RiceBran Technologies
Form 424B3
July 16, 2014

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-191448

RiceBran Technologies

PROSPECTUS

1,876,872 SHARES OF COMMON STOCK

This prospectus relates to our issuance of up to 1,876,872 shares of our common stock issuable upon exercise of warrants that are trading on the NASDAQ Capital Market under the symbol “RIBTW” (Public Warrants).

Each of the Public Warrants entitles the holder to purchase one share of common stock at the exercise price of $6.55 per share through December 18, 2018. The Public Warrants were issued pursuant to a registered offering to the public of common stock and related warrants that closed on December 18, 2013.

Our common stock is currently traded on the NASDAQ Capital Market under the symbol “RIBT”.

INVESTING IN THE OFFERED SECURITIES INVOLVES RISKS, INCLUDING THOSE SET FORTH IN THE “RISK FACTORS” SECTION OF THIS PROSPECTUS BEGINNING ON PAGE 3. INVESTORS SHOULD ONLY CONSIDER AN INVESTMENT IN THESE SECURITIES IF THEY CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is July 15, 2014.

TABLE OF CONTENTS

Table of Contents

PROSPECTUS SUMMARY

1,876,872 SHARES OF COMMON STOCK

ABOUT THIS PROSPECTUS

This summary highlights certain information appearing elsewhere in this prospectus. For a more complete understanding of this offering, you should read the entire prospectus carefully, including the risk factors and the financial statements. References in this prospectus to “we,” “us,” “our,” and “Company” refer to RiceBran Technologies and its subsidiaries. You should read both this prospectus and any prospectus supplement together with additional information described below under the heading "Where You Can Find More Information."

ABOUT RICEBRAN TECHNOLOGIES

Corporate Information

Our principal executive office is located at 6720 N. Scottsdale Road, Suite 390, Scottsdale, AZ 85253. Our telephone number is (602) 522-3000.

Company Overview

We are a human food ingredient, nutritional supplement and animal nutrition company focused on value-added processing and marketing of healthy, natural and nutrient dense products derived from raw rice bran (RRB), an underutilized by-product of the rice milling industry.

Using our bio-refining business model, we apply our proprietary and patented technologies and intellectual properties to convert RRB into numerous high value products including stabilized rice bran (SRB), rice bran oil (RBO), defatted rice bran (DRB), RiBalance (a complete rice bran nutritional package derived from further processing of SRB), RiSolubles (a highly nutritious, carbohydrate and lipid rich fraction of SRB), RiFiber (a fiber rich derivative of SRB), ProRyza rice bran protein-based products and a variety of other valuable derivatives extracted from these core products.

Our target markets are natural food, functional food, nutraceutical supplement, cosmetic and animal nutrition manufacturers, wholesalers and retailers, both domestically and internationally.

In February 2008, through our Delaware subsidiary Nutra S.A., we acquired 100% ownership of Irgovel, our rice bran oil processing plant in Pelotas, Brazil. During 2011, we sold a minority interest in Nutra SA, to AF Bran Holdings-NL LLC and AF Bran Holding LLC. As of June 12, 2014, we own a 58.9% interest in Nutra S.A.

We have two reportable operating segments: (i) USA segment, which manufactures and distributes SRB in various granulations along with Stage II products (RiSolubles, RiFiber, RiBalance and ProRyza ) and derivatives, and formulates and co-packages products, and (ii) Brazil segment, which extracts crude RBO and DRB from rice bran, which are then further processed into fully refined rice bran oil for sale internationally and in Brazil, compounded animal nutrition products for horses, cows, swine, sheep and poultry and a number of valuable human food and animal nutrition products derivatives and co-products. In addition we incur corporate and expenses not directly attributable to operating segments, which include costs related to our corporate staff, general and administrative expenses including public company expenses, intellectual property, professional fees, and other expenses. No corporate allocations, including interest, are made to the operating segments.

The combined operations of our USA and Brazil segments encompass our bio-refining approach to processing RRB into various high quality, value-added constituents and finished products. Over the past decade, we have developed and optimized our proprietary bio-refining processes to support the production of healthy, natural, hypoallergenic, gluten free, and non-genetically modified ingredients and supplements for use in human meats, baked goods, cereals, coatings, health foods, nutritional supplements, nutraceuticals and high-end animal nutrition and health products.

In January 2014, we completed the acquisition of H&N Distribution, Inc. now operating as Healthy Natural, Inc. (H&N), which has been integrated into our USA segment. H&N is a formulator and co-packer of products targeted at customers in the direct marketing, internet sales and retail distribution markets, which operates a facility in Irving, Texas. H&N serves the natural products, nutritional supplement and nutraceutical and functional food (NFF) sectors.

We incorporated under the laws of the State of California on March 18, 1998. From July 2003 until October 2012, our corporate name was “NutraCea”. Our common stock is currently trading on NASDAQ Capital Market under the symbol “RIBT.” The Public Warrants are currently trading on the same exchange under the symbol “RIBTW”.
1

Table of Contents

SUMMARY OF THE OFFERING

| | |
|---|---|
| Securities offered: | 1,876,872 shares of common stock issuable upon exercise of the Public Warrants |
| Common stock outstanding before the offering (1): | 6,445,306 shares |
| Common stock to be outstanding after the exercise of all warrants for the shares covered by this prospectus (1): | 8,322,178 shares |
| Use of proceeds: | We may receive up to approximately $12.3 million in proceeds. However, as we are unable to predict the timing or amount of potential Public Warrants exercises, we have not allocated any proceeds of such exercises to any particular purpose. Accordingly, all such proceeds are allocated to working capital. It is possible that the Public Warrants may expire and may never be exercised. |
| Trading Symbol: | Our common stock is listed on The NASDAQ Capital Market under the symbol “RIBT” |
| Risk Factors: | Investing in our securities involves substantial risks. You should carefully review and consider the “Risk Factors” section of this prospectus beginning on page 3 and the other information in this prospectus for a discussion of the factors you should consider before you decide to invest in this offering. |

(1) The number of shares of our common stock outstanding excludes the following:

- 143,995 shares of common stock issuable upon exercise of outstanding stock options under our equity incentive plans;
- 2,292,056 shares of common stock issuable upon exercise of certain outstanding warrants.

Table of Contents

## RISK FACTORS

You should carefully consider and evaluate all of the information in this prospectus, including the risk factors listed below. Risks and uncertainties in addition to those we describe below, that may not be presently known to us, or that we currently believe are immaterial, may also harm our business and operations. If any of these risks occur, our business, results of operations and financial condition could be harmed, the price of our common stock could decline, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements contained in this prospectus.

### Risks Relating to Our Business

We have not yet achieved positive cash flows.

Our net cash used in operating activities was $5.2 million in 2013 and $4.8 million in 2012. We may not be able to achieve revenue growth, profitability or positive cash flow, on either a quarterly or annual basis, and that profitability, if achieved, may not be sustained. If we are unable to achieve or sustain profitability, we may not be financially viable in the future and may have to curtail, suspend, or cease operations, restructure existing operations to attempt to ensure future viability, or pursue other alternatives such as re-filing for bankruptcy, pursuing dissolution and liquidation, seeking to merge with another company, selling all or substantially all of our assets or raising additional capital through equity or debt financings. Because of our recurring losses and negative cash flows from operations, the audit report of our independent registered public accountants on our consolidated financial statements contains an explanatory paragraph stating that there is substantial doubt about our ability to continue as a going concern.

We have generated significant losses since our inception in 2000, and losses in the future could cause the trading price of our stock to decline or have a material adverse effect on our financial condition, our ability to pay our debts as they become due and on our cash flows.

Since we began operations in February 2000, we have incurred an accumulated deficit in excess of $200 million. We may not be able to achieve profitable operations or maintain profitable operations if achieved. If our losses continue, our liquidity may continue to be severely impaired, our stock price may fall and our shareholders may lose all or a significant portion of their investment. If we are not able to attain profitability in the near future our financial condition could deteriorate further which could have a material adverse impact on our business and prospects and result in a significant or complete loss of your investment. Further, we may be unable to pay our debt obligations as they become due, which include obligations to secured creditors.

We may need to raise additional funds through debt or equity financings in the future to achieve our business objectives and to satisfy our cash obligations, which would dilute the ownership of our existing shareholders and possibly subordinate certain of their rights to the rights of new investors.

We may need to raise additional funds through debt or equity financings in order to complete our ultimate business objectives. We also may choose to raise additional funds in debt or equity financings if they are available to us on reasonable terms to increase our working capital, strengthen our financial position or to make acquisitions. Our board of directors has the ability, without seeking shareholder approval, to issue convertible debt and additional shares of common stock or preferred stock that is convertible into common stock for such consideration as the board of directors may consider sufficient, which may be at a discount to the market price. Any sales of additional equity or convertible debt securities would result in dilution of the equity interests of our existing shareholders, which could be substantial. Additionally, if we issue shares of preferred stock or convertible debt to raise funds, the holders of those securities might be entitled to various preferential rights over the holders of our common stock, including repayment of their investment, and possibly additional amounts, before any payments could be made to holders of our common stock in connection with an acquisition of us. Such preferred shares, if authorized, might be granted rights and

preferences that would be senior to, or otherwise adversely affect, the rights and the value of our common stock. Also, new investors may require that we and certain of our shareholders enter into voting arrangements that give them additional voting control or representation on our board of directors.

Any material weaknesses in our internal control over financing reporting in the future could adversely affect investor confidence, impair the value of our common stock and increase our cost of raising capital.

Any future failure to remedy deficiencies in our internal control over financial reporting that may be discovered or our failure to implement new or improved controls, or difficulties encountered in the implementation of such controls, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could, in turn, affect the future ability of our management to certify that internal control over our financial reporting is effective. Inferior internal control over financial reporting could also subject us to the scrutiny of the SEC and other regulatory bodies which could cause investors to lose confidence in our reported financial information and could subject us to civil or criminal penalties or shareholder litigation, which could have an adverse effect on our results of operations and the trading price of our common stock.

In addition, if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our share price. Furthermore, deficiencies could result in future non-compliance with Section 404 of the Sarbanes-Oxley Act of 2002. Such non-compliance could subject us to a variety of administrative sanctions, including review by the SEC or other regulatory authorities.

There are significant market risks associated with our business.

We have formulated our business plan and strategies based on certain assumptions regarding the size of the rice bran market, our anticipated share of this market, the estimated price and acceptance of our products and other factors. These assumptions are based on our best estimates, however our assessments may not prove to be correct. Any future success may depend upon factors including changes in the dietary supplement industry, governmental regulation, increased levels of competition, including the entry of additional competitors and increased success by existing competitors, changes in general economic conditions, increases in operating costs including costs of rice bran, production, supplies, personnel, equipment, and reduced margins caused by competitive pressures. Many of these factors are beyond our control.

We may face difficulties integrating businesses we acquire.

As part of our strategy, we expect to review opportunities to buy other businesses or technologies, such as the acquisition of H&N that was completed on January 2, 2014, that would complement our current products, expand the breadth of our markets or enhance technical capabilities, or that may otherwise offer growth opportunities. The H&N acquisition and other acquisitions involve numerous risks, including:

- problems combining the purchased operations, technologies or products;
- unanticipated costs;
- diversion of management's attention from our core business;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience;
- potential loss of key employees of purchased organizations;
- problems combining the purchased operations, technologies or products;
- unanticipated costs;
- diversion of management's attention from our core business;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience; and
- potential loss of key employees of purchased organizations.

We have significant foreign operations and there are inherent risks in operating overseas.

An important component of our business strategy is to build rice bran stabilization and rice bran oil facilities in foreign countries and to market and sell our products internationally. For example, we have an operation in Brazil which manufactures rice bran oil. There are risks in operating facilities in foreign countries because, among other reasons, we may be unable to attract sufficient qualified personnel, intellectual property rights may not be enforced as we expect, and legal rights may not be available as contemplated. Should any of these risks occur, our ability to expand our foreign operations may be materially limited and we may be unable to maximize the output from these facilities and our financial results may decrease from our anticipated levels. The inherent risks of international operations could materially adversely affect our business, financial condition and results of operations. The types of risks faced in connection with international operations and sales include, among others:

- cultural differences in the conduct of business;
- fluctuations in foreign exchange rates;
- greater difficulty in accounts receivable collection and longer collection periods;
- challenges in obtaining and maintaining financing;
- impact of recessions in economies outside of the United States;
- reduced or obtainable protection for intellectual property rights in some countries;
- unexpected changes in regulatory requirements;
- tariffs and other trade barriers;
- political conditions in each country;
- management and operation of an enterprise spread over various countries;

- the burden and administrative costs of complying with a wide variety of foreign laws; and
- currency restrictions.

Table of Contents

Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and results of operations.

The Brazilian economy has historically been characterized by interventions by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. For example, the government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future.

Our Brazilian segment's business, results of operations, financial condition and prospects may be adversely affected by, among others, the following factors:

- exchange rate movements;
- exchange control policies;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in GDP;
- inflation;
- tax policies;
- other economic political, diplomatic and social developments in or affecting Brazil;
- interest rates;
- energy shortages;
- liquidity of domestic capital and lending markets;
- changes in environmental regulation; and
- social and political instability.

Our interests in Nutra SA are subject to certain drag along rights and we may receive little or no proceeds from such sale.

The minority investors in Nutra SA have the right to force the sale of all Nutra SA assets after the earlier of January 1, 2015, or upon the failure to process a certain level of rice bran in the second and third quarters of 2014. Should the Investors desire to sell 100% of Nutra SA to a third party, we are obligated to cooperate in the negotiation and sale of Nutra SA in accordance with the terms of such sale as agreed to thereby. In the event of a sale, the minority investors in Nutra SA are entitled to a preferential return of any proceeds received from the sale of Nutra SA in an amount equal to 2.3 times such investors' unreturned capital which will be distributed first to such investors until the preferential return has been paid in full. The unreturned capital balance for the Investors as of June 12, 2014, is $14.3 million. Because of these drag along rights, we will only receive a certain portion of the proceeds if the sales proceeds are greater than the amount of such preferential return, and it is possible that we will receive no or little proceeds from the sale of Nutra SA.

The capital expansion project and temporary shut down at our Irgovel facility could adversely affect our business, financial condition or results of operations.

Irgovel has just completed a capital expansion project involving installation of new equipment and improvements to existing infrastructure. As a result of the project, the Irgovel facility was shut down approximately ten weeks in the first quarter of 2014, while certain new equipment was brought on line. Where possible, we stockpiled certain inventory for sale during the period the plant was shut down. However, this inventory was not adequate to timely fulfill all outstanding orders during this period. Subsequent restart expenses and raw bran purchasing requirements may adversely affect our operating results and working capital needs as these events occur.

The installation of new equipment at the Irgovel facility involves significant uncertainties. For example, our new equipment may not perform as expected or may differ from design and/or specifications. If we are required to

redesign or modify the equipment to ensure that it performs as expected, we may need to further shut down the facility until the equipment has been redesigned or modified as necessary. Any of the foregoing risks associated with the capital expansion project could lead to lower revenues or higher costs or otherwise have a negative impact on our future results of operations and financial condition.

Irgovel has certain financial and operating performance obligations which if not met may lead to us losing management control over Irgovel.

Under the limited liability company agreement for Nutra SA, as amended, Irgovel must satisfy certain financial performance requirements in order for us to maintain control over Irgovel. These financial performance requirements include Irgovel's satisfaction of revenue, earnings and net debt targets described in the membership interest purchase agreement, as amended. In addition, Irgovel must meet certain minimum processing targets beginning in the second quarter of 2014 and achieve EBITDA of at least $4.0 million beginning in 2014. If Irgovel fails to meet these financial requirements, we could lose management control over Irgovel's operations, and management control would transfer to the minority investors in Nutra SA. Any such change in management control would cause us to no longer consolidate Irgovel's financial results with our financial results. Instead, we would be required to account for Irgovel as an equity investment on our balance sheets which may negatively impact our share price.

Table of Contents

Our business could be affected adversely by labor disputes, strikes or work stoppages in Brazil.

All of the employees at our Irgovel facility in Brazil are represented by a labor union and are covered by a collective bargaining agreement. As a result, we are subject to the risk of labor disputes, strikes, work stoppages and other labor-relations matters. Our collective bargaining agreement in Brazil has a one-year term and requires that we provide wage adjustments each year. We may be unable to negotiate new collective bargaining agreements on similar or more favorable terms and may experience work stoppages or other labor problems in the future. We could experience a disruption of our operations or higher ongoing labor costs, which could have a material adverse effect on our operating results and financial condition, potentially resulting in cancelled orders by customers, unanticipated inventory accumulation or shortages and reduced revenues and net income.

Fluctuations in foreign currency exchange could adversely affect our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. Dollar, including primarily the Brazilian Real. Currently, a significant portion of our revenues and expenses occur in our Brazilian subsidiary, Irgovel. Because our consolidated financial statements are presented in U.S. Dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. Dollars at exchange rates in effect historically, during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. Dollar against the Brazilian Real and any other currency which affects a material amount of our operations, will affect our revenues, cost of sales, gross profit (loss), operating expenses, or other income and expenses and the value of balance sheet items denominated in foreign currencies. These fluctuations may have a material adverse effect on our financial results. Disruptions in financial markets may result in significant changes in foreign exchange rates in relatively short periods of time which further increases the risk of an adverse currency effect. Since we plan to expand our international operations, we will likely increase our exposure to foreign currency risks. We do not hedge our currency risk, and do not expect to, as currency hedges are expensive and do not necessarily reduce the risk of currency fluctuations over longer periods of time.

We depend on a limited number of customers.

In the USA segment, three customers accounted for 38% of segment revenues and the top ten customers accounted for 61% of segment revenues in 2013. As of December 31, 2013, the top ten customers in the USA segment accounted for 59% of segment accounts receivable.

In the Brazil segment, three customers accounted for 35% of 2013 segment revenues and our top ten customers accounted for 53% of 2013 segment revenues. As of December 31, 2013, the top ten customers accounted for 68% of Brazil segment accounts receivable.

We are dependent upon the continued growth, viability and financial stability of our customers. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenues. Consolidation among our customers may further reduce the number of customers that generate a significant percentage of our revenues and expose us to increased risks relating to dependence on a small number of customers. A significant reduction in sales to any of our customers or a customer could have a material adverse effect on our results of operations.

The inability of our significant customers to meet their obligations to us may adversely affect our financial results.

We currently depend on a limited number of customers. This results in a concentration of credit risk with respect to our outstanding accounts receivable. We consider the financial strength of the customer, the remoteness of the possible risk that a default event will occur, the potential benefits to our future growth and development, possible actions to reduce the likelihood of a default event and the benefits from the transaction before entering into a large

credit limit for a customer. Although we analyze these factors, the ultimate collection of the obligation from the customer may not occur. Although we continue to expand our customer base in an attempt to mitigate the concentration of credit risk, the writing off of an accounts receivable balance could have an adverse effect on our results of operations. Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash and cash equivalents and trade receivables. Historically, we have not experienced any loss of our cash and cash equivalents, but we have experienced losses to our trade receivables.

We may encounter difficulties in maintaining relationships with distributors and customers while enforcing our credit policies.

We define credit risk as the risk of loss from obligors or counterparty default. Our credit risks arise from both distributors and consumers. Many of these risks and uncertainties are beyond our control. Our ability to forecast future trends and spot shifts in consumer patterns or behavior even before they occur are vital for success in today's economy. In managing risk, our objective is to protect our profitability, but also to protect, to the extent we can, our ongoing relationships with our distributors and customers. However, as part of our credit risk policies, we occasionally must, among other things, cancel, reduce credit limits and place cash only requirements for certain questionable accounts. These credit risk policies may negatively impact our relationships with our distributors and customers, which could adversely affect our results of operations.

Table of Contents

We rely upon a limited number of product offerings.

The majority of the products that we sell are based on, or include, SRB produced at our US facilities and RBO extracted at Irgovel. A decline in the market demand for our SRB and RBO products or the products of other companies utilizing our SRB and RBO products, would have a significant adverse impact on us.

Our ability to generate sales is dependent upon our ability to continue our ongoing marketing efforts to raise awareness of our products and benefits of rice bran products generally.

We are dependent on our ability to market products to animal food producers, food manufacturers, mass merchandisers and health food retailers, and to other companies for use in their products. We must increase the level of awareness of dietary supplements in general and our products in particular. We will be required to devote substantial management and financial resources to these marketing and advertising efforts and such efforts may not be successful.

Our ability to adapt to sudden increases in demand of our product is limited by an adequate supply of raw rice bran and our ability to find additional facilities for production.

Many of our current products depend on our proprietary technology using raw rice bran, which is a by-product from milling paddy rice to white rice. In the USA segment, our ability to manufacture SRB is currently limited to the production capability of our equipment located at our two suppliers' rice mills in California and our own plant located adjacent to our supplier in Mermentau, Louisiana. We manufacture Stage II products in the USA segment, only at our facility in Dillon, Montana. In our Brazil segment, we rely on multiple sources to supply adequate raw rice bran to support production of RBO and DRB at our facility in Pelotas, Brazil. If demand for our products were to increase dramatically in the future, we would need additional production capacity which may take time and may expose us to additional long term operating costs.

We may not be able to continue to secure adequate sources of raw rice bran to meet our future demand. Since rice bran has a limited shelf life, the supply of rice bran is affected by the amount of rice planted and harvested each year. If economic or weather conditions adversely affect the amount of rice planted or harvested, the cost of rice bran products that we use may increase. We are not always able to immediately pass cost increases to our customers and any increase in the cost of SRB products could have an adverse effect on our results of operations.

We face competition from other companies that produce bran, grains and other alternative ingredients with similar benefits as our products.

Competition in our targeted industries, including nutraceuticals, functional food ingredients, rice bran oils, animal feed supplements and companion pet food ingredients is vigorous, with a large number of businesses engaged in the various industries. Many of our competitors have established reputations for successfully developing and marketing their products, including products that incorporate bran from other cereal grains and other alternative ingredients that are widely recognized as providing similar benefits as rice bran. In addition, many of our competitors have greater financial, managerial, and technical resources than we do. If we are not successful in competing in these markets, we may not be able to attain our business objectives.

We must comply with our contractual obligations.

We have numerous ongoing contractual obligations under various purchase, sale, supply, production and other agreements which govern our business operations. We also have contractual obligations which require ongoing payments such as various debt agreements and lease obligations and the agreement of Irgovel to pay tax obligations to the Brazilian government. While we seek to comply at all times with these obligations, we may not be able to comply

with the terms of all contracts during all periods of time, especially if there are significant changes in market conditions or our financial condition. If we are unable to comply with our material contractual obligations, there likely would be a material adverse effect on our financial condition and results of operations.

We are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints both domestically and abroad and our failure to comply with these laws, regulations and constraints could lead to the imposition of significant penalties or claims, which could harm our financial condition and operating results.

In both the U.S. and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, sale and storage of our products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, state or local levels in the United States and at all levels of government in foreign jurisdictions. The dietary supplement and cosmetic industries are subject to considerable government regulation, both as to efficacy as well as labeling and advertising. We are subject to regulation by one or more federal agencies including the U.S. Food and Drug Administration (FDA), the U.S. Federal Trade Commission (FTC), and the U.S. Department of Agriculture (USDA), state and local authorities and foreign governmental agencies including the Brazilian National Health Surveillance Agency. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of our products, resulting in significant loss of sales revenues. Our failure to comply with these current and new regulations could lead to the imposition of significant penalties or claims, limit the production or marketing of any non-compliant products or advertising and could negatively impact our business.

Table of Contents

We may be subject to product liability claims and product recalls.

We sell food and nutritional products for animal and human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration of food products. We may be subject to liability if the consumption of any of our products causes injury, illness or death. We maintain a product liability policy for $5.0 million per year in the aggregate. In addition, we may voluntarily recall products in the event of contamination or damage. A significant product liability judgment or a widespread product recall may cause a material adverse effect on our financial condition. Even if a product liability claim is unsuccessful, there may be negative publicity surrounding any assertion that our products caused illness or injury which could adversely affect our reputation with existing and potential customers.

Many of the risks of our business have only limited insurance coverage and many of our business risks are uninsurable.

Our business operations are subject to potential product liability, environmental, fire, employee, manufacturing, shipping and other risks. Although we have insurance to cover some of these risks, the amount of this insurance is limited and includes numerous exceptions and limitations to coverage. In the event we were to suffer a significant uninsured claim, our financial condition would be materially and adversely affected.

Our success depends in part on our ability to obtain, enforce and protect our patents, licenses and other intellectual property rights for our products and technology.

Our success is dependent upon our ability to protect and enforce the patents, trade secrets and trademarks that we have and to develop and obtain new patents and trademarks for future processes, machinery, compounds and products that we develop. The process of seeking patent protection may be long and expensive, and patents might not be issued or not be broad enough in scope. We may not be able to protect our technology adequately, and our competition may be able to develop similar technology that does not infringe or encroach upon any of our rights.

There currently are no claims or lawsuits pending or threatened against us regarding possible infringement claims, but infringement claims by third parties, or claims for indemnification resulting from infringement claims, could be asserted in the future or that such assertions, if proven to be accurate, could have a material adverse effect on our business, financial condition and results of operations. In the future, litigation may be necessary to enforce our patents, to protect our trade secrets or know-how or to defend against claimed infringement of the rights of others and to determine the scope and validity of the proprietary rights of others. Any litigation could result in substantial cost and diversion of our efforts and other resources, which could have a material adverse effect on our financial condition and results of operations. Adverse determinations in any litigation could result in the loss of our proprietary rights, subjecting us to significant liabilities to third parties, require us to seek licenses from third parties or prevent us from manufacturing or selling our systems, any of which could have a material adverse effect on our financial condition and results of operations. A license under a third party’s intellectual property rights might not be available to us on reasonable terms, if at all.

We are dependent on key employees.

Our success depends upon the efforts of our top management team and certain other key employees, including the efforts of John Short (chief executive officer), Dale Belt (chief financial officer), Mark McKnight (senior vice president of contract manufacturing), and Robert Smith, PhD (senior vice president of sales and business development). Although we have written employment agreements with our CEO and CFO, such individuals could die, become disabled, or resign. In addition, our success is dependent upon our ability to attract and retain key management persons for positions relating to the marketing and distribution of our products. We may not be able to recruit and employ such executives at times and on terms acceptable to us. Also, volatility, lack of positive

performance in our stock price and changes in our overall compensation program, including our equity incentive program, may adversely affect our ability to retain such key employees.

Compliance with corporate governance and public disclosure regulations may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, and new regulations issued by the SEC, such as Dodd-Frank, are creating uncertainty for companies. In order to comply with these laws, we may need to invest substantial resources to comply with evolving standards, and this investment would result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Table of Contents

Our officers and directors have limited liability and have indemnification rights.

Our articles of incorporation and bylaws provide that we may indemnify our officers and directors against losses sustained or liabilities incurred which arise from any transaction in that officer's or director's respective managerial capacity, unless that officer or director violates a duty of loyalty, did not act in good faith, engaged in intentional misconduct or knowingly violated the law, approved an improper dividend, or derived an improper benefit from the transaction.

Risks Relating to Our Stock

Our stock price is volatile.

The market price of our common stock has fluctuated significantly in the past and may continue to fluctuate significantly in the future. The market price of the common stock may continue to fluctuate in response to a number of factors, including:

- announcements of new products or product enhancements by us or our competitors;
- fluctuations in our quarterly or annual operating results;
- developments in our relationships with customers and suppliers;
- our ability to obtain financing;
- the loss of services of one or more of our executive officers or other key employees;
- announcements of technological innovations or new systems or enhancements used by us or our competitors;
- developments in our or our competitors' intellectual property rights;
- adverse effects to our operating results due to impairment of goodwill;
- failure to meet the expectation of securities analysts' or the public;
- general economic and market conditions;
- our ability to expand our operations, domestically and internationally;
- the amount and timing of expenditures related to any expansion;
- litigation involving us, our industry or both;
- actual or anticipated changes in expectations by investors or analysts regarding our performance; and
- price and volume fluctuations in the overall stock market from time to time.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Our stock price is volatile and we have been the target of shareholder litigation. Any shareholder litigation brought against us in the future could result in substantial costs and divert our management's attention and resources from our business.

We have significant "equity overhang" which could adversely affect the market price of our common stock and impair our ability to raise additional capital through the sale of equity securities.

As of June 12, 2014, we had 6,445,306 shares of common stock outstanding and 4,312,923 shares of our common stock were issuable upon exercise of outstanding options and warrants. The possibility that substantial amounts of our common stock may be sold by investors or the perception that such sales could occur, often called "equity overhang," could adversely affect the market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future. The issuance of the additional shares upon an increase in our authorized shares of common stock would significantly increase the amount of our common stock outstanding and the amount of the equity overhang.

The impacts of antidilution provisions in certain warrants may dilute current shareholders.

As of June 12, 2014, we had 426,489 shares of common stock issuable upon exercise of outstanding warrants that contain antidilution provisions, with a current exercise price of $5.24. These antidilution provisions cause the exercise prices and conversion prices of the warrants to decrease automatically if we issue shares of our common stock or securities convertible into shares of our common stock at prices below the exercise price of these warrants. These adjustments automatically cause the number of shares issuable upon exercise of these warrants to proportionately increase. Any such adjustment could materially dilute the holders of our common stock.

The authorization and issuance of preferred stock may have an adverse effect on the rights of holders of our common stock.

Our board of directors, without further action or vote by holders of our common stock, has the right to establish the terms, preference, rights and restrictions and issue shares of preferred stock. The terms of any series of preferred stock could be issued with terms, rights, preferences and restrictions that could adversely affect the rights of holders of our common stock and thereby reduce the value of our common stock. The designation and issuance of preferred stock favorable to current management or shareholders could make it more difficult to gain control of our board of directors or remove our current management and may be used to defeat hostile bids for control which might provide shareholders with premiums for their shares. We have designated and issued five series of preferred stock, no shares of which remain outstanding. We may issue additional series of preferred stock in the future.

Table of Contents

If we fail to comply with the continuing listing standards of The NASDAQ Capital Market, our securities could be delisted.

Our common stock is listed on the NASDAQ Capital Market under the symbol “RIBT”, and we also have outstanding warrants listed on the NASDAQ Capital Market under the symbol “RIBTW”. For our common stock and warrants to continue to be listed on the NASDAQ Capital Market, we must meet the current NASDAQ Capital Market continued listing requirements. If we were unable to meet these requirements, including, but not limited to, requirements to obtain shareholder approval of a transaction other than a public offering involving the sale or issuance equal to 20% or more of our common stock at a price that is less than the market value of our common stock, our common stock and warrants could be delisted from the NASDAQ Capital Market. If our securities were to be delisted from the NASDAQ Capital Market, our securities could continue to trade on the over-the-counter bulletin board following any delisting from the NASDAQ Capital Market, or on the Pink Sheets, as the case may be. Any such delisting of our securities could have an adverse effect on the market price of, and the efficiency of the trading market for our securities, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and less coverage of us by securities analysts, if any. Also, if in the future we were to determine that we need to seek additional equity capital, it could have an adverse effect on our ability to raise capital in the public or private equity markets.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this prospectus, including, without limitation, statements regarding the assumptions we make about our business and economic model, our dividend policy, business strategy and other plans and objectives for our future operations, are forward-looking statements.

These forward-looking statements include declarations regarding our management’s beliefs and current expectations. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “would,” “could,” “expects,” “plans,” “contemplates,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “intend” or “continue” or the such terms or other comparable terminology, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the forward-looking statements contained in this prospectus and the documents incorporated by reference herein include, among other things, statements about the following:

- our significant losses and negative cash flow raise questions about our ability to continue as a going concern;
- the risk that we will be unable to pay our debt obligations as they become due or that we will be unable to find sufficient financing to fund our operations;
- the risks associated with foreign operations;
- the effect certain conversions of securities may have on us, whether the conversion be pursuant to options, warrants, units of Nutra SA or contractual obligation and whether the conversion occurs at the parent or subsidiary levels;
- future sale of our common stock that could depress the trading price of our common stock, lower our value and make it more difficult for us to raise capital;
- our reliance on certain key customers;
- our credit risk;
- our currency exchange risk;
- our ability to compete effectively;
- regulatory compliance costs;
- product liability claims and product recalls;
- outstanding pledges and obligations to lenders; and

- the other matters described in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.”

You should also read the matters described in “Risk Factors” and the other cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. The forward-looking statements in this prospectus may not prove to be accurate and therefore you are encouraged not to place undue reliance on forward-looking statements. You should read this prospectus completely.

Table of Contents

## USE OF PROCEEDS

We may receive up to approximately $12.3 million in proceeds from the exercise of the Public Warrants. However, as we are unable to predict the timing or amount of potential warrant exercises, we have not allocated any proceeds of such exercises to any particular purpose. Accordingly, all such proceeds are allocated to working capital. It is possible that the Public Warrants may expire and may never be exercised.

## PRICE RANGE OF OUR COMMON STOCK

### Market Information

Our common stock is quoted on the NASDAQ Capital Market under the symbol “RIBT.” Our CUSIP No. is 762831-20-4. The following table sets forth the range of high and low sales prices for our common stock for the periods indicated below. The quotations below reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.Through December 12, 2013, our common stock was quoted on the OTCQB under the symbol “RIBT.”

| | Low | High |
|---|---|---|
| 2014 | | |
| Second Quarter Through June 10, 2014 | $3.56 | $7.45 |
| First Quarter | 4.05 | 6.56 |
| 2013 | | |
| Fourth Quarter | $4.25 | $14.00 |
| Third Quarter | 4.00 | 14.00 |
| Second Quarter | 12.00 | 18.00 |
| First Quarter | 10.00 | 24.00 |
| 2012 | | |
| Fourth Quarter | $8.00 | $24.00 |
| Third Quarter | 8.00 | 18.00 |
| Second Quarter | 8.00 | 32.00 |
| First Quarter | 20.00 | 32.00 |

## DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain all future earnings for the expansion and operation of our business and do not anticipate paying cash dividends in the foreseeable future. Cash provided by operations in our Brazil segment is generally unavailable for distribution to our Corporate and USA segments pursuant to the terms of the limited liability company agreement for Nutra SA. Pursuant to the terms of outstanding senior debt, we may not pay any dividends while the debt is outstanding. Otherwise, the payment of dividends on common stock, if any, in the future is within the discretion of our board of directors and will depend on its earnings, capital requirements and financial condition and other relevant facts.

## PLAN OF DISTRIBUTION

This prospectus relates to the issuance of up to 1,876,872 shares of our common stock upon the exercise of Public Warrants at the price of $6.55 per share. Warrant holders who wish to exercise such warrants must complete the exercise form on the back of the warrant certificate and return it with payment for the shares, based on the appropriate exercise price for such warrant, to American Stock Transfer and Trust Company, the warrant agent, by overnight

delivery, first class mail or courier service to:

By Mail:

American Stock Transfer & Trust Company
Attn: Reorganization Department
P.O. Box 2042
New York, New York 10272-2042
11

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read together with our consolidated financial statements and accompanying notes appearing elsewhere in this prospectus.

The following discussion should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

This discussion and analysis may contain "forward-looking statements." These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about our market opportunities, strategies, competition, and expected activities and expenditures and at times may be identified by the use of words such as "may," "could," "should," "would," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "intend," "continue" and variations of these words comparable words. Forward-looking statements inherently involve risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the risks described under "Risk Factors" in Item 1A. We undertake no obligation to update any forward-looking statements for revisions or changes after the filing date of this Annual Report on Form 10-K.

Basis of Presentation and Going Concern

In 2013 and the first quarter of 2014, we experienced losses and negative cash flows from operations on a consolidated basis which raises substantial doubt about our ability to continue as a going concern. We believe that we now have adequate financial resources to operate our business for the next year and we will be able to obtain additional funds to operate our business, should it be necessary. However, there can be no assurances that our efforts will prove successful. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

We closed an underwritten public offering in December 2013 and completed a private placement offering in March 2014 which together provided us with net proceeds in excess of $12.0 million, allowing us to make additional investment in our Brazilian operations and provide cash for corporate purposes. In January 2014, we completed the acquisition of H&N, the operations of which we expect to be accretive to cash flows. Our Brazilian subsidiary, Irgovel, shut down operations in the first quarter of 2014 to complete the final stages of a major capital expansion. The shutdown has been a drain on cash. Operations at Irgovel are expected to normalize during the second quarter of 2014, such that Irgovel will then begin trending upward towards its newly increased capacity and begin generating cash from operations.

We are a human food ingredient, nutritional supplement and animal nutrition company focused on value-added processing and marketing of healthy, natural and nutrient dense products derived from raw rice bran (RRB), an underutilized by-product of the rice milling industry. Using our bio-refining business model, we apply our proprietary and patented technologies and intellectual properties to convert RRB into numerous high value products including stabilized rice bran (SRB), rice bran oil (RBO), defatted rice bran (DRB), RiBalance (a complete rice bran nutritional package derived from further processing of SRB), RiSolubles (a highly nutritious, carbohydrate and lipid rich fraction of SRB), RiFiber (a fiber rich derivative of SRB), ProRyza rice bran protein-based products and a variety of other valuable derivatives extracted from these core products. Our target markets are natural food, functional food, nutraceutical supplement and animal nutrition manufacturers, wholesalers and retailers, both domestically and internationally.

We have two reportable operating segments: (i) USA segment, which manufactures and distributes SRB in various granulations along with Stage II products (described below) and derivatives and formulates and co-packages products, and (ii) Brazil segment, which extracts crude RBO and DRB from rice bran, which are then further processed into fully refined rice bran oil for sale internationally and in Brazil, compounded animal nutrition products for horses, cows, swine, sheep and poultry and a number of valuable human food and animal nutrition products derivatives and co-products. In addition we incur corporate and other expenses not directly attributable to operating segments, which include costs related to our corporate staff, general and administrative expenses including public company expenses, intellectual property, professional fees, and other expenses. No corporate allocations, including interest, are made to the operating segments.

The combined operations of our USA and Brazil segments encompass our bio-refining approach to processing RRB into various high quality, value-added constituents and finished products. Over the past decade, we have developed and optimized our proprietary bio-refining processes to support the production of healthy, natural, hypoallergenic, gluten free, and non-genetically modified ingredients and supplements for use in human meats, baked goods, cereals, coatings, health foods, nutritional supplements, nutraceuticals and high-end animal nutrition and health products.

Table of Contents

The USA segment produces SRB inside two supplier rice mills in California and one owned facility in Louisiana. A facility located in Lake Charles, Louisiana has been idle since May 2009. The USA segment also includes our Dillon, Montana Stage II facility which produces our Stage II products RiSolubles (a highly nutritious, carbohydrate and lipid rich fraction of SRB), RiFiber (a fiber rich derivative of SRB), RiBalance (a complete rice bran nutritional package derived from further processing SRB), and ProRyza, a family of protein products. Stage II refers to the proprietary processes run at our Dillon, Montana facility and includes products produced at that facility using our patented processes. In January 2014, we completed the acquisition of H&N which has been integrated into our USA segment. H&N is a formulator and co-packer of products targeted at customers in the direct marketing, internet sales and retail distribution markets, which operates a facility in Irving, Texas. H&N serves the natural products, nutritional supplement and nutraceutical and functional food (NFF) sectors. We acquired H&N as part of our strategy to vertically integrate our business in order to leverage our proprietary and patented technologies. Certain manufacturing facilities included in our USA segment have proprietary processing equipment and patented technology for the stabilization and further processing of rice bran into finished products. In 2013, approximately 55% of USA segment revenue was from sales of human food products and approximately 45% was from sales of animal nutrition products.

The Brazil segment consists of the consolidated operations of Nutra SA, whose only operating subsidiary is Irgovel, located in Pelotas, Brazil. Irgovel manufactures RBO and DRB products for both the human ingredient and animal nutrition markets in Brazil and internationally. In refining RBO to an edible grade, several co-products are obtained. One such product is distilled fatty acids, a valuable raw material for the detergent industry. Irgovel recently started production of rice lecithin, which has application in human nutrition, animal nutrition and industrial applications. DRB is compounded with a number of other ingredients to produce complex animal nutrition products which are packaged and sold under Irgovel brands in the Brazilian market, sold as a raw material for further processing into human food ingredients or sold in bulk into the animal nutrition markets in Brazil and neighboring countries. In 2013, approximately 45% of Brazil segment product revenue was from sales of RBO products and 55% was from sales of DRB products.

Results of Operations

THREE MONTHS ENDED MARCH 31, 2014 AND 2013

Consolidated net loss attributable to RiceBran Technologies shareholders for the three months ended March 31, 2014, was $1.9 million, or $0.62 per share, compared to a loss of $5.8 million, or $5.57 per share, for the three months ended March 31, 2013. Loss from operations was $2.7 million in both periods as the favorable impacts on the USA segment from the acquisition of H&N in January 2014 was offset be the unfavorable impacts of the Brazil segment plant shut-down at Irgovel during most of the three months ended March 31, 2014.

Revenue and Gross Profit

Revenues (in thousands):

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | % of Total Revenues | 2013 | % of Total Revenues | Change | % Change |
| USA segment | $4,993 | 65.0 | $2,909 | 33.4 | $2,084 | 71.6 |
| Brazil segment | 2,691 | 35.0 | 5,800 | 66.6 | (3,109) | (53.6) |
| Total revenues | $7,684 | 100.0 | $8,709 | 100.0 | $(1,025) | (11.8) |

Consolidated revenues for the three months ended March 31, 2014, were $7.7 million compared to $8.7 million in the prior year period, a decrease of $1.0 million, or 11.8%.

USA segment revenues increased $2.1 million, or 71.6% in 2014 compared to 2013. Animal feed product revenues decreased $0.5 million on lower volume while human nutrition product revenues increased $2.5 million, in large part due to increased sales in the human functional food market as a result of the acquisition of H&N. The decline in animal feed revenue was primarily attributable to reduced sales to two large, but low margin customers. We continue to focus on increasing the higher margin human nutrition product revenue in our mix of revenue.

Brazil segment revenues decreased $3.1 million, or 53.6% in 2014 compared to 2013. Revenues decreased $0.5 million as a result of the 15.5% decline in the average exchange rate between these periods. On a local currency basis, prior to translation into US dollars, Brazil segment revenues decreased 45.1% year over year. Revenues were negatively affected by the Irgovel plant shut down that began in January 2014. The plant was shut down in mid-January 2014 until April 2014 for expansion of the rice bran oil extractor, the key functional part of the plant, as well as installation of a new desolventizing/toasting system. Production began again in April 2014 on a limited basis. During the first half of the shutdown period, inventory available for sale was limited to certain animal feed products that utilized DRB that had been stockpiled prior to the shutdown.

Table of Contents

Gross profit (in thousands):

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | Gross Profit % | 2013 | Gross Profit % | Change | Change in Gross Profit % |
| USA segment | $1,616 | 32.4 | $704 | 24.2 | $ 912 | 8.2 |
| Brazil segment | (202) | (7.5) | 262 | 4.5 | (464) | (12.0) |
| Total gross profit | $1,414 | 18.4 | $966 | 11.1 | $ 448 | 7.3 |

Consolidated gross profit in the first quarter of 2014 increased $0.4 million, or 7.3 percentage points, to $1.4 million for the three months ended March 31, 2014, compared to $1.0 million in the prior year period.

The USA segment gross profit increased $0.9 million, to $1.6 million in 2014, from $0.7 million in 2013, $0.8 million of the increase was attributable to gross profit resulting from increased revenues resulting from the acquisition of H&N. Raw bran prices were relatively flat quarter over quarter.

Brazil segment gross profit declined $0.5 million, or 12.0 percentage points. As noted above, the Irgovel plant was shut down in January 2014. Production began again at the beginning of the second quarter on a limited basis and we expect production capacity to build through the second quarter of 2014 and reach or exceed 150% of pre-expansion raw bran processing levels in the third quarter of 2014. The amount of raw bran processed in the first quarter of 2014 was significantly lower than in the first quarter of 2013, as the plant operated normally for only approximately two weeks in January 2014.

Operating Expenses (in thousands):

| | Three Months Ended March 31, 2014 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Selling, general and administrative | $1,632 | $742 | $941 | $ 3,315 |
| Depreciation and amortization | 10 | 638 | 170 | 818 |
| Total operating expenses | $1,642 | $1,380 | $1,111 | $ 4,133 |

| | Three Months Ended March 31, 2013 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Selling, general and administrative | $1,116 | $677 | $1,289 | $ 3,082 |
| Depreciation and amortization | 6 | 121 | 204 | 331 |
| Intersegment fees | (56) | - | 56 | - |
| Impairment of property | - | 300 | - | 300 |
| Total operating expenses | $1,066 | $1,098 | $1,549 | $ 3,713 |

| | Favorable (Unfavorable) Change | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Selling, general and administrative | $(516) | $(65) | $348 | $ (233) |
| Depreciation and amortization | (4) | (517) | 34 | (487) |
| Intersegment fees | (56) | - | 56 | - |
| Impairment of property | - | 300 | - | 300 |
| Total operating expenses | $(576) | $(282) | $438 | $ (420) |

Consolidated operating expenses were $4.1 million for the first quarter of 2014, compared to $3.7 million for the first quarter of 2013, an increase of $0.4 million.

Corporate segment selling, general and administrative expenses (SG&A) increased $0.5 million. The first quarter of 2014 included $0.3 of acquisition costs related to the closing of the H&N acquisition in January 2014.

USA segment SG&A expenses increased $0.1 million due to the additional expenses now included from the operations of H&N, acquired in January 2014.

Brazil segment SG&A decreased $0.3 million. The favorable result was primarily related to a $0.2 million decline associated with the drop in the average foreign exchange rate between periods. The remaining difference relates to the timing of certain professional fees.

Table of Contents

USA segment depreciation and amortization expense increased $0.5 million due to amortization of a customer relationship intangible asset of $3.3 million established in January 2014 upon the acquisition of H&N. Amortization of the intangible is being taken over a three year period.

Other Income (Expense) (in thousands):

| | Three Months Ended March 31, 2014 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Interest income | $- | $ - | $15 | $ 15 |
| Interest expense | (529) | - | (659) | (1,188) |
| Foreign currency exchange, net | - | - | 75 | 75 |
| Change in fair value of derivative warrant and conversion liabilities | 2,058 | - | - | 2,058 |
| Financing expense | (1,122) | - | - | (1,122) |
| Other | - | - | (152) | (152) |
| Other income (expense) | $407 | $ - | $(721) | $ (314) |

| | Three Months Ended March 31, 2013 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Interest income | $- | $ - | $10 | $ 10 |
| Interest expense | (276) | - | (353) | (629) |
| Foreign currency exchange, net | - | - | 250 | 250 |
| Change in fair value of derivative warrant and conversion liabilities | (3,538) | - | - | (3,538) |
| Loss on extinguishment | (32) | - | - | (32) |
| Other | - | - | (122) | (122) |
| Other income (expense) | $(3,846) | $ - | $(215) | $ (4,061) |

| | Favorable (Unfavorable) Change | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Interest income | $- | $ - | $5 | $ 5 |
| Interest expense | (253) | - | (306) | (559) |
| Foreign currency exchange, net | - | - | (175) | (175) |
| Change in fair value of derivative warrant and conversion liabilities | 5,596 | - | - | 5,596 |
| Loss on extinguishment | 32 | - | - | 32 |
| Financing expense | (1,122) | - | - | (1,122) |
| Other | - | - | (30) | (30) |
| Other income (expense) | $4,253 | $ - | $(506) | $ 3,747 |

Consolidated other income was $0.3 million for the first quarter of 2014, compared to other expense of $4.1 million for the first quarter of 2013.

The Corporate segment experienced a $5.6 million decrease in expense from the change in the fair value of derivative warrant and conversion liabilities. Our liability warrants and conversion liabilities are valued using the lattice model each reporting period and the resulting change in fair value is recorded in the statements of operations. The lattice model requires us to assess the probability of future issuance of equity instruments at a price lower than the current exercise price of the warrants and make certain other assumptions. The favorable impacts as a result of the changes in our stock price between periods and the favorable impacts of the decrease in average outstanding derivative contracts contributed to the increase in expense.

This reduction in expense was offset by:

- a $0.7 million increase in interest expense, as a result of an increase in average debt and interest bearing payables outstanding in both the Corporate and Brazil segments;
- a $0.2 million decrease in foreign exchange gains, related to the Brazil segment's US Dollar denominated debt; and
- the $1.1 million increase in Corporate segment financing expense. In 2014, the expense was associated with the March 2014 private placement issuance of convertible notes and related warrants and represented the excess of the values assigned to the equity warrants and derivative liability warrants, at issuance, over the net proceeds from issuance, as described further in Note 10 to the consolidated financial statements.

15

Table of Contents
YEARS ENDED DECEMBER 2013 AND 2012

Consolidated net loss attributable to RiceBran Technologies shareholders for 2013 was $15.0 million, or $12.95 per share, compared to $9.5 million, or $9.29 per share in 2012.

Revenue and Gross Profit

Revenues (in thousands):

| | 2013 | % of Total Revenues | 2012 | % of Total Revenues | Change | % Change |
|---|---|---|---|---|---|---|
| USA segment | $12,023 | 34.3 | $12,633 | 33.5 | $(610) | (4.8) |
| Brazil segment | 23,028 | 65.7 | 25,090 | 66.5 | (2,062) | (8.2) |
| Total revenues | $35,051 | 100.0 | $37,723 | 100.0 | $(2,672) | (7.1) |

Consolidated revenues were $35.1 million in 2013 compared to $37.7 million in 2012, a decrease of $2.7 million, or 7.1%.

USA segment revenues decreased $0.6 million, or 4.8% in 2013 compared to 2012. Animal feed product revenues decreased $1.0 million on lower volume while human nutrition product revenues increased $0.4 million. The decline in animal feed revenue was primarily attributable to reduced sales to two large, but low margin customers. We continue to focus on increasing the higher margin human ingredient product revenue in our mix of revenue.

Brazil segment revenues decreased $2.1 million, or 8.2% in 2013 compared to 2012. Revenues decreased $2.4 million as a result of the 9.5% decline in the average exchange rate between these periods. On a local currency basis, prior to translation into US dollars, Brazil segment revenues increased 1.3% year over year. Offsetting the $2.4 million decline as a result of the decrease in the average exchange rates was the impact of a 4.6 % increase in revenue per ton. As part of the capital expansion project, we improved our animal feed production capabilities and launched new products which were unavailable for sale in 2012.

Gross profit (in thousands):

| | 2013 | Gross Profit % | 2012 | Gross Profit % | Change | Change in Gross Profit % |
|---|---|---|---|---|---|---|
| USA segment | $2,945 | 24.5 | $3,687 | 29.2 | $(742) | (4.7) |
| Brazil segment | 1,000 | 4.3 | 2,385 | 9.5 | (1,385) | (5.2) |
| Total gross profit | $3,945 | 11.3 | $6,072 | 16.1 | $(2,127) | (4.8) |

Consolidated gross profit in 2013 decreased $2.1 million, or 4.8 percentage points, to $3.9 million in 2013, compared to $6.1 million in 2012.

The USA segment gross profit declined $0.7 million, to $2.9 million in 2013, from $3.7 million in 2012, due to the impact of higher raw bran prices in 2013 compared to 2012. Raw bran and related third party bran processing cost increases impacted margin by 5.3 percentage points. Continuing competitive pressure for animal nutrition product revenues has limited our ability to pass along these higher costs and we decided to forego unprofitable sales to some large customers. In the human feed ingredient market, pricing is more elastic.

The Brazil segment gross profit declined $1.4 million, or 5.2 percentage points, from 9.5 to 4.3, partially due to increased raw bran prices. While the amount of raw bran processed was 1.1% higher in 2013 than 2012, plant operational efficiency at Irgovel was affected by the capital expansion project. Multiple plant shut downs throughout 2013 have occurred as new equipment has been installed in several areas of the plant. Major areas affected include the animal nutrition plant, the boiler system that feeds steam to the plant, water storage and fire protection systems, power substations, raw bran receiving facilities and raw bran extruders. The plant was shut down again in January 2014 for expansion of the rice bran oil extractor, the key functional part of the plant, as well as installation of a new desolventizing/toasting system. Production began again in March 2014 on a limited basis and we expect production capacity to build through the second quarter of 2014 and reach or exceed 150% of raw bran processing capability in the third quarter of 2014.

Table of Contents

Operating Expenses (in thousands):

| | 2013 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Selling, general and administrative | $5,918 | $2,006 | $4,442 | $ 12,366 |
| Depreciation and amortization | 24 | 469 | 756 | 1,249 |
| Impairment of property | - | 300 | - | 300 |
| Total operating expenses | $5,942 | $2,775 | $5,198 | $ 13,915 |

| | 2012 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Selling, general and administrative | $4,768 | $2,364 | $4,496 | $ 11,628 |
| Depreciation and amortization | 197 | 1,006 | 859 | 2,062 |
| Intersegment fees | (347) | - | 347 | - |
| Impairment of intangibles and property | - | 1,069 | - | 1,069 |
| Total operating expenses | $4,618 | $4,439 | $5,702 | $ 14,759 |

| | Favorable (Unfavorable) Change | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Selling, general and administrative | $(1,150) | $358 | $54 | $ (738) |
| Depreciation and amortization | 173 | 537 | 103 | 813 |
| Intersegment fees | (347) | - | 347 | - |
| Impairment of intangibles and property | - | 769 | - | 769 |
| Total operating expenses | $(1,324) | $1,664 | $504 | $ 844 |

Consolidated operating expenses were $13.9 million in 2013, compared to $14.8 million in 2012, an improvement of $0.8 million.

Corporate segment selling, general and administrative expenses (SG&A) increased $1.2 million between years due to the $1.1 million change in bonus expenses. USA segment SG&A expenses decreased $0.4 million primarily as a result of a $0.3 million change in gain on sale of excess property. Depreciation expense was lower in 2013 as a result of an impairment charge taken in the second quarter of 2012.

The reduction in USA segment impairment charges between periods contributed $0.8 million to the improvement in consolidated operating expenses. The impairment charge in 2012, related to the impairment of machinery and equipment not currently in use, which was written down $1.1 million to its estimated fair value in the second quarter of 2012. In the first quarter of 2013, we reevaluated the machinery and equipment not in use and, based on current market conditions, recorded an additional impairment of $0.3 million. The estimate of net realizable value is subject to change.

Brazil segment SG&A expense decreased $0.1 million. The net decrease was attributable to a $0.5 million reduction in expense from the 9.5% change in exchange rates between periods offset by a $0.4 million increase in severance costs associated with 2013 headcount reductions.

The investors in Nutra SA have agreed to waive all investor fees until further notice. Thus there are no intersegment fees in 2013, comparable to those in 2012.

Table of Contents

Other Income (Expense) (in thousands):

| | 2013 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Interest income | $- | $- | $109 | $ 109 |
| Interest expense | (1,950) | - | (1,984) | (3,934) |
| Change in fair value of derivative warrant and conversion liabilities | (1,029) | - | - | (1,029) |
| Loss on extinguishment and financing expense | (3,455) | - | - | (3,455) |
| Foreign currency exchange, net | - | - | (440) | (440) |
| Other | (41) | - | (319) | (360) |
| Other income (expense) | $(6,475) | $- | $(2,634) | $ (9,109) |

| | 2012 | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Interest income | $18 | $- | $56 | $ 74 |
| Interest expense | (742) | (17) | (1,167) | (1,926) |
| Change in fair value of derivative warrant and conversion liabilities | 5,420 | - | - | 5,420 |
| Loss on extinguishment and financing expense | (7,125) | - | - | (7,125) |
| Foreign currency exchange, net | - | - | (617) | (617) |
| Other | - | - | (210) | (210) |
| Other income (expense) | $(2,429) | $(17) | $(1,938) | $ (4,384) |

| | Favorable (Unfavorable) Change | | | |
|---|---|---|---|---|
| | Corporate | USA | Brazil | Consolidated |
| Interest income | $(18) | $- | $53 | $ 35 |
| Interest expense | (1,208) | 17 | (817) | (2,008) |
| Change in fair value of derivative warrant and conversion liabilities | (6,449) | - | - | (6,449) |
| Loss on extinguishment and financing expense | 3,670 | - | - | 3,670 |
| Foreign currency exchange, net | - | - | 177 | 177 |
| Other | (41) | - | (109) | (150) |
| Other income (expense) | $(4,046) | $17 | $(696) | $ (4,725) |

Consolidated other expense was $9.1 million in 2013, compared to other expense of $4.4 million in 2012. The $4.7 million increase in other expense was comprised of the following:

- a $2.0 million increase in interest expense, as a result of (i) an increase in average debt and interest bearing payables outstanding in both the Corporate and Brazil segments and (ii) the increase in interest expense in the Corporate segment as a result of amortizing the debt discount on a senior debenture when the principal was paid in 2013;
- a Corporate segment $6.4 million increase in expense from the change in the fair value of derivative warrant and conversion liabilities. Our liability warrants and conversion liabilities are valued using the lattice model each reporting period and the resulting change in fair value is recorded in the statements of operations. The lattice model requires us to assess the probability of future issuance of equity instruments at a price lower than the current exercise price of the warrants and make certain other assumptions. The negative impacts as a result of the changes in our stock price between periods and the unfavorable impacts of the increase in average outstanding derivative contracts contributed to the increase in expense.

These higher expenses were offset by:

- the $2.1 million reduction in Corporate segment loss on extinguishment. In 2013, the extinguishment losses were related to (i) the modification of convertible notes and the exchange of warrants as described in Note 9 to the consolidated financial statements included herein and (ii) the conversion of $0.3 million of our senior debenture and the prepayment of $0.3 million on those debentures also described in that note.

- the $1.6 million reduction in Corporate segment financing expense. In 2013, the loss was associated with the issuance of subordinated convertible notes and related warrants and represented the excess of the fair value of the derivative conversion and warrant liabilities, and other consideration, at issuance over the proceeds from issuance, as described in Note 9 to the consolidated financial statements;
- a $0.2 million improvement in foreign exchange, related to the Brazil segments US Dollar denominated debt, as a result of the 9.5% decline in the average exchange rate between periods.

Table of Contents
Liquidity and Capital Resources

THREE MONTHS ENDED MARCH 31, 2014 AND 2013

With respect to liquidity and capital resources, we manage the Brazil segment, consisting currently of our plant in Brazil, separately from our U.S. based Corporate and USA segments. Cash on hand at our Brazil segment is generally unavailable for distribution to our Corporate and USA segments pursuant to the terms of the limited liability company agreement for Nutra SA. Cash used in operating activities for the three months ended March 31, 2014 and 2013, is presented below by segment (in thousands).

| | Three Months Ended March 31, 2014 | | |
|---|---|---|---|
| | Corporate and USA | Brazil | Consolidated |
| Net loss | $(752) | $(2,033) | $ (2,785) |
| Adjustments to reconcile net loss to net cash used in operations: | | | |
| Depreciation and amortization | 901 | 594 | 1,495 |
| Change in fair value of derivative warrant and conversion liabilities | (2,058) | - | (2,058) |
| Financing expense | 1,122 | - | 1,122 |
| Deferrred tax benefit | (248) | - | (248) |
| Other adjustments, net | 382 | 21 | 403 |
| Changes in operating assets and liabilities | (250) | 772 | 522 |
| Net cash used in operating activities | $(903) | $(646) | $ (1,549) |

| | Three Months Ended March 31, 2013 | | |
|---|---|---|---|
| | Corporate and USA | Brazil | Consolidated |
| Net loss | $(5,306) | $(992) | $ (6,298) |
| Adjustments to reconcile net loss to net cash used in operations: | | | |
| Depreciation and amortization | 351 | 617 | 968 |
| Change in fair value of derivative warrant and conversion liabilities | 3,538 | - | 3,538 |
| Impairment of property | 300 | | 300 |
| Loss on extinguishment | 32 | - | 32 |
| Other adjustments, net | 327 | (743) | (416) |
| Changes in operating assets and liabilities | (18) | 990 | 972 |
| Net cash used in operating activities | $(776) | $(128) | $ (904) |

Corporate and USA

On a combined basis, the Corporate and USA segments used $0.9 million of cash in operating activities in the first quarter of 2014 compared to $0.8 in the first quarter of 2013. We expect H&N, acquired in January 2014, will generate operating cash flows in 2014, and the combined Corporate and USA cash flows will improve over the course of 2014. We funded a portion of the losses from operations with the proceeds of a private placement and a public offering discussed further below.

As a result of a shareholder vote, effective May 30, 2014, our authorized shares increased from 6,000,000 shares to 25,000,000 shares. We had outstanding certain obligations to issue stock, upon an increase in our authorized shares,

and as described further below, issued shares in fulfillment of these obligations on May 30, 2014.

On March 20, 2014, we completed a private placement offering. We issued convertible notes in the principal amount of $4.9 million and warrants for the purchase of up to 1,399,614 shares of common stock. The notes were due July 31, 2016, bore interest at 5% interest and automatically converted at a conversion price of $5.25 into 942,158 shares of common stock, upon shareholders voting to approve an increase in our authorized shares of common stock on May 30, 2014.

On May 19, 2014, we completed a private placement offering. We issued convertible notes in the principal amount of $1,2 million and warrants for the purchase of up to 357,075 shares of common stock. The notes were due July 31, 2016, bore interest at 5% interest and automatically converted at a conversion price of $5.25 into 238,409 of common stock, upon shareholders voting to approve an increase in our authorized shares of common stock on May 30, 2014.

In the fourth quarter of 2013, the holders of our subordinated convertible notes agreed to amend their notes to reduce the interest rate to 5% from 10%, change the maturity of the notes to July 2016 (if there was a different maturity date) and to remove the conversion feature and antidilution protections upon the closing of an equity raise in excess of $7.0 million (Modification). Concurrently, certain warrant holders agreed to exchange warrants to purchase 496,060 shares of common stock for the future issuance of 1,554,734 shares of our common stock (Exchange). The former warrant holders committed to exchange their warrants, which were cancelled upon our closing an equity raise in the fourth quarter of 2013; however, the shares were not issued until May 30, 2014, after shareholders vote to approve an increase in our authorized shares of common stock.

Table of Contents

In connection with the January 2014 acquisition of H&N, we issued convertible promissory notes in the face amount of $3.3 million. If weissued shares to our former warrants holders under the terms of the Exchange, then we were required to settle any outstanding balance on the notes at that time through the issuance of shares of our common stock. We issued 543,894 shares in settlement of these notes on May 30, 2014.

In January 2014, the underwriters exercised their overallotment rights related to our fourth quarter 2013 secondary public offering. We issued and sold 162,586 shares of common stock for $5.24 per share and publicly traded warrants to purchase 162,586 shares of common stock for $0.01 per underlying share. The net proceeds from the offering were $0.8 million, after deducting underwriting discounts and commissions and other offering expenses of $0.1 million.

Borrowings under a revolving credit facility with TCA Global Credit Master Fund, LP (TCA), effective May 2013, as amended July 2013 and October 2013, are evidenced by a revolving note which accrues interest at the rate of 12% per year. In addition, we owe TCA various other fees under the agreement that are expected to average approximately 7% of average borrowings per year.

USA segment accounts receivable collections, exclusive of our newly acquired subsidiary H&N in January 2014, are required to be directed to a TCA owned account. Collections TCA receives, in excess of amounts due for interest and fees and mandatory minimum cumulative repayments are treated as additional repayments and reduce amounts outstanding. There are minimum repayments beginning in January 2014 and the note must be repaid in full by October 2014. We made the minimum cumulative repayments of $1.1 million in the first quarter of 2014, and we must make additional payments of $0.7 million as of June 2014 and $1.6 million as of September 2014. Until cumulative repayments equal the required minimums, TCA may withhold 20% of collections. We may request, on a weekly basis, that TCA advance us any amounts collected in excess of amounts (i) due for interest and fees and (ii) required to meet the minimum cumulative repayments.

During the first quarter of 2014, we paid $0.5 million to redeem stock which had been issued to TCA in payment of fees.

Brazil

The Brazil segment used $0.6 million in operating cash in the first quarter of 2014, compared to using $0.1 million of operating cash in the first quarter of 2013. The increased use of cash was the result of the planned facility shut down. Irgovel is currently in the process of debugging equipment as part of the final stages of a capital expansion project involving installation of new equipment and improvements to existing infrastructure noted above. As a result of the project, the Irgovel facility was shut down approximately ten weeks in the first quarter of 2014, while certain new equipment was brought on line. Where possible, we stockpiled certain inventory for sale during the period the plant was shut down. However, this inventory was not adequate to timely fulfill all outstanding orders during this period. Facility shut down and subsequent restart expenses are expected to adversely affect our operating results through June 30, 2014.

The minority investors in Nutra SA invested $1.2 million in Nutra SA in 2013. In the first quarter of 2014, we transferred $1.9 million in cash to Nutra SA and in the period from April 1, 2014 to June 12, 2014, we transferred an additional $1.8 million

Table of Contents
YEARS ENDED DECEMBER 31, 2013 AND 2012

Cash used in operating activities for 2013 and 2012, is presented below by segment (in thousands).

| | 2013 Corporate and USA | Brazil | Consolidated |
|---|---|---|---|
| Net loss | $(12,248) | $(5,392) | $ (17,640) |
| Adjustments to reconcile net loss to net cash used in operations: | | | |
| Depreciation and amortization | 1,419 | 2,629 | 4,048 |
| Change in fair value of derivative warrant and conversion liabilities | 1,029 | - | 1,029 |
| Loss on extinguishment | 2,891 | - | 2,891 |
| Financing expense | 564 | - | 564 |
| Impairment of property | 300 | - | 300 |
| Other adjustments, net | 920 | (1,157) | (237) |
| Changes in operating asset and liabilities: | 1,486 | 2,357 | $ 3,843 |
| Net cash used in operating activities | $(3,639) | $(1,563) | $ (5,202) |

| | 2012 Corporate and USA | Brazil | Consolidated |
|---|---|---|---|
| Net loss | $(7,816) | $(3,320) | $ (11,136) |
| Adjustments to reconcile net loss to net cash used in operations: | | | |
| Depreciation and amortization | 2,071 | 2,541 | 4,612 |
| Change in fair value of derivative warrant and conversion liabilities | (5,420) | - | (5,420) |
| Financing expense | 2,184 | - | 2,184 |
| Loss on extinguishment | 4,941 | - | 4,941 |
| Impairment of property | 1,069 | - | 1,069 |
| Other adjustments, net | 1,333 | (931) | 402 |
| Changes in operating asset and liabilities: | | | |
| Pre-petition liabilities | (1,615) | - | (1,615) |
| Other changes, net | (413) | 554 | 141 |
| Net cash used in operating activities | $(3,666) | $(1,156) | $ (4,822) |

Corporate and USA

On a combined basis, the Corporate and USA segments used $3.6 million of cash in operating activities in 2013 compared to $3.7 in 2012.

Cash used in investing activities in 2013 and 2012 included $0.8 million and $0.6 million of proceeds from the sale of USA segment equipment. Proceeds from the 2013 sales were used for general corporate purposes. In 2012, cash used in financing activities also included $0.7 million from collections of USA segment notes receivable and $0.2 million of restricted cash released for the payment of pre-petition liabilities.

In 2011, we entered into an agreement with a partner with the goal of developing technology to extract and concentrate protein from rice bran. In March 2013, the agreement was mutually terminated under terms whereby we each received (i) the right to separately develop, modify and improve the jointly developed technology owned by the partner and (ii) we received a nonexclusive, royalty free, perpetual license to that technology (License). We agreed to pay the partner $1.2 million as a lump sum in April 2013. In April 2013, we sold a 50% interest in our subsidiary holding the License and paid this $1.2 million obligation to the partner with the proceeds of the sale.

Cash provided by financing activities in 2013 includes $7.6 million in net proceeds from a public secondary offering of common stock and warrants.

Cash provided by financing activities in 2013 and 2012 included $0.6 million and $3.6 million of proceeds, net of costs, which we received from the issuance of subordinated convertible debt, the senior convertible debenture and related warrants (see Note 9 to the consolidated financial statements). The net proceeds were used to fund the working capital needs of the Corporate and USA segments.

During 2013, we borrowed $2.8 million under the TCA revolving note in three tranches. The proceeds net of cash expenses totaled $2.5 million and were used to (i) pay down $0.4 million of debt, (ii) fund $0.9 million of investments in Nutra SA and (iii) for general corporate purposes. We do not expect to be able to borrow additional funds under this facility in the near term.

Table of Contents

We made final distributions to unsecured creditors in the first quarter of 2012 which reduced pre-petition liabilities by $1.6 million. Payments of pre-petition liabilities reduced cash flows from operations in the periods paid, but were in payment of obligations incurred prior to our November 2009 filing of the voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The funds for the 2012 distributions, included in cash used in operations, were derived from receipts on notes receivable, and proceeds from issuances of the subordinated convertible notes, senior convertible debentures and related warrants in January 2012.

Brazil

Irgovel is currently in the process of restarting the plant and debugging equipment as part of the final stages of a capital expansion project involving installation of new equipment and improvements to existing infrastructure noted above. As a result of the project, the Irgovel facility was shut down approximately ten weeks in the first quarter of 2014, while certain new equipment was brought on line. Where possible, we stockpiled certain inventory for sale during the period the plant was shut down. However, this inventory was not adequate to timely fulfill all outstanding orders during this period. Facility shut down and subsequent restart expenses are expected to adversely affect our operating results in the first half of 2014. As of December 31, 2013, additional capital expenditures expected on the project totaled R$1.1 million ($0.5 million at the December 31, 2013, exchange rate) and was included in accounts payable.

The Brazil segment used $1.6 million in operating cash in 2013, compared to using $1.2 million of operating cash in 2012. The reduction in use of cash as a result of increased payables did not compensate for the increase in net loss. Irgovel negotiated extended payment terms with certain vendors during the second quarter of 2013 and extended payables to conserve cash prior to and during the shut-down.

The minority investors in Nutra SA invested $1.2 million in Nutra SA in 2013. In 2013, we transferred $4.1 million in cash to Nutra SA. In exchange, (i) our ownership percentage in Nutra SA increased to 54.1% as of December 31, 2013, from 50.9% as of December 31, 2012, and (ii) title was returned to us for certain equipment contributed to Nutra SA in December 2012 with a historical cost of $0.2 million. In the period from January 1, 2014 to June 12, 2014, we transferred an additional $3.6 million in cash to Nutra SA.

Off-Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing and liquidity support or market risk or credit support risk to us.

Critical Accounting Policies

Principles of Consolidation – The consolidated financial statements include the accounts of RiceBran Technologies and all subsidiaries in which we have a controlling interest. All significant inter-company accounts and transactions are eliminated in consolidation. Noncontrolling interests in our subsidiaries are recorded net of tax as net earnings (loss) attributable to noncontrolling interests.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable represent amounts receivable on trade accounts. The allowance for doubtful accounts is based on our assessment of the collectability of customer accounts and the aging of accounts receivable. We analyze the aging of customer accounts, customer concentrations, customer credit-worthiness, current economic trends and changes in our customer payment patterns when evaluating the adequacy of the allowance for doubtful accounts. From period to period, differences in judgments or estimates utilized may result in material differences in the amount and timing of the provision for doubtful accounts. We

periodically evaluate our credit policy to ensure that the customers are worthy of terms and support our business plans.

Inventories - Inventories are stated at the lower of cost or market, with cost determined by the first-in, first-out method. In the USA segment, we employ a full absorption procedure using standard cost techniques. The standards are customarily reviewed and adjusted annually so that they are materially consistent with actual purchase and production costs. In the Brazil segment we use actual average purchase and production costs. Provisions for potentially obsolete or slow moving inventory are made based upon our analysis of inventory levels, historical obsolescence and future sales forecasts.

Long-Lived Assets, Intangible Assets and Goodwill – Long-lived assets, consisting primarily of property, intangible assets, and goodwill, comprise a significant portion of our total assets. Property is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives. Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains or losses on the sale of property and equipment are reflected in the statements of operations. Intangible assets are stated at cost less accumulated amortization.

Table of Contents

We test goodwill and other indefinite-lived intangible assets for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. Our annual qualitative or quantitative assessments involve determining an estimate of the fair value of our reporting units in order to evaluate whether an impairment of the current carrying amount of goodwill and other indefinite-lived intangible assets exists. A qualitative assessment evaluates whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step quantitative goodwill impairment test. The first step of a quantitative goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired, and, thus, the second step of the quantitative impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the quantitative goodwill impairment test is performed to measure the amount of impairment loss, if any. Fair values are derived based on an evaluation of past and expected future performance of our reporting units.

In assessing the recoverability of goodwill, we make estimates and assumptions about sales, operating margin, terminal growth rates and discount rates based on our budgets, business plans, economic projections, anticipated future cash flows and marketplace data. While our annual impairment testing as of December 31, 2013, supported the carrying amount of goodwill, we may be required to reevaluate the carrying amount in future periods, thus utilizing different assumptions that reflect the then current market conditions and expectations, and, therefore, we could conclude that an impairment has occurred.

We review our long-lived assets, which include intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows estimated to be generated by the asset to be held and used are not sufficient to recover the unamortized balance of the asset. An impairment loss is recognized based on the difference between the carrying values and estimated fair value. The estimated fair value is determined based on either the discounted future cash flows or other appropriate fair value methods with the amount of any such deficiency charged to operations in the current year. Estimates of future cash flows are based on many factors, including current operating results, expected market trends and competitive influences. We also evaluate the amortization periods assigned to its intangible assets to determine whether events or changes in circumstances warrant revised estimates of useful lives. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less estimated costs to sell.

Revenue Recognition – We recognize revenue for product sales when title and risk of loss pass to our customers, generally upon shipment for USA segment customers and Brazil segment international customers and upon customer receipt for Brazil segment domestic customers. Each transaction is evaluated to determine if all of the following four criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the selling price is fixed and determinable; and (iv) collectability is reasonably assured. If any of the above criteria cannot be satisfied then such a transaction is not recorded as revenue, or is recorded as deferred revenue and recognized only when the sales cycle is complete and payment is either received or becomes reasonably assured. Changes in judgments and estimates regarding the application of the above mentioned four criteria might result in a change in the timing or amount of revenue recognized by such transactions.

We make provisions for estimated returns, discounts and price adjustments when they are reasonably estimable. Revenues on the statements of operations are net of provisions for estimated returns, routine sales discounts, volume allowances and adjustments. Revenues on the statements of operations are also net of taxes collected from customers and remitted to governmental authorities.

Amounts billed to a customer in a sale transaction related to shipping costs are reported as revenues and the related costs incurred for shipping are included in cost of goods sold.

Derivative Conversion Liabilities – We had certain convertible debt outstanding that contained antidilution clauses. Under these clauses, we were required to lower the conversion price on the convertible debt based on certain issuances of our common stock, awards of options to employees, additional issuance of warrants and/or other convertible instruments below certain conversion prices. We accounted for the conversion liabilities associated with these antidilution clauses as liability instruments, separate from the host debt. The conversion liabilities were classified as debt on our consolidated balance sheets. These conversion liabilities were valued using the lattice model each reporting period and the resultant change in fair value was recorded in the statements of operations in other income (expense).

Derivative Warrant Liabilities – We have certain warrant agreements in effect that contain antidilution clauses. Under these clauses, we may be required to lower the exercise price on these warrants and issue additional warrants based on future issuances of our common stock and awards of options to employees, additional issuance of warrants and/or other convertible instruments below certain exercise prices. We account for the warrants with these antidilution clauses as liability instruments. These warrants are valued using the lattice model each reporting period and the resultant change in fair value is recorded in the statements of operations in other income (expense).

Table of Contents

Share-Based Compensation – Share-based compensation expense for employees is calculated at the grant date using the Black-Scholes-Merton valuation model based on awards ultimately expected to vest, reduced for estimated forfeitures, and expensed on a straight-line basis over the service period of the grant. Forfeitures are estimated at the time of grant based on our historical forfeiture experience and are revised in subsequent periods if actual forfeitures differ from those estimates. The Black-Scholes-Merton option pricing model requires us to estimate key assumptions such as expected life, volatility, risk-free interest rates and dividend yield to determine the fair value of share-based awards, based on both historical information and management's judgment regarding market factors and trends. We treat options granted to employees of foreign subsidiaries as equity options. We will use alternative valuation models if grants have characteristics that cannot be reasonably estimated using the Black-Scholes-Merton model.

We account for share-based compensation awards granted to non-employees and consultants by determining the fair value of the awards granted at either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured. Generally we value options granted to non-employees and consultants using the Black-Scholes-Merton valuation model. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of (i) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete. The expense associated with stock awards issued to consultants or other third parties are recognized over the term of service. In the event services are terminated early or we require no specific future performance, the entire amount is expensed. The value is re-measured each reporting period over the requisite service period.

Income Taxes – We account for income taxes by recording a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss and tax credit carryforwards. Deferred tax expense or benefit is recognized as a result of timing differences between the recognition of assets and liabilities for financial reporting and tax purposes during the year.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards. A valuation allowance is established, when necessary, to reduce that deferred tax asset if it is more likely than not that the related tax benefits will not be realized.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the uncertainty inherent in such estimates, actual results could differ from those estimates.

Table of Contents

# OUR BUSINESS

## Overview

### History and Our Corporate Structure

We are a human food ingredient, nutritional supplement and animal nutrition company focused on value-added processing and marketing of healthy, natural and nutrient dense products derived from raw rice bran (RRB), an underutilized by-product of the rice milling industry.

Using our bio-refining business model, we apply our proprietary and patented technologies and intellectual properties to convert RRB into numerous high value products including stabilized rice bran (SRB), rice bran oil (RBO), defatted rice bran (DRB), RiBalance (a complete rice bran nutritional package derived from further processing of SRB), RiSolubles (a highly nutritious, carbohydrate and lipid rich fraction of SRB), RiFiber (a fiber rich derivative of SRB), ProRyza rice bran protein-based products and a variety of other valuable derivatives extracted from these core products.

Our target markets are natural food, functional food, nutraceutical supplement, cosmetic and animal nutrition manufacturers, wholesalers and retailers, both domestically and internationally.

In February 2008, through our Delaware subsidiary Nutra S.A., we acquired 100% ownership of Irgovel, our rice bran oil processing plant in Pelotas, Brazil. During 2011, we sold a minority interest in Nutra SA, to AF Bran Holdings-NL LLC and AF Bran Holding LLC. As of June 12, 2014, we own a 58.9% interest in Nutra S.A.

We have two reportable operating segments: (i) USA segment, which manufactures and distributes SRB in various granulations along with Stage II products and derivatives and (ii) Brazil segment, which extracts crude RBO and DRB from rice bran, which are then further processed into fully refined rice bran oil for sale internationally and in Brazil, compounded animal nutrition products for horses, cows, swine, sheep and poultry and a number of valuable human food and animal nutrition products derivatives and co-products. In addition we incur corporate and expenses not directly attributable to operating segments, which include costs related to our corporate staff, general and administrative expenses including public company expenses, intellectual property, professional fees, and other expenses. No Corporate allocations, including interest, are made to the operating segments.

The combined operations of our USA and Brazil segments encompass our bio-refining approach to processing RRB into various high quality, value-added constituents and finished products. Over the past decade, we have developed and optimized our proprietary bio-refining processes to support the production of healthy, natural, hypoallergenic, gluten free, and non-genetically modified ingredients and supplements for use in human meats, baked goods, cereals, coatings, health foods, nutritional supplements, nutraceuticals and high-end animal nutrition and health products.

On January 2, 2014, we acquired H&N Distribution Inc., an Irving, Texas based company (H&N), which owns and operates a blending and co-packaging facility in Irving, Texas, where it manufactures products for the human nutrition market.

We incorporated under the laws of the State of California on March 18, 1998. From July 2003 until October 2012, our corporate name was “NutraCea”. Our common stock is currently trading on NASDAQ Capital Market under the symbol “RIBT.” Certain of our warrants are currently trading on the same exchange under the symbol “RIBTW”.

In November 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The bankruptcy proceeding did not include any of our subsidiaries. We managed our assets and operated our business as debtor-in-possession under the jurisdiction of the bankruptcy court from November 2009 until we successfully

exited Chapter 11 proceedings in November 2010, under an amended plan of reorganization. In January 2012, we made the final payments to our unsecured creditors under the amended plan of reorganization. All creditors under the amended plan were paid all amounts due to them, including interest.

USA

In 2013, the USA segment consists of two locations in California and one location in Louisiana all of which produce SRB. We also have a second facility located in Lake Charles, Louisiana which has been idle since May 2009 and the operating equipment from that plant has been sold. The USA segment also includes our Dillon, Montana Stage II facility which produces our Stage II products RiSolubles (a highly nutritious, carbohydrate and lipid rich fraction of SRB), RiFiber (a fiber rich derivative of SRB), RiBalance (a complete rice bran nutritional package derived from further processing SRB) and ProRyza (protein based products). "Stage II" refers to the proprietary processes run at our Dillon, Montana facility and includes products produced at that facility using our patented processes. The manufacturing facilities included in our USA segment have proprietary processing equipment and patented technology for the stabilization and further processing of rice bran into finished products. In 2013, approximately 55% of USA segment revenue was from sales of human food products and approximately 45% was from sales of animal nutrition products. We also lease a 28,000 square foot facility in West Sacramento, California that houses a laboratory, warehouse and production facilities, and we have two rice bran stabilization facilities which are co-located within supplier rice mills in Arbuckle and West Sacramento, California.

Table of Contents

Brazil Segment

The Brazil segment consists of the consolidated operations of Nutra SA, whose only operating subsidiary is Irgovel, located in Pelotas, Brazil. Irgovel manufactures RBO and DRB products for both the human ingredient and animal nutrition markets in Brazil and internationally. In refining RBO to an edible grade, several co-products are obtained. One such product is distilled fatty acids, a valuable raw material for the detergent industry. Irgovel also produces rice lecithin, which has application in human nutrition, animal nutrition and industrial applications. DRB is compounded with a number of other ingredients to produce complex animal nutrition products which are packaged and sold under Irgovel brands in the Brazilian market, sold as a raw material for further processing into human food ingredients or sold in bulk into the animal nutrition markets in Brazil and neighboring countries. In 2013, approximately 45% of Brazil segment product revenue is from sales of RBO products and 55% is from sales of DRB products.

Our Irgovel subsidiary is comprised of several facilities on approximately 19 acres in Pelotas, Brazil. These facilities include a plant for extraction of RBO from raw rice bran, RBO refining processes, compounded animal nutrition manufacturing, consumer RBO bottling, distilled fatty acid manufacture, lecithin manufacture, and support systems including steam generation, maintenance, administrative offices and a quality assurance laboratory.

Ownership Interest in Nutra SA

In December 2010, we entered into a membership interest purchase agreement with AF Bran Holdings-NL LLC and AF Bran Holdings LLC (collectively, the Investors) and sold a minority interest in Nutra SA to the Investors. The Investors initially purchased a 35.6% interest in Nutra SA. The Investors ownership percentage in Nutra SA averaged 49.0% in 2013 and 2012. Following the closing of the underwritten public offering in December 2013 and completion of the private placement offering in March 2014, we invested an additional $6.6 million in Nutra SA. As of June 12, 2014, we own 58.9% of Nutra SA with the remaining 41.1% held by the Investors.

The Investors have the right to force the sale of all Nutra SA assets on or after January 1, 2015, or upon the failure to process a certain level of rice bran in the second and third quarters of 2014. This right terminates upon the occurrence of certain events (a $50.0 million Nutra SA initial public offering or a change of control, as defined in the LLC Agreement). We may elect to exercise a right of first refusal to purchase the Investors' interest instead of proceeding to a sale.

The Investors have the right to purchase from Nutra SA up to an additional 750,000 units for another $1.5 million. If immediately prior to such purchase Nutra SA and Irgovel have sufficient cash to complete certain projects, then the units will have no voting rights.

Under the limited liability company agreement for Nutra SA as amended (the LLC agreement), any units held by the Investors beginning January 1, 2014, accrue a yield at 4% (the Yield), commencing with the first quarter of 2014, Nutra SA must make distributions to the Investors quarterly in the amount equal to the previously accrued and unpaid Yield plus any additional distributions owed to the Investors, to the extent there is distributable cash, as defined in the LLC agreement.

Following the payment of the Yield, Nutra SA must distribute all distributable cash (as defined in the LLC Agreement) to the members on March 31 of each year as follows: (i) first, to the Investors in an amount equal to a multiplier (the Preference Multiple) times the Investors' capital contributions, less the aggregate amount of distributions paid to the Investors, (ii) second, to us in an amount equal to two times the capital contributions made by us, less the aggregate amount of distributions paid to us; and (iii) third, to us and the Investors in proportion to our respective membership interests. The Preference Multiple is currently 2.3.

Under an October 2013 amendment, the Investors contributed an additional $0.9 million for units in Nutra SA in November 2013 and have the right to invest additional funds before December 31, 2013. We also agreed to pay to Nutra SA ninety percent of any funds received (when and if received) from a restricted escrow account established in connection with the acquisition of Irgovel (see the Commitment and Contingencies note), with no resulting change in our Nutra SA voting rights. If and when the funds contributed to Nutra SA from the restricted escrow account exceed $1.9 million, the Preference Multiple will be reduced to 2.0. In the second and third quarters of 2013, we transferred $0.7 million and $0.1 million in cash to Nutra SA. In exchange, title was returned to us for certain equipment contributed to Nutra SA in December 2012 with an historical cost of $0.2 million.

Under the LLC agreement, the business of Nutra SA is to be conducted by the manager, currently our CEO, subject to the oversight of the management committee. The management committee is comprised of three of our representatives and two Investor representatives. Upon an event of default or a qualifying event, we will no longer control the management committee and the management committee will include three Investor representatives and two of our representatives. In addition, following an event of default or a qualifying event, a majority of the members of the management committee may replace the manager of Nutra SA.

Table of Contents

## Background

Consistent with our mission to convert feed to food, our greatest opportunities are in the functional food, nutritional supplement, nutraceutical and human food ingredient markets.

### Functional Foods, Nutritional Supplements and Nutraceuticals

The US nutraceutical and functional foods market is projected to reach $75.3 billion in 2017 and grow at a compounded annual growth rate of nearly 6% between 2013 and 2017. Premium ingredient manufacturers are in high demand and we are strategically positioned to take advantage of this growing and sustainable market opportunity as discussed below in “Our Growth Strategy”.

Nutraceuticals covers a range of products including botanical extracts, dietary supplements, isolated nutrients and medical foods. Our products can be used as functional ingredients in nutraceutical products to provide certain specific nutrients or food components (including antioxidants, oryzanols, vitamin E, vitamin B, and fiber) and general nutritional supplementation. Our ingredient products are primarily sold to consumer nutrition and healthcare companies, nutritional supplement retailers, and multi-level personal product marketers. In August 2013, we entered into a multi-year agreement to sell certain of our Stage II products to a rapidly growing direct marketing company. Pursuant to that agreement, that company will purchase a minimum of $7.65 million in products through December 2016. We continue to seek additional long-term supply partners with similar companies in the future. As part of this strategy, we have been working with co-packaging and fulfillment companies to expand our presence in these markets.

### Human Food Ingredients

Our SRB, DRB, RBO and derivatives are nutritional, economical and beneficial food products that contain a unique combination of oil, protein, carbohydrates, vitamins, minerals, fibers, and antioxidants that enhance the nutritional value of popular consumer products. Foods that are ideally suited for the addition of our SRB and DRB to their products include processed meats, cereals, baked goods, breading and batters. The inclusion of DRB in breading and batters can result in a reduction in oil uptake, higher moisture retention, improved nutritional profiles, and reduced costs.

In 2008, we received USDA/FSIS approval to market rice bran as an ingredient to be used as a filler in comminuted meat products, such as meat and poultry sausages that contain binders, nugget-shaped patties, meatballs, meatloaf, and meat and poultry patties. Our products replace functional ingredients like soy protein isolate, soy protein concentrate, modified food starch, pea protein and mustard flour at a significantly reduced cost. With strong application benefits such as reduced cost per unit, increased product yield, and reduced purge, our SRB has a strong marketing position in the US meat market and an even stronger position outside the US where non-meat ingredients make up a larger percentage of meat products.

### Animal Nutrition

Our SRB and DRB are marketed as feed ingredients in the US and international animal nutrition markets. We will continue to pursue high margin sales opportunities in those markets. Our SRB and DRB are used as equine feed ingredients and have been shown to provide health benefits. Show and performance horses represent the premium end of the equine market and are a key target for our animal nutrition products. In our Brazil segment, we also blend DRB with other ingredients to produce a variety of feed formulations targeted to animal species such as horses, beef cattle, dairy cows, pigs, sheep and poultry.

### About Rice Bran

Rice is the staple food for over half of the world's population and is the staple food source for several of the world's most populous countries. Asia accounts for roughly 90% of global rice production and China is the world's number one rice producer. Globally, Brazil and the United States rank 9th and 10th, respectively, in production of rice at approximately 11 million metric tons annually.

When harvested from the field, individual rice kernels are stored in common receiving locations such as farm silos for future delivery to grain dryers or area rice mills. At this stage, large quantities of individual rice kernels are collectively called "paddy rice," or "rough" rice. In this form, the rice kernel is fully enveloped by the rice hull, which serves as a protective cover, shielding the inner rice kernel from damage.

After storage and drying, if necessary, paddy rice is cleaned of foreign material (scalping, de-stoning and aspiration) just before it enters the first stage of milling, or paddy husking. In the paddy husker, the hull is removed from rough rice by differential speed rubber rollers. Loosened hulls are carried off by aspiration. After husking, a paddy separator uses a reciprocating motion to separate normal brown rice kernels (caryopsis) from unhusked kernels which are returned to the paddy husker.

In the second stage of milling, the outer brown layers of bran are removed from the inner white starch endosperm by an abrasive or frictional milling process which produces a milled, white rice kernel. After milling, white rice is typically sorted by size to remove broken pieces of rice kernels from whole kernels, as well as color sorting to remove discolored kernels. Additional stages may be required (per customer specifications) to polish the white rice to a smooth surface.

Table of Contents

Raw rice bran collected from the milling process is composed of rice germ and several sub-layers (pericarp, testa, nucellus and aleurone) surrounding the white starchy endosperm. Commercial rice bran makes up approximately 10% of rough rice by weight. Rice germ, an especially nutrient rich material, makes up approximately 10% of commercial rice bran by weight.

As brown rice is milled into white rice, the oils present in raw rice bran come into contact with native lipase enzymes that are naturally present in the rice kernel. These lipase enzymes initiate a rapid enzymatic hydrolysis of the oil, converting oils (triglycerides) into monoglycerides, diglycerides and free fatty acids (FFA). As the FFA content builds in raw rice bran, the bran becomes unpalatable and off flavors (rancidity) develop. If left unchecked, enzymatic degradation at normal room temperatures can increase the FFA levels to 5-8% within 24 hours and can continue at a rate of approximately 4-5% per day thereafter. Enzymatic degradation is the most serious form of degradation of raw rice bran. Rice bran stabilization is the process of carefully deactivating native enzymes to prevent the increase of FFA otherwise caused by lipase enzyme activity. Proper stabilization is critical in the preservation of the nutritional value of the bran, an important nutrient source that is largely used as animal feed or otherwise wasted.

Historically there have been a number of attempts to develop rice bran stabilization techniques, including the use of chemicals, microwave heating, or variations of existing extrusion technology. Many of these approaches have had limited success in part because they have produced rice bran with limited shelf life or with significant degradation of nutrients.

## Our Technologies

### Our Proprietary Rice Bran Stabilization Technology

Our stabilization process uses proprietary innovations to create a combination of temperature, pressure and other conditions necessary to thoroughly deactivate enzymes without significantly damaging the structure or nutrient content of raw rice bran. This means that higher value compounds in bran, such as oils, proteins and phytonutrients are left undamaged and are available for utilization. Our process does not use chemicals to stabilize raw rice bran.

Our stabilizers are designed to be installed adjacent to, on the premises of or in near proximity to any conventional rice mill so that freshly milled raw rice bran can be quickly delivered to our proprietary stabilizers. Process logic controllers maintain exact process conditions within the prescribed pressure/temperature regime. In case of power failure or interruption of the flow of fresh bran into the system, the electronic control system is designed to purge the equipment of materials in process and resume production only after proper operating conditions are re-established.

SRB leaving our system is then discharged onto cooling units specifically designed to control air pressure and humidity. Cooled SRB can be loaded into bulk hopper trucks for large volume customers or sent by pneumatic conveyor to a bagging unit for packaging into 50 pound or 2,000 pound sacks.

Each stabilization module can process approximately 2,000 pounds of bran per hour and has a capacity of over 7,200 tons per year. Stabilization production capacity can be doubled, tripled or further multiplied by installing additional units sharing a common conveyor and stage system, which we believe can handle the output of the world’s largest rice mills. We have also developed and tested a smaller production unit, with a maximum production capacity of 840 tons per year, for installation in countries or locations where rice mills are substantially smaller than those in the United States.

Additional patented and proprietary processes involve enzyme treatment of SRB or DRB to produce fractions enriched in one or more macronutrients, including proteins, fibers, lipids and micronutrients such as vitamins, minerals and phytosterols, among others. In these processes SRB or DRB, in an aqueous slurry, is treated with one or more enzymes, centrifugally separated and the fractions dried on drum driers.

Our Bio-Refining Process

Rice bran is hypoallergenic and a valuable source of protein with a balanced amino acid profile for human nutrition and is rich in healthy oil, vitamins, antioxidants, dietary fiber and other nutrients. The approximate composition and caloric content of our SRB is as follows:

| | |
|---|---|
| Fat (oil) | 18-23% |
| Protein | 12-16% |
| Total Dietary Fiber | 20-30% |
| Moisture | 4-8% |
| Ash | 6-14% |
| Calories | 3.2 kcal/gram |

Table of Contents

Rice bran contains approximately 18-23% oil, which has a favorable fatty acid composition and excellent heat stability. Rice bran oil contains essential fatty acids and a broad range of nutraceutical compounds that have been demonstrated to have therapeutic properties.

In the bio-refining process, raw rice bran is obtained from a number of rice mills and transported to a facility within which it is first stabilized via extrusion and then solvent extracted to produce crude RBO and DRB. Crude RBO is subsequently processed in a number of steps designed to sequentially capture constituents of value and to remove and discard impurities. The final outcome of these steps is a highly refined, edible RBO that has superior flavor and functional properties. In addition, the various co-products of crude RBO processing, distilled fatty acids for example, are refined and sold as products in their own right. DRB is finely ground and packaged for use as a versatile food ingredient in many applications. DRB may also be compounded with other ingredients such as a vegetable proteins, carbohydrates, vitamin premixes and minerals to produce an array of nutritionally targeted animal feeds for various species. The DRB can also be further processed to extract and concentrate protein and dietary fiber. Our bio-refining process and related technologies are being continuously improved and optimized as we examine the technical and commercial feasibility of producing additional products derived from both RBO and DRB.

DRB contains many of the same nutritional and functional benefits as SRB, except that the oil has been removed. This is important for several ingredient applications where SRB's oil content could present food formulation challenges. By removing oil from SRB, nutritionists have greater options to formulate DRB into breakfast bars, low-calorie foods, low-fat baking applications and batter and breading for frying applications. Additionally, DRB is ideally suited for downstream enzymatic processing, transforming DRB into an ideal feedstock for protein concentrates and fiber concentrates.

RBO as extracted from stabilized rice bran can be utilized in a variety of edible and industrial oil applications. With proper processing, RBO becomes high quality cooking oil possessing beneficial high temperature frying characteristics. RBO has a unique fatty acid content that imparts improved oxidative stability as compared to other vegetable oils such as soy or cottonseed giving it advantages when used in food applications. The RBO extraction process utilized at our Brazilian facility uses a conventional solvent extraction process to separate oil from raw bran, resulting in crude RBO available for sale to industrial markets or other processors. Additional refining processes done in Brazil can involve degumming, neutralization, bleaching, de-waxing and deodorizing. A bio-refining process approach results in numerous marketable co-products in addition to the actual end product.

Our Growth Strategy

With the proceeds from our recent financings, we are positioned to capitalize on specific market conditions that we believe will increase market acceptance of our products and lead to increased growth and profitability. These market conditions are:

1. Increasing global demand for vegetable oil – Our Brazil segment currently sells all of the rice bran oil it can produce in our oil extraction and refining plant in Pelotas, Brazil. Following the completion of the capital expansion project at this plant, we expect raw rice bran processing capacity to increase by approximately 50% in early 2014.

2. Increasing demand for new protein sources – We have co-developed proprietary technologies with DSM Innovation Center, a subsidiary of Royal DSM N.V., that enables the extraction of protein from DRB and SRB feed-stocks that we produce in both of our Brazil and USA segments. We recently launched new protein products from our US operations based on these technologies and plan to produce protein from DRB in our Brazil segment in the future. In addition, RBT has entered into a series of agreements with various affiliates of Wilmar International Limited (collectively, Wilmar) to develop and commercialize rice bran products, including protein, for the China market. Wilmar currently operates 12 large rice mills in China and is a leading producer of raw rice bran that is available for further processing into higher value products such as protein and fiber.

3. Demand for “clean” labels on food products – The market for healthy and nutritious foods is rapidly expanding in the US, Europe and other global markets with increasing demand for healthy, natural and minimally processed ingredients that are hypoallergenic, non-genetically modified, and produced in a sustainable fashion. The regulatory need to add front-of-label warnings on food items is driving food companies to replace standard food ingredients like soy and wheat with “cleaner” ingredients such as rice bran, which is non-allergenic, non-genetically modified, natural and minimally processed. Incorporation of our food ingredients by major global food companies into meats, baked goods and cereals has steadily increased in the past year. We expect this growth to continue as more food companies adopt rice bran as a standard food ingredient. This trend is not limited to human foods as we are finding a similar transition to “clean” ingredients among high-end animal nutrition companies.

4. The value of proprietary, evidence-based functional ingredients for nutraceuticals and functional foods – With increasing medical costs associated with doctor visits and medications, consumers are becoming more proactive in adopting and maintaining healthier lifestyles through exercise, balanced nutrition and increased consumption of functional foods and nutraceuticals. Associated with this trend is higher demand by marketers of nutraceuticals and functional foods for novel functional ingredients and particularly for proprietary and patented ingredients that provide barriers to competition in the marketplace, therefore commanding higher premiums. We currently develop and commercialize proprietary rice bran ingredients and derivatives from our Stage II facility in the USA segment.

Table of Contents

Expansion of Our Nutraceutical and Functional Foods (NFF) Business

The US nutraceutical and functional foods market is projected to reach $75.3 billion in 2017 and grow at compound annual growth rate of nearly 6% between 2013 and 2017. We have invested significant resources on research and development of rice bran extracts with health-related applications. Functionalities for a subset of these products were validated through scientific studies and human clinical studies. Our portfolio of functional ingredients includes rice bran extracts that demonstrate beneficial properties in areas of cardiovascular health, weight management, glucose balance, inflammatory response and gastrointestinal health. Premium ingredient manufacturers are in high demand and we are strategically positioned to take advantage of this growing and sustainable market opportunity. We believe our proprietary technology and patents represent valuable assets for achieving strategic leverage in this industry segment particularly in the nutraceuticals, functional foods and functional beverages sectors.

In late 2009, we ceased further development of our NFF business as we repositioned our overall business. We are now well positioned to expand our NFF business by adopting the following strategy:

Direct marketing to formulators and co-packers. We believe that marketing our active ingredients directly to formulators and co-packers who manufacture turnkey finished products for direct to consumer marketing companies (i.e. multi-level marketing (MLM), web, radio, retail) and to active ingredient distributors will reduce new product development cycles and drive sales of our functional ingredients. Co-packers and distributors of healthy and natural products have established credibility with multiple marketing companies who rely on these businesses to develop and manufacture new turnkey products. In our experience, working with formulators and co-packers to sell finished products to marketing and distribution companies can shorten the product development cycle and increases sales quickly.

In December 2010, we began working with H&N, a company specializing in filling and packaging healthy and natural products for NFF markets to develop turnkey products for a MLM company. This resulted in sales of approximately $0.1 million of certain Stage II products in 2011. Sales in 2012 increased to approximately $0.3 million and through August 2013 were approximately $0.6million. In August 2013, we entered into a multi-year agreement to sell one of our Stage II products to a rapidly growing direct marketing company. Pursuant to the agreement, that company will purchase a minimum of $7.65 million in products during the term of the agreement which expires in December 2016. In January 2014, we acquired H&N which became our wholly-owned subsidiary.

In September 2013, we entered into an agreement with a Taiwanese marketing and distribution company to supply them with one of our Stage II products for exclusive distribution in Taiwan. The agreement is renewable based on annual minimum purchases. In 2014, we entered in an additional agreement with the Taiwanese company to supply Stage II products for Malaysia.

We believe that focusing our marketing efforts on distributors, formulators and co-packaging companies will increase sales of our Stage II products in both the short- and long-term as new functional ingredients are added to our portfolio of products.

Acquisition of formulating and packaging company that serves the NFF. In January 2014, we acquired 100% of the issued and outstanding shares of capital stock of H&N for $2.0 million plus promissory notes for $3.3 million with an annual interest rate of 1%. We have the option to pay principal and accrued interest under the notes in either cash or in our common stock. In the event we elect to pay the notes in our common stock, payment must be made by the earlier of January 31, 2015 or within five business days following the issuance of shares to warrant holders under that certain warrant exchange agreement. The number of shares issued to the H&N Shareholders under the note will be based on the volume weighted average price (VWAP) of our common stock for the thirty trading days ending on the second business day immediately before our election to pay the notes in shares of our common stock, but in no event shall such price be lower than $6.00 or higher than $12.00. If we elect to pay the notes in cash, we agree to make

equal quarterly payments commencing on March 2015 and ending on December 2018. During this payment period, the annual interest rate under the notes will increase from 1% to 5% and shall further increase to 10% following January 31, 2016. H&N's founder, Mark McKnight, entered into a multi-year employment agreement with us and was appointed our senior vice president of contract manufacturing and president of our H&N subsidiary.

By incorporating H&N's formulating and packaging capabilities into our business model, we expect to drive sales of our Stage II products into multiple NFF channels allowing us to capture not only single ingredient sales but also sales of blended finished products consisting predominantly of our ingredients blended with other products and sold as a finished product on a business to business basis.

Table of Contents

Increase production capacity of our Stage II products. We believe that production of certain Stage II products at our Dillon, Montana facility could grow by over 400% by 2016, as compared to current production levels. The Dillon plant can accommodate the growth in production through early 2015 but will require additional production capacity during 2015. As part of our growth strategy, we plan to use part of the proceeds from our recent financings to increase production capacity at our Dillon plant. Expansion efforts are projected to begin in the second quarter of 2014 with completion targeted for the end of 2014.

Develop novel proprietary functional ingredients. As part of our long-term strategy to grow the NFF business, we will continue to develop functional ingredients and packaged, compounded finished products from rice bran and to validate their functionality through evidence-based scientific studies and human clinical trials.

Increase Global Distribution Network

Our growth strategy includes increasing sales of our products in overseas markets. As part of this strategy, in July 2013 we amended our exclusive distribution agreement with Beneo-Remy, a 100% owned subsidiary of Sudzucker AG, a German public company, under which Beneo-Remy will exclusively distribute our SRB product and non-exclusively distribute our other products to more than 40 countries in Europe, Middle East, Africa and other geographies. As previously described above, in September 2013, we also entered into an exclusive distribution agreement with a Taiwanese company to market our rice bran derivatives in Taiwan. We plan to add additional distributors to our network in Canada, Mexico, Central/South America, Asia and other global markets.

Complete Expansion of our Rice Bran Bio-Refinery in Brazil

Our Irgovel facility is in the final stages of a major expansion that is expected to be completed at the end of the first quarter of 2014, and fully operational by the end of the second quarter of 2014. This expansion should increase RRB processing approximately 50% from current capacity of 6,000 metric tons per month to approximately 9,000 metric tons per month of processed RRB resulting in higher revenues and profitability.

Co-Research and Development and Investment in New Wilmar Businesses

We will continue to collaborate with Wilmar's research and development and commercialization groups to develop and market rice bran derived products in China. Under the agreements, we obtained the right to purchase 45% of the capital stock of any entity Wilmar establishes to develop new products relating to rice bran or its derivative, as defined in the agreement, using the intellectual property licensed to Wilmar. If we decline the right to purchase 45% of the capital stock of any such new entity, we have the option to purchase 25% of the entity within two years of the entity's formation. The exercise price for this option will equal 25% of the capital investment made in the entity, plus interest, as defined in the agreement. We believe this strategic partnership represents a significant opportunity for RBT to participate in the Asia food market and to increase the overall value of our business.

Continue to Generate Evidence-Based Functionality of Our Proprietary Ingredients

A 57-subject clinical trial conducted by Advanced Medical Research, with our funding, suggested that consumption of our RiSolubles nutritional supplements may lower blood glucose levels of type 1 and type 2 diabetes mellitus patients and may be beneficial in reducing high blood cholesterol and high blood lipid levels. If warranted, we may develop products which address the use of SRB products as medical foods for, and to potentially make health benefit claims relating to, the effects of dietary rice bran on overall health and well-being and as it may relate to maintaining balanced sugar and lipid levels.

We have maintained relationships with several medical institutions and practicing physicians who may continue to conduct clinical trials and beta work for our products. Some of these previous clinical trials are reviewed in an article

entitled “Effects of Stabilized Rice Bran, its Soluble and Fiber Fractions on Blood Glucose Levels and Serum Lipid Parameters in Humans with Diabetes Mellitus Types I and II” published in the Journal of Nutritional Biochemistry (March 2002, 175-187). The trial produced positive results by showing that the levels of blood lipids and glycosylated hemoglobin were reduced. Subsequently, three domestic and six international patents were issued to us on the strength of this clinical trial.

In December 2007, we formed Rice Science, LLC (Rice Science), a Delaware limited liability company, with Herbal Science Singapore Pte. Ltd. (Herbal Science) to develop nutraceutical extracts and pharmaceutical chemistries from our SRB. Herbal Science utilized sophisticated methodologies in the identification and isolation of specific biologically active compounds that have been tested for effectiveness against specific disease conditions. In March 2011, our partnership with Herbal Science ended with us acquiring the membership interest formerly owned by Herbal Science, leaving Rice Science as our wholly owned subsidiary. We are hopeful that the research performed by Herbal Science will result in biologically active SRB extracts for use in the nutraceutical and functional food industry.

In 2008, Rice Science conducted research regarding the development of extracts from SRB that would be effective in addressing inflammation and pain. A number of SRB extracts have been tested with two identified as having significant in vitro activities. A blend of these two extracts was created to produce a third extract that exhibits a high level of in vitro inhibition of Cox 1, Cox 2 and Lox 5 enzymes (Journal of Medicinal Food (2009) 12, 615-623). This extract was used in a pharmacokinetic study to determine uptake kinetics of key bioactives into human serum. Results indicated that the bioactive compounds were rapidly assimilated. The next step would be to conduct a human clinical trial if funds were available. A number of active compounds were identified and modeled.

Table of Contents

Late in 2007, the Cancer Biomarkers Group in the Department of Cancer Studies and Molecular Medicine, University of Leicester in Leicester, UK published a research paper evaluating the effect of our SRB in ApcMin mice (British Journal of Cancer (2007) 96, 248-254). The mice were genetically modified to serve as models for mammary, prostate and intestinal carcinogenesis. They reported that consumption of SRB (30% in the diet) reduced the numbers of intestinal adenomas in these mice by 51% compared to the same mice on a control diet.

Intellectual Property

From 2011 to March 2013, we engaged in a joint research project with DSM Innovation Center, a subsidiary of Royal DSM N.V., to develop methods for extracting and concentrating high quality vegetable protein from rice bran. Combined spending on research and development related to that project totaled $3.0 million. In March 2013, we announced the development of an improved fiber protein product and a separate water soluble rice bran protein product which have been commercialized under the ProRyza mark. RBT will continue to support internal as well as external R&D efforts that improve on existing technologies or lead to the development of new technologies relating to rice bran processing and applications.

We hold eight U.S. patents relating to the production or use of rice bran and rice bran derivatives. In addition to the issued U.S. patents, we have been issued fourteen additional foreign patents covering the subject areas. We intend to apply for additional patents in the future as new products, treatments and uses are developed.

Our bio-refining and related stabilization activities are an adaptation and refinement of standard food processing technology applied to rice bran. We have chosen to treat certain of our methods and processes as a trade secret and not to pursue process or process equipment patents on the original processes. However, as we develop improvements we intend to periodically review whether we should seek patent protection for them. We believe that certain unique products, and their biological effects, resulting from our SRB may be patentable in the future. We also hold a number of U.S. registered trademarks and trade names and have applied for additional marks.

Government Regulations

In both our United States and foreign markets, we are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints exist at the federal, state or local levels in the United States, and at all levels of government in foreign jurisdictions, including regulations pertaining to the formulation, manufacturing, packaging, labeling, distribution, sale and storage of our products. In addition, we are subject to regulations regarding product claims and advertising.

USA Segment

The formulation, manufacturing, packaging, labeling, advertising, distribution and sale of our products are subject to regulation by one or more federal agencies, primarily the FDA, the FTC, and the USDA. Our activities are also regulated by various governmental agencies for the states and localities in which our products are manufactured and sold, as well as by governmental agencies in certain countries outside the United States, such as Brazil as discussed below, in which our products are manufactured and sold. Among other matters, regulation by the FDA and FTC is concerned with product safety and claims made with respect to a product's ability to provide health-related benefits. Specifically, the FDA, under the Federal Food, Drug, and Cosmetic Act (FDCA), regulates the formulation, manufacturing, packaging, labeling, distribution and sale of food including dietary supplements. The FTC regulates the advertising of these products.

Federal agencies, primarily the FDA and the FTC, have a variety of procedures and enforcement remedies available to them, including initiating investigations, issuing warning letters and cease-and-desist orders, requiring corrective labeling or advertising, requiring consumer redress such as requiring that a company offer to repurchase products

previously sold, seeking injunctive relief or product seizures, imposing civil penalties or commencing criminal prosecution. In addition, certain state agencies have similar authority. These federal and state agencies have in the past used these remedies in regulating participants in the food and dietary supplement industries, including the imposition of civil penalties.

The Dietary Supplement Health and Education Act (DSHEA) was enacted in 1994, amending the FDCA. DSHEA establishes a statutory class of "dietary supplements," which includes vitamins, minerals, herbs or other botanicals, amino acids and other dietary ingredients for human use to supplement the diet. Dietary ingredients marketed in the United States before October 15, 1994, may be marketed without the submission of a "new dietary ingredient" (NDI) premarket notification to the FDA. Dietary ingredients marketed in the United States after October 15, 1994, may require the submission, at least 75 days before marketing, of an NDI notification containing information establishing that the ingredient is reasonably expected to be safe for its intended use. Among other things, DSHEA prevents the FDA from regulating dietary ingredients in dietary supplements as "food additives" and allows the use of statements of nutritional support on product labels and in labeling. The FDA has issued final regulations under DSHEA and has issued draft guidance on NDI notification requirements. Further guidance and regulations are expected.

Table of Contents

The FDA issued a Final Rule on GMPs for dietary supplements on June 25, 2007. The GMPs cover manufacturers and holders of finished dietary supplement products, including dietary supplement products manufactured outside the United States that are imported for sale into the United States. Among other things, the new GMPs require identity testing on all incoming dietary ingredients; call for a "scientifically valid system" for ensuring finished products meet all specifications; include requirements related to process controls, including statistical sampling of finished batches for testing and requirements for written procedures; and require extensive recordkeeping.

On December 22, 2006, Congress passed the Dietary Supplement and Nonprescription Drug Consumer Protection Act, which went into effect on December 22, 2007. The law requires, among other things, that companies that manufacture or distribute nonprescription drugs or dietary supplements report serious adverse events allegedly associated with their products to the FDA and institute recordkeeping requirements for all adverse events.

The FDA Food Safety Modernization Act (FSMA), enacted January 4, 2011, amended the FDCA to significantly enhance FDA's authority over various aspects of food regulation including dietary supplements. The FSMA granted FDA mandatory recall authority when the FDA determines there is a reasonable probability that a food is adulterated or misbranded and that the use of, or exposure to, the food will cause serious adverse health consequences or death to humans or animals. One of the FSMA's more significant changes is the requirement of hazard analysis and risk-based preventive controls (HARBPC) for all food facilities required to register with the FDA, except dietary supplement facilities in compliance with both GMPs and the serious adverse event reporting requirements. Failure to comply with both GMPs and the serious adverse event reporting requirements may subject dietary supplement manufacturers to the HARBPC requirements.

As required by Section 113(b) of the FSMA, the FDA published in July 2011 a draft guidance document clarifying when the FDA believes a dietary ingredient is an NDI, when a manufacturer or distributor must submit an NDI premarket notification to the FDA, the evidence necessary to document the safety of an NDI and the methods for establishing the identity of an NDI. The draft guidance, if implemented as proposed, could have a material impact on our operations. It is possible that the FDA will begin taking enforcement actions consistent with the interpretations in the draft guidance before issuing a final version.

The new FSMA requirements, as well as the FDA enforcement of the NDI guidance as written, could require us to incur additional expenses, which could be significant, and negatively impact our business in several ways, including, but not limited to, the injunction of manufacturing of any dietary ingredients or dietary supplements until the FDA determines that such ingredients or products are in compliance and the potential imposition of fees for reinspection of noncompliant facilities. Each of these events could increase our liability and could have a material adverse effect on our financial condition, results of operations or cash flows.

In general, before any substance can be added to food, its safety must be assessed in a stringent approval process. When an additive is proposed for use in a meat, its safety, technical function, and conditions of use must also be evaluated by the USDA. Because the USDA retains jurisdiction over meat products and food ingredients intended for use in meats, the use of our SRB and DRB meat enhancers is regulated by this agency. Both SRB and DRB have USDA approval for use in meat products.

Brazil Segment

The Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA), one of the Federal administrative bodies, is the primary regulator of agricultural products in Brazil, which main activity is the management of public policies to encourage agriculture, the promotion of agribusiness and the regulation and standardization of services related to the sector. Amongst other activities, MAPA is responsible for the regulation and control of pharmaceuticals, biological products and medicated feed additives for animal use. MAPA is organized into departments, each one responsible for different sectors of the nation’s agribusiness. Amongst these departments, the Secretary of Agricultural Defense

(SDA) is responsible for implementing the actions of the State which aims at the prevention, control and eradication of animal diseases and plant pests. The SDA also contributes to the formulation of the national agricultural policy by planning, regulating, coordinating and supervising the activities of agricultural defense throughout the country, being responsible for the coordination of the Department of Inspection of Livestock Products. In order to fulfill its mission, the SDA provides central management and regulatory bodies as well as projections within the states for the implementation and coordination of those activities for which it is responsible. Furthermore, ANVISA, a regulatory agency which operates in all those sectors related to products and services that affect the health of the population, and with expertise that covers both sanitary regulation and the economic regulation of the market, contributes to the enforcement of most of the regulations regarding processed food products, including vegetable oils, fats and vegetable creams.

In addition to the foregoing, our operations will be subject to federal, foreign, state, and local government laws and regulations, including those relating to zoning, workplace safety, and accommodations for the disabled, and our relationship with our employees are subject to r