Equity Research
COMPANY NOTE
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Company Update

Profile

Price	$0.71
Rating	Buy
Price Target	$5.00
52 Week Range	$0.65 - $1.35
Avg. Daily Vol (M)	0.065
Shares Out (M)	36.4
Market Cap (M)	$26
Enterprise Value ($M)	$24
Net Cash (M)	$2
Insiders Own	26%
Shares Short / Days to Cover	0.1M / 1
Book Val./Sh.	$0.03
Fiscal Year Ends:	December

Estimates

		2025A	2026E	2027E
Revenue ($M)	Q1	0.4	1.1A	2.2
	Q2	1.0	0.9	1.2
	Q3	1.2	1.7	3.3
	Q4	0.6	4.9	12.4
	FY	**3.1**	**8.5**	**19.2**
	Prior	-	-	*20.0*
EV/Revenue		7.8x	2.8x	1.3x
EPS	Q1	(0.07)	(0.05)A	(0.03)
	Q2	(0.06)	(0.04)	(0.04)
	Q3	(0.06)	(0.03)	0.00
	Q4	(0.04)	0.05	0.24
	FY	**(0.23)**	**(0.07)**	**0.17**
	Prior	-	*(0.06)*	*0.18*
P/E		NM	NM	4.1x

Performance Chart

Health Care: Pharmaceuticals, Biotechnology

Dyadic Applied BioSolutions (DYAI)

Q1 Features Progress Toward Long-Term Goal Of Recurring Product Revenues With New (And Free) Hantavirus Call Option. We Are Reiterating Our BUY Rating.

Dyadic Applied Biosciences is a biotech company focused on leveraging its proprietary platforms to increase yield and efficiency in the production of proteins and enzymes.

OUR CALL

We continue to believe the company's commercialization efforts are bearing fruit as it moves from early-stage development toward initial revenue generation, supported by a growing base of partnerships, distribution agreements, and product launches. In the quarter, the company reported several notable milestones that demonstrate progress in bringing its proteins to market. These include the commercial launch of AlbuFree DX by Proliant Health & Biologicals, the introduction of recombinant DNase I with Fermbox Bio, and initial shipments of products through an OEM distribution agreement with IBT Bioservices. Together, these developments show the technology platforms are moving beyond proof-of-concept and into early commercial channels.

We want to highlight growth of commercial pipelines and sampling activity across multiple product categories. Recombinant transferrin and growth factors are experiencing increasing customer interest in cultivated meat and cell culture media. Moreover, food and nutrition programs, including alpha-lactalbumin and lactoferrin, are moving through development and are expected to enter sampling phases in '26. This progression suggests a steady ramp as the pilot samples will grow toward larger-scale revenue streams. Commercialization is starting to contribute to revenue, with total revenue increasing significantly y/y, driven by development agreements, milestones, and grant-funded programs.

On the new opportunity front, the hantavirus provides a free call option, as the C1 platform could potentially be used to manufacture vaccines for the disease, having undergone significant R&D and being well suited to offer an economical and rapid response to a global pandemic.

	Q1-26A		Q2-26E		FY26E		FY27E	
	Rev.	Adj. EPS	Rev.	Adj. EPS	Rev.	Adj. EPS	Rev.	Adj. EPS
Actuals:	**$1,110,956.0**	**($0.05)**	--	--	--	--	--	--
C-H Prior Estimate:	$903,749.8	($0.04)	$875,955.2	($0.04)	$8,472,702	($0.06)	$20,005,951	$0.18
Consensus Estimate:	$900,000.0	($0.04)	$900,000.0	($0.04)	$6,700,000	($0.09)	$13,500,000	$0.01
Prior Guidance:	--	--	--	--	--	--	--	--
Guidance:	--	--	--	--	--	--	--	--
C-H Revised Estimate:	**--**	**--**	**$850,955.2**	**($0.04)**	**$8,537,407.9**	**($0.07)**	**$19,167,337.5**	**$0.17**

Source: FactSet, company reports, and Craig-Hallum estimates

Source: FactSet

Across both platforms (C1 and Dapibus), we expect continued pipeline expansion. Moreover, as additional programs advance toward commercialization, DYAI's diversified, capital-light partnering strategy offers long-term upside as multiple partnerships scale. These collaborations provide investors with a long-term call option and the ability to participate in potential breakthrough innovations. Overall, investors have the opportunity to engage in three distinct markets through a new technology. We therefore maintain our Buy rating and $5 DCF-driven price target on shares of DYAI.

Quarterly Results and Estimate Changes:

DYAI Quarterly Results and Guidance

In hundreds	Actual	Estimates	Variance	Notes	Last Q	Growth	Last Y	Growth
R&D revenue	$403,590.0	$93,381.0	$310,209	Proliant partnership was the primary driver of the upside	$220,716	82.9%	$183,100	120.4%
Grant Revenue	$487,366	$610,369	($123,003)	Timing of grant revenues is dependent on completion of R&D work	$329,810	47.8%	$210,472	131.6%
License Revenue	$220,000	$200,000	$20,000	License revenues largely in-line w/our expectation	$15,000	1,366.7%	$0	N/A
Total Revenue	**$1,110,956**	**$903,750**	**$207,206**	**R&D revenue upside drove the beat**	**$565,526**	**96.4%**	**$393,572**	**182.3%**
GAAP Gross Profit	$319,116	$304,310	$14,806	R&D revenues carry lower GMs which offset the revenue upside	$180,918	76.4%	$95,914	232.7%
GAAP Operating Income	($1,902,693)	($1,411,737)	($490,956)	Legal expense elevated vs our est. due to increased licensing activity	($1,535,904)	N/A	($2,002,475)	N/A
GAAP Net Income	($1,954,683)	($1,466,439)	($488,244)		($1,567,263)	N/A	($2,027,579)	N/A
GAAP EPS	**($0.05)**	**($0.04)**	**($0.01)**	**Better revenues offset by lower GM and higher G&A vs our model**	**($0.04)**	**N/A**	**($0.07)**	**N/A**
GAAP Gross Margin	**28.7%**	**33.7%**	**(495) bps**	Mix favoring lower margin R&D revenues was the delta vs our forecast	**32.0%**	**(327) bps**	**24.4%**	**435 bps**
Research and development	42.9%	50.7%	(788) bps		81.1%	(3,821) bps	125.8%	(8,291) bps
General and administrative	158.0%	138.0%	1,996 bps		220.6%	(6,257) bps	405.6%	(24,760) bps
FX loss	(0.9%)	1.1%	(197) bps		1.9%	(280) bps	1.8%	(266) bps
GAAP Operating Expenses	200.0%	189.9%	1,011 bps		303.6%	(10,359) bps	533.2%	(33,317) bps
GAAP Operating Margin	**(171.3%)**	**(156.2%)**	**(15.1%)**		**(271.6%)**	10,032 bps	**(508.8%)**	**33,753 bps**

FY26 Guidance	**Current**	**Prior**		
Total Revenue				
EBITA Margin				**DYAI doesn't provide explicit guidance**
GAAP EPS				

Source: Company reports and Craig-Hallum estimates

Estimate Changes

	Q2-26 New	Q2-26 Prev.	FY26 Est.	FY26 Prev.	FY27 New	FY27 Prev.
R&D revenue	$106,725	$106,725	$882,758	$572,549	$529,291	$371,084
Grant Revenue	$669,231	$669,231	$2,877,150	$3,000,153	$5,713,047	$6,139,866
License Revenue	$0	$0	$3,577,500	$3,700,000	$11,625,000	$12,195,000
Product Revenue	$75,000	$100,000	$1,200,000	$1,200,000	$1,300,000	$1,300,000
Total Revenue	**$850,955**	**$875,955**	**$8,537,408**	**$8,472,702**	**$19,167,337**	**$20,005,951**
Growth Y/Y	*-12.0%*	*-9.4%*	*176.3%*	*174.2%*	*124.5%*	*136.1%*
GAAP Gross Profit	$153,171	$165,671	$4,769,089	$4,895,534	$13,246,668	$13,822,559
GAAP Operating Income	($1,568,838)	($1,550,576)	($2,419,347)	($1,969,854)	$6,755,032	$6,953,971
GAAP Net Income	($1,628,329)	($1,615,588)	($2,665,740)	($2,235,522)	$6,421,488	$6,598,343
GAAP EPS	**($0.04)**	**($0.04)**	**($0.07)**	**($0.06)**	**$0.17**	**$0.18**
GAAP Gross Margin	**18.0%**	**18.9%**	**55.9%**	**57.8%**	**69.1%**	**69.1%**
Research and development	56.0%	52.4%	22.3%	21.7%	9.9%	9.2%
General and administrative	147.5%	142.4%	62.3%	58.9%	24.1%	25.0%
FX loss	-1.1%	1.1%	-0.4%	0.5%	-0.2%	0.2%
GAAP Operating Margin	**(191.4%)**	**(184.4%)**	**(31.2%)**	**(26.4%)**	**33.5%**	**33.0%**

Source: Craig-Hallum estimates

Balance Sheet:

DYAI exited Q1 with ~$6.6M in cash and cash equivalents with ~$5M in debt. The company reduced its cash burn to ~$6M in FY25 and we expect that to decline further in FY26 with the anticipated increase in revenues (ultimately flipping to cash generation in FY27). Lastly, during the quarter, the company established an ATM program, providing the potential to issue ~$4.2M of stock should market conditions create an opportunity.

Stock Opportunity for DYAI

With its proprietary platforms (C1 and Dapibus), we believe DYAI represents a compelling investment opportunity for those looking to obtain exposure to three separate industries through expression platforms. We also view DYAI as a play on Pharma enablers more broadly, with a value proposition that is endorsed by a growing list of well-recognized partners. Separately, we note that the company has received a large amount of interest for potential partnerships and inquires about product sampling. Ultimately, we continue to see DYAI as an undiscovered/ undervalued asset and expect that as its pipeline matures, there will be substantial flow-through to the bottom line. Our $5 price target is DCF-driven (see page 6) and equates to an EV/Sales multiple of ~9.4x our FY27 estimate of ~$19M, which we believe is warranted given the significant upside should the platforms be successful.

Risks for DYAI

We believe an investment in DYAI involves the following risks:

DYAI may not succeed in implementing its business strategy - DYAI may struggle to implement its business strategy as it adapts its C1 and Dapibus platforms for biopharma and other markets. Challenges include scaling production, meeting regulatory standards, building distribution, and maintaining R&D. The company also needs to strengthen internal functions like marketing, sales, finance, and IP to support growth. The pharmaceutical use of filamentous fungi like C1 remains unproven and faces strict FDA scrutiny. Success depends on regulatory approvals, market acceptance, and product performance. Despite promising technology, the path to commercialization is uncertain and high-risk.

Competition - Competition is a major concern, especially from larger, well-funded firms and startups with strategic partnerships. DYAI operates in fast-moving sectors like gene and protein research. Its platforms face intense competition from better-resourced biotech firms and academic institutions with faster development cycles and deeper commercialization experience.

DYAI may never achieve profitability and as a result require additional capital - As of December 31, 2025, DYAI reported an accumulated deficit of ~$93.5M. Without new agreements or revenue streams, losses will continue due to planned R&D and spending to maintain operations. Profitability depends on licensing, product launches, grants, cost control, and potential future capital raises. Commercialization timelines remain uncertain, and regulatory, market, and competitive pressures could further strain finances. Failure to secure new deals may lead to reduced staffing and R&D, impacting cash flow and valuation. Potential future share issuances may dilute existing shareholders and weigh on DYAI's stock price. Even the perception of new sales could hurt market value and complicate future fundraising.

Note: The above list does not purport to be a complete list of risk factors. See the company's 10-K filing for other investment risks.

CRAIG-HALLUM ALPHA SELECT LIST:

The Alpha Select list is an actively researched collection of smaller, under-followed public companies that we believe have the potential to become much larger. An "acorn" list of sorts, the Alpha Select List will typically consist of sub-$500M market cap companies with attractive business models, above average growth trends, favorable macro-secular themes, and management teams that we believe have the ability to take the business to the next level.

Dyadic Applied BioSolutions

Fiscal Year Ends December

Income Statement	Fiscal 2021A	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	Mar Q1-25A	Jun Q2-25A	Sep Q3-25A	Dec Q4-25A	Fiscal 2025A	Mar Q1-26A	Jun Q2-26E	Sep Q3-26E	Dec Q4-26E	Fiscal 2026E	Mar Q1-27E	Jun Q2-27E	Sep Q3-27E	Dec Q4-27E	Fiscal 2027E
R&D Revenue	2,403,831	2,683,244	2,545,865	1,605,220	183,100	213,449	350,046	220,716	967,311	403,590	106,725	213,528	158,916	882,758	205,831	53,362	130,252	139,846	529,291
Grant Revenue	-	-	-	-	210,472	503,181	814,571	329,810	1,858,034	487,366	669,231	896,028	824,525	2,877,150	1,691,160	1,090,846	1,496,367	1,434,674	5,713,047
License Revenue	-	247,059	352,941	1,890,169	-	250,000	-	15,000	265,000	220,000	-	357,500	3,000,000	3,577,500	250,000	-	1,430,000	9,945,000	11,625,000
Product Revenue	-	-	-	-	-	-	-	-	-	-	75,000	250,000	875,000	1,200,000	100,000	100,000	250,000	850,000	1,300,000
Total Revenue	2,403,831	2,930,303	2,898,806	3,495,389	393,572	966,630	1,164,617	565,526	3,090,345	1,110,956	850,955	1,717,056	4,858,441	8,537,408	2,246,991	1,244,208	3,306,619	12,369,519	19,167,337
Cost of R&D Revenue	1,944,438	2,123,193	1,975,849	1,194,624	126,480	148,457	254,753	71,010	600,700	340,157	74,707	149,470	111,241	675,575	144,082	37,354	91,176	97,892	370,504
Cost of Grant Revenues	-	-	-	-	171,178	465,134	769,250	313,598	1,719,160	451,683	585,577	784,025	721,459	2,542,744	1,479,765	954,490	1,309,321	1,255,339	4,998,916
Cost of Product Revenues	-	-	-	-	-	-	-	-		-	37,500	118,750	393,750	550,000	-	50,000	118,750	382,500	551,250
Total Cost of Revenues	1,944,438	2,123,193	1,975,849	1,194,624	297,658	613,591	1,024,003	384,608	2,319,860	791,840	697,784	1,052,244	1,226,450	3,768,319	1,623,847	1,041,844	1,519,248	1,735,731	5,920,669
GAAP Gross Profit	459,393	807,110	922,957	2,300,765	95,914	353,039	140,614	180,918	770,485	319,116	153,171	664,812	3,631,990	4,769,089	623,144	202,364	1,787,372	10,633,788	13,246,668
Operating expenses:																			
Research and development	8,392,370	4,501,365	3,297,266	2,044,253	494,979	629,379	571,872	458,436	2,154,666	476,069	476,169	476,269	476,369	1,904,876	476,469	476,569	476,669	476,769	1,906,476
General and administrative	6,697,617	6,421,505	5,817,013	6,134,773	1,596,338	1,436,630	1,481,356	1,247,411	5,761,735	1,755,331	1,255,431	1,155,531	1,155,631	5,321,924	1,155,731	1,155,831	1,155,931	1,156,031	4,623,524
FX loss	96,893	49,918	38,417	22,561	7,072	16,098	12,755	10,975	46,900	(9,591)	(9,591)	(9,591)	(9,591)	(38,364)	(9,591)	(9,591)	(9,591)	(9,591)	(38,364)
Total GAAP Operating Expenses	17,131,318	10,972,788	9,152,696	8,201,587	2,098,389	2,082,107	2,065,983	1,716,822	7,963,301	2,221,809	1,722,009	1,622,209	1,622,409	7,188,436	1,622,609	1,622,809	1,623,009	1,623,209	6,491,636
Loss from Operations	(14,727,487)	(10,165,678)	(8,229,739)	(5,900,822)	(2,002,475)	(1,729,068)	(1,925,369)	(1,535,904)	(7,192,816)	(1,902,693)	(1,568,838)	(957,397)	2,009,581	(2,419,347)	(999,465)	(1,420,445)	164,363	9,010,579	6,755,032
Other income (expenses):																			
Interest income	51,704	180,420	416,686	456,992	88,458	49,127	63,467	83,033	284,085	57,191	50,000	45,000	40,000	192,191	35,000	30,000	25,000	20,000	110,000
Gain from the sale of investments in BDI	1,605,532	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of Alphazyme	-	-	1,017,592	62,642	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	(288,142)	(89,243)	(89,456)	(85,934)	(67,421)	(332,054)	(64,342)	(64,592)	(64,842)	(65,092)	(258,868)	(65,342)	(65,592)	(65,842)	(66,092)	(262,868)
Interest expense - related party	-	-	-	(139,829)	(24,319)	(24,377)	(28,176)	(46,971)	(123,843)	(44,839)	(44,899)	(44,959)	(45,019)	(179,716)	(45,079)	(45,139)	(45,199)	(45,259)	(180,676)
Other income	-	250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other expenses	1,657,236	430,420	1,434,278	91,663	(25,104)	(64,706)	(50,643)	(31,359)	(171,812)	(51,990)	(59,491)	(64,801)	(70,111)	(246,393)	(75,421)	(80,731)	(86,041)	(91,351)	(333,544)
GAAP Income before Income Taxes	(13,070,251)	(9,735,258)	(6,795,461)	(5,809,159)	(2,027,579)	(1,793,774)	(1,976,012)	(1,567,263)	(7,364,628)	(1,954,683)	(1,628,329)	(1,022,198)	1,939,470	(2,665,740)	(1,074,886)	(1,501,176)	78,322	8,919,228	6,421,488
Provision of income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Net Income (Loss)	(13,070,251)	(9,735,258)	(6,795,461)	(5,809,159)	(2,027,579)	(1,793,774)	(1,976,012)	(1,567,263)	(7,364,628)	(1,954,683)	(1,628,329)	(1,022,198)	1,939,470	(2,665,740)	(1,074,886)	(1,501,176)	78,322	8,919,228	6,421,488
GAAP EPS:	($0.47)	($0.34)	($0.24)	($0.20)	($0.07)	($0.06)	($0.06)	($0.04)	($0.23)	($0.05)	($0.04)	($0.03)	$0.05	($0.07)	($0.03)	($0.04)	$0.00	$0.24	$0.17
Diluted and Basic	27,838,047	28,364,482	28,798,833	29,318,123	29,886,665	30,102,324	34,507,530	36,000,773	32,624,323	36,397,997	36,497,997	36,597,997	36,697,997	36,547,997	36,797,997	36,897,997	36,997,997	37,097,997	36,947,997

% Revenue Analysis	Fiscal 2021A	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	Mar Q1-25A	Jun Q2-25A	Sep Q3-25A	Dec Q4-25A	Fiscal 2025A	Mar Q1-26A	Jun Q2-26E	Sep Q3-26E	Dec Q4-26E	Fiscal 2026E	Mar Q1-27E	Jun Q2-27E	Sep Q3-27E	Dec Q4-27E	Fiscal 2027E
GAAP Gross Margin	19.1%	27.5%	31.8%	65.8%	24.4%	36.5%	12.1%	32.0%	24.9%	28.7%	18.0%	38.7%	74.8%	55.9%	27.7%	16.3%	54.1%	86.0%	69.1%
Research and development	349.1%	153.6%	113.7%	58.5%	125.8%	65.1%	49.1%	81.1%	69.7%	42.9%	56.0%	27.7%	9.8%	22.3%	21.2%	38.3%	14.4%	3.9%	9.9%
General and administrative	278.6%	219.1%	200.7%	175.5%	405.6%	148.6%	127.2%	220.6%	186.4%	158.0%	147.5%	67.3%	23.8%	62.3%	51.4%	92.9%	35.0%	9.3%	24.1%
FX loss	4.0%	1.7%	1.3%	0.6%	1.8%	1.7%	1.1%	1.9%	1.5%	-0.9%	-1.1%	-0.6%	-0.2%	-0.4%	-0.4%	-0.8%	-0.3%	-0.1%	-0.2%
GAAP Operating Expenses	712.7%	374.5%	315.7%	234.6%	533.2%	215.4%	177.4%	303.6%	257.7%	200.0%	202.4%	94.5%	33.4%	84.2%	72.2%	130.4%	49.1%	13.1%	33.9%
GAAP Operating Margin	-612.7%	-346.9%	-283.9%	-168.8%	-508.8%	-178.9%	-165.3%	-271.6%	-232.8%	-171.3%	-184.4%	-55.8%	41.4%	-28.3%	-44.5%	-114.2%	5.0%	72.8%	35.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
GAAP Net Margin	-543.7%	-332.2%	-234.4%	-166.2%	-515.2%	-185.6%	-169.7%	-277.1%	-238.3%	-175.9%	-191.4%	-59.5%	39.9%	-31.2%	-47.8%	-120.7%	2.4%	72.1%	33.5%

% Growth Analysis (Yr/Yr)	Fiscal 2021A	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	Mar Q1-25A	Jun Q2-25A	Sep Q3-25A	Dec Q4-25A	Fiscal 2025A	Mar Q1-26A	Jun Q2-26E	Sep Q3-26E	Dec Q4-26E	Fiscal 2026E	Mar Q1-27E	Jun Q2-27E	Sep Q3-27E	Dec Q4-27E	Fiscal 2027E
R&D revenue	NA	11.6%	-5.1%	-36.9%	-45.3%	-44.7%	-34.3%	-37.3%	-39.7%	120.4%	-50.0%	-39.0%	-28.0%	-8.7%	-49.0%	-50.0%	-39.0%	-12.0%	-40.0%
Grant revenue	NA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	131.6%	33.0%	10.0%	150.0%	54.8%	247.0%	63.0%	67.0%	74.0%	98.6%
License Revenue	NA	#DIV/0!	42.9%	435.5%	#DIV/0!	#DIV/0!	-100.0%	-96.8%	-86.0%	#DIV/0!	-100.0%	#DIV/0!	19900.0%	1250.0%	13.6%	#DIV/0!	300.0%	231.5%	224.9%
Total Revenue	NA	21.9%	-1.1%	20.6%	17.6%	150.5%	-40.5%	-30.8%	-11.6%	182.3%	-12.0%	47.4%	759.1%	176.3%	102.3%	46.2%	92.6%	154.6%	124.5%
GAAP Gross Profit	NA	75.7%	14.4%	149.3%	-49.7%	320.6%	-91.0%	-61.1%	-66.5%	232.7%	-56.6%	372.8%	1907.5%	519.0%	95.3%	32.1%	168.9%	192.8%	177.8%
GAAP Operating Income	NA	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	348.4%	NM
GAAP EPS	NA	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	354.9%	NM

Balance Sheet	Fiscal 2021A	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	Mar Q1-25A	Jun Q2-25A	Sep Q3-25A	Dec Q4-25A	Fiscal 2025A	Mar Q1-26A
Current assets:										
Total Cash and cash equivalents	**20,260,260**	**12,641,542**	**7,263,318**	**9,263,327**	**7,349,413**	**7,226,519**	**10,319,189**	**8,552,160**	**8,552,160**	**6,591,583**
Cash and cash equivalents	**15,748,480**	**5,794,272**	**6,515,028**	**6,506,750**	5,064,941	2,140,899	5,834,510	4,622,331	**4,622,331**	4,247,269
Short-term investment securities	**4,511,780**	**6,847,270**	**748,290**	**2,756,577**	2,284,472	2,842,419	3,098,840	2,698,661	**2,698,661**	1,361,043
Restricted cash and cash equivalents, current	**-**	**-**	**-**			1,588,384	1,321,278	1,231,168	**1,231,168**	908,459
Interest Recievable	**94,375**	**58,285**	**10,083**	**24,248**	23,213	34,736	34,117	35,129	**35,129**	12,423
Accounts recievable	**277,831**	**330,001**	**466,159**	**237,027**	221,719	715,317	916,574	1,090,297	**1,090,297**	996,464
Prepaid expenses and other current asstes	**375,830**	**392,236**	**327,775**	**303,066**	210,867	84,984	339,943	219,067	**219,067**	174,238
Total current assets	**21,008,296**	**13,422,064**	**8,067,335**	**9,827,668**	**7,805,212**	**7,406,739**	**11,545,262**	**9,896,653**	**9,896,653**	**7,699,896**
Non-current assets:										
Long-term investment securities	**-**	**-**	**-**	**-**	-	409,670	64,561		**-**	74,812
Operating lease right-of-use asset, net	**-**	**-**	**141,439**	**92,211**	79,229	65,961	52,401	38,535	**38,535**	24,354
Other assets	**6,117**	**6,045**	**10,462**	**10,396**	10,437	10,529	10,533	10,537	**10,537**	10,511
Total Assets	**21,299,122**	**13,712,818**	**8,219,236**	**9,930,275**	**7,894,878**	**8,138,046**	**11,672,757**	**9,945,725**	**9,945,725**	**7,809,573**
Current liabilities:										
Accounts payable	**1,547,953**	**1,276,313**	**656,445**	**482,320**	448,390	738,794	1,208,410	852,024	**852,024**	1,060,092
Accrued expenses	**709,560**	**955,081**	**1,057,164**	**970,462**	690,859	929,850	1,372,364	967,974	**967,974**	891,420
Deferred research and development obligations	**151,147**	**40,743**	**490,113**	**833,813**	665,216	1,833,531	1,337,138	1,730,852	**1,730,852**	1,110,570
Operating lease liability, current portion	**-**	**-**	**48,059**	**54,249**	55,895	57,577	48,927	34,621	**34,621**	19,998
Accrued interest	**-**	**-**	**-**	**80,000**	80,000	80,000	60,000	60,000	**60,000**	60,000
Accrued interest-related party	**-**	**-**	**-**	**27,173**	21,800	21,800	25,133	41,800	**41,800**	41,800
Total Current Liabilities	**2,555,719**	**2,448,608**	**2,251,781**	**2,448,017**	**1,962,160**	**3,661,552**	**4,051,972**	**3,687,271**	**3,687,271**	**3,183,880**
Long-term liabilities:										
Convertible notes, net of issuance costs	**-**	**-**	**-**	**3,911,471**	3,920,714	3,930,170	2,954,882	2,962,304	**2,962,304**	2,966,646
Convertible notes, net of issuance costs - related party	**-**	**-**	**-**	**1,065,876**	1,068,395	1,070,971	2,058,569	2,063,740	**2,063,740**	2,066,779
Operating lease liabilities, net of current portion	**-**	**-**	**88,870**	**34,621**	19,998	5,054	-	-	**-**	-
Total Liabilities	**2,908,660**	**2,625,079**	**2,340,651**	**7,459,985**	**6,971,267**	**8,667,747**	**9,065,423**	**8,713,315**	**8,713,315**	**8,217,305**
Stockholders' equity										
Total Stockholders' equity	**18,390,462**	**11,087,739**	**5,878,585**	**2,470,290**	923,611	(529,701)	2,607,334	1,232,410	**1,232,410**	(407,732)
Total Liabilities and Stockholders' Equity	**21,299,122**	**13,712,818**	**8,219,236**	**9,930,275**	**7,894,878**	**8,138,046**	**11,672,757**	**9,945,725**	**9,945,725**	**7,809,573**
Book value per share	**$0.66**	**$0.39**	**$0.20**	**$0.08**	**$0.03**	**($0.02)**	**$0.08**	**$0.03**	**$0.03**	**($0.01)**

Dyadic Applied BioSolutions
Discounted Cash Flow Model

	Estimates 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Revenue	**8,537,408**	**19,167,337**	**23,959,172**	**28,751,006**	**33,782,432**	**38,849,797**	**44,677,267**	**51,378,857**	**59,085,685**	**60,858,256**
Operating Profit	(2,419,347)	6,755,032	8,385,710	10,062,852	11,823,851	13,597,429	15,637,043	17,982,600	20,679,990	19,778,933
Less: Cash taxes paid	-	-	-	-	-	1,359,743	3,127,409	3,596,520	4,135,998	3,955,787
Operating Profit After Tax	**(2,419,347)**	**6,755,032**	**8,385,710**	**10,062,852**	**11,823,851**	**12,237,686**	**12,509,635**	**14,386,080**	**16,543,992**	**15,823,146**
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Net investments in working capital	408,530	797,245	359,388	359,388	377,357	380,052	437,060	502,619	578,012	132,943
FCF	**(2,827,876)**	**5,957,787**	**8,026,323**	**9,703,465**	**11,446,494**	**11,857,634**	**12,072,574**	**13,883,461**	**15,965,980**	**15,690,204**
PV FCF	*(2,594,382)*	*5,014,550*	*6,197,794*	*6,874,179*	*7,439,436*	*7,070,320*	*6,604,112*	*6,967,641*	*7,351,181*	*6,627,712*

Perpetual FCF	
Base FCF	15,690,204
Weighted Avg. Cost of Capital (k)	9.0%
Perpetual Growth Rate (g)	3.0%
Base Year	2025
Perpetual Start Year	2035
Perpetual Value	269,348,497
PV of Perpetual Growth Period	113,775,716
Total FCF	
Value of FCF	171,328,257
Intrinsic Value	
Cash*	6,591,583
Debt	5,033,425
After-tax ESO Liability	292,122
Equity	172,594,293
Shares Outstanding*	36,438,703
Intrinsic Value per Share	**$4.74**

Sensitivity Analysis

Terminal Period Variables		FCF Growth			
		2.5%	3.0%	3.5%	4.0%
Cost of Capital	8.0%	$5.43	$5.82	$6.30	$6.90
	8.5%	$4.91	$5.23	$5.60	$6.06
	9.0%	$4.48	**$4.74**	$5.04	$5.40
	9.5%	$4.11	$4.32	$4.57	$4.85
	10.0%	$3.79	$3.97	$4.17	$4.40
	10.5%	$3.52	$3.66	$3.83	$4.02

Pharma/Biotech Enablers Symbol	Company	Current Price	Mkt Cap. ($ mil)	EV ($ mil)	Net Cash per Share	CY26 Sales ($ mil)	CY26 EPS	CY26 Sales Growth	CY27 Sales Growth	CY26 EBITDA Margin	CY27 EBITDA Margin	CY26 EV/S	CY27 EV/S	CY26 P/E	CY27 P/E	CY26 EV/EBITDA	CY27 EV/EBITDA
HALO	Halozyme Therapeutics, Inc.	$70.03	$8,306	$10,132	($15.39)	$1,770	$8.08	27%	13%	65%	70%	5.7x	5.1x	8.7x	7.1x	8.9x	7.2x
TWST	Twist Bioscience Corp.	$54.39	$3,387	$3,311	$1.22	$465	($1.88)	18%	16%	-5%	4%	7.1x	6.2x	N/A	N/A	N/A	N/A
ABCL	AbCellera Biologics, Inc.	$4.77	$1,457	$1,067	$1.28	$33	($0.59)	-56%	4%	-702%	-745%	32.4x	31.1x	N/A	N/A	N/A	N/A
RGEN	Repligen Corporation	$107.03	$6,037	$5,940	$1.72	$823	$2.00	11%	15%	20%	22%	7.2x	6.3x	53.5x	41.3x	35.5x	28.3x
BLFS	BioLife Solutions, Inc.	$21.17	$1,034	$968	$1.35	$114	$0.15	18%	18%	26%	32%	8.5x	7.2x	N/A	61.0x	32.3x	22.9x
TECH	Bio-Techne Corporation	$44.89	$7,028	$7,109	($0.51)	$1,236	$2.01	2%	7%	36%	36%	5.7x	5.4x	22.4x	20.3x	16.1x	14.7x
OABI	OmniAb, Inc.	$2.01	$291	$262	$0.20	$30	($0.40)	63%	51%	-113%	-75%	8.6x	5.7x	N/A	N/A	N/A	N/A
CDXS	Codexis, Inc.	$2.50	$227	$235	($0.08)	$74	($0.40)	5%	20%	-31%	-20%	3.2x	2.6x	N/A	N/A	N/A	N/A
PLX	Protalix Biotherapeutics, Inc.	$1.93	$156	$133	$0.28	$79	$0.22	50%	-13%	N/A	N/A	1.7x	1.9x	9.0x	27.6x	N/A	N/A
							Median	**18%**	**15%**	**8%**	**13%**	**7.1x**	**5.7x**	**15.7x**	**27.6x**	**24.2x**	**18.8x**
							Average	**15%**	**15%**	**-88%**	**-84%**	**8.9x**	**7.9x**	**23.4x**	**31.4x**	**23.2x**	**18.3x**
CURRENT VALUATION																	
DYAI	**Dyadic International, Inc.**	**$0.71**	**$26**	**$24**	**$0.04**	**$8**	**($0.24)**	**174%**	**126%**	**-94%**	**-14%**	**2.9x**	**1.3x**	**N/A**	**N/A**	**N/A**	**N/A**

Source: FactSet and Craig-Hallum estimates

Required Disclosures

Ratings definitions:

Buy rated stocks generally have twelve month price targets that are more than 20% above the current price. **Hold** rated stocks generally have twelve month price targets near the current price. **Sell** rated stocks generally have no price target and we would sell the stock.

Ratings Distribution (5/14/2026)

	Percent	IB Percent
Buy	83%	24%
Hold	15%	7%
Sell	0%	0%

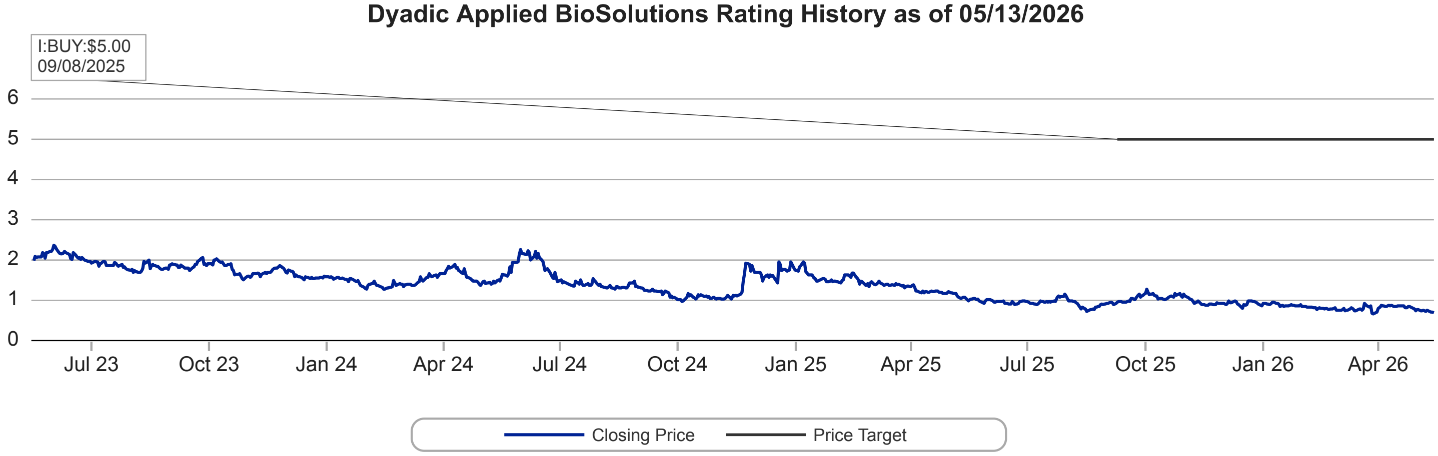
Information about valuation methods and risks can be found in the "Stock Opportunity" and "Risks" sections, respectively, of this report.

Company-Specific Disclosures

CHLM makes a market in this security DYAI.
CHLM expects to receive or intends to seek compensation for investment banking services from the subject company Dyadic Applied BioSolutions in the next three months.
Analyst Matthew Hewitt, Tollef Kohrman receives no direct compensation in connection with the firm's investment banking business.
Analyst Matthew Hewitt, Tollef Kohrman may be eligible for bonus compensation based on the overall profitability of the firm, which takes into account revenues from all of the firm's business, including investment banking.

CHLM has managed or co-managed an offering of securities for the subject company Dyadic Applied BioSolutions in the last 12 months.
CHLM has received investment banking revenue from the subject company Dyadic Applied BioSolutions in the last 12 months.
CHLM has performed investment banking services for the subject company Dyadic Applied BioSolutions in the last 12 months.

Dyadic Applied BioSolutions Rating History as of 05/13/2026



Source: FactSet

Although the statements of fact in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that Craig-Hallum believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute Craig-Hallum's judgment as of the date of this report and are subject to change without notice. Craig-

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