

CITRINE GLOBAL, CORP.

FORM 10-Q (Quarterly Report)

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Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

MARK ONE

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the Quarterly Period ended September 30, 2022; or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the transition period from _____ to _____

Commission file number 000-55680

CITRINE GLOBAL, CORP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

68-008601

(I.R.S. Employer
Identification No.)

2 Jabotinsky St., Atrium Tower, Ramat Gan Israel

(Address of principal executive offices)

5250501

Zip Code

+ (972) 9 855 1422

(Registrant's telephone number, including area code)

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

Title of each class

N/A

Trading Symbol(s)

N/A

Name of each exchange on which registered

N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 14, 2022, 943,703,873 shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

CITRINE GLOBAL, CORP
Form 10-Q
September 30, 2022

	<u>Page</u>
<u>PART I — FINANCIAL INFORMATION</u>	
<u>Item 1 – Unaudited Condensed Consolidated Financial Statements</u>	4
<u>Condensed Consolidated Balance Sheets – September 30, 2022 (unaudited) and December 31, 2021</u>	5
<u>Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 and 2021 (unaudited)</u>	6
<u>Condensed Consolidated Statement of Changes in Stockholders’ Equity (deficit) for the three and nine months ended September 30, 2022 and 2021 (unaudited)</u>	7
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 and 2021 (unaudited)</u>	9
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	11
<u>Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3 – Quantitative and Qualitative Disclosures About Market Risk</u>	36
<u>Item 4 – Controls and Procedures</u>	36
<u>PART II — OTHER INFORMATION</u>	
<u>Item 1 – Legal Proceedings</u>	37
<u>Item 1A – Risk Factors</u>	37
<u>Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds</u>	37
<u>Item 3 – Defaults upon Senior Securities</u>	37
<u>Item 4 – Mine Safety Disclosures</u>	37
<u>Item 5 – Other Information</u>	37
<u>Item 6 – Exhibits</u>	38
<u>Exhibit Index</u>	38
<u>SIGNATURES</u>	39

CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

CITRINE GLOBAL, CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022
U.S. DOLLARS IN THOUSANDS

TABLE OF CONTENTS

	Page
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:	
Condensed consolidated balance sheets as of September 30, 2022 (unaudited), and December 31, 2021	5
Condensed consolidated statements of operations and comprehensive loss for nine and three months ended September 30, 2022 and 2021 (unaudited)	6
Condensed consolidated statements of stockholders' deficit for the nine months period ended September 30, 2022 and 2021 (unaudited)	7 - 8
Condensed consolidated statements of cash flows for the nine months ended September 30, 2022 and 2021 (unaudited)	9 - 10
Notes to unaudited condensed consolidated financial statements	11 - 24

CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share and per share data)

	September 30, 2022	December 31, 2021
	<u>(Unaudited)</u>	
Assets		
Current Assets		
Cash and cash equivalents	179	270
Restricted cash	8	10
Short-term loan granted to others	17	15
Prepaid expenses	59	30
Other current assets	21	24
Total current assets	284	349
Non-current assets		
Investments valued under the measurement alternative	450	450
Property and equipment, net	229	256
Total non-current assets	679	706
T o t a l assets	963	1,055
Liabilities and Stockholders' Deficit		
Current liabilities		
Short term loan	80	-
Accounts payable and accrued expenses	213	226
Accrued compensation	1,325	838
Total current liabilities	1,618	1,064
Convertible component in convertible notes	138	-
Convertible notes	1,704	1,431
T o t a l liabilities	3,460	2,495
Stockholders' Deficit		
Common stock, par value \$0.0001 per share, 1,500,000,000 shares authorized at September 30, 2022 and December 31, 2021; 943,703,873 and 942,568,006 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	94	94
Additional paid-in capital	22,934	22,073
Stock to be issued	30	44
Accumulated deficit	(25,668)	(23,757)
Accumulated other comprehensive income	113	106
T o t a l stockholders' deficit	(2,497)	(1,440)
T o t a l liabilities and stockholders' deficit	963	1,055

The accompanying notes are an integral part of the condensed consolidated financial statements.

CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(U.S. dollars in thousands, except share and per share data)

	Nine months ended		Three months ended	
	September 30		September 30	
	2022	2021	2022	2021
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Research and development expenses	(83)	(123)	(27)	(57)
Marketing, general and administrative expenses	(1,234)	(3,281)	(565)	(1,168)
Operating loss	(1,317)	(3,404)	(592)	(1,225)
Financing expenses, net:				
Expenses related to convertible loan terms	(575)	(1,034)	(582)	(237)
Other financing expenses, net	(19)	(70)	(2)	(87)
Financing expenses, net	(594)	(1,104)	(584)	(324)
Net loss attributable to common stockholders	(1,911)	(4,508)	(1,176)	(1,549)
Loss per common stock (basic and diluted)	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Basic weighted average number of shares of common stock outstanding	942,713,630	942,568,006	943,000,129	942,568,006
Comprehensive loss:				
Net loss	(1,911)	(4,508)	(1,176)	(1,549)
Other comprehensive income attributable to foreign currency translation	8	-	6	-
Comprehensive loss	(1,903)	(4,508)	(1,170)	(1,549)

*Represents an amount less than \$0.01 per common stock.

The accompanying notes are an integral part of the condensed consolidated financial statements.

CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(U.S. dollars in thousands, except share data)

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Stock to be issued</u>	<u>Accumulated deficit</u>	<u>Accumulated other comprehensive income</u>	<u>Total stockholders' deficit</u>
	<u>Stock</u>	<u>Amount</u>					
BALANCE AT DECEMBER 31, 2021	942,568,006	94	22,073	44	(23,757)	106	(1,440)
Extinguishment of convertible note	-	-	(162)	-	-	-	(162)
Warrants issued in connection with convertible notes	-	-	100	-	-	-	100
Share based compensation	-	-	32	-	-	-	32
Other comprehensive income	-	-	-	-	-	6	6
Net loss for the period	-	-	-	-	(729)	-	(729)
BALANCE AT MARCH 31, 2022 (unaudited)	942,568,006	94	22,043	44	(24,486)	112	(2,193)
Share based compensation	-	-	35	-	-	-	35
Other comprehensive income	-	-	-	-	-	(5)	(5)
Net loss for the period	-	-	-	-	(6)	-	(6)
BALANCE AT JUNE 30, 2022 (unaudited)	942,568,006	94	22,078	44	(24,492)	107	(2,169)
Issuance of shares	535,867	*	14	(14)	-	-	-
Issuance of shares to services providers	600,000	*	*	-	-	-	-
Share based compensation	-	-	335	-	-	-	335
Issuance of warrants	-	-	98	-	-	-	98
Warrants issued in connection with convertible notes	-	-	55	-	-	-	55
Modification of warrants in connection with convertible loan restructuring	-	-	354	-	-	-	354
Other comprehensive income	-	-	-	-	-	6	6
Net loss for the period	-	-	-	-	(1,176)	-	(1,176)
BALANCE AT SEPTEMBER 30, 2022 (unaudited)	943,703,873	94	22,934	30	(25,668)	113	(2,497)

* Represents an amount less than \$1,000.

CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(U.S. dollars in thousands, except share data)

	Common stock		Additional paid-in capital	Stock to be issued	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' deficit
	Stock	Amount					
BALANCE AT DECEMBER 31, 2020	942,568,006	94	20,414	30	(19,241)	106	1,403
Net loss for the period	-	-	-	-	(2,100)	-	(2,100)
BALANCE AT MARCH 31, 2021 (unaudited)	942,568,006	94	20,414	30	(21,341)	106	(697)
Modification of warrants in connection with convertible loan restructuring	-	-	361	-	-	-	361
Warrants issued in connection with convertible notes	-	-	132	-	-	-	132
Net loss for the period	-	-	-	-	(859)	-	(859)
BALANCE AT JUNE 30, 2021 (unaudited)	942,568,006	94	20,907	30	(22,200)	106	(1,063)
Classification of embedded conversion feature from liability to equity	-	-	670	-	-	-	670
Commitment for issuance of fixed number of ordinary shares	-	-	-	14	-	-	14
Net loss for the period	-	-	-	-	(1,549)	-	(1,549)
BALANCE AT SEPTEMBER 30, 2021 (unaudited)	942,568,006	94	21,577	44	(23,749)	106	(1,928)

The accompanying notes are an integral part of the condensed consolidated financial statements.

CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Nine months ended	
	September 30,	
	2022	2021
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(1,911)	(4,508)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2	1
Finance expenses, net	5	-
Financial expenses with respect to convertible notes and loans	575	1,034
Share based payment to a service provider	-	872
Share based payment	402	-
Fair value adjustment of liability in connection with stock exchange agreement	-	(57)
Changes in fair value of marketable securities	-	37
Loss from sale of marketable securities	-	96
Changes in operating assets and liabilities:		
Prepaid share based payment to a service provider	-	1,736
Prepaid and other current assets	(26)	(71)
Accounts payable and accrued expenses	511	438
Net cash used in operating activities	(442)	(422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4)	-
Repayments of short-term loan granted to others	-	389
Proceeds from sale of trading securities	-	164
Net cash provided by (used in) investing activities	(4)	553
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term loan	80	-
Proceeds from issuance of convertible notes	280	350
Net cash provided by financing activities	360	350
Effect of exchange rates on cash and cash equivalents	(7)	(3)
Net increase (decrease) in cash and cash equivalents	(93)	478
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	280	206
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	187	684

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Supplemental disclosure of cash flow information:

Cash received during the year:

Interest	-	14
Non-cash transactions:		
Fair value of convertible component in convertible loan	(48)	-
Warrants issued in connection with convertible notes	(155)	-
Extinguishment of convertible notes	(162)	-
Classification of embedded conversion feature from liability to equity	-	670

The accompanying notes are an integral part of the condensed consolidated financial statements.

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1 - GENERAL

Citrine Global, Corp. (“Citrine Global” or the “Company”) was incorporated under the laws of the State of Delaware on May 26, 2010. The Company’s common stock is traded in the United States on the OTCQB market under the ticker symbol “CTGL.”

On June 3, 2020 the Company established a wholly owned new Israeli subsidiary: CTGL – Citrine Global Israel Ltd, (the “Israeli Subsidiary”).

On July 21, 2020, the Israeli Subsidiary began to work with certain Company shareholders, Beezz Home Technologies Ltd., in which Ora Elharar Soffer, the Company’s chairperson and CEO holds shares, and Golden Holdings Neto Ltd., in which Ilan Ben-Ishai, a director of the Company, holds shares, have been working towards establishing an Operational Innovation Center focuses on the medical cannabis industry, CBD, hemp, botanical, food supplements and cosmetics products. The Company’s Board of Directors approved the Israeli Subsidiary to proceed with preparations for entering into an agreement to incorporate a new company, named Cannovation Center Israel Ltd. (“Cannovation”), with Beezz Home Technologies Ltd. and Golden Holdings Neto Ltd., and to accept limitations on the Israeli Subsidiary’s rights in the Cannovation Center if and as mandated under Israeli regulations on the involvement of foreign entities.

On August 4, 2020, the Board of the Company approved for the Company and its Israeli Subsidiary to proceed with preparations for investing in iBOT Israel Botanicals Ltd., an Israeli nutritional supplements’ company developing and manufacturing botanical formulas and nutritional supplements for custom & contract manufacturing for leading botanical companies (“iBOT”). iBOT has a manufacturing facility for a wide range of botanical formulations. iBOT’s manufacturing facility is approved by the Israeli Ministry of Health and is GMP-certified, ISO9001-certified and HACCP certified by IQC. The principal shareholders and control persons of iBOT are the Company’s Chief Executive Officer and a Company director. On August 4, 2020, the Board of Directors approved for the Company and Citrine Global Israel to proceed with preparations for investing in iBOT. On August 9, 2021, through the 60% owned subsidiary Cannovation Center Israel, the Company entered into an agreement with iBOT pursuant to which iBOT agreed to manufacture a line of nutritional supplements for Cannovation Center Israel, including packaging and storage. On September 29, 2021, the Company agreed to advance to iBOT, up to \$50 thousands with a 12-month maturity date and the Company transferred, as a first tranche, \$15 thousands on October 8, 2021. The loan bears interest at an effective annual interest rate of 12% as and is convertible, at the option of Citrine Global, into equity shares of iBOT at conversion rate equal to the lower of (i) 25% discount to the most recent round of capital raised by iBOT during the term of the loan and (ii) the rate specified in the framework agreement. In addition, the agreement provided that the Israeli subsidiary is entitled to convert the outstanding loan, in whole or in part, to satisfy payments of amounts owed to iBOT under the services agreements between the parties

In November 2021, iBOT granted to Citrine Global Group, a pre-emption right to any equity or equity linked securities that iBOT proposes to issue to an unrelated third party with aggregate gross proceeds to the Company exceeding \$1 million or which will result in a change in control in iBOT following such issuance, then iBOT is to give to the Citrine Global Group written notice of such proposed issuance and the relevant terms thereof and the Citrine Global Group shall have ten (10) days thereafter to determine if it elects to purchase a minimum of 51% of the proposed issuance on the price and other terms specified in the notice sent by iBOT (the “Pre-Emption Right”). If the Citrine Global Group elects to exercise the Pre-Emption Right, such purchase is to take place at no more than 90 days following the expiration of the 10 day notice period to the Citrine Global Group. Any iBOT securities of the Pre-Emption Right that Citrine Global Group elects to not purchase are to be sold by not later than 90 days following the end of the Citrine Global Group’s notice period and if such shares are not sold to such third party within the 90 day period, the Pre-Emption right shall apply to any subsequent proposed issuance. The preemption right does not apply to certain specified exceptions. See Note 6B.

On August 20, 2020, the Israeli Subsidiary, Beezz Home Technologies Ltd., and Golden Holdings Neto Ltd. incorporated Cannovation. Israeli Subsidiary holds 60% of Cannovation’s shares, while each of Beezz Home Technologies Ltd. and Golden Holdings Neto Ltd. holds 20% of its shares. See note 4C for additional information.

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Stock split

On June 10, 2022, certain of the Company's stockholders representing more than 50% of the Company's outstanding share capital (the "Majority Consenting Stockholders") approved an amendment to the Company's Certificate of Incorporation (the "Reverse Stock Split Certificate of Amendment") in order to effect a reverse stock split of the Company's common stock pursuant to a range of between 50-to-1 and 700-to-1 (the "Reverse Stock Split"). Pursuant to the Reverse Stock Split, each fifty or seven hundred shares of common stock (or any whole number within such range), as shall be determined by the Board at a later time, will be automatically converted, without any further action by the stockholders, into one share of common stock. No fractional shares of common stock will be issued as the result of the Reverse Stock Split. Instead, each stockholder of the Company will be entitled to receive one share of common stock in lieu of the fractional share that would have resulted from the Reverse Stock Split. The Reverse Stock Split Certificate of Amendment will be effective upon receipt of approval from the Financial Industry Regulatory Authority ("FINRA") and the filing with the Secretary of the State of Delaware, both of which were not completed as of the date of the approval of the financial statements.

Financial support from shareholders

The Company has not yet to generate revenues and is dependent on raising funds from its current shareholders or from other sources. On April 13, 2021, Citrine S A L, on behalf of itself and its affiliates and related parties, has furnished the Company with an irrevocable letter of obligation to financially support the Company until June 30, 2022. On March 17, 2022, Citrine S A L Investment & Holding Ltd. extended this support through June 30, 2023 and on November 14, 2022 Citrine S A L Investment & Holding Ltd. further extended the support through June 30, 2024. On August 14, 2022, Citrine S A L Investment & Holding Ltd. further extended this support through June 30, 2024.

The Company has no significant firm commitments that require it to remit cash and can control the level of expenses it incurs. Based on the Company's current cash balances, and the irrevocable letter of obligation from Citrine S A L noted above, the Company believes it has sufficient funds for its plans for the next twelve months from the issuance of these financial statements. As the Company is embarking on its new activity as detailed herein, it is incurring losses. It cannot determine with reasonable certainty when and if it will have sustainable profits.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (SARS-CoV-2) to be a global pandemic (COVID-19), which continues to spread throughout the world. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specifically with respect to the Company, COVID-19 may impact various parts of its 2022 plans, operations and financial results, including but not limited to difficulties in obtaining additional financing. The Company considered the impact of COVID-19 on the estimates and assumptions and determined that there were no material adverse impacts on the consolidated financial statements for the period ended September 30, 2022. The Company believes it is taking appropriate actions to mitigate the negative impact, including by focusing its activities initially only within the country of Israel. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Unaudited Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiary, prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the instructions to Form 10-Q. In the opinion of management, the financial statements presented herein have not been audited by an independent registered public accounting firm but include all material adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the financial condition, results of operations and cash flows for the nine months ended September 30, 2022. However, these results are not necessarily indicative of results for any other interim period or for the year ended December 31, 2022.

Certain information and footnote disclosures normally included in financial statements in accordance with generally accepted accounting principles have been omitted pursuant to the rules of the U.S. Securities and Exchange Commission (“SEC”). These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Significant estimates include fair value estimates of derivative liabilities and assets. Actual results could differ from those estimates.

Fair value

Fair value of certain of the Company’s financial instruments including cash, accounts receivable, accounts payable, accrued expenses, and other accrued liabilities approximate cost because of their short maturities. The Company measures and reports fair value in accordance with Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosure,” which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements.

Fair value, as defined by ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company’s credit risk.

Valuation techniques are generally classified into three categories: (i) the market approach; (ii) the income approach; and (iii) the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF RESENTATION (cont.)

Fair value (cont.)

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity, and that are significant to the fair values.

Fair value measurements are required to be disclosed by the level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), (ii) segregating those gains or losses included in earnings, and (iii) a description of where those gains or losses included in earning are reported in the statement of operations.

The Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy are as follows:

	Balance as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
	US\$ in thousands			
Liabilities:				
Fair value of convertible component in convertible notes	-	-	138	138
Total liabilities	-	-	138	138

The following table presents the changes in fair value of the level 3 liabilities for the period ended September 30, 2022:

	Changes in Fair value
	US\$ in thousands
Liabilities:	
Outstanding at December 31, 2021	-
Initial recognition of convertible component as part of modification in note terms	162
Initial recognition of convertible component as part of convertible notes issued	48
Changes in fair value	187
Outstanding at March 31, 2022	397
Changes in fair value	(315)
Outstanding at June 30, 2022	82
Initial recognition of convertible component as part of convertible notes issued	55
Changes in fair value	1
Outstanding at September 30, 2022	138

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF RESENTATION (cont.)

Recent Accounting Pronouncements

On October 1, 2021, the Company early adopted ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (ASU 2020-06), which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The adoption of this new standard did not have a material impact on the consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04—Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options, which clarifies and reduces diversity in accounting for modifications or exchanges of freestanding equity-written call options that remain equity classified after modifications or exchanges based on the substance of the transactions. The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of this new standard did not have a material impact on the consolidated financial statements.

Other new pronouncements issued but not effective as of September 30, 2022 are not expected to have a material impact on the Company’s consolidated financial statements.

NOTE 3 – STOCK OPTIONS

In May 2022 the Company appointed Prof. Itamar Grotto, a world-renowned expert in Public Health as Director in Cannovation Center Israel Ltd. and President of Green Vision Center Israel. Upon his appointment, Prof . Itamar Gruto was granted options under the 2018 Stock Incentive Plan (the “2018 Plan”) to purchase 2,356,420 shares of the Company’s common stock at per share exercise price of \$0.05. The options vest over a three year period, in three annual instalments beginning on June 1, 2023 and thereafter on each subsequent anniversary, subject to his continued service to the Company.

On June 8, 2022, the Board also approved the issuance of 7,000,000 options to two service providers under the 2018 Plan. The options are exercisable at a per share price of \$0.05. The options are scheduled to vest over a three year period, in twelve (12) equal installments, with the first instalment vesting on the third month anniversary of the date of grant and each further instalment on each subsequent third month anniversary, subject to such individual’s continued service with the Company. 1,166,667 options shall be accelerated upon uplisting to Nasdaq.

On August 9, 2022, the Company’s board of directors determined to increase the number of shares reserved for issuance under the 2018 Plan by 90 million shares to a total of 180,000,000 shares of common stock thereunder and on August 12, 2022 the Company shareholders approved the same.

On August 9, 2022, the Board also determined to grant to the directors and officers set forth below options under the 2018 Plan. The options are exercisable at a per share price of \$0.02 and through the seventh anniversary of the grant date, except in the case of Ora Elharar Soffer, the Company’s chief executive officer, the per share exercise price is 0.022 and the exercise period is five years from the date of grant. The options are scheduled to vest over a three year period, in twelve (12) equal installments, with the first instalment vesting on the third month anniversary of the date of grant and each further instalment on each subsequent third month anniversary, subject to such individual’s continued service with the Company. In the event of a change in control, the vesting schedule is accelerated and all unvested options vest.

<u>Director/Officer</u>	<u>Number of Options</u>
Ora Elharar Soffer (Chairperson, CEO)	47,128,400
Ilanit Halperin (Director, CFO)	18,851,360
Ilan Ben Ishay (Director)	18,851,360
Doron Birger (Director)	2,356,420
David Kretzmer (Director)	2,356,420

The terms relating to the options grants are included in stock option agreements under the 2018 Plan, . Amongst other things, the stock option agreements for selected service providers of Citrine Global, including our directors and officers, provide that the exercise price of the options that were awarded to date, shall remain unaffected by the implementation of a reverse stock split that the Company may implement; to avoid any doubt, such reverse stock split shall apply to the number of options shares issuable under such options. All other relevant terms of such shall continue in full force and effect and are such reverse stock split. Any and all tax implications rest solely with the optionee and not the Company.

The following table presents the Company’s stock option activity for employees and directors of the Company for the year ended September 30, 2022:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price (\$)</u>
Outstanding at December 31, 2021	23,628,962	0.05
Granted	98,900,380	0.021

Exercised	-	-
Forfeited or expired	-	-
Outstanding at September 30, 2022	<u>122,529,342</u>	<u>0.026</u>
Number of options exercisable at September 30, 2022	<u>21,855,875</u>	<u>0.05</u>

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The stock options outstanding as of September 30, 2022, have been separated into exercise prices, as follows:

<u>Exercise price</u>	<u>Stock options outstanding</u>	<u>Weighted average remaining contractual life – years</u> <u>As of September 30, 2022</u>	<u>Stock options vested</u>
0.0011	46,762		46,762
0.02	42,415,560	2.86	-
0.022	47,128,400	2.86	-
0.05	23,582,200	0.42	21,225,780
0.05	9,356,420	4.67	583,333
	<u>122,529,342</u>	<u>2.53</u>	<u>21,855,875</u>

Compensation expense recorded by the Company in respect of its stock-based compensation awards for the nine and three months ended September 30, 2022 was \$402 thousands and \$335 thousands, respectively and are included in General and Administrative expenses in the Statements of Operations.

In determining the fair value of the options granted, the Company used the Black-Scholes option valuation method, with the following assumptions:

Dividend yield (%)	0%
Risk-free interest rate (%)	0.07% - 3.20%
Expected term (years)	5-7
Volatility	164.84% - 174.46%
Share price (U.S. dollars)	0.015 - 0.020
Exercise price (U.S. dollars)	0.02 – 0.05

NOTE 4 – EVENTS DURING THE PERIOD

- A. On January 5, 2022, Citrine 9 LP, one of the Buyer entities (hereinafter “Citrine 9”) agreed to honor a Draw Down Notice (as defined in the Convertible Note Agreement) for, and has advanced to the Company, \$180 thousands on the same terms and conditions as are specified in the Convertible Note Agreement. The maturity date of the loan is the earlier of July 31, 2023 or at such time as the Company shall have consummated an investment of at least \$5 million in Company securities. The annual interest on the loan continues to be nine percent (9%). The principal and interest payment on the Note shall be made in New Israeli Shekels (NIS) at the conversion rate which was in effect on the date on which the loan was advanced.

As provided for under the terms of the Convertible Note Agreement, Citrine 9 will be issued 6,666,667 Series A warrants and 6,666,667 Series B warrants for shares of common stock, where the Series A warrants are exercisable beginning July 5, 2022 through July 5, 2024 and the Series B warrants are exercisable beginning July 5, 2022 through July 5, 2025, in each case at an exercise price of \$0.05 per share.

See note 4F below for detailed regarding change in terms of the Convertible Note Agreement, Series A warrants and Series B warrants.

The Company allocated the proceeds received to the freestanding components – the convertible loan, A Warrants and B Warrants, based on their relative fair values, since all three components will not be subsequently measured at fair value (see below).

Conversion feature

In accordance with ASC 815-15-25 the conversion feature was considered a liability classified embedded derivative instrument, and is to be recorded at its fair value separately from the convertible notes, within non-current liabilities in the Company’s balance sheet. The conversion component is then remeasured at fair value at each reporting period with the resulting gains or losses shown in the statements of operations.

The fair value of the convertible component was estimated by third party appraiser as weighted average of the two possible scenarios of the total convertible notes amount conversion (each, 50% probability):

The scenario in which the convertible loan would be converted prior to its maturity (scenario 1) was estimated by the appraiser using the Black-Scholes option pricing model, to compute the fair value of the derivative and to market the fair value of the derivative at each balance sheet date. The following are the data and assumptions used as of issuance dates and as of the balance sheet date:

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	<u>January 5, 2022</u>	<u>September 30, 2022</u>
Dividend yield (%)	0%	0%
Risk-free interest rate (%)	0.65%	4.06%
Expected term (years)	1.57	1.08
Volatility	154.86%	123.94%
Share price (U.S. dollars)	0.025	0.021
Exercise price (U.S. dollars)	0.05	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	56	21

The scenario in which the Company would raise at least \$5 million prior to conversion of the convertible loan (scenario 2) was estimated by the appraiser using the Black-Scholes option pricing model, to compute the fair value of the derivative and to market the fair value of the derivative at each balance sheet date. The following are the data and assumptions used as of issuance dates and as of the balance sheet date:

	<u>January 5, 2022</u>	<u>September 30, 2022</u>
Dividend yield (%)	0%	0%
Risk-free interest rate (%)	0.40%	3.92%
Expected term (years)	0.99	0.25
Volatility	158%	123.30%
Share price (U.S. dollars)	0.025	0.021
Exercise price (U.S. dollars)	0.05	0.05
Fair value of the conversion feature U.S. dollars in thousands)	40	2

The fair value of the convertible component was estimated by the third-party appraiser after giving effect to the weighted average of the two possible scenarios as of issuance dates was \$48 thousands and as of September 30, 2022 was \$12 thousands.

Warrants

The fair value of the warrants as of the drawdowns dates was estimated at \$255 thousands using the Black-Scholes option-pricing model and is presented within the consolidated statements of changes in shareholders equity (deficit).

The following are the data and assumptions used:

Warrants A

Dividend yield	0%
Risk-free interest rate	0.96%
Expected term (years)	2.5
Volatility	159.70%
Share price (U.S. dollars)	0.025
Exercise price (U.S. dollars)	0.05
Fair value of the warrants (U.S. dollars in thousands)	119

Warrants B

Dividend yield	0%
Risk-free interest rate	1.18%
Expected term (years)	3.5
Volatility	159.70%
Share price (U.S. dollars)	0.025
Exercise price (U.S. dollars)	0.05
Fair value of the warrants (U.S. dollars in thousands)	136

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Fair Value Proportional Allocation

The fair value of the note was estimated at \$154 thousands. The note is accounted for according to the effective interest method.

Based on the above, the fair value proportion allocation as of January 5, 2022 was as follows:

	January 5, 2022 (US dollars in thousands)
Conversion Component	\$ 48
Warrants	100
Convertible Notes	32
Total	<u>\$ 180</u>

B. Additionally, on January 5, 2022, the Company and the related entities who are the signatory lenders (hereinafter the “Buyers”) under the Convertible Loan Agreement dated as of April 1, 2020 (the “CL Agreement”) with the Company entered into the Fourth Amendment to the CL Agreement pursuant to which the following was agreed to:

- (i) The principal and accrued interest on all outstanding loans in the aggregate principal amount of \$1,800,000 are to be repaid in New Israeli Shekels (NIS) at the conversion rate in effect on the date on which the loan was advanced;
- (ii) The conversion price on all outstanding notes under the CL Agreement was adjusted to a conversion price of \$0.05 per share
- (iii) The exercise price on all outstanding warrants issued in connection with advances made under the CL Agreement was adjusted to an exercise price of \$0.05 per share.

The Company concluded that the change in terms does not give rise to a trouble debt restructuring, as no concession was given to the Company.

Therefore, the Company went on to assess the whether the terms of the modified note are substantially different. The Company concluded that the change in terms should be accounted for as a debt extinguishment.

Following the abovementioned amendment on January 5, 2022, the conversion component is qualifying for the scope exception under ASC 815-10-15-74(a). In accordance with ASC 815-15-35-4, since the embedded conversion option in the convertible debt meets the bifurcation criteria, the fair value of the conversion component calculated as of January 5, 2022, in the amount of \$162 thousands, was reclassified from shareholders equity to short-term liability at that date.

Conversion feature

In accordance with ASC 815-15-25 the conversion feature was considered an embedded derivative instrument and is to be recorded at its fair value separately from the convertible notes, within non-current liabilities in the Company’s balance sheet. The conversion component is then remeasured at fair value at each reporting period with the resulting gains or losses shown in the statements of operations.

The fair value of the convertible component was estimated by third party appraiser as weighted average of the two possible scenarios of the total convertible notes amount conversion (each, 50% probability):

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The scenario in which the convertible loan would be converted prior to its maturity (scenario 1) was estimated by the appraiser using the Black-Scholes option pricing model, to compute the fair value of the derivative and to market the fair value of the derivative at each balance sheet date. The following are the data and assumptions used as of issuance dates and as of the balance sheet date:

	September 30, 2022	
	June 15, 2020	April 1, 2021
	convertible loans	convertible loans
Dividend yield	0%	0%
Risk-free interest rate	4.06%	4.06%
Expected term (years)	1.08	1.08
Volatility	123.94%	123.94%
Share price (U.S. dollars)	0.021	0.021
Exercise price (U.S. dollars)	0.05	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	173	40

The scenario in which the Company would raise at least \$5 million prior to conversion of the convertible loan (scenario 2) was estimated by the appraiser using the Black-Scholes option pricing model, to compute the fair value of the derivative and to market the fair value of the derivative at each balance sheet date. The following are the data and assumptions used as of issuance dates and as of the balance sheet date:

	September 30, 2022	
	June 15, 2020	April 1, 2021
	convertible loans	convertible loans
Dividend yield	0%	0%
Risk-free interest rate	3.92%	3.92%
Expected term (years)	0.25	0.25
Volatility	123.3%	123.3%
Share price (U.S. dollars)	0.021	0.021
Exercise price (U.S. dollars)	0.05	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	21	5

The fair value of the convertible component was estimated by the third-party appraiser after giving effect to the weighted average of the two possible scenarios as of September 30, 2022 was \$97 thousands and \$23 thousands.

- C. On February 8, 2022, Cannovation Ltd received from the Israel Land Authority (“ILA”) a counter-signed development agreement to purchase rights for long term lease to 11,687 square meters of Land for purposes of building the Green Vision Center Israel, which is intended to include factories, laboratories, logistics and a distribution center for the medical cannabis, and botanicals industries.
- D. On February 15, 2022, the Company signed an investor relations service agreement with a consultant pursuant to which the Company agreed to pay the consultant a monthly retainer of \$5,000 and in addition, to issue the consultant 1,800,000 restricted shares of common stock, to be issued in three tranches. In the event that the agreement is terminated prior to the issuance date, the remaining share obligation shall be void. On July 28, 2022, by mutual agreement the Company and the counterparty consultant terminated the agreement and the Company agreed to issue to the counterparty consultant 600,000 restricted shares.

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

- E. On July 15, 2022, Citrine 9 LP, (hereinafter “Citrine 9”), one of the related entities and a signatory lender (to the Convertible Note Purchase Agreement entered into by the Company and several related parties (hereinafter the “Buyers”) in April 2020, as subsequently amended (the “CL Agreement”) agreed to honor a Draw Down Notice for, and has advanced to the Company, \$100,000 on the same terms and conditions as are specified in the CL Agreement. The annual interest on the loan continues to be nine percent (9%). The principal and interest payment on the Note are to be made in New Israeli Shekels (NIS) at the conversion rate which was in effect on the date on which the loan was advanced. In connection with the loan, Citrine 9 is entitled to 8,333,333 Series A warrants and 8,333,333 Series B warrants for shares of common stock, where the Series A warrants are exercisable beginning January 15, 2023 through July 15, 2024 and the Series B warrants are exercisable beginning January 15, 2023 through July 15, 2025, in each case at an exercise price of \$0.05 per share. On August 9, 2022, the Company’s board of directors agreed to extend the maturity date on the loans to October 31, 2023, subject to approval of Citrine 9 to such extension, and to extend the exercise period of the warrants through August 9, 2027.

The Company allocated the proceeds received to the freestanding components – the convertible loan, A Warrants and B Warrants, based on their relative fair values, since all three components will not be subsequently measured at fair value (see below).

Conversion feature

In accordance with ASC 815-15-25 the conversion feature was considered a liability classified embedded derivative instrument, and is to be recorded at its fair value separately from the convertible notes, within non-current liabilities in the Company’s balance sheet. The conversion component is then remeasured at fair value at each reporting period with the resulting gains or losses shown in the statements of operations.

The fair value of the convertible component was estimated by third party appraiser as weighted average of the two possible scenarios of the total convertible notes amount conversion (each, 50% probability):

The scenario in which the convertible loan would be converted prior to its maturity (scenario 1) was estimated by the appraiser using the Black-Scholes option pricing model, to compute the fair value of the derivative and to market the fair value of the derivative at each balance sheet date. The following are the data and assumptions used as of issuance dates and as of the balance sheet date:

	July 15, 2022	September 30, 2022
Dividend yield	0%	0%
Risk-free interest rate	3.12%	4.06%
Expected term (years)	1	1.08
Volatility	146.4%	123.9%
Share price (U.S. dollars)	0.012	0.021
Exercise price (U.S. dollars)	0.05	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	6	13

The scenario in which the Company would raise at least \$5 million prior to conversion of the convertible loan (scenario 2) was estimated by the appraiser using the Black-Scholes option pricing model, to compute the fair value of the derivative and to market the fair value of the derivative at each balance sheet date. The following are the data and assumptions used as of issuance dates and as of the balance sheet date:

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	<u>July 15, 2022</u>	<u>September 30, 2022</u>
Dividend yield	0%	0%
Risk-free interest rate	2.86%	3.92%
Expected term (years)	0.46	0.25
Volatility	125.9%	123.3%
Share price (U.S. dollars)	0.012	0.021
Exercise price (U.S. dollars)	0.05	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	1	1

The fair value of the convertible component was estimated by the third-party appraiser after giving effect to the weighted average of the two possible scenarios as of issuance dates was \$4 thousands and as of September 30, 2022 was \$7 thousands.

Warrants

The fair value of the warrants as of the drawdowns dates was estimated at \$115 thousands using the Black-Scholes option-pricing model and is presented within the consolidated statements of changes in shareholders equity (deficit).

The following are the data and assumptions used:

Warrants A

Dividend yield	0%
Risk-free interest rate	3.13%
Expected term (years)	2
Volatility	153.1%
Share price (U.S. dollars)	0.012
Exercise price (U.S. dollars)	0.05
Fair value of the warrants (U.S. dollars in thousands)	50

Warrants B

Dividend yield	0%
Risk-free interest rate	3.14%
Expected term (years)	3
Volatility	148.6%
Share price (U.S. dollars)	0.012
Exercise price (U.S. dollars)	0.05
Fair value of the warrants (U.S. dollars in thousands)	64

Fair Value Proportional Allocation

The fair value of the note was estimated at \$93 thousands. The note is accounted for according to the effective interest method.

Based on the above, the fair value proportion allocation as of July 15, 2022 was as follows:

	July 15, 2022 (US dollars in thousands)
Conversion Component	\$ 4
Warrants	55
Convertible Notes	41
Total	\$ 100

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

F. On August 9, 2022, the board of directors of the Company agreed to the following:

1. The maturity date on all of the outstanding convertible loans under the CL Agreement was extended to October 31, 2023 (from July 31, 2023), subject to agreement of the lending entities under the CL Agreement to such extension of the maturity date; and
2. The exercise period on all of the outstanding Series A and Series B warrants issued to date in connection with the convertible loans under the CL Agreement was extended to August 9, 2027

The Company concluded that the change in terms does not give rise to a trouble debt restructuring, as no concession was given to the Company.

Therefore, the Company went on to assess whether the terms of the modified note are substantially different. The Company concluded that the change in terms of the loans should be accounted for as a debt extinguishment.

Following the abovementioned amendment on August 9, 2022, the changes in the fair value of the conversion component and the warrants in the amount of \$51 thousands and \$354 thousands, respectively were recorded as interest expenses.

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

- G. On August 9, 2022, the Board agreed to issue to the related entities who advanced an aggregate of \$1,170 thousands in convertible loans under the CL Agreement on or before June 15, 2020 warrants for a total 5,589,172 shares of common stock, exercisable through August 9, 2027 at a per share exercise price of \$0.05, in replacement of the Series A warrants for an identical number of shares issued in June 2020 in connection with such loans, which had expired.

The fair value of the warrants as of the drawdowns dates was estimated at \$98 thousands using the Black-Scholes option-pricing model and is presented within the consolidated statements of changes in shareholders equity (deficit).

The following are the data and assumptions used:

Warrants A	
Dividend yield (%)	0%
Risk-free interest rate (%)	2.97%
Expected term (years)	5
Volatility	152.9%
Share price (U.S. dollars)	0.02
Exercise price (U.S. dollars)	0.05
Fair value of the warrants (U.S. dollars in thousands)	98

- H. On September 30, 2022, the Company received a loan from Citrine S A L Hi Tech 7 LP, an Israeli limited partnership and an affiliated entity (the “Lender”), in the principal amount of \$80,000. The loans bears interest at 12% per annum and is scheduled to mature on December 15, 2022. The principal and interest payment on the loan are to be made in New Israeli Shekels (NIS) at the exchange rate which was in effect on the date on which the loan was advanced. The Lender has the option, upon written notice to the Company and subject to the Company’s consent, to extend the maturity date of the loan (the “Maturity Date extension Notice”). The Lender is to provide the Maturity Date extension Notice by no later than December 5, 2022.

In the event that the Company agrees to such extension, the terms of this loan shall be adjusted on a *pro-rata* basis, to those terms applicable to the Company’s convertible notes then outstanding under the Convertible Note Agreement, date as of April 1, 2020, as subsequently amended, amongst the Company and the affiliated parties thereto (of which the Lender is a party).

NOTE 5 – RELATED PARTIES

A. Transactions and balances with related parties

	Nine months ended September 30		Three months ended September 30	
	2022	2021	2022	2021
	U.S. dollars (in thousands)			
Research and development expenses:				
Directors compensation and fees to officers	81	24	26	-
General and administrative expenses:				
Directors compensation and fees to officers (*)	791	1,225	444	1,042
(*) Share based compensation	349	872	305	872
Financing expenses (income), net:				
Related to convertible loan terms	(575)	(1,034)	(582)	(237)

CITRINE GLOBAL, CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

B. Balances with related parties:

	As of September 30,	As of December 31,
	2022	2021
	U.S. dollars (in thousands)	
Current Assets:		
Short term loan granted to others	17	15
	17	15
Current Liabilities:		
Short term loan	80	
Convertible notes	-	1,431
Accounts payable	26	20
Accrued compensation	1,326	838
	1,432	2,289
Non-current Liabilities:		
Convertible notes	1,704	-

C. On August 9, 2022, Mr. David Kretzmer’s fee in respect of services provided to the Company was reduced from \$7,000 per month to \$1,500 per month. Mr. Kretzmer’s monthly fee for services rendered to Cannovation Center Israel at the rate of \$2,000 per month was unaffected.

NOTE 6 – SUBSEQUENT EVENTS

- A. On October 19, 2022, Mr. Dror Shaked and Mr. David Freidenberg were appointed to serve as independent directors on the Board of Directors of Citrine Global, Corp. effective upon (and subject to) the Nasdaq listing of the Company.
- B. In November 2022 the Company and iBOT agreed to extend to March 31, 2023 the pre-emption right previously granted to the Company with respect to any equity or equity linked securities that iBOT proposes to issue to an unrelated third party with aggregate gross proceeds to iBOT exceeding \$1 million or which will result 51% in a change in control in iBOT following such issuance.
- C. On November 14, 2022, the CL Agreement was amended to provide that until the repayment in full of all outstanding principal and accrued interest on the Notes issued thereunder and the *earlier* to occur of the exercise in totality of the Warrants issued in connection with the Notes or their termination by the terms thereof, if the Company issues securities in any financing transaction, including debt convertible into equity, in any equity and/or debt offering or other transaction (the “**Future Financing**”) and said securities contain any terms that are more favorable than the terms and provisions contained in the outstanding Notes and/or Warrants under the CL Agreement, including without limitation, an effective per share price which is lower than the then effective Conversion Price applicable to the Notes or the Exercise Price of the Warrants, then the Company shall, at the request of a majority of the Buyers, enter into amendments to the Notes and/or Warrants, as applicable, to provide for the same more favorable terms and provisions.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws, and is subject to the safe-harbor created by such Act and laws. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of such terms, or other variations thereon or comparable terminology. The statements herein and their implications are merely predictions and therefore inherently subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance levels of activity, or our achievements, or industry results to be materially different from those contemplated by the forward-looking statements. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Further information on potential factors that could affect our business is described under the heading “Risk Factors” in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 as filed with the Securities and Exchange Commission, or the SEC, on April 8, 2022. Readers are also urged to carefully review and consider the various disclosures we have made in that report. As used in this quarterly report, the terms “we”, “us”, “our”, the “Company” and “Citrine” mean Citrine Global, Corp. and our wholly-owned subsidiary CTGL -Citrine Global Israel Ltd. unless otherwise indicated or as otherwise required by the context.

Overview

We are a plant-based wellness & pharma solutions company. Our business activity is primarily comprised of developing wellness and pharma solutions, focused on science backed plant-based products to improve quality of life and complementary solutions for balancing side effects caused by using medicines, treatments, or an unbalanced lifestyle.

The global health and wellness market is expected to reach USD 7.6 trillion by 2030, growing at a CAGR of 5.5% from 2021 to 2030¹ with growing awareness of health and wellness solutions for improving people’s quality of life². We are witnessing a global movement of health and wellbeing becoming a priority for the public, further emphasized by the recent global COVID-19 pandemic. There is increasing recognition that people need to take charge of their own health, improve their quality of life, use natural products, and balance side effects caused by medicines and treatment³.

We believe the power of plant-based solutions from nature can help improve people’s health and quality of life.

We seek to bring to the market plant-based wellness and pharma products, such as nutritional supplements, healthy beverages and food ,natural cosmetics that aim to improve people’s health and quality of life and to balance selected side effects associated with medicines, treatments or an unbalanced lifestyle.

¹ Research, P., 2022. Health and Wellness Market Size to Hit USD 7,656.7 Bn by 2030. [online] GlobeNewswire News Room.

² NielsenIQ. 2022. An inside look into the 2021 global consumer health and wellness revolution. [online]

³ Sullivan, F., 2022. Increasing Health Consciousness Among Consumers to Shift the Global Prebiotic Ingredients Market. [online] Pnewswire.com.

Research shows that complementary products can balance side effects associated with medicinal use or treatments. For example, probiotics, natural nutritional supplements are recommended as a complementary product to balance side effects associated with the use of antibiotics⁴.

Leveraging technology and research, we are focused on developing products portfolio based on rigorous scientific research ranging from synergistic botanicals, herbal extract tinctures, medicinal mushrooms together with plant extracts, vitamins, minerals, botanical formulations from seeds, roots, bark, fruits and a wide variety of plants that contain substances with health-supportive effects. Such supportive effects include, but aren't limited to, enhancing oral care, anti-inflammatory properties, relaxation, sleep enhancement, energizing, mood and body balancing, and alleviating side effects.

Our headquarters and senior executives are based in Israel, where we operate via our 100%-owned-subsiary "CTGL Citrine Global Israel Ltd." and 60%-owned "Cannovation Center Israel Ltd."

Our experienced team and partners are leaders in their respective fields with proven track records as top-level businesspeople and executives in technology, high-tech, biotech, investments, entrepreneurship, real estate, finance, and proven experience in bringing companies to global success. We have a professional, experienced group of primary shareholders that include Citrine S A L Investment & Technologies, which are supporting the Company.

Our presence in Israel combined with our close contacts with leading universities, researchers, companies, shareholder and governmental support powers us to access the latest technologies, talent, and innovation to bring innovative solutions to the global market.

With the mission is to leverage the power of plant-based solutions from nature to help improve people's health and quality of life , and bring to market, on a global scale, innovative plant-based wellness and pharma solutions, covering the whole spectrum from innovation, research and development, product development, infrastructure for production and manufacturing, distribution, marketing and sales

We created multi-strategy solutions to realize our mission, the highlights of which include the following:

Developing & Bringing Plant-Based Wellness & Pharma Products to Market

We are developing plant-based solutions which include products for improving quality of life and complementary solutions for balancing selected side effects caused by using medicines, treatments, or an unbalanced lifestyle.

We developed dozens of formulations and products lines that includes nutritional supplements under the Green Side by Side™ brand name and the GreenFeels™ brand name in multiple form factors that include herbals, medicinal mushrooms, vitamins, minerals, and a variety of researched plants known for their healing qualities that contain substances with different anti-inflammatory properties and a variety of health-supportive effects that are relaxing, sleep enhancing, energizing, mood and body balancing, enhancing oral care, alleviating side effects, and more,

Our products lines include the following product categories:

- Oral Cavity Care Product Line
- Medicinal Mushrooms Product Line
- Booster Product Line
- Personal Protection Product Line
- Balance & Calm Product Line

⁴ N.A.Kerna, 2018, A complementary medicine approach to augmenting antibiotic therapy current practices in the use of probiotics during antibiotic therapy, International Journal of Complementary & Alternative Medicine.

We manufacture our products in Israel at iBOT Israel Botanicals (iBOT), a GMP-certified manufacturing facility approved by the Israeli Ministry of Health. iBOT is a related company and we have strategic agreements with them. As part of our preparation to sell our products in the US, iBOT already obtained FDA approval for exporting products to the US.

Go to Market Strategy and Prospective Revenue Sources

Our strategy for generating revenue includes sales of our product lines & brands and building a worldwide network with local teams and subsidiaries, partnerships and collaborations with distributors retail and pharmacy chains, and mergers & acquisitions of distribution companies

We are ready to go to market with a wide range of product lines for the wellness industry in multiple form factors, including nutritional supplements, herbals, medicinal mushrooms, vitamins, minerals, and a variety of researched plants known for their healing qualities that contain substances with different anti-inflammatory properties and a variety of health-supportive effects that are relaxing, sleep enhancing, energizing, mood and body balancing, enhancing oral care, alleviating side effects, and more. We started beta-testing several products in the Israeli market and are planning to establish appropriate distribution and marketing networks worldwide .

We have various business models to sell our products through different distribution channels, which include online digital direct sales, online retailer websites, physical shops and retailers including food, drug, and mass merchandise retail networks. Currently we are focused on building a B2B distribution network worldwide with select local partners who will be handling import, distribution, marketing, and sales while adhering with local regulations.

We target our product lines & brands for the plant-based wellness & pharma market of natural products of nutraceuticals, natural superfoods, , healthy beverages, cosmetics, legal, cannabis chains ,distribution network, and the botanical and plant-derived drugs.

- The nutritional supplements market is expected to reach USD 624.7 billion by 2030⁵.
- The superfoods market is expected to reach USD 287.7 billion by 2027⁶.
- The legal cannabis market is expected to reach USD 70.6 billion by 2028⁷
- The botanical and plant-derived drug market is expected to reach USD 53 billion by 2026⁸.
- The natural cosmetics market is expected to reach USD 20.8 billion by 2027⁹.

IP and Research & Development Strategy

Our IP strategy and R&D roadmap include developing plant-based wellness and plant-based pharma solutions, building our patent portfolio, conducting clinical trials, advancing products through regulatory approvals, and bringing innovative products to market.

We already submitted several provisional patent applications, as detailed below, and we plan to build a patent portfolio.

⁵ Research, P., 2022. Nutritional Supplements Market to Hit US\$ 624.7 Billion by 2030. [online] GlobeNewswire News Room

⁶ Industry Research., 2022. *Global Superfoods Market Size is Projected To Reach US\$ 287.75 Billion by 2027* [online]

⁷ Grandviewresearch.com. 2022. Legal Marijuana Market Size Worth \$70.6 Billion By 2028. [online]

⁸ 2018-2026, G. and 2018-2026, G., 2022. Botanical and Plant Derivative Drug Market - Global Forecast 2018-2026. [online] Inkwood Research

⁹ Mynewsdesk. 2022. Vegan Cosmetics Market is Growing at 6.9% CAGR, Market Size, Share, Statistics, Cosmetics Industry Trends, Leading Company Profiles, Forecast & Estimations to 2027. [online]

Our strategy includes developing wellness, OTC product lines and plant-based medicines for the botanical and plant-derived drug market including:

- Developing products portfolio based on rigorous scientific research ranging from synergistic botanicals, herbal extract tinctures, medicinal mushrooms together with plant extracts, botanical formulations from seeds, roots, bark, fruits and a wide variety of plants that contain substances with health-supportive effects. Such supportive effects include, but aren't limited to, enhancing oral care, anti-inflammatory properties, relaxation, sleep enhancement, energizing, mood and body balancing and alleviating side effects.
- Developing & researching complementary solutions to address the need to balance selected effects for Caused by Using Medicines, Treatments or an Unbalanced Lifestyle. A broad range of medicines and treatments have common side effects such as dryness in the oral cavity (xerostomia), headaches, dizziness, drowsiness, fatigue, nausea, vomiting, lack of concentration, and impaired appetite that are associated with the use of medicines and treatments¹⁹.

The public health impact of harms associated with medicines and treatments is a growing area of investigation, given the expanding pharma industry and widespread availability of drugs and different medical treatments around the world. Current evidence suggests that use of medicines is associated with side effects. Exploring the relationship between drug side-effects and therapeutic indications demonstrates that 69% of drugs have between 10 and 100 different side effects; 22% of drugs have more than 100 side-effects; only 9% of drugs have less than 10 side-effects.

The public health impact of potential harm associated with medicines and treatments is a growing area of investigation, given the expanding pharma industry and widespread availability of drugs and different medical treatments around the world. For example, exploring the relationship between drug side-effects and therapeutic indications demonstrates that **69% of drugs have between 10 and 100 different side effects**¹⁰.

Our research and development program includes:

- Developing wellness plant-based product portfolio & brands across the range from scientific and research-based plants, such as herbal extracts, medicinal mushrooms, and other natural ingredients
- Developing complementary products portfolio & brands for balancing selected side effects caused by medicines, treatments, cannabis, aging, stress, and an unbalanced lifestyle
- Researching and developing pharma solutions with the mission of developing plant-based medicines and botanical drugs
- Building patent portfolio
- Building clinical trials program & portfolio
- Registering products for regulatory approval
- Building the infrastructure for production and innovation centers to leverage IP & competitive advantage in developing and manufacturing wellness to pharma plant-based products

Provisional Patent Applications

As part of our IP strategy to build a patent portfolio we have to date submitted several provisional patent applications, as detailed below:

In October 2022 we filed a provisional patent application, "COMPOSITIONS AND METHODS FOR TREATING, AMELIORATING, ALLEVIATING, MITIGATING OR BALANCING SIDE-EFFECTS ASSOCIATED WITH THE USE OF MEDICINES, TREATMENTS, AGING, CANNABIS, AND UNBALANCED OR UNHEALTHY LIFESTYLE", patent No: 63/418,046 in the U.S. Patent & Trademark Office. The patent application describes common side effects associated with the use of medicines, treatments, aging, cannabis and cannabinoids, and unbalanced or unhealthy life style, such as dryness in the oral cavity (xerostomia), headaches, dizziness, drowsiness, fatigue, nausea, vomiting, lack of concentration, impaired appetite, and more. This is a growing area of concern, given the expanding rate of chronic diseases and legalization and widespread availability of cannabis around the world. The patent application relates to compositions and methods for answering the need for treatment, amelioration, alleviation, mitigation, or balance of side effects, and technologies, and solutions to support people who experience side effects related to their treatment.

¹⁰ P. Zhang, F. Wang, J. Hu, and R. 2013, *Exploring the Relationship Between Drug Side-Effects and Therapeutic Indications*, PubMed Central, PMCID: PMC3900166; PMID: 24551427

This provisional patent application is an extension of the provisional patent application filed on October 2021 for “PHARMACEUTICAL COMPOSITIONS AND METHODS FOR THE TREATMENT OF SIDE-EFFECTS ASSOCIATED WITH THE USE OF CANNABIS, CANNABINOIDS AND RELATED PRODUCTS”, patent No: 63/257,673 in the U.S. Patent & Trademark Office that describes certain side effects of cannabis use, the needs, technologies, and solutions to support medical cannabis users who experience side effects related to their cannabis treatment.

In July 2022, we filed a provisional patent application for “COMPOSITIONS AND METHODS FOR TREATING, AMELIORATING, ALLEVIATING, MITIGATING OR BALANCING SIDE-EFFECTS IN THE ORAL CAVITY ASSOCIATED WITH THE USE OF MEDICINES, TREATMENTS, AGING OR UNBALANCED/UNHEALTHY LIFESTYLE”, patent No: 63/388,361 in the U.S. Patent & Trademark Office. The patent application relates to compositions and methods for answering the need for treatment, amelioration, alleviation, mitigation, or balance of side effects in the Oral Cavity related to medications, treatments (such as chemotherapy), and more. It describes technologies and solutions to support people who experience side effects related to their treatment. Oral cavity side effects are common. The overall estimated prevalence of dry mouth is over one in four people in the general population with higher prevalence rates observed in studies conducted with elderly people¹¹. Research shows that oral cavity-related symptoms are linked to different factors, such as using medicines, treatments, aging, an unbalanced or unhealthy lifestyle, various chronic diseases, psychological reasons, stress, and more¹².

Our patent application targets solutions for side effects and is in line with the Company’s strategy to bring to market a broad array of plant-based wellness and pharma complementary solutions targeting to address selected side effects caused by using medicines, treatments, or an unbalanced lifestyle. An excellent use case of complementary natural products alleviating side effects of medicines is that antibiotics and probiotics. For example, research shows that probiotics, natural food supplements, are recommended as a complementary product to balance side effects associated with the use of antibiotics¹³.

We developed product lines of sprays for the oral cavity as nutritional supplements contain plant extract combinations, distilled from seeds, roots and fruits with active anti-inflammatory effects, that encourage saliva production and balancing of taste in the oral cavity We are manufacturing the products under GMP certification of approved by the Israeli Ministry of Health.

We have launched the products in the Israeli market under the brands name :

SmokLy™ line of sprays for the oral cavity dry mouth side effect targeting the market of cannabis users and tobacco smokers.

¹¹ How Common is Dry Mouth? Systematic Review and Meta-Regression Analysis of Prevalence Estimates Brazilian Dental Journal (2018) 29(6): 606-618

¹² American Dental Association (ADA) Science & Research Institute, LLC Oral Health Topic: Xerostomia, Department of Scientific Information, Evidence Synthesis & Translation Research. Feb 2021

¹³ N.A.Kerna, 2018, A complementary medicine approach to augmenting antibiotic therapy current practices in the use of probiotics during antibiotic therapy, International Journal of Complementary & Alternative Medicine

And DryLess™ sprays for the oral cavity dry mouth side effect that targeting adult population experiencing constant dry mouth and certain cancer treatment patients that experience constant dry mouth as part of their cancer treatment regimen.

We plan to develop several lines of natural wellness, OTC product lines for the botanical and plant-derived drug market with the mission of developing plant-based medicines for the plant-derived drug market that is expected to reach \$53 billion by 2026¹⁴.

About Green Vision Center Production & Innovation Center for Plant-Based Wellness & Pharma Products

The Green Vision Center is part of our strategy to create plant-based solutions covering all the infrastructure, facilities, and activities required for developing, manufacturing, and bringing to market innovative plant-based wellness and pharma products.

As demand for plant-based products in industries ranging from wellness, to pharma, to cosmetics, to food continues to increase, Green Vision Center will provide all facilities needed for bringing to market plant-based wellness and pharma products.

We acquired 125,000 sq ft (11,687 sq meters), of industrial land in Yerucham, a city in southern Israel, to build **Green Vision Center Israel** with the Israeli government support. (Approximately 90% of the acquisition cost was provided by Israeli government programs that encourage industrial development and includes additional grants and tax incentives.) Green Vision Center Israel will include approximately 65,000 sq. ft. (5,800 sqm) a first-of-its-kind center that will include:

- Manufacturing facilities for botanicals and nutritional supplements
- Manufacturing facilities for pharma plant-based products & botanical drugs
- Manufacturing facilities for healthy snacks & beverages
- Manufacturing facilities for plant-based cosmetics
- Manufacturing facilities for medical cannabis and related products
- R&D laboratories for development, clinical studies, and quality control testing
- Distribution and global logistics center
- Management and consultant offices
- Conference, training & visitor center

Green Vision Center Israel was designed by Avner Sher, one of Israel's most highly regarded architects. Its design includes a unique roof in the shape of a lotus flower and will be built with solar panels and according to ecological green principles of saving energy. The center will be constructed by a professional project construction company.

Our mission is to become a leading worldwide production and innovation center and bring together partners, market leaders, companies, technologies, and scientific collaborations from Israel and around the world.

¹⁴ 2018-2026, G. and 2018-2026, G., 2022. Botanical and Plant Derivative Drug Market - Global Forecast 2018-2026. [online] Inkwood Research.

Quarter and Post-Quarter Developments

- (i) On July 15, 2022, Citrine 9 LP, (hereinafter “Citrine 9”), one of the related entities and a signatory lender (to the Convertible Note Purchase Agreement entered into by the Company and several related parties (hereinafter the “Buyers”) in April 2020, as subsequently amended (the “CL Agreement”) agreed to honor a Draw Down Notice for, and has advanced to the Company, \$100,000 on the same terms and conditions as are specified in the CL Agreement. The annual interest on the loan continues to be nine percent (9%). The principal and interest payments on the Note are due on July 31, 2023 and are to be made in New Israeli Shekels (NIS) at the conversion rate which was in effect on the date on which the loan was advanced. Citrine 9 was issued 8,333,333 Series A warrants and 8,333,333 Series B warrants for shares of common stock, where the Series A warrants are exercisable beginning January 15, 2023 through July 15, 2024 and the Series B warrants are exercisable beginning January 15, 2023 through July 15, 2025, in each case at an exercise price of \$0.05 per share. On August 9, 2022, the Company’s board of directors agreed to extend the maturity date on the loans to October 31, 2023, subject to approval of Citrine 9, and to extend the exercise period of the warrants through August 9, 2027.
- (ii) In July 2022, the Company’s subsidiary, Cannovation Center Israel Ltd, has filed a provisional patent application in the United States Patent and Trademark Office (USPTO) for “COMPOSITIONS AND METHODS FOR TREATING, AMELIORATING, ALLEVIATING, MITIGATING OR BALANCING SIDE-EFFECTS IN THE ORAL CAVITY ASSOCIATED WITH THE USE OF MEDICINES, TREATMENTS, AGING OR UNBALANCED/UNHEALTHY LIFESTYLE”, patent Application No. 63/388,361, in the U.S. Patent & Trademark Office. The patent application targets solutions for oral cavity side effects and is in line with the Company’s strategy to bring to market a broad array of plant-based wellness and pharma complementary solutions targeting to address selected side effects caused by using medicines, treatments, or an unbalanced lifestyle.
- (iii) (v) On August 9, 2022, the board of directors of the Company agreed to the following:
1. The maturity date on all outstanding convertible loans under the CL Agreement was extended to October 31, 2023 (from July 31, 2023), subject to agreement of the lending entities under the CL Agreement to the extension of such maturity date; and
 2. The exercise period on all of the outstanding Series A and Series B warrants issued to date in connection with the convertible loans was extended to August 9, 2027.
- (iv) On August 9, 2022, the Board agreed to issue to the related entities who advanced an aggregate of \$1,170,000 in convertible loans under the CL Agreement on or before June 15, 2020 warrants for a total 5,589,172 shares of common stock, exercisable through August 9, 2027 at a per share exercise price of \$0.05, in replacement of the Series A warrants for an identical number of shares issued in June 2020 in connection with such loans
- (v) On August 9, 2022, the Company’s board of directors determined to increase the number of shares reserved for issuance under the 2018 Stock Incentive Plan (the “2018 Plan”) by 90 million shares to a total of 180,000,000 shares of common stock thereunder and on August 12, 2022 the Company shareholders approved the same
- (vi) On August 9, 2022, the Board also determined to grant to the directors and officers set forth below options under the 2018 Plan. The options vest over a three year period, in twelve (12) equal installments, with the first instalment vesting on the third month anniversary of the date of grant and each further instalment on each subsequent third month anniversary, subject to such individual’s continued service with the Company. In the event of a change in control, the vesting schedule is accelerated and all unvested options vest.

Director/Officer	Number of Options
Ora Elharar Soffer (Chairperson, CEO)	47,128,400
Ilanit Halperin (Director, CFO)	18,851,360
Ben Ishay (Director)	18,851,360
Doron Birger (Director)	2,356,420
David Kretzmer	2,356,420

The terms relating to the options grants are included in stock option agreements under the 2018 Plan, . Amongst other things, the stock option agreements for selected service providers of Citrine Global, including our directors and officers, provide that the exercise price of the options that were awarded to date, shall remain unaffected by the implementation of a reverse stock split that the Company may implement; to avoid any doubt, such reverse stock split shall apply to the number of options shares issuable under such options. All other relevant terms of such shall continue in full force and effect and are such reverse stock split. Any and all tax implications rest solely with the optionee and not the Company.

- (viii) On August 9, 2027, Mr. David Kretzmer’s fee in respect of services provided to us was reduced from \$7,000 per month to \$1,500 per month. Mr. Kretzmer’s monthly fee for services rendered to Cannovation Center Israel at the rate of \$2,000 per month was unaffected.
- (ix) On September 30, 2022, Citrine Global received a loan from Citrine Hi Tech 7 LP, an Israeli limited partnership and an affiliated entity (the “Lender”), in the principal amount of \$80,000. The loans bears interest at 12% per annum and is scheduled to mature on December 15, 2022. The principal and interest payment on the Note are to be made in New Israeli Shekels (NIS) at the exchange rate which was in effect on the date on which the loan was advanced. The Lender has the option, upon written notice to the Company and subject to the Company’s consent, to extend the maturity date of the loan (the “Maturity Date extension Notice”). The Lender is to provide the Maturity Date extension Notice by no later than December 5, 2022.

In the event that the Company agrees to such extension, the terms of this Note shall be adjusted on a *pro-rata* basis, to those terms applicable to the Company’s convertible notes then outstanding under the Convertible Note Agreement, date as of April 1, 2020, as subsequently amended, amongst the Company and the affiliated parties thereto (of which the Lender is a party).

(x) In October 2022 we filed a provisional patent application, “COMPOSITIONS AND METHODS FOR TREATING, AMELIORATING, ALLEVIATING, MITIGATING OR BALANCING SIDE-EFFECTS ASSOCIATED WITH THE USE OF MEDICINES, TREATMENTS, AGING, CANNABIS, AND UNBALANCED OR UNHEALTHY LIFESTYLE”, patent No: 63/418,046 in the U.S. Patent & Trademark Office. The patent application describes common side effects associated with the use of medicines, treatments, aging, cannabis and cannabinoids, and unbalanced or unhealthy life style, such as dryness in the oral cavity (xerostomia), headaches, dizziness, drowsiness, fatigue, nausea, vomiting, lack of concentration, impaired appetite, and more. This is a growing area of concern, given the expanding rate of chronic diseases and legalization and widespread availability of cannabis around the world. The patent application relates to compositions and methods for answering the need for treatment, amelioration, alleviation, mitigation, or balance of side effects, and technologies, and solutions to support people who experience side effects related to their treatment. This patent application is an extension of the provisional patent application files on October 2021 for “PHARMACEUTICAL COMPOSITIONS AND METHODS FOR THE TREATMENT OF SIDE-EFFECTS ASSOCIATED WITH THE USE OF CANNABIS, CANNABINOIDS AND RELATED PRODUCTS”, patent No: 63/257,673 in the U.S. Patent & Trademark Office. that describes certain side effects of cannabis use, the needs, technologies, and solutions to support medical cannabis users who experience side effects related to their cannabis treatment.

(xi) On October 19, 2022, Mr. Dror Shaked and Mr. David Freidenberg were appointed to serve as independent directors on the Board of Directors of Citrine Global, Corp. effective upon (and subject to) the Nasdaq listing of the Company:

Dror Shaked, 55, is the Senior Vice President Business Development at Wix.com (NASDAQ: WIX), a position he has held since June 2011, where he leads the Global Corporate Business Development and mergers and acquisitions. Prior to Wix, Mr. Shaked was the Vice President Investments at Decima Ventures. Mr. Shaked holds an MBA from Tel Aviv University and BSc from Tel Aviv University.

David Freidenberg, 45, is the Chief Executive Officer of Go Clear, a company in urban renewal software, a position he has held since July 2022. Mr. Freidenberg was the Chief Executive Officer and a Director of Seedo Corp. from June 2020 through November 4, 2021, and the CEO of Saffron Tech Ltd., a wholly owned subsidiary of Seedo Corp. He has extensive experience in the telecommunications and information technology (IT) industries including Vice President of Sales & Business Development at Trigyn Technologies, an IT services provider with \$130 million in annual revenue. Past posts include CEO and Director of POMM Inc.; CEO and Director of Chip Pc; COO of Nidam Communication as well as a director and manager for Hot cable TV, and Bezeq (Israeli National telephone company). David received both his BA in Economics (2003) and MBA in finance and accounting (2007) from Hebrew University.

xii) In November 2022 iBOT agreed to extend to March 31, 2023 the pre-emption right previously granted to the Citrine Global Group with respect to any equity or equity linked securities that iBOT proposes to issue to an unrelated third party with aggregate gross proceeds to iBOT exceeding \$1 million or which will result 51% ?/in a change in control in iBOT following such issuance.

(xiii) on November 14, 2022, the CL Agreement was amended to provide that until the repayment in full of all outstanding principal and accrued interest on the Notes issued thereunder and the *earlier* to occur of the exercise in totality of the Warrants issued in connection with the Notes or their termination by the terms thereof, if the Company issues securities in any financing transaction, including debt convertible into equity, in any equity and/or debt offering or other transaction (the “**Future Financing**”) and said securities contain any terms that are more favorable than the terms and provisions contained in the outstanding Notes and/or Warrants under the CL Agreement, including without limitation, an effective per share price which is lower than the then effective Conversion Price applicable to the Notes or the Exercise Price of the Warrants, then the Company shall, at the request of a majority of the Buyers, enter into amendments to the Notes and/or Warrants, as applicable, to provide for the same more favorable terms and provisions.

Components of Operating Results

The following discussion summarizes the key factors our management believes are necessary for an understanding of our consolidated financial statements.

Revenues

We have not generated any revenues from product sales as of September 30, 2022.

Research and Development Expenses

The process of researching and developing our products is lengthy, unpredictable, and subject to many risks. We expect to continue incurring expenses through 2022 as we continue to develop our product line. We are unable, with any certainty, to estimate either the costs or the timelines in which those expenses will be incurred. Our current product development plans focus on the development of our products lines that includes the *Green Side by Side Products line and GreenFeels products line*.

Our research and development costs include costs are comprised of:

- internal recurring costs, such as personnel-related costs (salaries, employee benefits, equity compensation and other costs), materials and supplies, facilities and maintenance costs attributable to research and development functions; and
- fees paid to external parties who provide us with contract services, such as preclinical testing, manufacturing , regulations , related testing and clinical trial activities.

Marketing

Marketing expenses consist primarily of salaries, employee benefits, equity compensation, and other personnel-related costs associated with executive and other support staff. Other significant marketing expenses include the costs associated with professional fees to develop our marketing strategy.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, employee benefits, equity compensation, and other personnel-related costs associated with executive, administrative and other support staff. Other significant general and administrative expenses include the costs associated with professional fees for accounting, auditing, insurance costs, consulting and legal services, along with facility and maintenance costs attributable to general and administrative functions.

Financial Expenses

Financial expenses consist primarily impact of exchange rate derived from re-measurement of monetary balance sheet items denominated in non-dollar currencies. Other financial expenses include bank's fees and interest on long term loans.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 compared to the Three Months Ended September 30, 2021

The following table presents our results of operations for the three months ended September 30, 2022 and 2021

	Three Months Ended September 30	
	2022	2021
Revenues	-	-
Cost of sales	-	-
Operating loss	-	-
Research and development expenses	(27,000)	(57,000)
Marketing, general and administrative expenses	(565,000)	(1,168,000)
Operating loss	(592,000)	(1,225,000)
Income (expenses) related to convertible loan terms	(582,000)	(237,000)
Other financing expenses, net	(2,000)	(87,000)
Net loss	(1,176,000)	(1,549,000)

Revenues. Revenues for the three months ended September 30, 2022 and 2021 were \$nil.

Research and Development. Research and development expenses for the three months ended September 30, 2022 were \$27,000 compared to \$57,000 for the three months ended September 30, 2021.

Marketing, general and Administrative Expenses. Marketing, general and administrative expenses consist primarily of professional services, share-based compensation expenses and other non-personnel related expenses such as legal expenses. Marketing, general and administrative expenses decreased from \$1,168,000 for the three months ended September 30, 2021 to \$565,000 for the three months ended September 30, 2022. The decrease in our marketing, general and administrative expenses is mainly attributable to the decrease in non-cash share-based compensation expenses for such professional services.

Financing Expenses, Net. Financing income, net for the three months ended September 30, 2022 were \$584,000 compared to financing expenses, net \$324,000 for the three months ended September 30, 2021. The reason for the increase in financial expenses, net was due to \$345,000 of non-cash expenses recorded in connection with convertible loan terms offset by decrease in other financing income.

Net Loss. Net loss for the three months ended September 30, 2022 was \$1,176,000 and is attributable to the reasons discussed above.

Comparison of the Nine Months Ended September 30, 2022 compared to the Nine Months Ended September 30, 2021

The following table presents our results of operations for the nine months ended September 30, 2022 and 2021

	Nine Months Ended September 30	
	2022	2021
Revenues	-	-
Cost of sales	-	-
Operating loss	-	-
Research and development expenses	(83,000)	(123,000)
Marketing, general and administrative expenses	(1,234,000)	(3,281,000)
Operating loss	(1,317,000)	(3,404,000)
Income (expenses) related to convertible loan terms	(575,000)	(1,034,000)
Other financing expenses, net	(19,000)	(70,000)
Net loss	(1,911,000)	(4,508,000)

Revenues. Revenues for the nine months ended September 30, 2022 and 2021 were \$nil.

Research and Development. Research and development expenses for the nine months ended September 30, 2022 were \$83,000 compared to \$123,000 for the nine months ended September 30, 2021.

Marketing, general and Administrative Expenses. Marketing, general and administrative expenses consist primarily of professional services, share-based compensation expenses and other non-personnel related expenses such as legal expenses. Marketing, general and administrative expenses decreased from \$3,281,000 for the nine months ended September 30, 2021 to \$1,234,000 for the nine months ended September 30, 2022. The decrease in our marketing, general and administrative expenses is mainly attributable to the decrease in our non-cash share-based compensation expenses offset by increase in professional services related expenses.

Financing Expenses, Net. Financing expenses, net for the nine months ended September 30, 2022 were \$594,000 compared to \$1,104,000 for the nine months ended September 30, 2021. The reason for the decrease in financial expenses, net was due to \$459,000 of expenses related to convertible loan terms for the nine months ended September 30, 2021.

Net Loss. Net loss for the nine months ended September 30, 2022 was \$1,911,000 and is attributable to the reasons discussed above.

Financial Condition, Liquidity and Capital Resources

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. At September 30, 2022, we had current assets of \$284,000 compared to total current assets of \$349,000 as of December 31, 2021. At September 30, 2022, we had current liabilities of \$1,618,000 as compared to \$1,064,000 as of December 31, 2021. At September 30, 2022, we had total liabilities of \$3,460,000 as compared to \$2,495,000 as of December 31, 2021. The increase is mainly attributed to the increase in the balance of accrued expenses and the balance of convertible component in convertible notes.

At September 30, 2022, we had a cash balance of \$179,000 compared to the cash balance of \$270,000 as of December 31, 2021.

At September 30, 2022, we had a working capital deficiency of \$1,334,000 as compared with a working capital deficiency of \$715,000 at December 31, 2021.

On July 15, 2022, Citrine 9 LP (hereinafter “Citrine 9”), one of the related entities who are the signatory lenders (hereinafter the “Buyers”) to the Convertible Note Purchase Agreement entered into by the Company and such Buyers in April 2020, as subsequently amended (the “CL Agreement”) agreed to honor a Draw Down Notice for, and has advanced to the Company, \$100,000 on the same terms and conditions as are specified in the CL Agreement. The annual interest on the loan continues to be nine percent (9%). The principal and interest payment on the Note shall be made in New Israeli Shekels (NIS) at the conversion rate which was in effect on the date on which the loan was advanced. As provided for under the terms of the Convertible Note Agreement, Citrine 9 is entitled to 8,333,333 Series A warrants and 8,333,333 Series B warrants for shares of common stock, where each of the series are exercisable beginning January 15, 2023 through October 31, 2025, in each case at an exercise price of \$0.05 per share. On August 9, 2022, the Company’s board of directors agreed to extend the exercise period of the warrants through August 9, 2027.

On September 30, 2022, Citrine Global received a loan from Citrine Hi Tech 7 LP, an Israeli limited partnership and an affiliated entity (the “Lender”), in the principal amount of \$80,000. The loans bears interest at 12% per annum and is scheduled to mature on December 15, 2022. The principal and interest payment on the Note are to be made in New Israeli Shekels (NIS) at the exchange rate which was in effect on the date on which the loan was advanced. The Lender has the option, upon written notice to the Company and subject to the Company’s consent, to extend the maturity date of the loan (the “Maturity Date extension Notice”). The Lender is to provide the Maturity Date extension Notice by no later than December 5, 2022.

Based on the Company’s current cash balances, the Company believes that it has sufficient funds for its plans for the next twelve months from the issuance of these financial statements. As the Company is embarking on its activities as detailed herein, it is incurring losses. It cannot determine with reasonable certainty when and if it will have sustainable profits.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company’s reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s principal executive officer and the Company’s principal financial officer to allow for timely decisions regarding required disclosure. In designing and evaluating the Company’s disclosure controls and procedures, the Company’s management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company’s management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the Company’s evaluation of the effectiveness of its disclosure controls and procedures as of September 30, 2022, the Company’s principal executive officer and the Company’s principal financial officer concluded that the Company’s disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2022, there were no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Currently the Company is not involved in any legal proceedings. However, from time to time we may become involved in various legal proceedings that arise in the ordinary course of business, including actions related to our intellectual property. Although the outcomes of these legal proceedings cannot be predicted with certainty, we are currently not aware of any such legal proceedings that arise in the ordinary course of business, including actions related to our intellectual property. Although the outcomes of these legal proceedings cannot be predicted with certainty, we are currently not aware of any such legal proceedings or claims that we believe, either individually or in the aggregate, will have a material adverse effect on our business, financial condition, or results of operations.

ITEM 1A. RISK FACTORS

An investment in the Company's Common Stock involves a number of very significant risks. You should carefully consider the risk factors included in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on April 8, 2022, in addition to other information contained in our reports and in this quarterly report in evaluating the Company and its business before purchasing shares of our Common Stock. There have been no material changes to our risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

On November 13, 2022, the board of directors ratified the Stock Option Agreements for the previously disclosed stock options grants that were awarded in each of August 2021 and in August 2022 to service providers, including our officers and directors. With respect to selected optionee service providers to Citrine Global, including our directors and officers, the relevant stock option agreements provide that the exercise price of the options that were awarded to date, which include our officers and directors, shall remain unaffected by the implementation of a reverse stock split that the Company may implement; to avoid any doubt, such reverse stock split shall apply to the number of options shares issuable under such options and all other relevant terms of such options (other than the exercise price) shall continue in full force and effect following the implementation of such reverse stock split. Any and all tax implication of this decision shall rest solely with the optionee.

ITEM 6. EXHIBITS

Exhibit Index:

31.1*	<u>Certification of Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</u>
31.2	<u>Certification of Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</u>
32.1*	<u>Certification of Chief Executive Officer (Principal Executive Officer), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</u>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITRINE GLOBAL, CORP
(Registrant)

By: /s/ Ora Elharar Soffer
Ora Elharar Soffer
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Ilanit Halperin
Ilanit Halperin
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 15, 2022

Date: November 15, 2022

I, Ora Elharar Soffer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Citrine Global, Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ora Elharar Soffer

Ora Elharar Soffer, Chief Executive Officer
(Principal Executive Officer)

Date: November 15, 2022

I, Ilanit Halperin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Citrine Global, Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ilanit Halperin

Ilanit Halperin, Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 15, 2022

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Principal Executive Officer of Citrine Global, Corp. (the "Company") hereby certifies to such officer's knowledge that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ora Elharar Soffer

Ora Elharar Soffer, Chief Executive Officer
(Principal Executive Officer)

Dated: November 15, 2022

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Principal Executive Officer of Citrine Global, Corp. (the "Company") hereby certifies to such officer's knowledge that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ilanit Halperin

Ilanit Halperin, Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: November 15, 2022
