



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

Dear Shareholder:

You are cordially invited to attend the 2017 Annual Meeting of Shareholders of Dyadic International, Inc. ("Dyadic"), which will be held on Wednesday, June 7, 2017 at 10 a.m. local time, at the Wyndham Grand Jupiter at Harbourside Place, 122 Soundings Avenue, Jupiter, Florida 33477.

At the meeting, you will be asked to consider and vote on the proposals described in the Notice of 2017 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 vote your shares using the internet or a toll-free telephone number, or by completing and mailing the proxy card in the postage-paid envelope provided to ensure that your shares will be represented at the meeting. Instructions on using each of these voting methods are outlined in the proxy statement. If you hold shares through a broker or other nominee, you should follow the procedures provided by your broker or nominee.

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 Emalfarb", with a long, sweeping flourish extending to the right.

Mark Emalfarb  
President and Chief Executive Officer

Jupiter, Florida  
April 12, 2017



**NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON WEDNESDAY, JUNE 7, 2017**

To the Shareholders of Dyadic International, Inc.:

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Shareholders of Dyadic International, Inc., a Delaware corporation (“Dyadic,” “we,” “us,” “our”, or the “Company”), will be held on Wednesday, June 7, 2017 at 10 a.m. local time at the Wyndham Grand Jupiter at Harbourside Place, 122 Soundings Avenue, Jupiter, Florida 33477, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice:

1. To elect two Class I directors to our Board of Directors to serve until the Company’s 2020 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, 2017; 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 10, 2017 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 promptly cast your vote in one of the manner described below:

- *Vote by Internet.* Record holders can vote online through [www.cstproxyvote.com](http://www.cstproxyvote.com), prior to 7:00 p.m., Eastern Standard Time, on Tuesday, June 6, 2017. You will need “company ID”, “proxy number” and “account number”, all of which appear on the proxy card you received.
- *Vote by Telephone.* Record holders can vote by phone by calling (866) 894-0537 (available 24 hours a day) prior to 7:00 p.m., Eastern Standard Time, on Tuesday, June 6, 2017. You will need “company ID”, “proxy number” and “account number”, all of which appear on the proxy card you received.
- *Vote by Mail.* Record holders can vote by mail if they received a printed copy of the proxy card. Complete and mail that proxy card in the postage-paid envelope provided. If you are a shareholder of record and you choose to vote by mail, your vote will be counted so long as it is received prior to the closing of the polls at the meeting, but we urge you to complete, sign, date and return the proxy card as soon as possible.

You need only vote in one way (so that, if you vote by internet or telephone, you need not return the proxy card).

If you hold your shares through a broker, bank or other nominee, you should receive separate voting instructions from the firm holding your shares describing the procedure for voting those shares. You may complete and mail a voting instruction card to your broker or nominee or, in most cases, submit voting instructions by telephone or the Internet to your broker or nominee. If you provide specific voting instructions by mail, telephone or the Internet, your broker or nominee will vote your shares as you have directed.

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,  
**DYADIC INTERNATIONAL, INC.**



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

Jupiter, Florida  
April 12, 2017

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

*This Notice of Meeting, Proxy Statement and our Annual Report to Stockholders for the fiscal year ended December 31, 2016, are available online at <http://www.dyadic.com/investors/proxy-statements> and can be accessed at <http://www.cstproxy.com/dyadic/2017>.*

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

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**PROXY STATEMENT**

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**2017 ANNUAL MEETING OF SHAREHOLDERS**

**JUNE 7, 2017**

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This proxy statement contains information related to the 2017 Annual Meeting of our stockholders to be held on Wednesday, June 7, 2017 at 10 a.m. local time at Wyndham Grand Jupiter at Harbourside Place, 122 Soundings Avenue, Jupiter, Florida 33477, 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 10, 2017. 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 I directors for a term ending in 2020;
- To ratify the appointment of Mayer Hoffman McCann P.C., (MHM), as our independent registered public accounting firm for the year ending December 31, 2017; 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 10, 2017, 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 proxy materials have been forwarded to you by your stockbroker or nominee. 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.

*How do I vote?*

Shareholders at the close of business on April 10, 2017, can vote at the Annual Meeting in person or via proxy in the manner described herein.

Any shareholder who holds shares in "street name" through a broker, bank or other nominee should receive separate instructions from the firm holding his or her shares describing the procedure for voting those shares. You should follow the voting instructions provided by your broker, bank or other nominee when voting your shares. You may complete and mail a voting instruction card to your broker or nominee or, in most cases, submit voting instructions by telephone or the Internet to your broker or nominee. If you provide specific voting instructions by mail, telephone or the Internet, your broker or nominee will vote your shares as you have directed.

Shareholders of record may vote by proxy in four ways:

- *Vote by Internet.* Record holders can vote online through [www.cstproxyvote.com](http://www.cstproxyvote.com), prior to 7:00 p.m., Eastern Standard Time, on Tuesday, June 6, 2017. You will need "company ID", "proxy number" and "account number", all of which appear on the proxy card you received.

- *Vote by Telephone.* Record holders can vote by phone by calling (866) 894-0537 (available 24 hours a day) prior to 7:00 p.m., Eastern Standard Time, on Tuesday, June 6, 2017. You will need “company ID”, “proxy number” and “account number”, all of which appear on the proxy card you received.
- *Vote by Mail.* Record holders can vote by mail if they received a printed copy of the proxy card. Complete and return that proxy card in the postage-paid envelope provided. If you are a shareholder of record and you choose to vote by mail, your vote will be counted so long as it is received prior to the closing of the polls at the meeting, but we urge you to complete, sign, date and return the proxy card as soon as possible.
- *Vote in Person.* You may attend the special meeting and cast your vote in person.

You need only vote in one way (so that, if you vote by internet or telephone, you need not return the proxy card).

If you have any questions about how to vote or direct a vote in respect of your Dyadic common stock, you may 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, 1 State Street, 30th Floor, New York, New York 10004, telephone: (212) 509-4000.

*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 10, 2017, our directors and executive officers owned, or have the right to acquire within 60 days through the exercise of option, approximately 19.0% 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, 2016? 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, 2016. 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 I directors; and
- The proposal to ratify the appointment of MHM as our independent registered public accounting firm for the year ending December 31, 2017.

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 I 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 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.

*What vote is required to approve the proposals?*

**Proposal 1: Election of Class I 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 I 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, 2017. 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 May 10, 2017.

*How can I obtain additional copies?*

The Notice of Meeting, Proxy Statement and our Annual Report to Stockholders for the fiscal year ended December 31, 2016, are available online at <http://www.dyadic.com/investors/proxy-statements> and may be accessed at <http://www.cstproxy.com/dyadic/2017>.

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, 1 State Street, 30th Floor, New York, New York 10004, telephone: (212) 509-4000.

## 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 2016 and each of our directors attended all of those meetings in person or by teleconference except for the March 28, 2016 meeting which Seth J. Herbst, MD was unable to attend.

We have a classified board of directors currently fixed at six members with one vacancy in connection with the resignation of Stephen Warner effective on June 1, 2017. The board has four committees: Audit, Compensation, Nominating and Special. 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 NYSE and NASDAQ, as applicable, and as the term is defined by the SEC for audit committee members. We believe that Dr. Herbst and Dr. Bose, as well as Messrs. Kaye, Warner and Tarnok qualify as independent directors, as that term is defined by NYSE and NASDAQ rules and as defined by the SEC rules for audit committee membership.

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

#### *Committees of the Board*

The Board has established an audit committee, a compensation committee, a nominating committee and a special committee to devote attention to specific subjects and to assist the Board in the discharge of its responsibilities. Currently, Mr. Kaye serves as Chairman of the audit committee, Mr. Tarnok serves as Chairman of the compensation committee and Dr. Herbst serves as Chairman of the nominating committee. Messrs. Tarnok and Kaye were members of the special committee, which was disbanded on March 8, 2017 (See Special Committee section below).

***Audit Committee.*** The Audit Committee held seven (7) meetings during the year ended December 31, 2016. The audit committee has oversight responsibility for quality and integrity of our consolidated financial statements. A copy of the Charter of the Audit Committee is available on our website, located at [www.Dyadic.com](http://www.Dyadic.com). 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, NYSE and NASDAQ have established rules and regulations regarding the composition of audit committees and the qualifications of audit committee members. Although we are not required to comply with SEC, NYSE and NASDAQ rules, 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, NYSE 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. Although we are not required to comply with SEC, NYSE and NASDAQ 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 included in this proxy statement for a description of his relevant experience.

**Compensation Committee.** The Compensation Committee held three (3) meetings during the year ended December 31, 2016. 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 key personnel of the Company, determining the overall compensation of the Chief Executive Officer, Chief Financial Officer and other key personnel 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 key personnel of the Company on an annual basis and reviews and approves on an annual basis all compensation programs and awards relating to such officers and key personnel. 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.

**Nominating Committee.** The Nominating Committee held one (1) meeting during the year ended December 31, 2016. 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. A copy of the Charter of the Nominating Committee is available on our website, located at [www.Dyadic.com](http://www.Dyadic.com).

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, 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 2016 Annual Meeting, the nominating committee received no proposals for new director candidates, and considered and nominated the incumbent Class III 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 2017 Annual Meeting of Stockholders, the submission must have been received by us no later than April 9, 2017. No such submissions were received.

***Special Committee.*** On January 19, 2016, the Dyadic board of directors approved the formation of a compensated Special Committee to address the advisory needs of the Company in connection with the Company's litigation against former legal counsel and biopharmaceutical business development. The role of the Special Committee was to serve as a resource to management with respect to the foregoing matters, but that all decisions with respect to such matters would be management's subject to full Board review and approval. Michael Tarnok and Jack Kaye were appointed to the compensated Special Committee.

On March 8, 2017, the Special Committee was disbanded as a result of the settlement of the Company's professional liability litigation.

### ***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, 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 2016 Annual Meeting of Stockholders.

### ***Code of Conduct and 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**

On March 15, 2016, our board of directors revised our director compensation policy to return to 100% cash compensation instead of 80% cash and 20% restricted stock, effective January 1, 2016. Directors who are also employees or officers of the Company or any of its subsidiaries do not receive any separate compensation as a director.

On June 7, 2016, our board of directors re-evaluated our director compensation plan, taking into consideration board compensation of benchmark companies and our reduced internal resources after the DuPont Transaction. In anticipation of the workload demands and time commitments expected of board members in 2016 and 2017, the Company increased each board member's cash compensation from a base of \$36,000 per year to \$60,000 per year beginning July 1, 2016, and the annual stock option award was increased from 25,000 options to 50,000 options retroactively to the beginning of 2016. Accordingly, 25,000 additional stock options were granted to each board member on June 7, 2016. The grant dates of the stock options granted to existing directors were January 4, 2016 and June 7, 2016 with an exercise price of \$1.82 and \$1.67, respectively. 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 to the Annual Board Retainer, a director serving as Chairman of the Board shall receive an additional annual retainer of \$12,000, paid in equal monthly installments. 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, paid in equal monthly installments.

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.

The following table sets forth the total compensation earned by our non-employee directors for the fiscal year ended December 31, 2016:

Name	Fees earned or Paid in Cash (1) (3)	Bonus (2)	Restricted Stock Awards (# of shares) (2)	Restricted Stock Awards (2)	Stock Options Awards (# of shares) (3)	Stock Options Awards (3) (4)	Total
Michael P. Tarnok (2)	\$ 60,000	\$ —	64,516	\$ 100,000	50,000	\$ 87,250	\$ 247,250
Jack Kaye (2)	\$ 57,760	\$ 50,000	32,258	\$ 50,000	50,000	\$ 87,250	\$ 245,010
Stephen J. Warner (5)	\$ 48,000	\$ —	—	\$ —	50,000	\$ 87,250	\$ 135,250
Seth J. Herbst, MD	\$ 50,400	\$ —	—	\$ —	50,000	\$ 87,250	\$ 137,650
Arindam Bose, Ph.D. (6)	\$ 22,742	\$ —	—	\$ —	30,000	\$ 43,200	\$ 65,942
Robert D. Burke, MD (7)	\$ 3,000	\$ —	—	\$ —	25,000	\$ 45,500	\$ 48,500

- On March 15, 2016, our board of directors revised our director compensation policy to return to 100% cash compensation instead of 80% cash and 20% restricted stock, effective January 1, 2016. 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, paid in equal monthly installments. A director serving as Chairman of the Board shall also receive an additional annual retainer of \$12,000, paid in equal monthly installments. An independent director who serves as Chair of the Company's Audit Committee shall also receive an additional annual retainer of \$9,600, paid in equal monthly installments.
- On January 19, 2016, Mr. Tarnok and Mr. Kaye, each received a one-time compensation of \$100,000 in connection with the newly formed special committee of the Board of Directors. Mr. Tarnok was paid in the form of restricted stock awards, and Mr. Kaye was paid in the form of 50% cash bonus and 50% restricted stock awards.
- On June 7, 2016, our board of directors re-evaluated our director compensation plan, taking into consideration board compensation of benchmark companies and our reduced internal resources after the DuPont Transaction. In anticipation of the workload demands and time commitments expected of board members in 2016 and 2017, the Company increased each board member's cash compensation from a base of \$36,000 per year to \$60,000 per year beginning July 1, 2016, and the annual stock option award was increased from 25,000 options to 50,000 options retroactively to the beginning of 2016. Accordingly, 25,000 additional stock options were granted to each board member on June 7, 2016. The grant dates of the stock options granted to existing directors were January 4, 2016 and June 7, 2016 with an exercise price of \$1.82 and \$1.67, respectively. Newly appointed directors are issued 30,000 stock options in the first year. The stock options for Dr. Bose, as a new director, were granted on August 15, 2016 with an exercise price of \$1.44. All options granted to directors vest over four years.
- The Stock Option Awards represented the grant date fair market value of each option granted in 2016, 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.
- Effective June 1, 2017, Stephen Warner will resign from the Board of Directors and all related Board committees to which he served, which included the audit, compensation and nominating committees of the Board. In connection with Mr. Warner's resignation, all of his outstanding stock options will be vested and will expire thirty-six months following his resignation date.
- Dr. Bose joined Dyadic's board of directors on August 15, 2016 and serves on the Company's audit committee. The fees earned or paid in cash represent the amount paid to Dr. Bose in 2016, since his engagement as a board member in August 2016.
- Effective January 18, 2016, Robert D. Burke, MD resigned from the Board of Directors and all related Board committees to which he served, which included the compensation and nominating committees of the Board.

## COMPENSATION AND OTHER INFORMATION CONCERNING OFFICERS

For information regarding our executive officers' compensation and employment agreements, see Item 11, *The Name of the Chief Executive Officer; Members of the Board of Directors, as well as Control Persons*, of our 2016 Annual Report (with Amended Audit Report) posted to the OTC Markets website on March 24, 2017.

## MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

### PROPOSAL 1 - ELECTION OF CLASS I DIRECTORS

#### General

We have a classified board of directors currently fixed at six members with one vacancy in connection with the resignation of Stephen Warner effective on June 1, 2017. Our board is divided into three classes currently consisting of two Class I directors, two Class II directors with one vacancy, 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 I directors expires at the 2017 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 Seth J. Herbst and Arindam Bose to stand for re-election as Class I directors. If elected, both Mr. Herbst and Mr. Bose will serve for a term expiring in 2020.

We expect each such nominee for election as Class I 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 I 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 I directors.

#### Nominees for Election as Directors

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

**Seth J. Herbst, MD, 59**, 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 in May of 1997, an OB/GYN practice with multiple locations in Palm Beach County, Florida. He is the co-founder of Visions Clinical Research since 1999, 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.

**Arindam Bose, Ph.D., 64**, joined Dyadic's board of directors on August 15, 2016 and serves on the Company's audit committee. Dr. Bose retired from Pfizer Worldwide Research & Development in 2016 after 34 years in leadership roles in bioprocess development and clinical manufacturing. Most recently, Dr. Bose served as Vice-President, Biotherapeutics Pharmaceutical Sciences External Affairs and Biosimilar Strategy with responsibility for external sourcing, competitive intelligence and external influencing as well as for executing the technical development plan for Pfizer's entry into biosimilars. He is widely recognized as a Key Thought Leader in the biopharmaceutical industry. Dr. Bose has served as the Chair of the Biologics and Biotechnology Leadership Committee of the Pharmaceutical Research and Manufacturers of America (PhRMA), the chief advocacy arm of the US pharmaceutical industry. His outstanding accomplishments and service to the profession have been recognized by his election as "Fellow" of 3 leading professional organizations: American Chemical Society, American Institute of Chemical Engineers and American Institute for Medical and Biological Engineering. Dr. Bose was elected to the US National Academy of Engineering in February 2017 for innovative research in biologics manufacturing. He received a Ph.D. in chemical engineering from Purdue University, a M.S. from the University of Michigan, Ann Arbor and a B. Tech from the Indian Institute of Technology, Kanpur.

### **Directors Continuing in Office**

Effective June 1, 2017, Mr. Stephen Warner resigned from the Board of Directors and all related Board committees to which he served, which included the audit, compensation and nominating committees of the Board.

The following information is provided with respect to the directors who are not nominees for election as directors at the 2017 Annual Meeting:

<u>Name</u>	<u>Age</u>	<u>Class</u>	<u>Term Expiring</u>	<u>Date of Appointment</u>
Jack L. Kaye	73	II	2018	May, 2015
Mark A. Emalfarb	61	III	2019	June, 2008
Michael P. Tarnok	62	III	2019	June, 2014

### **Jack Kaye, Director**

Jack Kaye joined Dyadic's board of directors in May 2015 and currently serves as Chairman of the Company's audit committee. He also serves on the Company's nomination and governance and compensation committees. Mr. Kaye is currently the chairman of the audit committee of UniQure B. V. where he has served since May 2016. Mr. Kaye's prior board service includes Keryx Biopharmaceuticals Inc., a position he has held from 2006 to May 2016 and he was also a member of their nominating and governance committee. He also served on the boards of Tongli Pharmaceuticals (USA) Inc. and Balboa Biosciences, Inc., where he served as Chairman of both audit committees. In the past 4 years, Mr. Kaye was selected to participate on several dissident board slates which included the Astellas, Inc./OSI, Roche Pharmaceuticals, Inc./Illumina and the Horizon, Inc./Depomed hostile M&A transactions. Mr. Kaye was a partner at Deloitte LLP from 1978 until May 2006, when he retired. At Deloitte, Mr. Kaye 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, SEC rules and regulations and corporate governance/ Sarbanes-Oxley issues. In addition, he has served as Deloitte's Tristate liaison with the banking and finance community and assisted clients with numerous merger and acquisition transactions. Mr. Kaye served as Partner-in-Charge of Deloitte's Tri-State Core Client practice, a position he held for more than twenty years. He earned a B.B.A. from Baruch College and is a Certified Public Accountant.

### **Mark A. Emalfarb, Chief Executive Officer, Director**

Mark A. Emalfarb is the founder of Dyadic, and currently serves as the Chief Executive Officer and Board of Director of the Company. He has been a member of Dyadic's board of directors and has served as its Chairman from



October 2004 until April 2007 and from June 2008 until January 2015. Since founding the predecessor to Dyadic in 1979, Mr. Emalfarb has served as a Director, President and Chief Executive Officer and 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 25 U.S. and foreign biotechnology patents and patent applications resulting from discoveries related to the patented and proprietary C1 fungus, and has been the architect behind its formation of several strategic 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, Chairman, Director**

Michael P. Tarnok joined Dyadic's board of directors on June 12, 2014 and has served on the Company's audit, nominating and compensation committees, and on January 12, 2015 Mr. Tarnok was appointed Dyadic's Chairman of the Board of Directors. Mr. Tarnok is also currently a board member of Global Health Council, and Ionetix, Inc. In addition, Mr. Tarnok's prior board service includes Keryx Biopharmaceuticals, Inc., where he also served as Chairman of the Board. Mr. Tarnok is a seasoned finance and operational executive with extensive pharmaceutical industry experience in a wide range of functional areas. He spent the majority of his career at Pfizer Inc., which he joined in 1989 as Finance Director-US Manufacturing and from 2000 to 2007 served as a Senior Vice President in Pfizer's US Pharmaceutical Division. In this position, Mr. Tarnok managed multiple responsibilities for the division including, finance, access contracting, trade management, information technology, Sarbanes-Oxley compliance and the 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.

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.

**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, 2016. 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, 2017. 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. ("CBIZ"), 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, 2016 and 2015, we were billed by MHM an aggregate of \$132,000 and 169,400, 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, 2016 and 2015, 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, 2016 and 2015, we were billed by CBIZ, Inc. an aggregate of \$21,000 and \$14,100, 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, 2016, we were billed by CIBZ, Inc. an aggregate of \$22,300, in fees for services rendered to us in connection with the asset sale of our industrial business to DuPont in 2015.

During the fiscal year ended December 31, 2015, we were billed by CIBZ, Inc. an aggregate of \$11,800, in fees for services rendered to us in connection with transfer pricing policy with foreign subsidiaries.

### **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. (“MHM”), our independent registered public accounting firm for the year ended December 31, 2016, 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 Statement on Auditing Standards No. 61, “Communication with Audit Committees,” as amended, (Codification of Statements on Auditing Standards, AU Section 380) as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T, or SAS 61. SAS 61 requires our independent registered public accounting firm to discuss with the Audit Committee, among other things, the following:

- Methods used to account for significant or unusual transactions;
- The effect of any accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
- 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, 2016 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

Jack L. Kaye, Chairman  
Michael P. Tarnok  
Stephen J. Warner  
Seth J. Herbst, MD  
Arindam Bose  
Dated April 12, 2017

**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, 2017. 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 information presented below regarding beneficial ownership of Dyadic common stock is based upon representations made to us by our directors, officers and other key personnel, and is not necessarily indicative of beneficial ownership for any other purpose. In the table below, we have deemed a person to be a “beneficial owner” of a security if that person has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security. Beneficial ownership includes any security with respect to which a person has the right to acquire sole or shared voting or investment power within 60 days through the conversion or exercise of any convertible security, warrant, option or other right. The table sets forth as to each director, executive officer, key personnel and beneficial holder of 5% or more of the outstanding Dyadic common stock as of April 10, 2017 and includes (1) the number of shares of Dyadic common stock beneficially owned and (2) the percent of total shares of Dyadic common stock outstanding that are beneficially owned.

The Dyadic common stock is not registered under the Securities Exchange Act of 1934, and our shareholders are not required to file certain stock ownership reports with the Securities and Exchange Commission. As a result, we have limited information about the owners of Dyadic common stock. The information presented below regarding ownership of Dyadic common stock is based upon information in our stock ledger and provided to us by our shareholders.

As of April 10, 2017, the Company has 38,930,738 shares of common stock issued and 28,703,168 shares of common stock outstanding with the remaining 10,227,570 shares held in treasury. The beneficial ownership table below includes those shares of common stock underlying options that are currently exercisable or exercisable within sixty (60) days of April 10, 2017, but excludes those shares issued or repurchased subsequent to April 10, 2017:

<b><u>Name and Address of Beneficial Owner (1)</u></b>	Number of Common Shares Held	Options Exercisable within 60 Days	Number of Common Share Equivalents Beneficially Owned	Percentage of Common Share Equivalents Beneficially Owned (%) (2)
<b><u>Five Percent Shareholders</u></b>				
Mark A. Emalfarb U/A/D October 1, 1987 (3)	4,116,987	300,000	4,416,987	15.2%
The Francisco Trust U/A/D February 28, 1996 (4)	3,781,849	—	3,781,849	13.2%
Bandera Master Fund L.P. (5)	2,490,271	—	2,490,271	8.7%
SC Fundamental Value Fund, L.P. (6)	1,711,182	—	1,711,182	6.0%
Pinnacle Family Office Investments, L.P. (7)	1,500,000	—	1,500,000	5.2%
<b><u>Named Directors, Executive Officers and Key Personnel</u></b>				
Mark A. Emalfarb (3)	4,116,987	300,000	4,416,987	15.2%
Michael P. Tarnok	138,929	89,376	228,305	*
Jack Kaye	37,707	64,376	102,083	*
Seth J. Herbst, MD	9,923	214,376	224,299	*
Stephen J. Warner (8)	7,423	134,376	141,799	*
Arindam Bose	—	20,000	20,000	*
Thomas L. Dubinski	78,759	328,000	406,759	1.4%
Ronen Tchelet	—	150,000	150,000	*
Matthew Jones	—	—	—	*
<b>All directors, executive officers and key personnel as a group (9 persons):</b>	<b>4,389,728</b>	<b>1,300,504</b>	<b>5,690,232</b>	<b>19.0%</b>

\* Less than 1%

- (1) Except as otherwise noted, the address for each shareholder is c/o Dyadic International, Inc., 140 Intracoastal Pointe Drive, Suite 404, Jupiter, FL 33477.
- (2) Based on 28,703,168 shares of common stock outstanding as of April 10, 2017. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days are deemed outstanding for purposes of computing the percentage of the person holding such options, but are not deemed outstanding for purposes of computing the percentage of any other person.
- (3) Includes 4,116,987 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 300,000 shares of common stock underlying options that are presently exercisable. The address of the MAE Trust is 193 Spyglass Court, Jupiter, 33477.
- (4) The trustee of the Francisco Trust is Adam Morgan, and the beneficiaries thereof are the spouse and descendants of Mark A. Emalfarb. The address of the Francisco Trust is c/o Adam Morgan, 3128 San Michele Dr, Palm Beach Gardens, Florida 33418. Mr. Emalfarb disclaims beneficial ownership of such shares.
- (5) The address is c/o Bandera Master Fund L.P. 50 Broad Street #1820, New York, NY 10004.
- (6) The address is c/o SC Fundamental LLC 747 Third Avenue, 27th Floor, New York, NY 10017.
- (7) The address of Pinnacle Family Office Investments L.P. is 5910 North Central Expressway, Suite 1475, Dallas, Texas 75206.
- (8) Effective June 1, 2017, Stephen Warner will resign from the Board of Directors and all related Board committees to which he served, which included the audit, compensation and nominating committees of the Board. The number of options exercisable within 60 days in the table does not include the vesting provisions in connection with his resignation.

#### **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.

Additional information about Mark A. Emalfarb's interest in certain disputes relating to the Company can be found in Note 5 of our Consolidated Financial Statements dated December 31, 2016 and 2015, which were posted to the OTC Markets website entitled 2016 Issuer's Annual Report (with Amended Audit Report) on March 24, 2017.

### **STOCKHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING**

Any proposal that a stockholder intends to present at the 2018 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 8, 2018 and no later than March 9, 2018, 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 2018 Annual Meeting and the Company has not received notice of such matter prior to March 9, 2018 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*

April 12, 2017  
Jupiter, Florida