



FINANCIAL STATEMENTS 2021

 **genenta**
science

GENENTA SCIENCE SPA

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

Tax code: 08738490963

REA number: MI 2045555

VAT number: 08738490963

Share capital: Euro 371,686 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

FINANCIAL STATEMENTS

as at 31 December 2021

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BALANCE SHEET

	as at 31/12/2021	as at 31/12/2020
Balance sheet		
Assets		
A) Subscribed capital unpaid	-	-
B) Fixed assets		
I - Intangible fixed assets	-	-
II - Property, plant and equipment	21,456	18,970
III - Financial fixed assets	104,420	3,350
Total fixed assets (B)	125,876	22,320
C) Current assets		
I - Inventories	-	-
Property, plant and equipment held for sale	-	-
II - Receivables		
due within 12 months	1,468,070	776,554
due beyond 12 months	4,185,507	4,345,697
deferred tax assets	-	-
Total receivables	5,653,577	5,122,251
III - Short-term financial assets	-	-
IV - Cash and cash equivalents	37,213,988	15,467,104
Total current assets (C)	42,867,565	20,589,355
D) Accruals and deferrals	14,592	24,889
Total assets	43,008,033	20,636,564
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital	371,686	37,056
II - Share premium reserve	50,617,460	24,286,177
III - Revaluation reserves	-	-
IV - Legal reserve	10,000	-
V - Statutory reserves	-	-
VI - Other reserves	-2	1
VII - Reserve for projected cash flow hedges	-	-
VIII - Retained earnings (losses)	-	-437,238
IX - Profit (loss) for the year	-9,104,708	-5,553,779
Loss balanced during the year	-	-
X - Negative reserve for own shares in portfolio	-	-
Total shareholders' equity	41,894,436	18,332,217
B) Provisions for risks and charges	3,266	-
C) Employee severance indemnity	30,618	17,388
D) Payables		
due within 12 months	1,023,864	2,286,908
due beyond 12 months	-	-
Total payables	1,023,864	2,286,908
E) Accruals and deferrals	55,849	51
Total liabilities	43,008,033	20,636,564

INCOME STATEMENT

as at 31/12/2021

as at 31/12/2020

Income statement

A) Value of production		
1) revenue from sales and services	17,293	-
2), 3) changes in inventories of work in progress, semi-finished and finished products and work in progress contracts	-	-
2) changes in inventories of work in progress, semi-finished and finished products	-	-
3) changes in work in progress contracts	-	-
4) increases in own work capitalised	-	-
5) other revenue and income		
grants related to income	150,000	-
other	830,865	667,503
Total other revenue and income	980,865	667,503
Total value of production	998,158	667,503
B) Cost of production		
6) for raw materials, consumables and goods for resale	1,056,179	869,678
7) for services	8,657,650	5,138,733
8) for use of third-party assets	18,417	24,671
9) for personnel		
a) wages and salaries	256,687	108,319
b) social security contributions	67,842	31,296
c), d), e) employee severance indemnity, retirement pension, other personnel costs	16,930	9,242
c) employee severance indemnity	13,358	6,085
d) retirement pension and similar	3,572	3,157
e) other costs	-	-
Total personnel costs	341,459	148,857
10) amortisation, depreciation and write-downs		
a), b), c) amortisation of intangible fixed assets and depreciations of property, plant and equipment, other write-downs of fixed assets	4,833	1,900
a) amortisation of intangible fixed assets	-	-
b) depreciation of property, plant and equipment	4,833	1,900
c) other write-downs of fixed assets	-	-
d) write-downs of receivables included in current assets and of cash and cash equivalents	-	-
Total amortisation, depreciation and write-downs	4,833	1,900
11) changes in inventory of raw materials, consumables and goods for resale	-	-
12) provisions for risks	-	-
13) other provisions	-	-
14) other operating expenses	22,880	32,862
Total costs of production	10,101,418	6,216,701
Difference between value and costs of production (A - B)	-9,103,260	-5,549,198
C) Finance income and costs		

15) income from equity investments		
from subsidiary companies	-	-
from associated companies	-	-
from parent companies	-	-
from companies controlled by parent companies	-	-
other	-	-
Total income from equity investments	-	-
16) other finance income		
a) from receivables entered as fixed assets		
from subsidiary companies	-	-
from associated companies	-	-
from parent companies	-	-
from companies controlled by parent companies	-	-
other	-	-
Total finance income from receivables entered as fixed assets	-	-
b), c) from other permanent investments and from other short-term investments	-	-
b) from other permanent investments	-	-
c) from other short-term investments	-	-
d) income other than the above		
from subsidiary companies	-	-
from associated companies	-	-
from parent companies	-	-
from companies controlled by parent companies	-	-
other	151	969
Total income other than the above	151	969
Total other finance income	151	969
17) interests and other finance costs		
to subsidiary companies	-	-
to associated companies	-	-
to parent companies	-	-
to companies controlled by parent companies	-	-
other	-	50
Total interests and other finance costs	-	50
17-bis) Foreign exchange gains and losses	1,667	-5,500
Total finance income and costs (15 + 16 - 17 + - 17-bis)	1,818	-4,581
D) Value adjustments to financial assets and liabilities		
18) revaluations		
a) of equity investments	-	-
b) of other permanent investments	-	-
c) of other short-term investments	-	-
d) of derivative financial instruments	-	-
of financial assets for centralised treasury management	-	-
Total revaluations	-	-
19) write-downs		
a) of equity investments	-	-

b) of other permanent investments	-	-
c) of other short-term investments	-	-
d) of derivative financial instruments	-	-
of financial assets for centralised treasury management	-	-
Total write-downs	-	-
Total value adjustments of financial assets and liabilities (18 - 19)	-	-
Pre-tax profit (loss) (A - B + - C + - D)	-9,101,442	-5,553,779
20) Current income taxes, deferred tax assets and liabilities for the year		
current taxes	-	-
taxes relating to previous years	-	-
deferred tax assets and liabilities	3,266	-
income (costs) from tax consolidation/tax transparency	-	-
Total current income taxes, deferred tax liabilities and deferred tax assets for the year	3,266	-
21) Profit (loss) for the year	-9,104,708	-5,553,779

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS, INITIAL PART

These financial statements for the year ended 31 December 2021 show a loss for the year of Euro 9,104,708 (against a positive Shareholders' Equity of Euro 41,894,436, already including this 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 according to the laws of the Italian Republic that develops first-in-class cells and gene therapies for the fight against cancer. The Company is initially developing its lead 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 possibly initiate a clinical trial in the United States to study Temferon™ in other tumours, possibly liver cancer.

BASIS OF PREPARATION

INTRODUCTION - CONTENTS AND FORMAT OF THE FINANCIAL STATEMENTS

The financial statements, which are a single, organic document comprising the Balance Sheet, Income Statement and these Notes to the Financial Statements, are consistent with the duly kept accounting records and are prepared in compliance with Articles 2423 et seq. of the Italian Civil Code, as well as with the accounting standards and recommendations issued by the Italian Accounting Standard Authority (O.I.C., Organismo Italiano di Contabilità).

These financial statements were prepared in condensed form pursuant to Article 2435-bis of the Italian Civil Code and without the preparation of the report on operations as the information required in points 3 and 4 of Article 2428 is contained in these notes to the financial statements. Although this is a company that does not exceed the limits envisaged by 2435-ter of the Italian Civil Code, it was deemed appropriate to prepare these notes to the financial statements in order to provide a more reliable disclosure to shareholders.

The criteria used in the preparation of the financial statements for the year ended 31 December 2021 do not differ from those used in the preparation of the financial statements for the previous period, especially in terms of the measurements and the continuity of the standards.

The financial statements as at 31 December 2021 are drawn up in Euro, without decimal fractions. In order to balance the accounts, items were entered in the financial statements under item VI Other reserves in the case of the balance sheet and under items A5 or B14 in the case of the income statement. The same procedure was used for the financial statements as at 31 December 2020.

The financial statement items were measured on the basis of general prudent and accruals criteria with a view to the company as a going-concern, 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 principle was followed, whereby the effect of the transactions and of the other events was recognised in the accounts and attributed to the year which these transactions and events refer to and not to the one the relevant movements (collections and payments) refer to.

Pursuant to Article 2423, the corresponding total from the previous financial period is indicated for each item.

Items not expressly shown in the Balance Sheet and in the Income Statement, envisaged by Articles 2424 and 2425 of the Italian Civil Code, reflect a nil balance.

SIGNIFICANT EVENTS DURING THE YEAR

On 20 May 2021, the Shareholders' Meeting approved the transformation of Genenta Science S.r.l. into Genenta Science S.p.A., effective from 18 June 2021. As a result of the operation, pursuant to Article 2500 et seq. of the Italian Civil Code, the Company converted its Shares into 15 million ordinary Shares, with no indication of nominal value, and at the same time increased the Share Capital in order to reach the minimum legal amount required (Euro 50,000) for the company in its new form as a joint-stock company. This operation was carried out free of charge by charging the share premium reserve to capital. With regard to the accounting effects, please refer to the note to the Shareholders' Equity items in these Notes to the financial statements.

Note that, as a result of the above, the Company resolved to bring its Articles of Association into line with the operating rules laid down by the Italian Civil Code for joint-stock companies.

In May 2021, the Company also established Genenta Science, Inc, a Company under the laws of the State of Delaware (USA), a wholly-owned direct subsidiary and intended for future operations in the United States, as anticipated at the beginning of these Notes to the Financial Statements.

Finally, on 15 December 2021, the Company completed its Listing on the Nasdaq market. The initial public offering resulted in the issue of 3,216,858 new ordinary shares with no par value and dematerialised, of which 720,114 were subscribed by the Company's historical shareholders through a Reserved Offer and 2,400,000 were subscribed by new investors through an initial placement of ADSs, "American Depository Shares", directly on the Nasdaq market. Subsequently, on 27 December 2021, the Company placed a second tranche of shares to service the partial exercise of the "greenshoe" option for a total of 96,744 ADSs. The total number of outstanding shares resulting after the Offer is 18,216,858, of which 15,720,114 are ordinary shares and 2,496,744 ADSs.

As a result of the Public Offering, the share capital was increased by a total of Euro 321,685.80 and as at 31 December 2021, it totalled Euro 371,685.80.

As a result of the Public Offering, approximately Euro 29 million was received, net of listing expenses of approximately Euro 3,9 million incurred during the 2021 financial year.

A breakdown of the listing fees is set out below:

SEC - registration fees	Euro	3,261
Nasdaq – listing fees	Euro	43,990
FINRA registration fees	Euro	5,687
Bank commissions and placement costs	Euro	1,614,978
Legal consultancy	Euro	1,630,855
Auditing of the accounts	Euro	284,087
Consultancy	Euro	273,609
Total	Euro	3,856,467

In accordance with the provisions of accounting standard OIC No. 24, the transaction costs related to the aforementioned capital transaction have been recognised in the income statement rather than as an increase in the assets of the balance sheet, as it is not possible to demonstrate the correlation between the costs in question and the benefit (future utility) that the Company expects from them.

MEASUREMENT BASES APPLIED

ART. 2427, NO. 1) MEASUREMENT BASES THAT CAN BE ADOPTED

INTANGIBLE FIXED ASSETS (ART. 2426 PAR. 1 NO. 1)

There are no intangible fixed assets in the financial statements.

PROPERTY, PLANT AND EQUIPMENT (ART. 2426 PAR. 1 NO. 1)

Property, plant and equipment are recognised in the financial statements according to the general criteria of production and acquisition cost, including additional charge and any other charges incurred to put the assets in a condition of usefulness for the company, as well as indirect costs for the portion reasonably attributable to the asset. These items are shown net of the related accumulated depreciation and adjusted for monetary revaluations made in accordance with the law.

Property, plant and equipment are depreciated on a straight line basis in each financial year using depreciation rates determined with reference to the remaining useful life of the assets.

In compliance with accounting standard OIC 16, depreciation was determined on the basis of a constant depreciation plan, with the adoption of the rule of using half of the standard depreciation rate for assets purchased in the year, in view of the fact that the resulting deviation from the portion calculated from when the asset is available for use, is negligible. The depreciation process thus set up is applied over time in a coherent and systematic manner.

The depreciation plan would be readjusted, if necessary, only if a residual useful life other than that originally estimated was found. More specifically, in addition to the considerations of the life of the assets, all the other factors that influence the duration of their “useful” life are and will be taken into account such as, for example, technical obsolescence, intensity of use, maintenance policies, any contractual terms for the duration of use etc.

In case of impairment, regardless of the depreciation already recorded, the fixed asset is written down accordingly; should the reason for the write-down no longer apply in future periods, then the original value is reinstated. However, the causes that may lead to such write-downs must be extraordinary and serious in nature, beyond the facts that require normal adjustments to the depreciation plan. During the financial year under review, the need did not arise to make any write-downs pursuant to Article 2426, first paragraph, no. 3, of the Italian Civil Code, exceeding the scheduled depreciation.

Ordinary maintenance costs are charged in full to the income statement. The “increasing” expenses were calculated on the purchase cost only when there was a real and “measurable” increase in productivity, the useful life of the assets or a tangible improvement in the quality of the products and services obtained, or, lastly, an increase in safety of the use of assets.

On the other hand, any other costs relating to the assets in question was charged in full to the income statement.

Assets with a unit value of less than Euro 516.46 are fully depreciated during the financial year of acquisition in consideration of their limited future use.

Contributions are recognised in the financial statements on an accrual basis only when there is certainty of payment by the issuing body. Capital contributions related to fixed assets are recorded as a reduction in the cost of the fixed assets to which they refer. Grants related to income are recognised in the income statement as income.

Assets under financial lease are recognised as assets in the year in which the right of redemption is exercised. During the lease period, the cost of the lease determined the profit or loss by debiting the lease payments recorded on an accrual basis to the income statement.

LAND AND BUILDINGS

There are no land and buildings in the financial statements.

FINANCIAL FIXED ASSETS (ART. 2426 PAR. 1 NO. 4)

Financial fixed assets include only assets that are to be used on a long-term basis. The accounting standards and measurement bases for the most important items are set out below.

Equity investments in subsidiary companies, associated companies and companies controlled by parent companies and equity investments in other companies are recognised at purchase cost including any additional subscription charges or at appraisal value for those resulting from contributions. Cost is adjusted for impairment losses.

The original value is reinstated if the reasons for previous write-downs no longer apply.

Financial fixed assets consisting of receivables are measured at their estimated realisable value.

There are no other investment securities in the financial statements.

INVENTORIES

There are no closing inventories in the financial statements.

SHORT-TERM FINANCIAL ASSETS

There are no short-term financial assets in the financial statements.

RECEIVABLES

Receivables are recognised at their estimated realisable value obtained by adjusting the nominal value with the relevant (taxed and untaxed) bad debt provision deemed adequate for reasonably foreseeable losses and not for using the amortised cost method, since the financial statements are prepared in condensed form pursuant to Art. 2435-bis of the Italian Civil Code despite the fact that the company does not exceed the limits envisaged by 2435-ter of the Italian Civil Code.

Therefore, the write-down of receivables takes into account all the individual situations that have already occurred, or that may be deduced from definite and precise information, which can give rise to a loss.

Even if known after the reporting period and up to the date of preparation of these financial statements, any insolvencies and settlements of disputed receivables are taken into account.

Receivables in foreign currency are originally recognised at the exchange rate on the day the transaction takes place. These foreign currency receivables outstanding at the end of the reporting period measured at the rates of exchange at that date and the related foreign exchange gains and losses must be recognised in the income statement.

CASH AND CASH EQUIVALENTS

The credit balances on bank deposit and current accounts mainly take into account credits, cheques and transfers with a value date no later than the end of the reporting period and are recorded at nominal value.

The interest accrued for the period was recognised.

Cash in hand and other values also include unpaid bank cheques for which there is reasonable certainty

that they are payable and are measured at nominal value.

Balances in foreign currency on bank accounts and at cash desks 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 accrual and matching principle.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set aside to cover expected costs, losses or payables of a specific nature and the existence of which is likely, but whose amount or date of occurrence could not be determined at end of the reporting period.

The allocations reflect the most accurate estimate possible based on the available information.

The assessment of risks and charges whose actual occurrence is dependent on the occurrence of future events also takes into account information that has become available after the reporting period and up to the date of preparation of these financial statements.

The *Provision for deferred tax liabilities* includes deferred tax liabilities arising from temporary differences between the results for the year and taxable income, as well as those relating to provisions made exclusively for tax benefits.

DEFERRED TAXES

The annual financial statements were drawn up on an accrual basis, according to which, in the financial statements, income taxes must be calculated and recognised so as to achieve full temporal correlation with the costs and revenues that generate the profit and loss result of the period.

As a consequence, both the “current” taxes, in other words those calculated according to the tax rules, and the “deferred” taxes are recognised, where present.

Therefore, deferred tax assets and liabilities were allocated, where present, on the temporary differences between the book values in the balance sheet of assets and liabilities and their corresponding values recognised for tax purposes (capital gains, tax losses etc.), in accordance with the principle whereby provisions for risks and charges only need to be made for events that are considered to be certain or likely.

More specifically, deferred tax assets are recognised when there is reasonable certainty that there will be taxable income of no less than the amount of the differences to be offset in the financial years when the deductible temporary differences are to be settled.

On the other hand, deferred tax liabilities are not recognised if it is unlikely that the related liability will arise. Deferred tax assets, i.e., taxes that refer to future years but are payable in the current year, and deferred tax liabilities, i.e., taxes that refer to the current year but are payable in subsequent years, can be recognised in the financial statements.

At the end of each financial year, the Company will check whether, and to what extent, the conditions still apply for retaining deferred tax assets and liabilities recognised in previous financial statements, or whether the conditions for recognising assets and liabilities excluded in the past can be deemed to have been met.

EMPLOYEE SEVERANCE INDEMNITY

The employee severance indemnity is allocated to cover the entire liability accrued towards the employees in accordance with the regulations in force and with collective labour and supplementary company agreements.

This liability is subject to revaluation by applying indexes.

The employee severance indemnity is determined in accordance with Art. 2120 of the Italian Civil Code and the labour contracts in force and covers the amounts due to employees accrued at the end of the reporting period. These liabilities are subject to revaluation as required by the regulations in force.

PAYABLES

Payables are recognised at their nominal value, which represents their estimated discharge value, and not according to the amortised cost method, as these are financial statements prepared in condensed form pursuant to Art. 2435-bis of the Italian Civil Code despite the fact that the company does not exceed the limits envisaged by 2435-ter of the Italian Civil Code.

Payables in foreign currencies are originally recognised at the exchange rate on the day the transaction takes place. These payables in foreign currency outstanding at the end of the financial year are measured at the rates of exchange at that date and the related foreign exchange gains and losses must be recognised in the income statement.

COST AND REVENUE RECOGNITION

Costs and revenues are recognised in the financial statements according to the principles of prudence and on an accrual basis by recording the relevant accruals and deferrals. Revenue and income are entered net of returns, discounts, rebates and bonuses, as well as taxes directly related to the sale of products and provision of services.

Costs and expenses are recognised net of any returns, discounts, rebates and bonuses, as well as taxes directly related to the purchase of goods or services.

Exceptional income and expenses are disclosed separately by amount and nature.

Revenue from the sale of finished products is recognised on transfer of ownership that normally takes place on delivering or shipping the goods.

On the other hand, income from the provision of services were recognised only at the time of their completion, with the issue of an invoice or a specific “notification” sent to the customer.

Financial and service revenues are recognised on an accrual basis.

DIVIDENDS

Dividends are recognised in the year in which they are approved.

INCOME TAXES FOR THE YEAR

They are recognised on the basis of estimated taxable income in accordance with the provisions in force taking into account applicable exemptions and tax credits due.

Income taxes for the period are determined on the basis of a realistic forecast of tax burdens to be discharged in compliance with the tax regulations in force; the expected payable, taking into account advances paid and withholding taxes incurred in accordance with the law, is entered under “Tax payables” if it is a net debt and under “Tax receivables” if it is a net credit.

**VALUATION OF MONETARY ASSETS AND LIABILITIES IN CURRENCIES OTHER THAN THE EURO
(ART. 2426 NO. 8BIS)**

Monetary assets and liabilities in foreign currencies, other than fixed assets (intangible, property, plant and equipment and equity investments), which were already recognised during the year at the exchange rates in force on the date of the transaction – were recognised at the spot exchange rate at the end of the year. This adjustment resulted in the recognition of “differences” (foreign exchange gains or losses) in the income statement, in the item “C17-bis foreign exchange gains and losses”.

In accordance with the provisions of Article 2426, no. 8-bis), of the Italian Civil Code, the profit for the year, for the portion attributable to net foreign exchange gains, must be allocated to a special reserve that cannot be distributed until it is actually realised.

In order to calculate the “differences” referred to above, the following exchange rates recorded as at 31 December 2021 were used:

- 1 EURO = 1.1326 USD
- 1 EURO = 0.84028 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 “hedged” by “forward transactions”, “domestic swaps”, “options” etc.

CONDENSED NOTES TO THE 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

	Property, plant and equipment	Financial fixed assets	Total fixed assets
Value at the beginning of the year			
Cost	20,870	3,350	24,220
Amortisation/Depreciations (Accumulated amortisation/depreciation)	1,900		1,900
Book value	18,970	3,350	22,320
Changes during the year			
Increases due to acquisitions	7,319	101,070	108,389
Amortisation/Depreciations for the year	4,833		4,833
Total changes	2,486	101,070	103,556
Value at the end of the year			
Cost	28,189	104,420	132,609
Amortisation/Depreciations (Accumulated amortisation/depreciation)	6,733		6,733
Book value	21,456	104,420	125,876

PROPERTY, PLANT AND EQUIPMENT

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

ANALYSIS OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	Other property, plant and equipment	Total Property, plant and equipment
Value at the beginning of the year		
Cost	20,870	20,870
Depreciation (Accumulated depreciation)	1,900	1,900
Book value	18,970	18,970
Changes during the year		
Increases due to acquisitions	7,319	7,319
Depreciation for the year	4,833	4,833
Total changes	2,486	2,486
Value at the end of the year		
Cost	28,189	28,189
Depreciation (Accumulated depreciation)	6,733	6,733
Book value	21,456	21,456

Purchases in 2021 refer to office machines of Euro 3,817, the purchase of mobile phones of Euro 3,167 and the purchase of assets of less than Euro 516.46 of Euro 334.

FINANCIAL LEASE OPERATIONS

ART. 2427, NO. 22) - FINANCIAL LEASE OPERATIONS

There are no financial lease operations in the financial statements.

FINANCIAL FIXED ASSETS

Financial fixed assets refer to the equity investment in the subsidiary Genenta Science Inc. based in the USA (State of Delaware) established in May 2021 and the receivables refer to the non-interest bearing loan granted to the subsidiary of Euro 100,070 and guarantee deposits of Euro 3,350.

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

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

	Equity investments in subsidiary companies	Total equity investments
Changes during the year		
Increases due to acquisitions	1,000	1,000
Total changes	1,000	1,000
Value at the end of the year		
Cost	1,000	1,000
Book value	1,000	1,000

The item “equity investment in subsidiary companies” refers to the equity investment in Genenta Science Inc of Euro 1,000, a 100% subsidiary.

The item includes equity investments in the subsidiary company Genenta Science Inc. measured on the basis of purchase or subscription cost. The cost is written down for impairment losses, if any, in the event that the investees have incurred losses and no profits are foreseeable in the immediate future that would absorb the losses incurred; the original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

Pursuant to Art. 10 of Italian Law No. 72 of 19 March 1983 and Art. 2427 of the Italian Civil Code, it is hereby certified that no economic or monetary revaluation has ever been applied to the equity investments included in the Company’s assets as at 31 December 2021.

The value of equity investments in subsidiary companies was Euro 1,000 as at 31 December 2021.

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

A list of equity investments held in subsidiary companies is shown below:

Company

- Company: GENENTA SCIENCE INC.
- Registered Office: 8 The Green, Ste A 19901 Dover Delaware (DE) USA
- Share capital: Euro 1,000
- % held: 100%
- Book value as at 31 December 2021: Euro 1,000
- Shareholders’ equity value as at 31 December 2021: Euro (125,010)
- Loss as at 31 December 2021: Euro 126,010

The equity investment is recognised at purchase cost. As at 31 December 2021, the company compared the value of the equity investment with the corresponding portion of shareholders' equity. This method is based on the future benefits expected to be realised over the relevant time horizon. The directors evaluated the loss realized by Genenta Inc. as not durable, since it is the operating result of a newly established company in the year and not yet operational in 2021, for which future profits are expected.

Based on the prepared future income estimates, the recoverable amount of the equity investment recognised in the financial statements as at 31 December 2021 is higher than its book value.

CHANGES TO, AND MATURITY OF, NON-CURRENT RECEIVABLES

They are represented by the loan granted to the subsidiary company Genenta Science Inc. amounting to Euro 100,070 as at 31 December 2021.

The loan is subject to the applicable federal rate (AFR) as the minimum interest rate that the Internal Revenue Service (IRS - the US federal agency responsible for collecting taxes and enforcing tax laws) allows for private loans.

The duration of the loan is fixed until 31 December 2022 and can be renewed automatically for a period of one year.

If the loan is repaid (or set off) in whole or in part before maturity, interest is calculated pro rata temporis.

Other non-current receivables, recorded at historical cost and related additional charges in accordance with article 2426 of the Italian Civil Code, consist of guarantee deposits of Euro 3,350

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 payable beyond the year
Non-current receivables due from subsidiary companies		100,070	100,070	100,070
Non-current receivables due from others	3,350		3,350	3,350
Total non-current receivables	3,350	100,070	103,420	103,420

BREAKDOWN OF NON-CURRENT RECEIVABLES BY GEOGRAPHICAL AREA

BREAKDOWN OF NON-CURRENT RECEIVABLES BY GEOGRAPHICAL AREA

Geographical area	Non-current receivables due from subsidiaries	Non-current receivables due from others	Total non-current receivables
ITALY		3,350	3,350
EXTRA EU	100,070		100,070
Total	100,070	3,350	103,420

NON-CURRENT RECEIVABLES RELATED TO REPURCHASE TRANSACTIONS

NON-CURRENT RECEIVABLES WITH REPURCHASE TRANSACTIONS.

There are no non-current receivables with repurchase transactions.

CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE

There are no property, plant and equipment held for sale

CURRENT RECEIVABLES

CURRENT ASSETS: RECEIVABLES

The tables below show, separately for each item, the amount of receivables with specific indication of their nature and with specific breakdown by geographical areas. Moreover, the Receivables are broken down 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	Change during the year	Value at the end of the year	Portion due within the year	Portion due beyond the year
Current trade receivables	11,432	8,568	20,000	20,000	
Current tax receivables	4,996,625	608,141	5,604,766	1,422,914	4,181,852
Current receivables from others	114,194	-85,383	28,811	25,156	3,655
Total current receivables	5,122,251	531,326	5,653,577	1,468,070	4,185,507

The increase in tax receivables is due to the increase in the 2021 VAT credit and the 2021 R&D credit as broken down below.

The calculation of the short-term portion of tax receivables took into account the amount of VAT refunds requested in 2022 of Euro 820,780 and the estimated portion of the research and development receivable that will be used to offset the payment of taxes and contributions in 2022 of Euro 600,000.

During the 2021 financial year, the research and development receivable was used to offset taxes and contributions to be paid in the amount of Euro 534,572. As a result of the increase in the Company's internal structure, the possibility of offsetting research and development receivables in future years is expected to increase. With reference to the Research and Development Credit formed during the year, as well as for previous years, the accounting certification required by law was obtained.

BREAKDOWN OF CURRENT RECEIVABLES BY GEOGRAPHICAL AREA

BREAKDOWN OF CURRENT RECEIVABLES BY GEOGRAPHICAL AREA

Geographical area	Current trade receivables	Current tax receivables	Current receivables from others	Total current receivables
ITALY	20,000	5,604,766	25,068	5,649,834
EU			3,655	3,655
EXTRA EU			88	88
Total	20,000	5,604,766	28,811	5,653,577

Trade receivables, both in documentary and in paper form, amount to Euro 20,000 and are shown in the financial statements at their estimated realisable value, which is obtained by adjusting the nominal value of Euro 20,000 by a specific bad debt provision of Euro 0.

The allocation to this provision was determined taking into account both past and future uncollectible amounts, by:

- analysing each receivable and identifying past losses;
- assessing possible future losses related to each individual receivable;
- calculating the overall ageing of the receivables by class of maturity and comparison with previous financial years;
- assessing the specific conditions of the customers' business sectors.

The allocations made in accordance with Article 106 of the Italian Presidential Decree 917/86 are recognised in the bad debt provision, deductible for tax purposes, of Euro 0; while provisions subject to taxation but considered to represent the actual risk on the total amount of receivables following the assessment of the collectability risk, are recognised net of the taxed bad debt provision of Euro 0.

RECEIVABLES IN FOREIGN CURRENCY

Short-term receivables in foreign currency, arising exclusively from commercial transactions, are recognised in the reporting currency on the basis of the exchange rate as at the transaction date.

The above-mentioned assets are stated in the financial statements after conversion based on the exchange rate in force at the end of the reporting period.

Gains and losses arising from the conversion of the individual short-term receivables and payables are credited and debited, respectively, to the income statement as financial income components (items C.17 - bis).

This treatment allows the receivables and payables to be shown in terms of the balance sheet at their estimated realisable or discharge value, respectively, at the end of the reporting period.

From the income perspective, this allows the profits or losses to be recognised in the period when they arise, thus complying with the accrual basis.

As at 31 December 2021, there were no foreign currency receivables.

OTHER RECEIVABLES FROM THIRD PARTIES

The receivables from third parties such as tax authorities, employees, other debtors shown in the financial statements are measured at nominal value.

They are summarised below, indicating, in the case of tax receivables, the year of formation. With regard to

the research and development credit, as indicated above, it is estimated that approximately Euro 600,000 will be used in the short term during the next financial year, while the remainder is expected to be used beyond the year.

They are summarised below:

TAX RECEIVABLES EURO 5,604,767

2020 R&D credit	€ 438,397	(Euro 219,198 can be used beyond the year)
2021 R&D credit	€ 828,500	(of which Euro 552,333 can be used beyond the year)
Tax credit for investments in capital goods	€ 1,949	(of which Euro 540 can be used beyond the year)
Research and Development credit (pre-2000)	€ 2,873,200	(of which Euro 2,768,565 can be used beyond the year)
IRES receivable	€ 39	
Receivable for overpaid employee withholdings	€ 687	
VAT receivable	€ 1,461,995	(of which Euro 641,215 can be used beyond the year)

RECEIVABLES FROM OTHERS EURO 28,811

these are receivables from EU pension funds (France) of Euro 3,655 and advances to suppliers of Euro 25,156

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 the beginning of the year	Change during the year	Value at the end of the year
Bank and postal deposits	15,467,029	21,746,904	37,213,933
Cash and equivalents on hand	75	-20	55
Total cash and cash equivalents	15,467,104	21,746,884	37,213,988

The item bank deposits comprises the balance of current accounts with Banca Intesa of Euro 1,257,968; the Mediobanca current account of Euro 13,322,703, the First Republic Bank current account of Euro 9,768,537, the Intesa San Paolo NY current account of Euro 12,850,470 and the remainder from the prepaid card balance of Euro 4,018 and cash asset balance of Euro 55.

The increase in the balance of cash and cash equivalents is attributable to the listing transaction in December 2021.

ACCRUED INCOME AND PREPAID EXPENSES

The composition of accrued income and prepaid expenses of an appreciable value is shown below.

The conditions that led to the original recognition of multi-year accruals and deferrals have been checked, while making any changes, as necessary.

ANALYSIS OF CHANGES IN ACCRUED INCOME AND PREPAID EXPENSE

	Value at the beginning of the year	Change during the year	Value at the end of the year
Prepaid expenses	24,889	-10,297	14,592
Total accrued income and prepaid expenses	24,889	-10,297	14,592

This item refers to prepaid expenses for the write-off of insurance for about Euro 6.000, service costs for about Euro 6.600 and costs for subscriptions to newspapers and online news for about € 2,000.

CAPITALISED FINANCE COSTS

ART. 2427, NO. 8) - FINANCE COSTS ALLOCATED TO VALUES INCLUDED IN ASSETS

There are no finance costs allocated to values included in assets.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS - LIABILITIES AND SHAREHOLDER'S EQUITY

SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY ITEMS

Following the equity table:

	Value at the beginning of the year	Other allocations	Increases	Decreases	Profit (loss) for the year	Value at the end of the year
Capital	37,056		334,630			371,686
Share premium reserve	24,286,177	-5,991,017	32,344,701	-22,401		50,617,460
Legal reserve			10,000			10,000
Other sundry reserves	1			-3		-2
Total other reserves	1			-3		-2
Retained earnings (losses)	-437,238	437,238				
Profit (loss) for the year	-5,553,779	5,553,779			-9,104,708	-9,104,708
Total shareholders' equity	18,332,217		32,689,331	-22,404	-9,104,708	41,894,436

SHARE CAPITAL

As at 31 December 2021, the share capital of Genenta Science S.p.A. is fully subscribed and paid up for Euro 371,686 and is divided into 18,216,858 shares, of which 15,720,114 are ordinary shares and 2,496,744 ADS, "American Depository Shares".

The total increase in share capital during the year amounts to Euro 334,630 and is broken down as follows: (i) Euro 715 refers to newly issued shares of the Company following the share capital increase with the exercise of option rights by shareholders in April 2021, prior to the Company's transformation from an S.r.l. to an S.p.A. on 18 June 2021; (ii) Euro 12,229 refers to the result of the bonus issue by charging the share premium reserve to capital, which was necessary to reach the minimum amount of Euro 50,000 required by Art. 2327 of the Italian Civil Code following the transformation of the Company into a joint-stock company (S.p.A.); (iii) Euro 321,685 attributable to the increases following the listing on the Nasdaq market that was completed on 15 December 2021.

The increase referred to in point (iii) took place through the issue of 3,216,858 new ordinary shares with no indication of nominal value and dematerialised, which were subscribed as follows:

- 1 Euro 72,011, corresponding to 720,114 shares reserved for the Company's historical Shareholders via Reserved Offer;
- 2 Euro 240,000, corresponding to 2,400,000 ADSs subscribed by new investors through the placement of American Depository Shares;
- 3 Euro 9,674, corresponding to a further 96,744 ADSs, subject to the partial exercise of the Greenshoe option (known as "overallotment" or "greenshoe option") aimed at the subscription of shares by new investors.

SHARE PREMIUM RESERVE

In accordance with Art. 2431 of the Italian Civil Code, the share premium reserve was partially used for Euro 5,553,779 to cover the loss recorded in 2020 and for Euro 437,238 to cover the loss carried forward included in shareholders' equity for 2020 following an accounting error as resolved at the shareholders' meeting of 20 May 2021 and was increased by Euro 32,344,701 for payments made in 2021 following the share capital increase for the listing.

The reserve also decreased by Euro 22,401, as detailed below:

- 1 Euro 12,229: to cover the bonus issue for the purpose of transforming the Company from an S.r.l. to an S.p.A.;
- 2 Euro 172: for distribution to shareholders following repayment of excess payments;
- 3 Euro 10,000: for allocation to the legal reserve.

LEGAL RESERVE

In order to reach the limit set out in Article 2430 of the Italian Civil Code, a Legal reserve of Euro 10,000 was set up in 2021.

The loss for the year as at 31 December 2021 amounted to Euro 9,104,708. The higher loss of Euro 3,550,929, compared to the previous year, is mainly due to the higher costs incurred for the Listing operation.

The items that make up the shareholders' equity are shown below, indicating their possibility of use and distribution and their use in previous years.

BREAKDOWN OF SUNDRY OTHER RESERVES

	Description	Amount
	Rounding	-2
Total		-2

AVAILABILITY AND USE OF SHAREHOLDERS' EQUITY

ORIGIN, POSSIBILITY OF USE AND POSSIBILITY OF DISTRIBUTION OF SHAREHOLDERS' EQUITY ITEMS

	Amount	Origin/Nature	Possibility of use	to cover losses
Capital	371,686	C		
Share premium reserve	50,617,460	C	A B C	8,025,080
Legal reserve	10,000	C	B	
Other reserves				
Other sundry reserves	-2			
Total other reserves	-2			
Total	50,999,144			8,025,080

Column legend for "Origin/nature": C = Capital reserve; U = Profit reserve.

PROVISION FOR RISKS AND CHARGES

ANALYSIS OF CHANGES IN PROVISIONS FOR RISKS AND CHARGES

	Provision for taxes, including deferred	Total provisions for risks and charges
Changes during the year		
Allocation for the year	3,266	3,266
Total changes	3,266	3,266
Value at the end of the year	3,266	3,266

Provisions for risks and charges: a total of Euro 3,266 refers to the provision for deferred tax liabilities for IRES on unrealized foreign exchange gains and losses in 2021.

EMPLOYEE SEVERANCE INDEMNITY

INFORMATION ON EMPLOYEE SEVERANCE INDEMNITY

The provision set aside represents the company's effective liability to its employees active as at 31 December 2021, net of advance payments.

ANALYSIS OF CHANGES IN EMPLOYEE SEVERANCE INDEMNITY

	Employee severance indemnity
Value at the beginning of the year	17,388
Changes during the year	
Allocation for the year	13,230
Total changes	13,230
Value at the end of the year	30,618

PAYABLES

PAYABLES TO BANKS EURO 10,238

comprising payables to credit card operators of Euro 10,219 and a current account liability of Intesa Sanpaolo USD of Euro 19.

TRADE PAYABLES EURO 946,336:

Trade payables - Abroad	120,959	
Trade payables - Italy	43,860	
Invoices to be received - Italy	476,916	
Invoices to be received - Abroad	230,319	
Trade payables Related parties	25,047	(San Raffaele Hospital)
Invoices to be received Related parties	44,201	(San Raffaele Hospital Euro 19,201 and XDG Biomed Euro 25,000)
Other invoice to be received	5,033	

TAX PAYABLES EURO 41

These are Tax payables for Substitute tax of Euro 41

PAYABLES TO SOCIAL SECURITY INSTITUTIONS EURO 701

These are payables for Inail to employees and collaborators of the Company and Supplementary pension fund Faschim.

PAYABLES TO OTHERS EURO 66,548

The item refers to payables to employees of holidays and leave of Euro 26,425, payables to the director (Paracchi) of Euro 25,000, payables for social security charges on holidays and leave and on the director's bonus of Euro 14,840 and payables to employees of Euro 283.

Trade payables were recorded net of trade discounts; on the other hand, cash discounts are recorded at the time of payment. The value of these payables was adjusted for returns or rebates (invoicing adjustments) to the extent of the amount with the counterparty.

The item Tax payables includes only liabilities for taxes of a specific nature and the existence of which is certain, while tax liabilities of likely or uncertain amount or date of occurrence, or for deferred tax liabilities, stated under the liability item B.2 (Provision for taxes).

The tables below show, separately for each item, the amount of payables that may be secured by collaterals on company assets with specific indication of the nature of the collaterals and with specific breakdown by geographical areas.

Moreover, Payables are broken down according to their maturity.

LOANS OR PAYABLES IN FOREIGN CURRENCY

	Original value	Valuation at the exchange rate 31/12/2021	Profit/(Loss)
Payables in foreign currency (USD)	736,753	730,078	6,675
Payables in foreign currency (GBP)	3,451	3,451	0
Total	740,204	733,529	6,675

CHANGES AND MATURITY OF PAYABLES

ANALYSIS OF CHANGES AND MATURITY OF PAYABLES

	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year
Payables to banks	1,861	8,377	10,238	10,238
Trade payables	2,206,856	-1,260,520	946,336	946,336
Tax payables	36,536	-36,495	41	41
Payables due to social security institutions	9,491	-8,790	701	701
Other payables	32,164	34,384	66,548	66,548
Total payables	2,286,908	-1,263,044	1,023,864	1,023,864

BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA**BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA**

Geographical area	Payables to banks	Trade payables	Tax payables	Payables due to social security institutions	Other payables	Payables
ITALY	10,238	565,025	41	701	66,548	642,553
EU		2,846				2,846
EXTRA EU		378,465				378,465
Total	10,238	946,336	41	701	66,548	1,023,864

PAYABLES DUE IN MORE THAN FIVE YEARS AND PAYABLES SECURED BY COLLATERAL ON COMPANY ASSETS**PAYABLES BEYOND 5 YEARS**

There are no payables due in more than five years.

PAYABLES SECURED BY COLLATERALS

There are no payables secured by collaterals.

ANALYSIS OF PAYABLES SECURED BY COLLATERALS ON COMPANY ASSETS

	Payables to banks	Trade payables	Tax payables	Payables due to social security	Other payables institutions	Total payables
Payables not secured by collaterals	10,238	946,336	41	701	66,548	1,023,864
Total	10,238	946,336	41	701	66,548	1,023,864

PAYABLES TO BANKS SECURED BY COLLATERALS

There are no payables to Banks secured by collaterals in the financial statements.

PAYABLES RELATED TO REPURCHASE TRANSACTIONS**ART. 2427, NO. 6-TER) - REVERSE REPURCHASE AGREEMENTS**

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

LOANS FROM SHAREHOLDERS OF THE COMPANY**ART. 2427, NO. 19-BIS) - LOANS FROM SHAREHOLDERS**

There are no loans from shareholders in the financial statements.

ACCRUED EXPENSES AND DEFERRED INCOME

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

The conditions that led to the original recognition of multi-year accruals and deferrals are checked, while making any changes, as necessary.

There are no multi-year accrued expenses.

ANALYSIS OF CHANGES IN ACCRUED EXPENSES AND DEFERRED INCOME

	Value at the beginning of the year	Change during the year	Value at the end of the year
Accrued expenses	51	55,798	55,849
Total accrued expense and deferred income	51	55,798	55,849

Accrued expenses refer to the portion of the insurance premium pertaining to 2021 related to the D&O insurance policy covering professional risks of the members of the Company's governing and control bodies, as well as of the Company's managers, effective as of the date of listing (15 December 2021).

CONDENSED NOTES TO THE FINANCIAL STATEMENTS - INCOME STATEMENT

VALUE OF PRODUCTION

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY CATEGORY OF ACTIVITY

BREAKDOWN OF REVENUES (ART. 2427 NO. 10)

Financial revenues and those from the provision of services are recognised on an accrual basis.

The financial statements as at 31 December 2021 mainly include revenues for contingent assets deriving from the recognition of the 2021 R&D credit of Euro 828,500, the equalisation non-repayable subsidy of Euro 150,000 and revenues for provision of services of Euro 17,293. The latter relate to occasional sponsorship activities for which costs of the same amount incurred.

The following table summarises the main cost items and changes compared to the previous year. For the sake of clarity, the items for 2020 have been reclassified according to the same classification criteria as the cost items for 2021. The reclassifications were necessary due to a better allocation of cost items related to research and development activities, production costs, in particular, and due to a better allocation of costs related to consultancy and auditing.

COSTS OF PRODUCTION

B6) For raw materials, consumables and goods for resale	2021	reclassified 2020	2020	reclassified 2021 vs 2020 change
Stationery			1,666	-
Product manufacturing	1,231,019	1,578,654	868,012	(347,635)
Total	1,231,019	1,578,654	869,678	(347,635)
B7) For services	2021	reclassified 2020	2020	reclassified 2021 vs 2020 change
Directors' fees	459,942	406,832	406,832	53,110
Legal and notarial expenses	1,833,202	190,744	190,744	1,642,458
Board of statutory auditors' fees	46,741	40,235	40,235	6,506
Insurance expenses	67,676	15,417	15,417	52,259
Phone costs	3,085	2,811	2,811	274
Bank charges	1,114,770	3,172	3,172	1,111,598
Consultants and Auditors	1,879,478	201,935	-	1,677,543
R&D costs	2,814,317	3,525,899	4,211,629	(711,581)
Other costs	263,601	55,048	267,894	208,553
Total	8,482,812	4,442,093	5,138,734	4,040,720

B8) Use of third party assets	2021	reclassified 2020	2020	reclassified 2021 vs 2020 change
B8) Use of third party assets	18,417	24,671	24,671	(6,254)
B9) For personnel	2021	reclassified 2020	2020	reclassified 2021 vs 2020 change
B9) For personnel	341,459	148,857	148,857	192,602
B14) Other operating expenses	2021	reclassified 2020	2020	reclassified 2021 vs 2020 change
B14) Other operating expenses	22,880	20,527	32,862	2,353

Production costs mainly refer to the production of the clinical trial drug Temferon™ and related materials and reagents used in the trial. The decrease in costs compared to the previous year is mainly due to the postponement of some activities for the production of reagents commissioned at the end of the year and started in the following year.

Costs for directors' fees increased because the shareholders' meeting of 20 May 2021 resolved to increase their fee during the year.

Legal and notary costs, costs for consultants and auditors as well as bank commission expenses are mainly related to listing costs, which explains the significant increase compared to last year.

The insurance costs include the new D&O policy covering civil and administrative liability risks of the members of the Company's governing and control bodies, as well as the managers, which was taken out as from the date of listing, due to the expected increase in the risks involved.

The item Other costs includes costs for Nasdaq registration fees of approximately Euro 44,000 and other registration expenses, submissions and services related to the Company as a listed company of approximately Euro 22,600.

It also includes IT services and IT licences of approximately Euro 49,000, travel expenses and allowances and related eating expenses of approximately Euro 84,000, conferences and courses of approximately Euro 4,700, costs for quality control and occupational health and safety training of approximately Euro 34,100, personnel recruitment and selection of Euro 11,400 and other miscellaneous minor costs for a total of approximately Euro 13,800. The increase in the item Other costs compared to the previous year was mainly due to the expenses related to the listing and to the increase in travel expenses and allowances, and eating expenses for the increase in fund-raising, communication and marketing activities, to the costs of personnel selection and to the increase in the costs of technological infrastructure and training and quality for the increase in the Company's internal structure.

Costs for the use of third party assets refer to the rental contract for offices at the Ospedale San Raffaele and parking space for approximately Euro 14,400 and to the cost of services for the spaces available in New York at the Alexandria centre. The decrease compared to the previous year is due to the fact that higher fees were paid for the New York spaces in 2020.

The change in personnel costs refers to the increase in the internal structure and the amendment of some employment contracts.

Other operating expenses consist of minor miscellaneous costs, including ordinary out-of-period expenses of approximately Euro 11,770 relating to errors or adjustments of estimates from the previous year.

FINANCE INCOME AND COSTS

BREAKDOWN OF INTERESTS AND OTHER FINANCE COSTS BY TYPE OF PAYABLES

(ART. 2427, NO. 12)

Finance income of Euro 151 consists of interest income from the 2019 VAT credit refund.

Item C.17.bis also includes the balance of realised exchange rate differences of Euro -11,941 and exchange rate differences from valuation of Euro 13,608.

No provision for foreign exchange gains of Euro 13,608 will be made as the company closes with a loss for 2021.

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

AMOUNT AND NATURE OF REVENUE OF EXCEPTIONAL SIZE OR IMPACT (ART. 2427 NO. 13)

There is no revenue of exceptional size or impact.

AMOUNT AND NATURE OF COSTS OF EXCEPTIONAL SIZE OR IMPACT (ART. 2427 NO. 13)

There are no costs of exceptional size or impact.

CURRENT INCOME TAXES, DEFERRED TAX ASSETS AND LIABILITIES FOR THE YEAR

RECOGNITION OF CURRENT DEFERRED TAX ASSETS AND LIABILITIES

Income taxes amount to Euro zero.

Deferred tax liabilities amount to Euro 3,266.

Deferred tax assets amount to Euro 7,419,441 and are composed of taxes calculated on tax losses of Euro 29,575,496, which can be used to reduce taxable income for IRES purposes in future years, in addition to an inefficient ACE of Euro 1,313,842 and an unpaid director's fee of Euro 25,000.

Tax losses can be carried forward indefinitely and unused ACE can also be carried forward indefinitely.

The asset arising from deferred tax assets was not recognised, in compliance with the principle of prudence, as there is no reasonable certainty of the existence, in the years in which the deductible temporary differences will be reversed, of a taxable income not lower than the amount of the differences that will be cancelled.

RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES AND RESULTING EFFECTS

	IRES
A) Temporary differences	
Total taxable temporary differences	13,608
Net temporary differences	13,608
B) Tax effects	
Deferred tax assets (liabilities) for the year	3,266
Provision for deferred tax assets (liabilities) at year end	3,266

Deferred tax liabilities were calculated on the amount of the foreign exchange gains from valuation for the year 2021 in the financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS - OTHER INFORMATION

COMPANY OPERATIONS

The company operations consist of research and development of gene therapies for the treatment of lymphohaematopoietic tumours.

TAX POSITION

There are currently no disputes under way and the financial years starting from 2016 remain open for tax audits.

EXCEPTIONS PURSUANT TO PARAGRAPH 4 ARTICLE 2423 OF THE ITALIAN CIVIL CODE

No exceptions pursuant to paragraph 4 of Art. 2423 of the Italian Civil Code were made in the attached financial statements.

RELATIONS WITH SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND PARENT COMPANIES

Pursuant to art. 2435 bis and with reference to art. 2428, numbers 3 and 4, at the end of the reporting period the company did not hold shares in parent companies, nor own shares even by proxy or through a trust. No shares of parent companies nor own shares were acquired or disposed of during the year, even by proxy or through a trust.

EMPLOYMENT DATA

(ART. 2427, NO. 15)

AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	Average number
White-collar workers	4
Total Employees	4

FEES, ADVANCES AND LOANS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF

(ART. 2427, NO. 16)

Amount of fees, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf

	Fees
Directors	411,256
Statutory Auditors	46,741

The total amount of Euro 46,741 includes the supervisory activities carried out by the Board of Statutory Auditors, as well as a further amount of Euro 9,360 relating to other audit services carried out.

The amounts do not include social security contributions.

There are no fees, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf.

FEES TO THE EXTERNAL AUDITOR OR TO THE AUDITING COMPANY

(ART. 2427 NO. 16BIS)

Amount of fees payable to the external auditor or auditing company

	Value
External audit of annual accounts	8.000
Services other than auditing	0
Total fees payable to the external auditor or auditing company	8.000

This item does not include fees paid to non-external auditors who performed work on the financial statements prepared in accordance with USGAAP accounting standards for the purpose of listing on the Nasdaq market.

DETAILS ON OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

ART. 2427, NO. 19) - FINANCIAL INSTRUMENTS

The Company has not issued any equity financial instruments.

OFF-BALANCE SHEET COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES (ART. 2427 NO. 9)

The following off-balance sheet contractual commitments are noted:

	Payment periods				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
OSR office lease agreement	€ 40,200	€ 13,400	€ 26,800	€ -	€ -
AGC open production orders	383,368	308,218	58,150	17,000	-
Total	€ 423,568	€ 321,618	€ 84,950	€ 17,000	€ -

The commitments with OSR concern the office lease agreement while the commitments with AGC Biologic concern the production slots reserved for December 2021, i.e. the production of a batch of reagents in 2022 of approximately Euro 300,000 and stability studies on a batch of plasmids for approximately Euro 83,000. The Company, on the basis of the contracts in place with Ospedale San Raffaele, has commitments concerning the payment of milestones and royalties based on the progress stages of the research and clinical trial phases. The Company has not included future milestone and royalty payments in the table above because payment obligations under these agreements are contingent upon future events, such as the Com-

pany achieving specific milestones or generating product sales, and the amount, timing and likelihood of such payments are unknown and are not yet considered likely.

There are no commitments, guarantees or contingent liabilities.

INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC BUSINESS

ART. 2427, NO. 20) – ASSETS FOR A SPECIFIC BUSINESS

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

ART. 2427, NO. 21) – LOAN FOR A SPECIFIC BUSINESS

The Company has not signed any agreements to finance a specific business pursuant to letter b), paragraph 1, of Article 2447-bis.

Disclosures on related party transactions

ART. 2427, NO. 22-BIS) - RELATED PARTY TRANSACTIONS

The company has not carried out any related party and/or intra-group transactions that are significant and not concluded at normal market conditions.

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

- **Pierluigi Paracchi** (director and co-founder of the Company);
- **Luigi Naldini** (director and co-founder of the Company);
- **Bernard Rudolph Gentner** (co-founder of the Society and member of the Scientific Committee);
- **Carlo Russo** (Chief Medical Officer, operating through its company XDG Biomed LLC);
- **Richard Slansky** (Chief Financial Officer);
- **Spafid S.p.A.** (shareholder with a stake > 5%)
- **Fidim Srl** (shareholder with a stake > 5%)
- **Ospedale San Raffaele** (co-founder of the Company, shareholder, main service provider for clinical trial activity and licensor of trademarks of any product obtainable through research).

The nature of the transactions between the Company and these related parties is described below:

Pierluigi Paracchi

Pierluigi Paracchi, Chairman of the Company before its conversion from S.r.l. to S.p.A., is Chief Executive Officer and co-founder. His annual remuneration, until 17 December 2021, amounted to Euro 250,000 plus an annual performance bonus of Euro 50,000, due in July-June of each year, payable after approval by the Board of Directors. On 17 December 2021, he was hired by the Company as an executive, with a gross annual salary of Euro 420,000 plus an annual bonus of 20% subject to the approval by the Board of Directors and a company car as an additional benefit. For the financial year ended 31 December 2021 and 2020, the

Company spent approximately Euro 307,000 and Euro 275,000, respectively, on Mr. Paracchi's fee. At the end of the 2021 financial year, a bonus of Euro 25,000 was accrued for the period July-December, which will be evaluated by the Board of Directors in 2022.

Luigi Naldini/Bernard Rudolph Gentner

Naldini and Gentner are co-founders of Genenta and serve on the SAB - Scientific Advisory Board, with Naldini as Chairman and Gentner as a member. Naldini has a consultancy agreement approved by the Board of Directors and performs preclinical studies for the Company. The last agreement with Naldini was signed in 2019 and is still in force. His annual fee is Euro 50,000 for the year ended 31 December 2021. While for the year ended 31 December 2020, it charged additional fees of Euro 6,250.

Gentner, like Naldini, oversees the preclinical research related to the platform technology. It also analyses clinical biological data. The last agreement with Gentner, which is still in force, was signed in 2017. His annual fee is Euro 30,000.

XDG Biomed LLC

XDG Biomed is the LLC of Carlo Russo. Russo has a single contract signed by XDG and the Company that was approved by the Board of Directors and was subject to multiple amendments. In particular, Russo, through XDG, served as Chief Medical Officer and Head of Development of the Company. Russo is responsible for the clinical development of Temferon™, the company's gene therapy platform. The recurring commissions applicable up to the date of the IPO were Euro 300,000 per annum, plus a performance bonus of Euro 50,000 due in July-June each year and payable after approval by the Board of Directors. Since the IPO date, 15 December 2021, Russo has been employed by Genenta Science Inc. with the same role and responsibilities under a new employment agreement. Russo's gross annual salary as an employee amounts to \$ 500,000 per year + annual bonus of 30% subject to the approval by the Board of Directors. For the year ended 31 December 2021, Russo invoiced the Company for Euro 313,181. At the end of the year, Euro 25,000 was accrued for the bonus, which expires from July to December 2021 which will be subsequently evaluated by the Board of Directors in 2022.

Richard Slansky

Slansky is the Chief Financial Officer of the Company. He was engaged in late 2020 by the Company to assist with financial, accounting and audit support under a consultancy agreement until the end of October 2021. On 1 November 2021, he joined the company on a full-time basis and was hired by Genenta Science Inc. In 2021, with the consultancy agreement, Slansky invoiced Genenta for Euro 72,248. Under the new employment contract that commenced on 1 November 2021, Slansky is entitled to receive gross annual remuneration of \$ 300,000 per annum + annual bonus of 30% subject to the approval by the Board of Directors.

Spafid S.p.A.

Spafid S.p.A. ("Spafid") is a shareholder of Genenta with a stake of > 5%. Spafid is also a service provider for Genenta. The assignment started on 20 May 2021 and covers various services related to corporate governance such as the management of the shareholders' register and the shareholders' meeting, dematerialisation and centralisation of shares, etc. For the year ended 31 December 2021, Spafid invoiced the Company for Euro 7,695 for services provided, which were paid at year-end.

Fidim S.r.l.

Fidim S.r.l. is a shareholder of Genenta with a stake of > 5%. There is no commercial relationship with the Company.

OSR – Ospedale San Raffaele

Ospedale San Raffaele (“OSR”) is a co-founder of the Company, in fact 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 of developing innovative therapies and procedures. The Company has agreements to license technology, to conduct research, preclinical and clinical activities, and to rent facilities and obtain certain other support functions. The company’s head office is currently in an OSR facility.

During 2021, the Company recognised costs for research and development attributable to ongoing activities with Ospedale San Raffaele of Euro 1,470,451, while it recognised costs related to the rental of office space and parking of Euro 14,400. There are no material equity positions to be paid at year-end.

INFORMATION ON OFF-BALANCE SHEET ARRANGEMENTS

ART. 2427, NO. 22-TER) - OFF-BALANCE SHEET ARRANGEMENTS

The company has no off-balance sheet arrangements.

INFORMATION CONCERNING SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

ART. 2427, NO. 6-BIS) - CHANGES IN FOREIGN EXCHANGE RATES AFTER THE REPORTING PERIOD

No changes in foreign exchange rates took place after the reporting period that would have generated significant effects.

The following significant events occurred after the reporting period:

In January 2022, the Company signed a financial consultancy agreement with Roth Capital for consultancy services of \$ 200,000 to be provided by 30 June 2022.

In January 2022, the Company entered into a new Service Level Agreement with Genenta Science Inc. for the provision of various management services. The Company agreed to pay Genenta Science Inc. for all planned activities and, on a quarterly basis, a Net Cost + a 10% mark-up agreed between the Parties on an arm’s-length basis.

In March 2022, the Company entered into a supplemental letter to the master service agreement with ACG Biologics to produce one (1) additional GMP batch of 24L INFa LV carrier (TIA-126 LV) in 2022 (the “LVV Batch”) in connection with the TEM-GBM001 study. The total amount of the additional lot is Euro 272,880.

In April 2022, the Company was informed that Stephen Squinto will step down from his role as Chairman of the Board effective 2 May 2022 to pursue a new role at JP Morgan leading a new biotech venture capital/crossover financing business. Squinto is also leaving his position as Executive Partner at OrbiMed Advisors. The Company appointed Mark A. Sirgo as the new Chairman of the Board of Directors of the Company. Although Sirgo will start serving on 2 May, the Company will seek ratification by its shareholders at the General Shareholders’ Meeting in June 2022.

INFORMATION ON START-UPS, INCLUDING START-UPS WITH A SOCIAL VOCATION, AND INNOVATIVE SMES

The company remains in the start-up phase and continues to be operating at a loss. Note that the Company is registered in the special section Innovative SMEs at the Register of Companies, as it meets the requirements.

RESEARCH AND DEVELOPMENT

During 2021, the Company carried out research and development activities for preclinical research and focused its efforts on the project carried out at the Milan premises, called: “**Preclinical research activities aimed at an innovative treatment of solid and haematological tumours**”.

Part of it is still in progress.

On the expenses related to research and development activities incurred in the 2021 financial year, a tax credit pursuant to Law 160, 27/12/2019 was determined.

INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125, OF ITALIAN LAW NO. 124 OF 4 AUGUST 2017

With reference to Art. 1 paragraph 235 of Italian Law 124/2017, the subsidies received by the public administration are summarised below:

- Equalisation non-repayable subsidy art. 1 paragraphs 16 to 27 Italian Decree Law 73/2021 of Euro 150,000

PROPOSAL FOR ALLOCATION OF THE NET PROFIT OR TO COVER LOSSES

ALLOCATION OF THE RESULT FOR THE YEAR (ART. 2427 – NO. 22 – SEPTIES)

Dear Shareholders,

We propose that you approve the Company’s financial statements for the year ended 31 December 2021, comprising the Balance Sheet, Income Statement and Notes to the Financial Statements.

With regard to the coverage of the loss for the year, amounting, as already specified, to Euro -9,104,708, it is proposed to use the share premium reserve.

NOTES TO THE FINANCIAL STATEMENTS - FINAL PART

These financial statements, comprising the 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 Chairman of the Board of Directors
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 administrative body.
The Chairman of the Board of Directors
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.

Emphasis on matters – Nasdaq quotation process

We emphasis on the section "*Noteworthy events that occurred during the year*" which describes the Nasdaq quotation process, through an initial Public Offer of n. 3.216.858 new ordinary shares, of which 720.114 undersigned by historical Company shareholders via Reserved Offer

KRESTON GV ITALY AUDIT S.R.L.

Capitale Sociale Euro 100.000,00 i.v.
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and n. 2.400.000 undersigned by new investors. After the transaction of Public Offer, the share capital is € 371.685,80. Our opinion is not qualified in relation to this element.

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 believe that the conditions for liquidating the company or ceasing operations exist or have no realistic alternative but to do so.

The Statutory Board 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 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.

Others elements – Innovative SME financial statements in abbreviated format

The Company prepared the 31 December 2021 financial statements in abbreviated format pursuant to art. 2435-bis of Italian Civil Code, without draw up the Management Report because



the information required by points 3 and 4 of art. 2428 are included in the Notes, despite being not exceeding the thresholds of art. 2435-ter of Italian Civil Code for micro enterprises financial statements, to provide a better information.

At 31 December 2021, Genenta Science S.p.A., having the characteristics, was a registered company into the special list for innovative SME of Company Register.

Our opinion is not qualified in relation to these elements.

Paolo Franzini
(Statutory Auditor)

Kreston GV Italy Audit S.r.l.
C.so Sempione, 4
Milan

Milan, 13 May 2022

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Genenta Science S.p.A.
Registered office: Milan, via Olgettina n. 58
Subscribed and paid-up share capital of € 371,685.80
Tax code and registration number with the Milan Monza - Brianza Lodi Register of Companies:
08738490963

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 PURSUANT TO ART.. 2429, CO. 2, C.C.

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

During the year ended 31 December 2021, our activity was performed in accordance with the law and the Rules of Conduct of the Board of Statutory Auditors of non-listed companies issued by the National Council of Chartered Accountants and Accounting Experts, published in December 2020 and in force since 1 January 2021.

We inform you of our activity and the results achieved in this report.

The financial statements of Genenta Science S.p.A. as at 31.12. 2021, reporting an operating loss of euro 9,104,70, drawn up in accordance with the Italian rules, have been submitted to you for your examination. The financial statement has been made available to us within the terms provided by law.

The subject in charge for the statutory audit, Kreston GV Italy Audit S.r.l., has delivered to us its report dated 13.05.2022 containing a clean opinion.

As reported in the statutory auditors opinion, the financial statements as at 31.12.2021 represents in a truthful and correct manner the balance sheet and income statement of your Company as well as it has been drawn up in accordance with the applicable Italian rules.

The Board of Statutory Auditors, not being in charge of the statutory audit, carried out the supervisory activities provided for in Accordance with Rule 3.8 of the "Rules of conduct of the Board of Statutory Auditors of non-listed companies" consisting of an overall control aimed at verifying that the financial statements have been correctly drawn up. The verification of compliance with the accounting data is, in fact, the responsibility of the subject in charge of the statutory audit.

1. Supervisory activities pursuant to Articles. 2403 and seq. c.c.

We have supervised the compliance with the law and the articles of association, the compliance with the principles of proper administration and, in particular, the adequacy of the organizational structures, the administrative and accounting system and on their effectiveness.

We have participated in shareholders' meetings and board meetings and on the basis of the information available, we have no significant findings to report. We have acquired from the board of directors, properly in advance and also during the meetings held, information on the general performance of the Company and its foreseeable projection, as well as on the most important transactions, based on size or characteristics, carried out by the Company and, based on the information acquired, we have no significant comments to report.

We have promptly exchanged data and information with the statutory auditors that were relevant for the execution of our supervisory activity.

We have read the report of the supervisory body and no critical issues arose with respect to the correct implementation of the organizational and management model that should be highlighted in this report.

We have acquired knowledge and have supervised the adequacy of the organizational, administrative and accounting structure and its proper functioning also by collecting information from the heads of the functions and in this regard we have no particular considerations to report.

We have acquired knowledge and supervised, as far as our competence is concerned, on the adequacy and functioning of the administrative-accounting system, as well as on the reliability of the latter to correctly represent the management facts, through obtaining information from the heads of functions and examining company documents, and in this regard, we have no particular observations to report.

No complaints have been received from the shareholders pursuant to art. 2408 c.c.

We have not made any reports to the board of directors pursuant to and for the purposes of art. 15 d.l. n. 118/2021.

During the year, the Board of Statutory Auditors did not issue any opinions and observations required by law.

During our supervisory activity, as described above, no other significant facts have arisen that would require any mention in this report.

2. Considerations on the financial statements

By what is reported in the report of the subject in charge of the statutory audit "the financial statements provide a true and correct representation of the financial position of Genenta Science S.p.A. as at 31. 12.2021 and of the economic result for the year ended on that date in accordance with the Italian rules governing the drafting criteria

To the best of our knowledge, the directors, in preparing the financial statements, have not derogated from the provisions of the law pursuant to art. 2423, co. 5, c.c.

3. Comments and proposals for the approval of the financial statements

Considering the results of the activity carried out by us and the opinion expressed in the audit report issued by the subject in charge of the statutory audit, we invite shareholders to approve the financial statements for the year ended 31 December 2021, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of the operating result formulated by the directors in the notes to the financial statements.

Milan, 13 May 2022

Dr. Carlo-Alberto Nicchio

Dr Jacopo Doveri

Dr Cesare Lazzaroni

GENENTA SCIENCE SPA

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www.genenta.com

