



**DYADIC INTERNATIONAL, INC.**  
**140 Intracoastal Pointe Drive, Suite 404**  
**Jupiter, Florida 33477**  
**(561) 743-8333**

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Dyadic International, Inc., a Delaware corporation, to be held on Wednesday, June 24, 2015 at 10:00 a.m. local time at PGA National Resort, St. Andrews Room, 400 Avenue of the Champions, Palm Beach Gardens, Florida 33418.

At the meeting, you will be asked to consider and vote on the proposals described in the Notice of 2015 Annual Meeting of Stockholders and Proxy Statement which accompany this letter. We urge you to read these materials carefully. Following the meeting, management will be pleased to answer your questions.

We hope that you will be able to attend the Annual Meeting in person, but in all events, we ask that you please complete, sign and date the enclosed proxy card and return it in the postage-paid envelope provided to ensure that your shares will be represented at the meeting.

On behalf of the board of directors, I would like to express our appreciation for your continued support and interest in Dyadic International, Inc. We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Emalfarb", written over a light blue horizontal line.

Mark A. Emalfarb  
President and Chief Executive Officer

Jupiter, Florida  
May 26, 2015



**DYADIC INTERNATIONAL, INC.**  
**140 Intracoastal Pointe Drive, Suite 404**  
**Jupiter, Florida 33477**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON WEDNESDAY, JUNE 24, 2015**

To the stockholders of Dyadic International, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Dyadic International, Inc., a Delaware corporation (the "Company," "Dyadic," "we," "us" or "our"), will be held on Wednesday, June 24, 2015 at 10:00 a.m. local time at PGA National Resort, St. Andrews Room, 400 Avenue of the Champions, Palm Beach Gardens, Florida 33418, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice:

1. To elect two Class II directors to our Board of Directors to serve until the Company's 2018 Annual Meeting of Stockholders or until their successors are duly elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C., as the Company's independent registered public accounting firm for the year ending December 31, 2015; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 24, 2015 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. The stock transfer books of the Company will remain open between the record date and the date of the meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting and prior thereto at our principal executive offices.

A proxy card together with our proxy statement solicited by our Board of Directors are enclosed herewith.

All stockholders are cordially invited to attend the Annual Meeting in person. We encourage stockholders to vote in advance of the Annual Meeting. **Whether or not you expect to attend the Annual Meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed postage-paid envelope. If you are a stockholder of record, you may also cast your vote in person at the Annual Meeting. If your shares are held at a stock brokerage firm or bank, you must provide them with instructions on how to vote your shares.** Should you receive more than one proxy because your shares are registered in different names and addresses, each proxy should be signed and returned to ensure that all of your shares will be voted. You may submit your proxy and then later decide to attend the Annual Meeting to vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in the attached proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink that reads "Thomas Dubinski".

Thomas L. Dubinski  
*Chief Financial Officer*  
*Corporate Secretary*

Jupiter, Florida  
May 26, 2015

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**2015 ANNUAL MEETING OF STOCKHOLDERS**

**JUNE 24, 2015**

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**PROXY STATEMENT**

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This proxy statement contains information related to the 2015 Annual Meeting of our stockholders to be held on Wednesday, June 24, 2015 at 10:00 a.m. local time at PGA National Resort, St. Andrews Room, 400 Avenue of the Champions, Palm Beach Gardens, Florida 33418, and at any adjournments or postponements thereof. The approximate date that this proxy statement, the accompanying notice of annual meeting and the enclosed form of proxy are first being mailed to stockholders is May 26, 2015. We are furnishing this proxy statement to stockholders of the Company as part of the solicitation of proxies by the Company's board of directors for use at the Annual Meeting.

The Company's common stock is not presently registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as a result, the Company is not subject to the proxy solicitation rules promulgated under the Exchange Act. This proxy statement is being provided on a voluntary basis in order to describe the proposals to be voted on at the Annual Meeting and does not contain all of the information required by the proxy rules under the Exchange Act.

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**ABOUT THE ANNUAL MEETING**

*What is the purpose of the Annual Meeting?*

At the Annual Meeting, we are asking stockholders:

- To elect two Class II directors for a term ending in 2018;
- To ratify the appointment of Mayer Hoffman McCann P.C., ("MHM"), as our independent registered public accounting firm for the year ending December 31, 2015; and
- To transact such other business properly brought before the meeting and any adjournment or postponement of the meeting.

*Who is entitled to notice of and to vote at the Annual Meeting?*

You are entitled to vote, in person or by proxy, at the Annual Meeting if you owned shares of our common stock as of the close of business (5:00 p.m. EST) on April 24, 2015, the record date of the Annual Meeting. Holders of record of our common stock on the record date are entitled to one vote per share at the Annual Meeting.

*Who can attend the meeting?*

All stockholders as of the record date, or their duly appointed proxies, may attend. Please note that if you hold shares in "street name" (through a stockbroker or other nominee), you will need to bring a copy of a brokerage

statement reflecting your stock ownership as of the record date. At the Annual Meeting registration desk, you will be asked to present a valid form of government-issued personal identification such as a driver's license or passport. Cameras and other recording devices will not be permitted at the Annual Meeting.

*What shares may I vote?*

You may vote all shares you owned as of the record date. These include: (1) shares owned directly in your name as the stockholder of record; and (2) shares held for you as the beneficial owner through a stockbroker, bank or other nominee.

*What is the difference between holding shares as a stockholder of record and as a beneficial owner?*

Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those beneficially owned.

If our shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the stockholder of record with regard to those shares. As the stockholder of record, you have the right to grant your proxy directly to us to vote your shares on your behalf at the meeting or the right to vote in person at the meeting. We have enclosed a proxy card for you to use.

If you hold our shares in a stock brokerage account or through a bank or other nominee, you are considered the beneficial owner of the shares held in "street name," and these materials have been forwarded to you by your stockbroker or nominee, which is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your stockbroker or nominee how to vote and are also invited to attend the Annual Meeting so long as you bring a copy of a brokerage statement reflecting your ownership as of the record date. However, because you are not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from your stockbroker or nominee giving you the right to vote the shares. Your stockbroker or nominee should provide a voting instruction card for you to use to direct your stockbroker or nominee how to vote these shares.

*What constitutes a quorum?*

If a majority of the shares of our common stock outstanding on the record date is represented either in person or by proxy at the Annual Meeting, a quorum will be present at the Annual Meeting. Shares held by persons attending the Annual Meeting but not voting, and shares represented in person or by proxy and for which the holder has abstained from voting, will be counted as present at the Annual Meeting for purposes of determining the presence or absence of a quorum.

A stockbroker that holds shares in nominee or "street name" for a customer who is the beneficial owner of those shares may be prohibited from giving a proxy to vote those shares on any proposal to be voted on at the Annual Meeting without specific instructions from such customer with respect to such proposal. Accordingly, if a stockbroker receives voting instructions from a customer with respect to one or more, but not all, of the proposals to be voted on at the Annual Meeting, the shares beneficially owned by such customer will not constitute "votes cast" or shares "entitled to vote" with respect to any proposal for which the customer has not provided voting instructions to the stockbroker. These so-called "broker non-votes" will be counted as present at the Annual Meeting for purposes of determining whether a quorum exists.

*How do I vote?*

If you complete and properly sign and date the accompanying proxy card, and return it to us in the enclosed return envelope prior to the meeting, it will be voted as you direct. If you are a registered stockholder and you attend the meeting, you may deliver your completed proxy card in person. "Street name" stockholders who wish to vote at the meeting will need to obtain a proxy from the stockbroker or nominee that holds their shares.

All shares of our common stock represented by properly executed proxies received before or at the Annual Meeting will, unless revoked, be voted in accordance with the instructions indicated on those proxies. If no instructions are indicated on a properly executed proxy, the shares represented by such proxy card will be voted "FOR" the nominees for Class II directors and "FOR" the proposal to ratify the appointment of MHM as our independent registered public accounting firm for 2015. You are urged to mark the box on your proxy to indicate how to vote your shares.

*Can I vote by telephone or electronically?*

If your shares are held in "street name," please contact your stockbroker or nominee to determine whether you will be able to vote by telephone or electronically. If applicable, the deadline for voting by telephone or electronically will be 11:59 p.m., EDT, on June 23, 2015.

*Can I change my vote after I return my proxy card?*

Yes. Even after you have submitted your proxy card, you may change your vote at any time before the proxy is exercised by filing with our Secretary either a notice of revocation or a duly executed proxy card bearing a later date. In such event, the later submitted vote will be recorded and the earlier vote revoked. The powers of the proxy holders will be suspended if you are a holder of record and attend the meeting in person and so request although attendance at the meeting will not by itself revoke a previously granted proxy.

If your shares are held in "street name," you should contact the institution that holds your shares to change your vote.

*Is my vote confidential?*

Yes. All votes remain confidential, unless you provide otherwise.

*How are votes counted?*

Before the Annual Meeting, our Board of Directors will appoint one or more inspectors of election for the meeting. The inspector(s) will determine the number of shares represented at the meeting, the existence of a quorum and the validity and effect of proxies. The inspector(s) will also receive, count, and tabulate ballots and votes and determine the results of the voting on each matter that comes before the Annual Meeting.

Abstentions and votes withheld, and shares represented by proxies reflecting abstentions or votes withheld, will be treated as present for purposes of determining the existence of a quorum at the Annual Meeting. They will not be considered as votes "for" or "against" any matter for which the stockholder has indicated their intention to abstain or withhold their vote. Broker or nominee non-votes, which occur when shares held in "street name" by brokers or nominees who indicate that they do not have discretionary authority to vote on a particular matter, will not be considered as votes "for" or "against" that particular matter. Broker and nominee non-votes will be treated as present for purposes of determining the existence of a quorum, and may be entitled to vote on certain matters at the Annual Meeting.

*What percentage of our outstanding common stock do our directors and executive officers own?*

As of April 24, 2015, our directors and executive officers owned, or have the right to acquire, approximately 19.2% of our outstanding common stock. See the discussion under the heading "Security Ownership of Certain Beneficial Owners and Managements" below for more details.

*Who was our independent public accountant for the year ended December 31, 2014? Will they be represented at the Annual Meeting?*

Mayer Hoffman McCann P.C is the independent registered public accounting firm that audited our financial statements for the year ended December 31, 2014. We expect a representative of Mayer Hoffman McCann

P.C. to be present at the Annual Meeting. The representative will have an opportunity to make a statement and will be available to answer your questions.

*What are the board's recommendations?*

The board recommends a vote "FOR":

- The nominees for Class II directors; and
- The proposal to ratify the appointment of MHM as our independent registered public accounting firm for the year ending December 31, 2015.

Unless you give other instructions on your proxy card, the person named as a proxy on the proxy card will vote "FOR" the nominees for Class II directors and the other proposal.

We do not expect that any other matters will be brought before the Annual Meeting. If, however, other matters are properly presented, the persons named as proxies will vote the shares represented by properly executed proxies in accordance with their judgment with respect to those matters, including any proposal to adjourn or postpone the Annual Meeting. No proxy that is voted against all of the proposals will be voted in favor of any adjournment or postponement of the Annual Meeting for the purpose of soliciting additional proxies.

*What vote is required to approve the proposals?*

**Proposal 1: Election of Class II Directors.** The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Annual Meeting is required for the election of the Class II director nominees. You may vote "for" or "withheld" with respect to the election of either director. Only votes "for" or "withheld" are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors, although they are counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

**Proposal 2: Ratification of Appointment of MHM as our Independent Registered Public Accounting Firm.** The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at the Annual Meeting is required to ratify the appointment of MHM as our independent registered public accounting firm for the fiscal year ending December 31, 2015. We are not required to submit this matter to a vote of stockholders for ratification. However, our board of directors is doing so, based upon the recommendation of its audit committee, as a matter of good corporate practice. A properly executed proxy marked "abstain" with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

**Other Items.** In the event other items are properly brought before the Annual Meeting, the affirmative vote of a majority of the votes cast, either in person or by proxy, at the meeting will be required for approval. A properly executed proxy marked "abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

*Who pays for the preparation of the proxy and soliciting proxies?*

We will pay the cost of preparing, assembling and mailing the proxy statement and the accompanying Notice of Annual Meeting and proxy card. In addition to the use of mail, our directors, officers and employees may solicit proxies by telephone or other electronic means or in person. These persons will not receive additional compensation for soliciting proxies. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of stock held of record by these persons, and we will reimburse them for reasonable out-of-pocket expenses.

*What should I have received to enable me to vote?*

In addition to this proxy statement, you should have received the accompanying Notice of Annual Meeting and proxy card. The mailing date of these materials is on or about April 24, 2015.

*How can I obtain additional copies?*

For additional copies of this proxy statement and the enclosed proxy card, please contact either our corporate office at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, Attention: Heidi Zosiak, telephone: (561) 743-8333 or Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004, telephone: (212) 509-4000.

## **MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING**

### **PROPOSAL 1: ELECTION OF CLASS II DIRECTORS**

#### **General**

We have a “classified” board of directors currently fixed at six members. Our board is divided into three classes consisting of two Class I directors, two Class II directors and two Class III directors. One class of directors is elected each year at our Annual Meeting of Stockholders for an approximate three-year term. The term of the Class II directors expires at the 2015 Annual Meeting.

Our Nominating Committee is charged with identifying, evaluating and recommending director nominees to the full board of directors. There are no minimum qualifications for director. The Nominating Committee generally seeks individuals with broad experience at the policy-making level in business, or with particular industry expertise. While we do not have a formal diversity policy for board membership, we look for potential candidates that help ensure that the board of directors has the benefit of a wide range of attributes. We believe that all of our directors should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Each director must also represent the interests of all stockholders.

The board of directors has nominated Stephen J. Warner to stand for re-election as a Class II director. Frank P. Gerardi, who has served on our Board since 2008 is not standing for re-election at the 2015 Annual Meeting, but will serve as a consultant to the Company through December 31, 2015. The Board expresses its appreciation to Mr. Gerardi for his long standing service as a director of our Company. In anticipation of this change, the Board appointed Jack Kaye to the Board on April 1, 2015. If elected, both Mr. Warner and Mr. Kaye will serve for a term expiring in 2018.

We expect each such nominee for election as Class II directors to be able to serve, if elected. If either is unable to serve, proxies may be voted for a substitute nominee so designated by the present board of directors.

#### **Vote Required**

The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Annual Meeting by the holders of shares of our common stock entitled to vote at the Annual Meeting is required for the election of each nominee as Class II director. You may vote “FOR” or “WITHHELD” with respect to the election of such director. Only votes “FOR” or “WITHHELD” are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors, although they are counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

#### **Recommendation of the Board**

The Company’s board of directors recommends stockholders vote “FOR” the election of the nominees as Class II directors.

## Nominees for Election as Directors

The following information is given with respect to the nominees for election as Class II directors at the Annual Meeting.

**Jack Kaye**, 71, was appointed to Dyadic's board of directors on April 1, 2015. Mr. Kaye is a seasoned financial executive with over forty years of diversified experience. He is currently the Chairman of the Audit Committee of Keryx Biopharmaceuticals, Inc. (NASDAQ: KERX) where he has served since 2006. He previously served on the board of directors of Tongli Pharmaceuticals (USA), Inc., a China-based pharmaceutical company and Balboa Biosciences, Inc., a privately held biotech company. In addition, he was selected to participate in the Astellas, Inc./OSI and Roche Pharmaceuticals, Inc./Illumina hostile takeover transactions, and served as a member of the Roche/Illumina dissident board slate. Mr. Kaye began his career at Deloitte LLP, an international accounting, tax and consulting firm, in 1970, and was a partner in the firm from 1978 until May 2006. At Deloitte, he was responsible for serving a diverse client base of public and private, global and domestic, companies in a variety of industries. Mr. Kaye has extensive experience consulting with clients on accounting and reporting matters, private and public debt financings, rules and regulations of the Securities and Exchange Commission ("SEC") and corporate governance/Sarbanes-Oxley issues. In addition, he served as Deloitte's Tri-State liaison with the banking and finance community and assisted clients with numerous merger and acquisition transactions. Prior to retiring, Mr. Kaye served as Partner-in-Charge of Deloitte's Tri-State Core Client practice, a position he held for more than twenty years. Mr. Kaye has a Bachelor of Business Administration degree from Baruch College of the City University of New York and is a Certified Public Accountant.

**Stephen J. Warner**, 75, has been on Dyadic's board of directors since October 2004, and a director of the Company's wholly owned subsidiary, Dyadic International (USA), Inc. since August 2004. From June 2010 through February 2012, Mr. Warner served as the Chief Financial Officer of Gulfstar Energy Corporation, a public and, later, private oil and gas production company based in Kentucky. Since 2012, he has been a Managing Member and CFO of Search Automotive Technologies, LLC, a Florida based automotive aftermarket company. Mr. Warner has over 30 years of venture capital experience. In 1981, Mr. Warner founded Merrill Lynch Venture Capital Inc., a wholly owned subsidiary of Merrill Lynch & Co. Inc. in New York, and served as its President and Chief Executive Officer from 1981 to 1990. Under his leadership, Merrill Lynch Venture Capital managed over \$250 million and made over 50 venture capital investments. From 1999 until 2004, Mr. Warner co-founded and served as Chairman and Chief Executive Officer of Crossbow Ventures Inc., a venture capital and private equity fund that invested in early and expansion stage technology companies primarily located in Florida and the Southeast, with over 20 venture capital investments in Florida. Mr. Warner is on the board of directors of Brookhaven Medical, Inc., a private, Atlanta based medical device company. Mr. Warner earned a B.S. degree from the Massachusetts Institute of Technology in 1962 and an MBA from the Wharton School of Business at the University of Pennsylvania in 1966. Mr. Warner beneficially owns 300,000 shares of common stock of the Issuer.

## Directors Continuing in Office

The following information is provided with respect to the directors who are not nominees for election as directors at the 2015 Annual Meeting.

<u>Name</u>	<u>Age</u>	<u>Class</u>	<u>Term Expiring</u>	<u>Date of Appointment</u>
Mark A. Emalfarb	60	III	2016	10/29/04
Michael P. Tarnok	60	III	2016	6/12/14
Robert D. Burke, MD	59	I	2017	6/20/08
Seth J. Herbst, MD	57	I	2017	6/20/08

**Mark A. Emalfarb** is the founder of Dyadic. He has been Chairman of Dyadic's board of directors since inception, to January 12, 2015, with the exception of a leave of absence from April 23, 2007 to September 6, 2007. Mr. Emalfarb has also served as Dyadic's President and Chief Executive Officer from October 2004 until April 2007, and from June 2008 until the present. Since founding Dyadic in 1979, Mr. Emalfarb has successfully led and managed the evolution of Dyadic from its origins as a pioneer and leader in providing ingredients used in the stone-washing of blue jeans to the discovery, development, manufacturing and commercialization of specialty enzymes used in various industrial applications and the development of an integrated technology platform based on Dyadic's

patented and proprietary C1 fungal microorganism. Mr. Emalfarb is an inventor of over 26 U.S. and foreign biotechnology patents and patent applications resulting from discoveries related to Dyadic's patented and proprietary C1 fungus, and has been the architect behind its formation of several strategic licensing, research and development, manufacturing and marketing relationships with U.S. and international partners. Mr. Emalfarb earned his B.A. degree from the University of Iowa in 1977.

**Michael P. Tarnok** joined Dyadic's board of directors June 12, 2014 and has served on the company's audit and compensation committees, and on January 12, 2015 Mr. Tarnok was appointed Dyadic's Chairman of the Board of Directors. He has served on the Board of Directors of Keryx Biopharmaceuticals, Inc. since September 2007 and as Chairman of the Board Since June 2009. Mr. Tarnok served as interim chief executive officer from April 2009 to May 2009. Mr. Tarnok has also served as a Director of the Global Health Council, a Washington D.C. based NGO, since January 2014. He is a seasoned finance and operational executive with extensive pharmaceutical industry experience in a wide range of functional areas. Mr. Tarnok spent the majority of his career at Pfizer Inc., which he joined in 1989 as Finance Director-US Manufacturing and from 2000-2007 served as a Senior Vice President in Pfizer's US Pharmaceutical Division. In this position, Mr. Tarnok handled all financial responsibilities for the division including contracting, trade management, forecasting of significant product launches and Sarbanes-Oxley compliance. He also served as General Manager of the company's Greenstone generics division. Prior to joining Pfizer, Mr. Tarnok worked primarily in financial disciplines for ITT Rayonier, Inc., Celanese Corporation and Olivetti Corporation of America. Mr. Tarnok earned an M.B.A in Marketing from New York University and a B.S. in Accounting from St. John's University.

**Robert D. Burke, MD** has been on Dyadic's board of directors since June 2008 and is a board certified neuroradiologist. Dr. Burke is the founder and, from 1991 until July 2008, was the President of Midtown Imaging, LLC, an imaging center with multiple locations throughout Palm Beach County, Florida. From 1994 to 1996, Dr. Burke was the co-Founder and President of U.S. Diagnostic Inc., a publicly traded national diagnostic imaging company. Dr. Burke is on the board of directors of Stonegate Bank, a publicly traded bank serving Southeast Florida. Dr. Burke also serves on the board of directors and is the President of the Palm Beach County Chapter of the Leukemia & Lymphoma Society. He also is a member of the Scripps Clinic and Research Foundations Board of Scripps Florida. Dr. Burke earned his B.A. degree from the University of Louisville in 1977 and his medical degree from the University of Louisville, School of Medicine in 1981. Dr. Burke completed his radiology residency at the University of Chicago and a fellowship in neuroradiology at the University of Rochester.

**Seth J. Herbst, MD** has been on Dyadic's board of directors since June 2008 and is a board certified obstetrician/gynecologist who is also board certified in advanced laparoscopic and minimally invasive gynecologic surgery. Dr. Herbst is the founder and President of the Institute for Women's Health and Body, an OB/GYN practice with multiple locations in Palm Beach County, Florida. He is the co-founder of Visions Clinical Research which performs medical and surgical clinical trials throughout the United States. Dr. Herbst is also a consultant for multiple medical device companies in the United States and a member of medical advisory boards for these and other companies. He received his B.S. degree from American University in 1978 and his medical degree from Universidad del Noreste School of Medicine in Tampico, Mexico in 1983. Dr. Herbst completed his OB/GYN residency and was Chief Resident at Long Island College Hospital in Brooklyn, New York.

Our directors hold office for terms of approximately three years or until the earlier of their death, resignation or removal or until their successors have been elected and qualified. Our officers are elected annually by the board of directors and serve at the discretion of the board (see *Executive Officers*). There are no family relationships among our directors and executive officers. Our directors have neither been convicted in any criminal proceeding during the past 10 years nor are parties to any judicial or administrative proceeding during the past 10 years that resulted in a judgment, decree or final order enjoining them from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws or commodities laws. Similarly, no bankruptcy petitions have been filed by or against any business or property of any of our directors or officers, nor has any bankruptcy petition been filed against a partnership or business association in which these persons were general partners, directors or executive officers, except that Dr. Herbst was a partner in a company called Physician Billing Solutions, Inc. which filed for bankruptcy protection under Chapter 7 in December 2007.

## CORPORATE GOVERNANCE AND RELATED MATTERS

### General

The following discussion summarizes certain corporate governance matters relating to the Company, including information about director independence, Board and Committee structure, function and composition, charters, policies and procedures. For additional information on the Company's corporate governance, including copies of the charters approved by the Board for the Audit Committee, the Compensation Committee and the Nominating Committee, and the Company's Code of Conduct and Ethics, please visit the Investor Relations section of the Company's web site at <http://www.dyadic.com/investorinfo> under "Corporate Governance."

### Board of Directors and Committees

#### *Board of Directors*

The Board is responsible for directing and overseeing the business and affairs of the Company. The Board represents the Company's stockholders and its primary purpose is to build long-term stockholder value. The Board meets on a regularly scheduled basis during the year to review significant developments affecting the Company and to act on matters that, in accordance with good corporate governance, require Board approval. It also holds special meetings and acts by unanimous written consent when an important matter requires Board action between scheduled meetings. The board of directors held nine (9) meetings during 2014 and each of our directors attended all of those meetings in person except for the February 3, 2014 and the March 3, 2014 meetings where Dr. Seth Herbst was unable to attend.

The board of directors currently comprises seven directors, which will be reduced to six directors following the 2015 Annual Meeting. The board has four standing committees: Audit, Compensation, Conflicts and Nominating. Michael P. Tarnok serves as Chairman of the Board of Directors and Mark A. Emalfarb as President and Chief Executive Officer of the Company.

#### *Independence of Directors*

We are not currently listed on any national securities exchange that has a requirement that any members of the board of directors be independent. However, in evaluating the independence of its members and the composition of the committees of the board of directors, the board utilizes the definition of "independence" as that term is defined by the rules promulgated by the SEC. We believe that Drs. Burke and Herbst as well as Messrs. Kaye, Warner and Tarnok qualify as "independent" directors, as that term is defined by SEC rules.

As part of each regularly scheduled Board meeting our independent directors have the opportunity to meet without out management or the other directors. Our independent Chairman leads such discussions.

#### *Committees of the Board*

The Board has established an audit committee, compensation committee, a nominating committee and a conflicts committee to devote attention to specific subjects and to assist the Board in the discharge of its responsibilities. Currently, Dr. Burke and Messrs. Gerardi, Warner, Kaye and Tarnok are the members of the audit committee with Mr. Gerardi serving as its Chairman. Dr. Burke and Messrs. Gerardi, Kaye and Tarnok are members of the compensation committee with Dr. Burke serving as its Chairman. Dr. Herbst and Mr. Warner are the members of the conflicts committee with Mr. Warner serving as its Chairman. Mr. Emalfarb and Dr. Herbst are members of the nominating committee with Mr. Emalfarb serving as its Chairman. If elected, Mr. Kaye will replace Mr. Gerardi as Chairman of the Audit Committee and continue to serve on the Compensation Committee.

***Audit Committee.*** The Audit Committee held four (4) meetings during the year ended December 31, 2014. The audit committee has oversight responsibility for quality and integrity of our consolidated financial statements. The committee meets privately with members of our independent registered public accounting firm, has the sole authority to retain and dismiss the independent registered public accounting firm and reviews its performance and independence from management. The independent registered public accounting firm has unrestricted access and

reports directly to the committee. The primary functions of the audit committee are to oversee (i) the audit of our consolidated financial statements and (ii) our internal financial and accounting processes.

The SEC and NASDAQ have established rules and regulations regarding the composition of audit committees and the qualifications of audit committee members. Our Board of Directors has examined the composition of our Audit Committee and the qualifications of our Audit Committee members in light of the current rules and regulations governing audit committees. Based upon this examination, our Board of Directors has determined that each member of our Audit Committee is independent and is otherwise qualified to be a member of our Audit Committee in accordance with the rules of the SEC and NASDAQ.

Additionally, the SEC requires that at least one member of the Audit Committee have a “heightened” level of financial and accounting sophistication. Such a person is known as the “audit committee financial expert” under the SEC’s rules. Our Board of Directors has determined that Mr. Kaye is an “audit committee financial expert,” as the SEC defines that term, and is an independent member of our Board of Directors and our Audit Committee. Please see Mr. Kaye’s biography on page 5 for a description of his relevant experience.

**Compensation Committee.** The Compensation Committee held one (1) meeting during the year ended December 31, 2014. The duties and responsibilities of the Compensation Committee are set forth in the Charter of the Compensation Committee. A copy of the Charter of the Compensation Committee is available on our website, located at [www.Dyadic.com](http://www.Dyadic.com). As discussed in its charter, among other things, the duties and responsibilities of the Compensation Committee include evaluating the performance of the Chief Executive Officer, Chief Financial Officer and other executive officers of the Company, determining the overall compensation of the Chief Executive Officer, Chief Financial Officer and other executive officers of the Company and administering all executive compensation programs, including, but not limited to, our incentive and equity-based plans. The Compensation Committee evaluates the performance of the Chief Executive Officer, Chief Financial Officer and other executive officers of the Company on an annual basis and reviews and approves on an annual basis all compensation programs and awards relating to such officers. The Compensation Committee applies discretion in the determination of individual executive compensation packages to ensure compliance with the Company’s compensation philosophy. The Chief Executive Officer makes recommendations to the Compensation Committee with respect to the compensation packages for officers other than himself.

**Conflicts Committee.** The Conflicts Committee did not hold any meetings during the year ended December 31, 2014. The purpose of the conflicts committee is to assess, with the power and authority to resolve, on behalf of the Company, all potential claims or conflicts of interest between the Company and any of its Affiliates, on the one hand, and any Executive, Officer or Director of the Company, on the other hand. The Committee shall also advise the Board on actions to be taken by the Company or matters related to the Company.

**Nominating Committee.** The Nominating Committee held one (1) meeting during the year ended December 31, 2014. The nominating committee’s functions include: establishing criteria for the selection of new directors to serve on the board of directors; identifying individuals believed to be qualified as candidates to serve on the board of directors; recommending for selection by the board of directors the candidates for all directorships to be filled by the board of directors or by the stockholders at an annual or special meeting; reviewing the board of directors’ committee structure and recommending to the board of directors the directors to serve on the committees of the board; recommending members of the board of directors to serve as the respective chairs of the committees of the board of directors; developing and recommending to the board of directors, for its approval, an annual self-evaluation process of the board of directors and its committees and, based on those results, making recommendations to the board of directors regarding those board processes; and performing any other activities consistent with the committee’s charter, our bylaws and applicable law as the committee or the board of directors deems appropriate.

The nominating committee does not currently have any formal minimum qualification requirements that must be met by a nominee to serve as a member of the board of directors. The nominating committee will take into account all factors it considers appropriate, which may include experience, accomplishments, education, diversity, understanding of the business, and the industries in which we operate, specific skills, general business acumen and the highest personal and professional integrity.

The nominating committee currently has no fixed process for identifying new nominees for election as a director, thereby retaining the flexibility to adapt its process to the circumstances. The nominating committee has the ability, if it deems it necessary or appropriate, to retain the services of an independent search firm to identify new director candidates. The nominating committee has determined that it will give consideration to any potential candidate proposed by a member of our board or senior management. Any director candidate so proposed will be personally interviewed by at least one member of the nominating committee and our chief executive officer and their assessment of his or her qualifications will be provided to the full nominating committee. For the 2015 Annual Meeting, the nominating committee received no proposals for new director candidates, and only considered and nominated the incumbent Class II directors to serve as the nominees for re-election.

Our policy and procedures regarding director candidates recommended by stockholders are contained in the nominating committee's charter. The nominating committee may consider for inclusion in its nominations for new directors any candidates recommended by stockholders, but must consider any candidate for director recommended by (i) any stockholder beneficially owning more than 5% of our outstanding common stock for at least one year as of the date the recommendation was made or (ii) a group of stockholders that beneficially owned, in the aggregate, more than 5% of our outstanding common stock, with each of the shares used to calculate that ownership held for at least one year as of the date the recommendation was made. The nominating committee will consider the candidate based on the same criteria established for selection of director nominees generally. The nominating committee reserves the right to reject any candidate in its discretion, including, without limitation, rejection of a candidate who has a special interest agenda other than the best interests of the Company and the stockholders, generally. Any stockholder who wishes to recommend for the nominating committee's consideration a director candidate should abide by the following procedures:

- Submit the following written information about the candidate by mail to the nominating committee, c/o Dyadic International, Inc., 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, Attention: Chair of Nominating Committee, the name, mailing address, telephone number, e-mail address, resume, business history, listing of other past and present directorships and director committees, any biotech industry experience and other relevant information;
- Explain in the submission why the stockholder believes the candidate would be an appropriate member of our board of directors and the benefits and attributes that the candidate will provide to us in serving as a director;
- Provide evidence of the submitting party's requisite ownership of our common stock along with the recommendation; and
- Indicate whether we may identify the stockholder in any public disclosures that we make regarding the consideration of the director candidate.

For a director candidate to be considered by the nominating committee for nomination at the 2015 Annual Meeting of Stockholders, the submission must have been received by us no later than March 1, 2015. No such submissions were received.

### ***Stockholder Communications***

Our board of directors believes that it is important for our stockholders to have a process to send communications to the board. Accordingly, stockholders desiring to send a communication to the board of directors, or to a specific director, may do so by delivering a letter to the Secretary of the Company at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "stockholder-director communication." All such letters must identify the author as the stockholder and clearly state whether the intended recipients of the letter are all of the members of our board of directors or certain specified individual directors. The Secretary will open such communications and make copies, and then circulate them to the appropriate director or directors.

### ***Policy Concerning Director Attendance at Annual Meetings of Stockholders***

While we encourage all members of our board of directors to attend our Annual Meeting of our stockholders, there is no formal policy as to their attendance at such meetings. All members of the board of directors attended the 2014 Annual Meeting of Stockholders.

### ***Code of Ethics***

We have adopted a Code of Conduct and Ethics, or the Code, which applies to all of our directors and employees, including our principal executive officer and principal financial officer. The Code includes guidelines dealing with the ethical handling of conflicts of interest, compliance with federal and state laws, financial reporting, and our proprietary information. The Code also contains procedures for dealing with and reporting violations of the Code. We have posted our Code of Conduct and Ethics on our website, located at [www.Dyadic.com](http://www.Dyadic.com).

### **Compensation of Directors**

Effective January 1, 2015, our board of directors revised our director compensation policy. Directors who are also employees or officers of the Company or any of its subsidiaries do not receive any separate compensation as a director. Non-employee directors receive an annual retainer for board service of \$36,000, payable in the form of 80% cash, paid in equal monthly installments, and 20% restricted stock units having a cash value of \$7,200, with the grant of such award to be made on January 2nd, or the first business trading day of the year. In addition to the Annual Board Retainer, a director serving as Chairman of the Board shall receive an additional annual retainer of \$12,000 payable in the form of 80% cash, paid in equal monthly installments, and 20% restricted stock units having a cash value of \$2,400, with the grant of such award to be made on January 2nd, or the first business trading day of the year. In addition to the Annual Board Retainer, an independent director who serves as Chair of the Company's Audit Committee shall receive an additional annual retainer of \$9,600, payable in the form of 80% cash, paid in equal monthly installments, and 20% restricted stock units having a cash value of \$1,920, with the grant of such award to be made on January 2nd, or the first business trading day of the year. The number of restricted stock units subject to an Annual Retainer shall be determined by dividing (x) the cash value of the Annual Retainer by (y) the average of the Company's average selling or market price for a share of common stock on each trading day during the ten (10) trading days ending on the date immediately prior to the grant date, with fractional shares rounded down to the nearest whole number of shares. Each Annual Retainer RSU Award shall vest twenty-five percent (25%) of the units, on the date of grant and increments of 25% of the units on the last day of each calendar quarter during the year, subject to the directors' continued service through each Quarterly Vesting Date.

In addition, non-employee directors receive stock options to purchase shares of our common stock. On the date a new director becomes a member of the Board, each such independent director shall automatically receive an initial stock option award to purchase 30,000 shares of the common stock of the Company. The per share exercise price for the initial option shall be equal to the average selling or market price for a Share on the date of grant. Twenty five percent (25%) of the annual option shall vest and become exercisable on the date of grant, with the remaining portion vesting in equal installments of 18.75% of the shares on the first, second, third and fourth anniversaries of the date of grant of the annual option, subject to such director's continued board service through each applicable vesting date. In addition, for Continuing Board Members, on January 2nd, or the first business trading day of the year, all independent directors shall automatically receive an option to purchase 25,000 shares. The per share exercise price for the annual option award shall be equal to the average selling or market price for a share on January 2nd, or the first business trading day of the year. Twenty five percent (25%) of the annual option shall vest and become exercisable on the date of grant, with the remaining portion vesting in equal installments of 18.75% of the shares on the first, second, third and fourth anniversaries of the date of grant of the annual option, subject to such director's continued board service through each applicable vesting date. All non-employee directors also are reimbursed for their reasonable travel costs related to attendance at board and committee meetings.

The following table sets forth the total compensation earned by our non-employee directors for the fiscal year ended December 31, 2014.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Option Awards (1)</u>	<u>All Other Compensation</u>
Robert D. Burke (3)	\$36,000	25,000	-
Frank P. Gerardi (3)	\$45,600	25,000	-
Seth J. Herbst (3)	\$36,000	25,000	-
Michael P. Tarnok (2) (3)	\$19,800	30,000	-
Stephen J. Warner (3)	\$36,000	25,000	-

(1) Directors are each given 25,000 stock options as part of their base compensation. The grant date of options was March 3, 2014 with an exercise price of \$1.76. The options vest over four years.

(2) Newly appointed Directors are issued 30,000 stock options in the first year. The grant date for Mr. Tarnok was June 12, 2014 with an exercise price of \$1.36. The options vest over four years.

(3) Directors were each given 2015 routine annual retainer stock awards grants, both options and restricted stock units, in January, 2015 per the compensation of directors' policy above. The grant date of the options was January 8, 2014 with an exercise price of \$0.97. The grant date of restricted stock units was January 8, 2014 with a market price for a share of common stock of \$0.97. The options and restricted stock units both vest over four years.

## COMPENSATION AND OTHER INFORMATION CONCERNING OFFICERS

### Executive Officers

The following sets forth certain information with respect to the Company's executive officers as of April 24, 2015:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mark A. Emalfarb	60	President and Chief Executive Officer
Danai E. Brooks	37	Executive Vice President and Chief Operating Officer
Thomas L. Dubinski	58	Vice President and Chief Financial Officer
Richard H. Jundzil	43	Vice President Operations
Thomas M. O'Shaughnessy	55	Vice President Sales & Marketing
Wim van der Wilden	64	General Manager, Dyadic Netherlands

**Mark A. Emalfarb** is the founder of Dyadic. Information pertaining to Mr. Emalfarb, who is both a director and President and Chief Executive Officer of the Company, may be found in section above entitled "Directors Continuing in Office."

**Danai E. Brooks** joined Dyadic in June 2013 as Executive Vice President and Chief Operating Officer. Prior to Dyadic, Mr. Brooks served as Vice President in J.P. Morgan's investment bank. While at J.P. Morgan, Mr. Brooks advised clients across a broad spectrum of sectors, including chemicals, renewable energy and industrials. He has also held senior operational, engineering and manufacturing positions with Dell Inc., Mars Inc. and Ford Motor Company. At Dell, Mr. Brooks was an Operations Manager in charge of the production and assembly of servers and desktops. While at Mars, he led efforts to implement lean manufacturing in its North American facilities. Mr. Brooks started his career as an industrial engineer at Ford Motor Company, where he worked in vehicle operations, new product launch and production supervision roles. Mr. Brooks received a B.S. in Industrial Engineering and Master of Engineering from Cornell University in 1999, a Master of Engineering Management from Northwestern University and an MBA from Northwestern's Kellogg School of Management in 2006.

**Thomas L. Dubinski**, CPA has been Dyadic's Vice President and Chief Financial Officer since August 1, 2014 and received his Bachelor of Science in Accounting from the University of Illinois, Champaign-Urbana. Prior to joining Dyadic, he held senior management positions at Fortune 500 businesses with global operations. From 2012 to 2014, Tom served as a management consultant at CFO Solutions. Tom previously served as Finance Officer for Walgreens Infusion Services where he was responsible for the finance function of a division with approximately \$1 billion in revenue, and he has also held other senior positions within Walgreens corporate finance from 2007 to 2011. Prior to Walgreens, Tom was Director of Finance for Novartis Medical Nutrition from 2005 to 2006 and Chief Financial Officer of Metal Technology Solutions, a private manufacturer of precision metal components, from 2002 to 2004. Tom is also an 18 year veteran of Abbott Laboratories, where he had senior finance leadership roles in the areas of commercial operations, product development and manufacturing from 1984 to 2002.

**Richard H. Jundzil** has been Dyadic's Vice President of Operations since May 2010, Director of Development & Quality since September 2008 and has held various laboratory, quality and regulatory positions of increasing responsibility since joining the company in August 2003. Mr. Jundzil has over 20 years of quality and operations experience in the biotechnology industry. He is also able to use his significant experience in process engineering and project management in the management of Dyadic's production and distribution of industrial enzyme products. Prior to joining Dyadic, Mr. Jundzil worked for 10 years at Genzyme Corporation, a Sanofi company, as both a researcher and process engineer producing enzymes for patients with rare genetic diseases. Mr. Jundzil earned a certificate as a Biotechnology Technician from Middlesex College in 1993, studied at Boston University and has earned a B.S. in Quality Systems Management from The National Graduate School.

**Thomas M. O'Shaughnessy** has been Dyadic's Vice President of Sales & Marketing since joining the company in May 2010. Mr. O'Shaughnessy has over 25 years of sales, marketing and business development experience in the chemical industry. He began his career with the General Electric Company where he spent 12 years in various sales and marketing positions of increasing responsibility and leadership. From 1996 to 2002, he served as Business Development Manager at Occidental Chemical Corporation, one of the largest chemical companies in the United States. For the past eight years prior to joining the Company, Mr. O'Shaughnessy served as the Global Business Manager for Momentive Specialty Chemicals (formerly Hexion Specialty Chemicals), the world's largest producer of thermosetting resins, performance adhesives, UV-curable coatings and the building-block chemical, formaldehyde, for various wood and industrial markets. He is Six Sigma certified and earned a B.S. degree in computer sciences with a minor in marketing from Plattsburgh State University in 1982.

**Wim van der Wilden** has been General Manager of Dyadic Netherlands since its founding in 2002 and leads our Research & Development operations. Prior to joining Dyadic, he worked at The Netherlands Organization for Applied Scientific Research (TNO) as Director of the Food and Biotechnology division and Director of Marketing and Sales. Prior to TNO, he co-founded Cosmoferm, a spin-off company of Gist-brocades, which was acquired by Evonik in 1998. Dr. van der Wilden began his career in the industry at Gist-brocades (later part of DSM), where he held senior level positions in charge of Research & Development for Baking and Pharmaceuticals. Dr. van der Wilden is also active as Business Director of the Kluiver Centre for Genomics and Industrial Fermentation and a member of the International Nomenclature Committee of the Personal Care Products Council. Dr. van der Wilden received a B.S. in Biology and Chemistry from Wageningen University in the Netherlands in 1973 and a PhD at ETH-Zurich, Switzerland in 1977. He performed his post-doctoral studies at the University of California San Diego and Ruhr-Universitat Bochum in Germany.

### **Summary Compensation Table**

The following table sets forth information regarding compensation earned by our executive officers in the year ending December 31, 2014, who were serving as executive officers as of the date of this report.

### Summary Compensation Table

Name	Salary	Bonus(1)	Stock Awards(2)	Option Awards(3)	Total
Mark A. Emalfarb (*) (4)(5)	\$441,173	–	–	\$55,698	\$496,871
Danai Brooks	\$280,844	\$35,000	\$44,390	\$86,779	\$447,013
Thomas Dubinski	\$83,333	–	–	\$260,000	\$343,333
Richard Jundzil	\$204,250	\$50,000	–	\$72,315	\$326,565
Thomas O’Shaughnessy	\$188,931	\$25,000	–	\$72,315	\$286,246
Dr. Wim van der Wilden	\$287,905	–	–	–	\$287,905

(\*) Mr. Emalfarb also serves on the Nominating Committee for which he receives no direct, indirect or incremental compensation.

(1) The amounts reported in Bonus column were earned in 2013, but paid in April, 2014. No bonuses were awarded for 2014 as of the date of this report.

(2) The amounts reported in Stock Awards column represent the aggregate grant date fair value of the stock awards earned in 2014, in accordance with FASB ASC Topic 718. These amounts do not correspond to the actual value that will be recognized by the named executive officers. The assumptions used in the valuation of these awards are consistent with the valuation methodologies specified in the notes to our consolidated financial statements.

(3) The amounts reported in Option Awards column represents the grant date fair market value of each option granted in 2014, computed in accordance with FASB ASC Topic 718. These amounts do not correspond to the actual value that will be recognized by the named executive officers. The assumptions used in the valuation of these awards are consistent with the valuation methodologies specified in the notes to our consolidated financial statements.

(4) Included in Salary is compensation paid to Mr. Emalfarb is the sum of \$12,891 for a car allowance and \$3,282 for fuel reimbursement.

(5) Bonuses are normally given on a discretionary basis, however, given current liquidity, the Board of Directors decided not to award Mr. Emalfarb a bonus for 2013 which would have been paid in 2014. No bonus was awarded for 2014 as of the date of this report.

### Employment Agreements

#### *Mark A. Emalfarb*

We entered into an Employment Agreement with Mr. Emalfarb dated as of October 23, 2014 (the “Emalfarb Employment Agreement”). Pursuant to the Emalfarb Employment Agreement, Mr. Emalfarb has agreed to serve as our President and Chief Executive Officer. The Emalfarb Employment Agreement has an initial term of three years and automatic renewals of two years at the end of each term, unless either party provides a notice of non-renewal. Mr. Emalfarb’s base salary is \$425,000 and he is eligible for a discretionary annual bonus. Additionally, Mr. Emalfarb is entitled to a performance bonus equal to (i) 20% of the value of the first \$4,000,000 of any new revenue streams generated by the Company during his employment, for a maximum of \$800,000. Mr. Emalfarb is also eligible to receive benefits at the same level as other similarly situated employees of the Company. Mr. Emalfarb has agreed to certain restrictive covenants, including non-disclosure, non-solicit for three years following termination of employment and non-compete for three years following termination of employment.

Upon a termination by the Company without cause or a resignation by Mr. Emalfarb for good reason, in each case as defined in the Emalfarb Employment Agreement, subject to his timely execution of a release of claims in favor of the Company, Mr. Emalfarb will be entitled to the following severance benefits: (i) continued payment of his base salary and provision of other benefits for a period of three years following termination of employment and (ii) full vesting acceleration of all stock options.

***Danai E. Brooks***

We entered into an Employment Agreement with Mr. Brooks dated as of April 29, 2013 (the “Brooks Employment Agreement”). Pursuant to the Brooks Employment Agreement, Mr. Brooks has agreed to serve as our Executive Vice President and Chief Operating Officer. The Brooks Employment Agreement does not have a specific term, but will renew daily such that it remains effective for a twelve (12) month period at all time, unless we or Mr. Brooks provides notice of non-renewal. Mr. Brooks’ base salary is \$283,250 and he is eligible for an annual target bonus of up to 40% of his base salary. On April 29, 2013, in accordance with the terms of the Brooks Employment Agreement, our compensation committee of the board of directors granted Mr. Brooks (i) an option to purchase 400,000 shares of common stock at an exercise price of \$1.83 per share that vests as to 1/48 of the shares subject to the option each monthly anniversary of the date Mr. Brooks commenced employment with us (the “Brooks Start Date”), subject to his continued service through each vesting date; and (ii) 69,000 restricted stock units that vests as to 1/36 of the restricted stock units each monthly anniversary of the Brooks Start Date, subject to his continued service through each vesting date. Under the Brooks Employment Agreement, Mr. Brooks is entitled to a retention bonus of \$100,000 that is paid 50% on each of the second and third anniversaries of the Brooks Start Date. Mr. Brooks is also eligible to receive benefits at the same level as other similarly situated employees of the Company. Mr. Brooks has agreed to certain restrictive covenants, including non-disclosure for three years following termination of employment, non-solicit for one year following termination of employment and non-compete for one year following termination of employment.

Upon a change of control of the company, as defined in the Brooks Employment Agreement, if Mr. Brooks is still employed by the Company, he is entitled to (i) full vesting acceleration on all outstanding equity awards and (ii) a lump sum payment within 30 days of the closing of the change in control in an amount equal to the sum of one year of base salary and annual target bonus (assuming 100% satisfaction of all performance goals), in each case in effect for the year of the change of control.

Upon a termination by the Company without cause or a resignation by Mr. Brooks for good reason, in each case as defined in the Brooks Employment Agreement, subject to his timely execution of a release of claims in favor of the Company, Mr. Brooks will be entitled to the following severance benefits: (i) payment of full annual bonus potential for the year prior to termination and the year of termination; (ii) one year of base salary paid in twelve monthly installments; (iii) twelve months of Company-paid COBRA premiums. Additionally, if the Company enters into a Transaction Agreement (as defined in the Brooks Employment Agreement) during Mr. Brooks employment or during the three month period following a termination without cause or a resignation for good reason, Mr. Brooks shall receive the following: (i) 2% of the aggregate licensing fee and technology transfer and/or access fees, paid in a lump sum within 30 days of the Company’s receipt of payment and (ii) if the Company forms a joint venture and the other entity contributes capital in the form of cash to the joint venture, 2% of such cash capital contribution paid in a single lump sum within 30 days of such capital contribution.

***Thomas L. Dubinski***

We entered into an Employment Agreement with Mr. Dubinski dated as of August 1, 2014 (the “Dubinski Employment Agreement”). Pursuant to the Dubinski Employment Agreement, Mr. Dubinski has agreed to serve as our Vice President Finance and Chief Financial Officer. The Dubinski Employment Agreement does not have a specific term, but will renew daily such that it remains effective for a twelve (12)-month period at all time, unless we or Mr. Dubinski provides notice of non-renewal. Mr. Dubinski’s base salary is \$200,000 and he is eligible for an annual target bonus of up to 40% of his base salary. Mr. Dubinski is also eligible to receive benefits at the same level as other similarly situated employees of the Company. Mr. Dubinski has agreed to certain restrictive covenants, including non-disclosure for three years following termination of employment, non-Interference for two years following termination of employment and non-compete for one year following termination of employment.

Upon a change of control of the company, as defined in the Dubinski Employment Agreement, Mr. Dubinski’s stock option grant(s) automatically vest and if the employee resigns for Good Reason within 24 months after the Change of Control, he is entitled to (i) annual base salary paid in twelve monthly installments, (ii) annual bonus, an amount equal to his bonus from the prior year and (iii) twelve months of Company-paid COBRA premiums.

Upon a termination by the Company without cause or a resignation by Mr. Dubinski for good reason, as defined in the Dubinski Employment Agreement, subject to his timely execution of a release of claims in favor of the Company, Mr. Dubinski will be entitled to the following severance benefits if such termination occurs on or before August 1, 2015: (i) pro rata annual bonus for the year of termination based on actual achievement, (ii) three months of base salary paid in three monthly installments and (iii) three months of Company-paid COBRA premiums. Mr. Dubinski will be entitled to the following severance benefits if such termination occurs after August 1, 2015: (i) pro rata annual bonus for the year of termination based on actual achievement (ii) six months of base salary paid in six monthly installments and (iii) six months of Company-paid COBRA premiums.

## **PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Mayer Hoffmann McCann P.C. (“MHM”), audited our consolidated financial statements for the year ended December 31, 2014. We have no disagreements with MHM on accounting and financial disclosures. The audit committee has appointed MHM to serve as our independent registered public accounting firm for the year ending December 31, 2015. MHM has advised the Company that it has no direct or indirect financial interest in the Company. MHM leases substantially all of its personnel, who work under the control of MHM shareholders, from wholly-owned subsidiaries of CBIZ, Inc., in an alternative practice structure.

We are not required to submit the appointment of our independent registered public accounting firm to a vote of our stockholders for ratification. However, the audit committee has recommended that our board submit this matter to the stockholders as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the audit committee will reconsider whether to retain MHM, and may retain that firm or another without re-submitting the matter to our stockholders. Even if our stockholders ratify the appointment, the audit committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be advisable and in the best interests of the Company and the stockholders.

The Audit Committee has reviewed the fees described below and concluded that the payment of such fees is compatible with maintaining MHM’s independence. All proposed engagements of MHM, whether for audit services, audit-related services, tax services, or permissible non-audit services, were pre-approved by our Audit Committee.

### **Audit Fees**

For the fiscal years ended December 31, 2014 and 2013, MHM billed us an aggregate of \$163,000 and \$157,000, respectively, in fees for the professional services rendered in connection with the audits of our annual financial statements included in our Annual Reports filed with the OTCQX for those two fiscal years and the review of our financial statements included in our Quarterly Reports during those two fiscal years.

### **Audit-Related Fees**

During the fiscal years ended December 31, 2014 and 2013, we were not billed by MHM for any fees for audit-related services reasonably related to the performance of the audits and reviews for those two fiscal years, in addition to the fees described above under the heading “Audit Fees.”

### **Tax Fees**

During the fiscal years ended December 31, 2014 and 2013, we were billed by CBIZ, Inc. \$16,250 and \$13,220, respectively, in fees for professional services rendered for tax compliance, tax advice, and tax planning services.

## **All Other Fees**

During the fiscal year ended December 31, 2014, MHM billed us an aggregate of \$21,000, in fees for services rendered to us in connection with our Form 10 filed with the SEC and our Annual Report filed with the OTCQX.

## **Pre-Approval of Services**

Our Audit Committee has established a policy setting forth the procedures under which services provided by our independent registered public accounting firm will be pre-approved by our Audit Committee. The potential services that might be provided by our independent registered public accounting firm fall into two categories:

- Services that are permitted, including the audit of our annual financial statements, the review of our quarterly financial statements, related attestations, benefit plan audits and similar audit reports, financial and other due diligence on acquisitions, and federal, state, and non-US tax services; and
- Services that may be permitted, subject to individual pre-approval, including compliance and internal-control reviews, indirect tax services such as transfer pricing and customs and duties, and forensic auditing.

Services that our independent registered public accounting firm may not legally provide include such services as bookkeeping, certain human resources services, internal audit outsourcing, and investment or investment banking advice.

All proposed engagements of our independent registered public accounting firm, whether for audit services or permissible non-audit services, are pre-approved by the Audit Committee. We jointly prepare a schedule with our independent registered public accounting firm that outlines services that we reasonably expect we will need from our independent registered public accounting firm, and categorize them according to the classifications described above. Each service identified is reviewed and approved or rejected by the Audit Committee.

We expect representatives of MHM to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so, and we expect them to be available to respond to appropriate questions.

## **Report of Audit Committee**

In monitoring the preparation of our financial statements, the Audit Committee met with both management and Mayer Hoffmann McCann P.C., our independent registered public accounting firm for the year ended December 31, 2014, to review and discuss all financial statements prior to their issuance and to discuss any and all significant accounting issues. Management and our independent registered public accounting firm advised the Audit Committee that each of the financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee's review included a discussion of the matters required to be discussed pursuant to the Public Company Accounting Oversight Board (PCAOB) Auditing Standards No. 16 ("AS No. 16"), "Communication with Audit Committees". AS No. 16 requires our independent registered public accounting firm to discuss with the Audit Committee, among other things, the following:

- Overall audit strategy, including the timing of the audit and significant risks identified during the auditors' risk assessment procedures;
- Methods used to account for significant or unusual transactions;
- The process used by management to formulate sensitive accounting estimates and the basis for the independent registered public accounting firm's conclusion regarding the reasonableness of any such estimates; and
- Any disagreements with management over the application of accounting principles, the basis for management's accounting estimates and the disclosures necessary in the financial statements.

The Audit Committee has discussed the independence of MHM, including the written disclosures made by MHM to the Audit Committee, as required PCAOB Rule 3526, “Communication with Audit Committees Concerning Independence.” PCAOB Rule 3526 requires the independent registered public accounting firm to (i) disclose in writing all relationships that, in the independent registered public accounting firm’s professional opinion, may reasonably be thought to bear on independence, (ii) confirm their perceived independence, and (iii) engage in a discussion of independence with the Audit Committee.

Finally, the Audit Committee continues to monitor the scope and adequacy of our internal controls and other procedures, including any and all proposals for adequate staffing and for strengthening internal procedures and controls where appropriate and necessary.

On the basis of these reviews and discussions, the Audit Committee recommended to the Board of Directors that it approve the audited financial statements for the fiscal year ended December 31, 2014 for inclusion in the Company’s Annual Report filed with the OTCQX.

The Audit Committee reviewed its written charter previously adopted by our Board of Directors. Following this review, the Audit Committee determined that no changes needed to be made with respect to the Audit Committee charter at this time.

By the Audit Committee of the Board of Directors

Frank Gerardi, Chairman  
Michael Tarnok  
Dr. Robert Burke  
Stephen Warner

Dated March 11, 2015

### **Vote Required**

The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at the Annual Meeting is required to ratify the appointment of MHM as our independent registered public accounting firm for the year ending December 31, 2015. A properly executed proxy marked “ABSTAIN” with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

### **Recommendation of the Board**

The Company’s board of directors recommends a vote “FOR” this proposal.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 24, 2015 (except as otherwise noted), the beneficial ownership of our common stock by (i) each person known by the Company to beneficially own more than 5% of our common stock, (ii) each of the Company's current directors and nominees for director, (iii) each of the named executive officers as set forth in the Summary Compensation Table, and (iv) all of our current executive officers and directors as a group.

<u>Name and Address of Beneficial Owner</u> <sup>(1)</sup>	<u>Amount and Nature of Beneficial Ownership (#)</u>	<u>Percentage Owned (%)</u>
<b>Five Percent Stockholders</b>		
The Francisco Trust U/A/D February 28, 1996 <sup>(2)</sup>	4,400,707	12.7
Mark A. Emalfarb <sup>(3)</sup>	4,446,685	12.6
Pinnacle Fund <sup>(4)</sup>	4,269,618	11.1
Lisa K. Emalfarb <sup>(5)</sup>	3,610,866	10.5
Abengoa BioEnergy <sup>(6)</sup>	2,136,752	6.3
<b>Directors and Executive Officers:</b>		
Mark A. Emalfarb	4,446,685	12.6
Michael P. Tarnok	23,705	*
Frank P. Gerardi	277,479	*
Robert D. Burke, MD	586,373	1.7
Seth J. Herbst, MD	398,873	1.2
Stephen J. Warner	356,373	1.0
Jack Kaye	8,616	*
Danai E. Brooks	279,584	*
Thomas L. Dubinski	-	-
Richard H. Jundzil	252,500	*
Thomas M. O'Shaughnessy	218,750	*
Wim van der Wilden	250,000	*
All current executive officers and directors as a group (12 persons)	7,098,936	19.2

\* Represents beneficial ownership of less than 1%.

(1) Except as otherwise noted, the address for each stockholders is c/o Dyadic International, Inc., 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477.

(2) Includes 4,010,082 shares held by the Francisco Trust. In addition, the Francisco Trust holds an additional \$0.5 million of debt convertible into 390,625 shares of common stock at \$1.28. The trustee of the Francisco Trust is Morley Alperstein and the beneficiaries thereof are the spouse and descendants of Mark A. Emalfarb. As of March 18, 2014, Lisa K Emalfarb, the former spouse of Mark A. Emalfarb, is no longer a beneficiary of the Francisco Trust. The address of the Francisco Trust is 17236 Gulf Pine Circle, Wellington, Florida 33414. Mr. Emalfarb disclaims beneficial ownership of such shares.

(3) Includes 3,302,687 shares held by Mark A. Emalfarb beneficially through the MAE Trust, of which Mr. Emalfarb is the sole beneficiary and serves as sole trustee. In addition, Mr. Emalfarb holds 330,823 options to purchase shares of common stock and 125,000 restricted shares. Mr. Emalfarb holds an additional \$1.0 million of debt convertible into 675,676 shares of common stock at \$1.48. The address of the MAE Trust is 193 Spyglass Court, Jupiter, FL 33477.

(4) The Pinnacle Fund holds \$1.8, \$1.9 and \$2.0 million of debt convertible into 4,269,618 shares of common stock at \$1.48, \$1.28 and \$1.28, respectively.

- (5) As of December 31, 2014, Lisa K. Emalfarb held 3,291,688 shares. In addition, Ms. Emalfarb holds 194,178 options to purchase shares of common stock and 125,000 restricted shares which were received pursuant to a divorce decree dated March 18, 2014. Lisa K. Emalfarb, additionally has a beneficial interest in certain options to purchase 207,904 additional shares earned by Mr. Emalfarb prior to November 30, 2012. The address for Lisa K. Emalfarb is 118 Sandpiper Circle, Jupiter, Florida 33477.
- (6) Includes 3,291,688 shares held by Abengoa BioEnergy.

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

Our Board of Directors has determined that the Audit Committee is best suited to review and approve transactions with related persons. Prior to entering into a transaction with a related person, (a) the director, executive officer, nominee or significant holder who has a material interest (or whose immediate family member has a material interest) in the transaction or (b) the business unit or function/department leader responsible for the potential transaction with a related person is required to provide notice to the Chairman of the Audit Committee of the Company (“Committee Chairman”) of the material facts and circumstances of the potential transaction with a related person and such information concerning the transaction as the Committee Chairman may reasonably request. If the Committee Chairman determines that the proposed transaction is a related person transaction, the proposed related person transaction must be submitted to the Audit Committee for consideration at the next Audit Committee meeting or, in those instances in which the Committee Chairman determines that it is not practicable or desirable for the Company to wait until the next Audit Committee meeting, the Committee Chairman possesses delegated authority to act between Committee meetings.

The Audit Committee will consider all of the relevant facts and circumstances available to the Audit Committee, including (if applicable) but not limited to: (a) the benefits to the Company; (b) the availability of other sources for comparable products or services; (c) the terms of the transaction; and (d) the terms available to unrelated third parties or to employees generally. No member of the Audit Committee will participate in any review, consideration or approval of any related person transaction if such member, or any of his or her immediate family members, is the related person. The Audit Committee or Chairperson, as applicable, will convey the approval or disapproval of the transaction to the Chief Executive Officer or Secretary, who will convey the decision to the appropriate persons within the Company. The Chairperson of the Audit Committee will report to the Audit Committee at the next Audit Committee meeting any approval under this policy made by the chairperson pursuant to delegated authority.

In the event we become aware of a related person transaction that has not been previously approved or previously ratified under this procedure, and such transaction is pending or ongoing, it will be submitted to the audit committee or chairperson, as applicable, promptly, and the audit committee or chairperson will consider all of the relevant facts and circumstances available to the audit committee or the chairperson as provided above. Based on the conclusions reached, the audit committee or chairperson, as applicable, will evaluate all options, including but not limited to, ratification, amendment or termination of the related person transaction.

As discussed more completely in Note 4 to our Consolidated Financial Statements dated December 31, 2014 and 2013 (which are posted to the OTC Markets website entitled Annual Report – 2014 Consolidated Financial Statements (audited) dated March 11, 2015 (the “OTC Annual Report”)) the Company has certain notes payable to the MAE Trust and the Francisco Trust, as well as certain convertible subordinated debt owed to members of our management, members of our board of directors and another related party. Additional information about Mark A. Emalfarb’s interest in certain disputes relating to the Company can be found in the Note 5 to our Consolidated Financial Statements dated December 31, 2014 and 2013, which can be found in the OTC Annual Report.

## STOCKHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING

Any proposal that a stockholder intends to present at the 2016 Annual Meeting of Stockholders must be submitted to the Secretary of the Company at its offices, at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, no earlier than February 25, 2016 and no later than March 26, 2016, in order to be considered for inclusion in the Proxy Statement relating to that meeting.

If a stockholder of the Company wishes to present a proposal before the 2016 Annual Meeting and the Company has not received notice of such matter prior to February 26, 2016, the Company shall have discretionary authority to vote on such matter, if the Company includes a specific statement in the proxy statement or form of proxy to the effect that it has not received such notice in a timely fashion.

### OTHER MATTERS

We know of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons named as proxies shall vote the shares they represent in accordance with their best judgment. Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy. It is important that you return your proxy promptly and that your shares be represented. You are urged to vote either by mail or phone. If by mail, please mark, date, and sign and return the enclosed proxy in the accompanying reply envelope or by phone, per the instructions on the proxy card.

### INCORPORATION OF INFORMATION BY REFERENCE

The Audit Committee Report contained in this proxy statement is not deemed filed with the SEC and shall not be deemed incorporated by reference into any prior or future filings made by us under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate such information by reference.

BY ORDER OF THE BOARD OF DIRECTORS



Thomas L. Dubinski  
*Chief Financial Officer*  
*Corporate Secretary*

May 26, 2015  
Jupiter, Florida