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Toll-Free: 561-391-5555 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

Dyadic (DYAI-NASDAQ) – Buy-Rated

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Jason H. Kolbert

Head of Healthcare Research

646-465-6891

Did Dyadic Miss the COVID Window? We are Lowering our PT from \$12 to \$6

Dyadic reported 1Q21 results with revenues of just \$0.46M and expenses of \$3.8M, for a loss of \$3.2M in the period. The company has \$27M in cash. DYAI-100 (COVID) is advancing to human trials, but at this point, we are not clear what the potential is, given the wide number of late-stage vaccines (as well as approved vaccines) now available in the marketplace. As such, we are pushing back our estimates and assumptions across the board (COVID, animal health, human health and other[s]) by two years. The result is that our target valuation drops from \$12.00 to \$6.00. Given the fall in the stock price, our Buy rating is still supported.

Investment Highlights

Covid Update. Dyadic is working with multiple 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. Given the news that a candidate is now selected and advancing to trials, we are hopeful that the C1 platform will become part of a future COVID vaccine, although we recognize that the landscape is maturing.

Dyadic highlighted two non-exclusive research license agreements, including WuXi Biologics, to continue their C1 research projects in a CDMO and manufacturing environment at their own facilities. There have also been some advances in animal health, too, and multiple early-stage collaborations in human health. We are hopeful that in time, the company can advance and monetize some of the agreements.

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 such as the Pharma and Biotechnology areas, Biosimilars, Vaccines, and Industrial markets. For this modeling exercise, we apply a +/- 80% discount (or 20% +/- 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 \$6.00.

Risks include: Partnership, commercialization, financial, clinical and regulatory, and legal and intellectual property.

Current Price				\$3.73
Price Target				\$ 6.00
Estimates	F2019A	F2020A	F2021E	
Expenses (\$000s)	\$ 10,964	\$ 11,628	\$ 11,860	
1Q March	\$ 2,844	\$ 2,698	\$ 3,781	
2Q June	\$ 3,352	\$ 3,322	\$ 2,846	
3Q September	\$ 2,398	\$ 2,993	\$ 2,965	
4Q December	\$ 2,369	\$ 2,615	\$ 2,268	
	F2019A	F2020A	F2021E	
EPS (diluted)	\$ (0.31)	\$ (0.34)	\$ (0.37)	
1Q March	\$ (0.08)	\$ (0.08)	\$ (0.12)	
2Q June	\$ (0.10)	\$ (0.10)	\$ (0.09)	
3Q September	\$ (0.06)	\$ (0.09)	\$ (0.09)	
4Q December	\$ (0.06)	\$ (0.07)	\$ (0.07)	
EBITDA/Share	(\$0.30)	\$0.02	(\$0.37)	
EV/EBITDA (x)	0.0	0.0	-0.4	
Stock Data				
52-Week Range	\$3.51	-	\$10.98	
Shares Outstanding (mil.)				27.6
Market Capitalization (mil.)				\$103
Enterprise Value (mil.)				\$66
Debt to Capital				0%
Book Value/Share				\$1.76
Price/Book				5.2
Average Three Months Trading Volume (K)				270
Insider Ownership				30.0%
Institutional Ownership				22.4%
Short interest (mil.)				4.2%
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 to 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 a few key areas.
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			
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	
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

Royalty Revenues (M)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Biofuels (ethanol from fuels)						\$ -	\$ 4.0	\$ 5.0	\$ 6.0	\$ 7.0	\$ 8.0	\$ 9.0	\$ 10.0
Animal Feed					\$ -	\$ 5.0	\$ 7.0	\$ 10.0	\$ 15.0	\$ 22.0	\$ 30.0	\$ 35.0	\$ 40.0
Pulp and Paper				\$ -	\$ -	\$ 2.0	\$ 5.0	\$ 5.5	\$ 6.1	\$ 6.7	\$ 7.3	\$ 8.1	\$ 8.9
Textiles				\$ -	\$ -	\$ -	\$ 3.0	\$ 3.5	\$ 4.0	\$ 4.6	\$ 5.2	\$ 6.0	\$ 6.9
Food and Food Related				\$ -	\$ -	\$ -	\$ 5.0	\$ 10.0	\$ 15.0	\$ 20.0	\$ 25.0	\$ 30.0	\$ 30.0
Deal No. 6				\$ -	\$ -	\$ -	\$ 5.0	\$ 5.5	\$ 6.1	\$ 6.7	\$ 7.3	\$ 8.1	\$ 8.9
Probability of Success			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Total Royalty Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.4	\$ 5.8	\$ 7.9	\$ 10.4	\$ 13.4	\$ 16.6	\$ 19.2	\$ 20.9

Total Industrial Enzyme Adjusted Milestone & Royalty Revenues \$ - \$ - \$ - \$ - \$ 2.0 \$ 2.4 \$ 6.8 \$ 12.9 \$ 12.4 \$ 15.4 \$ 19.6 \$ 26.2 \$ 22.9

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		
Deal No. 2						\$ 5.0			\$ 10.0				\$ 25.0
Deal No. 3							\$ 5.0			\$ 5.0			\$ 5.0
Deal No. 4				\$ -				\$ 5.0				\$ 15.0	
Deal No. 5						\$ 5.0			\$ 5.0		\$ 5.0		\$ 5.0
Deal No. 6									\$ 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	\$ 3.0	\$ 2.0	\$ 2.0	\$ 3.0	\$ 7.0

Royalty Revenues (M)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Development of up to 12 antibodies and vaccines					\$ -	\$ 4.0	\$ 4.0	\$ 5.0	\$ 6.0	\$ 7.0	\$ 8.0	\$ 9.0	\$ 10.0
Option to obtain exclusive commercial sublicense 15 yrs royalty					\$ 4.0	\$ 6.0	\$ 8.0	\$ 10.0	\$ 10.0	\$ 12.0	\$ 14.0	\$ 16.0	\$ 18.0
Deal No. 3					\$ 7.0	\$ 9.0	\$ 9.9	\$ 10.9	\$ 10.9	\$ 12.0	\$ 13.2	\$ 14.5	\$ 15.9
Deal No. 4					\$ -	\$ 3.0	\$ 3.5	\$ 4.0	\$ 4.6	\$ 5.2	\$ 6.0	\$ 6.9	\$ 7.7
Deal No. 5					\$ 4.0	\$ 7.0	\$ 10.0	\$ 15.0	\$ 30.0	\$ 50.0	\$ 60.0	\$ 70.0	\$ 77.0
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.4	\$ 7.8	\$ 9.5	\$ 11.6	\$ 15.8	\$ 21.0	\$ 24.3	\$ 27.7

Total Serum Institute (India) & Other Vaccines Milestone & Royalty Revenues \$ - \$ - \$ - \$ - \$ - \$ 6.4 \$ 8.8 \$ 10.5 \$ 14.6 \$ 17.8 \$ 23.0 \$ 27.3 \$ 34.7

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		
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		\$ 5.0		\$ 5.0
Deal No. 6										\$ 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

Royalty Revenues (M)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Deal No. 1					\$ -	\$ 4.0	\$ 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			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Total Royalty Revenues	\$ -	\$ -	\$ -	\$ 5.0	\$ 7.4	\$ 9.4	\$ 12.5	\$ 16.0	\$ 19.6	\$ 24.0	\$ 27.9	\$ 31.9	\$ 37.0

Industrial, Vaccines and Pharma & Biotech - Vaccines Milestone & Royalty Revenues \$ - \$ - \$ 5.0 \$ 9.4 \$ 12.4 \$ 14.5 \$ 18.0 \$ 24.6 \$ 26.0 \$ 29.9 \$ 34.9 \$ 44.0

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 a number of 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 80% discount (or 20% 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 \$6.00.

Exhibit 2. Discounted Free Cash Flow Model

Average \$		6.00										
Price Target	7											
Year	2021											
units ('000)	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(8,298)	(9,294)	(10,226)	(2,747)	7,861	16,484	23,514	36,481	43,801	55,894	67,578	85,478
Tax Rate	0%	0%	0%	0%	10%	15%	20%	22%	24%	25%	27%	29%
EBIT (1-t)	(8,298)	(9,294)	(10,226)	(2,747)	7,075	14,011	18,811	28,455	33,289	41,920	49,332	60,689
CapEx	(47,616)	(17,639)	(11,975)	-	-	-	-	-	-	-	-	-
Depreciation	198	331	421	-	-	-	-	-	-	-	-	-
Change in NWC												
FCF	(55,715)	(26,602)	(21,780)	(2,747)	7,075	14,011	18,811	28,455	33,289	41,920	49,332	60,689
PV of FCF	(73,683)	(30,592)	(21,780)	(2,389)	5,349	9,213	10,755	14,147	14,392	15,759	16,127	17,252
Discount Rate	15%											
Long Term Growth Rate	1%											
Terminal Cash Flow	437,830											
Terminal Value YE2027	124,459											
NPV	203,284											
NPV-Debt												
Shares out ('000)	28,585	2030E										
NPV Per Share	7											

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	\$ 2.03
NPV	5.76

Discount Rate and Earnings Multiple Varies, Year is Constant							
	5.76	5%	10%	15%	20%	25%	30%
Earnings Multiple	0	0	0	0	0	0	0
	5	12.60	8.29	5.56	3.79	2.62	1.84
	10	25.21	16.58	11.12	7.58	5.25	3.69
	15	37.81	24.88	16.67	11.37	7.87	5.53
	20	50.42	33.17	22.23	15.16	10.50	7.38
	25	63.02	41.46	27.79	18.95	13.12	9.22
	30	75.63	49.75	33.35	22.74	15.75	11.06
	35	88.23	58.05	38.91	26.53	18.37	12.91

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	20%	\$115	\$819
NPV						\$1.4
Vaccines	1%	15%	5	20%	\$174	\$1,240
NPV						\$2.2
Pharma & Biotech	1%	15%	5	20%	\$220	\$1,571
NPV						\$2.7
NPV						\$0.0
Net Margin						50%
MM Shrs OS (2030E)						29
Total						\$6.31

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	2020A	1Q21A	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Research & Development Revenue	1,295	1,681	1,602	461	392	408	373	1,634	383	400	417	467	1,667	1,700	1,734	1,769	1,804	1,840	1,877	1,914	1,953
Total Product Sales	1,295	1,681	1,602	461	392	408	373	1,634	383	400	417	467	1,667	1,700	1,734	1,769	1,804	1,840	1,877	1,914	1,953
Industrial Milestone Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	2,100	8,700	11,835	15,620	20,062	24,866	28,842	31,396
Industrial Royalty Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	1,500	1,500	4,500	3,000	3,000	4,500	10,500
Vaccine & Related Milestone Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	6,600	11,700	14,205	17,387	23,655	31,519	36,490	41,580
Vaccine & Related Royalty Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	1,500	1,500	4,500	3,000	3,000	4,500	10,500
Pharma and Bio Related Milestone Revenues	-	-	-	-	-	-	-	-	690	720	750	840	3,000	4,500	3,000	3,000	7,500	3,000	3,000	4,500	10,500
Pharma and Bio Related Royalty Revenues	-	-	-	-	-	-	-	-	2,536	2,646	2,756	3,087	11,025	14,100	18,705	23,987	29,355	36,019	41,890	47,980	55,602
Total Revenue	1,295	1,681	1,602	461	392	408	373	1,634	3,226	3,366	3,506	3,927	14,025	30,300	43,605	54,527	74,363	85,737	104,276	122,212	149,476
Expenses:																					
Cost of research and development revenue	1,027	1,460	1,425	391	349	363	350	1,453	341	356	371	415	1,482	1,512	1,542	1,573	1,605	1,637	1,670	1,703	1,737
Research & Development	2,102	3,088	3,868	1,808	947	986	204	3,945	926	966	1,006	1,127	4,024	4,105	4,187	4,271	4,356	4,443	4,532	4,623	4,715
Research & Development (related party)	1,216	869	187	46	48	98	98	191	45	47	49	55	195	199	203	207	211	215	220	224	228
General & Administrative	4,523	5,520	6,085	1,554	1,490	1,552	1,611	6,206	1,456	1,519	1,583	1,773	6,331	6,457	6,586	6,718	6,852	6,990	7,129	7,272	7,417
Foreign Currency Exchange	21	28	62	28	15	16	4	64	15	16	16	18	65	66	67	69	70	72	73	75	76
Total Expenses	8,888	10,964	11,626	3,781	2,846	2,965	2,265	11,860	2,762	2,903	3,024	3,337	12,097	12,339	12,586	12,838	13,085	13,356	13,624	13,896	14,174
Operating Income (Loss)	(7,592)	(9,283)	(10,026)	(3,321)	(2,454)	(2,557)	(1,895)	(10,226)	443	463	482	540	1,928	17,961	31,019	41,689	61,268	72,380	90,652	108,315	135,304
Settlement of Litigation	-	-	285	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income, net	895	985	447	447	447	447	447	447	447	447	447	447	447	447	447	447	447	447	447	447	447
Total Other Income	895	985	447	447	447	447	447	447	443	463	482	540	1,928	17,961	31,019	41,689	61,268	72,380	90,652	108,315	135,304
Pre-tax Income	(6,698)	(8,298)	(9,294)	(3,294)	(2,454)	(2,557)	(1,895)	(10,226)	443	463	482	540	1,928	17,961	31,019	41,689	61,268	72,380	90,652	108,315	135,304
Income Tax Benefit (Provision)	1,006	12	31	-	-	-	-	-	-	-	-	-	-	1,796	4,653	8,338	13,479	17,371	22,663	29,245	39,238
Tax Rate	0%	0%	0%	0%	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)	(9,325)	(3,294)	(2,454)	(2,557)	(1,895)	(10,200)	443	463	482	540	1,928	16,165	26,366	33,352	47,789	55,009	67,989	79,070	96,066
GAAP-EPS	(0.21)	(0.31)	(0.34)	(0.12)	(0.09)	(0.09)	(0.07)	(0.37)	0.02	0.02	0.02	0.02	0.07	0.58	0.84	1.19	1.70	1.95	2.40	2.78	3.36
GAAP-EPS (Dil)	(0)	(0.31)	(0.34)	(0.12)	(0.09)	(0.08)	(0.06)	(0.36)	0.02	0.02	0.02	0.02	0.07	0.55	0.90	1.14	1.62	1.86	2.29	2.65	3.21
Wgid Avg Shrs (Bas) - '000s	27,673	27,003	27,472	27,533	27,561	27,588	27,616	27,575	27,644	27,671	27,699	27,727	27,685	27,796	27,907	28,019	28,131	28,244	28,357	28,471	28,585
Wgid Avg Shrs (Dil) - '000s	27,673	27,003	27,472	27,533	27,561	30,088	30,389	27,575	27,644	27,671	30,199	30,501	27,685	27,796	27,907	28,019	28,131	28,244	28,357	28,471	28,585

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
- Price Target Change – 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
- Update – Buy – March 18, 2021 – Price Target \$12.00
- Update – Buy – March 22, 2021 – Price Target \$12.00
- Price Target Change – Buy – May 17, 2021 – Price Target \$6.00

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- 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.

As of: 5-May-21

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	70%	5	22%
Market Perform (Neutral)	10	30%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	33	100%	5	15%

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