

**Dear Fellow Shareholders:**

The past year was an exciting and strategically important year for RiceBran, as we installed new leadership and initiated a significant operational turnaround. Key to this revitalization was a new strategy, focused on delivering differentiated and higher value add, specialty ingredients. This new strategy is on trend with healthy living catalysts, leverages our proprietary expertise, and has put us on a path to generating positive results, reflected in sequentially higher revenue and narrowed losses as compared to full year 2019 results. As a result, we enter 2021 poised to reach sustainable profitability with solutions that meet growing demands.

Over the past six months, we have transitioned our mind-set to focus on this new strategy and tackled the immediate imperatives to improve performance. Our Golden Ridge rice mill was a major drag on the business through the first three quarters of 2020. In the fourth quarter, we installed new mill management and implemented a revised structure for sales and procurement, driving significant improvements in performance. We also reinvigorated our core stabilized rice bran (SRB) and SRB derivatives businesses, successfully accelerating growth rates in the fourth quarter and we expect this to continue through 2021.

Higher margins come from differentiated ingredients that provide higher value to customers. We have a significant opportunity to accelerate the growth of SRB derivatives, particularly in the dietary supplement and wellness product categories. In addition to Ri-Solubles, an already successful product, there is emerging demand for Ri-Fiber. Both deliver compelling nutritional and functional benefits in a range of applications and we expect to increase capacity to meet the growing demand for these products. Additionally, we expect to launch new variants of both SRB and SRB derivatives to allow replacement of chemically derived ingredients in nutritional supplements and meet the customer demand for effective clean label products.

Later in 2021, we will begin producing SRB at Golden Ridge, strengthening and diversifying our supply chain and positively impacting the profitability of the mill. This is the initial stage of integrating our milling operations into our added value ingredient strategy. By combining our milling expertise with further processing capabilities, we can develop an exciting range of added-value specialty ingredients, not only derived from rice but also other small and ancient grains. The market is saturated with ingredients derived from soy and corn, each with attributes that conflict with expanding healthy living trends. Replacement products sourced from rice, barley and oats address these consumer-driven desires.

We have already implemented the new sales structure to ensure our primary focus is on putting the customer first. The new sales leaders drive both our product and go-to-market strategy and are tasked with margin growth through delivering enhanced value to our customers. Our go-to-market strategy will also be enhanced through partnering with complementary companies to deliver more complete business solutions rather than just products.

The next phase we are embarking on focuses on three key areas:

- Accelerating growth and profitability by expanding our differentiated product offering;
- Enhancing our sales efforts and strengthening our go-to-market strategy; and
- Building mutually beneficial partnerships throughout the supply chain.

We have successfully completed the first phase of our turnaround by fixing Golden Ridge, restructuring and cutting corporate overhead, and revitalizing our SRB and SRB derivatives businesses. This resulted in significantly improved financial results for the fourth quarter, which persisted into the first part of 2021 and are expected to accelerate. But that was just an important first step, there is much more to accomplish as we build upon this progress, accelerate growth and drive sustainable expansion in profitability.

I'd like to thank our employees, partners and investors for their continued support. We look forward to a transformational 2021.

Sincerely,



Peter Bradley  
Executive Chairman

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

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2020

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 001-36245**

**RiceBran Technologies**

(Exact name of registrant as specified in its Charter)

<b>California</b> (State of Incorporation) <b>1330 Lake Robbins Drive, Suite 250</b> <b>The Woodlands, TX</b> (Address of Principal Executive Offices)	<b>87-0673375</b> (I.R.S. Employer Identification No.)  <b>77380</b> (Zip Code)
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Registrant's Telephone Number, Including Area Code: **(281) 675-2421**

Securities registered under Section 12(b) of the Exchange Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
<b>Common Stock, no par value per share</b>	<b>RIBT</b>	<b>The NASDAQ Capital Market</b>

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended). YES  NO

As of June 30, 2020, the aggregate market value of our common stock held by non-affiliates was approximately \$23.4 million calculated

by using the closing price of the common stock on such date on NASDAQ Capital Market of \$0.83 per share.

As of February 25, 2021, there were 45,238,087 shares of common stock outstanding.

Documents incorporated by reference: Portions of the registrant's Definitive Proxy Statement for its annual meeting of shareholders, which Definitive Proxy Statement will be filed with the Commission not later than 120 days after the registrant's fiscal year ended December 31, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K.

## FORM 10-K

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## FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K includes forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but are based on current expectations, estimates and projections about our industry, our beliefs and our assumptions. Words such as “believes,” “anticipates,” “expects,” “estimates,” “intends,” “plans,” “projects,” “will,” “may” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. These forward-looking statements are not guarantees of future performance and concern matters that could subsequently differ materially from those described in the forward-looking statements. Future events and actual results could differ materially from those discussed in this Annual Report. These risks and uncertainties include those described in “Risk Factors” and elsewhere in this Annual Report. Except as required by law, we undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may arise after the date of this Annual Report. We do not endorse any projections regarding future performance that may be made by third parties.*

Unless the context requires otherwise, references to “we,” “us,” “our” and the “Company” refer to RiceBran Technologies, and its consolidated subsidiaries.

## PART I

### ITEM 1. BUSINESS

#### Overview

##### Our Company

We are a specialty ingredient company that utilizes proprietary stabilization and separation technologies, supported by specialty milling processes, to deliver critical nutritional and functional ingredients derived from ancient grains for the food, nutraceutical, pet care and animal feed categories. We are focused on milling rice and other small grains and producing, processing and marketing value-added healthy, natural and nutrient dense products derived from these grains. Notably, we are a market leader in North America in converting raw rice bran into stabilized rice bran (SRB) and high value derivative products including:

- RiBalance, a complete rice bran nutritional package derived from further processing of SRB;
- RiSolubles, a highly nutritious, carbohydrate and lipid rich fraction of RiBalance;
- RiFiber, a protein and fiber rich insoluble derivative of RiBalance; and
- our family of ProRyza products, which includes derivatives composed of protein and protein/fiber blends.

Over the past decade, we have developed our products by optimizing our proprietary processes to support the production of healthy, natural, and non-genetically modified ingredients that are gluten free and free of all major allergens for use in baked goods, cereals, coatings, health foods, high-end animal nutrition, and animal health products. Our existing and target customers are food and animal nutrition manufacturers, wholesalers and retailers, both domestically and internationally.

We incorporated under the laws of the State of California in 2000. From July 2003 until October 2012, our corporate name was “NutraCea.” In October 2012, we changed our name to RiceBran Technologies. In 2018, we moved our corporate headquarters to The Woodlands, Texas. Over the past several years, we have acquired and divested of certain investments:

- 2019 – Acquired MGI Grain Processing, LLC., an East Grand Forks, Minnesota based company now operating as MGI Grain, Incorporated (MGI) which operates a grain mill and processing facility in East Grand Forks, Minnesota,
- 2018 – Acquired Golden Ridge Rice Mills, LLC, a Wynne, Arkansas based company now operating as Golden Ridge Rice Mills, Inc. (Golden Ridge) which operates a rice mill in Wynne, Arkansas,
- 2017 – Divested of our majority interest in Nutra S.A. LLC (Nutra SA). Nutra SA’s only operating subsidiary was Industria Riograndens De Oleos Vegetais Ltda. (Irgovel), which operates a rice bran oil refining plant in Pelotas, Brazil.
- 2017 – Divested of Healthy Natural, Inc. (HN), which had a formulating, blending and co-packaging facility in Irving, Texas, that manufactured blended and/or packaged functional food products for the nutrition and functional food markets.

We currently source SRB at four locations: two raw rice bran stabilization facilities located within supplier-owned rice mills in Arbuckle and West Sacramento, California, one company-owned rice bran stabilization facility in Mermentau, Louisiana, and our company-owned rice mill, Golden Ridge, in Wynne, Arkansas. “Stage II” refers to the products produced using proprietary processing equipment and technology for further processing of SRB into finished products. We produce our Stage II products at our Dillon, Montana facility, including: RiSolubles, RiFiber, RiBalance, and our ProRyza family of products.

##### Rice Mill

On November 28, 2018 we acquired Golden Ridge Rice Mills, LLC, a recently constructed rice milling and bran stabilization facility on nearly 32 acres in Wynne, Arkansas. Golden Ridge provides us with a presence in the largest rice-producing state and a cost-efficient source of SRB that is close to many of our customers in the Midwest and Eastern U.S. Golden Ridge specializes in producing #1 and #2 Grade U.S. premium long and medium white rice milled to United States Department of Agriculture (USDA) standards, as well as brown rice, brewers rice, and brokens. We believe these products offer synergies to our core SRB business and should enable our sales team to deepen our relationship with our customers. Golden Ridge adheres to standard operating procedures and passed all the prerequisite audits required to meet Good Manufacturing Practice (GMP) standards and Safe Quality Food (SQF) certifications.

##### Barley and Oats Mill

On April 4, 2019, we acquired MGI Grain Processing, LLC's grain milling and processing facility in East Grand Forks, Minnesota which specializes in processing barley and oats, and provides mustard toll milling services. MGI provides us with a milling presence in a key production region in the U.S. and a complimentary portfolio of barley and oat ingredients, as well as other ancient grains. This creates synergy with our rice and rice bran products as they are purchased by substantially the same buyers as our rice products. MGI's facility is an American Institute of Baking (AIB) certified barley pearling facility, Hazard Analysis Critical Control Point (HACCP) and SQF certified.

## **Our Products**

We believe our greatest market opportunities are in the food ingredient and animal nutrition markets. Nutritionally balanced, minimally processed, gluten free, non-GMO and clean-label food and animal feed ingredients 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."

### Food Ingredients

Our SRB and derivative products are nutritional 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. Our products replace ingredients like soy protein isolate, soy protein concentrate, modified food starch, pea protein, mustard flour and yeast at a significantly reduced cost. Foods that are ideally suited for the addition of our SRB to their products include processed meats, cereals, snacks, beverages, baked goods, breadings, and batters.

### Animal Nutrition

Our SRB is marketed as a feed ingredient in the United States and international animal nutrition markets, and we will continue to pursue sales opportunities with attractive margins in those markets. SRB is currently used as an equine feed ingredient as it has been shown to provide health benefits for show and performance horses. We believe that there are also numerous market opportunities for utilizing SRB in the production of food for companion animals. We have multiple engagements with customers in the companion animal market, and we are aggressively pursuing other opportunities.

### About Rice Bran

Rice is the staple food for over half of the world's population, especially in some 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, the United States ranks 11th in rice production with approximately 2% of the global total.

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, paddy rice is cleaned of foreign material (scalping, de-stoning and aspiration) 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.

Once husked, 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. Further processing may be required (per customer specifications) to polish the white rice to a smooth surface.

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.

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 processes to create a combination of temperature, pressure and other conditions necessary to thoroughly deactivate enzymes without significantly damaging the structure or nutrient content of the 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.

We install our stabilizers in close proximity to a rice mill so that freshly milled raw rice bran can be delivered quickly. 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.

Once stabilized, SRB leaving our system is then discharged onto cooling units specifically designed to control air pressure and humidity. Once 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 various size bags or 2,000-pound sacks.

Each of our stabilizers 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. We have also developed and tested a smaller production unit, with a maximum production capacity of 600 pounds per hour, for installation in locations where rice mills are substantially smaller than those in the United States.

Additional proprietary processes involve enzyme treatment of SRB 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 is put into an aqueous slurry, where it is treated with one or more enzymes, centrifugally separated and the fractions are dried on drum driers, spray driers or other drying systems.

### **SRB Attributes**

Rice bran is free of all major allergens and is a valuable source of protein with a balanced amino acid profile for food ingredient products 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

Because SRB contains approximately 18-23% oil, it has a favorable fatty acid composition and excellent heat stability which makes it an attractive ingredient for a wide variety of applications.

### **Intellectual Property**

Our stabilization and processing activities are an adaptation and refinement of standard food processing technology applied to rice bran. We have chosen to treat our methods and processes as a trade secret and not to pursue process or process equipment patents on the original processes. 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.

We 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.

## **Our Growth Strategy**

We are pursuing a simple growth strategy based on a few key initiatives to grow our markets and business, improving our financial condition, and maximizing shareholder value. The following points summarize our growth strategy:

### **1. Product Line Expansion:**

- *Continued Expansion of SRB Derivatives* – Ri-Solubles; in both conventional and organic forms, is the premium product in the portfolio with upside potential, and we are focused on expanding production and sales. Ri-Fiber is an excellent source of dietary fiber that can provide organoleptic improvements in a range of supplement products, and potentially an excellent feedstock for further processing to isolate nutritional and functional components. Both products are produced at our Dillion, MT manufacturing facility which offers room for expansion.
- *New Stabilized Rice Bran (SRB) Formats* – We expect to launch ready-to-eat (RTE) variants of SRB eliminating the need for further heat processing prior to consumer consumption. SRB can be used as an excipient and flow agent in tablets, capsules, and nutritional powders. We believe RTE SRB will provide access to new applications for SRB particularly in the supplement category as it will allow for the replacement of chemically derived ingredients enabling natural and non-GMO claims to be made on finished consumer products.
- *Value-Added Blending Capabilities* – We hope to enhance the values of our core products by adding the capability to combine them with other ingredients in order to deliver improved nutrition, functionality, and organoleptic properties. Other ingredient components will be sourced from both domestic and international supply partners and likely to include plant-based protein and carbohydrates. Combinations of rice ingredients and other grains from MGI will also be pursued.

**2. Further Organic Expansion:** While we currently have several organic product lines, notably rice bran derivatives and certain milled products, and we believe there is a significant opportunity to further expand our organic product offering. We expect to achieve this through in-house production and product sourcing from manufacturing and supply partners. In particular, we are reviewing the opportunity to convert Golden Ridge rice mill such that it can mill organic rice and produce organic SRB. We believe we have much of the infrastructure in place to achieve this conversion, as such our focus is on securing organic paddy rice supply.

**3. Sales Initiative Expansion:** We have restructured and established two business groups each headed by a senior sales executive who will be responsible for the commercial strategy and execution of the business group across all product lines.

- *Supplement and Wellness Business Group* – This group will build on the existing business in this category by expanding market penetration, introducing new products and blending capabilities, and developing partnerships with third-party developers and manufacturers to be able to deliver near-finished solutions to supplement brands and manufacturers.
- *Food and Animal Feed Business Group* – The key focus of this group is to expand the current business in processed food[s], pet care and equine feeds, including developing the optimum go-to-market structure for these categories. In the fourth quarter of 2020, we recruited a senior commercial executive to lead this initiative.

**4. Supply Chain Expansion:** Partnership with key rice mills in California and Louisiana will remain a cornerstone of our stabilized rice bran manufacturing strategy. We remain committed to expanding these partnerships by driving incremental volume, efficiency improvements, and expanding the core product opportunity. We will seek to implement long-term supply agreements with our suppliers with the objective of driving profit growth for both ourselves and our partners. We may also pursue partnerships with international producers, particularly in Asia. This could create opportunities for accessing new products based on new rice varieties and differentiated process technologies these partners possess.

**5. Increased Operating Efficiencies:** We are focused on improving our operational efficiencies while driving cost and expense reductions. We significantly reduced our corporate overhead in 2020 through planned reductions in headcount, lessening our reliance on outside consultants, and driving down administrative, audit, and legal expenses. We hope to further improve the economics of our business by driving greater volumes through our existing facilities.

The global and domestic markets are strong and rapidly expanding for minimally processed plant-based ingredients that provide dense and balanced nutrition in addition to evidence-based functionalities while also being non-GMO, gluten free and free of all major allergens. The regulatory requirements to add front-of-label warnings on food items and increasing demand from consumers for foods that list fewer and less processed ingredients is driving food companies to replace standard food ingredients with cleaner ingredients, such as SRB. We anticipate further incorporation of our food ingredients by major consumer packaged goods food companies as more food companies adopt rice bran as a standard clean label food ingredient. This trend is not limited to food ingredients, as we are finding similar transition to clean ingredients among high-end animal nutrition companies.

### **Our Customers**

We use internal sales staff, outside independent sales representatives and third-party distributors to market our portfolio of products to customers domestically and internationally. In 2020 and 2019, three customers accounted for 26% and 36% of our revenues, respectively. We continue to focus efforts on diversification of our customer base to mitigate the concentration of customers.

### **Government Regulations**

Our operations are 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 relationships with our employees are subject to regulations, including minimum wage requirements, anti-discrimination laws, overtime and working conditions and citizenship requirements.

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 and 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.

The formulation, manufacturing, packaging, labeling, advertising, distribution and sale of our products are subject to regulation by one or more federal agencies, primarily the Food & Drug Administration (FDA), the Federal Trade Commission (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. 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 and food ingredients. 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 food ingredient industries, including the imposition of civil penalties.

The FDA Food Safety Modernization Act (FSMA), enacted January 4, 2011, amended the FDCA to significantly enhance the FDA's authority over various aspects of food regulation. The FSMA granted the 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 more significant changes under FSMA is the requirement of hazard analysis and risk-based preventive controls (HARPC) for all human and animal food processing facilities. We are committed to FSMA compliance and are SQF certified at all our facilities.

Any substance that is intentionally added to food is a food additive and is subject to premarket review and approval by the FDA, unless the substance is generally recognized, among qualified experts, as having been adequately shown to be safe under the conditions of its intended use, or unless the use of the substance is otherwise excluded from the definition of a food additive. 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 meat enhancers is regulated by this agency. SRB has USDA approval for use in certain meat products.

Animal feed ingredients are regulated by the FDA at the federal level and by the individual states. Our SRB is defined for animal use as heat stabilized rice bran for use as a feed ingredient.

## **Our Competition**

There are a number of companies that have invested significant resources to develop technologies for stabilizing and processing rice bran and who market rice bran products into multiple markets around the world. We believe that we have proprietary technologies and processes for stabilizing rice bran and, as such, have developed significant brand recognition in the animal feed and food ingredient product sectors both domestically and internationally. Together with our decades of application technology know-how and proprietary processing methods, we believe that we have a competitive advantage over other suppliers with respect to producing SRB.

We are aware of several new producers of rice-based animal nutrition and food ingredient products in the United States, Europe and Asia. We believe that our major competitors include producers of isolated soy protein, wheat bran and oat bran, particularly in the food ingredients market segment. We compete with other companies that offer products incorporating SRB as well as companies that offer other food ingredients. Many consumers may consider such products to be a replacement for the products we manufacture and distribute.

## **Our Employees**

As of December 31, 2020, we had 99 employees. From year to year, we experience normal variable labor fluctuation at our production facilities. We believe that we have positive relationships with our employees. None of our employees are covered by collective bargaining agreements.

## **Available Information**

We maintain an Internet website at the following address: [www.ricebrantech.com](http://www.ricebrantech.com). We make available on or through our Internet website certain reports and amendments to those reports that we file with the Securities and Exchange Commission (SEC) in accordance with the Securities Exchange Act of 1934 (Exchange Act). These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and the reports of beneficial ownership. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. The contents of our website are not incorporated by reference in this report on Form 10-K and shall not be deemed “filed” under the Exchange Act.

## **ITEM 1A. RISK FACTORS**

Our operations and financial results are subject to various risks and uncertainties, including those described below, which could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock. Investors or potential investors in our stock should carefully consider the risks described below.

### **RISK FACTORS**

#### **Risks Relating to Our Business**

*We have not yet achieved annual positive cash flows.*

Our net cash used in operating activities of continuing operations was \$7.9 million in 2020 and \$13.5 million in 2019. 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 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.

*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, cash flow, and ability to pay our debts as they become due.*

Since we began operations in 2000, we have incurred an accumulated deficit in excess of \$298.9 million. We may not be able to achieve 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 shareholder 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 could 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. We have a limited number of authorized and unissued (and unreserved) shares, which limits our ability to raise additional funds through such debt or equity financings. Our shareholders would need to approve any increase in the number of authorized shares. In the event that we determine that such an increase is desirable, it is possible our shareholders will not approve the increase.

***Our outstanding debt is subject to terms that may adversely affect our operations and financial condition.***

We entered into a factoring agreement in October 2019. The factoring agreement provides for a \$7.0 million credit facility which we may draw upon to the extent we have qualifying accounts receivable as defined in the agreement. The lender has the right to demand repayment of advances under the facility at any time, and amounts owed under the agreement are secured by our personal property assets. If the lender demands repayment and we fail to make such repayment, or if we cause or permit any other event of default as defined in the agreement or fail to comply with covenants set forth in the agreement (including restrictions on incurring other debt under unsecured loans), we would be subject to additional expenses or possible foreclosure on our assets that secure our obligations under the agreement. Such results could have a material adverse effect on our operations and financial condition.

We received \$1.8 million on an SBA Payroll Protection Program loan in April 2020 as provided for in the Coronavirus Aid, Relief and Economic Security Act (CARES), enacted into U.S. law in March 2020. The loan and accrued interest were to be forgivable, provided that the loan proceeds were used for eligible purposes. The loan and related accrued interest were completely forgiven in January 2021.

We entered into a mortgage agreement with a lender pursuant to a promissory note in July 2020. We borrowed \$2.0 million available on the note. The principal amount of the note must be repaid in monthly installments ending in June 2022. The note is secured by certain real property and personal property assets of Golden Ridge Rice Mills, Inc. If we fail to make repayment, we would be subject to additional expenses or possible foreclosure on the assets that secure our obligations under the agreement. Such results could have a material adverse effect on our operations and financial condition.

***In 2018, we identified material weaknesses in our internal control over financial reporting, and if we are unable to maintain effective internal control over financial reporting, investors could lose confidence in our consolidated financial statements and our Company, which could have a material adverse effect on our business and our stock price.***

In the course of preparing the financial statements for the fiscal year ended December 31, 2018, our management determined that we had material weaknesses in our internal control over financial reporting, which related to our accounting for significant and complex acquisitions and equity transactions. We have concluded that these material weaknesses in our internal control over financial reporting were primarily due to the relocation from Arizona to Texas in 2018 which reduced our accounting personnel who had the appropriate level of experience and technical expertise to oversee the accounting and financial reporting requirements related to significant and complex acquisitions and equity transactions. As a result of these material weaknesses, in 2019, we initiated and implemented several remediation measures including, but not limited to: hiring a CPA licensed Chief Accounting Officer, engaging third parties to (i) assist us in complying with the accounting and financial reporting requirements related to significant and complex acquisitions and equity transactions; and (ii) assist us with formalizing our business processes, accounting policies and internal control documentation, strengthening supervisory reviews by our management, and evaluating the effectiveness of our internal controls in accordance with the framework established by *Internal Control - Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission. As of December 31, 2019, we concluded that the material weaknesses in our internal control over financial reporting were remediated. If we fail to maintain effective internal controls in the future, this could result in a material misstatement of our consolidated financial statements that would not be prevented or detected on a timely basis, which could cause investors to lose confidence in our financial information or cause the trading price of our common stock to decline.

***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, rice bran, barley and oat markets, our anticipated share of these markets, 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 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 may review opportunities to buy other businesses or technologies, such as the acquisition of Golden Ridge that was completed in 2018, and the acquisition of MGI Grain that was completed in 2019, that would complement our current products, expand the breadth of our markets or enhance technical capabilities, or that may otherwise offer growth opportunities. Such acquisitions involve numerous risks, including, but not limited to:

- 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 depend on a limited number of customers and their ability to meet their obligations.***

In 2020, three customers accounted for 26% of revenues and the top ten customers accounted for 51% of revenues from continuing operations. As of December 31, 2020, the customers with the highest ten balances accounted for 64% of 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 reduce our number of customers or result in a concentration of credit risk with respect to outstanding accounts receivable. We consider the financial strength of our customers, 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 with 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, 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 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. A significant reduction in sales to any of our significant customers could have a material adverse effect on our results of operations.

***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 customers. 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.

***We rely upon a limited number of product offerings.***

The majority of the products that we have sold through December 31, 2020, have been based on SRB. A decline in the market demand for our SRB or the products of other companies utilizing our SRB products would have a significant adverse impact on us. Since the acquisition of Golden Ridge, we have also incorporated the sale of rice to our products sold towards the end of 2018. A decline in the market demand for finished rice or the by-products of rice milling could 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, health food retailers and to other companies for use in their products. We must increase the level of awareness and benefits of rice bran products to be used in food and food ingredients 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. Our ability to manufacture SRB is currently limited to the production capability of our equipment located at our two suppliers' rice mills in California, our own plant located adjacent to our supplier in Mermentau, Louisiana and our rice mill in Wynne, Arkansas. At these facilities and our value-added product plant in Dillon, Montana, we currently are capable of producing enough finished products to meet current demand. 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.

***Adverse economic, weather, or other conditions may impact our supply and the price of rice, raw rice bran, stabilized rice bran, barley, and oats. We are not always able to immediately pass cost increases to our customers and any increase in the cost of our rice and rice coproducts, SRB products, and oat and barley products could have an adverse effect on our results of operations.***

If economic or weather conditions, for example drought conditions in California or flooding in Arkansas and Louisiana, adversely affect the amount of rice planted or harvested, the cost of rice bran products that we use may increase. Drought or excessive moisture can have similar impacts on the timing and number of acres planted to barley and oats in Minnesota, North Dakota, and Manitoba as well. We are not always able to immediately pass cost increases to our customers. Therefore, cost increases 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 rice brans.***

Competition in our targeted industries, including food ingredients, 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 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. 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 and the U.S. Department of Agriculture (USDA), state and local authorities and foreign governmental agencies. 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.

***Our warehousing and manufacturing facilities are subject to risks that may negatively affect our business and operations.***

Our ability to make, store, and move our products is important to our success. Disruption to our manufacturing capabilities or to our storage capabilities, due to damage to our facilities or equipment, inability or delay in replacing parts or equipment, weather, natural disaster, fire, terrorism, pandemic, or other factors, could impair our ability to manufacture or distribute our products. If we fail to mitigate the possible impact of such events, or effectively manage them if they occur, they could adversely affect our business and results of operations. Such events could also require additional resources to restore our supply chain.

Our facilities are subject to laws and regulations administered by the FDA, USDA, the Occupational Safety and Health Administration, and other federal, state, and local governmental agencies relating to the production, storage, distribution, quality, and safety of food products and the health and safety of our employees. Our failure to comply with such laws and regulations could subject us to lawsuits, administrative penalties, and civil remedies, including fines, injunctions, and recalls of our products. Changes in such laws or regulations that impose additional requirements on us could increase the cost of operating our facilities, causing our results of operations to be adversely affected.

***The recent global outbreak of the novel coronavirus (COVID-19) could harm our business and results of operations.***

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. During the second and third quarters of 2020, we observed a surge in demand for non-perishable food products such as rice due to pantry stocking in response to the COVID-19 pandemic, which made it difficult for us to economically source raw materials. This dynamic has subsequently stabilized, but current and future port closures and other restrictions resulting from the COVID-19 pandemic may further restrict global supply, renewing pressure on the price of raw materials used in our products to increase. Additionally, damage or disruption to the capabilities of our suppliers may also impair our ability to manufacture and/or sell our products. Because we cannot predict the impact that the COVID-19 pandemic, including the spread of the virus, the severity of the disease, the duration of the outbreak, and actions that governmental authorities may take, it is hard for us to quantify this exposure.

***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 licenses and other intellectual property rights for our products and technology.***

Our success is dependent upon our ability to protect and enforce the 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 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 our executive chairman, chief financial officer, and the other members of the senior leadership team. Although we have written employment agreements with these employees, such individuals could die, become disabled, retire, 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.

***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:

- fluctuations in our quarterly or annual operating results;
- fluctuations in the cost of raw rice bran;
- developments in our relationships with customers and suppliers;
- our ability to obtain financing;
- announcements of new products or product enhancements by us or our competitors;
- announcements of technological innovations or new systems or enhancements used by us or our competitors;
- the loss of services of one or more of our executive officers or other key employees;
- developments in our or our competitors' intellectual property rights;
- adverse effects to our operating results due to the 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 in prior years 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 February 25, 2021, 45,238,087 shares of common stock were outstanding, 7,295,442 shares of common stock were issuable upon exercise of our outstanding stock options and warrants, 213,524 shares of common stock were issuable upon conversion of preferred stock and 1,881,803 shares of common stock issuable upon vesting of restricted stock units. 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 authorization and issuance of preferred stock may have an adverse effect on the rights of holders of our common stock.***

Our Board, 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. 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 that no longer remain outstanding. In addition, in February 2017, we designated a seventh series of preferred stock, Series G. As of February 25, 2021, 225 shares of Series G preferred stock remain outstanding. We may issue additional series of preferred stock in the future.

***If we fail to comply with the continuing listing standards of The NASDAQ Capital Market, our securities could be delisted, which could affect the market price of our common stock and reduce our ability to raise capital.***

Our common stock is listed on the NASDAQ Capital Market under the symbol "RIBT". For our common stock to continue to be listed on the NASDAQ Capital Market, we must meet the current NASDAQ Capital Market continued listing requirements, including maintaining a minimum of \$2.5 million in shareholders' equity and maintaining a minimum common stock bid price of \$1.00 (the "Minimum Bid Price Requirement"). 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 could be delisted from the NASDAQ Capital Market.

On July 27, 2020, we received a notification letter from The Nasdaq Stock Market LLC ("Nasdaq") indicating that we failed to comply with the Minimum Bid Price Requirement for a period of 30 consecutive days. To regain compliance with this listing requirement, the closing bid price of our common stock was required to be at least \$1.00 for 10 consecutive business days within 180 calendar days from the date of the notification, or by January 25, 2021 (the "Initial Compliance Date"). We did not regain compliance with the Minimum Bid Price Requirement by the Initial Compliance Date. We subsequently requested and obtained an extension of time to regain compliance with the Minimum Bid Price Requirement by July 26, 2021.

On February 18, 2021, we received a notice from Nasdaq notifying us that the Listing Qualifications Department had determined that we had regained compliance with the Minimum Bid Price Requirement and that the matter was now closed. We regained such compliance based on the closing bid price of our common stock from February 3, to February 17, 2021, which had been at \$1.00 per share or greater.

There can be no assurance that we will be able to maintain compliance with the continued listing requirements for Nasdaq. If we fail to maintain compliance with any such continued listing requirement, there can also be no assurance that we will be able to regain compliance with any such continued listing requirement in the future or that our common stock will not be delisted from NASDAQ Capital Market in the future.

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.

## **General Risks**

### ***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. 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.

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

In order to comply with laws, regulations and standards relating to corporate governance and public disclosure, including the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) entitled "Internal Control - Integrated Framework", and other regulations issued by the SEC, such as Dodd-Frank, we may need to invest substantial resources to comply with these 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.

### ***Breaches of our information system security measures could disrupt our internal operations.***

We are dependent upon information technology for the distribution of information internally and also to our customers and suppliers. This information technology is subject to theft, damage or interruption from a variety of sources, including but not limited to malicious computer viruses, security breaches and defects in design. Security breaches may result from employees' failure to observe internal control protocols designed to protect the security of our network and the information on it, or solely from external intrusion despite our best efforts to protect our network and the information on it. Various measures have been implemented to manage our risks related to information system and network disruptions, but a system failure or breach of these measures could negatively impact our operations and financial results.

### ***Our inability to successfully recover from a disaster or other business continuity problem could cause material financial loss, regulatory actions, reputational harm or legal liability.***

Should we experience a local or regional disaster or other business continuity problem, such as a terrorist attack, pandemic, security breach, power loss, telecommunications failure, earthquake, hurricane or other natural or man-made disaster, our continued success will depend, in part, on the availability of key personnel, and the proper functioning of computer, telecommunication and other related systems and operations. Further, we could potentially lose customer data or experience adverse interruptions to our operations in a disaster recovery scenario, which could result in material financial loss, regulatory action, reputational harm or legal liability.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

## **ITEM 2. PROPERTIES**

We maintain various facilities that are used for manufacturing, warehousing, research and development, distribution and administrative functions. These facilities consist of both owned and leased properties. The following table summarizes the properties used to conduct our operations as of December 31, 2020:

<u>Location</u>	<u>Status</u>	<u>Primary Use</u>
West Sacramento, California	Leased	Warehousing
Mermentau, Louisiana	Owned	Manufacturing
Lake Charles, Louisiana	Building – owned Land – leased	Warehouse
Dillon, Montana	Owned	Manufacturing
The Woodlands, Texas	Leased	Administrative, corporate office
Wynne, Arkansas	Owned	Manufacturing
East Grand Forks, MN	Owned	Manufacturing

Our corporate headquarters is located in The Woodlands, Texas, where we lease approximately 5,380 square feet of administrative office space.

We believe that all facilities are in good operating condition, the machinery and equipment are well-maintained, the facilities are suitable for their intended purposes and they have capacities adequate for current operations. All properties are covered by insurance. Our property located in Lake Charles, Louisiana was damaged by Hurricane Laura. We expect to complete remediation of this damage by the middle of the third quarter of 2021.

## **ITEM 3. LEGAL PROCEEDINGS**

We currently are not a party to any material litigation or other material legal proceedings. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

#### **Price Range of Common Stock**

Our common stock is traded on the NASDAQ Capital Market under the symbol "RIBT." Our CUSIP No. is 762831204.

#### **Holdings**

As of February 25, 2021, there were approximately 218 holders of record and 6,600 beneficial owners of our common stock.

#### **Dividends**

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.

#### **Recent Sales of Unregistered Securities**

None

#### **Share Repurchases**

None

### **ITEM 6. SELECTED FINANCIAL DATA**

Not applicable.

### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

See Note 3 of our Notes to Consolidated Financial Statements for a discussion of 2019 acquisitions.

Unless otherwise noted, amounts and percentages for all periods discussed below reflect the results of operations and financial condition from our continuing operations.

#### **Results of Operations**

Revenues were \$26.2 million in 2020, an increase of \$2.5 million, or 10.5%, compared to \$23.7 million in 2019. The increase in revenue year-over-year was due to higher revenues from MGI and Golden Ridge, offset by a small decline in revenue from our RBT operations. Higher revenue from MGI was the greatest factor driving overall revenue growth in 2020. MGI was acquired in April 2019, and therefore, our revenues included no MGI revenue in the first quarter of 2019, while Golden Ridge generated positive year-over-year revenue growth in the first and fourth quarters of 2020.

Gross losses were \$2.5 million in 2020, compared to gross losses of \$0.9 million in 2019. The increase in gross losses was primarily attributable to higher losses at Golden Ridge due to increases in input commodity prices, low levels of productivity, and unmet production targets, which added \$0.8 million in expenses related to contract settlements. These dynamics were particularly impactful in the second and third quarters of 2020. Gross losses in 2020 were also negatively impacted by a decline in gross profit for our RBT operations, offset in part by a higher gross profit contribution from MGI.

SG&A was \$8.0 million in 2020, a decline of \$5.7 million, or 41.8%, compared to \$13.7 million in 2019. The decline in SG&A was primarily related to lower personnel expenses and a reduction in outside services and consultant fees, as well as productivity gains in corporate support functions. Losses on disposition of property and equipment were \$0.8 million in 2020, compared to \$0.0 million in 2019. Losses on disposition of property and equipment included a \$0.1 million loss due to hurricane damage to a facility in Louisiana.

Operating losses were \$11.3 million in 2020, compared to \$14.6 million in 2019, and net losses from continuing operations were \$11.7 million in 2020, compared to \$13.7 million in 2019. There was \$0.1 million of other expense, net, in 2020, compared to other income, net, of \$0.9 million in 2019. In 2020, interest expense increased to \$0.3 million as we incurred higher fees and interest expense related to an increase in average borrowings. Included in 2019 other income, net, was a \$0.8 million gain from a settlement with the sellers of Golden Ridge.

#### COVID-19 Assessment

The COVID-19 pandemic is a worldwide health crisis that is adversely affecting the business and financial markets of many countries. The pandemic could adversely affect the demand for our products, and it poses the risk that we, or our customers, suppliers, and other business partners may be disrupted or prevented from conducting business for an uncertain period of time. The extent to which this would impact our financial results is unknown as it is dependent on future developments, which are highly uncertain. As such, it is difficult to estimate the exact magnitude of the COVID-19 pandemic on our business.

We have not had, and we do not expect, any of our facilities to be subject to government-mandated closures, and we have informed our customers that we anticipate operating throughout the COVID-19 outbreak. Disruption in the supply chain of raw materials used to produce our products, as a result of the COVID-19 outbreak, has not caused us to close any of our facilities, and to date, our employees have been reporting to work, either remotely or in-person without any material change in attendance or productivity. However, we cannot ensure that the COVID-19 outbreak will not cause disruptions to our business in the future.

In April 2020, we applied for, and received, a \$1.8 million SBA Paycheck Protection Program (PPP) loan as discussed further in Note 11 of the Notes to the Consolidated Financial Statements. We believe the funds from this loan enabled us to maintain our workforce levels during 2020 despite economic uncertainties related to our business resulting from the COVID-19 outbreak. The loan and accrued interest were to be forgivable, provided that the loan proceeds were used for the purpose of maintaining workforce levels. The loan and related accrued interest were completely forgiven in January 2021.

#### Liquidity, Going Concern and Capital Resources

We used \$7.9 million in operating cash during in 2020, compared to \$13.5 million in 2019. The reduction in operating cash uses in 2020 reflected lower net operating losses, higher depreciation and amortization, and lower investment in working capital, with higher inventories and accounts payable, offset by a reduction in commodities payable and accounts receivable.

We used \$0.9 million in investing cash during in 2020, compared to \$8.0 million in 2019. Investing cash in 2019 included \$3.8 million associated with the acquisition of MGI. Total capital expenditures were \$1.2 million in 2020, compared with \$4.2 million in capital expenditures in 2019.

We raised a total of \$5.7 million in financing cash in 2020, compared to \$23.1 million in 2019. On March 30, 2020, we entered into an at-the-market (ATM) issuance sales agreement under which we may offer and sell shares of our common stock. As discussed further in Note 11 of the Notes to the Consolidated Financial Statements, i) in April 2020, we obtained a \$1.8 million SBA Payroll Protection Program (PPP) loan and ii) in July 2020, we secured a \$2.0 million mortgage on our rice mill in Wynne, Arkansas. As further discussed in Note 12 of the Notes to the Consolidated Financial Statements, in the second half of 2020, we received net proceeds of \$2.3 million under the ATM agreement. The PPP loan was forgiven in January 2021.

We funded our working capital needs in 2020 primarily with funds received from the sale of receivables under our factoring agreement, supplemented by proceeds from the PPP loan, mortgage note and stock offering.

Management believes that despite the multi-year history of operating losses and negative operating cash flows from continuing operations, there is no substantial doubt about our ability to continue as a going concern within one year after the date that these financial statements are issued. Factors alleviating this doubt include the reduction in operating losses in the second half of 2020, \$5.3 million in cash and cash equivalents as of December 31, 2020, a nearly 42% reduction in annual SG&A, and our ability to procure addition capital if needed through a variety of sources.

#### Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, other than operating leases with original terms of less than a year and employee contracts, that have or are likely to have a current or future material effect on our financial condition, changes in financial condition, revenue, expenses, results of operations, liquidity, capital expenditures, or capital resources.

#### Critical Accounting Policies

The accompanying consolidated financial statements have been prepared in U.S. Dollars and in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. These estimates and assumptions are affected by the application of our accounting policies. Our significant accounting policies are described in Note 2 to our Consolidated Financial Statements. Critical accounting estimates are those that require application of management's most difficult, subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. While we apply our judgment based on assumptions believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that materially different amounts would be reported using different assumptions. The following is a description of what we consider to be our most significant critical accounting policies.

**Inventories** - Inventories are stated at the lower of cost or net realizable value, with cost determined by the first-in, first-out method. We employ a full absorption procedure using standard cost techniques for the majority of our operations. The standards are customarily reviewed and adjusted so that they are materially consistent with actual 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, while inventory determined to be obsolete is written off immediately.

**Property and Equipment** – Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. Gains or losses on the sale of property and equipment are reflected in net income (loss).

**Impairment of Long-lived Assets** - We review our long-lived assets, such as property and equipment, operating lease assets, and right-of-use assets, 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. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less estimated costs to sell.

**Goodwill** – Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of net identified tangible and intangible assets acquired. Goodwill is tested for impairment at the reporting unit level on an annual basis in the fourth quarter and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. We may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we conclude that is the case, or chose to not perform the qualitative assessment, we quantify the reporting unit's fair value. If the carrying amount of the reporting unit exceeds its fair value, we will record an impairment loss based on the difference. The impairment loss will be limited to the amount of goodwill allocated to that reporting unit. Multiple valuation techniques may be used to assess the fair value of the reporting unit. All of these techniques include the use of estimates and assumptions that are inherently uncertain. Changes in these estimates and assumptions could materially affect the determination of fair value or goodwill impairment, or both.

**Intangible Assets, exclusive of goodwill** – Recognized intangible assets, exclusive of goodwill, are amortized over the useful lives of the assets unless that life is determined to be indefinite. All of our intangible assets, exclusive of goodwill, are finite lived. We evaluate the remaining useful life of an intangible asset each reporting period to determine whether events or circumstances may indicate that a revision to the useful life is warranted to reflect the remaining expected use of the asset. If an intangible asset's useful life is determined to be finite, but the precise length of that life is not known, the intangible asset is amortized over our best estimate of the asset's useful life in a manner that reflects the pattern in which the asset's economic benefits are consumed or expected to be realized. We review our long-lived assets 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. Our primary intangible asset, exclusive of goodwill, is a customer relationship intangible which was recognized in the acquisition of MGI and derives its value from future cash flows expected from the customers acquired from MGI. Changes in the actual or estimated cash flows of these customers could result in a material adjustment to amortization expense, an impairment loss, or both. Estimates of future cash flows are based on many factors, including current cash flows, expected market trends and competitive influences.

**Revenue Recognition** – We account for a contract with a customer when the written contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Substantially all of our revenue is derived by fulfilling customer orders for the purchase of our products under contracts which contain a single

performance obligation, to supply continually defined quantities of product at fixed prices. We account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost rather than as an additional promised service. We recognize revenue at the point in time that control of the ordered product(s) is transferred to the customer, which is upon delivery to the customer, or its designee at our location, a customer location or other customer-designated delivery point. For substantially all of our contracts, control of the ordered product(s) transfers at our location. Amounts invoiced to customers for shipping and handling are reported as revenues and the related costs incurred to deliver product to the customer are reported as cost of goods sold.

Revenue is measured as the amount of consideration we expect to receive in exchange for fulfilling product orders. Incidental items that are immaterial in the context of the contract are recognized as expense. Our contracts do not include a significant financing component. Our contracts may include terms that could cause variability in the transaction price, including, for example, rebates and volume discounts, or other forms of contingent revenue. The amount of consideration we expect to receive and revenue we recognize includes estimates of variable consideration, including costs for rebates and discounts. If the consideration promised in a contract includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method. Changes in judgments and estimates regarding probability of collection and variable consideration might result in a change in the timing or amount of revenue recognized.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

##### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of RiceBran Technologies

#### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of RiceBran Technologies and its subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### ***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Long-Lived Asset Impairment Assessment***

As described in Notes 8 and 9 to the financial statements, the Company's net consolidated property and equipment and intangible assets balances were \$16,367,000 and \$722,000, respectively, at December 31, 2020. As further described in Note 2 to the financial statements, the Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the assets. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the asset. Based on events occurring during the year ended December 31, 2020, management performed an impairment assessment to test long-lived assets for impairment. The results of this assessment indicated that estimated future cash flows exceed the carrying amount of the assets. The Company's impairment assessment required management to make significant estimates and assumptions related to a number of factors, including forecasts of revenue growth rates and cash flows.

We identified the long-lived asset impairment assessment as a critical audit matter because changes in certain significant assumptions management used in the impairment analysis, including revenue growth rates and operating margins, could have a significant impact on the analysis. Auditing these assumptions involved a high degree of auditor judgment and subjectivity and increased audit effort.

Our audit procedures related to the Company's long-lived asset impairment assessment included the following, among others:

- We obtained an understanding of the relevant controls related to the development of forecasted revenue growth rates and operating margins.
- We tested the reasonableness of management's process for determining the forecasts of revenue growth rates and operating margins.
- We tested the reasonableness of management's estimates of revenue growth rates and operating margins by comparing management's prior forecast to historical results for the Company, comparing the projections for consistency to the Company's strategic plans and initiatives and comparing the projections to industry forecasts.
- We evaluated whether the estimates of revenue growth rates and cash flows were consistent with evidence obtained in other areas of the audit.

/s/ RSM US LLP

We have served as the Company's auditor since 2018.

Houston, Texas  
February 25, 2021

**RiceBran Technologies**  
**Consolidated Balance Sheets**  
**December 31, 2020 and 2019**  
(in thousands, except share amounts)

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,263	\$ 8,444
Accounts receivable, net of allowance for doubtful accounts of \$9 and \$347	2,819	3,738
Inventories	1,878	898
Other current assets	1,380	691
<b>Total current assets</b>	11,340	13,771
Property and equipment, net	16,367	19,077
Operating lease right-of-use assets	2,452	2,752
Goodwill	3,915	3,915
Intangible assets	722	950
Other long-term assets	-	27
<b>Total assets</b>	\$ 34,796	\$ 40,492
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 955	\$ 833
Commodities payable	825	829
Accrued salary, wages and benefits	601	877
Accrued expenses	536	884
Customer prepayments	-	12
Operating lease liabilities, current portion	344	309
Due under insurance premium finance agreements	126	116
Due under factoring agreement	1,785	1,823
Finance lease liabilities, current portion	82	101
Long-term debt, current portion	572	28
<b>Total current liabilities</b>	5,826	5,812
Operating lease liabilities, less current portion	2,330	2,674
Finance lease liabilities, less current portion	113	190
Long-term debt, less current portion	3,107	73
<b>Total liabilities</b>	11,376	8,749
<b>Commitments and contingencies</b>		
<b>Shareholders' equity:</b>		
Preferred stock, 20,000,000 shares authorized:		
Series G, convertible, 3,000 shares authorized, stated value \$225, 225 shares, issued and outstanding	112	112
Common stock, no par value, 150,000,000 shares authorized, 45,238,087 shares and 40,074,483 shares, issued and outstanding	322,218	318,811
Accumulated deficit	(298,910)	(287,180)
<b>Total shareholders' equity</b>	23,420	31,743
<b>Total liabilities and shareholders' equity</b>	\$ 34,796	\$ 40,492

See Notes to Consolidated Financial Statements

**RiceBran Technologies**  
**Consolidated Statements of Operations**  
**Years Ended December 31, 2020 and 2019**  
(in thousands, except share and per share amounts)

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>	\$ 26,199	\$ 23,713
<b>Cost of goods sold</b>	28,670	24,574
<b>Gross loss</b>	<u>(2,471)</u>	<u>(861)</u>
<b>Selling, general and administrative expenses</b>	7,971	13,700
<b>Loss (gain) on disposition and involuntary conversion of property and equipment</b>	847	(4)
<b>Operating loss</b>	<u>(11,289)</u>	<u>(14,557)</u>
<b>Other income (expense):</b>		
Interest expense	(318)	(96)
Interest income	20	50
Other income	4	884
Other expense	(128)	(16)
<b>Total other income (expense)</b>	<u>(422)</u>	<u>822</u>
<b>Loss before income taxes</b>	(11,711)	(13,735)
<b>Income tax expense</b>	(19)	-
<b>Loss from continuing operations</b>	<u>(11,730)</u>	<u>(13,735)</u>
<b>Loss from discontinued operations</b>	-	(216)
<b>Net loss</b>	<u>\$ (11,730)</u>	<u>\$ (13,951)</u>
<b>Basic loss per common share:</b>		
Continuing operations	\$ (0.29)	\$ (0.42)
Discontinued operations	-	(0.01)
<b>Basic loss per common share</b>	<u>\$ (0.29)</u>	<u>\$ (0.43)</u>
<b>Diluted loss per common share:</b>		
Continuing operations	\$ (0.29)	\$ (0.42)
Discontinued operations	-	(0.01)
<b>Diluted loss per common share</b>	<u>\$ (0.29)</u>	<u>\$ (0.43)</u>
<b>Weighted average number of shares outstanding:</b>		
Basic	41,131,782	32,359,316
Diluted	<u>41,131,782</u>	<u>32,359,316</u>

See Notes to Consolidated Financial Statements

**RiceBran Technologies**  
**Consolidated Statements of Comprehensive Loss**  
**Years Ended December 31, 2020 and 2019**  
**(in thousands)**

	<b>2020</b>	<b>2019</b>
<b>Net loss</b>	\$ (11,730)	\$ (13,951)
Derivative financial instruments designated as cash flow hedges:		
Losses arising during the period	(57)	-
Reclassification of losses realized to cost of goods sold	57	-
Net other comprehensive income	-	-
<b>Comprehensive loss</b>	<b>\$ (11,730)</b>	<b>\$ (13,951)</b>

See Notes to Consolidated Financial Statements

**RiceBran Technologies**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**Years Ended December 31, 2020 and 2019**  
**(in thousands, except share amounts)**

	<u>Shares</u>		<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Equity</u>
	<u>Series G</u>	<u>Common</u>				
<b>Balance, January 1, 2019</b>	405	29,098,207	\$ 201	\$ 296,739	\$ (273,229)	\$ 23,711
Sales of common stock and Prefunded Warrant, net of costs	-	9,831,668	-	19,422	-	19,422
Exercise of Prefunded Warrant	-	1,003,344	-	10	-	10
Common stock awards under equity incentive plans	-	289,349	-	1,360	-	1,360
Exercise of common stock options	-	165,812	-	156	-	156
Conversion of preferred stock into common stock	(180)	170,818	(89)	89	-	-
Exercise of common stock warrants	-	685,409	-	2,062	-	2,062
Retirement of unvested shares	-	(830,124)	-	-	-	-
Retirement of shares received in settlement with sellers of Golden Ridge	-	(340,000)	-	(1,027)	-	(1,027)
Net loss	-	-	-	-	(13,951)	(13,951)
<b>Balance, December 31, 2019</b>	<u>225</u>	<u>40,074,483</u>	<u>112</u>	<u>318,811</u>	<u>(287,180)</u>	<u>31,743</u>
Sales of common stock, net of costs	-	4,850,489	-	2,318	-	2,318
Common stock awards under equity incentive plans	-	214,234	-	1,041	-	1,041
Exercise of common stock warrants	-	67,577	-	12	-	12
Common stock issued to vendors	-	31,304	-	36	-	36
Net loss	-	-	-	-	(11,730)	(11,730)
<b>Balance, December 31, 2020</b>	<u><u>225</u></u>	<u><u>45,238,087</u></u>	<u><u>\$ 112</u></u>	<u><u>\$ 322,218</u></u>	<u><u>\$ (298,910)</u></u>	<u><u>\$ 23,420</u></u>

See Notes to Consolidated Financial Statements

**RiceBran Technologies**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**  
**(in thousands)**

	<b>2020</b>	<b>2019</b>
<b>Cash flow from operating activities:</b>		
Net loss	\$ (11,730)	\$ (13,951)
Loss from discontinued operations	-	216
Loss from continuing operations	(11,730)	(13,735)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation	2,393	1,899
Amortization	228	31
Stock and share-based compensation	1,077	1,360
Loss (gain) on disposition and involuntary conversion of property and equipment	847	(4)
Settlement with sellers of Golden Ridge	-	(849)
Provision for (recovery of) doubtful accounts	(82)	472
Other	93	17
Changes in operating assets and liabilities (net of acquisitions):		
Accounts receivable	997	(1,102)
Inventories	(980)	332
Accounts payable and accrued expenses	(709)	(327)
Commodities payable	(4)	(1,340)
Other	(76)	(235)
<b>Net cash used in operating activities</b>	<b>(7,946)</b>	<b>(13,481)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(1,184)	(4,219)
Proceeds from insurance on involuntary conversion	250	-
Proceeds from sale of property and equipment	15	-
Acquisition of MGI	-	(3,777)
<b>Net cash used in investing activities - continuing operations</b>	<b>(919)</b>	<b>(7,996)</b>
<b>Net cash used in investing activities - discontinued operations</b>	<b>-</b>	<b>(475)</b>
<b>Cash flows from financing activities:</b>		
Advances on factoring agreement	27,450	5,134
Payments on factoring agreement	(27,583)	(3,325)
Advances on insurance premium finance agreements	743	643
Payments on insurance premium finance agreements	(733)	(612)
Advances on long-term debt and finance lease liabilities, net of issuance costs	3,762	-
Payments of long-term debt and finance lease liabilities	(285)	(363)
Proceeds from margin loan	-	1,853
Payments of margin loan	-	(1,853)
Proceeds from issuances of common stock and Prefunded Warrant, net of issuance costs	2,318	19,422
Proceeds from common stock warrant exercises	12	2,072
Proceeds from common stock option exercises	-	156
<b>Net cash provided by financing activities</b>	<b>5,684</b>	<b>23,127</b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>\$ (3,181)</b>	<b>\$ 1,175</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>		
Cash and cash equivalents	8,444	\$ 7,044
Restricted cash	-	225
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>8,444</b>	<b>7,269</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>		
Cash and cash equivalents	5,263	8,444
Restricted cash	-	-
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>5,263</b>	<b>8,444</b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>\$ (3,181)</b>	<b>\$ 1,175</b>
<b>Supplemental disclosures:</b>		
Cash paid for interest	\$ 223	\$ 81
Cash paid for income taxes	\$ 7	\$ -

See Notes to Consolidated Financial Statements

**RiceBran Technologies**  
**Notes to Consolidated Financial Statements**

**NOTE 1. LIQUIDITY AND MANAGEMENT'S PLAN**

The Company's multi-year history of operating losses and negative operating cash flows from continuing operations raised substantial doubt about the Company's ability to continue as a going concern before consideration of management's plans, however after consideration of management's plans and the factors below, the Company believes substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued has been alleviated. The factors that alleviated the substantial doubt are summarized below:

- 1) Significant Cash Reserves – As of December 31, 2020, the Company had \$5.3 million in cash and cash equivalents.
- 2) Declining Operating Losses – During the second half of 2020, the Company generated a progressive decline in both operating losses and negative operating cash flows, driven by:
  - Changes in senior leadership to bring increased transparency and greater accountability to performance achievement.
  - Improvements in revenue trends and a reduction in gross losses due to stronger execution, which the Company expects to continue.
  - A sustainable 40%+ reduction in SG&A, from cuts in headcount and lower expenditures on outside services and consultants.
  - Improvements in working capital due to rising Account Receivables and Commodity Payables balances.
- 3) Access to Equity Funding – During the second half of 2020, the Company raised \$2.4 million through its ATM facility, despite having a share price below \$1.00 and receiving a Nasdaq delisting notice. Subsequently, on February 17, 2021, the Company received a letter from Nasdaq confirming that it had regained compliance with this requirement. After raising \$2.4 million, the Company has \$3.6 million in capacity remaining under its \$6 million universal Shelf Registration Statement on Form S-3.
- 4) Ability to Leverage and/or Sell Real-estate Assets – The Company operates three wholly-owned facilities (Mermentau LA, Dillon MT, and North Grand Forks MN) with no existing liens. Such facilities could potentially be sold or mortgaged to provide additional liquidity.

**NOTE 2. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business**

We are a specialty ingredient company focused on the development, production, and marketing of products derived from traditional and ancient small grains. We create and produce products utilizing proprietary processes to deliver improved nutrition, ease of use, and extended shelf-life, while addressing consumer demand for all natural, non-GMO and organic products. We believe our products can become valuable alternatives to traditional food ingredients.

Notably, we apply our proprietary technologies to convert raw rice bran into stabilized rice bran (SRB), and high value derivative products including: RiBalance, a rice bran nutritional package derived from SRB; RiSolubles, a nutritious, carbohydrate and lipid rich fraction of RiBalance; RiFiber, a fiber rich insoluble derivative of RiBalance and ProRyza, a rice bran protein-based product; and a variety of other valuable derivatives extracted from these core products.

In granular form, SRB is a food additive used in products for human and animal consumption. We believe SRB has certain qualities that make it more attractive than additives based on the by-products of other agricultural commodities, such as corn, soybeans, wheat, and yeast. Our SRB products and SRB derivatives support the production of healthy, natural, hypoallergenic, gluten free, and non-genetically modified ingredients and supplements for use in meats, baked goods, cereals, coatings, health foods, and high-end animal nutrition. Our target customers are food and animal nutrition manufacturers, wholesalers and retailers, both domestically and internationally.

We manufacture and distribute SRB from four locations: two facilities located within supplier-owned rice mills in Arbuckle and West Sacramento, California; one company-owned facility in Mermentau, Louisiana; and our own rice mill in Wynne, Arkansas. At our Dillon, Montana facility, we produce SRB-based products and derivatives through proprietary processes. Our rice mill in Wynne, Arkansas also supplies grades U.S. No. 1 and No. 2 premium long and medium white rice, and our grain processing facility in East Grand Forks, Minnesota, mills a variety of traditional, and ancient, small grains.

**Segment Reporting**

**RiceBran Technologies**  
**Notes to Consolidated Financial Statements**

An operating segment is defined as a component of a business for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and evaluate performance. The “Segment Reporting” topic of the FASB ASC requires that public companies report certain information about operating segments. It also requires that public companies report certain information about their products and services, the geographic areas in which they operate, and their major customers. The Company has one reporting unit and one operating segment, specialty ingredients.

**Recent Accounting Guidance**

Recent accounting standards not yet adopted

The following discusses the accounting standard(s) not yet adopted that will, or are expected to, result in a significant change in practice and/or have a significant financial impact on our financial position, results of operations or cash flows.

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance *ASU No. 2016-13 Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which changes the accounting for credit losses for certain instruments, including trade receivables, from an incurred loss method to a current expected loss method. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts. The guidance, and subsequent guidance related to the topic, is effective for our annual and interim periods beginning in 2023 and must be adopted on a modified retrospective approach through cumulative-effect adjustment to retained earnings as of January 1, 2023. Based on the nature of our current receivables and our credit loss history, we do not expect the adoption of the guidance to have a significant impact on our results of operations, financial position, or cash flows.

Recently adopted accounting standards

In December 2019, the FASB issued guidance *ASU No. 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which, among other things, removed an exception in the guidance to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items such as discontinued operations. We early adopted the guidance effective January 1, 2020. Adoption of the guidance had no impact on our results of operations, financial position, or cashflows.

**Summary of Significant Accounting Policies**

**Basis of Presentation and Principles of Consolidation** – The accompanying consolidated financial statements have been prepared in U.S. dollars and in accordance with accounting principles generally accepted in the United States (GAAP). The accompanying consolidated financial statements include the accounts of RiceBran Technologies and all subsidiaries in which we have a controlling interest. All significant inter-company balances are eliminated in consolidation.

**Use of Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities 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.

**Reclassifications** – Certain reclassifications have been made to amounts reported for the prior year to achieve consistent presentation with the current year. Such reclassifications had no impact on previously reported net loss or shareholders’ equity.

**Cash and Cash Equivalents** – We consider all highly liquid investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. In all periods presented, we maintained our cash and cash equivalents with major banks. We maintain cash in bank accounts in amounts which at times may exceed federally insured limits. At times we invest in money market funds which are also not federally insured. We have not experienced any losses on such accounts.

**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 creditworthiness, 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 customers are worthy of terms and support our business plans. We generally do not require collateral.

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**Inventories** – Inventories are stated at the lower of cost or net realizable value. We employ a full absorption procedure using standard cost techniques for the majority of our operations. The standards are customarily reviewed and adjusted so that they are materially consistent with actual 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, while inventory determined to be obsolete is written off immediately.

**Property and Equipment** – Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. Gains or losses on the sale of property and equipment are reflected in net income (loss).

We review our long-lived assets 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 value 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 indicated 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. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less estimated costs to sell.

**Goodwill** – Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of net identified tangible and intangible assets acquired. Goodwill is tested for impairment at the reporting unit level on an annual basis in the fourth quarter and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. We may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we conclude that is the case, or chose to not perform the qualitative assessment, we quantify the reporting unit's fair value. If the carrying amount of the reporting unit exceeds its fair value, we record an impairment loss based on the difference. The impairment loss will be limited to the amount of goodwill allocated to that reporting unit. Multiple valuation techniques may be used to assess the fair value of the reporting unit. All of these techniques include the use of estimates and assumptions that are inherently uncertain. Changes in these estimates and assumptions could materially affect the determination of fair value or goodwill impairment, or both.

**Intangible Assets, Exclusive of Goodwill** – Recognized intangible assets, exclusive of goodwill, are amortized over the useful lives of the assets unless that life is determined to be indefinite. All of our intangible assets, exclusive of goodwill, are finite lived. We evaluate the remaining useful life of an intangible asset each reporting period to determine whether events or circumstances may indicate that a revision to the useful life is warranted to reflect the remaining expected use of the asset. If an intangible asset's useful life is determined to be finite, but the precise length of that life is not known, the intangible asset is amortized over our best estimate of the asset's useful life in a manner that reflects the pattern in which the asset's economic benefits are consumed or expected to be realized. We review our long-lived assets 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. Our primary intangible asset, exclusive of goodwill, is a customer relationship intangible which derives its value from future cash flows expected from the acquired customers. Changes in the actual or estimated future cash flows of these customers could result in a material adjustment to amortization expense, an impairment loss, or both. Estimates of future cash flows are based on many factors, including current cash flows, expected market trends and competitive influences.

**Leases** – We lease certain buildings, land and corporate office space under operating leases with monthly or annual rent payments. We lease certain machinery and equipment under finance leases with monthly rent payments. We determine if an arrangement is a lease at inception. Operating lease assets are presented as operating lease right-of-use assets and the related liabilities are presented as operating lease liabilities in our consolidated balance sheets. Finance lease right-of-use assets are included in property and equipment, net, and the related liabilities are included as finance lease liabilities in our consolidated balance sheets.

We recognize right-of-use assets and lease liabilities based on the present value of the future minimum lease payments over the lease term, beginning at the commencement date, for leases exceeding a year. Minimum lease payments include the fixed lease components of the lease and any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that we will exercise that option. We combine lease and nonlease components and account for them as a single lease component. Certain leases contain rent escalation clauses, rent holidays, capital improvement funding or other lease concessions.

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In determining our right-of-use assets and lease liabilities, we apply a discount rate to the minimum lease payments within each lease. When we cannot readily determine the discount rate implicit in a lease, we utilize our incremental borrowing rate, the rate of interest that we would incur to borrow, on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. To estimate the incremental borrowing rate, we reference a market yield curve consistent with our assessment of our credit quality.

We recognize operating lease expense related to the minimum lease payments on a straight-line basis over the lease term. For finance leases, we recognize amortization expense related to the minimum lease payments on a straight-line basis over the lease term while interest expense is recognized using the effective interest method. Expense related to variable lease payments that do not depend on a rate or index and short-term rentals, on leases with terms less than a year, are expensed as incurred.

**Revenue Recognition** – We account for a contract with a customer when the written contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Substantially all of our revenue is derived by fulfilling customer orders for the purchase of our products under contracts which contain a single performance obligation, to supply continually defined quantities of product at fixed prices. We account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost rather than as an additional promised service. We recognize revenue at the point in time that control of the ordered product(s) is transferred to the customer, which is upon delivery to the customer, or its designee at our location, a customer location or other customer-designated delivery point. For substantially all of our contracts, control of the ordered product(s) transfers at our location. Amounts invoiced to customers for shipping and handling are reported as revenues and the related costs incurred to deliver product to the customer are reported as cost of goods sold.

Revenue is measured as the amount of consideration we expect to receive in exchange for fulfilling product orders. Incidental items that are immaterial in the context of the contract are recognized as expense. Our contracts do not include a significant financing component. Our contracts may include terms that could cause variability in the transaction price, including, for example, rebates and volume discounts, or other forms of contingent revenue. The amount of consideration we expect to receive and revenue we recognize includes estimates of variable consideration, including costs for rebates and discounts. If the consideration promised in a contract includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method. Changes in judgments and estimates regarding probability of collection and variable consideration might result in a change in the timing or amount of revenue recognized.

Incremental costs of obtaining a revenue contract are capitalized and amortized on a straight-line basis over the expected customer relationship period if we expect to recover those costs. As a practical expedient, we expense costs to obtain a contract as incurred if the amortization period would have been a year or less. Typically, costs to incur revenue contracts are not significant.

**Selling, General and Administrative Expenses** – Selling, general and administrative expenses include salaries and wages, bonuses and incentives, share-based compensation expense, employee-related expenses, facility-related expenses, marketing and advertising expense, depreciation of non-operating property and equipment, professional fees, amortization of intangible assets, provisions for losses on accounts receivable and other operating expenses.

**Research and Development** – Research and development expenses include internal and external costs. Internal costs include salaries and employment related expenses. External expenses consist of costs associated with product development. All such costs are charged to expense in the period they are incurred.

**Share-Based Compensation** – Share-based compensation expense for stock options granted to employees is calculated at the grant date using the Black-Scholes-Merton valuation model based on awards ultimately expected to vest and expensed on a straight-line basis over the service period of the grant. We recognize forfeitures as they occur. 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 will use alternative valuation models if grants have characteristics that cannot be reasonably estimated using the Black-Scholes-Merton model.

For awards of nonvested stock to employees, share-based compensation is measured based on the fair value of the stock on the date of grant and the corresponding expense is recognized over the period during which an employee is required to provide service in exchange for the reward. Compensation expense related to service-based awards are recognized on a straight-line basis over the requisite service period for the entire award.

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For restricted stock units issued to employees with market conditions, share-based compensation is measured based on the fair value of the award on the date of grant using a binomial simulation model and expense is recognized over the derived service period determined by the simulation. The binomial simulation model requires us to estimate key assumptions such as stock volatility, risk-free interest rates and dividend yields based on both historical information and management's judgment regarding market factors and trends.

Share-based compensation for awards to nonemployees is calculated as of the grant date, taking into consideration the probability of satisfaction of performance conditions, in a manner consistent with awards to employees. The expense associated with share-based awards for service is 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 expense associated with share-based awards made in exchange for goods is generally attributed to expense in the same manner as if the vendor had been paid in cash.

**Derivative Financial Instruments** – In May 2020, we began, from time to time, to use derivative financial instruments to manage a portion of our risks related to commodity prices. We do not use derivative financial instruments for trading or speculative purposes. Changes in the fair value of derivative financial instruments are recognized either in cost of goods sold or in shareholders' equity as a component of other comprehensive income (loss) (OCI), depending on whether the derivative financial instrument is undesignated or qualifies for hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Gains and losses on derivatives designated as cash flow hedges, to the extent they are included in the assessment of effectiveness, are recorded in OCI and subsequently reclassified to cost of goods sold to offset the impact of the hedged items when they occur. In the event it becomes probable the forecasted transaction to which a cash flow hedge relates will not occur, the derivative is terminated and the amount in accumulated OCI is recognized in earnings. All cash flows related to derivative financial instruments are classified as operating activities in our consolidated statements of cash flows. As of December 31, 2020, there are no derivative financial instruments outstanding.

**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. The realization of deferred tax assets can be affected by, among other things, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the length of statutory carryforward periods, our experience with utilizing operating losses and tax credit carryforwards by jurisdiction, and tax planning alternatives that may be available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that may be different from current estimates of the tax liabilities. If our estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities may result in income tax benefits being recognized in the period when it is determined that the liabilities are no longer necessary.

We recognize interest and penalties related to uncertain tax positions, if any, in selling, general and administrative expenses.

**Fair Value** – Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain assets and liabilities may be presented in the financial statements at fair value. Assets and liabilities measured at fair value on a non-recurring basis may include property and equipment.

We assess the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market:

- Level 1 – inputs include quoted prices for identical instruments and are the most observable.
- Level 2 – inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves.
- Level 3 – inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

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**NOTE 3. ACQUISITIONS**

**MGI**

On April 4, 2019, we acquired substantially all of the assets comprising the business of MGI Grain Processing, LLC, a Minnesota limited liability company, now conducting business as MGI Grain Incorporated (MGI) for an aggregate purchase price of \$3.8 million. The purchase price included \$0.3 million deposited in an escrow account at closing which was subsequently released to the sellers in June 2019. MGI owns and operates a grain mill and processing facility in East Grand Forks, Minnesota. We acquired MGI as part of our strategy to expand our product portfolio. The acquisition has been accounted for as a business combination. The results of MGI's operations are included in our consolidated financial statements beginning April 4, 2019. In 2019, we incurred \$0.1 million of MGI acquisition-related costs which are included in selling, general and administrative expenses.

The following table summarizes as of December 31, 2019, the final purchase price allocation, the consideration transferred to acquire MGI and the amounts of identified assets acquired and liabilities assumed (in thousands).

Cash	\$ 3,795
Working capital adjustment to purchase price	(18)
Total fair value of consideration transferred	<u>3,777</u>
Accounts receivable	591
Inventories	149
Deposits and other current assets	12
Property and equipment	1,560
Customer relationship	930
Other finite-lived intangible assets	35
Accounts payable	(219)
Finance lease liabilities	(18)
Net recognized amounts of identifiable assets acquired and liabilities assumed	<u>3,040</u>
Goodwill	<u>\$ 737</u>

The fair value of MGI's trade receivables at acquisition, equaled the gross amount of trade receivables. The fair value of the customer relationship intangible at acquisition was estimated using an income approach based on expected future cash flows. Goodwill primarily was attributed to intangible assets that do not qualify for separate recognition and synergies generated by MGI when combined with our existing operations. The \$0.7 million allocated to goodwill is deductible for tax purposes over the next fifteen years.

Our revenues for 2020 and 2019 include \$4.2 and \$1.9 million related to the acquired MGI business. Our net loss for 2020 and 2019 includes \$0.1 million of net income and \$0.3 million of net loss from the acquired MGI business. The following table provides unaudited pro forma information for the year ended December 31, 2019, presented as if the MGI acquisition had occurred January 1, 2019.

	<b><u>2019</u></b>
Revenues (in thousands)	\$ 24,913
Loss from continuing operations (in thousands)	\$ (13,432)
Loss per share - continuing operations	\$ (0.42)
Weighted average number of common shares outstanding - basic and diluted	32,359,316

No adjustments have been made in the pro forma information for synergies that are resulting or planned from the MGI acquisition. The unaudited proforma information is not indicative of the results that may have been achieved had the companies been combined as of January 1, 2019, or of our future operating results.

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**Golden Ridge**

In November 2018, we acquired substantially all of the assets comprising the business of Golden Ridge Rice Mills, LLC, now conducting business as Golden Ridge Rice Mills, Inc. (Golden Ridge). The results of Golden Ridge's operations are included in our consolidated financial statements beginning November 28, 2018. The purchase price for Golden Ridge was subject to adjustment if the estimated working capital with respect to the assets purchased and the liabilities assumed at the time of closing was different than the actual closing working capital, as defined in the purchase agreement. We revised our preliminary estimate of the working capital adjustment in 2019 as indicated in the table below. The following table summarizes the purchase price allocation as of closing and as revised in 2019 (in thousands, except share and per share amounts).

	<b>Estimated at Acquisition and as of December 31, 2018</b>	<b>Adjustments</b>	<b>Final as of December 31, 2019</b>
1,666,667 shares of common stock, at fair value of \$3.00 per share at closing	\$ 5,000	\$ -	\$ 5,000
Golden Ridge financial liabilities paid for the seller	2,661	-	2,661
Cash	250	-	250
Note payable to seller	609	-	609
Working capital adjustment to purchase price	(1,147)	584	(563)
Total fair value of consideration transferred	<u>7,373</u>	<u>584</u>	<u>7,957</u>
Cash	409	(63)	346
Accounts receivable	1,587	87	1,674
Inventories	103	-	103
Property and equipment	5,092	-	5,092
Accounts payable	(222)	110	(112)
Commodities payable	(2,559)	432	(2,127)
Accrued liabilities	(12)	12	-
Lease liabilities	(104)	-	(104)
Equipment notes payable	(99)	6	(93)
Net recognized amounts of identifiable assets acquired and liabilities assumed	<u>4,195</u>	<u>584</u>	<u>4,779</u>
Goodwill	<u>\$ 3,178</u>	<u>\$ -</u>	<u>\$ 3,178</u>

The 1,666,667 shares issued at closing of our purchase of Golden Ridge in 2018 included 380,952 shares that were deposited in an escrow account to be used to satisfy any indemnification obligations of the seller that may arise. As of December 31, 2018, the 380,952 shares remained in escrow. In July 2019, we reached an agreement to settle the \$0.6 million working capital adjustment receivable and other claims with the sellers of Golden Ridge. As a result, in 2019 (i) 340,000 shares of common stock held in the escrow account (\$1.0 million fair value as of both the settlement date and the November 28, 2018, acquisition date) were returned to us and retired, (ii) the remaining \$0.4 million note payable we owed to a seller was cancelled and (iii) certain open grain purchase contracts with entities related to a seller were terminated. We recorded a gain on the noncash settlement of \$0.8 million in 2019, which is included in other income. In connection with the foregoing, a settlement agreement was entered into among the parties. All shares of common stock were distributed and the escrow agreement was terminated.

In 2019, information was discovered requiring adjustments to the opening balance sheet of Golden Ridge. The adjustments resulted primarily from an overstatement of the opening balances of commodities payable and accounts payable at December 31, 2018. These balances were adjusted in the 2019 financial statements. The impact of the adjustments to our prior period financial statements is not considered significant. No subsequent adjustments have been made to the opening balance sheet.

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**NOTE 4. DISCONTINUED OPERATIONS AND RESTRICTED CASH**

In July 2017, we completed the sale of the assets of Healthy Natural (HN) for \$18.3 million in cash and recognized a gain on sale of \$8.2 million, net of \$4.7 million in taxes. The selling price was subject to adjustment if the estimated closing working capital with respect to the assets sold and the liabilities assumed was different than the actual closing working capital for those assets and liabilities. The \$8.2 million net gain on sale recognized in 2017 was based on an estimated working capital adjustment of \$0.3 million, which was disputed. Our consolidated balance sheets included a liability for the settlement of the working capital adjustment of \$0.3 million as of December 31, 2018. During 2019, we finalized the adjustment with the purchaser of HN, and increased the estimated working capital adjustment from \$0.3 million to \$0.5 million. We paid the \$0.5 million liability in July 2019. The adjustment to lower the gain on the sale of HN as a result of the change in the estimated working capital adjustment is recorded in discontinued operations in 2019, net of zero tax benefit. The \$0.2 million in a related escrow was released and used to settle a portion of the liability for the working capital adjustment in 2019.

**NOTE 5. CASH AND CASH EQUIVALENTS**

As of December 31, 2020, we had \$2.4 million of cash and cash equivalents invested in a money market fund with net assets invested in U.S. Dollar denominated money market securities of domestic and foreign issuers, U.S. Government securities and repurchase agreements. We consider all liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

We have cash on deposit in excess of federally insured limits at a bank. We do not believe that maintaining substantially all such assets with the bank or investing in a liquid mutual fund represent material risks.

**NOTE 6. ACCOUNTS RECEIVABLE AND REVENUES**

Amounts billed and due from our customers are classified as accounts receivables on our consolidated balance sheets and require payment on a short-term basis. Invoices are generally issued at the point control transfers and substantially all of our invoices are due within 30 days or less, however certain customers have terms of up to 120 days. For substantially all of our contracts, control of the ordered product(s) transfers at our location. Periodically, we require payment prior to the point in time we recognize revenue. Amounts received from customers prior to revenue recognition on a contract are contract liabilities, are classified as customer prepayments liability on our consolidated balance sheets and are typically applied to an invoice within 30 days of the prepayment. Revenues in 2020 and 2019 include \$0.1 million, or less, in unearned revenue as of end of the prior year.

Our accounts receivable potentially subject us to significant concentrations of credit risk. Revenues and accounts receivable from significant customers (customers with revenue or accounts receivable in excess of 10% of consolidated totals) are stated below as a percent of consolidated totals.

	<u>Customer</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
% of revenue, 2020	10%	11%	3%
% of revenue, 2019	11%	16%	2%
% of accounts receivable, as of December 31, 2020	17%	1%	10%
% of accounts receivable, as of December 31, 2019	10%	31%	10%

The following table presents revenues by geographic area shipped to (in thousands).

	<u>2020</u>	<u>2019</u>
United States	\$ 24,790	\$ 22,533
Other countries	1,409	1,180
Revenues	<u>\$ 26,199</u>	<u>\$ 23,713</u>

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In all periods presented, less than 10% of our revenues related to shipments to locations outside of the U.S. The following table presents revenues by product line (in thousands).

	<u>2020</u>	<u>2019</u>
Food	\$ 18,114	\$ 16,957
Animal nutrition	8,085	6,756
Revenues	<u>\$ 26,199</u>	<u>\$ 23,713</u>

**NOTE 7. INVENTORIES**

The following table details the components of inventories (in thousands).

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Finished goods	\$ 1,512	\$ 698
Raw materials	236	90
Packaging	130	110
Inventories	<u>\$ 1,878</u>	<u>\$ 898</u>

**NOTE 8. PROPERTY AND EQUIPMENT**

The following table details the components of property and equipment (amounts in thousands).

	<u>December 31</u>		
	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 730	\$ 730	
Furniture and fixtures	276	476	5-10 years
Plant	9,377	9,667	20-40 years, or life of lease
Computer and software	1,060	1,317	3-5 years
Leasehold improvements	1,880	2,019	4-15 years, or life of lease
Machinery and equipment	16,402	16,864	5-15 years
Property and equipment, cost	29,725	31,073	
Less accumulated depreciation	13,358	11,996	
Property and equipment, net	<u>\$ 16,367</u>	<u>\$ 19,077</u>	

Amounts payable for property and equipment included in accounts payable totaled \$0.3 million at December 31, 2020, and \$0.1 million at December 31, 2019. Assets which had not yet been placed in service, included in property and equipment, totaled \$0.6 million at December 31, 2020, and \$1.5 million at December 31, 2019.

**NOTE 9. GOODWILL AND INTANGIBLES**

A summary of goodwill activity follows (in thousands).

	<u>2020</u>	<u>2019</u>
Goodwill, January 1	\$ 3,915	\$ 3,178
MGI acquisition	-	737
Goodwill, December 31	<u>\$ 3,915</u>	<u>\$ 3,915</u>

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Intangible assets, excluding goodwill, consist of the following (in thousands).

	December 31, 2020			December 31, 2019			
	Estimated Useful Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	15	\$ 930	\$ 236	\$ 694	\$ 930	\$ 20	\$ 910
Trademarks	10	13	2	11	13	1	12
Non-compete agreement	5	22	8	14	22	3	19
Other	17	32	29	3	32	23	9
Total intangible assets		<u>\$ 997</u>	<u>\$ 275</u>	<u>\$ 722</u>	<u>\$ 997</u>	<u>\$ 47</u>	<u>\$ 950</u>

The customer relationship intangible, acquired from MGI in 2019, is amortizing over the 15-year period of expected future economic benefit, in proportion to the discounted expected future cash flows used to estimate the value of the intangible at acquisition. It is amortizing at a more rapid rate in the earlier periods than in later periods. Other finite-lived intangible assets are amortizing on a straight-line basis.

As of December 31, 2020, the weighted-average remaining amortization period for intangibles other than goodwill is 12.7 years and future intangible amortization is expected to total the following (in thousands):

2021	\$ 196
2022	146
2023	110
2024	80
2025	58
Thereafter	132
Total amortization	<u>\$ 722</u>

**NOTE 10. LEASES**

The components of lease expense and cash flows from leases (in thousands) follow.

	<u>2020</u>	<u>2019</u>
Finance lease cost:		
Amortization of right-of use assets, included in cost of goods sold	\$ 62	\$ 60
Interest on lease liabilities	14	14
Operating lease cost, included in selling, general and administrative expenses:		
Fixed leases cost	517	522
Variable lease cost	127	132
Short-term lease cost	9	21
Total lease cost	<u>\$ 729</u>	<u>\$ 749</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 14	\$ 14
Operating cash flows from operating leases	\$ 517	\$ 522
Financing cash flows from finance leases	\$ 101	\$ 79

As of December 31, 2020, variable lease payments do not depend on a rate or index. As of December 31, 2020, property and equipment, net, includes \$0.2 million of finance lease right-of-use-assets, with an original cost of \$0.4 million. During 2019, we financed the purchase of \$0.2 million of property and equipment in noncash finance lease transactions.

As of December 31, 2020, we do not believe it is certain that we will exercise any renewal options. The remaining terms of our leases and the discount rates used in the calculation of the fair value of our leases as of December 31, 2020, follows.

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**Notes to Consolidated Financial Statements**

	<b>Operating Leases</b>	<b>Finance Leases</b>
Remaining leases terms (in years)	2.8-12.2	0.1-3.5
Weighted average remaining lease terms (in years)	7.0	2.5
Discount rates	6.3%-9.0%	4.3%-7.3%
Weighted average discount rate	7.7%	5.9%

As of December 31, 2020, operating leases have maturities extending through 2032. Maturities of lease liabilities as of December 31, 2020, follows (in thousands).

	<b>Operating Leases</b>	<b>Finance Leases</b>
2021	\$ 536	\$ 91
2022	548	68
2023	528	38
2024	429	11
2025	439	-
Thereafter	1,029	-
Total lease payments	<u>3,509</u>	<u>208</u>
Amounts representing interest	<u>(835)</u>	<u>(13)</u>
Present value of lease obligations	<u>\$ 2,674</u>	<u>\$ 195</u>

**NOTE 11. DEBT**

In 2020 and 2019, we financed amounts owed for annual insurance premiums under financing agreements. As of December 31, 2020, amounts due under insurance premium financing agreements are due in monthly installments of principal and interest through March 2021, at interest rates of 4.7% to 5.5% per year.

In October 2019, we entered into a factoring agreement which provides for a \$7.0 million credit facility with a lender. We may only borrow to the extent we have qualifying accounts receivable as defined in the agreement. The facility has an initial two-year term and automatically renews for successive annual periods, unless proper termination notice is given. We paid a \$0.2 million facility fee upon inception of the agreement which is amortizing to interest expense on a straight-line basis over two years. We incur recurring fees under the agreement, including a funding fee of 0.5% above the prime rate, in no event to be less than 5.5%, on any advances and a service fee on average net funds borrowed. The lender has the right to demand repayment of the advances at any time. The lender has a security interest in personal property assets.

Due under factoring agreement consists of the following (in thousands).

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Borrowings outstanding	\$ 1,860	\$ 1,989
Debt issuance costs, net	(75)	(166)
Due under factoring agreement	<u>\$ 1,785</u>	<u>\$ 1,823</u>

Additional information related to our factoring obligation follows.

	<b>2020</b>	<b>2019</b>
Average borrowings outstanding (in thousands)	\$ 1,713	\$ 272
Amortization of debt issuance costs (in thousands)	\$ 91	\$ 15
Fees paid, as a percentage of average outstanding borrowings	7.3%	10.2%
Interest paid, as a percentage of average outstanding borrowings	6.4%	6.2%

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Long-term debt consists of the following (in thousands).

	December 31,	
	2020	2019
Payroll Protection Program note - Dated April 2020. Interest accrues at an annual rate of 1.0%. Forgiven in January 2021.	\$ 1,792	\$ -
Mortgage promissory note - Dated September 2020. Interest accrues at an annual rate which is the greater of 11.0% above the lender's prime rate and 14.3%. Payable in monthly installments through June 2022. Net of \$25 debt issuance costs issuance costs at December 31, 2020	1,817	-
Equipment notes - Initially recorded in November 2018, in the acquisition of Golden Ridge, at the present value of future payments using a discount rate of 4.8% per year, which we determined approximated the market rate for similar debt with similar maturities as of the date of acquisition. Payable in monthly installments. Expire at dates ranging through 2022.	37	62
Equipment note - Dated December 2019. Due in monthly installments through December 2024. Interest accrues at the effective discount rate of 9.3% per year.	33	39
Total long term debt, net	\$ 3,679	\$ 101

In April 2020, we received \$1.8 million on an SBA Payroll Protection Program loan as provided for in the Coronavirus Aid, Relief and Economic Security Act (CARES), enacted into U.S. law in March 2020. Under certain conditions, the loan and accrued interest were forgivable, if the loan proceeds were used for eligible purposes, including payroll, benefits, rent and utilities, and maintaining payroll levels. As of December 31 2020, payments could be deferred for up to two years. The loan proceeds were used for eligible purposes and the entire loan and related accrued interest was forgiven, in its entirety in January 2021.

In July 2020, we entered into a mortgage agreement with a lender pursuant to a promissory note. In September 2020, we borrowed \$1.0 million on the note and, in October 2020, we borrowed the remaining \$1.0 million available on the note. Interest on this note accrues at an annual rate which is the greater of 11.0% above the lender's prime rate and 14.3%. In addition, we will incur a facility fee equal to 1.0% of the amount of each advance under the promissory note. The principal amount of the note must be repaid in monthly installments ending in June 2022. The note is secured by certain real property and personal property assets of Golden Ridge Rice Mills, Inc. As of December 31, 2021, the note bore interest at an annual rate of 14.3%.

Future principal maturities of long-term debt outstanding at December 31, 2020, follow (in thousands).

2021	\$ 597
2022	3,088
2023	9
2024	10
Principal maturities	3,704
Debt issuance costs	(25)
Total long term debt, net	\$ 3,679

We previously held a note payable to the seller of Golden Ridge, which bore interest at an annual rate of 6.8%. Interest was payable monthly. We paid \$0.3 million of principal on the note in January 2019. The remaining principal of \$0.4 million was payable upon maturity of the note in November 2019. The seller cancelled the note payable in July 2019 in partial settlement of the working capital adjustment receivable from the seller described further in Note 3.

During 2019, we borrowed under a demand loan collateralized by the investment in the money market fund described in Note 5, at amounts and rates determined at the discretion of the lender. Borrowing under the loan averaged \$0.1 million in 2019 and interest averaged 5.5%. At December 31, 2019, the loan was paid in full.

**NOTE 12. EQUITY, SHARE-BASED COMPENSATION, WARRANTS AND SECURITIES OFFERINGS**

In June 2020, our shareholders approved, and we filed an amendment to our articles of incorporation, increasing our authorized shares of common stock from 50,000,000 to 150,000,000.

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**Preferred 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. We previously designated and issued six series of preferred stock of which no shares remain outstanding. In addition, we designated and issued a seventh series of preferred stock, Series G, of which 225 shares remain outstanding as of December 31, 2020.

The Series G preferred stock is non-voting and may be converted into shares of our common stock at the holders' election at any time, subject to certain beneficial ownership limitations, at a ratio of 1 preferred share for 948.9915 shares of common stock. The Series G preferred stock is entitled to receive dividends if we pay dividends on our common stock, in which case the holders of the preferred stock are entitled to receive the amount and form of dividends that they would have received if they held the common stock that is issuable upon conversion of the Series G preferred stock. If we are liquidated or dissolved, the holders of Series G preferred stock are entitled to receive, before any amounts are paid in respect of our common stock, an amount per share of preferred stock equal to \$1,000, plus any accrued but unpaid dividends thereon.

**Securities Offerings**

On March 30, 2020, we entered into an at market issuance sales agreement with respect to an at-the-market offering program, under which we may offer and sell shares of our common stock having an aggregate offering price of up to \$6.0 million through B. Riley FBR, Inc, as sales agent. The issuances and sales of our common stock under the agreement are made pursuant to our effective "shelf" registration statement on Form S-3. During 2020, we issued and sold 4,850,489 shares of common stock under the agreement, at an average price of \$0.53 per share. Proceeds from those sales are recorded in equity, net of \$0.2 million of stock issuance costs.

In March 2019, we issued and sold 3,046,668 shares of common stock for \$3.00 per share and a prefunded warrant (the Prefunded Warrant) exercisable into 1,003,344 shares of common stock for \$2.99 per share, in a private placement. The Prefunded Warrant had an exercise price of \$0.01 per share and was immediately exercisable; however, we had to obtain approval from our shareholders before the holder could exercise the Prefunded Warrant to the extent such exercise would result in the holder owning in excess of 19.99% of our common shares outstanding. The holder exercised the entire Prefunded Warrant automatically when our shareholders approved the exercise in June 2019. We determined the Prefunded Warrant qualified for equity accounting. The net proceeds from the offering of \$11.6 million, after deducting commissions and other cash offering expenses of \$0.5 million, are recorded in equity. We determined the exercise price of the warrant was nominal and, as such, have considered the 1,003,344 shares underlying the warrant to be outstanding effective March 8, 2019, for the purposes of calculating basic EPS.

In December 2019, we issued and sold 6,785,000 shares of common stock for \$1.25 per share in a public offering. The net proceeds from the offering of \$7.8 million, after deducting commissions and other cash offering expenses of \$0.7 million, are recorded in equity.

The proceeds from the 2020 and 2019 securities offerings were used for general corporate purposes.

**Equity Incentive Plan**

Our board of directors adopted our 2014 Equity Incentive Plan (2014 Plan) in August 2014, after the plan was approved by shareholders. The total shares of common stock authorized for issuance under the 2014 Plan is 6,300,000 shares. Under the terms of the plan, we may grant stock options, shares of common stock and share-based awards to officers, directors, employees or consultants providing services on such terms as are determined by the board of directors. Our board of directors administers the plan, determines vesting schedules on plan awards and may accelerate the vesting schedules for award recipients. The stock options granted under the plan have terms of up to 10 years. As of December 31, 2020, awards for the purchase of 4,881,053 shares have been granted and remain outstanding (common stock options, common stock and restricted stock units) and 1,418,947 shares are reserved for future grants under the 2014 Plan.

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Share-based compensation expenses related to employees and directors are included in selling, general and administrative expenses. Share-based compensation by type of award follows (in thousands).

	<u>2020</u>	<u>2019</u>
Common stock, vested and nonvested at issuance	\$ 308	\$ 721
Stock options	148	354
Restricted stock units	585	225
Compensation expense related to common stock awards issued under equity incentive plan	<u>\$ 1,041</u>	<u>\$ 1,300</u>

Information regarding common stock issued under the equity incentive plan follows.

	<u>2020</u>			<u>2019</u>		
	Shares Issued	Weighted Average Grant Date Fair Value Per Share	Weighted Average Vesting Period (Years)	Shares Issued	Weighted Average Grant Date Fair Value Per Share	Weighted Average Vesting Period (Years)
Directors	83,306	\$ 0.53	-	219,401	\$ 2.27	0.6
Employees	71,011	0.85	-	30,887	3.22	-
Consultants	59,917	0.71	-	39,061	2.76	0.4
	<u>214,234</u>			<u>289,349</u>		

**Nonvested Stock**

As of December 31, 2020, there were no shares of nonvested common stock outstanding. A summary of nonvested common stock activity for 2019 follows (in thousands, except share and per share amounts).

	<u>Shares Granted</u>	<u>Weighted Average Grant Date Fair Value Per Share</u>	<u>Fair Value</u>
			(1)
Nonvested at January 1, 2019	193,965	\$ 1.84	\$ 582
Granted	150,274	2.88	432
Vested	(227,711)	1.99	613
Nonvested at December 31, 2019 (2)	<u>116,528</u>	<u>\$ 2.88</u>	<u>\$ 171</u>

- (1) Represents pre-tax fair value, based on our closing stock prices, which would have been received by the holders of the stock had all such holders sold their underlying shares on the date indicated, the dates of grant or the dates of vesting, as applicable.
- (2) The 116,528 nonvested shares of common stock outstanding at December 31, 2019, had a fair value of \$0.1 million when the shares vested in 2020.

We issued 950,000 nonvested shares of common stock to a supplier in February 2016. The shares were being held in escrow until earned by the supplier at a fixed price of \$2.80 per share. We recalled and retired the 830,124 shares remaining in escrow, after the related supply agreement terminated in August 2019. During 2019, we released from escrow and expensed the value of 20,640 shares of common stock earned by the supplier, at \$2.92 per share. Activity in these shares is not reflected in the nonvested common stock activity table above.

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**Options**

Stock option activity follows.

	2020				2019			
	Shares Under Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)	Shares Under Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)
Outstanding at January 1	996,009	\$ 3.23		8.1	950,727	\$ 3.06		8.5
Granted (1)	653,004	1.22	\$ 0.73	10.0	385,883	3.01	\$ 1.83	10.0
Cash exercised (2)	-	NA		NA	(165,812)	0.94		8.1
Forfeited	(973,987)	2.56		8.1	(174,789)	3.98		8.4
Outstanding at December 31	<u>675,026</u>	<u>\$ 2.24</u>		<u>7.9</u>	<u>996,009</u>	<u>\$ 3.23</u>		<u>8.1</u>

- (1) The options granted vest and become exercisable in annual or monthly installments ending three or four years from the date of grant.
- (2) In 2019, includes options for 31,955 shares of common stock at a weighted average exercise price of \$1.16 per share for which we accelerated vesting upon termination of employment for an employee in June 2019. We expensed \$0.1 million of incremental expense upon acceleration of vesting.

Information related to outstanding and exercisable stock options as of December 31, 2020, follows.

Range of Exercise Prices	Outstanding			Exercisable		
	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
less than \$1.00	78,000	\$ 0.85	6.3	68,500	\$ 0.85	6.3
\$1.00 to \$1.99	348,119	1.26	8.7	33,782	1.48	6.7
\$2.00 to \$2.99	126,750	2.77	8.3	47,687	2.82	7.9
\$3.00 to \$3.99	92,634	3.34	7.3	46,509	3.37	6.3
\$4.00 to \$4.99	23,104	4.43	3.7	23,094	4.43	3.7
\$5.00 to \$74.00	6,419	38.59	1.0	6,419	38.59	1.0
	<u>675,026</u>	<u>\$ 2.24</u>	<u>7.9</u>	<u>225,991</u>	<u>\$ 3.37</u>	<u>6.3</u>

As of December 31, 2020, outstanding stock options had an intrinsic value of zero, the weighted average remaining vesting period of options outstanding was 2.6 years and unrecognized option compensation cost was \$0.4 million. As of December 31, 2020, exercisable options had an intrinsic value of zero. The intrinsic value of options exercised was \$0.4 million in 2019. The following are the assumptions used in valuing stock option grants:

	2020	2019
Assumed volatility	60% - 69% (62% weighted average)	64% - 69% (67% weighted average)
Assumed risk free interest rate	1.3% - 1.7% (1.6% weighted average)	1.8% - 2.7% (2.4% weighted average)
Average expected life of options (in years)	5.9 - 7.0 (6.3 weighted average)	6.1 - 6.3 (6.2 weighted average)
Expected dividends	-	-

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**Restricted Stock Units**

Restricted stock unit (RSU) activity with employees and directors follows.

	2020			2019		
	RSU Shares Issued	Unrecognized Stock Compensation (in thousands)	Weighted Average Expense Period (Years)	RSU Shares Issued	Unrecognized Stock Compensation (in thousands)	Weighted Average Expense Period (Years)
Nonvested at January 1	1,148,062	\$ 377	1.4	1,215,000	\$ 683	2.3
Granted (1)	1,261,803	828	0.9	213,062	145	2.4
Modified	-	-	-	-	-	-
Before modification (2)	(227,062)	(22)	-	-	-	-
After modification (3)	620,000	353	2.0	-	-	-
Vested (4)	(386,403)	-	-	-	-	-
Cancelled	(625,000)	-	-	-	-	-
Forfeited (5)	(296,000)	(221)	-	(280,000)	(226)	-
Expensed	-	(585)	-	-	(225)	-
Nonvested at December 31	<u>1,495,400</u>	<u>\$ 730</u>	<u>1.4</u>	<u>1,148,062</u>	<u>\$ 377</u>	<u>1.4</u>

- (1) The shares of common stock subject to the RSUs granted in 2020 were vested when granted or vest within two years of grant. The 2020 RSU grants were not subject to any market conditions and were valued using the market price of our common stock on the date of grant. Prior to being modified in 2020, the shares of common stock subject to the RSUs granted in 2019 vested based upon a vesting price equal to the volume weighted average trading price of our common stock over sixty-five consecutive trading days, subject to a minimum service period in certain grants, and expired on the fifth anniversary of each grant. The assumptions used in valuing the 2019 RSU grants, which contained market conditions, follow:

	<u>2019</u>
Assumed volatility	43% - 44% (44% weighted average)
Assumed risk free interest rate	1.4% - 2.3% (1.8% weighted average)
Expected dividends	-

- (2) In December 2020, we modified RSUs for a total of 227,062 shares of common stock. Prior to modification, the shares subject to the RSUs vested based upon a vesting price equal to the volume weighted average trading price of our common stock over sixty-five consecutive trading days. Subject to a minimum service period, as described in the next sentence, the RSU shares vested as to (i) 22,706 shares on the date the vesting price equals or exceeds \$5.00 per share, (ii) 68,119 shares on the date the vesting price equals or exceeds \$10.00 per share and (iii) 136,237 shares on the date the vesting price equals or exceeds \$15.00 per share. Vesting on the RSU shares would have occurred the later of the one-year anniversary of the grant and the date the shares reach the vesting price indicated in the preceding sentence. The RSUs expire on the fifth anniversary of each grant at dates ranging from October 2023 to August 2024.
- (3) In December 2020, after modification, shares subject to the modified RSUs referred to above totaled 620,000 and vest as to 50% of the shares in December 2021 and as to the remainder of the shares in December 2022. We are recognizing the total of (i) the remaining unrecognized compensation on the awards as of the modification date and (ii) the increase in fair value of the RSUs as a result of the modification, over the remaining two-year vesting period of the RSUs.
- (4) Represents shares of common stock subject to RSUs which were vested when granted.
- (5) In 2020 and 2019, we reversed expense recognized in prior periods on forfeited RSU shares in the amounts indicated in the unrecognized stock compensation column.

As of December 31, 2020, issuance of 836,803 shares of common stock subject to certain RSUs, 386,403 of which are vested, is deferred to the date the holder is no longer providing service to RiceBran Technologies.

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**Warrants**

Warrant activity, excluding activity related to the Prefunded Warrant, for the years ended December 31, 2020 and 2019, follows.

	<u>2020</u>			<u>2019</u>		
	<u>Shares Under</u>	<u>Weighted</u>	<u>Weighted</u>	<u>Shares Under</u>	<u>Weighted</u>	<u>Weighted</u>
	<u>Warrants</u>	<u>Average</u>	<u>Average</u>	<u>Warrants</u>	<u>Average</u>	<u>Average</u>
		<u>Exercise</u>	<u>Remaining</u>		<u>Exercise</u>	<u>Remaining</u>
		<u>Price</u>	<u>Contractual</u>		<u>Price</u>	<u>Contractual</u>
			<u>Life (Years)</u>			<u>Life (Years)</u>
Outstanding at January 1	7,532,280	\$ 1.32	1.9	10,252,714	\$ 2.25	2.3
Cash exercised	(12,948)	0.96	-	(685,409)	3.01	0.3
Cashless exercised (1)	(215,740)	0.96	-	-	NA	NA
Expired	(657,676)	5.25	-	(2,035,025)	5.25	-
Outstanding at December 31 (2)	<u>6,645,916</u>	<u>\$ 0.98</u>	<u>1.1</u>	<u>7,532,280</u>	<u>\$ 1.32</u>	<u>1.9</u>

- (1) We issued 54,629 shares of common stock upon the cashless exercise of the warrants.
- (2) Under the terms of certain outstanding warrants, the holders may elect to exercise the warrants under a cashless exercise feature. As of December 31, 2020, warrant holders may elect to exercise cashless warrants for 3,484,675 shares of common stock at an exercise price of \$0.96 per share and 25,000 shares of common stock at an exercise price of \$5.25 per share. If we register for resale the shares subject to warrants, the holders of some of the warrants may no longer have the right to elect a cashless exercise. If we fail to maintain a registration statement for the resale of shares under certain other warrants, the shares under those warrants may again become exercisable using a cashless exercise feature.

As of December 31, 2020, all outstanding warrants were exercisable. The following table summarizes information related to exercisable and outstanding warrants as of December 31, 2020.

<u>Range of</u>	<u>Shares</u>	<u>Weighted</u>	<u>Weighted</u>
<u>Exercise Prices</u>	<u>Under</u>	<u>Average</u>	<u>Average</u>
	<u>Warrants</u>	<u>Exercise</u>	<u>Remaining</u>
		<u>Price</u>	<u>Contractual</u>
			<u>Life (Years)</u>
\$0.96	6,570,916	\$ 0.96	1.1
\$2.00	50,000	2.00	2.1
\$5.25	25,000	5.25	0.1
	<u>6,645,916</u>	<u>\$ 0.98</u>	<u>1.1</u>

**NOTE 13. INVOLUNTARY CONVERSION OF ASSETS**

In 2020, we wrote down assets, consisting primarily of a building, machinery and equipment, in the amount of \$0.9 million and incurred other costs of \$0.1 million as a result of hurricane damage that occurred in August 2020. This event damaged our Lake Charles, Louisiana property, and operations at that facility were shut down in September 2020. We expect insurance recoveries will cover our asset loss to the extent it exceeds our \$0.1 million deductible under our insurance policy. In September 2020, we received an advance on the insurance settlement of \$0.3 million and we accrued a receivable for the additional \$0.7 million of expected insurance proceeds related to our asset loss. The resulting \$0.1 million net loss on involuntary conversion of assets is included in selling, general and administrative expenses in our consolidated financial statements. The insurance proceeds receivable is included in other current assets on our consolidated balance sheets. The final settlement with the insurer on this matter will likely differ from the total proceeds we estimated as of December 31, 2020. We accrue estimated insurance proceeds receivable when the proceeds are estimable and probable of collection. Given the nature of recoveries of lost profits under business interruption insurance we have not accrued insurance proceeds receivable for any potential recoveries of lost profits under our insurance policy.

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**NOTE 14. INCOME TAXES**

Deferred tax asset (liability) is comprised of the following (in thousands):

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Net operating loss carryforwards	\$ 11,473	\$ 7,672
Stock options and warrants	576	420
Property	50	138
Intangible assets	(9)	66
Capitalized expenses	85	54
Other	135	210
Operating right-of-use lease assets	(652)	(667)
Operating right-of-use lease liabilities	763	794
Net deferred tax assets	12,421	8,687
Less: Valuation allowance	(12,421)	(8,687)
Deferred tax asset (liability)	\$ -	\$ -

We have determined it is more likely than not that our deferred tax assets will not be realized. Accordingly, we have provided a valuation allowance for deferred tax assets.

The following table summarizes the change in the valuation allowance (in thousands):

	<b>2020</b>	<b>2019</b>
Vaulation allowances, beginning of year	\$ 8,687	\$ 5,398
Net operating loss	3,039	3,284
Expiration of net operating losses and limitations	(20)	(7)
Adjustment to deferred taxes	(51)	29
Impact of state tax rate change	746	26
Other adjusments	20	(43)
Valuation allowance, end of year	\$ 12,421	\$ 8,687

As of December 31, 2020, net operating loss (NOL) carryforwards for U.S. federal tax purposes totaled \$43.2 million. NOLs generated after December 31, 2017, do not expire. Federal NOLs of \$9.9 million expire at various dates from 2021 through 2037 and federal NOLs of \$33.2 million do not expire. NOL carryforwards for state tax purposes totaled \$51.6 million at December 31, 2020 and expire at various dates from 2021 through 2040.

Our ability to utilize previously accumulated NOL carryforwards is subject to substantial annual limitations due to the changes in ownership provisions of the Internal Revenue Code (IRC) of 1986, as amended, and similar state regulations. Prior to 2019, we experienced several ownership changes as defined in IRC Section 382(g). In general, the annual limitation is equal to the value of our stock immediately before the ownership change, multiplied by the long-term tax-exempt rate for the month in which the ownership change occurred. Any unused annual limitation may generally be carried over to later years until the NOL carryforwards expire. Accordingly, we have reduced our NOL by \$24.9 million in the table above to reflect these limitations.

We are subject to taxation in the U.S. federal jurisdiction and various state and local jurisdictions. We record liabilities for income tax contingencies based on our best estimate of the underlying exposures. We are open for audit by the IRS for years after 2016 and, generally, by U.S. state tax jurisdictions after 2015.

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Reconciliations between the amounts computed by applying the U.S. federal statutory tax rate to loss before income taxes, and income tax expense (benefit) follows (in thousands):

	<u>2020</u>	<u>2019</u>
Income tax benefit at federal statutory rate	\$ (2,459)	\$ (2,928)
Increase (decrease) resulting from:		
State tax benefit, net of federal tax effect	(623)	(437)
Effect of change in state tax rate	(746)	(26)
Change in valuation allowance	3,734	3,341
Expirations of net operating losses and application of IRC 382 limitation	20	7
Adjustments to deferreds	51	(29)
Other	42	72
Income tax expense	<u>\$ 19</u>	<u>\$ -</u>

Based on an analysis of tax positions taken on income tax returns filed, we determined no material liabilities related to uncertain income tax positions existed as of December 31, 2020 or 2019. Although we believe the amounts reflected in our tax returns substantially comply with applicable U.S. federal, state and local tax regulations, the respective taxing authorities may take contrary positions based on their interpretation of the law. A tax position successfully challenged by a taxing authority could result in an adjustment to our provision or benefit for income taxes in the period in which a final determination is made.

CARES, among other things, includes provisions relating to Payroll Protection Program (PPP) loans, refundable payroll tax credits, deferment of employer social security payments, net operating loss carryback periods, alternative minimum tax credit refunds and modifications to the net interest deduction limitations. The Consolidated Appropriations Act (CAA), 2021, enacted into U.S. law on December 27, 2020, provides clarity on the tax treatment of CARES PPP loans and refundable payroll tax credits under CARES, among other things. Some of the CAA provisions are expected to be effective retroactively for years prior to 2020. Except for the impact of the PPP loan we received under CARES, see Note 11, we do not anticipate CARES or CAA will have a material impact on our financial position, results of operations or cash flows.

**NOTE 15. INCOME (LOSS) PER SHARE (EPS)**

Basic EPS is calculated under the two-class method under which all earnings (distributed and undistributed) are allocated to each class of common stock and participating securities based on their respective rights to receive dividends. Our outstanding convertible preferred stock are considered participating securities as the holders may participate in undistributed earnings with holders of common shares and are not obligated to share in our net losses.

Diluted EPS is computed by dividing the net income attributable to RiceBran Technologies common shareholders by the weighted average number of common shares outstanding during the period increased by the number of additional common shares that would have been outstanding if the impact of assumed exercises and conversions is dilutive. The dilutive effects of outstanding options, warrants, nonvested shares of common stock and nonvested restricted stock units that vest solely on the basis of a service condition are calculated using the treasury stock method. The dilutive effects of the outstanding preferred stock are calculated using the if-converted method.

Below are reconciliations of the numerators and denominators in the EPS computations.

	<u>2020</u>	<u>2019</u>
NUMERATOR (in thousands):		
Basic and diluted - loss from continuing operations	<u>\$ (11,730)</u>	<u>\$ (13,735)</u>
DENOMINATOR:		
Weighted average number of shares of common stock outstanding	41,019,802	32,359,316
Weighted average number of shares of common stock underlying vested restricted stock units	111,980	-
Basic EPS - weighted average number of shares outstanding	41,131,782	32,359,316
Effect of dilutive securities outstanding	-	-
Diluted EPS - weighted average number of shares outstanding	<u>41,131,782</u>	<u>32,359,316</u>

**RiceBran Technologies**  
**Notes to Consolidated Financial Statements**

No effects of potentially dilutive securities outstanding were included in the calculation of diluted EPS for 2020 and 2019, because to do so would be anti-dilutive as a result of our loss from continuing operations. Potentially dilutive securities outstanding during 2020 and 2019 included our outstanding convertible preferred stock, options, warrants, nonvested restricted stock units and nonvested stock. Those potentially dilutive securities, further described in Note 12, could potentially dilute EPS in the future.

**NOTE 16. FAIR VALUE MEASUREMENT**

Derivative financial instruments are carried at fair value, on a recurring basis, in accumulated OCI, and fair value is based on the quoted prices of the financial instruments (Level 1 measurements). There were no derivative financial instruments outstanding at December 31, 2020 or 2019. The fair value of cash and cash equivalents, restricted cash, accounts and other receivables, accounts payable, commodities payable and short-term debt approximated their carrying value due to shorter maturities. As of December 31, 2020, the fair value of our operating lease liabilities was approximately \$0.2 million higher than their carrying values, based on current market rates for similar debt and leases with similar maturities (Level 3 measurements). As of December 31, 2020, the fair values of our long-term debt and finance lease liabilities approximated their carrying values, based on current market rates for similar debt and leases with similar maturities (Level 3 measurements).

**NOTE 17. COMMITMENTS AND CONTINGENCIES**

**Employment Contracts and Severance Payments**

In the normal course of business, we periodically enter into employment agreements which incorporate indemnification provisions. While the maximum amount to which we may be exposed under such agreements cannot be reasonably estimated, we maintain insurance coverage, which we believe will effectively mitigate our obligations under these indemnification provisions. No amounts have been recorded in our financial statements with respect to any obligations under such agreements.

We have employment contracts with certain officers and key management that include provisions for potential severance payments in the event of without-cause terminations or terminations under certain circumstances after a change in control. In addition, vesting of outstanding nonvested equity grants would accelerate following a change in control.

**Legal Matters**

From time to time we are involved in litigation incidental to the conduct of our business. These matters may relate to employment and labor claims, patent and intellectual property claims, claims of alleged non-compliance with contract provisions and claims related to alleged violations of laws and regulations. When applicable, we record accruals for contingencies when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. Defense costs are expensed as incurred and are included in professional fees. While the outcome of lawsuits and other proceedings against us cannot be predicted with certainty, in the opinion of management, individually or in the aggregate, no such lawsuits and other proceedings had or are expected to have a material effect on our financial position or results of operations in 2020 and 2019, except for a contract dispute settled in 2020. During 2020, we recognized \$0.8 million in cost of goods sold related to the resolution of that contract dispute.

**NOTE 18. RELATED PARTY TRANSACTIONS**

Our director, Ari Gendason, is an employee and senior vice president and chief investment officer of Continental Grain Company (CGC). As of the date of this filing, CGC owns approximately 25.4% of our outstanding common stock. We have agreed that in connection with each annual or special meeting of our shareholders at which members of our board of directors are to be elected, or any written consent of our shareholders pursuant to which members of the board of directors are to be elected, CGC shall have the right to designate one nominee to our board of directors. In March 2019, we issued and sold to CGC 666,667 shares of common stock at a purchase price of \$3.00 per share and a prefunded warrant exercisable into 1,003,344 shares of common stock for \$2.99 per share, in a private placement. The prefunded warrant had an exercise price of \$0.01 per share and was immediately exercisable; however, we had to obtain approval from our shareholders before CGC could exercise the prefunded warrant to the extent such exercise would result in the holder owning in excess of 19.99% of our common shares outstanding. CGC exercised the entire prefunded warrant automatically when our shareholders approved the exercise in June 2019.

**NOTE 19. TRANSACTIONS WITH EMPLOYEES**

During the three months ended March 31, 2019, we paid \$1.4 million to entities owned by our former employee, Wayne Wilkison. As of December 31, 2020 and 2019, no amounts were owed to these entities.

**RiceBran Technologies**  
**Notes to Consolidated Financial Statements**

**NOTE 20. FAILURE TO COMPLY WITH NASDAQ LISTING REQUIREMENTS**

On July 27, 2020, we received a notification letter from The Nasdaq Stock Market LLC (Nasdaq) indicating that we have failed to comply with the minimum bid price requirement of Nasdaq Listing Rule 5550(a)(2). Nasdaq Listing Rule 5550(a)(2) requires that companies listed on the Nasdaq Capital Market maintain a minimum bid price of \$1.00. To regain compliance with this listing rule, the closing bid price of our common stock had to be at least \$1.00 for a period of Nasdaq discretion, of at least 10, but not to exceed 20, consecutive business days. We requested and obtained an extension of time to regain compliance with the minimum bid price requirement which was to end July 26, 2021. Subsequently, on February 18, 2021, we received a letter from Nasdaq confirming that we had regained compliance with this requirement.

**PART II**  
**(continued)**

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

An evaluation of the effectiveness of the design and operation of our “disclosure controls and procedures” (as such term is defined in Rule 13a and Rule 15d-15(e)) under the Exchange Act was performed as of December 31, 2020, under the supervision and with the participation of our current management, including our current Executive Chairman, Chief Financial Officer, and Chief Accounting Officer. Our disclosure controls and procedures have been designed to ensure that information we are required to disclose in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Executive Chairman and Chief Financial Officer to allow timely decisions regarding required disclosures.

Based on this evaluation, our Executive Chairman and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2020.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2020, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

**Management Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (Exchange Act) and for the assessment of the effectiveness of internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention, or timely detection, of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of current management, including our current Executive Chairman, Chief Financial Officer, and Chief Accounting Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth in the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) entitled “Internal Control - Integrated Framework (the 2013 Framework).” Based on this analysis, our management concluded that as of December 31, 2020, our internal control over financial reporting was effective based upon the criteria set forth by the 2013 Framework.

## **ITEM 9B. OTHER INFORMATION**

None.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by Item 10 of Part III is incorporated by reference to our definitive proxy statement, to be filed within 120 days of our fiscal year end, or will be included in an amendment to this Form 10-K.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by Item 11 of Part III is incorporated by reference to our definitive proxy statement, to be filed within 120 days of our fiscal year end, or will be included in an amendment to this Form 10-K.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The information required by Item 12 of Part III is incorporated by reference to our definitive proxy statement, to be filed within 120 days of our fiscal year end, or will be included in an amendment to this Form 10-K.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by Item 13 of Part III is incorporated by reference to our definitive proxy statement, to be filed within 120 days of our fiscal year end, or will be included in an amendment to this Form 10-K.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by Item 14 of Part III is incorporated by reference to our definitive proxy statement, to be filed within 120 days of our fiscal year end, or will be included in an amendment to this Form 10-K.

## **PART IV**

### **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

See Exhibit Index attached hereto.

The Financial Statements are included under Item 8.

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>				<b>Filed Herewith</b>
		<b>Form</b>	<b>File No.</b>	<b>Exhibit Number</b>	<b>Filing/Effective Date</b>	
3.01.01	Restated and Amended Articles of Incorporation filed with the Secretary of State of California on December 13, 2001	10-KSB	000-32565	3.3	April 16, 2002	
3.01.02	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on August 4, 2003	SB-2	333-129839	3.01.1	November 21, 2005	
3.01.03	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on October 31, 2003	10-QSB	000-32565	3.4	November 19, 2003	
3.01.04	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on September 29, 2005	SB-2	333-129839	3.03	November 21, 2005	
3.01.05	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on August 20, 2007	10-Q	000-32565	3.1	August 14, 2007	
3.01.06	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on June 30, 2011	8-K	000-32565	3.1	July 5, 2011	
3.01.07	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on July 12, 2013	10-Q	000-32565	3.1	August 14, 2013	
3.01.08	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on May 30, 2014	S-3	333-196541	3.01.08	June 5, 2014	
3.01.09	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on February 15, 2017	S-3	333-217131	3.1.9	April 04, 2017	
3.01.10	Certificate of Amendment of Articles of Incorporation filed with the Secretary of State of California on June 18, 2020	10-Q	001-36245	3.1	August 12, 2020	
3.02	Certificate of Designation of the Rights, Preferences, and Privileges of the Series A Preferred Stock filed with the Secretary of State of California on December 13, 2001	SB-2	333-89790	4.1	June 4, 2002	
3.03	Certificate of Determination, Preferences and Rights of Series B Convertible Preferred Stock filed with the Secretary of State of California on October 4, 2005	8-K	000-32565	3.1	October 4, 2005	
3.04	Certificate of Determination, Preferences and Rights of Series C Convertible Preferred Stock filed with the Secretary of State of California on May 10, 2006	8-K	000-32565	3.1	May 15, 2006	
3.05	Certificate of Determination, Preferences and Rights of the Series D Convertible Preferred Stock, filed with the Secretary of State of California on October 17, 2008	8-K	000-32565	3.1	October 20, 2008	
3.06	Certificate of Determination, Preferences and Rights of the Series E Convertible Preferred Stock, filed with the Secretary of State of California on May 7, 2009	8-K	000-32565	3.1	May 8, 2009	
3.07	Certificate of Determination, Preferences and Rights of the Series F Convertible Preferred Stock, filed with the Secretary of State of California on February 18, 2016	8-K	001-36245	3.1	February 23, 2016	
3.08	Form of Certificate of Determination of Preferences and Rights of Series G Convertible Preferred Stock, filed with the Secretary of State of California on February 9, 2017	8-K	001-36245	3.1	February 15, 2017	
3.09.1	Bylaws	SB-2	333-134957	3.05	June 12, 2006	
3.09.2	Amendment of Bylaws, effective June 19, 2007	8-K	000-32565	3.1	June 25, 2007	
3.09.3	Amendment of Bylaws, effective December 4, 2009	8-K	000-32565	3.1	December 10, 2009	

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>				<b>Filed Herewith</b>
		<b>Form</b>	<b>File No.</b>	<b>Exhibit Number</b>	<b>Filing/Effective Date</b>	
3.09.4	Amendment of Bylaws, effective as of February 13, 2017	S-3	333-217131	3.9.4	April 04, 2017	
3.1	Amendment to Bylaws, effective July 30, 2019	8-K	001-36245	3.1	August 5, 2019	
3.10	Certificate of Ownership dated October 3, 2012	8-K	000-32565	3.01	October 10, 2012	
4.01	Form of Warrant (Private Placement)	8-K	001-36245	4.1	October 1, 2014	
4.02	Form of Warrant (Preferred Private Placement)	8-K	001-36245	4.1	February 15, 2017	
4.03	Lender Warrant dated May 12, 2015	8-K	001-36245	10.6	May 15, 2015	
4.04	Form of Warrant (Debt Private Placement)	8-K	001-36245	4.3	February 15, 2017	
4.05	Form of Warrant (Amendment to Subordinated Debt)	8-K	001-36245	4.4	February 15, 2017	
4.06	Description of Registrant’s Securities Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended					X
10.01	* Employment Agreement with Todd T. Mitchell dated May 28, 2019	10-Q	001-36245	10.2	May 5, 2020	
10.02	* Amended and Restated 2014 Equity Incentive Plan, as amended on June 17, 2020	8-K	001-36245	10.2	July 17, 2020	
10.03	* Form of Award of Deferred and Restricted Stock Units for 2014 Equity Incentive Plan	8-K	001-36245	10.3	July 17, 2020	
10.04	* Form of Stock Option Agreement for 2014 Equity Incentive Plan	10-K	001-36245	10.72	March 31, 2015	
10.05	* Form of Restricted Stock Award Agreement for 2014 Equity Incentive Plan	10-K	001-36245	10.73	March 31, 2015	
10.06	* Form of RSU Award Agreement for 2014 Equity Incentive Plan	8-K	001-36245	10.1	October 3, 2018	
10.07	* Form of Indemnification Agreement for officers and directors	10-Q	000-32565	10.2	May 12, 2011	
10.08	Form of Securities Purchase Agreement dated February 9, 2017 (Preferred Private Placement)	8-K	001-36245	10.1	February 15, 2017	
10.09	Registration Rights Agreement dated February 13, 2017 (Preferred Private Placement)	8-K	001-36245	10.2	February 15, 2017	
10.10	Form of Securities Purchase Agreement dated February 9, 2017 (Debt Private Placement)	8-K	001-36245	10.3	February 15, 2017	
10.11	Registration Rights Agreement dated February 13, 2017 (Debt Private Placement)	8-K	001-36245	10.4	February 15, 2017	
10.12	Form of Registration Rights Agreement dated September 13, 2017	8-K	001-36245	10.2	September 15, 2017	
10.13	Asset Purchase Agreement with Golden Ridge Rice Mills, LLC	8-K	001-36245	10.2	November 6, 2018	
10.14	Agreement for Purchase and Sale with Republic Business Credit, LLC dated October 28, 2019	8-K	001-36245	10.1	November 1, 2019	
10.15	Purchase Agreement dated December 17, 2019 (Public Offering)	8-K	001-36245	1.1	December 19, 2019	
10.16	Form of Registration Rights Agreement dated March 7, 2019	8-K	001-36245	10.3	March 13, 2019	
10.17	At Market Issuance Sales Agreement with B Riley FBR, Inc	8-K	001-36245	10.1	March 30, 2020	
10.18	Promissory Note dated as of April 15, 2020	8-K	001-36245	10.1	April 16, 2020	
10.19	Mortgage Agreement and Amendment for Purchase and Sale with Republic Business Credit, LLC	8-K	001-36245	10.1	July 17, 2020	
10.20	Severance Agreement with Brent R. Rystrom	10-Q	001-36245	10.4	November 5, 2020	
10.21	Employee Agreement (Offer Letter) with Peter G. Bradley dated August 12, 2020					X
21	List of Subsidiaries					X
23.1	Consent of Independent Registered Public Accounting Firm					X

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>				<b>Filed Herewith</b>
		<b>Form</b>	<b>File No.</b>	<b>Exhibit Number</b>	<b>Filing/Effective Date</b>	
24.1	Power of Attorney – Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K.)					
31.1	Certification by CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification by CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification by CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	@ XBRL Instance Document					X
101.SCH	@ XBRL Taxonomy Extension Schema Document					X
101.CAL	@ XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	@ XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	@ XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	@ XBRL Taxonomy Extension Presentation Linkbase Document					X

\* Indicates a management contract or compensatory plan, contract or arrangement in which any Director or any Executive Officer participates.

@ XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RICEBRAN TECHNOLOGIES

Date: February 25, 2021

By: /s/ Peter G. Bradley

Peter G. Bradley

Director and Executive Chairman

### Power of Attorney

Each person whose signature appears below constitutes and appoints Peter G. Bradley, true and lawful attorney-in-fact, with the power of substitution, for him/her in any and all capacities, to sign amendments to this Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
<b>Principal Executive Officer:</b>		
<u>/s/ Peter G. Bradley</u> Peter G. Bradley	Director and Executive Chairman	February 25, 2021
<b>Principal Financial Officer and Principal Accounting Officer:</b>		
<u>/s/ Todd T. Mitchell</u> Todd T. Mitchell	Chief Financial Officer	February 25, 2021
<b>Additional Directors:</b>		
<u>/s/ Beth Bronner</u> Beth Bronner	Director	February 25, 2021
<u>/s/ David I. Chemerow</u> David I. Chemerow	Director	February 25, 2021
<u>/s/ Ari Gendason</u> Ari Gendason	Director	February 25, 2021
<u>/s/ Brent D. Rosenthal</u> Brent D. Rosenthal	Director and Chairman	February 25, 2021

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES  
EXCHANGE ACT OF 1934**

*RiceBran Technologies (“RBT,” “we,” “our,” or “us”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock.*

**DESCRIPTION OF CAPITAL STOCK**

*The following summary of the terms of our capital stock is based upon our articles of incorporation (as amended, the “Articles of Incorporation”) and our bylaws (as amended, the “Bylaws”). The summary is not complete, and is qualified by reference to our [Articles of Incorporation](#) and our [Bylaws](#), which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the California Corporations Code for additional information.*

Our authorized capital stock consists of 150,000,000 shares of common stock, no par value, and 20,000,000 shares of Preferred Stock, no par value, of which 3,000,000 shares are designated Series A Preferred Stock, 25,000 shares are designated Series B Preferred Stock, 25,000 shares are designated Series C Preferred Stock, 10,000 shares are designated Series D Preferred Stock, 2,743 shares are designated Series E Preferred Stock, 3,000 are designated as Series F Preferred Stock and 3,000 are designated as Series G Preferred Stock. As of February 25, 2021, there were 45,238,087 shares of common stock outstanding and 225 shares of Series G Preferred Stock outstanding. No other capital stock was outstanding as of February 25, 2021.

**Common Stock**

Subject to any preferential dividend rights granted to the holders of any shares of preferred stock that may be outstanding, the holders of our common stock are entitled to receive ratably dividends when, as, and if declared by our board of directors out of funds legally available therefor. Upon our liquidation, dissolution, or winding up, the holders of our common stock are entitled to receive ratably the net assets available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding shares of preferred stock.

The holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of our shareholders. Pursuant to our Bylaws, shareholders do not have the right to vote cumulatively. Holders of our common stock have no preemptive, subscription, or redemption rights. The outstanding shares of our common stock are fully paid and nonassessable. The rights and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of holders of shares of preferred stock that we may designate and issue in the future.

**Preferred Stock**

Our board of directors is authorized to issue preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications, limitations and restrictions thereof, including dividend rights and rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without any vote or action by our shareholders. Any preferred stock to be issued could rank prior to our common stock with respect to dividend rights and rights on liquidation. Our board of directors, without shareholder approval, may issue preferred stock with voting and conversion rights which could adversely affect the voting power of holders of our common stock and discourage, delay or prevent a change in control of RBT.

**Series G Preferred Stock**

We have authorized a total of 3,000 shares of Series G Preferred Stock, 225 of which are issued and outstanding as of February 25, 2021. The Series G Preferred Stock is non-voting and may be converted into shares of our common stock at the holders’ election at any time, subject to certain beneficial ownership limitations, at a ratio of 1 share of Series G Preferred Stock for 948.9915 shares of common stock. The Series G Preferred Stock is entitled to receive dividends if we pay dividends on our common stock, in which case the holders of Series G Preferred Stock are entitled to receive the amount and form of dividends that they would have received if they held the common stock that is issuable upon conversion of the Series G Preferred Stock. If we are liquidated or dissolved, the holders of Series

G Preferred Stock are entitled to receive, before any amounts are paid in respect of our common stock, an amount per share of Series G Preferred Stock equal to \$1,000, plus any accrued but unpaid dividends thereon.

### **Listing**

Our common stock is listed and principally traded on The Nasdaq Stock Market LLC under the symbol “RIBT.”

### **Transfer Agent**

American Stock Transfer & Trust Company, New York, New York, serves as transfer agent for the shares of common stock.

### **Certain Anti-Takeover Effects**

Certain provisions of our Articles of Incorporation and Bylaws may be deemed to have an anti-takeover effect.

*Advance Notice Requirements for Shareholder Proposals and Director Nominations.* Our Bylaws provide advance notice procedures for shareholders seeking to bring business before our annual meeting of shareholders or to nominate candidates for election as directors at our annual meeting of shareholders and specify certain requirements regarding the form and content of a shareholder’s notice. These provisions might preclude our shareholders from bringing matters before our annual meeting of shareholders or from making nominations for directors at our annual meeting of shareholders if the proper procedures are not followed.

*Additional Authorized Shares of Capital Stock.* The additional shares of authorized common stock and preferred stock available for issuance under our Articles of Incorporation could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.

August 12, 2020

Dear Peter:

On behalf of RiceBran Technologies, a California corporation (the “Company” or “RBT”), I am pleased to provide you with this letter agreement (“Agreement”) memorializing the terms of your employment. On August 11, 2020 you were elected as Executive Chairman of the Board of Directors, effective August 14, 2020; this appointment will be referenced as Executive Chairman.

1. Duties. You will manage and oversee the operations and resources of the Company, subject to the limitations imposed by the Company’s Board of Directors (“Board”). In this capacity, you will devote your best reasonable efforts to the business and affairs of RBT including serving as Interim Principal Executive Officer with respect to the Company’s financial statements and filings with the United States Securities and Exchange Commission. During the Term, you will not promote, participate or engage in any activity or other business that is competitive with the Company’s business operations.
2. Term and Compensation. It is the intention of the parties that this employment is temporary and interim. The term of this Agreement (the “Term”) will continue until either you or the Company elect to terminate this Agreement, including without limitation, if the Board determines, in its sole discretion, that an Executive Chairman is no longer needed.
3. Compensation. As compensation for all services provided by you, you will receive the following:
  - (a) Salary at the rate of \$15,000 per complete month (proportionally reduced for any partial month), less applicable taxes and other withholdings, payable in accordance with the Company’s payroll practices in effect from time to time; and
  - (b) A quarterly stock grant pursuant to the Company’s 2014 Equity Incentive Plan (“Plan”) of Company Common Stock equal in number to (i) \$10,000 for each complete month (proportionately reduced for any partial month), divided by (ii) the volume-weighted average price for the 10 consecutive trading days immediately preceding the date of grant, and (iii) subject to the terms and conditions of the Plan; and
  - (c) You will participate in those benefit plans and programs that the Company makes available to its similarly situated employees from time to time, subject to the terms and conditions of the applicable plans and programs as in effect from time to time.

Upon completion of your service as Executive Chairman or annually as of December 31, you will be eligible to receive a performance bonus for your service. The bonus will be determined at the full discretion of the Board.

4. Nature of Employment. Your employment is not for a specific term and is terminable at-will. This means that you are not entitled to remain an employee or officer of the Company or any of its subsidiaries for any particular period of time, and either you or the Company may terminate the employment relationship at any time, with or without notice, and for any reason not prohibited by applicable law. Upon a termination of your employment, you will not be eligible for any severance pay or other severance benefits, regardless of the reason for such termination of your employment. During the Term, you will be bound by all the policies, rules, regulations plans, programs, agreements and arrangements of the Company now in force and by all other policies, rules, regulations, plans, programs, agreements and arrangements as may be hereafter implemented and agree to faithfully observe and abide by the same.
5. Trade Secrets. You acknowledge that the Company has gone to great time and expense to develop the “confidential information” described in the Company’s standard form of “Proprietary Information Agreement” and agree to execute RBT's Proprietary Information Agreement contemporaneously with the execution of this Agreement.
6. Indemnification Agreement. The Indemnification Agreement previously entered into by you and the Company in the form attached hereto as Exhibit A remains in full force and effect (“Indemnification Agreement”). In addition, the Company will continue to provide director's and officer's insurance coverage as and to the extent provided to the directors and other executive level officers of the Company.
7. Entire Agreement; Amendment. This Agreement, the Plan, the Proprietary Information Agreement and the Indemnification Agreement constitute the entire agreement between the parties regarding the subject matter hereof. The provisions of this

Agreement may be modified at any time by agreement of the parties; provided that such modification shall be ineffective unless in writing and signed by the parties hereto.

In signing below, you expressly represent that you are under no restriction with any current or former employer or other third party, including restrictions with respect to non-competition, non-solicitation, confidentiality, or any other restrictive covenant, that would prevent you from accepting this employment with the Company or from performing any services on the Company's behalf. In addition, you promise that you will not provide the Company with any confidential, proprietary or legally protected information belonging to any current or former employer or other third party and in no circumstances will you use or disclose such information in the course of your employment with the Company. If you have any questions about the ownership of particular documents or other information, you should discuss such questions with your current or former employer(s) before removing or copying the documents or information.

We look forward to your contributions to the Company as Interim Principal Executive Officer and appreciate your willingness to assume this role. To acknowledge the terms of your employment memorialized in this letter agreement, please sign below.

Sincerely,

RICEBRAN TECHNOLOGIES

By: /s/ Brent D. Rosenthal

Brent D. Rosenthal  
Chairman of the Board of Directors

ACKNOWLEDGED AND AGREED:

/s/ Peter G. Bradley

Peter Bradley

**RiceBran Technologies  
Subsidiaries of the Registrant  
As of February 25, 2021**

Those subsidiaries not listed would not, in the aggregate, constitute a “significant subsidiary” of RiceBran Technologies, as that term is defined in Rule 1-02(w) of Regulations S-X.

**Subsidiaries of the Registrant**

Golden Ridge Rice Mills, Inc. (1)  
MGI Grain Incorporated (1)  
NutraCea, LLC (1)  
RBT PRO, LLC (3)  
RBT – YOUJI, LLC (4)  
The RiceX Company (1)  
RiceX Nutrients, Inc. (2)

**State or Other Jurisdiction of Incorporation**

Delaware corporation  
Delaware corporation  
Delaware limited liability company  
Delaware limited liability company  
Delaware limited liability company  
Delaware corporation  
Montana corporation.

- 
- (1) wholly owned subsidiary of RiceBran Technologies  
(2) wholly owned subsidiary of The RiceX Company  
(3) 50.0 % interest  
(4) 55.0 % interest

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements (Nos. 333-196541, 333-196950, 333-199646, 333-212658, 333-217131, 333-221124, 333-230963 and 333-232447) on Form S-3 and (Nos. 333-110585, 333-135814, 333-199648 and 333-221781) on Form S-8 of RiceBran Technologies of our report dated February 25, 2021, relating to the consolidated financial statements of RiceBran Technologies, appearing in this Annual Report on Form 10-K of RiceBran Technologies for the year ended December 31, 2020.

/s/RSM US LLP

Houston, Texas  
February 25, 2021

**CERTIFICATION**

I, Peter G. Bradley, Director and Executive Chairman of RiceBran Technologies, certify that:

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

Dated: February 25, 2021

/s/ Peter G. Bradley

Name: Peter G. Bradley

Title: Director and Executive Chairman

**CERTIFICATION**

I, Todd Mitchell, Chief Financial Officer of RiceBran Technologies, certify that:

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

Dated: February 25, 2021

/s/ Todd T. Mitchell  
Name: Todd T. Mitchell  
Title: Chief Financial Officer

CERTIFICATION  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF  
TITLE 18, UNITED STATES CODE)

In connection with the Annual Report of RiceBran Technologies (the “Company”) on Form 10-K for the year ending December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Peter G. Bradley, Executive Chairman of the Company, and Todd T. Mitchell, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2021

By: /s/ Peter G. Bradley  
Peter G. Bradley  
Director and Executive Chairman

By: /s/ Todd T. Mitchell  
Todd T. Mitchell  
Chief Financial Officer