

CITRINE GLOBAL, CORP.

FORM 10-Q (Quarterly Report)

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**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 March 31, 2023; or

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

for the transition period from _____ to _____

Commission file number 000-55680



CITRINE GLOBAL, CORP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

68-0080601

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

5 Golden Beach, Ceasarea Israel

(Address of principal executive offices)

3088900

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	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	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 May 12, 2023, there were outstanding 956,479,039 shares of the registrant's common stock, par value \$0.0001 per share.

CITRINE GLOBAL, CORP
Form 10-Q
March 31, 2023

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CITRINE GLOBAL, CORP.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2023

CITRINE GLOBAL, CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2023
U.S. DOLLARS IN THOUSANDS

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

	March 31, 2023	December 31, 2022
	(Unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	62	77
Prepaid expenses	185	88
Other current assets	19	20
Total Current assets	266	185
Non-current assets		
Investments valued under the measurement alternative	903	894
Property and equipment, net	224	230
Total non-current assets	1,127	1,124
Total assets	1,393	1,309
Liabilities and Stockholders' Deficit		
Current liabilities		
Short term loans	-	82
Credit facility	51	-
Accounts payable and accrued expenses	254	247
Accrued compensation	1,616	1,476
Total current liabilities	1,921	1,805
Non-current liability		
Convertible component in convertible notes	119	161
Convertible notes	2,002	1,814
Total liabilities	4,042	3,780
Stockholders' Deficit		
Common stock, par value \$0.0001 per share, 1,500,000,000 shares authorized at March 31, 2023 and December 31, 2022; 956,479,039 and 943,703,873 shares issued and outstanding at March 31, 2023 and December 31, 2022	95	94
Additional paid-in capital	24,351	23,248
Stock to be issued	34	474
Accumulated deficit	(27,254)	(26,402)
Accumulated other comprehensive income	125	115
Total stockholders' deficit	(2,649)	(2,471)
Total liabilities and stockholders' deficit	1,393	1,309

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)

	Three months ended	
	March 31	
	2023	2022
	(Unaudited)	
Research and development expenses	(28)	(25)
Marketing, general and administrative expenses	(489)	(315)
Operating loss	(517)	(340)
Financing expenses, net:		
Expenses related to convertible loan terms	(330)	(379)
Other financing expenses, net	(5)	(10)
Financing expenses, net	(335)	(389)
Net loss attributable to common stockholders	(852)	(729)
Loss per common stock (basic)	(0.00)	(0.00)
Basic weighted average number of shares of common stock outstanding	952,728,740	942,568,006
Comprehensive loss:		
Net loss	(852)	(729)
Other comprehensive income attributable to foreign currency translation	10	6
Comprehensive loss	(842)	(723)

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 and per 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, 2022	943,703,873					
CHANGES DURING THE PERIOD OF THREE MONTHS ENDED MARCH 31, 2023:							
Issuance of shares under share purchase agreement (note 4)	9,259,250	1	443	(444)	-	-	-
Issuance of shares for credit facility	3,232,016	*	123	-	-	-	123
Share based compensation to service providers	283,900	*	*	4	-	-	4
Warrants issued in connection with convertible notes	-	-	268	-	-	-	268
Share based compensation	-	-	269	-	-	-	269
Other comprehensive income	-	-	-	-	-	10	10
Net loss for the period	-	-	-	-	(852)	-	(852)
BALANCE AT MARCH 31, 2023 (unaudited)	<u>956,479,039</u>	<u>95</u>	<u>24,351</u>	<u>34</u>	<u>(27,254)</u>	<u>125</u>	<u>(2,649)</u>
	<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					
CHANGES DURING THE PERIOD OF THREE MONTHS ENDED MARCH 31, 2022:							
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)	<u>942,568,006</u>	<u>94</u>	<u>22,043</u>	<u>44</u>	<u>(24,486)</u>	<u>112</u>	<u>(2,193)</u>

* represents amount under \$1 thousand

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, except share and per share data)

	Three months ended	
	March 31,	
	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(852)	(729)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1	1
Finance expenses, net	2	3
Financial expenses with respect to convertible notes and loans	330	378
Share based payment	273	32
Fair value adjustment of option to purchase MyPlant shares	(9)	-
Changes in operating assets and liabilities:		
Increase in inventory	-	(18)
Prepaid expenses and other current assets	27	4
Accounts payable and accrued expenses	163	168
Net cash used in operating activities	<u>(65)</u>	<u>(161)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(4)
Net cash used in investing activities	<u>-</u>	<u>(4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible notes	-	180
Proceeds under credit facility	51	-
Net cash provided by financing activities	<u>51</u>	<u>180</u>
Effect of exchange rates on cash and cash equivalents	<u>(1)</u>	<u>7</u>
Net increase (decrease) in cash and cash equivalents	<u>(15)</u>	<u>22</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	<u>77</u>	<u>280</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<u>62</u>	<u>302</u>
Supplemental disclosure of cash flow information:		
Non-cash transactions:		
Fair value of convertible component in convertible loan	-	(48)
Warrants issued in connection with convertible notes	(268)	(100)
Issuance of shares for credit facility	123	-
Extinguishment of convertible notes and loans	(83)	(162)

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. (“Beezzhome”), in which Ora Elharar Soffer, the Company’s chairperson and CEO holds shares, and Golden Holdings Neto Ltd., in which Ilan Ben-Ishai, a former director of the Company, holds shares, have been working towards establishing an Operational Innovation Center focuses on plant based wellness and pharma products and solutions. 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 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.

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 affiliate) an Israeli nutritional supplements’ company developing and manufacturing botanical formulas and nutritional supplements for custom & contract manufacturing for leading botanical companies (“iBOT”). The principal shareholders and control persons of iBOT are the Company’s Chief Executive Officer, President and Chairperson. 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, ISO 9001-certified and HACCP certified by IQC. 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.

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 iBot 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.

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. In March 2023, the Company and iBOT agreed to further extend to December 31, 2023 such right.

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

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. On August 14, 2022, Citrine S A L Investment & Holding Ltd. further extended this support through June 30, 2024.

In addition, on March 6, 2023 Cannovation and S.R. Accord Ltd., an Israeli company ("Lender"), entered into an 18-month credit facility agreement (the "Credit Facility") pursuant to which Lender has committed to fund Cannovation in an aggregate amount of 3,000,000 NIS (approximately \$857,000), as needed. At the time of each draw down, Cannovation and Lender will determine the maturity date of the loan. All amounts drawn under the Credit Facility will bear interest at an monthly rate of 1.7%. Cannovation has the right to pre-pay the entire amount outstanding under the Credit Facility at any time. As security for any loans under the Credit Facility, Cannovation granted the Lender a first priority lien on its rights to the 125,000 sq ft (11,687 sq meters) of industrial land in Yerucham. The lien will become effective only if Cannovation utilizes the Credit Facility. If the market value of the Premises is less than the amount outstanding under the Credit Facility, then Lender will be entitled to additional security including additional shares of Citrine Global common stock, on such terms and conditions as the parties may agree. As additional security for any payments due to Lender, (i) the Israeli Subsidiary, (ii) Beezhome and (iii) Netto Holdings, an unaffiliated entity under the partial control of Ilan Ben Ishay, a director on the board of Cannovation, as well as each of Ms. Elharar Soffer and Mr. Ben Ishay have, in their personal capacities, provided guarantees for the repayment of any amounts that may be owing to Lender under the Credit Facility. The Company, CTGL – Citrine Global Israel Ltd. and Cannovation have agreed to indemnify Ms. Elharar Soffer and Mr. Ben Ishay for any losses they incur as a result of the personal guarantees.

On March 7, 2023, the Company issued to the Lender and a consultant 3,232,016 shares of the Company's common stock as a commitment fee in respect of the provision of the Credit Facility (valuated at \$123 thousand). As of the date of this report, Cannovation utilized \$51,000 of the credit line.

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 access to the Credit Facility noted above, management believes the Company will have sufficient funds for its plans for the next twelve months from the issuance of these financial statements. As the Company is embarking on its business plan, it is incurring losses. It cannot determine with reasonable certainty when and if it will have sustainable profits.

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 three months ended March 31, 2023. However, these results are not necessarily indicative of results for any other interim period or for the year ended December 31, 2023.

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, 2022.

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 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.

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.)

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:

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 earnings 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 March 31, 2023			
	Level 1	Level 2	Level 3	Total
	US\$ in thousands			
Assets:				
Option to Purchase MyPlant shares	-	-	300	300
Total assets	-	-	300	300
Liabilities:				
Fair value of convertible component in convertible notes	-	-	119	119
Total liabilities	-	-	119	119
	Balance as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	US\$ in thousands			
Assets:				
Option to Purchase MyPlant shares			291	291
Total assets	-	-	291	291
Liabilities:				
Fair value of convertible component in convertible notes	-	-	161	161
Total liabilities	-	-	161	161

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

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

The following table presents the changes in fair value of the level 3 assets and liabilities for the period ended March 31, 2023:

	Changes in Fair value US\$ in thousands
Assets:	
Outstanding at December 31, 2022	291
Changes in fair value	9
Outstanding at March 31, 2023	300
Liabilities:	
Outstanding at December 31, 2022	161
Initial recognition of convertible component as part of convertible notes issued	8
Changes in fair value	(50)
Outstanding at March 31, 2023	119

Credit line issuance costs

Costs associated with entering into a revolving line of credit or revolving-debt arrangement are costs incurred in exchange for access to capital. These fees are paid regardless of whether the funds are ever drawn down. Such costs are recorded as such on the balance sheet as prepaid expenses. Upon drawing down a portion of the credit line, the applicable portion of the costs related to that draw down is presented as a direct deduction from the carrying value of the debt when drawn and amortized as finance expenses using the effective interest method.

Recent Accounting Pronouncements

New pronouncements issued but not effective as of March 31, 2023 are not expected to have a material impact on the Company's consolidated financial statements.

NOTE 3 – STOCK OPTIONS

On March 5, 2023, the Board of the Company determined that in the event that the Company's stock is listed on the Nasdaq Stock Market, then one half of the awarded but unvested option grants made in each of August 2021 and in August 2022, including to officers, directors, will immediately vest at such time. In addition, the Board also determined to provide that following the termination of services by an officer, director or a selected service provider for any reason other than cause, such person shall have a one year period from the date of termination to exercise any option that was vested at the time of the termination of services.

The following table presents the Company's stock option activity for employees and directors of the Company for the year ended March 31, 2023:

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2022	122,529,342	0.026
Granted	-	-
Exercised	-	-
Forfeited or expired	-	-
Outstanding at March 31, 2023	122,529,342	0.026
Number of options exercisable at March 31, 2023	40,011,289	0.039

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

NOTE 3 – STOCK OPTIONS (continue)

The stock options outstanding as of March 31, 2023, have been separated into exercise prices, as follows:

Exercise price	Stock options outstanding	Weighted average remaining contractual life – years	Stock options vested
\$		As of December 31, 2022	
0.0011	46,762	3.75	46,762
0.02	42,415,560	2.36	7,069,260
0.022	47,128,400	2.36	7,854,734
0.05	32,938,620	3.76	25,040,533
	<u>122,529,342</u>	<u>3.25</u>	<u>40,011,289</u>

Compensation expense recorded by the Company in respect of its stock-based compensation awards for the period ended March 31, 2023 and 2022 was \$269 thousands and \$27 thousands, respectively, and are included in General and Administrative expenses in the Statements of Operations.

NOTE 4 - INVESTMENT VALUED UNDER THE MEASUREMENT ALTERNATIVE

- A. On December 30, 2022, the Company, MyPlant Bio Ltd., a company incorporated under the laws of the State of Israel (“MyPlant”), Cannasoul Analytics Ltd., a company incorporated under the laws of Israel (“Cannasoul”), and PurPlant Inc., a company duly incorporated under the laws of Canada (“PurPlant”) (Cannasoul and PurPlant are collectively referred to as the “Shareholders”), and Professor Dedi Meiri, an Israeli individual (“Prof Meiri”) entered into the Share Purchase and Option Agreement (the “Share Purchase and Option Agreement”) for the purchase by the Company of up to 55% of MyPlant’s issued and outstanding share capital on a fully diluted basis

The Company purchased from the Shareholders an aggregate of 44,328 ordinary shares of MyPlant (the “MyPlant Shares”) representing, on a fully diluted basis, 10% of the outstanding MyPlant Shares, in consideration for the payment of \$444,444 by the issuance by the Company to the selling Shareholders of an aggregate of 9,259,250 shares of the Company’s common stock.

Under the terms of the Share Purchase and Option Agreement, the Company purchased from the MyPlant shareholders an aggregate of 44,328 ordinary shares of MyPlant (the “MyPlant Shares”) representing, on a fully diluted basis, 10% of the outstanding MyPlant Shares, in consideration of \$444,444 payable by the issuance by the Company to the MyPlant shareholders of an aggregate of 9,259,250 shares of common stock. In addition, under the Share Purchase and Option Agreement, the Company granted an option by the MyPlant shareholders to purchase an additional 35% of MyPlant Shares, on a fully diluted basis (the “Shareholders Option”), in consideration of \$1,555,556 payable by the issuance of up to 32,407,417 shares of our common stock to the MyPlant shareholders, and a separate option by MyPlant to purchase an additional 10% of the MyPlant Shares, on a fully diluted basis (the “MyPlant Option”), in consideration of \$444,444, which is payable, in the Company’s sole discretion, in cash or in the issuance to MyPlant of up to 9,259,250 shares of our common stock.

Said options are exercisable through September 30, 2023 (the “Option Expiry Date”). If both the shareholders Option and the Company Options are exercised, the Company will hold 55% of MyPlant Shares, on a fully diluted basis. Under the Share Purchase and Option Agreement, the Company is authorized to continue its due diligence through the Option Expiry Date. The number of shares is subject to adjustment in respect of any stock split or other recapitalization of the Company.

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

NOTE 4 - INVESTMENT VALUED UNDER THE MEASUREMENT ALTERNATIVE (continue)

The transactions under the Share Purchase and Option Agreement are based on a MyPlant company valuation of approximately \$4.45 million. The Company is authorized at any time on or before the Option Expiry Date to obtain an independent third-party valuation of MyPlant. If it is determined by such third party valuation that the MyPlant valuation is less than \$4.45 million then the consideration payable in respect of the exercise price of the options will be accordingly adjusted, provided however that in any case MyPlant's valuation in the transaction shall not be below US\$1,000,000.

The options to purchase MyPlant shares were also accounted using the measurement alternative. Since the options' value are subject to the changes in Citrine shares' value, there are indicators to a change in the options' value at each reporting date, and therefore the following valuation method was implemented.

Fair Value Proportional Allocation

The Company estimated the fair value of Shareholders Option using the Monte Carlo option pricing model using the following weighted average assumptions:

	December 30, 2022	March 31, 2023
Dividend yield	0%	0%
Risk-free interest rate	4.71%	4.94%
Expected term (years)	0.78	0.50
Company's volatility	114.80%	93.09%
MyPlant share price (U.S. dollars)	10.04	10.04
MyPlant volatility	55.29%	67.55%

The fair value of the Shareholders Option as of December 8, 2022 and March 31, 2023 was estimated at \$291 thousands and \$300 thousands, respectively.

Based on the above, the fair value proportion allocation as of December 30, 2022 was as follows:

	December 30, 2022
Shareholders option	\$ 291
MyPlant's shares	153
	\$ 444

Under the Share Purchase and Option Agreement, MyPlant granted to the Company the exclusive right to utilize MyPlant's activities as specified in the agreement, including without limitation, the screening platforms using cell line models for certain diseases and conditions to detect effective plant materials and/or other substances for the treatment of these conditions and a and a right of first opportunity to commercialize intellectual property developed by MyPlant that is in the Company's (or its subsidiaries') field of business, provided that, if by December 31, 2023 the Company does not exercise either of the Shareholders Option or the MyPlant Option and/or enter into a service agreement with MyPlant, then the exclusive rights shall terminate but the right of first opportunity to commercialize intellectual property developed by MyPlant shall continue thereafter until June 31, 2024, unless such rights have been extended beyond such date under the terms to be agreed in the service agreement entered into by the Company and Citrine Global. In addition, under the Share Purchase and Option Agreement, Cannasoul, MyPlant's majority Shareholder, agreed to not compete with MyPlant's activities.

The Company was granted observer rights on the MyPlant board of Directors (the "MyPlant Board"). Following the exercise by Citrine Global of the Shareholders Option, the MyPlant Board shall be comprised of four (4) directors of which MyPlant will be authorized to designate two of such directors.

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

NOTE 5 – CONVERTIBLE NOTES

- A. On January 30, 2023 the Company and each of Citrine High Tech 7 LP (“LP 7”), Citrine 8 LP (“LP 8”) and Citrine 9 LP (“LP 9”; together with LP 7 and LP 8, the “Lending LP”), the lending entities under and parties to the Convertible Note Purchase Agreement entered into by the Company and several related parties in April 2020, as subsequently amended (the “CL Agreement”), have entered into an agreement (the “Agreement”) pursuant to which they have agreed to extend the maturity date on all outstanding convertible loans in the principal amount of \$1,800,000 under the CL Agreement to May 31, 2024.

In addition, under the Agreement the Company and the Lending LPs have also agreed that if the Company’s common stock is listed on the Nasdaq Stock Market, then the Company, in its sole discretion, shall determine to convert, in whole or in part, the outstanding amount of the above mentioned notes to shares of the Company’s common stock at a conversion price equal to the price paid by the public investors for the common stock in the offering accompanying the listing.

The Company concluded that the above mentioned change in terms constitutes a trouble debt restructuring, due to its financial condition and the relief that the abovementioned changes provided.

Therefore, the Company concluded that the change in terms should be accounted for as a modification. A new effective interest rate was established based on the carrying value of the debt and the revised cash flows.

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, in the principal amount of \$80,000. The loan bear interest at 12% per annum and was originally scheduled to mature on December 15, 2022, but the maturity date was extended to May 31, 2024. 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.

- B. On January 30, 2023 Citrine S A L Hi Tech 7 LP agreed to change the terms of this loan, which amounted to \$83,000 (including accrued interest) such that such terms 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 (as detailed in note 5 A above).

As provided for under the terms of the Convertible Note Agreement, Citrine 7 will be issued 6,666,667 warrants for shares of common stock, where the Series A and B warrants are exercisable through August 9, 2027 at an exercise price of \$0.05 per share.

The Company concluded that the change in term does not constitute a trouble debt restructuring. Thereafter, the Company applied the guidance in ASC 470-50, Modifications and Extinguishments. The accounting treatment is determined by whether terms of the new debt and original debt are substantially different.

Since the original and new debt instruments are substantially different, the original debt was derecognized and the new debt was recorded at fair value, with the difference recognized as an extinguishment loss.

The extinguishment resulted in a loss of \$266 thousands, included in the statements of operations as “Expenses related to convertible loan terms”.

The components of the new loan were valued as follows:

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.

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

NOTE 5 – CONVERTIBLE NOTES

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 (20% probability for scenario 1 and 80% probability for scenario 2):

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:

	January 30, 2023
Dividend yield (%)	0%
Risk-free interest rate (%)	4.56%
Expected term (years)	1.33
Volatility	123.5%
Share price (U.S. dollars)	0.044
Exercise price (U.S. dollars)	0.05

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 at no fair value since it was estimated that along with such raise the convertible loans would be converted at market price.

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 \$8 thousands.

Warrants

The fair value of the warrants as of January 30, 2023 was estimated at \$268 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 (%)	3.75%
Expected term (years)	4.36
Volatility	160.5%
Share price (U.S. dollars)	0.044
Exercise price (U.S. dollars)	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	134

Warrants B

Dividend yield (%)	0%
Risk-free interest rate (%)	3.75%
Expected term (years)	4.36
Volatility	160.5%
Share price (U.S. dollars)	0.044
Exercise price (U.S. dollars)	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	134

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

NOTE 5 – CONVERTIBLE NOTES

- C. As of March 31, 2023, 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 (20% probability for scenario 1 and 80% probability for scenario 2):

The scenario in which the convertible loans 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 the balance sheet date:

	March 31, 2023
Dividend yield	0%
Risk-free interest rate	4.54%
Expected term (years)	1.17
Volatility	108.62%
Share price (U.S. dollars)	0.035
Exercise price (U.S. dollars)	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	610
Weighted fair value based on scenario probability (U.S. dollars in thousands)	119

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 at no fair value since it was estimated that along with such raise the convertible loans would be converted at market price.

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 March 31, 2023 was \$119 thousands.

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

NOTE 6 – OTHER EVENTS DURING THE PERIOD

- A. On March 6, 2023 Cannovation and S.R. Accord Ltd., an Israeli company (“Lender”), entered into an 18-month credit facility agreement (the “Credit Facility”) pursuant to which Lender has committed to fund Cannovation in an aggregate amount of 3,000,000 NIS (approximately \$857,000), as needed. At the time of each draw down, Cannovation and Lender will determine the maturity date of the loan. All amounts drawn under the Credit Facility will bear interest at a monthly rate of 1.7%. Cannovation has the right to pre-pay the entire amount outstanding under the Credit Facility at any time. As security for any loans under the Credit Facility, Cannovation granted the Lender a first priority lien on its rights to the 125,000 sq ft (11,687 sq meters) of industrial land in Yerucham (the “Premises”). The lien will become effective only if Cannovation utilizes the Credit Facility. If the market value of the Premises is less than the amount outstanding under the Credit Facility, then Lender will be entitled to additional security including additional shares of Citrine Global common stock, on such terms and conditions as the parties may agree. As additional security for any payments due to Lender, (i) the Israeli Subsidiary, (ii) Beezshome and (iii) Netto Holdings, an unaffiliated entity under the partial control of Ilan Ben Ishay, a director on the board of Cannovation, as well as each of Ms. Elharar Soffer and Mr. Ben Ishay have, in their personal capacities, provided guarantees for the repayment of any amounts that may be owing to Lender under the Credit Facility. The Company, CTGL Citrine Global Israel Ltd. and Cannovation have agreed to indemnify Ms. Elharar Soffer and Mr. Ben Ishay for any losses they incur as a result of the guarantee.

During the period of three month ended March 31, 2023, Cannovation utilized \$51,000 out of the credit line.

On March 7, 2023, the Company issued to the Lender 2,154,677 shares of the Company’s common stock a commitment fee in respect of the provision of the Credit Facility. The Company determined the value of the shares issued at \$82,000 based on the share price at the agreement date of which \$5,000 were recorded as finance expenses and the remaining were recorded as pre-paid issuance expenses.

On March 18, 2023, the Company issued to a consultant 1,077,339 shares of the Company’s common stock in respect of the provision of the Credit Facility. The Company determined the value of the shares issued at \$41,000 based on the share price at the agreement date of which \$3,000 were recorded as finance expenses and the remaining were recorded as pre-paid issuance expenses.

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

NOTE 7 – RELATED PARTIES

A. Transactions and balances with related parties

	Three months ended March 31	
	2023	2022
Research and development expenses:		
Directors compensation and fees to officers	28	25
General and administrative expenses:		
Directors compensation and fees to officers (*)	394	176
(*) Share based compensation	269	27
Financing expenses, net:		
Interest on convertible notes	330	379

B. Balances with related parties:

	As of March 31,	As of December 31,
	2023	2022
Current Liabilities:		
Short term loan	-	82
Accounts payable	158	120
Accrued compensation	1,489	1,384
	1,647	1,586
Non-current Liabilities:		
Convertible notes	2,002	1,814

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

NOTE 7 – RELATED PARTIES (cont'd)

C. Additional information:

1. On January 17, 2023, the Board of Citrine Global, appointed Ms. Ora Elharar Soffer to serve as president of the Company. Ms. Elharar Soffer has been continuously serving as the Company's Chief Executive Officer since May 7, 2020 and as a Company director since February 21, 2020 and as Chairperson of the Board since March 3, 2020.
2. On January 17, 2023, the Board of Citrine Global, appointed Ms. Ilanit Halperin to serve as treasurer and secretary of the Company. Ms. Halperin has been continuously serving as the Company's Chief Financial Officer since May 7, 2020 and as a Company director since February 21, 2020.
3. On January 18, 2023, Mr. Ilan Ben Ishay resigned from his position as a director on the Board of the Company for personal reasons. Mr. Ben Ishay's resignation did not result from any disagreement with the Company on any matter relating to the Company's operations, policies and practices.
4. On March 16, 2023, the consulting agreement originally entered into as of July 2020 with Ms Elharar Soffer, the Company's Chairperson, CEO and President, was amended. The amendment provides for the following: (i) the monthly consulting to which Ms. Elharar Soffer is entitled will increase from \$20,000 to \$25,000 plus VAT upon a listing of the Company's stock on the Nasdaq Stock Market, retroactive to January 1, 2023, (ii) the terms contained in her original agreement and all other terms and awards previously approved by the Company's board relating to her, including payment of her monthly fee and reimbursement of social benefits payments made by Mr Elharar Soffer, shall continue in full force and effect so long as Ms. Elharar Soffer serves as *either* director and /or executive officer, (iii) all previous awards and bonuses previously made to her were affirmed and (i) Ms. Elharar Soffer has agreed to defer compensation due to her until such time as the Company shall have consummated an investment of at least \$1.8 million in the Company's securities, at which time outstanding amounts due her under the agreement would be paid to her. The amendment also provides that the committee of the Board that will be responsible for setting the compensation terms of senior management shall prepare and present for approval a compensation program for the Consultant that takes into consideration Ms. Elharar Soffer's role in founding and leading the Company and that such compensation package shall be competitive with compensation programs for top senior executives/founders generally available in the market and which will include, among other things, appropriate bonuses, severance payments and other amenities generally made available in the market to senior executive and that Ms. Elharar Soffer shall receive the most extensive of such compensation terms amongst senior management.
5. On March 16, 2023, the consulting agreement originally entered into as of July 2020 with Ilanit Halperin, the Company's CFO, was amended. The amendment provides for the following: (i) the monthly consulting to which Ms Ilanit Halperin, is entitled will increase from \$7,000 to \$10,000 plus VAT upon a listing of the Company's stock on the Nasdaq Stock Market, retroactive to January 1, 2023, (ii) the terms contained in her original agreement and all other terms and awards previously approved by the Company's board relating to her, including payment of her monthly fee and reimbursement of social benefits payments made by M.s Halperin, shall continue in full force and effect so long as Ms. Halperin serves as *either* director and /or executive officer, (iii) all previous awards and bonuses previously made to her were affirmed and (i) Ms. Halperin has agreed to defer compensation due to her until such time as the Company shall have consummated an investment of at least \$1.8 million in the Company's securities, at which time outstanding amounts due her under the agreement would be paid to her. In addition, the Company undertakes that the committee of the Board that will be responsible for setting the compensation terms of senior management shall prepare and present for approval a compensation program for Ms. Halperin that shall be competitive with compensation programs for senior executives generally available in the market and which will include, among other things, appropriate bonuses, severance payments and other amenities generally made available in the market to senior executives.

NOTE 8 – SUBSEQUENT EVENTS

1. On May 9, 2023, the Company's Board determined to provide that until the *earlier* of the satisfaction in full of the convertible loans referred to in Note 5A or the termination of the exercise period of the warrants for an aggregate of 62,178,554 shares previously issued to the Lending LPs referred to in Note 5A (the "Warrants"), if the Company's common stock were to be listed on the Nasdaq Stock Market and the per share public price of the offering accompanying such listing is less than the then current exercise price of the Warrants, then the Warrant exercise price shall be adjusted to that of the public offering price, **provided that** if such listing and accompanying offering do not occur by June 30, 2023, then the exercise price of the Warrants shall remain at its then current exercise price or may be adjusted to a lower exercise price as determined by Company's Board and in agreement with the Lending LPs.

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, 2022 as filed with the Securities and Exchange Commission, or the SEC, on March 22, 2023. 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 with a vision of becoming a leading company in these fields and improve people’s health and quality of life worldwide.

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 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.

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

We believe the power of plant-based solutions from nature can help improve people’s health and quality of life. Our business activity is primarily composed 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.

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

We have built an end-to-end strategy to 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 seek to bring to the market wellness and pharma innovative products, such as food supplements, healthy snacks, healthy beverages and natural cosmetics, to help improve people's health and quality of life and complementary products that aim to balance selected side effects associated with medicines, treatments or an unbalanced lifestyle.

Leveraging technology and research, we are focused on developing a 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 are not limited to, enhancing oral care, anti-inflammatory properties, relaxation, sleep enhancement, energizing, mood and body balancing, alleviating side effects, and more.

We have more than 100 plant-based formulations and product lines under the brands **GreenFeels™** and **Green Side by Side™** targeting the nutritional supplements market that is expected to reach \$625 billion by 2030⁴.

The product lines categories include:

- Personal Protection & Health Supportive Product Line
- Balance & Calm Product Line
- Digestion, Weight Management Product Line
- Men Product Line
- Women Product Line
- Sports & Energy Product Line
- Oral Cavity Care Product Line
- Vitamins & Minerals Product Line
- Medicinal Mushrooms Product Line

Creating Revenue & Growth Strategy

We started our beta testing and initial launch of Green Side by Side™ in the Israeli market with a local company, Following the initial trial period, we developed an additional brand under the name GreenFeels™ and we plan to expand our distribution efforts and building a worldwide network with local teams, partners, collaborations & acquisitions of distribution companies with various business models that are intended to bring our products to the global market .

Initially, we are planning to build an infrastructure for sales and business development with local teams in North America and Europe.

Our Revenue model includes:

- Sales from proprietary product lines & brands worldwide according to local regulations.
- Commercialization and licensing of our IP, products & brands
- collaborations & acquisitions of distribution companies and strategic partnership activities.

Our target Market potential

The plant-based wellness market is booming, with health-conscious consumers spending more on natural products ranging from nutraceuticals, natural superfoods, natural beverages, naturalcosmetics and plant-derived drugs.

⁴ Research, P., 2022. Nutritional Supplements Market to Hit US\$ 624.7 Billion by 2030. [online] GlobeNewswire

- The nutritional supplements market was \$314 billion in 2020 and is expected to reach \$624.7 billion by 2030⁵.
- The superfoods market was \$172 billion in 2020 and is expected to reach \$287.7 billion by 2027⁶.
- The botanical and plant-derived drug market was \$26 billion in 2018 and is expected to reach \$53 billion by 2026⁷.
- The natural cosmetics market was \$15 billion in 2021 and is expected to reach \$21.5 billion by 2028⁸.

Our mission is to leverage the power of plant-based solutions from nature to help improve people’s health and quality of life.

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

Manufacturing & Joint venture and with iBOT Israel Botanicals Ltd.

- We have strategic joint venture alliance and manufacturing agreements with iBOT Israel Botanicals Ltd, a botanical R&D and nutritional supplements manufacturing company.
- iBOT has GMP-certified manufacturing facility approved by the Israeli Ministry of Health for manufacturing nutritional supplements .
- iBOT owns IP and know-how of hundreds of formulas and products including liquid formulations in the form of syrups, tinctures, and oils, and dry formulations in the forms of tablets, powders, capsules, and sachets.
- We are developing and manufacturing our nutritional supplements product lines, including the GreenFeels™ & Green Side by Side™, with iBOT.
- iBOT, an affiliated company, granted to Citrine Global and its subsidiaries through December 31, 2023 a pre-emption right to equity linked securities that iBOT proposes to issue to an unrelated third party.

Acquisition of MyPlant Bio Ltd.

On December 30, 2022, we purchased a 10% equity interest (on a fully diluted basis) in MyPlant Bio Ltd and Citrine Global has an option to purchase an additional 45% of MyPlant equity.

MyPlant Bio Ltd, specializes in botanical drug development and owns certain know-how and intellectual property rights that include a developed platform and cell-disease models to screen plant extracts to understand their biological effect, and has screening platforms using cell line models for certain diseases and conditions to detect effective plant materials and/or other substances for the treatment of these conditions. MyPlant was founded by Cannasoul Analytics, a leading botanical research and development company and Prof. Dedi Meiri from the Faculty of Biology at the Israeli Institute of Technology (Technion) and a member of the Technion Integrated Cancer Center. Citrine Global’s acquisition of MyPlant is in line with the Citrine Global’s strategy to be a leader in plant-based wellness and pharma solutions.

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

⁶ Research, I., 2022. Global Superfoods Market Size is Projected to Reach US\$ 287.75 Billion by 2027 | Superfoods Market Store, Delivery Options, Emerging Trends 2022 | Segmentation by Product Type, Applications, Regions, & Key-Players (ADM, Ardent Mills, Bunge). [online] GlobeNewswire Newsroom

⁷ 2018-2026, G. and 2018-2026, G., 2022. Botanical and Plant Derivative Drug Market - Global Forecast 2018-2026. [online]

⁸ Vantage Market Research, Vegan Cosmetics Market to Hit USD 21.5 Billion by 2028 | GlobeNewswire Newsroom [online]

We view the acquisition of MyPlant as an opportunity to advance our wellness and planned pharma and botanical drug products with MyPlant's scientific research as to the effects of specific plant substances and compounds on different wellness and medical conditions. We believe that we can benefit from the collaboration with MyPlant and Professor Dedi Meiri to advance the company's strategy for developing scientifically backed plant-based products composed of specific active plant substances proven by research to be effective for different medical conditions and possibly offer personally customized products for individual patients tailored for their healing process.

The collaboration with MyPlant is part of our strategy to add value to our product lines and position our company with a competitive edge in the Wellness market and the Nutritional Supplements.

As the worldwide use of botanical nutritional supplements and botanical drugs continues to grow, the need for scientific evaluation of the safety and efficacy of these products is becoming ever greater. We are targeting and positioning our product lines for the nutritional supplements market that is expected to reach \$625 billion by 2030⁹.

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

We are basing our efforts on technologies to create research and innovation, developing plant-based solutions which include products for improving quality of life and complementary solutions for balancing selected side effects caused by using medicines, cannabis, treatments, or an unbalanced lifestyle.

Our IP Strategy and R&D Roadmap include:

- Developing wellness plant-based product portfolio across the range from scientific and research-based plants, such as herbal extracts, medicinal mushrooms, and other natural ingredients.
- Expanding our current product lines and registering the products for worldwide regulatory approvals.
- Developing complementary products for balancing selected side effects caused by medicines, treatments, aging, stress, or an unbalanced lifestyle.
- Researching and developing pharma solutions with the mission of developing plant-based medicines and botanical drugs.
- Building our patent portfolio, conducting clinical trials, and advancing our products through innovation and technology.
- We filed provisional patent applications in the field of Balancing Side Effects in the United States Patent and Trademark Office (USPTO): Patent Application No. 63/418,046, and Patent Application No. 63/388,361 for compositions and methods for balancing side effects associated with the use of medicines, treatments, aging and unbalanced or unhealthy lifestyle and balancing side effects related to symptoms in the oral cavity.

About Side Effects Caused by Using Medicines, Treatments or an Unbalanced Lifestyle

Side effects are unexpected reactions which may result from using medicines, treatments and an unbalanced lifestyle. There are 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 treatments¹⁰.

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 effects¹¹.

⁹ Research, P., 2022. Nutritional Supplements Market to Hit US\$ 624.7 Billion by 2030. [online] GlobeNewswire

¹⁰ U.S. Food and Drug Administration. 2022. Learning about Side Effects

¹¹ 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

Treatment of side-effects, or adverse drug reactions, has become a healthcare concern¹². The new market of Pharmacovigilance, also known as drug safety – the pharmaceutical science relating to the collection, detection, assessment, monitoring, and prevention of adverse effects with pharmaceutical products – is developing and expected to reach \$12.48 Billion in 2027. Driving this are increasing public awareness and demand for safer medications and increasing government initiatives to promote drug safety around the globe¹³.

We believe that natural plant-based products show great promise in improving quality of life and can be used as complementary products to balance side effects. Antibiotics and probiotics are an excellent use case. Antibiotics are important for treating bacterial infections; however, they can sometimes cause side effects such as diarrhea, liver disease and changes to the gut microbiota. Using probiotics during and after a treatment with antibiotics can help reduce the risk of diarrhea and restore the gut microbiota to a healthy state¹⁴.

Addressing a significant market need, we included in our strategy the development of plant based complementary solutions through wellness as well as clinically developing plant-based pharmaceutical products to address the need to balance selected effects and support people who experience side effects from using medicines, cannabis, and various treatments.

Our Plant-based product lines categories:

We have more than 100 formulations & products under the brand names of GreenFeels™ and Green Side by Side™ product lines that include wellness plant-based products and nutritional supplements for improving quality of life and complementary products for balancing selected side effects caused by medicines, cannabis, treatments, or an unbalanced lifestyle.

1. The Oral Cavity Care Family Line

The Oral Cavity Care Product Family Line targets to balance oral cavity dryness side effect. The Oral Cavity Care Family Line includes the SmokLy™ and DryLess™ series of sprays for the oral cavity targeting to balance the dry mouth side effect (xerostomia) that may result from using medicines, cannabis, smoking or treatments.

Benefits of the Oral Cavity Care Product series:

- The SmokLy™ line of sprays targeting the market of cannabis users and tobacco smokers.
- The DryLess™ line of sprays targeting adult population experiencing constant dry mouth and certain cancer treatment patients that experience constant dry mouth as part of their cancer treatment regimen
- The products contain plant extracts distilled from seeds, roots, bark, fruits with active anti-inflammatory substances that encourage saliva production, taste and can promote saliva production and moisture in the oral cavity.
- Convenient to use by spraying into the oral cavity
- The products come in 7 different flavors: lemon, strawberry, passion fruit, aniseed, mango, maple and mint

2. The Medicinal Mushrooms Family Line:

Medicinal Mushrooms Family Line targets to balance important body systems.

The Medicinal Mushrooms Family Line is based on researched medicinal mushrooms that have been used for thousands of years in traditional medicine and have been proven to be efficient for various medicinal uses. Medicinal Mushrooms were found to have a wide potential in the treatment and prevention of diseases, including protection of the heart, antioxidant activity, balancing and strengthening the immune and digestive systems, lowering cholesterol and balancing blood sugar. Furthermore, it has been shown to protect other important organs such as the liver, with anti-cancer activity.

¹² 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

¹³ Pharmacovigilance Market Size to Reach 12.48 billion in 2027 | Industry Trend - Rising Prevalence of Chronic Diseases Worldwide, Increasing Cases of Adverse Drug Reactions and Drug Toxicity and High Consumption of Drugs in Developed Economies, 2022, Bio Space Article [online]

¹⁴ Healthline. 2022. What You Should Eat During and After Antibiotics. [online]

The Medicinal Mushrooms Family Line includes synergistic combinations of research-based medicinal mushrooms and herbs composed in an herbalist method and made of purely natural ingredients.

The products contain dry form, concentrated powders and extracts of mushrooms and herbals researched and found to benefit headaches, changes in blood pressure, anxiety, fatigue, and sleep disorders. We are harnessing the power of medicinal mushrooms for restoring nutritional balance and strengthening the immune system and other body systems.

3. The Booster (Energy & Sports) Family Line

The Booster Family Line targets to provide energy and strength. The Booster Family Line contains unique research-based ingredients and herbal extracts with a high concentration of antioxidants composed in an herbalist method. The Booster Family Line products create a synergistic combination of researched plants and natural ingredients that have been shown to have health supportive anti-inflammatory properties, which strengthen the immune system and contribute to an improved overall feeling. Imbalance in the body, resulting from poor diet and unhealthy lifestyle, chronic diseases, weakness of the immune system, and side effects of medicines and treatments may lead to recurrent infections, chronic coughing, weakness, and gastrointestinal disorders. The Booster Family Line includes herbal syrups that are suitable for morning drinking preventively and target to support daily overload as energy and booster products. The Product Line for Sports & Energy contains research-based herbal formulas including powders and extracts of researched plants that have been demonstrated to have effects of enhancing exercise and athletic performance and include ingredients that improve strength or endurance, increase exercise efficiency, achieve a performance goal more quickly, and increase tolerance for more intense training. These products can be used to prepare the body for exercise, reduce the chance of injury during training, and enhance recovery from exercise. The products come in a variety of forms, including tablets, capsules, liquids, powders, and bars.

4. The Balance & Calm Family Line

Balance & Calm Family Line for mood and body balancing. The Balance & Calm Family Line contains research-based herbal formulas composed in an herbalist method including powders and extracts of researched plants that have been demonstrated to have health supporting effects of calming the digestive system, reducing anxiety and fatigue, and improving sleep quality.

The Balance & Calm Family Line serves as support for the digestive system, balancing and strengthening the body, calming and improving sleep quality. Modern lifestyles that include many tasks and heavy stress, with a non-optimal diet, can lead to fatigue, restlessness, pain, and a particularly sensitive digestive system. All of these can also be side effects of taking various medications and having an unbalanced lifestyle. Continuous stress releases toxic substances in the body, which over time can cause significant health problems. Studies showed that reducing stress improves sleep quality through affecting the nervous system. The Balance & Calm Family Line targets to restore and maintain emotional and body balance and calm the digestive and other systems of the body.

5. The Personal Protection & Health Supportive Family Line:

Personal Protection Family Line targets to support various health chronic and other conditions and prevent contagion with viruses and bacteria. The Personal Protection & Health Supportive Family Line contains research-based balanced combinations of plants, vitamins and minerals composed in an herbalist method, which together form a shell that supports the proper functioning of many body systems, giving an incentive to the immune system and preventing contagion with viruses and bacteria. In the current reality of pandemics, such as COVID-19, and the widespread use of medicines and treatments we believe it is important to balance and nurture different body systems and to strengthen the immune system.

6. The Digestion & Weight Management Family Line

The Product Line for Digestions & Weight Management contains research-based herbal formulas including powders and extracts of researched plants that have been demonstrated to have effects on the digestive system, metabolism and appetite and include ingredients that improve weight management and include ingredients with thermogenic, lipotropic, satiety, and other metabolic effects demonstrating improved markers of metabolic health, such as glucose, lipids, and blood pressure. These products can be used to support various digestive system health conditions and limited calory diet intake without suffering from nutritional deficiencies, successful weight management, which includes not only weight loss but also weight loss maintenance (i.e., limiting weight regain); control of appetite, and more.

7. The Men Family Line

The Product Line for Men contains research-based herbal formulas including powders and extracts of researched plants that have been demonstrated to have health supporting effects on Men's Health issues in different areas, such as men's sexual potency & fertility, prostate gland issues, fitness, weight loss, and more. The Product Line for Men targets to restore and maintain specific health issues common for men and is adapted to men's physiology, nutritional needs, common health issues, and more.

8. The Women Family Line

The Product Line for Women contains research-based herbal formulas including powders and extracts of researched plants that have been demonstrated to have health supporting effects on Women's Health issues in different areas, such as candidiasis, fertility issues, vaginal microflora, menstrual cycle normalization, PMS relief, weight loss, and more. The Product Line for Women targets to restore and maintain specific health issues common for women and is adapted to women's physiology, nutritional needs, common health issues, and more.

9. The Vitamins & Minerals Family Line

Vitamins and minerals are essential organic compounds that are required in order to maintain good health and overcome various infections and retain a good health condition. They are involved in a variety of metabolic processes and many physiological systems and functions in the body.

The Vitamins & Minerals Product Line is based on researched substances that have been proven to be efficient for various medicinal uses. Thy contain research-based balanced combinations of vitamins and minerals composed in an herbalist method, which support the proper functioning of many body systems, and specifically the immune system to prevent contagion with viruses and bacteria, support a healthy digestive system, cognitive functions, and more.

Green Vision Center Production and Innovation Center for Plant-based Wellness & Pharma Products

Green Vision Center is part of our strategy to create end-to-end 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.

Green Vision Center Israel

In February of 2022, we completed the acquisition from the Israel Lands Authority (ILA) of 125,000 square feet (approximately 11,687 square meters) or approximately three acres of industrial land in Yerucham, a city in southern Israel, to build Green Vision Center Israel. Approximately 90% of the acquisition cost was provided by Israeli government programs that encourage industrial development and includes additional grants and tax incentives.

It is currently anticipated that the Green Vision Center Israel will include approximately 65,000 sq. ft. (~ 5,800 sqm) a first-of-its-kind center's infrastructure and facilities will be focused on the development and production of wellness and pharma plant-based products and planned to 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

* Pending changes in the regulatory and market landscape and, pending approval of the board of directors.

The center is planned to be constructed by a professional project construction company and sub-contractors that will oversee all aspects of the building including interfacing and obtaining all facilities and products relevant licenses and regulatory approvals, the requisite building permits and other required authorizations.

Our mission is to become a leading worldwide production and innovation center for natural plant-based products and health, wellness, and pharma solutions and to bring partners, market leaders, companies, technologies, and scientific collaborations from Israel and around the world.

Israel as a Source of Innovation

Our presence in Israel combined with our close contacts with leading universities, researchers and companies empowers us to access the latest technologies, talent, and innovations and bring them to the global market.

We chose to focus on Israel for the following reasons:

- Israel is well positioned as a leader in technology with a critical mass of technology companies, researchers, and scientists¹⁵.
- Our headquarters, our executives and strategic partners are based in Israel, where we have been operating for years and have a strong network with Israeli companies, universities, labs, entrepreneurs, and businesses.
- Israel is considered a pharma powerhouse and a world leader in clinical trials due to its advanced regulatory environment and local experience¹⁶.
- The Israeli government views and supports technological innovation a major growth engine for the Israeli economy and supports it. The government support includes grants for the purchase of equipment, tax incentives, incentives for employing workers, and other benefits as part of a program of the Israeli government to encourages industrial development and benefits for the city of Yerucham.
- We acquired land in the south of Israel, backed by government support, to build the Green Vision Center, a first-of-its-kind production and innovation center for plant-based wellness & pharma products.

¹⁵ PwC-Startup Nation Central Report Explores Israel's Multinational Innovation Ecosystem

¹⁶ Portfolio of Israeli companies Life science and Clean-tech sectors October 2020

Significant Events

(i) On December 30, 2022, we purchased a 10% equity interest (on a fully diluted basis) in MyPlant Bio Ltd. under the terms of a Share Purchase and Option Agreement. The agreement provides Citrine Global with an option to purchase an additional 45% of MyPlant equity (on a fully diluted basis). Under the terms of the Share Purchase and Option Agreement, we purchased from the MyPlant shareholders an aggregate of 44,328 ordinary shares of MyPlant (the “MyPlant Shares”) representing, on a fully diluted basis, 10% of the outstanding MyPlant Shares, in consideration of \$444,444 payable by the issuance by Citrine Global to the MyPlant shareholders of an aggregate of 9,259,250 shares of our common stock. In addition, under the Share Purchase and Option Agreement, we were granted an option by the MyPlant shareholders to purchase an additional 35% of MyPlant Shares, on a fully diluted basis (the “Shareholders Option”), in consideration of \$1,555,556 payable by the issuance of up to 32,407,417 shares of our common stock to the MyPlant shareholders, and a separate option by MyPlant to purchase an additional 10% of the MyPlant Shares, on a fully diluted basis (the “MyPlant Option”), in consideration of \$444,444, which is payable, in our sole discretion, in cash or in the issuance to MyPlant of up to 9,259,250 shares of our common stock. Said options are exercisable through September 30, 2023 (the “Option Expiry Date”). If both the Shareholders Option and the Company Options are exercised, we will hold 55% of MyPlant Shares, on a fully diluted basis. Under the Share Purchase and Option Agreement, are authorized to continue its due diligence through the Option Expiry Date.

The transactions under the Share Purchase and Option Agreement are based on a MyPlant company valuation of approximately \$4.45 million. Under the agreement, we are authorized at any time on or before the Option Expiry Date to obtain an independent third-party valuation of MyPlant. If it is determined by such third-party valuation that the MyPlant valuation is less than \$4.45 million then the consideration payable in respect of the exercise price of the options will be accordingly adjusted, *provided however* that in any case the Company’s valuation in the transaction shall not be below US\$1,000,000.

(ii) On January 29, 2023, the holders of the convertible loans issued under the Convertible Loan Agreement agreed to extend to May 31, 2024 the maturity date thereof of such loans and further agreed that upon a public offering of our securities, our management is authorized to effect in connection with a listing of the Company’s stock on a U.S. National Securities Exchange, at our sole discretion, a conversion into shares of our common stock of all or part of such outstanding loans at a rate equal to the public offering price of the common stock under any offering accompanying such listing of the stock on the Nasdaq Stock Market.

(iii) On March 6, 2023 Cannovation, the Company's majority owned subsidiary and S.R. Accord Ltd., an Israeli public company ("Lender"), entered into an 18-month credit facility agreement (the "Credit Facility") pursuant to which Lender has committed to fund Cannovation in an aggregate amount of 3,000,000 NIS (approximately \$857,000) as needed. At the time of each draw down, Cannovation and Lender will determine the repayment of the loan. All amounts drawn under the Credit Facility will bear interest at a monthly rate of 1.7% and. Cannovation has the right to pre-pay the entire amount outstanding under the Credit Facility at any time. As security for any loans under the Credit Facility, Cannovation granted Lender a first priority lien on its rights to the 125,000 sq ft (11,687 sqm) of industrial land in Yerucham, a city in southern Israel which Cannovation acquired in February of 2022(the "Premises") to build the Green Vision Center Israel with the support of the government of Israel. The lien will become effective only if Cannovation utilizes the Credit Facility. If the market value of the Premises is less than the amount outstanding under the Credit Facility, then Lender will be entitled to additional security including additional shares of Citrine Global common stock, on such terms and conditions as the parties may agree. As additional security for any payments due to Lender, CTGL Citrine Global Israel Ltd., a wholly owned subsidiary of Citrine Global, (ii) Beezhome Technologies Ltd. an entity wholly owned by Ora Elharar Soffer, the Chief Executive Officer of Citrine Global and (iii) Netto Holdings, an unaffiliated entity under the partial control of Ilan Ben Ishay, a director on the board of Cannovation, as well as each of Ms. Elharar Soffer and Mr. Ben Ishay in their personal capacities, are providing guarantees for the repayment of any amounts that may be owing to Lender under the Credit Facility. The Company, CTGL Citrine Global Israel Ltd. and Cannovation have agreed to indemnify Ms. Elharar Soffer and Mr. Ben Ishay for any losses they incur as a result of the guarantee.

(iv) On May 9, 2023, the Company's Board determined to provide that until the *earlier* of the settlement in full of the convertible loans referred to convertible loan holders referred to above or the termination of the exercise period of the warrants for an aggregate of 62,178,554 shares previously issued to such convertible loan holders (the "Warrants"), if the Company's common stock were to be listed on the Nasdaq Stock Market and the per share public price of the offering accompanying such listing is less than the then current exercise price of the Warrants, then the Warrant exercise price shall be adjusted to that of the public offering price, *provided that* if such listing and accompanying offering do not occur by June 30, 2023, then the exercise price of the Warrants shall remain at its then current exercise price or may be reduced to a lower exercise price as determined by Company's Board and in agreement with the loan holders.

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 December 31, 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 for the next several years for research and development as we continue to develop products and innovative solutions. We are unable, with any certainty, to estimate either the costs or the timelines in which those expenses will be incurred. Our current development plans focus on the development of plant-based solutions including GreenFeels™ and Green Side by Side Products lines.

Our research and development costs include costs are composed of:

- internal recurring costs, such as personnel-related and consultants 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 and related testing and 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 March 31, 2023 compared to the Three Months Ended March 31, 2022

The following table presents our results of operations for the three months ended March 31, 2023 and 2022

	Three Months Ended	
	March 31	
	2023	2022
	US Dollars	
Revenues	-	-
Cost of sales	-	-
Operating loss	-	-
Research and development expenses	(28,000)	(25,000)
Marketing, general and administrative expenses	(489,000)	(315,000)
Operating loss	(517,000)	(340,000)
Income (expenses) related to convertible loan terms	(330,000)	(379,000)
Other financing expenses, net	(5,000)	(10,000)
Net loss	(852,000)	(729,000)

Revenues. We had no revenues in the three months ended March 31, 2023 and 2022.

Research and Development. Research and development expenses for the three months ended March 31, 2023 were \$28,000 compared to \$25,000 for the three months ended March 31, 2022. The increase is primarily attributable to professional expenses incurred in the operation of the business.

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 for the three months ended March 31, 2023 were \$489,000 compared to \$315,000 for the three months ended March 31, 2022. The increase in our marketing, general and administrative expenses is primarily attributable to the increase in our non-cash share-based compensation expenses.

Financing Expenses, Net. Financing income, net for the three months ended March 31, 2023 were \$335,000 compared to financing expenses, net \$389,000 for the three months ended March 31, 2022. The decrease in financial expense is primarily attributable to finance expenses related to our convertible loans.

Net Loss. Net loss for the three months ended March 31, 2023 was \$852,000 and is attributable to the reasons discussed above.

Financial Condition, Liquidity and Capital Resources

At March 31, 2023, we had current assets of \$266,000 compared to total current assets of \$185,000 as of December 31, 2022. The increase is mainly attributed to the increase in other prepaid expenses.

At March 31, 2023, we had a cash balance of \$62,000 compared to the cash balance of \$77,000 as of December 31, 2022.

At March 31, 2023, we had a working capital deficiency of \$1,655,000 as compared with a working capital deficiency of \$1,620,000 at December 31, 2022.

The following table provides a summary of operating, investing, and financing cash flows for the three months ended March 31, 2023 and 2022, respectively (in US Dollars):

	Three Months Ended	
	March 31, 2023	March 31, 2022
Net cash used in operating activities	(65,000)	(161,000)
Net cash provided by investment activities	-	(4,000)
Net cash provided by Financing Activities	51,000	180,000

On March 6, 2023 our majority owned subsidiary, Cannovation and S.R. Accord Ltd., an Israeli company (“Lender”), entered into an 18-month credit facility agreement (the “Credit Facility”) pursuant to which Lender has committed to fund Cannovation in an aggregate amount of 3,000,000 NIS (approximately \$857,000) as needed. At the time of each draw down, Cannovation and Lender will determine the repayment of the loan. All amounts drawn under the Credit Facility will bear interest at a monthly rate of 1.7% and will be due by no later than September 2024. Cannovation has the right to pre-pay the entire amount outstanding under the Credit Facility at any time. As security for any loans under the Credit Facility, Cannovation granted Lender a first priority lien on its rights to the 125,000 sq ft (11,687 sqm) of industrial land in Yerucham, a city in southern Israel which Cannovation acquired in February of 2022 (the “Premises”) to build the Green Vision Center Israel with the support of the government of Israel. The lien will become effective only if Cannovation utilizes the Credit Facility. If the market value of the Premises is less than the amount outstanding under the Credit Facility, then Lender will be entitled to additional security on such terms and conditions as the parties may agree.

On January 29, 2023, the holders of the convertible loans issued under the Convertible Loan Agreement agreed to extend to May 31, 2024 the maturity date thereof of such loans and further agreed that upon a public offering of our securities, our management is authorized to effect in connection with a listing of the Company’s stock on a U.S. National Securities Exchange, at our sole discretion, a conversion into shares of our common stock of all or part of such outstanding loans at a rate equal to the public offering price of the common stock under any such offering

Based on the Company’s current cash balances and the access to the Credit Facility described above, 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 March 31, 2023, 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 March 31, 2023, 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, 2022, as filed with the SEC on March 22, 2023, 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, 2022.

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

None

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: May 12, 2023

Date: May 12, 2023

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: May 12, 2023

**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 March 31, 2023 (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: May 12, 2023

**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 March 31, 2023 (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: May 12, 2023
