fee of € 43,680 includes supervisory activity carried out by the Board of Statutory Auditors.

The amounts are not inclusive of social security contribution.

There are no advances and credits granted to directors and statutory auditors or commitments made on their behalf.

COMPENSATION TO THE EXTERNAL AUDITOR OR AUDIT FIRM

(ART. 2427 NR. 16BIS)

AMOUNT OF FEES PAYABLE TO THE EXTERNAL AUDITOR OR AUDIT FIRM

	Value
External audit of annual accounts	10.250
Other services other than auditing	5.000
Total fees payable to the external auditor or audit firm	15.250

This item does not include compensation to non-legal auditors who have performed activities on the consolidated financial statements prepared in accordance with USGAAP accounting principles arranged for compliance with the regulations for companies listed on Nasdaq market. Services other than auditing are related to the issue of research and development credit certification released during 2023 financial year and related to research expenses incurred during 2022 financial year.

DETAILS ON OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

(ART. 2427, NR. 19) - FINANCIAL INSTRUMENTS

The company did not issue any equity financial instruments.

OFF-BALANCE SHEETS COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES (ART. 2427 NR. 9)

The following contractual commitment are observed, not resulting from the balance sheet:

	Total	Less than 1 year	From 1 to 3 years	From 4 to 5 years	Beyond 5 years
OSR office rent	14.952	14.952	-	-	-
OSR-SRA ARLA	250.000	166.600	83.400	-	-
AGC manufacturing	234.754	209.704	25.050	-	-
Insurances policies	14.593	6.996	7.597	-	-
Total	514.299	398.252	116.047	-	-

Commitments with OSR relate to the office rent agreement while commitments with AGC Biologics relate to activities arising from production contracts and activities related to stability studies on different plasmids batches.

The commitments made concerning insurance contracts, involve outstanding installments of financed policies covering risks on the car granted in operating lease until the expiration of the lease itself.

According to the current contracts with Ospedale San Raffaele, the Company has commitments related to the payment of milestones and royalties based on the progress stages of research and clinical trial

experimentation phases. The Company did not include future milestone and royalty payments in the table above because payment obligations under these agreements are contingent on future events, such as the Company's achievement of specific milestones or the generation of product sales, and the amount, timing and likelihood of such payments are unknown and not yet considered probable.

There are no other commitments, guarantees or contingent liabilities.

INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC BUSINESS

(ART. 2427, NR. 20) - ASSETS DESTINED FOR A SPECIFIC BUSINESS

The company has not established any assets destined exclusively for a specific business, pursuant to letter a) of the first paragraph of Article 2447-bis.

(ART. 2427, NR. 21) - LOAN FOR A SPECIFIC BUSINESS

The company has not signed any financing agreements for a specific business pursuant to letter b) of the first paragraph of Article 2447-bis.

INFORMATION ON RELATED PARTY TRANSACTIONS

(ART. 2427, NR. 22-BIS) - RELATED PARTY TRANSACTIONS

The company has not carried out transactions with related and/or intra-group parties that are significant and not concluded under normal market conditions.

Operations with subsidiary Genenta Inc. have been described above, in addition, the Company has identified the following related parties:

- **Pierluigi Paracchi** (General Manager, CEO, co-founder of the Company);
- **Luigi Naldini** (co-founder of the Company and executive chairman of the scientific committee);
- **Bernard Rudolph Gentner** (co-founder of the Company and member of the scientific committee);
- **Carlo Russo** (Chief Medical Officer, employee of the subsidiary Genenta Science Inc.);
- **Richard Slansky** (Chief Financial Officer, employee of the subsidiary Genenta Science Inc.);
- **Ospedale San Raffaele** (co-founder of the Company, shareholder, main service provider for clinical trial activity and licensor of trademark for any product obtainable through research).

Below is a description of the nature of transactions between the Company and these related parties:

Pierluigi Paracchi

Pierluigi Paracchi, Chairman of the Company before the conversion from S.r.l. to S.p.A., is CEO and co-founder. His annual compensation as executive for the year ended December 31, 2023, amounted to approximately € 600,000, including the annual performance bonus.

Luigi Naldini

The consulting agreement with Dr. Naldini was signed on December 12, 2019, for an annual fee of € 50,000. On June 20, 2022, a new agreement was signed with Dr. Naldini for an annual fee of € 100,000, starting from July 1st 2022. As of December 31, 2023, Dr. Naldini has invoiced € 100,000 and all invoices issued have been paid by December 31, 2023.

Bernard Rudolph Gentner

The last agreement with Dr. Gentner, was signed on October 26, 2017, for an annual fee of € 30,000. A new agreement started from July 1, 2022, providing a fee of € 45,000 per year. As of December 31, 2023, Dr. Gentner invoiced the Company € 45,000. All invoices issued have been paid by December 31, 2023.

Carlo Russo (previously XDG Biomed LLC)

Dr. Russo is responsible for the clinical development of Temferon., the company's gene therapy platform. Since the IPO date, December 15, 2021, Dr. Russo has been hired by Genenta Science Inc. with the same role and responsibilities under a new employment contract. Dr. Russo's annual gross salary as an employee amounts to \$ 500,000 per year + an annual bonus of 30% subject to approval by the Board of Directors. For the year ending December 31, 2023, Dr. Russo's cost has been charged back through the Service Level Agreement in place with the subsidiary, plus a mark-up of 7% as provided for in the agreement itself.

Richard Slansky

Dr. Slansky is the Company's Chief Financial Officer and was hired by Genenta Science Inc. following the listing transaction. According to his employment contract, Dr. Slansky is entitled to receive a gross annual compensation of \$ 375,000 per year (\$ 300,000 as of December 31, 2022) + an annual bonus of 30% subject to approval by the Board of Directors.

For the year ended December 31, 2023, Dr. Slansky cost was charged back through the Service Level Agreement in place with the subsidiary, plus a mark-up of 7% as provided for in the agreement itself.

OSR – San Raffaele Hospital

Ospedale San Raffaele ("OSR") is a co-founder of the Company, indeed, the Company is a spin-off of part of OSR's research activities. OSR is one of the leading biomedical research institutes in Italy and Europe, with a 45-year history in the development of innovative therapies and procedures. The Company has agreements for licensing technology, for carrying out research, preclinical and clinical activities, as well as for renting facilities and obtaining some other supporting functions. The Company's headquarters are currently located in an OSR facility.

Please refer to the section on relevant events for the period 2023 for information on the new agreements signed during the year with OSR.

During 2023, the Company reported costs for research and development attributable to ongoing activities with Ospedale San Raffaele for € 1,186,534, while costs related to the rental of office space and parking for € 16,878.

INFORMATION ON OFF-BALANCE SHEET AGREEMENTS

(ART. 2427, N. 22-TER) - OFF-BALANCE SHEET AGREEMENTS

The company has no off-balance sheet agreements.

INFORMATION ON SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

(ART. 2427, NR. 6-BIS) - CHANGES IN CURRENCY EXCHANGE RATES AFTER THE END OF THE YEAR

There are no changes in currency exchange rates that occurred after the end of the year that would have significant effects.

The following significant events occurred after the end of the year:

No significant subsequent events are noted.

INFORMATION RELATED TO STARTUPS, ALSO WITH A SOCIAL VOCATION, AND INNOVATIVE SMES

The Company remains in a phase of absence of revenues and therefore of recurring losses. Following the listing on Nasdaq in December 2021, the Company is no longer registered in the special section for Innovative SMEs in the Companies Register, having lost its requirements.

RESEARCH AND DEVELOPMENT ACTIVITIES

During 2023, the Company carried out research and development activities for preclinical research and directed its efforts on the project: “**Preclinical research activity aimed at an innovative treatment of solid tumors**” at its Milan headquarters.

Part of it is still in progress.

On the expenses related to research and development activities incurred in 2023, a tax credit was determined as per Law 160, 27/12/2019 of € 427.503.

INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPH 125, OF LAW N. 124 DATED AUGUST 4, 2017

With reference to Art. 1 paragraph 235 of Law 124/2017, the following summarizes the subsidies received in the year from the public administration:

- R&D tax credit for expenses incurred during 2023 financial year, € 427.503

PROPOSAL FOR ALLOCATION OF PROFITS OR TO COVER LOSSES

ALLOCATION OF THE ANNUAL RESULT (ART. 2427-NR. 22 – SEPTIES)

Shareholders,

We propose to approve the Company's financial statements as of 31/12/2023, including Balance Sheet, Income Statement and Notes to the Financial Statements.

As regards the coverage of the loss for the year, amounting as already specified to (€ 10,619,668) it is proposed to use the share premium reserve.

APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Attached to these notes, the Board of Directors wishes to emphasize that the approval of these financial statements has taken place in accordance with the provisions of the Italian Civil Code and its related articles. The Board of Directors has summoned the Shareholders' Meeting to approve the financial statements within ordinary timeframe prescribed by law, ensuring transparency and adherence to the accounting principles established by national regulations.

NOTES TO THE FINANCIAL STATEMENTS - FINAL PART

These financial statements, consisting of Balance Sheet, Income Statement and Notes to the Financial Statements, give a true and fair view of the financial position, the results of the operations and of the cash flows, and agree with the duly kept accounting records.

The managing body.
The Vice President of the Board of Directors
and Managing Director
Signed **PIERLUIGI PARACCHI**

STATEMENT OF COMPLIANCE OF THE FINANCIAL STATEMENTS

The undersigned director declares that this electronic document is a true copy of the document transcribed and signed in the company books.

The electronic document in XBRL format containing the balance sheet and income statement is a true copy of the corresponding original documents filed with the company.

The managing body.
The Vice President of the Board of Directors
and Managing Director
Signed **PIERLUIGI PARACCHI**

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INDEPENDENT AUDITORS' REPORT PURSUANT THE ART. 14 OF LEGISLATIVE DECREE N. 39 OF 27 JANUARY 2010

*To the Shareholders of
Genenta Science S.p.A.*

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Genenta Science S.p.A. (the "Company") drawn up pursuant to art. 2435-bis of Italian Civil Code, that include the balance sheets at 31 December 2021 and the profit and loss statement for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and about its economical performances for the year then ended according to Italian regulations governing their preparation.

Basis for opinion

We conducted our audit according to the International Standards on Auditing (ISA Italia). Our responsibility under those standards are further described in the "Auditors' responsibilities for the audit of financial statements" section of this report. We are independent of the Company pursuant to the ethical and independence rules and standards applicable in Italy to the audits of financial statements.

We believe that the audit evidences we obtained are sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Statutory Board members for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless



The Directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the Directors believe that the conditions for liquidating the company or ceasing operations exist or have no realistic alternative but to do so.

The Board of Statutory Auditors has the responsibility of vigilance, according to the law, on the process of preparation of Company financial information.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISA Italia, we exercised professional judgement and maintained professional skepticism throughout the audit. We also did:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on company's ability to continue as a

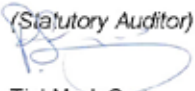
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going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated to governance responsible, identified at an appropriate level as required by ISA Italia, among other elements, the scope and the timing planned for the audit and the material results observed, including any internal controls findings identified during the financial statements audit.

Paolo Franzini
(Statutory Auditor)


TickMark S.r.l.
Viale Abruzzi, 94
Milan

Milan, 11 April 2024

Genenta Science S.p.A.

Registered office: Milan, via Olgettina n. 58

Subscribed and paid-up share capital of 378.986,60 euros

Tax code and registration number with the Milan Monza - Brianza Lodi Companies Register:

08738490963

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING ON THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2023 PREPARED PURSUANT TO ART. 2429, PARA. 2, C.C.

To the Shareholders of the Company Genenta Science S.p.A.

During the year ended December 31, 2023, our activities have been compliant with law provisions and the Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies issued by the National Council of Certified Public Accountants.

By the performed activity and the results achieved we bring to your attention with this report.

The financial statements of Genenta Science S.p.A. as of Dec. 31, 2023, prepared in accordance with Italian regulations governing their preparation, which show a loss for the year of 10,619,668 euros, have been submitted for your examination. The financial statements were made available to us within the legal deadline.

The Board of Statutory Auditors, not being entrusted with the statutory audit, carried out on the financial statements the supervisory activities provided for in Rule 3.8. of the "Rules of Conduct of the Board of Statutory Auditors of Unlisted Companies," consisting of an overall summary check aimed at verifying that the financial statements have been properly prepared. Verification of compliance with the accounting records is, in fact, the responsibility of the statutory auditor.

The statutory auditor TickMark S.r.l. has submitted to us its report dated April 11, 2024 containing an unmodified opinion.

From what is stated in the report of the statutory auditor, the financial statements as of 12/31/2023 give a true and fair view of the financial position and results of operations of your Company and have been prepared in accordance with the regulations governing their preparation.

1) Supervisory activities pursuant to Articles 2403 et seq. of the Civil Code.

We monitored compliance with the law and the articles of association, compliance with the principles of proper administration and, in particular, the adequacy of the organizational, administrative and accounting structure adopted by the company and its actual operation.

We have attended the Shareholders' Meetings and Board Meetings and, based on the available information, have no particular issues to report.

We have acquired from the Board of Directors, with adequate advance notice and also during the meetings held, information on the general performance of operations and its foreseeable development, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiary and, based on the information acquired, we have no particular observations to report.

We exchanged data and information relevant to the performance of our supervisory activities with the statutory auditor in a timely manner.

We have met with the supervisory body, and no critical issues have emerged with respect to the proper implementation of the organizational model that need to be highlighted in this report.

Handwritten signature and circular stamp.

We have acquired knowledge of and supervised the adequacy of the organizational, administrative, and accounting structure and its actual operation, including by collecting information from the heads of functions, and in this regard we have no particular observations to report.

We have acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter to correctly represent operating events, by obtaining information from the heads of functions and examining company documents, and in this regard, we have no particular observations to report.

No complaints were received from shareholders under Article 2408 of the Civil Code or Article 2409 of the Civil Code.

We did not file a complaint with the court under Article 2409 of the Civil Code.

We have not made any reports to the administrative body pursuant to and in accordance with Article 25-octies of Legislative Decree No. 14 of January 12, 2019.

We have not received any reports from public creditors pursuant to and for the purposes of Article 25-novies of Legislative Decree No. 14 of January 12, 2019.

During the course of supervisory activities, as described above, no other significant facts emerged that would require mention in this report.

2) Comments regarding the annual financial statements.

From what is stated in the report of the independent auditor, "the financial statements give a true and fair view of the financial position of Genenta Science S.p.A. as of 12/31/2023 and of the results of operations for the year then ended in accordance with Italian regulations governing the criteria for their preparation."

To the best of our knowledge, the directors, in the preparation of the financial statements, have not departed from the provisions of the law pursuant to Article 2423, Paragraph 5 of the Civil Code.

3) Comments and proposals regarding the approval of the financial statements

Considering the findings of the work we have carried out and the opinion expressed in the audit report issued by the statutory auditor, we find no reason to prevent the shareholders from approving the financial statements for the year ended December 31, 2023, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposal to cover the loss for the year made by the directors in the notes to the financial statements.

Milan, April 11, 2024

The Board of Statutory Auditors

Dr. Carlo-Alberto Nicchio



Dr. Jacopo Doveri



Dr. Cesare Lazzaroni





GENENTA SCIENCE SPA

Via Olgettina, 58, 20132 Milan (Mi)

www.genenta.com