

Dyadic (DYAI-NASDAQ) – Buy Rated

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Jason H. Kolbert

Head of Healthcare Research

646-465-6891

Dyadic Reports 3Q20 Results – Plenty of Cash

Dyadic reported 3Q20 with a loss of \$2.5M and approximately \$30M in cash/short-term investments. The recent rise and fall of Dyadic traces the progress of COVID vaccines. Our hope early last year was that we might see the company's C1 platform be utilized by one of the major vaccine platforms. In the short term, that hasn't happened, but we still believe it could happen in the future as awareness of the technology and the need is now in our conscious.

Investment Highlights

Covid Update. Dyadic is working with nine different groups on vaccine development. We know the company has developed a COVID-19 vaccine antigen from its C1 cell line that can be produced at three grams per liter (3 g/l) in only five days, a significantly larger scale than traditional methods. Given the need for doses in the billion-plus range, this technology could make a real difference.

Lucky 7 I now 9. The proprietary C1 expressed receptor-binding domain (RBD) of the SARS-CoV-2 spike protein is being used in animal trials by nine different research groups, governmental agencies and biopharma companies (including the Israel Institute for Biological Research [IIBR] and a collaboration of European Union scientists that participated with Dyadic in the ZAPI program). According to the company, these parties are testing the C1 expressed RBD vaccine candidate(s) in animal trials on a stand-alone basis, as well as testing the C1 RBD with nanoparticles and adjuvants with up to ten animal trials to be completed by the end of 2020.

Valuation: If we flip a coin four times, the reality is we have no idea how many times it will be heads vs. tails. The same thing is true in terms of our ability to predict the next partnership or license deal. With that said, if we flip a coin a hundred times, we can expect about half of the tosses to be heads (or tails). For Dyadic, we broadly evaluate the utility of the C1 platform across several market segments like the Pharma and Biotechnology areas, Biosimilars, Vaccines, and Industrial markets. For this modeling exercise, we apply an 80% discount (or 20% -30% probability of success) factor to determine the revenue stream. This discount is in addition to our (r) discount rate that we use in our Free Cash Flow to the Firm (FCFF), discounted EPS (dEPS), and Sum of the Parts (SOP) models. For this rate, we select $r = 15\%$. Our model uses a fully diluted projected out-year (2030) share count. Our three models (FCFF, dEPS, and SOP) are then equal-weighted, averaged, and rounded to the nearest whole number to derive our 12-month price target of \$12.00.

Risks: Partnership risks, Commercialization risks, Financial risks, Clinical and regulatory risks, and Legal and intellectual property risk.

Current Price				\$8.18
Price Target				\$12.00
Estimates	F2019A	F2020E	F2021E	
Expenses (\$000s)	\$ 10,964	\$ 11,183	\$ 11,407	
1Q March	\$ 2,844	\$ 2,698	\$ 2,624	
2Q June	\$ 3,352	\$ 3,322	\$ 2,738	
3Q September	\$ 2,398	\$ 2,993	\$ 2,852	
4Q December	\$ 2,369	\$ 2,170	\$ 3,194	
	F2019A	F2020E	F2021E	
EPS (diluted)	\$ (0.31)	\$ (0.35)	\$ 0.28	
1Q March	\$ (0.08)	\$ (0.08)	\$ 0.06	
2Q June	\$ (0.10)	\$ (0.10)	\$ 0.07	
3Q September	\$ (0.06)	\$ (0.09)	\$ 0.07	
4Q December	\$ (0.06)	\$ (0.08)	\$ 0.08	
EBITDA/Share	(\$0.30)	\$0.01	\$0.28	
EV/EBITDA (x)	0.0	0.0	0.3	
Stock Data				
52-Week Range	\$2.51	-	\$10.98	
Shares Outstanding (mil.)				27.5
Market Capitalization (mil.)				\$225
Enterprise Value (mil.)				\$188
Debt to Capital				0%
Book Value/Share				\$1.76
Price/Book				4.0
Average Three Months Trading Volume (K)				58
Insider Ownership				30.1%
Institutional Ownership				24.7%
Short interest (mil.)				5.6%
Dividend / Yield				\$0.00/0.0%



Israel is Interested. IIBR appears to be working with Dyadic to explore the potential of the C1 gene expression platform to express gene sequences and targets developed by IIBR. The research collaboration can combine IIBR's scientific capabilities and cGMP facilities with Dyadic's C1 gene expression platform to shorten the development cycle, lower the manufacturing cost, and improve the performance of vaccines and mAbs. Beyond Corona, the idea has been to be in a position to provide certain countermeasures against nerve agents such as sarin and VX gas, which are toxic and rapidly acting chemical warfare agents. The application of the C1 technology platform with Israeli and other government agencies (EU/U.S.) could help with the need to combat emerging biologic outbreaks, pandemics, epidemics, or other threats to national security and defense.

ZAPI Project. Dyadic has developed a biomanufacturing technology platform, nicknamed C1, which helps to speed the development, lower the manufacturing cost, and potentially improve the performance of biologic vaccines & drugs, including vaccines against Zoonotic diseases. For the past five years plus, Dyadic has been working with other pharmaceutical and biotech companies, universities and other institutes in the European Union Zoonotic Anticipation And Preparedness Initiative (ZAPI) Project, intending to create new platforms and technologies that will facilitate a fast, coordinated, and practical response to new animal and human infectious diseases, such as the Coronavirus, as soon as they emerge.

Sanofi (SNA- Not Rated). Dyadic is commercially working with Sanofi and various other top twenty-five pharma & biotech companies, as well as The Serum Institute of India, to further improve and apply the C1 gene expression platform to accelerate development, lower production costs and improve the performance of biologic vaccines, drugs, and other biologic products, at flexible commercial scales to make healthcare more accessible & affordable to patients globally.

The Serum Institute of India. It is a for-profit company and the world's largest vaccine manufacturer by the number of doses produced and sold globally (more than 1.5 billion doses), which includes a Polio vaccine as well as Diphtheria, Tetanus, Pertussis, Hib, BCG, r-Hepatitis B, Measles, Mumps, and Rubella vaccines. It's estimated that about 65% of the children in the world receive at least one vaccine manufactured by Serum Institute. Vaccines manufactured by the Serum Institute are accredited by the World Health Organization, Geneva. They are being used in around 170 countries across the globe in their national immunization programs, saving millions of lives throughout the world.

Product Modeling Assumptions. Dyadic is a platform company based on its C1 technology. The company's strategy, at this point in its evolution, is to pursue license and royalty structured deals across several focus areas, which include:

- a. **Large Pharma and Biotechnology companies** that have products in early stages of development, so much so that they can leverage the C1 manufacturing process (as more efficient, more cost-effective) early in the scale-up process.
- b. **Biosimilars.** We see "generic biologics" as a new and emerging industry. The industry is only partially focused on managing production costs. This is because makers' first priority has been to demonstrate that the manufactured product is truly the same as the brand. As the industry matures, we see the possibility of two key factors that may change, both of which could favor Dyadic.
 - i. The industry will ultimately compete on price, so makers with the lowest manufacturing cost will have a strategic advantage.
 - ii. Intellectual Property Infringement. Brand companies have already pursued IP infringement to prevent generic biosimilars from entering the market. One key area is to claim infringement on the manufacturing process itself. By shifting to a C1 (Dyadic) process, companies would not be infringing on the brand makers' processes.
- c. **Vaccine Industry.** Dyadic currently has a partnership deal (milestones and royalties) with the Serum Institute of India. The arrangement allows Serum to select up to 12 additional projects.
 - i. We assume that the rising demand for cheaper and faster production of vaccines only continues to rise with time. The global need is great, and in emerging countries, cost-effective production is critical. As Dyadic demonstrates success in the industry, we expect additional vaccine makers will utilize the C1 platform.
- d. **Industrial Industry.** Dyadic's first production was to move the denim jeans "stone-washed" blue jeans away from using stones to using C1 product methods. Multiple industrial processes could benefit from cost-effective production methods. We know that Dyadic has worked with the petroleum industry, although Dupont acquired that technology in a \$75M deal with the company.

Exhibit 1. Market Models: For the purposes of modeling, we assume Dyadic will focus on three areas, Industrials, Vaccines and Pharma and Biotech and Biosimilars.

Industrial Enzymes Production													
Milestone Revenues (M)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Biofuels (ethanol from fuels)						\$ -			\$ 5.0				\$ 15.0
Animal Feed				\$ 5.0			\$ 20.0				\$ 25.0		
Pulp and Paper					\$ 5.0			\$ 5.0			\$ 5.0		
Textiles						\$ 5.0				\$ 15.0			
Food and Food Related				\$ 5.0			\$ 5.0		\$ 5.0			\$ 10.0	
Deal No. 6								\$ 5.0			\$ 5.0		\$ 5.0
Probability of Success			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Total Milestone Revenues	\$ -	\$ -	\$ -	\$ 2.0	\$ 1.0	\$ 1.0	\$ 5.0	\$ 2.0	\$ 2.0	\$ 3.0	\$ 7.0	\$ 2.0	\$ 4.0
Royalty Revenues (M)													
Biofuels (ethanol from fuels)						\$ -	\$ 4.0	\$ 5.0	\$ 6.0	\$ 7.0	\$ 8.0	\$ 9.0	\$ 10.0
Animal Feed				\$ 5.0	\$ 5.0	\$ 7.0	\$ 10.0	\$ 15.0	\$ 22.0	\$ 30.0	\$ 35.0	\$ 40.0	\$ 50.0
Pulp and Paper				\$ 5.0	\$ 7.0	\$ 9.0	\$ 9.9	\$ 10.9	\$ 12.0	\$ 13.2	\$ 14.5	\$ 15.9	\$ 17.5
Textiles				\$ 5.0	\$ 5.8	\$ 3.0	\$ 3.5	\$ 4.0	\$ 4.6	\$ 5.2	\$ 6.0	\$ 6.9	\$ 8.0
Food and Food Related				\$ 5.0	\$ 10.0	\$ 15.0	\$ 20.0	\$ 30.0	\$ 40.0	\$ 50.0	\$ 60.0	\$ 70.0	\$ 80.0
Deal No. 6				\$ 5.0	\$ 7.0	\$ 10.0	\$ 11.0	\$ 12.1	\$ 13.3	\$ 14.6	\$ 16.1	\$ 17.7	\$ 19.5
Probability of Success			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Total Royalty Revenues	\$ -	\$ -	\$ -	\$ 4.0	\$ 7.0	\$ 8.8	\$ 11.7	\$ 15.4	\$ 19.6	\$ 24.0	\$ 27.9	\$ 31.9	\$ 37.0
Total Industrial Enzyme Adjusted Milestone & Royalty Revenues	\$ -	\$ -	\$ -	\$ 6.0	\$ 8.0	\$ 9.8	\$ 16.7	\$ 17.4	\$ 21.6	\$ 27.0	\$ 34.9	\$ 33.9	\$ 41.0
Serum Institute of India & "Other vaccine" Partnerships													
Milestone Revenues (M)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Development of up to 12 antibodies and vaccines			\$ 5.0			\$ 5.0			\$ 5.0				\$ 15.0
Deal No. 2				\$ 10.0			\$ 20.0				\$ 25.0		
Deal No. 3					\$ 10.0			\$ 5.0			\$ 5.0		
Deal No. 4			\$ 5.0			\$ 5.0				\$ 15.0			
Deal No. 5				\$ 5.0			\$ 5.0		\$ 5.0			\$ 10.0	
Deal No. 6								\$ 5.0			\$ 5.0		\$ 5.0
Probability of Success			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Total Milestone Revenues	\$ -	\$ -	\$ 2.0	\$ 3.0	\$ 2.0	\$ 2.0	\$ 5.0	\$ 2.0	\$ 2.0	\$ 3.0	\$ 7.0	\$ 2.0	\$ 4.0
Royalty Revenues (M)													
Development of up to 12 antibodies and vaccines						\$ -	\$ 4.0	\$ 5.0	\$ 6.0	\$ 7.0	\$ 8.0	\$ 9.0	\$ 10.0
Option to obtain exclusive commercial sublicense 15 yrs royalty					\$ 7.0	\$ 10.0	\$ 14.0	\$ 18.0	\$ 22.0	\$ 30.0	\$ 35.0	\$ 40.0	\$ 50.0
Deal No. 3					\$ 7.0	\$ 9.0	\$ 9.9	\$ 10.9	\$ 12.0	\$ 13.2	\$ 14.5	\$ 15.9	\$ 17.5
Deal No. 4					\$ -	\$ 3.0	\$ 3.5	\$ 4.0	\$ 4.6	\$ 5.2	\$ 6.0	\$ 6.9	\$ 8.0
Deal No. 5				\$ 10.0	\$ 15.0	\$ 20.0	\$ 30.0	\$ 40.0	\$ 50.0	\$ 60.0	\$ 70.0	\$ 80.0	
Deal No. 6				\$ 7.0	\$ 10.0	\$ 11.0	\$ 12.1	\$ 13.3	\$ 14.6	\$ 16.1	\$ 17.7	\$ 19.5	
Probability of Success			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Total Royalty Revenues	\$ -	\$ -	\$ -	\$ -	\$ 6.2	\$ 9.4	\$ 12.5	\$ 16.0	\$ 19.6	\$ 24.0	\$ 27.9	\$ 31.9	\$ 37.0
Total Serum Institute (India) & Other Vaccines Milestone & Royalty Revenues	\$ -	\$ -	\$ 2.0	\$ 3.0	\$ 8.2	\$ 11.4	\$ 17.5	\$ 18.0	\$ 21.6	\$ 27.0	\$ 34.9	\$ 33.9	\$ 41.0
Pharma, Biotech and Biosimilars													
Milestone Revenues (M)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Deal No. 1			\$ 5.0			\$ 5.0			\$ 5.0				\$ 15.0
Deal No. 2				\$ 10.0			\$ 20.0				\$ 25.0		
Deal No. 3					\$ 10.0			\$ 5.0			\$ 5.0		
Deal No. 4			\$ 5.0			\$ 5.0				\$ 15.0			
Deal No. 5				\$ 5.0			\$ 5.0		\$ 5.0			\$ 10.0	
Deal No. 6								\$ 5.0			\$ 5.0		\$ 5.0
Probability of Success			30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Milestone Revenues	\$ -	\$ -	\$ 3.0	\$ 4.5	\$ 3.0	\$ 3.0	\$ 7.5	\$ 3.0	\$ 3.0	\$ 4.5	\$ 10.5	\$ 3.0	\$ 6.0
Royalty Revenues (M)													
Deal No. 1						\$ -	\$ 4.0	\$ 5.0	\$ 6.0	\$ 7.0	\$ 8.0	\$ 9.0	\$ 10.0
Deal No. 2				\$ 5.0	\$ 7.0	\$ 10.0	\$ 14.0	\$ 18.0	\$ 22.0	\$ 30.0	\$ 35.0	\$ 40.0	\$ 50.0
Deal No. 3				\$ 5.0	\$ 7.0	\$ 9.0	\$ 9.9	\$ 10.9	\$ 12.0	\$ 13.2	\$ 14.5	\$ 15.9	\$ 17.5
Deal No. 4				\$ 5.0	\$ 5.8	\$ 3.0	\$ 3.5	\$ 4.0	\$ 4.6	\$ 5.2	\$ 6.0	\$ 6.9	\$ 8.0
Deal No. 5				\$ 5.0	\$ 10.0	\$ 15.0	\$ 20.0	\$ 30.0	\$ 40.0	\$ 50.0	\$ 60.0	\$ 70.0	\$ 80.0
Deal No. 6				\$ 5.0	\$ 7.0	\$ 10.0	\$ 11.0	\$ 12.1	\$ 13.3	\$ 14.6	\$ 16.1	\$ 17.7	\$ 19.5
Probability of Success			30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Royalty Revenues	\$ -	\$ -	\$ -	\$ 7.5	\$ 11.0	\$ 14.1	\$ 18.7	\$ 24.0	\$ 29.4	\$ 36.0	\$ 41.9	\$ 47.9	\$ 55.5
Total Industrial, Vaccines and Pharma & Biotech - Vaccines Milestone & Royalty Revenues			\$ 3.0	\$ 12.0	\$ 14.0	\$ 17.1	\$ 26.2	\$ 27.0	\$ 32.4	\$ 40.5	\$ 52.4	\$ 50.9	\$ 61.5

Source: Dawson James estimates

Valuation. If we flip a coin four times, the reality is we have no idea how many times it will be heads vs. tails. The same thing is true in terms of our ability to predict the next partnership or license deal Dyadic may announce. With that said, if we flip a coin a hundred times, we can expect about half of the tosses to be heads (or tails). For Dyadic, we broadly evaluate the utility of the C1 platform across multiple market segments. Pharma and Biotechnology, Biosimilars, Vaccines, and Industrial markets. We assume eight possible deals over the next ten years, in each of the three segments, or 24 possible revenue streams, each with their own milestones and royalties. We know it's unlikely that the company will achieve all 24 deals, and we also believe it's equally unlikely they will have no new deals (given the existing track record). For this modeling exercise, we apply an 70-80% discount (or 20-30% probability of success) factor to determine the revenue stream. This discount is in addition to our (r) discount rate that we use in our Free Cash Flow to the Firm (FCFF), discounted EPS (dEPS), and Sum of the Parts (SOP) models. For this rate, we select $r = 15\%$. Our model uses a fully diluted projected out-year (2030) share count. Our three models (FCFF, dEPS, and SOP) are then equal-weighted, averaged, and rounded to the nearest whole number to derive our 12-month price target of \$12.00.

Exhibit 2. Discounted Free Cash Flow Model

Average \$		12.00										
Price Target		13										
Year		2021										
units ('000)	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(8,298)	(10,767)	7,593	17,540	25,433	43,240	48,023	60,902	78,700	102,141	103,355	125,872
Tax Rate	0%	0%	0%	0%	10%	15%	20%	22%	24%	25%	27%	29%
EBIT (1-t)	(8,298)	(10,767)	7,593	17,540	22,889	36,754	38,419	47,504	59,812	76,606	75,449	89,369
CapEx	(47,616)	(14,971)	-	-	-	-	-	-	-	-	-	-
Depreciation	198	282	-	-	-	-	-	-	-	-	-	-
Change in NWC												
FCF	(55,715)	(25,455)	7,593	17,540	22,889	36,754	38,419	47,504	59,812	76,606	75,449	89,369
PV of FCF	(73,683)	(29,273)	7,593	15,252	17,308	24,167	21,966	23,618	25,858	28,799	24,664	25,404
Discount Rate	15%											
Long Term Growth Rate	1%											
Terminal Cash Flow	644,735											
Terminal Value YE2027	183,274											
NPV	368,631											
NPV-Debt												
Shares out ('000)	28,589	2030E										
NPV Per Share	13											

Source: Dawson James estimates, company reports

Exhibit 3. EPS Model

Current Year	2021
Year of EPS	2030
Earnings Multiple	10
Discount Factor	15%
Selected Year EPS	\$ 2.99
NPV	8.49

		Discount Rate and Earnings Multiple Varies, Year is Constant						
		8.49	5%	10%	15%	20%	25%	30%
Earnings Multiple	0	0	0	0	0	0	0	0
	5	10.53	6.61	4.24	2.77	1.84	1.24	
	10	21.06	13.23	8.48	5.54	3.68	2.49	
	15	31.59	19.84	12.72	8.31	5.52	3.73	
	20	42.12	26.45	16.96	11.08	7.37	4.98	
	25	52.65	33.06	21.20	13.85	9.21	6.22	
	30	63.18	39.68	25.44	16.62	11.05	7.46	
	35	73.71	46.29	29.68	19.39	12.89	8.71	

Source: Dawson James estimates

Exhibit 4. Sum-of-the-Parts Model

Dyadic	LT Gr	Discount Rate	Yrs to Peak	% Success	Peak Sales (MM's)	Term Val)
Industrial	1%	15%	5	30%	\$205	\$1,464
NPV						\$5.0
Vaccines	1%	15%	5	30%	\$205	\$1,464
NPV						\$5.0
Pharma & Biotech	1%	15%	5	30%	\$205	\$1,464
NPV						\$5.0
NPV						\$0.0
Net Margin						65%
MM Shrs OS (2030E)						29
Total						\$14.90

Source: Dawson James estimates

Risk Analysis

In addition to the typical risks associated with development stage technology and biotechnology-related companies, potential risks specific to Dyadic are as follows:

Partnership risk. The company is also expected to make agreements with partners for additional products, but there can be no assurances that the company will be able to secure favorable partnerships.

Commercial risk. There are no assurances that the company will be able to achieve significant sales, market share, or become profitable.

Clinical and regulatory risk. Dyadic may pursue the development of its products and face the associated regulatory risks.

Financial risk. The company may need to raise capital in the marketplace, and there can be no assurances that the company will be able to successfully raise capital and or do so at favorable terms.

Legal and intellectual property risk. The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and/or that the company may infringe on third parties' patents.

Exhibit 5. Income Statement

DYAL: Income Statement (\$000)																	
YE December 31	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:																	
Research & Development Revenue	1,295	1,681	315	524	416	459	1,715	1,749	1,784	1,820	1,856	1,893	1,931	1,970	2,009	2,049	2,090
Total Product Sales	1,295	1,681	315	524	416	459	1,715	1,749	1,784	1,820	1,856	1,893	1,931	1,970	2,009	2,049	2,090
Industrial Milestone Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial Royalty Revenues	-	-	-	-	-	-	6,000	10,425	13,200	17,505	23,087	29,355	36,019	41,890	47,880	55,502	60,000
Vaccine & Related Milestone Revenues	-	-	-	-	-	-	4,500	3,000	3,000	7,500	3,000	3,000	4,500	10,500	3,000	6,000	6,000
Vaccine & Related Royalty Revenues	-	-	-	-	-	-	-	9,300	14,100	18,705	23,987	29,355	36,019	41,890	47,880	55,502	60,000
Pharma and Bio Related Milestone Revenues	-	-	-	-	-	-	4,500	3,000	3,000	7,500	3,000	3,000	4,500	10,500	3,000	6,000	6,000
Pharma and Bio Related Royalty Revenues	-	-	-	-	-	-	7,500	11,025	14,100	18,705	23,987	29,355	36,019	41,890	47,880	55,502	60,000
Total Revenue	1,295	1,681	-	-	416	-	416	22,500	36,750	47,400	69,915	77,062	94,066	117,058	146,670	149,639	178,505
Expenses:																	
Cost of research and development revenue	1,027	1,460	278	624	267	320	1,489	1,519	1,549	1,580	1,612	1,644	1,677	1,710	1,744	1,779	1,815
Research & Development	2,102	3,088	755	1,116	986	292	3,149	3,212	3,277	3,342	3,409	3,477	3,547	3,618	3,690	3,764	3,839
Research & Development (related party)	1,216	869	-	75	112	699	886	904	922	940	959	978	998	1,018	1,038	1,059	1,080
General & Administrative	4,523	5,520	1,653	1,475	1,643	858	5,630	5,743	5,858	5,975	6,094	6,216	6,341	6,467	6,597	6,729	6,863
Foreign Currency Exchange	21	28	11	32	(16)	2	28	29	29	30	31	31	32	32	33	34	34
Total Expenses	8,888	10,964	2,698	3,322	2,993	2,170	11,183	11,407	11,635	11,867	12,105	12,347	12,594	12,846	13,103	13,365	13,632
Operating Income (Loss)	(7,592)	(9,283)	(2,383)	(2,798)	(2,576)	(2,170)	(10,767)	11,093	25,115	35,533	57,810	64,715	81,473	104,213	133,568	136,274	164,873
Settlement of Litigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income, net	895	985	168	147	77	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income	895	985	168	147	77	-	315	11,093	25,115	35,533	57,810	64,715	81,473	104,213	133,568	136,274	164,873
Pretax Income	(6,697)	(8,298)	(2,214)	(2,651)	(2,499)	(2,170)	(10,767)	11,093	25,115	35,533	57,810	64,715	81,473	104,213	133,568	136,274	164,873
Income Tax Benefit (Provision)	1,006	12	-	-	-	-	-	-	-	3,553	8,672	12,943	17,924	25,011	33,392	36,794	47,813
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	15%	20%	22%	24%	25%	27%	29%
Gain (Loss) from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Net Income (Loss)	(5,692)	(8,310)	(2,214)	(2,651)	(2,499)	(2,170)	(9,535)	11,093	25,115	31,979	49,139	51,772	63,549	79,202	100,176	99,480	117,060
GAAP-EPS	(0.21)	(0.31)	(0.08)	(0.10)	(0.09)	(0.08)	(0.35)	0.40	0.91	1.15	1.76	1.85	2.26	2.80	3.53	3.49	4.09
GAAP-EPS (Dil)	(0)	(0.31)	(0.08)	(0.10)	(0.09)	(0.08)	(0.35)	0.38	0.87	1.10	1.68	1.76	2.16	2.68	3.37	3.34	3.91
Wgt'd Avg Shrs (Bas) - '000s	27,673	27,003	27,452	27,467	27,482	27,510	27,478	27,578	27,689	27,800	27,911	28,023	28,135	28,248	28,361	28,475	28,589
Wgt'd Avg Shrs (Dil) - '000s	27,673	27,003	27,452	27,467	27,482	27,757	27,478	27,578	27,689	27,800	27,911	28,023	28,135	28,248	28,361	28,475	28,589

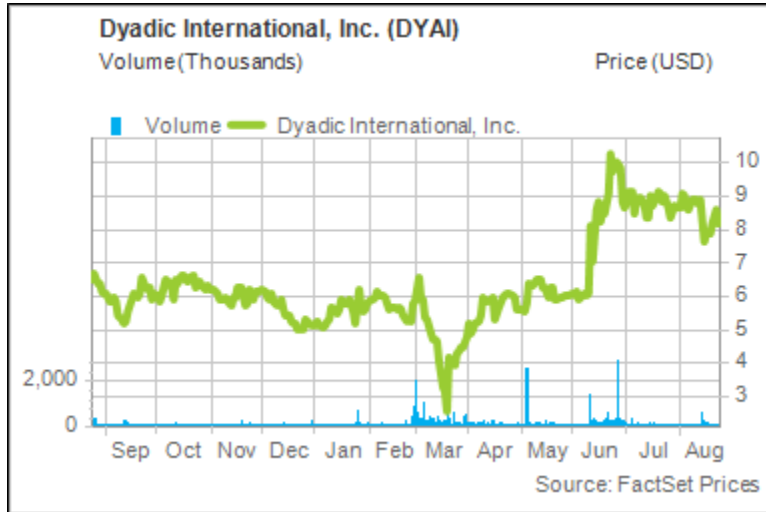
Source: Dawson James estimates, company reports

Companies related to Dyadic and or mentioned in this report:

DuPont
Sanofi

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:

Initiated – Buy – October 14, 2019 – Price Target \$14.00
 Update – Buy – November 4, 2019 – Price Target \$14.00
 Update – Buy – November 22, 2019 – Price Target \$14.00
 Update – Buy – January 27, 2020 – Price Target \$14.00
 Update – Buy – February 26, 2020 – Price Target \$14.00
 Update – Buy – April 20, 2020 – Price Target \$14.00
 Update – Buy – June 10, 2020 – Price Target \$14.00
 Update – Buy – July 9, 2020 – Price Target \$14.00
 Update – Buy – August 25, 2020 – Price Target \$12.00
 Update – Buy – October 23, 2020 – Price Target \$12.00
 Update – Buy – December 4, 2020 – Price Target \$12.00

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Ratings Definitions:

- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	78%	4	19%
Market Perform (Neutral)	6	22%	1	17%
Market Underperform (Sell)	0	0%	0	0%
Total	27	100%	5	19%

Analyst Certification:

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