Zacks Small-Cap Research
Sponsored – Impartial – Comprehensive
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Dyadic Applied BioSolutions, Inc. (DYAI: NASDAQ)

DYAI: First Product Sales Are Modest

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 success rates and number of projects in the pipeline. The model assumes revenue contributions from sources worldwide.

Current Price (11/16/2026)	$0.32
Valuation	**$5.00**

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	**1.60**
52-Week Low	**0.32**
One-Year Return (%)	**-64.1**
Beta	**1.1**
Average Daily Volume (sh)	**145,373**
Shares Outstanding (mil)	**40.1**
Market Capitalization ($mil)	**12.8**
Short Interest Ratio (days)	**0.8**
Institutional Ownership (%)	**19.1**
Insider Ownership (%)	**22.9**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**10**
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	$0.4 A	$0.8 E	$3.3 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	-$0.04 A	-$0.04 E	-$0.19 E
2027					-$0.08 E
2028					-$0.01 E

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WHAT'S NEW

Dyadic Applied BioSolutions, Inc. (NASDAQ: DYAI) announced 3Q:26 results on November 12th, 2026, and hosted a conference call that day. The company recorded its first direct commercial product sales, primarily recombinant transferrin and DNase I, a milestone marking the shift from a research-driven company to a commercial one. The sales were not material, however, and were reported within research and development (R&D) revenue rather than separately. Total revenue fell year over year, largely because of lower Gates Foundation and CEPI grant activity. After quarter end, Dyadic's partner Inzymes made its first commercial sale of camel chymosin, a second Dapibus-produced cheese-making enzyme. That qualifies Dyadic for a $225,000 milestone payment, which it expects to recognize as revenue in 4Q:26.

Dyadic also updated investors on its partnerships. On November 10th, it announced a collaboration with BRIG BIO and Strive Nutrition to develop, scale and potentially commercialize Dapibus-produced bovine alpha-lactalbumin. The 10-Q also disclosed a research license and development agreement with Nutropy SAS, under which Nutropy will use the Dapibus platform to develop casein proteins. Nutropy paid a $50,000 research license fee for the first contract year and may pay milestones and royalties later.

Management attributed modest product sales to customer qualification activities, which slow conversion of sampling requests into repeat orders. Limited capital has also kept Dyadic from building meaningful inventory, so it is producing to demand. With $6.0 million of cash and investments at September 30 and going-concern doubt disclosed in the 10-Q, the company is putting more weight on larger strategic partnerships, licensing and supply arrangements with partners that have the financial, manufacturing and commercial strength to scale its products.

3Q:26 Operational & Financial Results

Dyadic shared third quarter operational and financial results in a press release and 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 September 30th, 2026, compared to the same prior year period:

- Revenues were $449,000, falling 61% relative to prior year levels. Grant revenue contracted by $538,000, reflecting reduced activities under the Gates Foundation and CEPI grants along with a $188,000 fall in R&D revenue from the completion of several collaboration projects. An offset was license fees of $10,000 versus $0;
- Cost of revenue totaled $375,000, falling 63% from $1.02 million due to lower activities under the Gates Foundation and CEPI grants and lower overall R&D activity;
- Research and development expense declined 25% to $430,000 from $572,000 due to a decrease in third-party contract research services, partially offset by a rise in personnel costs and facilities and other costs;
- General and administrative expenses were $1.45 million vs $1.48 million, falling 2%. Lower legal and professional services expenses were partially offset by higher business development services and other expenses;
- Foreign currency exchange loss was $6,000 versus $13,000 due to fluctuations in the Euro-Dollar exchange rate;
- Total other income was $455,000 vs a loss of $51,000 due to a gain in fair value of the warrant liability partially offset by warrant issuance costs and lower interest income;
- Net loss amounted to $1.36 million vs $1.98 million. On a per share basis, net loss was $0.04 vs $0.06.

As of September 30th, 2026, cash, equivalents and short-term securities totaled $6.0 million compared to $8.6 million at the end of 2025. This includes restricted cash of about $1.5 million that is earmarked for work associated with the Gates Foundation Grant. Cash burn during the first nine months of 2026 was $5.3 million compared with $3.9 million for the same prior year period. During the third quarter, Dyadic reported $2.7 million of cash from financing predominantly related to the issuance of common stock and warrants. Due to the expiration of its shelf registration, Dyadic may not use its At-The-Market (ATM) sales agreement with Craig-Hallum until late December due to financing agreement restrictions. The company's 10-Q filing notes that there is substantial doubt about Dyadic's ability to continue as a going concern.

Strategic Collaboration with BRIG Bio and Strive Nutrition

On November 10th, Dyadic announced a strategic collaboration with existing partner BRIG BIO and new partner Strive Nutrition. Dyadic will contribute its Dapibus protein production platform and expertise in strain optimization and scale up with BRIG BIO's precision-fermentation commercialization and regulatory capabilities. Strive will evaluate the Dapibus platform for the production of animal-free milk products along with other nutrition products. First, the collaborators will address development, scale-up and regulatory milestones along with quality qualification and signing of definitive commercial agreements. Initial commercial availability is expected to be greater than 10 metric tonnes after completing the Generally Recognized as Safe (GRAS) qualification process expected in 2028. Longer term, production could be more than 200 metric tonnes annually.

Strive Nutrition Corporation is a Wichita, Kansas-based company behind FREEMILK. It is a family-founded beverage business that sells animal-free milk alternatives containing real dairy protein produced through fermentation. Unlike soy, oat or almond milk, it is a dairy product, meaning it still carries milk allergens and is unsafe for people with true milk allergies. Strive was founded in 2017 by the Cohlmia family. Chairman and CEO Dennis Cohlmia previously led KanPak, an aseptic food and beverage packaging company. The company is privately held. The underlying technology is precision fermentation where microorganisms receive genetic instructions to produce a particular milk protein, which is then recovered and incorporated into food. Strive launched its beverages using Perfect Day's animal-free whey. Its role is principally developing and commercializing finished nutrition products using proteins supplied by biotechnology partners.

Research License and Collaborative Development Agreement with Nutropy SAS

On July 17th, 2026, Dyadic signed a Research License and Collaborative Development Agreement with Nutropy SAS. Dyadic granted Nutropy an exclusive research license and a non-exclusive commercial license to use Dyadic's Dapibus platform to develop casein proteins. Nutropy paid a $50,000 research license fee to Dyadic in the first year and may also pay milestones upon first regulatory approval and first commercial sales. Other contributions from the arrangement may include royalties based on gross margin, a share of sublicense revenue and an exclusivity fee if Nutropy elects this option.

Nutropy SAS is a French biotechnology startup developing milk proteins without cows. Its main focus is supplying dairy manufacturers with ingredients for cheese that can reproduce conventional cheese's taste, texture, melt and stretch. It is primarily a business-to-business ingredient developer, rather than a consumer cheese brand. It was founded in 2021 by Nathalie Rolland and Dr. Maya Bendifallah, who serve as CEO and CSO respectively. Nutropy uses precision fermentation to engineer protein-producing expression systems that are compositionally equivalent to proteins in cow's milk.

This agreement builds on a long line of cheese and dairy protein relationships by Dyadic extending to Leprino Foods in 2022 and advancing to Inzymes, BRIG BIO and Strive Nutrition among others.

C1 Produced Antibodies Advance Into Animal Studies

Dyadic's November 12th press release updates investors on the Gates Foundation project that is evaluating C1 produced monoclonal antibodies (mAbs). The effort compares C1 produced mAbs for respiratory syncytial virus (RSV) and malaria against Chinese Hamster Ovary (CHO) cell versions of the mAb. The work recently advanced into animal studies which were initiated on October 20th, 2026. The study is designed to evaluate four groups of mice. The mice will receive C1 produced RSV and malaria antibodies and will be compared against mice receiving CHO produced counterparts.

The studies follow independent laboratory evaluations of antibodies produced using Dyadic's C1 platform. Duke University conducted binding studies of both C1-produced RSM01 (RSV) and MAM01 (malaria), while IQVIA conducted neutralization testing of C1 produced RSM01. The animal studies will evaluate the pharmacokinetics of C1-produced RSV and malaria antibodies through direct comparisons with their respective CHO-produced counterparts and seek to generate additional preclinical data to support their continued advancement toward potential clinical development. C1 was able to achieve production yields of ~12.1 g/L for RSV antibody RSM01 and ~13.2 g/L for malaria antibody MAM01 in seven-day fermentation runs.

Results from the animal studies are expected to be reported in the first quarter 2027.

Registered Direct Offering and Private Placement

On August 13th, 2026, 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.

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]

In November 2026, Inzymes reported its first commercial sale of the company's second chymosin product: camel chymosin.[2] This product is manufactured using the Dapibus production strain. The commercial sale satisfies the first-commercial-sale milestone under the Inzymes agreement which qualifies Dyadic for a $225,000 milestone payment. It will be recognized as revenue in the fourth quarter of 2026.

Milestones and Events

- 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 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
- Nutropy agreement for additional precision-fermented dairy proteins – July 2026
- NASDAQ non-compliance notice for minimum bid and market price – September 2026
- Gates Foundation programs advance to animal studies – October 2026
- Gates Foundation animal study results – 1Q:27
- Completion of GRAS process for bovine α-lactalbumin (BRIG/Strive) - 2028

Valuation

We adjust our valuation to reflect our updated shares, warrants, convertible notes and anticipated capital raises over the next 12 to 18 months. We estimate Dyadic will raise from $3.0 to $3.5 million. At recent share price levels, this represents about 10 million shares. We also reduce our 2026 revenue estimate which has a minor impact on our discounted cash flow model net present value. The result of our changes generates a valuation of $5.00 per share.

[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.

[2] Camel chymosin is a milk-clotting enzyme naturally produced in the stomach of young camels. It helps them digest milk, and cheesemakers use it to turn liquid milk into curds, the starting material for cheese. It is the camel version of chymosin, an enzyme also found in calves.

Summary

Dyadic reported its first product revenues. While modest, they are an important milestone that we expect the company will build upon in coming quarters. Sales have been slower than expected due the validation and integration process many of Dyadic's customers require before switching more demand to C1 produced product. Dyadic has continued to forge new relationships, especially in the cheese and cheese-protein markets. A deal with Nutropy and Strive help penetrate Dyadic's Dapibus further into the cheese protein market and provide some upfront funds to offset costs.

Dyadic's product sales efforts are slower than expected, but we are heartened to see that they did make sales in this category. Based on Dyadic's financial position and anticipated capital needs over the next 12 to 18 months, we update our valuation to $5.00 per share.

PROJECTED FINANCIALS

Dyadic Applied BioSolutions, Inc. - Income Statement

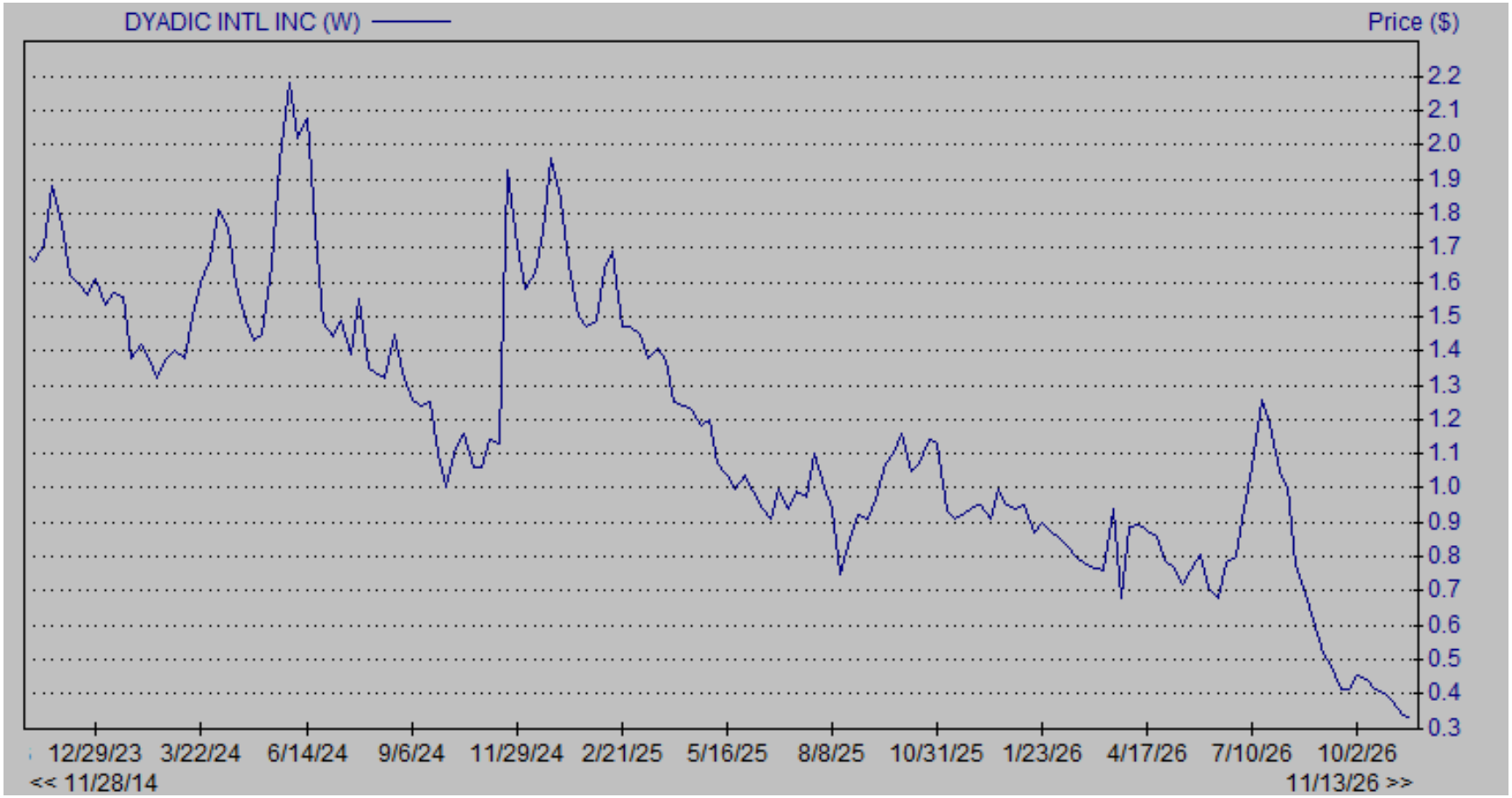
Dyadic Applied Biosolutions, Inc.	2025 A	Q1 A	Q2 A	Q3 A	Q4 E	2026 E	2027 E	2028 E
Total Revenues ($USD MM)	**$3.1**	**$1.1**	**$1.0**	**$0.4**	**$0.8**	**$3.3**	**$7.0**	**$11.0**
YOY Growth	-12%	182%	-1%	-61%	36%	6%	113%	57%
Cost of Revenue	$2.3	$0.8	$1.0	$0.4	$0.7	$2.9	$3.1	$4.0
R&D	$2.2	$0.5	$0.3	$0.4	$0.6	$1.8	$2.4	$2.5
G&A	$5.8	$1.8	$1.7	$1.5	$1.2	$6.1	$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)	($1.8)	($1.7)	($7.5)	($3.9)	($1.0)
Operating Margin	*-233%*	*-171%*	*-214%*	*-404%*	*-225%*	*-228%*	*-56%*	*-9%*
Interest Income	$0.3	$0.1	$0.0	$0.0	$0.1	$0.5	$0.5	$0.5
Other	($0.5)	($0.1)	($0.1)	$0.4	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income	($7.4)	($2.0)	($2.1)	($1.4)	($1.6)	($7.0)	($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)**	**($1.4)**	**($1.6)**	**($7.0)**	**($3.4)**	**($0.5)**
Net Margin	*-238%*	*-176%*	*-221%*	*-302%*	*-212%*	*-213%*	*-49%*	*-5%*
Reported EPS	**($0.23)**	**($0.05)**	**($0.06)**	**($0.04)**	**($0.04)**	**($0.19)**	**($0.08)**	**($0.01)**
Shares Outstanding	32.62	36.40	36.44	38.29	40.20	37.83	45.00	52.00

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

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HISTORICAL STOCK PRICE

Dyadic Applied BioSolutions, Inc. – Share Price Chart[3]



[3] Source: Zacks Research System

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