

# CITRINE GLOBAL, CORP.

## FORM 10-Q (Quarterly Report)

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Telephone	972-73-7600341
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Industry	Medical Equipment, Supplies & Distribution
Sector	Healthcare
Fiscal Year	12/31

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

**FORM 10-Q**

**MARK ONE**

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

for the Quarterly Period ended September 30, 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**

N/A

**Trading Symbol(s)**

N/A

**Name of each exchange on which registered**

N/A

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

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

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of November 14, 2023, there were outstanding 965,704,039 shares of the registrant's common stock, par value \$0.0001 per share.

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**CITRINE GLOBAL, CORP**  
**Form 10-Q**  
**September 30, 2023**

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CITRINE GLOBAL, CORP.  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023

CITRINE GLOBAL, CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 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)

<b>Assets</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<u>(Unaudited)</u>	
<b>Current Assets</b>		
Cash and cash equivalents	58	77
Prepaid expenses	326	88
Other current assets	16	20
<b>Total Current assets</b>	<u>400</u>	<u>185</u>
<b>Non-current assets</b>		
Investments valued under the measurement alternative	1,179	894
Property and equipment, net	211	230
<b>Total non-current assets</b>	<u>1,390</u>	<u>1,124</u>
<b>T o t a l assets</b>	<u><u>1,790</u></u>	<u><u>1,309</u></u>
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current liabilities</b>		
<b>Short term loans</b>	-	82
Credit facility	172	-
Accounts payable and accrued expenses	487	247
Accrued compensation	1,749	1,476
<b>Total current liabilities</b>	<u>2,408</u>	<u>1,805</u>
<b>Non-current liability</b>		
<b>Non-current liability</b>		
Convertible component in convertible notes	51	161
<b>Convertible notes</b>	<u>2,020</u>	<u>1,814</u>
<b>T o t a l liabilities</b>	<u><u>4,479</u></u>	<u><u>3,780</u></u>
<b>Stockholders' Deficit</b>		
Common stock, par value \$0.0001 per share, 1,500,000,000 shares authorized at September 30, 2023 and December 31, 2022; 965,704,039 and 943,703,873 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	96	94
Additional paid-in capital	25,067	23,248
Stock to be issued	55	474
Accumulated deficit	(28,051)	(26,402)
Accumulated other comprehensive income	144	115
<b>T o t a l stockholders' deficit</b>	<u>(2,689)</u>	<u>(2,471)</u>
<b>T o t a l liabilities and stockholders' deficit</b>	<u><u>1,790</u></u>	<u><u>1,309</u></u>

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

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

	Nine months ended		Three months ended	
	September 30		September 30	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Research and development expenses	(84)	(83)	(27)	(27)
Marketing, general and administrative expenses	(1,521)	(1,234)	(497)	(565)
<b>Operating loss</b>	<b>(1,605)</b>	<b>(1,317)</b>	<b>(524)</b>	<b>(592)</b>
Financing expenses, net:				
Income (expenses) related to convertible loan terms	(282)	(575)	75	(582)
Other financing income (expenses), net	238	(19)	328	(2)
<b>Financing income (expenses), net</b>	<b>(44)</b>	<b>(594)</b>	<b>403</b>	<b>(584)</b>
<b>Net loss attributable to common stockholders</b>	<b>(1,649)</b>	<b>(1,911)</b>	<b>(121)</b>	<b>(1,176)</b>
<b>Loss per common stock (basic and diluted)</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
Basic weighted average number of shares of common stock outstanding	<b>959,483,061</b>	<b>942,713,630</b>	<b>965,540,180</b>	<b>943,000,129</b>
<b>Comprehensive loss:</b>				
Net loss	(1,649)	(1,911)	(121)	(1,176)
Other comprehensive income attributable to foreign currency translation	29	8	13	6
Comprehensive loss	(1,620)	(1,903)	(108)	(1,170)

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

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



CITRINE GLOBAL, CORP.

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

	Common stock		Additional paid-in capital	Stock to be issued	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' deficit
	Stock	Amount					
<b>BALANCE AT DECEMBER 31, 2022</b>	943,703,873	94	23,248	474	(26,402)	115	(2,471)
<b>CHANGES DURING THE PERIOD OF THREE MONTHS ENDED MARCH 31, 2023:</b>							
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)
<b>BALANCE AT MARCH 31, 2023 (unaudited)</b>	<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>
Issuance of shares for services	9,000,000	1	332	-	-	-	333
Share based compensation to service providers	-	-	-	5	-	-	5
Share based compensation	-	-	209	-	-	-	209
Other comprehensive income	-	-	-	-	-	6	6
Net loss for the period	-	-	-	-	(676)	-	(676)
<b>BALANCE AT JUNE 30, 2023 (unaudited)</b>	<u>965,479,039</u>	<u>96</u>	<u>24,892</u>	<u>39</u>	<u>(27,930)</u>	<u>131</u>	<u>(2,772)</u>
Issuance of shares for services	225,000	*	9	(5)	-	-	4
Share based compensation to service providers	-	-	-	21	-	-	21
Share based compensation	-	-	166	-	-	-	166
Other comprehensive income	-	-	-	-	-	13	13
Net loss for the period	-	-	-	-	(121)	-	(121)
<b>BALANCE AT SEPTEMBER 30, 2023 (unaudited)</b>	<u>965,704,039</u>	<u>96</u>	<u>25,067</u>	<u>55</u>	<u>(28,051)</u>	<u>144</u>	<u>(2,689)</u>

\*Represents amount less than \$1 thousand

**CITRINE GLOBAL, CORP.**

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

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

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)

	Nine months ended September 30,	
	2023	2022
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(1,649)	(1,911)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2	2
Finance expenses, net	1	5
Financial expenses with respect to convertible notes and loans	282	575
Share based payment	871	402
Fair value adjustment of option to purchase MyPlant shares	(285)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	64	(26)
Accounts payable and accrued expenses	566	511
Net cash used in operating activities	<u>(148)</u>	<u>(442)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(4)
Net cash used in investing activities	<u>-</u>	<u>(4)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short term loan	-	80
Proceeds from issuance of convertible notes	-	280
Proceeds under credit facility, net	130	-
Net cash provided by financing activities	<u>130</u>	<u>360</u>
Effect of exchange rates on cash and cash equivalents	<u>(1)</u>	<u>(7)</u>
Net decrease in cash and cash equivalents	<u>(19)</u>	<u>(93)</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD</b>	<u>77</u>	<u>280</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD</b>	<u>58</u>	<u>187</u>
<b>Supplemental disclosure of cash flow information:</b>		
<b>Non-cash transactions:</b>		
Fair value of convertible component in convertible loan	-	(48)
Warrants issued in connection with convertible notes	(268)	(155)
Issuance of shares for credit facility	123	-
Extinguishment of convertible notes and loans	(83)	(162)
Issuance of shares for future services	139	-

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 see note 8(i)

**NOTE 1 – GENERAL (cont.)**

**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 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 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 (valued at \$123 thousand). As of the date of this report, Cannovation utilized \$172,000 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.

Following the war involving Israel, on October 7 2023, there has been a decrease in Israel's economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the shekel.

At this time, the Company has assessed, on the basis of the information it has as at the date of approval of these financial statements, that the current events and the escalation in security in Israel, will not have a material effect on the business plans of the Company in the short term. In addition, the situation may result difficulties in management's efforts to seek additional financing arrangements. Since this is an event that is not under the control of the Company, and matters such as the fighting continuing or stopping may affect the Company's assessments, as at the reporting date the Company is unable to assess the extent of the effect of the Iron Swords War on its business activities and on the business activities of its subsidiaries, and on their medium and long term results. The Company is continuing to regularly follow developments on the matter and will continue to examine the effects on its operations and the value of its assets.

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

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

**Unaudited Interim Financial Statements**

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

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

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

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

**Fair value (cont.)**

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

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

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

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

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

	<b>Balance as of September 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>US\$ in thousands</b>			
<b>Assets:</b>				
Option to Purchase MyPlant shares	-	-	576	576
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>576</b>	<b>576</b>
<b>Liabilities:</b>				
Convertible component in convertible notes	-	-	92	92
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>92</b>	<b>92</b>

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

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

	<b>Balance as of December 31, 2022</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>US\$ in thousands</b>			
<b>Assets:</b>				
Option to Purchase MyPlant shares	-	-	291	291
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>291</b>	<b>291</b>
<b>Liabilities:</b>				
Convertible component in convertible notes	-	-	161	161
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>161</b>

The following table presents the changes in fair value of the level 3 assets and liabilities for the period ended September 30, 2023:

	<b>Changes in Fair value</b>
	<b>US\$ in thousands</b>
<b>Assets:</b>	
Outstanding at December 31, 2022	291
Changes in fair value	285
Outstanding at September 30, 2023	<b>576</b>
<b>Liabilities:</b>	
Outstanding at December 31, 2022	161
Initial recognition of convertible component as part of convertible notes issued	8
Changes in fair value	(77)
Outstanding at September 30, 2023	<b>92</b>

**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 September 30, 2023 are not expected to have a material impact on the Company's consolidated financial statements.



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

**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 September 30, 2023:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price (\$)</u>
Outstanding at December 31, 2022	122,529,342	0.026
Granted	-	-
Exercised	-	-
Forfeited or expired	-	-
Outstanding at September 30, 2023	<u>122,529,342</u>	<u>0.026</u>
Number of options exercisable at September 30, 2023	<u>56,692,978</u>	<u>0.035</u>

The stock options outstanding as of September 30, 2023, have been separated into exercise prices, as follows:

<u>Exercise price</u>	<u>Stock options outstanding</u>	<u>Weighted average remaining contractual life – years</u>	<u>Stock options vested</u>
\$		As of September 30, 2023	
0.0011	46,762	3.25	46,762
0.02	42,415,560	1.86	14,138,520
0.022	47,128,400	1.86	15,709,468
0.05	32,938,620	3.43	26,798,228
	<u>122,529,342</u>	<u>2.54</u>	<u>56,692,978</u>

Compensation expense recorded by the Company in respect of its stock-based compensation awards for the nine and three months ended September 30, 2023 were \$644 thousands and \$166 thousands, respectively, and are included in General and Administrative expenses in the Statements of Operations.

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

**NOTE 4 - INVESTMENTS 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 15,211 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.

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.

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.

On September 28, 2023, the Company and MyPlant entered into an amendment of the Share Purchase and Option Agreement to extend to December 31, 2023 the Option Expiry Date available to the Company to purchase an additional 45% of MyPlant’s share equity, on a fully diluted basis. All other terms and conditions of the Share Purchase and Option Agreement remain in full force and effect.

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.

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

**NOTE 4 - INVESTMENTS VALUED UNDER THE MEASUREMENT ALTERNATIVE (cont.)**

*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:

	<b>December 31, 2022</b>	<b>September 30, 2023</b>
Dividend yield	0%	0%
Risk-free interest rate	4.71%	4.85%
Expected term (years)	0.78	0.25
Company's volatility	114.80%	36.97%
MyPlant share price (U.S. dollars)	10.04	29.22
MyPlant volatility	55.29%	67.55%

The fair value of the Shareholders Option as of December 31, 2022 and September 30, 2023 was estimated at \$291 thousands and \$576 thousands, respectively.

Based on the above, the fair value proportion allocation as of December 31, 2022 was as follows:

	<b>December 31, 2022</b>
Shareholders option	\$ 291
MyPlant's shares	153
	<b>\$ 444</b>

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 30, 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 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.

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. See note 8(ii).

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 May 9, 2023, the Company’s Board determined to provide that until the earlier of the satisfaction in full of the convertible loans or the termination of the exercise period of the warrants for an aggregate of 62,178,554 shares previously issued to the Lending LPs (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 September 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. As the offering has not been achieved by June 26, 2023, the Board decided that the Warrant exercise price shall remain unchanged at \$0.05 and also provide that the upon the implementation of the reverse split, the Warrants per share exercise price would be unaffected by the reverse split and would remain at \$0.05 though the number of warrant shares would be subject to the reverse stock split.

- 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.

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

**NOTE 5 – CONVERTIBLE NOTES (cont.)**

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

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.

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:

	<b>January 30, 2023</b>
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

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

**NOTE 5 – CONVERTIBLE NOTES (cont.)**

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).

- C. As of September 30, 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:

	<b>September 30, 2023</b>
Dividend yield	0%
Risk-free interest rate	4.85%
Expected term (years)	0.67
Volatility	143%
Share price (U.S. dollars)	0.02
Exercise price (U.S. dollars)	0.05
Fair value of the conversion feature (U.S. dollars in thousands)	255
Weighted fair value based on scenario probability (U.S. dollars in thousands)	51

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 September 30, 2023 was \$51 thousands.

**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 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) 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 guarantee.

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 \$17,000 were recorded as finance expenses and the remaining were recorded as pre-paid 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 \$9,000 were recorded as finance expenses and the remaining were recorded as pre-paid expenses.

On August 1, 2023, the board of directors of Cannovation, the Company majority owned subsidiary, authorized a draw down under the previously disclosed credit facility with S.R. Accord Ltd. in the approximate amount of approximately \$120,000 to be utilized for the company operations. As required under the credit facility, Cannovations’s shareholders gave guarantees and each of Ms. Elharar Soffer, the Company’s CEO and a director, and Ilan Ben Ishay, a director of Cannovation, gave personal guarantees, for the drawdown. In addition, as required under the credit facility, Cannovation granted a security interest on Cannovation’s rights under the development agreement with the Israel Lands Authority with respect to Cannovations’s facility in Yerucahm, in Southern Israel. As of the date of this report, the draw down request is being processed.

During the period of nine month ended September 30, 2023, Cannovation utilized \$172,000 out of the credit line.

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

**NOTE 6 – OTHER EVENTS DURING THE PERIOD (cont.)**

- B. On May 25, 2023, the Company issued a consultant 9,000,000 shares of the Company’s common stock in respect of IRPR services. The Company determined the value of the shares issued at \$333,000 based on the share price at the agreement date of which \$111,000 were recorded as marketing, general and administrative expenses and the remaining were recorded as pre-paid expenses.

**NOTE 7 – RELATED PARTIES**

**A. Transactions and balances with related parties**

	Nine months ended September 30		Three months ended September 30	
	2023	2022	2023	2022
	U.S. dollars (in thousands)			
<b>Research and development expenses:</b>				
Directors compensation and fees to officers	84	81	27	26
<b>General and administrative expenses:</b>				
Directors compensation and fees to officers (*)	1,021	791	293	444
(*) Share based compensation	644	349	166	305
<b>Financing expenses (income), net:</b>				
Related to convertible loan terms	(282)	(575)	75	(582)
	22			



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

**NOTE 7 – RELATED PARTIES (cont.)**

**B. Balances with related parties:**

	<b>As of September 30, 2023</b>	<b>As of December 31, 2022</b>
<b>Current Liabilities:</b>		
Short term loan	-	82
Accounts payable	180	120
Accrued compensation	1,749	1,384
	<b>1,926</b>	<b>1,586</b>
<b>Non-current Liabilities:</b>		
Convertible notes	2,020	1,814

**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.

**NOTE 7 – RELATED PARTIES (cont.)**

**C. Additional information (cont.)**

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**

(i) On November 2, 2023, the Board of Directors the Company determined to seek an agreement with iBOT pursuant to which the Company, would purchase, on an initial basis, a 19% equity stake in iBOT with an option to increase the Company's equity holdings to 51%, on terms and conditions acceptable to the Company and iBOT. It was determined that the offered purchase price would be based on the discounted pre-company valuation of iBOT prepared by an independent third party valuator commissioned by the Company of \$10,000,000. It was also determined by the Board that consideration for the initial 19% equity stake would be by way of a share exchange with iBOT and the balance of the consideration would be by way of combination of shares and cash as agreed to by the Company and iBOT. It was also agreed that all Company share issuance to iBOT would be calculated a per share price of \$0.027, representing then the highest closing price of the Company's common stock during the preceding 30 day period.

On November 19, 2023, the Company entered into a binding Letter of Intent (LOI) with iBOT pursuant to which, would purchase, on an initial basis, a 19% equity stake in iBOT with an option to increase the Company's equity holdings to 51%, upon the execution of definitive agreements, initially a 19% equity stake in iBOT in consideration of which the Company will issue to iBOT 70,370,370 shares of the Company's common stock and iBOT will issue such number of iBOT ordinary shares as shall represent 19% of iBOT's outstanding equity (following such issuance), on a fully diluted basis., Under the LOI, the Company was also granted an option, exercisable through June 30, 2024 and extendable, at the Company's option, for an additional six months, to increase the Company's shareholdings in iBOT to a total of 51% of iBOT's equity, on a fully diluted basis. The consideration for the increased equity position would be paid by a combination of shares and cash, as agreed by the Company and iBOT, provided that such consideration shall include a cash component that will be sufficient to cover iBOT's operating budget for a 24 month period. iBOT is authorized to determine whether the Company's exercise of the option, if any, will be through the issuance by iBOT of new shares to the Company or through the purchase by the Company of the requisite number of shares from existing iBOT shareholders.

(ii) On November 19, 2023, the holders of the convertible loans issued under the Loan Agreement which is comprised of Citrine SAL High Tech 7 LP, Citrine SAL Biotech 8 LP, and Citrine SAL Biotech 9 LP (collectively, the "LPs") entered into a binding LOI pursuant to which the LPs agreed to extend the maturity date of the convertible loans from May 2024 to December 31, 2024 in consideration of Citrine's undertaking to adjust the terms of the notes consistent with the terms of a subsequent financing that Citrine entered into in March 2023 with the adjusted terms being on terms mutually agreed to by the Company and iBOT. The adjusted terms and conditions relating to the Note shall be memorialized in a written instrument which may include terms and conditions as Citrine Global and the LPs shall agree to.

## 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 wellness & plant-based 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 2030<sup>1</sup> with growing awareness of health and wellness solutions for improving people’s quality of life<sup>2</sup>.

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 treatment<sup>3</sup>.

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 have built an end-to-end strategy to bring to market on a global scale innovative wellness and plant-based pharma solutions covering the whole spectrum from innovation, research and development, product development, production and manufacturing, distribution, marketing and sales.

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 plant-based 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.

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

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

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

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™** targeting the nutritional supplements market that is expected to reach \$625 billion by 2030<sup>4</sup>.

#### **Acquisition of iBOT Israel Botanicals Ltd.**

On November 19, 2023, we signed a binding Letter of Intent (LOI) with iBOT Israel Botanicals Ltd. to purchase up to 51% equity interest on a fully diluted basis in iBOT Israel Botanicals Ltd. (iBOT) by initially acquiring 19% and an option to obtain an additional 32% of the equity of iBOT.

iBOT is a revenue-generating nutritional supplements' company offering products with attractive gross margins in high growth categories. The company is an innovative botanical developer of natural formulations and owns a GMP-certified manufacturing site approved by the Israeli Ministry of Health and the IP and manufacturing know-how of hundreds of nutritional supplements including probiotics, medicinal mushrooms, zinc, magnesium, spirulina, ginkgo biloba, algae, valerian, ashwagandha, and additional plants that contain substances with health-supportive effects. iBOT products arrive in multiple form factors: syrups, tinctures, oils, tablets, powders, capsules, and sachets.

Currently, iBOT generates revenue through a business-to-business (B2B) model, supplying private labels to marketing companies that sell them under their own label in Israel. The company's growth strategy includes selling products worldwide to major retailers and direct sales of business-to-customer (B2C) online via e-commerce platforms and through retailers and distributors.

Citrine Global acquisition of iBOT is in line with the company's strategy and an opportunity to accelerate growth through acquisitions of revenue-generating companies and high-growth potential and generating revenue by expanding sales via distribution through a worldwide network of local teams and partners.

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

## **Acquisition of MyPlant Bio Ltd.**

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 by December 31, 2023.

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 wellness and plant-based pharma solutions.

We view the acquisition of MyPlant as an opportunity to advance our wellness products with MyPlant's scientific research as to the effects of specific plant substances and compounds on different wellness and medical conditions.

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 2030<sup>5</sup>.

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

Our strategy is to add value to our product lines and position our company with a competitive edge in the wellness, nutritional supplements and plant-based pharma markets.

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, treatments, or an unbalanced lifestyle.

## **Revenue & Growth Strategy**

We plan to expand our distribution efforts in the wellness industry and build a worldwide network of local teams and partners, as well as doing mergers & acquisitions of health and wellness companies that already have sales and distribution infrastructures. Initially, we are planning to build an infrastructure for sales and business development with local teams in North America and Europe.

Citrine Global acquisition of iBOT is in line with the company's strategy and an opportunity to accelerate growth through acquisitions of Revenue-Generating companies with fast-growing potential and leveraging the company's sales in brand building in digital marketing, partnerships with retail and distributions in health and wellness industry.

## **Our target Market potential**

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

- The nutritional supplements market was \$314 billion in 2020 and is expected to reach \$624.7 billion by 2030<sup>6</sup>.
- The superfoods market was \$172 billion in 2020 and is expected to reach \$287.7 billion by 2027<sup>7</sup>.
- The botanical and plant-derived drug market was \$26 billion in 2018 and is expected to reach \$53 billion by 2026<sup>8</sup>.
- The natural cosmetics market was \$15 billion in 2021 and is expected to reach \$21.5 billion by 2028<sup>9</sup>.

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

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

<sup>6</sup> Research, P., 2022. Nutritional Supplements Market to Hit US\$ 624.7 Billion by 2030. [online] GlobeNewswire

<sup>7</sup> Research, I., 2022. Global Superfoods Market Size is Projected to Reach US\$ 287.75 Billion by 2027 | [online] GlobeNewswire Newsroom

<sup>8</sup> 2018-2026, G. and 2018-2026, G., 2022. Botanical and Plant Derivative Drug Market - Global Forecast 2018-2026. [online]

<sup>9</sup> Vantage Market Research, Vegan Cosmetics Market to Hit USD 21.5 Billion by 2028 | GlobeNewswire Newsroom [online]

Our IP Strategy and R&D Roadmap include:

- Developing wellness 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 treatments<sup>10</sup>.

The public health impact of harms associated with medicines and treatments is a growing area of investigation, given the expanding pharma industry and widespread availability of drugs and different medical treatments around the world. Current evidence suggests that use of medicines is associated with side effects. Exploring the relationship between drug side-effects and therapeutic indications demonstrates that 69% of drugs have between 10 and 100 different side effects<sup>11</sup>.

Treatment of side-effects, or adverse drug reactions, has become a healthcare concern<sup>12</sup>. 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 globe<sup>13</sup>.

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 state<sup>14</sup>.

<sup>10</sup> U.S. Food and Drug Administration. 2022. Learning about Side Effects

<sup>11</sup> 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

<sup>12</sup> 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

<sup>13</sup> Pharmacovigilance Market Size to Reach 12.48 billion in 2027 [online]

<sup>14</sup> Healthline. 2022. What You Should Eat During and After Antibiotics. [online]

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.

### **Green Vision Center Production and Innovation Center for Wellness & Plant-based 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.

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.

### **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 scientists<sup>15</sup>.
- 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 experience<sup>16</sup>.
- 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.

<sup>15</sup> PwC-Startup Nation Central Report Explores Israel's Multinational Innovation Ecosystem

<sup>16</sup> Portfolio of Israeli companies Life science and Clean-tech sectors

## Significant Events During the Period

(i) On September 28, 2023, MyPlant and Citrine agreed to extend the duration of option granted by MyPlant to Citrine to increase Citrine's equity stake in MyPlant to 55% of MyPlant's equity (on a fully diluted basis) to December 31, 2023. Citrine's option was originally scheduled to expire on September 30, 2023.

(ii) On November 2, 2023, our Board of Directors determined to seek an agreement with iBOT pursuant to which the Company, would purchase, on an initial basis, a 19% equity stake in iBOT with an option to increase the Company's equity holdings to 51%, on terms and conditions acceptable to the Company and iBOT. It was determined that the offered purchase price would be based on the discounted pre-company valuation of iBOT prepared by an independent third party valuator commissioned by the Company of \$10,000,000. It was also determined by the Board that consideration for the initial 19% equity stake would be by way of a share exchange with iBOT and the balance of the consideration would be by way of combination of shares and cash as agreed to by the Company and iBOT. It was also agreed that all Company share issuance to iBOT would be calculated a per share price of \$0.027, representing then the highest closing price of the Company's common stock during the preceding 30 day period.

On November 19, 2023, we entered into a binding Letter of Intent (LOI) with iBOT pursuant to which, upon the execution of definitive agreements, the Company will purchase, initially a 19% equity stake in iBOT in consideration of which we will issue to iBOT 70,370,370 shares of the Company's common stock and iBOT will issue such number of iBOT ordinary shares as shall represent 19% of iBOT's outstanding equity (following such issuance), on a fully diluted basis. Under the LOI, the Company was also granted an option, exercisable through June 30, 2024 and extendable, at the Company's option, for an additional six months, to increase the Company's shareholdings in iBOT to a total of 51% of iBOT's equity, on a fully diluted basis. The consideration for the increased equity position would be paid by a combination of shares and cash, as agreed by the Company and iBOT, provided that such consideration shall include a cash component that will be sufficient to cover iBOT's operating budget for a 24 month period. iBOT is authorized to determine whether the Company's exercise of the option, if any, will be through the issuance by iBOT of new shares to the Company or through the purchase by the Company of the requisite number of shares from existing iBOT shareholders.

(iii) On November 19, 2023, the holders of the convertible loans issued under the Loan that includes Citrine SAL High Tech 7 LP, Citrine SAL Biotech 8 LP, and Citrine SAL Biotech 9 LP (collectively, the "LPs") entered into a binding LOI pursuant to which the LPs agreed to extend the maturity date of the convertible loans from May 2024 to December 31, 2024 in consideration of Citrine's undertaking to adjust the terms of the notes consistent with the terms of a subsequent financing that Citrine entered into in March 2023. The adjusted terms and conditions relating to the Note shall be memorialized in a written instrument which may include terms and conditions as Citrine Global and the LPs shall agree to.

## Components of Operating Results

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

### *Revenues*

We have not generated any revenues from product sales as of September 30, 2023.



### 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 September 30, 2023 compared to the Three Months Ended September 30, 2022

The following table presents our results of operations for the three months ended September 30, 2023 and 2022

	Three Months Ended September 30	
	2023	2022
	US Dollars	
Revenues	-	-
Cost of sales	-	-
<b>Gross revenue</b>	-	-
Research and development expenses	(27,000)	(27,000)
Marketing, general and administrative expenses	(497,000)	(565,000)
<b>Operating loss</b>	(524,000)	(592,000)
Income (expenses) related to convertible loan terms	75,000	(582,000)
Other financing expenses, net	328,000	(2,000)
<b>Financing income (expenses), net</b>	403,000	(584,000)
<b>Net loss</b>	(121,000)	(1,176,000)

**Revenues.** We had no revenues in the three months ended September 30, 2023 and 2022.

**Research and Development.** Research and development expenses for the three months ended September 30, 2023 and of 2022 were \$27,000.

**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 September 30, 2023 were \$497,000 compared to \$565,000 for the three months ended September 30, 2022. The decrease in our marketing, general and administrative expenses is primarily attributable to the decrease in our non-cash share-based compensation expenses somewhat offset by an increase in professional expenses.

**Financing Expenses, Net.** Financing income, net for the three months ended September 30, 2023 were \$423,000 compared to financing expenses, net of \$584,000 for the three months ended September 30, 2022. The decrease in financial expense is primarily attributable to decrease in finance expenses related to our convertible loans as well as finance income related to the fair value of the options to purchase MyPlant shares as discussed in note 4 of the financial statements.

**Net Loss.** Net loss for the three months ended September 30, 2023 was \$121,000 and is attributable to the reasons discussed above.

### Comparison of the Nine Months Ended September 30, 2023 compared to the Nine Months Ended September 30, 2022

The following table presents our results of operations for the nine months ended September 30, 2023 and 2022

	Nine Months Ended September 30	
	2023	2022
	US Dollars	
Revenues	-	-
Cost of sales	-	-
<b>Gross revenue</b>	-	-
Research and development expenses	(84,000)	(83,000)
Marketing, general and administrative expenses	(1,521,000)	(1,234,000)
<b>Operating loss</b>	(1,605,000)	(1,317,000)
Income (expenses) related to convertible loan terms	(282,000)	(575,000)
Other financing expenses, net	238,000	(19,000)
<b>Financing income (expenses), net</b>	(44,000)	(594,000)
<b>Net loss</b>	(1,649,000)	(1,911,000)

**Revenues.** We had no revenues in the nine months ended September 30, 2023 and 2022.

**Research and Development.** Research and development expenses for the nine months ended September 30, 2023 were \$84,000 compared to \$83,000 for the nine months ended September 30, 2022.

**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 nine months ended September 30, 2023 were \$1,521,000 compared to \$1,234,000 for the nine months ended September 30, 2022. The increase in our marketing, general and administrative expenses is primarily attributable to the increase in professional services as well as in our non-cash share-based compensation expenses.

**Financing Expenses, Net.** Financing expenses, net for the nine months ended September 30, 2023 were \$44,000 compared to financing expenses, net of \$594,000 for the nine months ended September 30, 2022. The decrease in financial expense is primarily attributable to decrease in finance expenses related to our convertible loans as well as finance income related to the fair value of the options to purchase MyPlant shares as discussed in note 4 of the financial statements.

**Net Loss.** Net loss for the nine months ended September 30, 2023 was \$1,649,000 and is attributable to the reasons discussed above.

### Financial Condition, Liquidity and Capital Resources

At September 30, 2023, we had current assets of \$400,000 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 September 30, 2023, we had a cash balance of \$58,000 compared to the cash balance of \$77,000 as of December 31, 2022.

At September 30, 2023, we had a working capital deficiency of \$2,008,000 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 nine months ended September 30, 2023 and 2022, respectively (in US Dollars):

	<b>Nine Months Ended</b>	
	<b>September 30, 2023</b>	<b>September 30 2022</b>
Net cash used in operating activities	(148)	(442)
Net cash used in investment activities	-	(4)
Net cash provided by Financing Activities	130	360

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 August 1, 2023, the board of directors of Cannovation, the Company majority owned subsidiary, authorized a draw down under the previously disclosed credit facility with S.R. Accord Ltd. in the approximate amount of approximately \$120,000 to be utilized for the company operations. As required under the credit facility, Cannovations’s shareholders gave guarantees and each of Ms. Elharar Soffer, the Company’s CEO and a director, and Ilan Ben Ishay, a director of Cannovation, gave personal guarantees, for the drawdown. In addition, as required under the credit facility, Cannovation granted a security interest on Cannovation’s rights under the development agreement with the Israel Lands Authority with respect to land in Yerucahm, in Southern Israel. As of the date of this report, the draw down request is being processed

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

On November 19, 2023, the holders of the convertible loans issued under the Loan Agreement which is comprised of Citrine High Tech 7 LP, Citrine 8 LP, and Citrine 9 LP (collectively, the "LPs") entered into a binding LOI pursuant to which the LPs agreed to extend the maturity date of the convertible loans from May 2024 to December 31, 2024 in consideration of Citrine's undertaking to adjust the terms of the notes consistent with the terms of a subsequent financing that Citrine entered into in March 2023. The adjusted terms and conditions relating to the Note shall be memorialized in a written instrument which may include terms and conditions as Citrine Global and the LPs shall agree to.

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 September 30, 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 September 30, 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*	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
31.2	<a href="#">Certification of Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
32.1*	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith

**SIGNATURES**

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

**CITRINE GLOBAL, CORP**  
(Registrant)

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

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

Date: November 20, 2023

Date: November 20, 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: November 20, 2023

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I, Ilanit Halperin, certify that:

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

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

Date: November 20, 2023

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

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 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*

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

Dated: November 20, 2023

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

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 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*

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

Dated: November 20, 2023

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