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Dyadic Applied BioSolutions, Inc. (DYAI: NASDAQ)

DYAI: Second Quarter Results

Our valuation approach employs a DCF model and a 15% discount rate. We assume a 22.5% probability of ultimate success for C1, based on historical drug approval rates and number of projects in the pipeline. The model assumes revenue contributions from sources worldwide.

Current Price (8/14/2026)	$0.79
Valuation	**$7.00**

OUTLOOK

Dyadic has developed C1, its proprietary fungal expression system that can produce a variety of recombinant proteins. C1 has been commercialized in industrial applications and is in development for production of pharmaceutical grade proteins. C1 exhibits potential to economically produce recombinant proteins, biologic vaccines, virus-like particles, antibodies, Fc-fusion, enzymes, AAVs and other biopharmaceuticals.

In 2015, the company sold its industrial business to DuPont for $75 million and retained the exclusive right to sublicense C1 for use in animal and human pharmaceutical applications. Proceeds from the DuPont sale provided cash for further development of the C1 platform for production of biologics. Additional R&D funding is provided by partners. Dyadic has forged relationships with numerous collaborators and partners to provide the expression system for the manufacture of albumin, transferrin, α-lactalbumin, DNase I and chymosin among other proteins.

In the near term, we expect growing R&D revenue and first product revenues as additional partners are added using C1 and Dapibus technology to manufacture their products.

SUMMARY DATA

52-Week High	**1.35**
52-Week Low	**0.65**
One-Year Return (%)	**-0.6**
Beta	**1.1**
Average Daily Volume (sh)	**354,890**
Shares Outstanding (mil)	**40.1**
Market Capitalization ($mil)	**31.7**
Short Interest Ratio (days)	**0.2**
Institutional Ownership (%)	**14.5**
Insider Ownership (%)	**25.3**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**14.0**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(In millions of USD)

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2025	$0.4 A	$1.0 A	$1.2 A	$0.6 A	$3.1 A
2026	$1.1 A	$1.0 A	$1.3 E	$1.5 E	$4.9 E
2027					$7.0 E
2028					$11.0 E

Earnings per Share

	Q1	**Q2**	**Q3**	**Q4**	**Year**
2025	-$0.07 A	-$0.06 A	-$0.06 A	-$0.04 A	-$0.23 A
2026	-$0.05 A	-$0.06 A	-$0.03 E	-$0.02 E	-$0.15 E
2027					-$0.08 E
2028					-$0.01 E

WHAT'S NEW

Dyadic Applied BioSolutions, Inc. (NASDAQ: DYAI) announced 2Q:26 results on August 12th, 2026, and held a conference call providing additional detail after that day's market close. Dyadic updated investors on the status of its active relationships; however, there were no product revenues reported. Highlights of progress with the Dapibus product set include shipment of recombinant protein products and initial partner sales of recombinant transferrin and growth factors for cultivated-meat applications and initial commercial sales of non-animal bovine chymosin. Proliant's commercialization of Albufree DX continues with anticipated expansions into cell culture and cell and gene therapy applications.

Since the last update, Dyadic forged a new relationship with a European company for its precision-fermented dairy protein portfolio. It is also working on an improved enzyme in the paper and pulp industry that could lower costs in this narrow margin business. Dyadic continues its research work executing the Gates Foundation and Coalition for Epidemic Preparedness Innovations (CEPI) infectious disease programs. The company is working towards delivery of C1-produced monoclonal antibodies to support future use with these collaborators.

2Q:26 Operational & Financial Results

Dyadic released second quarter operational and financial results in a press release and a Form 10-Q filing with the SEC. Further detail was provided in a conference call held with investors. Below are financial results for the three months ending June 30th, 2026, compared to the same prior year period:

- Revenues were $1.0 million, essentially flat with prior year levels. Moving parts in the sales line include a $90,000 decline in R&D revenue from smaller and fewer collaborations and the absence of a $250,000 milestone received in the prior year. These amounts were offset by an increase in grant revenue from CEPI and the Gates Foundation;
- Cost of revenue totaled $984,000, rising 60% from $614,000 on higher research and grant revenue cost related to the CEPI and Gates Foundation grants partially offset by a decrease in the cost of R&D revenue;
- Research and development expense was down 47% to $333,000 from $629,000 due to a decrease in the number of active internal research initiatives in support of product development;
- General and administrative expenses were $1.7 million vs $1.4 million, rising 18%. Higher legal and accounting expenses, and rebranding and business development expenses contributed. These amounts were partially offset by a decrease in share-based compensation and incentives;
- Foreign currency exchange loss was $9,000 vs a loss of $16,000 due to fluctuations in the Euro-Dollar exchange rate;
- Total other expenses were $70,000 vs $65,000 due to fluctuations in net interest expense categories;
- Net loss amounted to $2.1 million vs $1.8 million. On a per share basis, net loss was $0.06 for both periods.

As of June 30th, 2026, cash, equivalents and short-term securities totaled $4.7 million compared to $8.6 million at the end of 2025. This includes restricted cash of about $1.6 million that is earmarked for work associated with the Gates Foundation Grant. Cash burn during the first six months of 2026 was $3.8 million compared with $2.1 million for the same prior year period. No cash from financing was recorded in the quarter. However, following the second quarter earnings report, on August 13th Dyadic announced a private placement that raised net proceeds of $2.28 million. Dyadic also has access to an At-The-Market (ATM) sales agreement with Craig-Hallum. In the company's 10-Q Filing, which was issued prior to the post-2Q:26 capital raise, it notes that there is substantial doubt about its ability to continue as a going concern.

Registered Direct Offering and Private Placement

A day following the second quarter earnings report, Dyadic announced a $2.9 million registered direct offering and concurrent private placement of warrants. 3,625,000 shares of common stock were offered at $0.795 per share along with the same number of warrants at a purchase price of $0.005 per warrant. The exercise price for the warrant is set at $0.84. Net proceeds are expected to be $2.28 million which will be used for normal Dyadic business operations. Aegis Capital served as the sole placement agent for the offering.

Exhibit I – Activities and Recent Accomplishments

Source: Dyadic Corporate Presentation, May 2026

Partnerships and Collaborations

Dyadic reiterated its progress over the past two years with its numerous partnerships and collaborations adding a few additional agreements and, we believe, moving closer to product revenues. Reviewing progress year-to-date, the company highlighted continued advancement across the commercialization continuum, including strategic partner recruitment around the globe, customer identification, OEM distribution expansion, product launches, initial purchase orders, milestone achievements and product shipments through commercial channels.

Recent developments included Dyadic's virus collaboration with Fondazione Biotecnopolo di Siena (FBS) to accelerate protein-vaccine antigen development with Scripps Research. The collaboration was able to develop and deliver stable pools of C1 cell lines and manufacture and initially purify two Scripps-designed Bundibugyo Ebola antigens in 15 days to FBS and Scripps. The non-dairy pipeline is also advancing through a commercial launch of recombinant bovine chymosin through Inzymes and the ongoing development of recombinant bovine alpha-lactalbumin with BRIG BIO.

Earlier in the year we highlighted the OEM distribution agreement with IBT Bioservices, commercialization activities with Proliant and Fermbox Bio, milestone revenue recognition under the Inzymes agreement, and ongoing funded collaborations with organizations such as the Gates Foundation and CEPI.

As the year progresses, we are looking to the timing, consistency and magnitude of collections, revenues and cash flow generation. While the trajectory toward commercialization appears to be delayed, the pace and scale of future revenue recognition remain uncertain, and we expect additional clarity to emerge over the coming quarters

Beyond the revenue opportunities, Dyadic also penned agreements with longer-term impacts. The first is with Intralink Group for expanding commercial efforts in Japan and Korea. They have made progress with customer engagement in Japan, have shipped samples and are in the process of identifying product opportunities. COO Joe Hazelton made an in-person trip to the region earlier this summer where he forged several new relationships and strengthened existing ones. The relationship with Intralink expanded to include Europe where sampling activity is taking place.

Inzymes

On March 2nd, 2026, Dyadic announced the planned commercialization of chymosin with its partner Inzymes. Chymosin is an enzyme that is used in the clotting of milk. The company will partner with Inzymes to commercialize the non-animal protein, building on the original September 2023 agreement. The arrangement follows the award of a $200,000 contractual milestone payment to Dyadic in March 2026. The partners cite a global market for dairy processing of $1.5 to $2.0 billion. Drivers for further growth include increasing cheese consumption and increasing demand for sustainable, fermentation-derived alternatives to animal-sourced enzymes.[1]

Integrated Biotherapeutics (IBT) Bioservices

Dyadic entered into a commercial distribution partnership with Integrated Biotherapeutics (IBT) Bioservices. The arrangement was announced in mid-March and will commercialize Dyadic's recombinant protein products through IBT's established sales channels. The initial products expected to be offered under the agreement include recombinant DNase I and recombinant transferrin, with a focus on research-use-only applications. Dyadic expects to offer both human and bovine transferrin, along with additional cell culture-relevant recombinant proteins, as part of a broader and expanding product portfolio.

This will expand the breadth of Dyadic's protein offerings and will leverage IBT's established commercial infrastructure, allowing Dyadic to employ an asset-light model for product sales. The press release identified the opportunity to expand the collaboration potentially allowing Dyadic to supply market-ready products for distribution or licensing production strains to support partner-led manufacturing.

IBT was founded in 2005 and is based in Rockville, Maryland. It is the commercial-facing contract research and reagent distribution arm of the broader IBT enterprise. In addition to the active anti-infectious disease discovery pipeline at IBT, the company operates a CRO business called IBT Bioservices, which provides state-of-the-art infectious disease discovery capabilities, critical reagents, and animal model testing services to industrial and academic clients. The company has a critical focus on infectious disease and an array of relationships with US government biodefense agencies such as the National Institute of Allergy and Infectious Diseases (NIAID) and the U.S. Department of Defense (DoD).

BRIG BIO

On December 1st, 2025 Dyadic announced a development and commercialization agreement with BRIG Bio to commercialize recombinant bovine alpha-lactalbumin. Product development activities have been initiated, including initial product quality and application testing, with customer sampling activities expected. BRIG is a precision fermentation biotechnology company located in the Netherlands developing and producing recombinant dairy proteins. The company is focused on next-generation recombinant dairy ingredients, with an emphasis on creating animal-free protein alternatives that replicate the functional and nutritional properties of traditional dairy products. The LinkedIn page for the company's founder highlights the company's mission as developing "the next generation of proteins for medical nutrition, produced through precision fermentation, with the goal of improving patient health and nutritional care worldwide."

Under the agreement, BRIG will fund development of the alpha-lactalbumin program and will receive a global commercialization license for Dyadic's production strains. Dyadic will receive access and milestone payments and long-term shared revenue participation tied to commercial sales. It will also receive co-marketing and sales rights.

The press release notes that alpha-lactalbumin is a valuable whey protein used in infant, clinical and active nutrition. The market is expected to grow 7 – 8% per year over the next 10 years based on citations provided in the press release. North America is the largest market for the product and the Asia Pacific is expected to be the fastest growing region. It also finds that alpha-lactalbumin is used in premium products to provide an enhanced amino acid profile and functional benefits as well as production efficiency and supply expansion.

Opes Diagnostics Limited

Dyadic issued a press release on December 15th announcing its commercial partnership with Opes Diagnostics Limited. The partnership will support the commercial launch of Dyadic's recombinant human transferrin, bovine transferrin, human FGF and bovine FGF products for use in serum-free cell culture media applications in the life science, food and nutrition markets. Opes will use its existing commercial relationships to identify and engage prospects primarily in Europe, Israel and Asia. The arrangement seeks to accelerate the penetration of Dyadic's microbial expression platforms in research, diagnostics, cultured meat and life sciences biomanufacturing. In anticipation of the announcement, Opes has provided samples to multiple customers that use serum-free cell culture media.

[1] Chymosin (also known as rennin) is a proteolytic enzyme (a type of protease) that plays a key role in cheese production by coagulating (curdling) milk. It is naturally produced in the stomach of newborn ruminant animals like calves and curdles the mother's milk to slow digestion. In cheese manufacturing, chymosin causes milk to separate into solid curds and liquid whey. Most chymosin is now produced using recombinant methods that rely on precision fermentation.

Founded in 2019, Opes is a UK-based supplier of medical goods with an established network of customer relationships. It has been a supplier to laboratory, genetics and molecular diagnostic markets in the UK and Ireland. Opes has provided diagnostic tools, reagents, consumables and related products. It has also provided commercialization support for third party technologies and products seeking to expand into new geographies.

Fermbox

Dyadic and Fermbox announced an expansion of their strategic collaboration on December 17th, 2025. The broadening of the agreement seeks to accelerate the commercialization of animal-free proteins and enzymes across life science, food and nutrition and bioindustrial markets. Initiated in 2023, the relationship between the two companies employs the Dapibus platform to produce ethanol and cellulosic sugars for use in the energy industry. In 2025, Dyadic announced that the partnership has filled a purchase order for EN3ZYME which has now been completed. Sampling activity is now extending into the Asia-Pacific region.

The collaboration between the two assigns specific roles to each party. Dyadic serves as the provider of the fungal microbial expression platforms, production strains and development support. Fermbox Bio leads the downstream process development, scale-up and manufacturing.

In March 2026, Dyadic and Fermbox launched their first product in an expanded collaboration: Animal-origin-free recombinant DNase I (RNase free). It is the synthesis of Dyadic's proprietary high-yield fungal microbial expression platform and Fermbox' scale-up and biomanufacturing capabilities. The product is research-grade with a cGMP-grade version in development. Recombinant DNase I (RNase-free) is an endonuclease enzyme used for nucleic-acid clean-up and sample preparation workflows where residual DNA can interfere with analytical results. Its RNase-free specification supports RNA integrity in sensitive RNA workflows across biological research, biotechnology, and molecular diagnostics. The product is expected to be the first of many recombinant enzymes and proteins that will be introduced in 2026 including α-lactalbumin, recombinant transferrin, recombinant human FGF-2 and recombinant human lactoferrin among others. The most recent update from the collaboration was provided on the second quarter call in mid-August noting that Fermbox had scaled commercialization and initial orders for DNase I and transferrin.

Key features of the agreement expansion include:

- Manufacture of multiple Dyadic-origin products by Fermbox Bio, enabling efficient production and market expansion of sustainable, animal-free proteins and enzymes;
- Dual-sourcing flexibility, allowing both companies to supply production strains and finished products, produced using C1, Dapibus or alternative microbial systems;
- Integration of Fermbox-developed products into the joint commercial portfolio, where mutually agreed;
- A jointly managed, continuously updated product pipeline, allowing the companies to add new commercial opportunities as markets and customer needs evolve.

The expansion of the relationship is expected to accelerate product development, shorten commercialization timelines, and strengthen Dyadic's reach into high-growth markets. The focus will be on recombinant proteins for life sciences and food and nutrition, where demand for sustainable, economically viable animal-free ingredients is increasing. It will combine Fermbox' manufacturing infrastructure with Dyadic's microbial expression systems to expand offerings into the market.

Intralink Group Relationship

Dyadic has engaged Intralink Group to expand its commercial presence in Japan, South Korea and now Europe. Intralink will introduce Dyadic's DNase I (RNase-free) and human transferrin to prospects in these regions. A campaign will identify, prioritize and engage partners, distributors and contract development and manufacturing organizations (CDMOs). Initial areas of interest include biologics, cell and gene therapy and animal-free products. Over the last several months, Intralink has expanded to Europe and Dyadic has shipped samples to some of the prospects identified.

Intralink is a specialist business development consultancy that helps companies in the medical technology, diagnostics, life sciences tools & services and digital health domains to expand internationally. They assist companies outside of Asia in identifying partners for distribution, licensing and sales inside the region. The firm also provides market intelligence and local regulatory insight.

Product Revenue Recognition and Cash Receipts

With a portfolio of collaborations and partnerships, Dyadic is a party to a number of arrangements that may have long lead times between Dyadic's performance of its obligations, revenue recognition and receipt of cash flows.

Some counterparties will pay half up front and half on delivery, others use C1 or Dapibus technology to manufacture product themselves and then sell it. In these circumstances there will be a revenue, receivables and receipts (RRR) cycle for the manufacturer and then a receivables and receipts cycle for Dyadic. In other cases, such as that with IBT, Dyadic will ship unfinished product, the partner will finish it and make it available for sale. Each party will then have an RRR cycle to bear. At the other end of the spectrum is recombinant bovine transferrin for the cultivated meat industry which produces cash upon transfer of the product to the customer.

Dyadic's most established relationship is with Proliant. The partnership manufactures products and shares a proportion of the gross margin with Dyadic. In this arrangement, low volumes of production may produce negative gross margins in the early days. Furthermore, there may be timing delays between when product is sold and when Dyadic receives cash flows. We estimate that it could take up to two quarters in some cases for Dyadic to receive the cash for a product it has transferred to another party.

These are realities for any emerging business and we expect as Dyadic builds upon a small base and begins to generate positive free cash flows, it will be able to accelerate its growth. With sufficient capital, Dyadic plans to build inventory and provide finished product to customers. We anticipate that the RRR cycle will be shorter when the company is able to scale up its activities.

Milestones

- Dyadic & Proliant commercial launch of recombinant human albumin – February 2026
- Inzymes' dairy enzyme (chymosin) milestone completion & planned future commercialization – March 2026
- Dyadic & Fermbox launch recombinant DNase I (RNase free) – March 2026
- Commercial partnership with IBT Bioservices announced – March 2026
- Participation at Sidoti Virtual Investor Conference – May 20th, 2026
- Participation in the Lytham Partners Spring Investors Conference – May 2026
- Scripps Research collaboration on rapid response hantavirus antibody & vaccine development – May 2026
- Japan allowed Thermothelomyces heterothallica protein expression technology patent claims – June 2026
- New industrial enzyme for advanced cellulose processing for paper & pulp industry – July 2026
- Delivery of C1-produced antigens to FBS & Scripps Research for evaluation – July 2026
- Agreement with European biotech for additional precision-fermented dairy proteins – August 2026

Exhibit II – Product Pipeline & Commercial Progress

PRODUCT CATEGORY	PRODUCT	2025 Development	2026 Commercialization	2027 Growth & Expansion
LIFE SCIENCES Cell culture media, reagents, CGT, diagnostics	DNase I	DEVELOPMENT	COMMERCIAL LAUNCH	EXPAND ADOPTION
	Human Albumin (via Proliant)	DEVELOPMENT	COMMERCIAL LAUNCH	MARKET EXPANSION
	Human Transferrin	DEVELOPMENT	EARLY COMMERCIALIZATION	EXPAND ADOPTION
	Human FGF	DEVELOPMENT	EARLY COMMERCIALIZATION	EXPAND ADOPTION
	Human α-Lactalbumin	DEVELOPMENT	EARLY COMMERCIALIZATION	EXPANDED APPLICATIONS
	DNA/RNA Enzymes	DEVELOPMENT	DEVELOPMENT	LATE-STAGE DEVELOPMENT
FOOD & NUTRITION Functional proteins, non-animal dairy, cultured meat, nutrition ingredients	Bovine Chymosin (via Inzymes ApS)	DEVELOPMENT	COMMERCIAL LAUNCH	MARKET EXPANSION
	Lactoferrin	DEVELOPMENT	EARLY COMMERCIALIZATION	COMMERCIAL EXPANSION
	Bovine α-Lactalbumin (via BRIG Bio)	DEVELOPMENT	EARLY COMMERCIALIZATION	MARKET EXPANSION
	Bovine Transferrin	EARLY COMMERCIALIZATION	COMMERCIAL EXPANSION	EXPAND ADOPTION
	Bovine FGF	EARLY COMMERCIALIZATION	COMMERCIAL EXPANSION	EXPAND ADOPTION
BIOINDUSTRIAL Industrial enzymes, bioprocessing, sustainability	EN3ZYME™ (via Fermbox Bio)	COMMERCIAL LAUNCH	COMMERCIAL GROWTH	SCALE EXPANSION
	Biorefining & Pulp & Paper Enzymes	EARLY COMMERCIALIZATION	COMMERCIAL EXPANSION	BROADER ADOPTION
	Cosmetic Enzymes	DEVELOPMENT	EARLY COMMERCIALIZATION	MARKET EXPANSION
	Additional Industrial Enzymes	DEVELOPMENT	DEVELOPMENT	COMMERCIAL EXPANSION

Source: Dyadic Corporate Presentation, May 2026

Summary

We were disappointed at the lack of product revenues in the second quarter report. While sales of Dyadic-powered product have taken place, there is a long chain of intermediaries that are in between the final customer and Dyadic’s topline. In the case of Proliant, we will have to wait until there is a cumulative net profit for the enterprise before we see Dyadic recognize these monies. Despite the slow nature of launching a new product through partners, Dyadic has continued to forge new relationships in multiple areas which we expect to generate sales and profit in the coming quarters. Following the second quarter report, Dyadic raised gross proceeds of $2.9 million, which it feels is sufficient to cover operating expenses until material operating and/or licensing revenues come through the door. Dyadic is exposed to many attractive markets but is capital constrained and must take small steps and rely on partners in the early stage of its foray into commercial sales.

We repeat our caution that Dyadic's collections period will remain extended, particularly in its early commercial phase. With $4.7 million in cash plus an extra $2.9 million (prior to issuance costs), the company retains sufficient runway to continue executing its commercialization strategy over the next several quarters while pursuing strategic capital to fund larger production runs and improve unit economics.

PROJECTED FINANCIALS

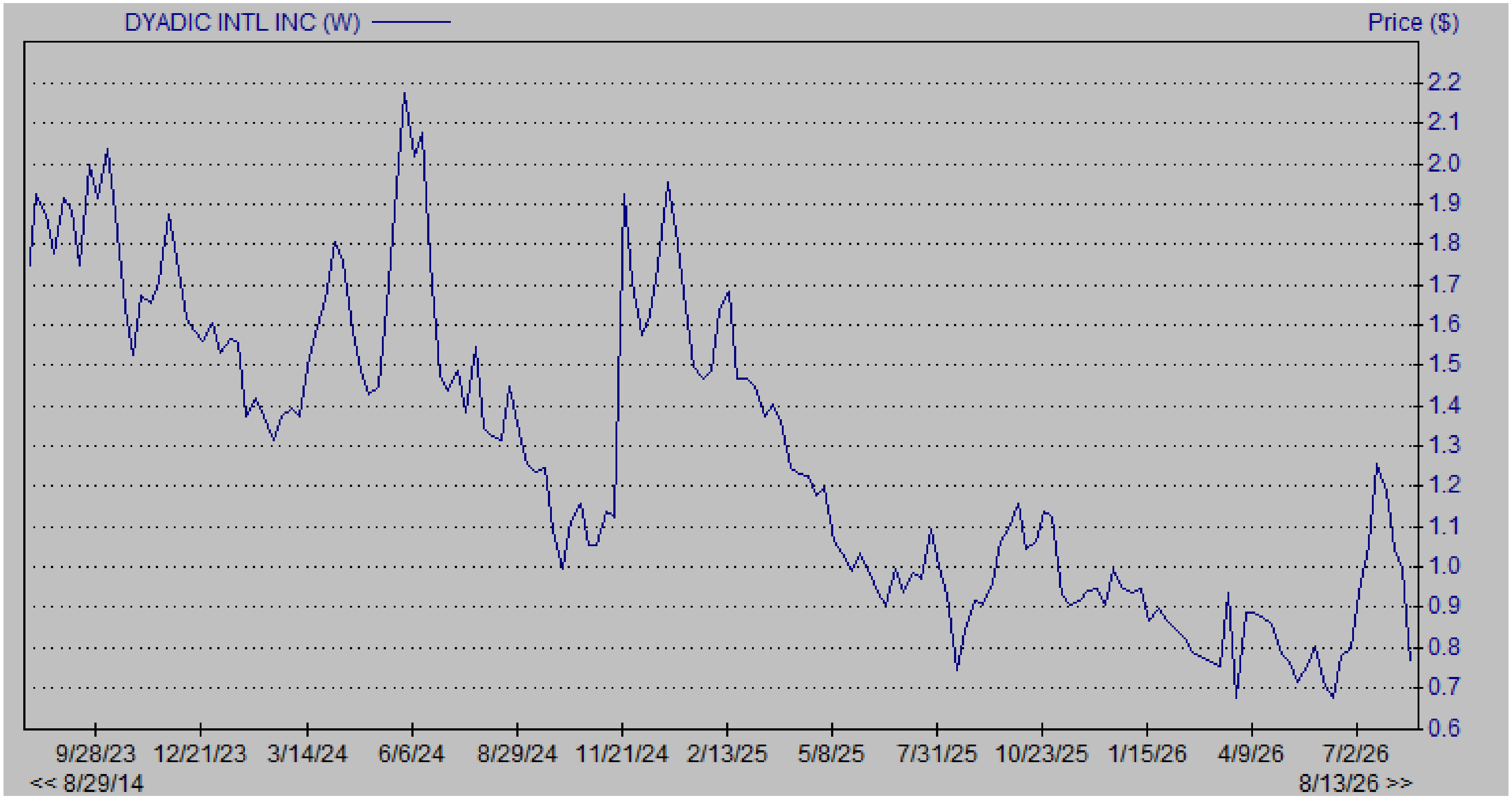
Dyadic Applied BioSolutions, Inc. - Income Statement

Dyadic Applied Biosolutions, Inc.	2025 A	Q1 A	Q2 A	Q3 E	Q4 E	2026 E	2027 E	2028 E
Total Revenues	**$3.1**	**$1.1**	**$1.0**	**$1.3**	**$1.5**	**$4.9**	**$7.0**	**$11.0**
YOY Growth	-12%	182%	-1%	12%	165%	58%	44%	57%
Cost of Revenue	$2.3	$0.8	$1.0	$0.7	$0.7	$3.2	$3.1	$4.0
R&D	$2.2	$0.5	$0.3	$0.6	$0.6	$2.0	$2.4	$2.5
G&A	$5.8	$1.8	$1.7	$1.2	$1.2	$5.8	$5.4	$5.5
Foreign Currency Exchange	$0.0	($0.0)	$0.0	$0.0	$0.0	($0.0)	$0.0	$0.0
Income from operations	($7.2)	($1.9)	($2.1)	($1.2)	($1.0)	($6.2)	($3.9)	($1.0)
Operating Margin	*-233%*	*-171%*	*-214%*	*-92%*	*-67%*	*-126%*	*-56%*	*-9%*
Interest Income	$0.3	$0.1	$0.0	$0.2	$0.2	$0.5	$0.5	$0.5
Other	($0.5)	($0.1)	($0.1)	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income	($7.4)	($2.0)	($2.1)	($1.0)	($0.8)	($5.7)	($3.4)	($0.5)
Provision for Income Tax	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income	**($7.4)**	**($2.0)**	**($2.1)**	**($1.0)**	**($0.8)**	**($5.7)**	**($3.4)**	**($0.5)**
Net Margin	*-238%*	*-176%*	*-221%*	*-80%*	*-56%*	*-116%*	*-49%*	*-5%*
Reported EPS	**($0.23)**	**($0.05)**	**($0.06)**	**($0.03)**	**($0.02)**	**($0.15)**	**($0.08)**	**($0.01)**
Shares Outstanding	32.62	36.40	36.44	39.20	40.20	38.06	45.00	52.00

Source: Company Filing // Zacks Investment Research, Inc. Estimates

HISTORICAL STOCK PRICE

Dyadic Applied BioSolutions, Inc. – Share Price Chart[2]



[2] Source: Zacks Research System

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