

## OTCQX Financial Report, Officer/Director Disclosure

### Employment Agreements of Certain Officers

On June 21, 2016, Mark A. Emalfarb, 61, entered into a new employment agreement with Dyadic International, Inc. (the “Company” or “Dyadic”) to serve as its Chief Executive Officer. Mr. Emalfarb’s new employment agreement commenced on June 21, 2016 and has a term of three years. In addition, on May 1, 2016, Thomas L. Dubinski, 60, entered into a new employment agreement with Dyadic International, Inc. (the “Company” or “Dyadic”) to serve as its Chief Financial Officer. Mr. Dubinski’s new employment agreement commenced on May 1, 2016 and has a term of two years.

#### *Mark A. Emalfarb Employment Agreement*

The Company entered into a new employment agreement dated June 21, 2016 (the “Agreement”) with Mr. Emalfarb. The Agreement has a three year term. The material terms of the Agreement are summarized below.

*Base Salary and Bonus.* Mr. Emalfarb will receive an annual base salary of \$375,000 and he may be eligible for an annual bonus award, with the timing and amount of any such bonus determined in the sole discretion of the Compensation Committee of the Board.

*Performance Stock Options.* Mr. Emalfarb will have the opportunity to be awarded three (3) annual stock option grants, each such annual option incentive stock option grant will be to purchase up to three hundred thousand (300,000) shares of common stock (the “Maximum Option Bonus”) based on performance achievements in 2016, 2017 and 2018. Performance incentives for the six month period January-June 2019 will be agreed to by the Board and Mr. Emalfarb based solely on the Compensation Committee’s evaluation of Mr. Emalfarb’s performance during the time period. The stock option grant(s), if granted by the Compensation Committee, will have a five year term and shall vest on the grant date. The Compensation Committee of the Board will establish the performance criteria based on the Company’s business and strategic plans.

*Stock Options Grants.* Upon the execution of Mr. Emalfarb’s new Employment Agreement, Mr. Emalfarb received a stock option grant to purchase one hundred thousand (100,000) shares of common stock (the “First Option”) which share amount comprises one third of the 2016 Performance Stock Options. The exercise price of the First Option will be equal to the closing price of Dyadic common stock on June 21, 2016. The First Option will vest immediately and have a term of five years from the date of grant.

*Stock Exchange Stock Option.* Upon the execution of Mr. Emalfarb’s new Employment Agreement, Mr. Emalfarb received a stock option grant to purchase up to four hundred thousand (400,000) shares of common stock at an exercise price equal to the closing price of Dyadic common stock on June 21, 2016. The stock option shall vest and become exercisable if the Company’s shares of common stock commence trading on the Nasdaq Capital Markets or other stock exchange approved by the Board. The Stock Exchange stock option grant, if and when earned, will have a five year term.

*Licensing/Collaboration Transaction Stock Options.* Upon the execution of Mr. Emalfarb’s new Employment Agreement, Mr. Emalfarb was granted a stock option to purchase up to six hundred thousand (600,000) shares of common stock which shall be proportionally awarded, vest and become exercisable when each of three (3) Bona Fide Licensing / Collaboration Transactions are entered into with the Company. A Bona Fide transaction is defined as a license, joint venture or other collaboration for a specific biological with the intent to commercialize and/or a license agreement that generates a cumulative five million dollars in non-refundable cash, or when either the vaccine or biologics pharmaceutical business categories are sold.

*Severance Terms.* Mr. Emalfarb will be eligible for severance benefits comparable to other executives at his level. In addition, if Mr. Emalfarb’s employment is terminated by the Company without cause, by Mr. Emalfarb for good reason, or due to Mr. Emalfarb’s death or disability, then the Company shall fulfill its obligations as for annual base salary through the effective date of termination and he will be entitled to receive his accrued but unpaid vacation through the date thereof plus, in the sole discretion of the Compensation Committee, the 2016, 2017, 2018 and the period January through June 21, 2019 Maximum Option Bonus shall be awarded. In addition, all of Mr. Emalfarb’s unvested Stock Exchange Stock Options and Licensing/Collaboration Transaction Stock Options will vest

immediately in the event milestones for which the options would have been awarded are achieved within one year from the date of termination or upon a change of control.

*Other Benefits.* Mr. Emalfarb will be eligible to participate in the benefit programs generally available to senior executives of the Company.

*Side Letter.* Mr. Emalfarb's previous agreement included a Change of Control provision entitling him to a lump sum payment of his Annual Base Salary and all other benefits for a period of three years from the date of termination (the "Aggregate Payments") if triggered by the Mr. Emalfarb's voluntary termination. Mr. Emalfarb new agreement does not include a provision for such payments. As an additional incentive to enter into the new employment agreement, the Company and Mr. Emalfarb entered into a separate agreement (the "Side Letter") to pay the Aggregate Payments due Mr. Emalfarb in monthly installments over 36 months instead of one lump sum.

The foregoing descriptions of the Agreement and Side Letter are qualified in their entirety by reference to the full text of the Agreement and Side Letter.

### ***Thomas L. Dubinski Employment Agreement***

The Company entered into a new employment agreement dated May 1, 2016 (the "Agreement") with Mr. Dubinski. The Agreement has a two year term. The material terms of the Agreement are summarized below.

*Base Salary and Bonus.* Mr. Dubinski will receive an annual base salary of \$225,000 and he may be eligible for an annual bonus award, with the timing and amount of any such bonus determined in the sole discretion of the Compensation Committee of the Board.

*Performance Stock Options.* Mr. Dubinski will have the opportunity to be awarded two (2) annual stock option grants (the "2016 and 2017 Maximum Option Bonus"). Each such annual option incentive stock option grant will be to purchase up to one hundred sixty thousand (160,000) shares of common stock based on performance achievements in 2016 and 2017. The Compensation Committee of the Board will establish the performance criteria based on the Company's business and strategic plans.

*Stock Options Grants.* Upon the execution of Mr. Dubinski's new Employment Agreement, Mr. Dubinski received a stock option grant to purchase fifty three thousand three hundred thirty three (53,333) shares of common stock (the "First Option") which share amount comprises one third of the 2016 Maximum Option Bonus. The exercise price of the First Option will be equal to the closing price of Dyadic common stock on May 2, 2016. The First Option will vest immediately and have a term of 10 years from the date of grant.

*Stock Exchange Stock Option.* Upon the execution of Mr. Dubinski's new Employment Agreement, Mr. Dubinski received a stock option grant to purchase up to two hundred fifty thousand (250,000) shares of common stock at an exercise price equal to the closing price of Dyadic common stock on May 2, 2016. The stock option shall vest and become exercisable if the Company's shares of common stock commence trading on the Nasdaq Capital Markets or other stock exchange approved by the Board. The Stock Exchange stock option grant, if and when earned, will have a five year term.

*Severance Terms.* Mr. Dubinski will be eligible for severance benefits comparable to other executives at his level. In addition, if Mr. Dubinski's employment is terminated by the Company without cause he would be entitled to annual base salary through the effective date of termination and accrued but unpaid vacation through the date thereof plus, in the discretion of the Compensation Committee, the 2016 and 2017 Maximum Option Bonus and, for six (6) months following the date of termination, an amount per month equal to one-twelfth (1/12) of Mr. Dubinski Annual Base Salary. In addition, Mr. Dubinski will be able to continue to participate in the Company's health, insurance and disability plans for a 6 month period following termination. If Mr. Dubinski's employment is terminated by Mr. Dubinski for good reason he would be entitled to annual base salary through the effective date of termination and accrued but unpaid vacation through the date thereof plus, in the discretion of the Compensation Committee, the 2016 and 2017 Maximum Option Bonus.

*Other Benefits.* Mr. Dubinski will be eligible to participate in the benefit programs generally available to senior executives of the Company.

*Side Letter.* Mr. Dubinski's previous agreement included a Change of Control provision entitling him to a lump sum payment of his Annual Base Salary and all other benefits for a period of one year from the date of termination (the "Aggregate Payments") if triggered by Mr. Dubinski's voluntary termination. Mr. Dubinski's new agreement does not include a provision for such payments. As an additional incentive to enter into the new employment agreement, the Company and Mr. Dubinski entered into a separate agreement (the "Side Letter") to pay the Aggregate Payments earned in monthly installments starting in May, 2016 and continuing for 24 months instead of one lump sum.

The foregoing descriptions of the Agreement and Side Letter are qualified in their entirety by reference to the full text of the Agreement and Side Letter.

Full Description of Agreements:

## EMPLOYMENT AGREEMENT

**EMPLOYMENT AGREEMENT** ("Agreement") made this 21st day of June, 2016 by and between **DYADIC INTERNATIONAL, INC.**, a Delaware corporation (the "Company"), and **MARK A. EMAL-FARB**, a resident of the State of Florida (the "Executive").

### Recital:

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders to continue to employ the Executive as President and Chief Executive Officer, and the Executive desires to continue to serve in that capacity, on the terms and conditions set forth herein.

**NOW, THEREFORE**, it is hereby agreed as follows:

1. **Employment Period.** The Company shall continue to employ the Executive, and the Executive shall continue to serve the Company, on the terms and conditions set forth in this Agreement, for the period beginning on the date hereof (the "Commencement Date") and ending on the third (3rd) anniversary of the Commencement Date (the "Initial Term") which period shall automatically renew continuously for additional periods of two (2) years (each, a "Renewal Term") unless one party gives written notice of termination to the other at least sixty (60) days prior to the end of the then current term except as otherwise specifically provided below (the Initial Term and the Renewal Term(s), if any, shall hereinafter collectively be referred to as, the "Employment Period").

2. **Position and Duties.** During the Employment Period, the Executive shall continue to be employed as the President and Chief Executive Officer of the Company, and the Company shall cause the Executive to be elected as a member of the Board. During the Employment Period, the Executive shall have authority to make operating decisions, plan the strategic direction of the Company, and hire, promote, and terminate the employment of personnel, subject to the direction of the Board. During the Employment Period, the Executive shall have such reasonable and customary powers as are generally associated with the positions of President and Chief Executive Officer. During the Employment Period, the Executive shall devote his principal attention and time to the business and affairs of the Company and use his reasonable efforts to carry out such responsibilities faithfully and efficiently. It shall not be considered a violation of the foregoing for the Executive to serve on corporate, civic or charitable boards of directors or committees thereof (excluding those which would create a conflict of interest) and manage his personal investments, so long as such activities do not materially interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement.

3. **Compensation.**

(a) **Base Salary.** During the Employment Period, the Executive shall receive an annual base salary (the "Annual Base Salary") of three hundred seventy five thousand dollars (\$375,000), payable in accordance with the regular payroll practices of the Company. During the Employment Period, the Annual Base Salary may be reviewed by the Board for possible increases.

(b) **Annual Bonus.** In addition to the Annual Base Salary, the Company may award the Executive an annual bonus, with the timing and amount of any such bonus determined in the sole discretion of the Compensation Committee of the Board (the "Compensation Committee").

(c) **Performance Stock Options.** The Executive shall have the opportunity to be awarded three (3) annual incentive stock options, each such annual incentive stock option will be to purchase

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up to three hundred thousand (300,000) shares of common stock (the "Maximum Option Bonus") based on performance achievements in 2016, 2017, 2018 and January-June 2019 as provided below:

(i) For 2016, the Board has approved an aggregate grant to the Executive of options to purchase up to three hundred thousand (300,000) shares, and will grant upon the mutual execution hereof a first option to the Executive to purchase one hundred thousand (100,000) shares of the above referenced three hundred thousand (300,000) shares at an exercise price equal to the price of the Company's publicly-traded shares on June 21, 2016, which shall vest immediately. In December 2016 the Compensation Committee will assess the achievement of the 2016 performance objectives that have been established and agreed upon between the Company and the Executive and then grant a second option to purchase up to two hundred thousand (200,000) shares or a portion thereof, which option shall be priced at an exercise price equal to the price of the Company's publicly-traded shares on the first business day of 2017, and shall vest on January 2, 2017.

(ii) On the first business day of each of 2018 and 2019, the Company shall grant the Executive an option to purchase up to three hundred thousand (300,000) shares based on the Compensation Committee's evaluation of the Executive's prior year performance objectives established and agreed upon by the Company and the Executive. In each case, the option shall be priced at an exercise price equal to the price of the Company's publicly-traded shares on the first business day of each of 2018 and 2019, respectively, and shall vest on the grant date.

Performance incentives for the time period running from January 2019 through June 2019 will be agreed to by the Board and the Executive. Should the Employment Period terminate at the end of the Initial Term for any other reason than Cause (as defined in Sec. 5(b)), performance stock option incentives for the time period January 2019 through June 2019 will be based solely on the Compensation Committee's evaluation of the Executive's performance during this period and will be granted, priced and will vest on the first business day of July 2019.

(d) Stock Exchange Stock Option. Upon the execution of this Agreement, the Executive shall be granted a five (5) year stock option to purchase four hundred thousand (400,000) shares of the Company's common stock at an exercise price equal to the June 21, 2016 publicly-traded price, which option grant shall vest and become exercisable if the Company's shares of common stock commence trading on the Nasdaq Capital Market or other stock exchange approved by the Board. In the event that there is a Change of Control or sale of the Company (as defined in Sec. 5(d) below), or in the event of passage of a formal Board resolution determining not to pursue such an up-listing, this option shall automatically vest and be exercisable at such time.

(e) Licensing/Collaboration Transaction Stock Options. Upon the execution of this Agreement, the Company shall cause the Compensation Committee to authorize for the Executive stock options that are each exercisable for not less than five (5) years from their effective dates to purchase up to six hundred thousand (600,000) shares of the Company's common stock which shall be awarded to the Executive and exercisable as follows.

For purposes of this Agreement a Bona Fide transaction is defined as a license, joint venture or other collaboration for development of a specific biologic with the intent to commercialize and/or a license agreement that generates a cumulative five million dollars (\$5,000,000) in non-refundable cash, or when either the vaccine or biologic pharmaceutical business category is sold.

(i) a first option for two hundred thousand (200,000) shares at an exercise price equal to the June 21, 2016 publicly-traded price of the common stock (the "First Option") will be awarded and vest when the Company shall have entered into a Bona Fide licensing agreement or other form of collaboration with Sanofi or another biotech/pharmaceutical company approved by the Board providing for the Company's grant of a license or other form of collaboration to such party to the Company's C1 technology for use in developing or manufacturing vaccines, antibodies or other biologics (the "First License/Collaboration");

(ii) a second option for two hundred thousand (200,000) shares at an exercise price equal to the June 21, 2016 publicly-traded price of the common stock (the "Second Option") will be awarded and vest when the Company shall have entered into a second such Bona Fide licensing agreement or other form of collaboration with Sanofi or another biotech/pharmaceutical company approved by the Board providing for the Company's grant of a license or other form of collaboration to such party to the Company's C1 technology for use in developing or manufacturing vaccines, anti-bodies or other biologics (the "Second License/Collaboration");

(iii) on the date when the Company shall have entered into a second such Bona Fide licensing agreement or other form of collaboration with another biotech/pharmaceutical company as approved by the Board providing for the Company's grant of a license or other form of collaboration to such party to the Company's C1 technology for use in developing or manufacturing vaccines, antibodies or other biologics (the "Third License/Collaboration"), a third option will be granted to the Executive, exercisable for five (5) years, to purchase an additional two hundred thousand (200,000) shares of the Company's common stock at an exercise price equal to the price of the Company's publicly-traded shares on the date the Second License/Collaboration Agreement is executed by both parties. This option award will vest when the Company shall have entered into a Third License/Collaboration agreement.

(iv) All awarded options will vest upon Change of Control as defined in Sec. 5(d) below.

(f) Other Benefits. During the Employment Period, the Executive shall be entitled to participate in all benefit plans, practices, policies and programs provided by the Company (including without limitation, vacation, medical, prescription, dental, disability, retirement, salary continuance, employee life insurance, group life insurance, and accidental death and travel accident insurance plans and programs) that are commensurate with the Executive's position as chief executive officer and that are not less favorable than benefits provided to other executives of the Company.

(g) Vacation. In respect of each twelve (12) month period falling within the Employment Period, the Executive shall be entitled to an aggregate of six (6) weeks of vacation, which shall be deemed vested and earned by the Executive in advance at the rate of three (3) weeks per each six (6) month period of the Employment Period, with no entitlement to acceleration of the aggregate in the event of a Change of Control or sale of the Company (as defined in Sec. 5(d) below). For each twelve (12) month period a total of three (3) weeks' vacation may be carried forward with no more than six (6) weeks carried forward at any point in time.

(h) Expenses. During the Employment Period, the Executive shall receive reimbursement for all reasonable expenses incurred by the Executive in carrying out the Executive's duties under this Agreement, provided that the Executive complies with the generally applicable policies and procedures of the Company for submission of expense reports, receipts or similar documentation of such expenses. The Company shall pay directly, or reimburse the Executive for, automobile expenses in amounts similar to the payments provided to him in 2015.

4. Covenants of Executive

(a) Proprietary Rights.

(i) Ownership of Intellectual Property. The Executive hereby expressly agrees that all research, biological materials, discoveries, inventions and innovations (whether or not reduced to practice or documented), improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether patentable or not, and whether or not reduced to writing), trade secrets (being information about the business of the Company which is considered by the Company to be confidential and is proprietary to the Company) and confidential information, copyrightable works, and similar and related information (in whatever form or medium), which (x) either (A) relate to the Company's actual or anticipated business, research and development or existing or future products or services or (B) result from any work performed by the Executive for the Company and (y) are conceived, developed, made or contributed to in whole or in part by the Executive during the Employment Period ("Work Product") shall be and remain the sole and exclusive property of the Company. The Executive shall communicate promptly and fully all Work Product to the Company.

(ii) Work Made for Hire. The Executive acknowledges that, unless otherwise agreed in writing by the Company, all Work Product eligible for any form of copyright protection made or contributed to in whole or in part by the Executive within the scope of the Executive's employment by the Company during the Employment Period shall be deemed a "work made for hire" under the copyright laws and shall be owned exclusively by the Company.

(iii) Assignment of Proprietary Rights. The Executive hereby assigns, transfers and conveys to the Company, and shall assign, transfer and convey to the Company, all right, title and interest in and to all inventions, ideas, improvements, designs, processes, trademarks, service marks, trade names, trade secrets, trade dress, data, discoveries and other proprietary assets and proprietary rights in and of the Work Product (the "Proprietary Rights") for the Company's exclusive ownership and use, together with all rights to sue and recover for past and future infringement or misappropriation thereof, which shall enjoy exclusive ownership and use, together with all rights to sue and recover for past and future infringement or misappropriation thereof.

(iv) Further Instruments. At the request of the Company, at all times during the Employment Period and thereafter, the Executive will promptly and fully assist the Company in effecting the purpose of the foregoing assignment, including but not limited to the further acts of executing any and all documents necessary to secure for the Company such Proprietary Rights and other rights to all Work Product and all confidential information related thereto, providing cooperation and giving testimony.

(v) Inapplicability of Sec. 4(a) in Certain Circumstances. The Company expressly acknowledges and agrees that, and the Executive is hereby advised that, this Sec. 4(a) does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on the Executive's own time, unless (A) the invention relates to the business of the Company or to the Company's actual or demonstrably anticipated research or development or (B) the invention results from any work performed by the Executive for the Company.

(b) Ownership and Covenant to Return Documents. The Executive agrees that all Work Product and all documents or other tangible materials (whether originals, copies or abstracts), including without limitation, price lists, quotation guides, outstanding quotations, books, records, manuals, files, sales literature, training materials, customer records, correspondence, computer disks or print-out

documents, contracts, orders, messages, phone and address lists, invoices and receipts, and all objects associated therewith, which in any way relate to the business or affairs of the Company, either furnished to the Executive by the Company or prepared, compiled or otherwise acquired by the Executive during the Employment Period, shall be the sole and exclusive property of the Company. The Executive shall not use, copy or duplicate any of the aforementioned documents or objects, nor remove them from the facilities of the Company, nor use any information concerning them except for the benefit of the Company, either during the Employment Period or thereafter. The Executive agrees that he will deliver all of the aforementioned documents and objects that may be in his possession to the Company on the termination of his employment with the Company, or at any other time upon the Company's request, together with his written certification of compliance with the provisions of this Sec. 4(b).

(c) Non-Disclosure Covenant. The Executive shall not, at any time, either directly or indirectly, disclose to any "unauthorized person" or use for the benefit of the Executive or any person other than the Company any Work Product or any knowledge or confidential information which the Executive may acquire while employed by the Company (whether before or after the date of this Agreement) relating to (i) the financial, marketing, sales and business plans and affairs, financial statements, analyses, forecasts and projections, books, accounts, records, operating costs and expenses and other financial information of the Company, (ii) internal management tools and systems, costing policies and methods, pricing policies and methods and other methods of doing business, of the Company, (iii) customers, sales, customer requirements and usages and distributor lists, of the Company, (iv) agreements with customers, vendors, independent contractors, employees and others, of the Company, (v) existing and future products or services and product development plans, designs, analyses and reports, of the Company, (vi) computer software and databases developed for the Company, trade secrets, research, records of research, models, designs, drawings, technical data and reports of the Company, and (vii) correspondence or other private or confidential matters, information or data whether written, oral or electronic, which is proprietary to the Company and not generally known to the public (individually and collectively "Confidential Information"), without the Company's prior written permission. For purposes of this Sec. 4(c) the term "unauthorized person" shall mean any person who is not (i) an officer or director of the Company or an employee of the Company for whom the disclosure of the knowledge or information referred to herein is necessary for his performance of his assigned duties, or (ii) a person expressly authorized by the Company to receive disclosure of such knowledge or information. The Company expressly acknowledges and agrees that the term "Confidential Information" excludes information which is (i) in the public domain or otherwise generally known to the trade, or (ii) disclosed to third parties other than by reason of the Executive's breach of his confidentiality obligations hereunder, or (iii) learned of by the Executive subsequent to the termination of his employment hereunder from any other party not then under an obligation of confidentiality to the Company. Further, the Executive covenants to the Company that in the Executive's performance of his duties hereunder, he will not violate any confidentiality obligations he may have to any third parties.

(d) Non-Interference Covenants. The Executive covenants to the Company that while he is employed by or otherwise renders services to the Company and for a three (3) year period thereafter (the "Restrictive Period"), he will not, for any reason, directly or indirectly: (i) solicit, induce, or otherwise do any act or thing which may cause any other employee of the Company to leave the employ or otherwise interfere with or adversely affect the relationship (contractual or otherwise) of the Company with any person who is then or thereafter becomes an employee of the Company; (ii) do any act or thing which may interfere with or adversely affect the relationship (contractual or otherwise) of the Company with any vendor of goods or services to the Company or induce any such vendor to cease doing business with the Company; or (iii) except for Competitive Activities (as defined in Sec. 4(e) hereof) engaged in by the Executive after the expiration of the Restrictive Period, do any act or thing which may interfere with or adversely affect the relationship (contractual or otherwise) of the Company with any customer of the Company or induce any such customer to cease doing business with the Company. The Executive agrees that, other than related to events that occurred prior to June 20, 2008, he will

never make or publish any statement or communication which is disparaging, negative or unflattering with respect to Company and/or its direct or indirect stockholders, officers, directors, employees, agents or affiliates. PROVIDED, HOWEVER, that in the event the Company is sold, or there is a Change of Control, the Restrictive Period shall be one (1) year from the sale or Change of Control.

(e) Covenant Not To Compete. The Executive expressly acknowledges that (i) the performance of his services for the Company hereunder will afford him access to and cause him to become highly knowledgeable about the Company's Confidential Information; (ii) the agreements and covenants contained in this Sec. 4(e) are essential to protect the Confidential Information, business and goodwill of the Company and the restraints on the Executive imposed by the provisions of this Sec. 4(e) are justified by these legitimate business interests of the Company; and (iii) his covenants to the Company set forth in this Sec. 4(e) are being made both in consideration of the Company's employment of the Executive and other financial benefits of this Agreement. Accordingly, the Executive hereby agrees that during the Restrictive Period he shall not, directly or indirectly, own any interest in, invest in, lend to, borrow from, manage, control, participate in, consult with, become employed by, render services to, or in any other manner whatsoever engage in, any business which is competitive with any lines of business engaged in by the Company (collectively, "Competitive Activities"). The preceding notwithstanding, the Executive shall be free to make investments in the publicly-traded securities of any corporation, provided that such investments do not amount to more than ten percent (10%) of the outstanding securities of any class of such corporation. As provided in Sec. 4(d), the Restrictive Period in the event of a sale of the Company or a Change of Control shall be one (1) year.

(f) Rationale for and Scope of Covenants. If any of the covenants contained in this Sec. 4 is held to be invalid or unenforceable because of the unreasonableness of the time, geographic area, or range of activities covered thereby, such covenant and the other covenants shall nevertheless be enforced to the maximum extent permitted by law and effective for such period of time, over such geographical area or for such range of activities as may be determined to be reasonable by a court of competent jurisdiction and the parties hereby consent and agree that the scope of such covenants may be judicially modified, accordingly, in any proceeding brought to enforce such covenants. The Executive agrees that his services hereunder are of a special, unique, extraordinary and intellectual character, and his position with the Company places him in a position of confidence and trust with the customers, suppliers and employees of the Company. The Executive and the Company agree that in the course of employment hereunder, the Executive has and will continue to develop a personal relationship with the Company's customers, and a knowledge of these customers' affairs and requirements as well as confidential and proprietary information developed by the Company after the date of this Agreement. The Executive acknowledges that the Company's relationships with its established clientele may therefore be placed in the Executive's hands in confidence and trust. The Executive consequently agrees that it is reasonable and necessary for the protection of the goodwill, confidential and proprietary information, and legitimate business interests of the Company and its affiliates that the Executive make the covenants contained herein, that the covenants are a material inducement for the Company to continue to employ the Executive and to enter into this Agreement, and that the covenants are given as an integral part of and are incident to this Agreement.

(g) Remedies for Breach. The restrictive covenants set forth in this Sec. 4 shall be construed as agreements independent of any other provision in this Agreement, and the existence of any claim or cause of action of the Executive against the Company, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any restrictive covenant. The Company has fully performed all obligations entitling it to the restrictive covenants, and the restrictive covenants therefore are not executory or otherwise subject to rejection under the Federal Bankruptcy Code. If the Executive commits a breach, or threatens to commit a breach, of any of the provisions of this Sec. 4, the Company shall have the right and remedy, in addition

to any other remedy that may be available at law or in equity, to have the provisions of this Sec. 4 specifically enforced by any court having equity jurisdiction, by the entry of temporary, preliminary and permanent injunctions and orders of specific performance, together with an accounting therefor, it being expressly acknowledged and agreed by the Executive that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company. Any such injunction shall be available without the posting of any bond or other security, and the Executive hereby consents to the issuance of such injunction. The Executive further agrees that any such injunctive relief obtained by the Company shall be in addition to, and not in lieu of, monetary damages and any other remedies to which the Company may be entitled. Further, in the event of an alleged breach or violation by the Executive of any of the provisions of Sections 4(c), 4(d) or 4(e) hereof, the Restrictive Period shall be tolled until such breach or violation has been cured.

(h) Survival. Notwithstanding anything to the contrary set forth herein, the provisions of this Sec. 4 shall survive the termination or cessation of this Agreement or the Executive's employment, irrespective of the reason for such termination or cessation. The Executive shall disclose the restrictions set forth in this Sec. 4 to any subsequent employer or potential employer during the Restrictive Period.

## **5. Termination of Employment.**

(a) Death or Disability. The Executive's employment and the Employment Period shall terminate automatically upon the Executive's death during the Employment Period. The Company shall be entitled to terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. "Disability" means that the Executive has been unable, for a period of ninety (90) consecutive days or one hundred twenty (120) days during any twelve (12) month period to perform the Executive's duties under this Agreement as a result of physical or mental illness or injury, and that the Company has received an independent medical report and opinion that the Executive is disabled.

(b) By the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. "Cause" means:

(i) The continued failure of the Executive substantially to perform his duties under this Agreement (other than as a result of physical or mental illness or injury), which has not been cured by the Executive after being given specific written details of the alleged breach and the Executive has been given reasonable opportunity within thirty (30) days of receiving written notice of such breach from the Company to cure the alleged breach by substantial performance of the specified duties;

(ii) a material breach of a material provision of this Agreement which has not been cured by the Executive after being given specific written details of the alleged breach and the Executive has been given thirty (30) days after receiving written notice of such breach from the Company to cure the alleged breach;

(iii) a material breach of a material provision of the Confidential Information and Inventions Assignment Agreement between the Company and the Executive which has not been cured by the Executive after being given specific written details of the alleged breach and the Executive has been given thirty (30) days after receiving written notice of such breach from the Company to cure the alleged breach;

(iv) illegal or gross misconduct by the Executive, as it solely relates to the Company's affairs, in either case, that is willful and in the Board's discretion may result in material

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dam-age to the business or reputation of the Company and which has not been stopped and cured by the Executive after being given thirty (30) days' written notice of the specific illegal or gross misconduct asserted by the Company;

(v) conviction of or plea of no contest to a felony or any crime committed by the Executive involving theft, fraud, or dishonesty whether or not committed in the course of performing services for the Company;

(vi) habitual abuse of drugs or alcohol by the Executive, after ten (10) days prior warning from the Company;

(vii) intentional act(s) of disloyalty, deliberate dishonesty, fraud, or breach of fiduciary duty by the Executive to the Company or any of its affiliates after adjudication of such alleged acts; or

(viii) material non-compliance by the Executive with the Company's written policies which has not been cured by the Executive after being given specific written details of the alleged non-compliance and the Executive has been given thirty (30) days of written notice of such breach from the Company to cure the alleged breach.

A termination of the Executive's employment by the Company shall be effected by giving him written notice of termination following any cure period set forth herein if the alleged act has not been cured by the Executive. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without an opportunity for the Executive (together with counsel, if requested) to be heard in person by the Board after being provided with all of the specific facts and circumstances in writing relating to the proposed termination at least twenty (20) days in advance of such meeting of the Board, and a good faith best efforts determination by the Board thereafter that the Executive's conduct was of such a substantial or continuing nature which has gone uncured that it would justify a termination for Cause.

(c) Good Reason. The Executive may, at his sole option, terminate his employment for Good Reason or without Good Reason. "Good Reason" means:

(i) the assignment to the Executive of duties materially inconsistent with Sec. 2 of this Agreement, other than an action that is not taken in bad faith and is remedied by the Company within twenty (20) days after receipt of written notice thereof from the Executive; and

(ii) any material failure by the Company to comply with Sec. 3 of this Agreement, other than a failure that is not taken in bad faith and is remedied by the Company within thirty (30) days after receipt of written notice thereof from the Executive.

(d) Change of Control. In the sole discretion of the Compensation Committee, Executive may be awarded an additional bonus on or before the occurrence of a Change of Control. For purposes of this Agreement, Change of Control is defined as a merger, acquisition or sale of assets resulting in the number of shares of all existing Company stockholders with voting power immediately prior to such transaction being reduced to less than fifty percent (50%) voting power following such transaction or if both the vaccine and biopharmaceutical business categories are sold.

Any termination of the Executive's employment by the Executive shall be effected by giving the Company at least thirty (30) days' prior written notice of the termination.

**6. Obligations of the Company upon Termination.**

(a) By the Company Other Than for Cause. If (i) the Company terminates the Executive's employment during the Employment Period other than for Cause or (ii) the Executive terminates his employment for Good Reason or (iii) in the case of the Executive's Death or Disability during the Employment Period, then the Company shall fulfill its obligations as to Annual Base Salary under Sec. 3(a) hereof through the effective date of termination (the "Termination Date"), and the Executive shall be entitled to receive his Annual Base Salary and accrued but unpaid vacation through the date thereof plus, in the sole discretion of the Compensation Committee, the 2016, 2017, 2018 and the period January through June 21, 2019, Maximum Option Bonus, all of which shall be payable in accordance with the Company's normal payroll practices.

In addition, all of the Executive's unvested incentive options set forth in Sections 3(d) and 3(e) will vest immediately in the event milestones for which the options have been awarded are achieved within one (1) year from the date of termination or upon a Change in Control.

As a condition to receiving such payment of accrued but unpaid vacation time and the agreement for such contingent option acceleration following the Termination Date, the Executive shall sign a Release covering all matters relating to his employment in favor of the Company and its affiliates, in such form as the Company shall reasonably request. The Release will not however release the Executive's post-termination rights to severance benefits described above in this subsection.

(b) Cause; Other than for Good Reason. If the Executive's employment is terminated by the Company for Cause during the Employment Period or if the Executive resigns other than for Good Reason, the Company shall pay the Executive the Annual Base Salary and all other benefits and expenses provided under Sec. 3 above that have been accrued or earned through the Termination Date and the Company shall have no further obligations under this Agreement other than for any entitlements under the terms of any other plans or programs of the Company in which the Executive participated and under which the Executive has accrued a benefit.

**7. Compliance with Code Section 409A.** It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Sec. 409A of the Internal Revenue Code of 1986, as amended from time to time, and its implementing regulations and guidance ("Sec. 409A"), to the extent that the requirements of Sec. 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Company believes, at any time, that any such benefit or right that is subject to Sec. 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Sec. 409A (with the most limited possible economic effect on the Executive and on the Company). Such provisions include:

(a) Distributions on Account of Separation from Service. If and to the extent required to comply with Sec. 409A, any payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment, service (or any other similar term) shall be made only in connection with a "separation from service" with respect to Executive within the meaning of Sec. 409A.

(b) No Acceleration of Payments. Neither the Company nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Sec. 409A, except in

compliance with Sec. 409A and the provisions of this Agreement, and no amount that is subject to Sec. 409A shall be paid prior to the earliest date on which it may be paid without violating Sec. 409A.

(c) **Expense Reimbursements.** Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense or reimbursement provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Sec. 409A, (i) the amount of expenses eligible for reimbursement provided to the Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive in any other calendar year, (ii) the reimbursements for expenses for which the Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit, and (iv) the reimbursements shall be made pursuant to objectively determinable and nondiscretionary Company's policies and procedures regarding such reimbursement of expenses.

8. **No Mitigation.** In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced, regardless of whether the Executive obtains other employment.

9. **Successors.** This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive. Subject to the preceding sentence, this Agreement shall inure to the benefit of, be binding upon and be enforceable by the Executive's successors, assigns and legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

10. **Miscellaneous.**

(a) This Agreement shall be governed by, and construed in accordance with the laws of the State of Florida, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) When a reference is made in this Agreement to a section or schedule, such reference shall be deemed to be to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." As used herein, words in the singular will be held to include the plural and vice versa (unless the context otherwise requires), words of one gender shall be held to include the other gender (or the neuter) as the context requires, and the terms "hereof", "herein", and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) The parties agree and acknowledge that they have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(d) All notices and other communications under this Agreement shall be in writing and shall be given by hand to the other party or by certified mail or overnight courier service, addressed as follows, or by email or fax as follows:

If to the Executive:

Mark A. Emalfarb  
193 Spyglass Court  
Jupiter, FL 33477  
[mark@emalfarb.com](mailto:mark@emalfarb.com)  
Fax: 561-747-9522

With a required copy to:

Thomas Earl Patton, Esq.  
Butzel Long  
1747 Pennsylvania Ave., NW #300  
Washington DC 2006  
[patton@butzel.com](mailto:patton@butzel.com)  
Fax: 202-454-2805

If to the Company:

Dyadic International, Inc.  
140 Intracoastal Pointe Drive #404  
Jupiter, FL 33477  
Attn: Board of Directors  
Thomas Dubinski  
Corporate Secretary  
[tdubinski@dyadic.com](mailto:tdubinski@dyadic.com)  
Fax: 561-743-8343

With a required copy to:

Mark H. Mirkin, Esq.  
Rimon Law P.A.  
112 Via Castilla  
Jupiter, FL 33458  
[Mark.mirkin@rimonlaw.com](mailto:Mark.mirkin@rimonlaw.com)  
Fax: 561-935-9678

or to such other address as either party furnishes to the other in writing in accordance with this section. Any such notice or communication shall be deemed to have been received (i) when delivered, if personally delivered, (ii) on the next business day after dispatch, if sent postage prepaid by a nationally recognized, overnight courier guaranteeing next business day delivery, and (iii) on the fifth (5<sup>th</sup>) business day following the date on which the envelope containing such communication is posted, if sent by certified mail, postage prepaid, return receipt requested.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement shall be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law.

(f) The Executive's or the Company's failure to insist upon strict compliance with any provision of, or to assert any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

(g) Except as otherwise provided herein, no remedy herein conferred upon a party hereto is intended to be exclusive of any other remedy. No single or partial exercise by a party

hereto of any right, power or remedy hereunder shall preclude any other or further exercise thereof. All remedies under this Agreement or otherwise afforded to any party shall be cumulative and not alternative.

(h) The Executive hereby agrees that any suit, action or proceeding relating in any way to this Agreement shall be brought and enforced in the Circuit Court of Palm Beach County of the State of Florida or in the federal District Court for the Southern District of Florida, and in either case, the Executive hereby submits to the jurisdiction of each such court. The Executive hereby waives and agrees not to assert, by way of motion or otherwise, in any such suit, action or proceeding, any claim that he is not personally subject to the jurisdiction of the above named courts, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. The Executive consents and agrees to service of process or other legal sum-mons for purpose of any such suit, action or proceeding by registered mail addressed to the Executive at his address listed in the business records of the Company or in this section. Nothing contained herein shall affect the rights of the Company to bring a suit, action or proceeding in any other appropriate jurisdiction.

(i) EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OR ANY OTHER INSTRUMENT EXECUTED IN CONNECTION HERewith OR THEREWITH, OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES OR ANY OF THEM IN RESPECT OF THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY AGREES THAT THE OTHER MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

(j) The parties agree that in the event of the institution of any action at law or in equity by either party to enforce the provisions of this Agreement, the losing party shall pay all of the costs and expenses of the prevailing party, including reasonable fees and expenses of attorneys and accountants, incurred in connection therewith.

(k) This Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, portable document format or other electronic means shall be effective as delivery of a manually executed counterpart to the Agreement.

**SIGNATURE PAGE FOLLOWS**

Handwritten signature and initials in the bottom right corner of the page.

**IN WITNESS WHEREOF**, the parties have entered into this Agreement as of the day and year first above written.

**DYADIC INTERNATIONAL, INC.**

By:



Name: Michael P. Tarnok

Title: Chairman



Mark A. Emalfarb

June 21, 2016

Mark A. Emalfarb  
193 Spyglass Court  
Jupiter, FL 33477

**Re: Change of Control Compensation**

Dear Mark,

Simultaneously herewith, you are entering into an Employment Agreement with Dyadic which supersedes your Employment Agreement from October 23, 2013 (the "Original Contract") that set the terms for your employment as Dyadic's President and Chief Executive Officer.

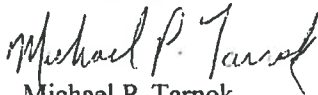
Sec. 6(a) of the Original Contract provided you with certain rights in the event of a Change of Control as defined in that subsection, including the right to receive a lump sum payment of \$1,335,000 (the equivalent of three years' of total compensation) upon giving Notice of Termination for Good Reason before December 31, 2016 (the "Change of Control Compensation"). Dyadic's sale of assets transaction in December 2015 entitled you to give such a Notice.

Because your new Employment Agreement supersedes the Original Contract, as consideration for your executing the new Employment Agreement, the Change of Control Compensation shall be paid to you in 36 consecutive monthly payments of \$37,083.33 in lieu of a lump sum. If your employment by Dyadic terminates for any reason, the entire unpaid remaining balance of the Change of Control Compensation shall be immediately due and payable to you in full.

This letter agreement constitutes a legally binding agreement between you and Dyadic.

Please acknowledge our acceptance of the foregoing by signing your name where indicated below.

Very truly yours,



Michael P. Tarnok  
Chairman

Accepted and acknowledged this 21st day of June, 2016

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Mark A. Emalfarb

## EMPLOYMENT AGREEMENT

**EMPLOYMENT AGREEMENT** ("Agreement") made and entered into as of May 1, 2016 by and between **DYADIC INTERNATIONAL, INC.**, a Delaware corporation, with its principal place of business at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477 (the "Company"), and **THOMAS L. DUBINSKI**, a resident of Florida ("Employee"). (The Company and Employee are sometimes herein-after jointly referred to as the "parties" and individually as a "party.")

### Recitals:

- A.** Employee has been employed by the Company as its Vice President and Chief Financial Officer since August 4, 2014 pursuant to an Employment Agreement dated July 15, 2014 (the "Original Contract").
- B.** The Company wishes to assure itself of the services of Employee for the period provided in this Agreement by entering into this Agreement and thereby superseding the Original Contract.

**NOW, THEREFORE**, in consideration of the foregoing recitals, and the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereby agree as follows:

## ARTICLE I EMPLOYMENT RELATIONSHIP

**1.1 Recitals.** The Recitals to this Agreement are hereby incorporated herein and made a part hereof.

**1.2 Employment.** Subject to the terms and conditions of this Agreement, the Company hereby agrees to continue to employ Employee to serve as the Company's Vice President and Chief Financial Officer and Employee hereby accepts such ongoing employment, and agrees to perform all of his assigned duties and responsibilities to the best of his abilities in a diligent, trustworthy, businesslike and efficient manner, and in compliance with the Company's Code of Business Conduct and Ethics, a copy of which appears on the Company's website.

**1.3 Duties; Reporting Authority.** Employee shall continue to have the normal and customary duties, responsibilities and authority of a Person (as that term is defined in Article VII below) holding the title and job description set forth in Sec. 1.2 hereof, and in addition, shall perform such other duties on behalf of the Company as may be assigned to him by the Chief Executive Officer ("CEO") of the Company, or by the Company's Board of Directors (the "Board"). Employee shall report to the CEO of the Company in connection with Employee's performance of his duties.

**1.4 Exclusive Employment.** While employed by the Company, Employee agrees to devote his entire business time, energy, attention and skill to the Company (except for permitted vacation periods and reasonable periods of illness or other incapacity), and use his good faith best efforts to promote the interests of the Company. The foregoing shall not be construed as prohibiting Employee from spending such time as may be reasonably necessary to attend to his investments and personal and other affairs, so long as such activities do not conflict or interfere with Employee's obligations and/or timely performance of his duties to the Company hereunder.

**1.5 Employee Representations.** Employee hereby represents and warrants to the Company that:

(a) the execution, delivery and performance by Employee of this Agreement and any other agreements contemplated hereby to which Employee is a party do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Employee is a party or by which he is bound;

(b) Employee is not a party to or bound by any employment agreement, non-competition agreement or confidentiality agreement with any other Person or entity; and

(c) Employee hereby acknowledges and represents that he has consulted with, or had the opportunity to consult with, independent legal counsel regarding his rights and obligations under this Agreement and fully understands the terms and conditions contained herein.

**1.6 Company Representations.** The Company hereby represents and warrants to Employee that the execution, delivery and performance by the Company of this Agreement and any other agreements contemplated hereby to which the Company is a party do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound.

**1.7 Indemnification.**

(a) By Employee. Employee shall indemnify and hold the Company harmless from and against any and all claims, demands, losses, judgments, costs, expenses, or liabilities incurred by the Company arising out of or in connection with the breach of any representation or warranty of Employee contained in Sec. 1.5, Article IV and Sec. 6.1 of this Agreement.

(b) By the Company. The Company shall indemnify and hold Employee harmless from and against any and all claims, demands, losses, judgments, costs, expenses, or liabilities incurred by Employee arising out of or in connection with the breach of any representation or warranty of the Company contained in this Agreement. Further, the Company shall defend, indemnify and hold Employee harmless to the fullest extent permitted by applicable law and the Bylaws of the Company.

**ARTICLE II  
PERIOD OF EMPLOYMENT**

**2.1 Employment Period.** Employee shall continue to be an employee of the Company until the date fixed by the provisions of Sec. 2.2 hereof, subject to the early termination provisions of Article V hereof (the "Employment Period").

**2.2 Term of Employment Period.** The Employment Period of this Agreement shall begin on the date hereof and shall continue until April 30, 2018 unless terminated as provided in Article V below.

**ARTICLE III  
COMPENSATION**

**3.1 Annual Base Compensation.** The Company shall pay to Employee an annual base salary (the "Annual Base Compensation") in the amount of two hundred twenty five thousand dollars (\$225,000). The Annual Base Compensation shall be paid in regular installments in accordance with the Company's general payroll practices, and shall be subject to the payment by the Company of all required federal, state and local withholding taxes. Employee's Annual Base Compensation shall be

reviewed by the Company's CEO and the Compensation Committee of the Board (the "Compensation Committee") annually.

**3.2 Potential Bonuses.** In respect of each of the twelve (12) month periods (each, a "Contract Year") falling within the Employment Period, Employee shall be eligible to earn as a bonus, in the sole discretion of the Compensation Committee, a stock option to purchase up to an aggregate of one hundred sixty thousand (160,000) shares of the Company's common stock (the "2016 and 2017 Maximum Option Bonus"), provided, however that there shall be no obligation on the part of the Company to pay or award Employee any bonus. The amount of such bonus, if any, which is awarded to Employee (the "Bonusable Amount") shall be memorialized by the Company at the time of award in a Stock Option Agreement setting forth the number of shares optioned, the term of the option and the exercise price. In the absolute discretion of the Company's Compensation Committee, Employee may be entitled to receive an additional discretionary bonus, as and if the Company shall determine from time to time. Any Bonusable Amount awarded or paid to Employee hereunder will be payable not later than seventy five (75) days after the close of the Company's fiscal year for which the bonus was awarded, in accord with the short-term deferral exemption of Sec. 409A of the Internal Revenue Code and the regulations promulgated thereunder, each as amended ("Sec. 409A").

**3.3 Stock Option Grants.** Upon the full execution of this Agreement, Employee will be granted a stock option to purchase fifty three thousand three hundred thirty three (53,333) shares of the Company's common stock (the "First Option") pursuant to the Company's 2011 Equity Incentive Award Plan (the "Plan") which share amount comprises one third (1/3) of the 2016 and 2017 Maximum Option Bonus. The exercise price per share of the First Option will be equal to the fair market value per share of the Company's common stock on May 2, 2016. The term of the First Option will be ten (10) years from the grant date. The First Option will vest immediately. Employee has received a copy of the Plan and agrees to the terms and conditions thereof.

Employee will also be granted a five (5) year stock option to purchase two hundred fifty thousand (250,000) shares of the Company's common stock at the same exercise price applicable to the First Option, which option shall vest and become exercisable if the Company's shares of common stock commence trading on the Nasdaq Capital Market or other stock exchange approved by the Board.

**3.4 Expenses.** During the Employment Period, Employee shall be entitled to reimbursement of all travel, entertainment and other business expenses reasonably incurred in the performance of his duties for the Company, upon submission of all receipts and accounts with respect thereto, and approval by the Company thereof, in accordance with the business expense reimbursement policies adopted by the Company from time to time. Any such reimbursement that would constitute nonqualified deferred compensation subject to Sec. 409A shall be subject to the following additional rules: (a) no reimbursement of any such expense shall affect Employee's right to reimbursement of any other such expense in any other taxable year, (b) reimbursement of the expense shall be made, if at all, not later than the end of the calendar year following the calendar year in which the expense was incurred, and (c) the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

**3.5 Vacation.** In respect of each Contract Year falling within the Employment Period, Employee shall be entitled to four (4) weeks of vacation, or if greater, the number of weeks of vacation proscribed by the vacation policies of the Company then in effect from time to time, provided that unused vacation may be used by Employee in the following Contract Year only in accordance with and as permitted by the Company's then current vacation policies in effect from time to time.

**3.6 Other Fringe Benefits.** During the Employment Period, if, as and when they are being provided to other employees of the Company holding positions with the Company comparable to Employee's position, Employee shall also be entitled to receive the same fringe benefits offered to such

employees including, but not limited to, health insurance benefits, disability benefits and retirement benefits.

**3.7 Other Incentive Compensation.** Employee shall be eligible to participate during the Employment Period in such incentive plans, stock option plans, stock purchase plans and any other long-term compensation plans, programs or arrangements which may be adopted by the Company and applicable to Employee as determined by the Company's Compensation Committee, in its sole discretion.

#### **ARTICLE IV COVENANTS OF EMPLOYEE**

**4.1 Proprietary Rights.** Employee hereby expressly agrees that all research, discoveries, inventions and innovations (whether or not reduced to practice or documented), improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether patentable or unpatentable, and whether or not reduced to writing), trade secrets (being information about the business of the Company which is considered by the Company to be confidential and is proprietary to the Company) and confidential information, copyrightable works, and similar and related information (in whatever form or medium), which (x) either (i) relate to the Company's actual or anticipated business, research and development or existing or future products or services or (ii) result from any work performed by Employee for the Company and (y) are conceived, developed, made or contributed to in whole or in part by Employee during the Employment Period ("Work Product") shall be and remain the sole and exclusive property of the Company. Employee shall communicate promptly and fully all Work Product to the Company.

(a) Work Made for Hire. Employee acknowledges that, unless otherwise agreed in writing by the Company, all Work Product eligible for any form of copyright protection made or contributed to in whole or in part by Employee within the scope of Employee's employment by the Company during the Employment Period shall be deemed a "work made for hire" under the copyright laws and shall be owned exclusively by the Company.

(b) Assignment of Proprietary Rights. Employee hereby assigns, transfers and conveys to the Company, and shall assign, transfer and convey to the Company, all right, title and interest in and to all inventions, ideas, improvements, designs, processes, trademarks, service marks, trade names, trade secrets, trade dress, data, discoveries and other proprietary assets and proprietary rights in and of the Work Product (the "Proprietary Rights") for the Company's exclusive ownership and use, together with all rights to sue and recover for past and future infringement or misappropriation thereof, which shall enjoy exclusive ownership and use, together with all rights to sue and recover for past and future infringement or misappropriation thereof.

(c) Further Instruments. At the request of the Company, at all times during the Employment Period and thereafter, Employee will promptly and fully assist the Company as the case may be) in effecting the purpose of the foregoing assignment, including but not limited to the further acts of executing any and all documents necessary to secure for the Company such Proprietary Rights and other rights to all Work Product and all confidential information related thereto, providing cooperation and giving testimony.

(d) Inapplicability of Sec. 4.1 in Certain Circumstances. The Company expressly acknowledges and agrees that, and Employee is hereby advised that, this Sec. 4.1 does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on Employee's own time, unless (i) the invention relates to the business of the Company or to the Company's actual or

demonstrably anticipated research or development or (ii) the invention results from any work performed by Employee for the Company.

**4.2 Ownership and Covenant to Return Documents.** Employee agrees that all Work Product and all documents or other tangible materials (whether originals, copies or abstracts), including without limitation, price lists, quotation guides, outstanding quotations, books, records, manuals, files, sales literature, training materials, customer records, correspondence, computer disks or print-out documents, contracts, orders, messages, phone and address lists, invoices and receipts, and all objects associated therewith, which in any way relate to the business or affairs of the Company, either furnished to Employee by the Company or prepared, compiled or otherwise acquired by Employee during the Employment Period, shall be the sole and exclusive property of the Company. Employee shall not use, copy or duplicate any of the aforementioned documents or objects, nor remove them from the facilities of the Company, nor use any information concerning them except for the benefit of the Company, either during the Employment Period or thereafter. Employee agrees that he will deliver all of the aforementioned documents and objects that may be in his possession to the Company on the termination of his employment with the Company, or at any other time upon the Company's request, together with his written certification of compliance with the provisions of this Sec. 4.2 in the form of Exhibit A to this Agreement in accordance with the provisions of Sec. 5.3 hereof.

**4.3 Non-Disclosure Covenant.** For a period commencing on the date of this Agreement and ending on the last to occur of five (5) years following the date of execution of this Agreement or three (3) years following the date of the termination of the Employment Period (the "Non-Disclosure Period"), Employee shall not, either directly or indirectly, disclose to any "unauthorized person" or use for the benefit of Employee or any Person other than the Company any Work Product or any knowledge or information which Employee may acquire while employed by the Company (whether before or after the date of this Agreement) relating to (a) the financial, marketing, sales and business plans and affairs, financial statements, analyses, forecasts and projections, books, accounts, records, operating costs and expenses and other financial information of the Company, (b) internal management tools and systems, costing policies and methods, pricing policies and methods and other methods of doing business, of the Company, (c) customers, sales, customer requirements and usages and distributor lists, of the Company, (d) agreements with customers, vendors, independent contractors, employees and others, of the Company, (e) existing and future products or services and product development plans, designs, analyses and reports, of the Company, (f) computer software and databases developed for the Company, trade secrets, research, records of research, models, designs, drawings, technical data and reports of the Company, and (g) correspondence or other private or confidential matters, information or data whether written, oral or electronic, which is proprietary to the Company and not generally known to the public (individually and collectively "Confidential Information"), without the Company's prior written permission. For purposes of this Sec. 4.3, the term "unauthorized person" shall mean any Person who is not (i) an officer or director of the Company or an employee of the Company for whom the disclosure of the knowledge or information referred to herein is necessary for his performance of his assigned duties, or (ii) a Person expressly authorized by the Company to receive disclosure of such knowledge or information. The Company expressly acknowledges and agrees that the term "Confidential Information" excludes information which is (A) in the public domain or otherwise generally known to the trade, or (B) disclosed to third parties other than by reason of Employee's breach of his confidentiality obligations hereunder or (C) learned of by Employee subsequent to the termination of his employment hereunder from any other party not then under an obligation of confidentiality to the Company. Further, Employee covenants to the Company that in Employee's performance of his duties hereunder, Employee will not violate any confidentiality obligations he may have to any third Persons.

**4.4 Non-Interference Covenants.** Employee covenants to the Company that while Employee is employed by the Company hereunder and for the two (2) year period thereafter (the "Non-Interference Period"), he will not, for any reason, directly or indirectly: (a) solicit, hire, or otherwise do any act or thing which may induce any other employee of the Company to leave the employ or other-

wise interfere with or adversely affect the relationship (contractual or otherwise) of the Company, with any person who is then or thereafter becomes an employee of the Company; (b) do any act or thing which may interfere with or adversely affect the relationship (contractual or otherwise) of the Company with any vendor of goods or services to the Company or induce any such vendor to cease doing business with the Company; or (c) except for Competitive Activities (as defined in Sec. 4.5 hereof) engaged in by Employee after the expiration of the Non-Competition Period, do any act or thing which may interfere with or adversely affect the relationship (contractual or otherwise) of the Company with any customer of the Company or induce any such customer to cease doing business with the Company.

**4.5 Covenant Not To Compete.** Employee expressly acknowledges that (a) Employee's performance of his services for the Company hereunder will afford him access to and cause him to become highly knowledgeable about the Company's Confidential Information; (b) the agreements and covenants contained in this Sec. 4.5 are essential to protect the Confidential Information, business and goodwill of the Company and the restraints on Employee imposed by the provisions of this Sec. 4.5 are justified by these legitimate business interests of the Company; and (c) Employee's covenants to the Company set forth in this Sec. 4.5 are being made both in consideration of the Company's employment of Employee and other financial benefits of this Agreement. Accordingly, Employee hereby agrees that while Employee is employed by the Company and for the one (1) year period thereafter (the "Non-Competition Period"), Employee shall not, anywhere in the United States, directly or indirectly, own any interest in, invest in, lend to, borrow from, manage, control, participate in, consult with, become employed by, render services to, or in any other manner whatsoever engage in, any business which is competitive with any lines of business actively being engaged in by the Company in the development or use of gene expression systems (collectively, "Competitive Activities"). The preceding notwithstanding, Employee shall be free to make investments in the publicly-traded securities of any corporation, provided that such investments do not amount to more than one percent (1%) of the outstanding securities of any class of such corporation.

**4.6 Remedies for Breach.** If Employee commits a breach, or threatens to commit a breach, of any of the provisions of this Article IV, the Company shall have the right and remedy, in addition to any other remedy that may be available at law or in equity, to have the provisions of this Article IV specifically enforced by any court having equity jurisdiction, by the entry of temporary, preliminary and permanent injunctions and orders of specific performance, together with an accounting therefor, it being expressly acknowledged and agreed by Employee that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company. Any such injunction shall be available without the posting of any bond or other security, and Employee hereby consents to the issuance of such injunction. Employee further agrees that any such injunctive relief obtained by the Company shall be in addition to, and not in lieu of, monetary damages and any other remedies to which the Company may be entitled. Further, in the event of an alleged breach or violation by Employee of any of the provisions of Sections 4.3, 4.4 or 4.5 hereof, the Non-Disclosure Period, the Non-Interference Period and/or the Non-Competition Period, as the case may be, shall be tolled until such breach or violation has been cured.

## **ARTICLE V TERMINATION OF EMPLOYMENT**

**5.1 Termination and Triggering Events.** Notwithstanding anything to the contrary elsewhere contained in this Agreement, the Employment Period shall terminate upon the occurrence of any of the following events (hereinafter referred to as "Triggering Events"): (a) Employee's death; (b) Employee's Total Disability; (c) Employee's Resignation; (d) a Termination by the Company for Cause; or (e) a Termination by the Company without Cause.

**5.2 Rights upon Occurrence of a Triggering Event.** Subject to the provisions of Sec. 5.3 hereof, the rights of the parties upon the occurrence of a Triggering Event shall be as follows:

**(a) Termination by the Company for Cause:** If the Triggering Event was a Termination by the Company for Cause, Employee shall be entitled to receive his Annual Base Compensation and accrued but unpaid vacation through the date thereof in accordance with the policy of the Company, and to continue to participate in the Company's health, insurance and disability plans and programs through that date and thereafter, only to the extent permitted under the terms of such plans and programs.

**(b) Death or Total Disability:** If the Triggering Event was Employee's death or Total Disability, Employee (or Employee's designated beneficiary) shall be entitled to receive Employee's Annual Base Compensation and accrued but unpaid vacation through the date thereof and to continue to participate in the Company's health, insurance and disability plans and programs through the date of termination and thereafter only to the extent permitted under the terms of such plans and programs.

**(c) Termination by the Company Without Cause:** If the Triggering Event was a Termination by the Company Without Cause, Employee shall be entitled to receive his Annual Base Compensation and accrued but unpaid vacation through the date thereof plus, in the discretion of the Company's Compensation Committee, the 2016 and 2017 Maximum Option Bonus, payable in accordance with the Company's normal payroll practices, and for the six (6) month period following the date of termination of Employee's employment with the Company (the "Severance Period"), an amount per month equal to one-twelfth (1/12) of Employee's Annual Base Compensation on the date of termination in installments consistent with the Company's normal payroll practices, commencing with the first regular payroll payment date following the termination of the Employment Period (collectively, the "Severance Benefits"), and to continue to participate in the Company's health, insurance and disability plans and programs for the six (6) month period following the date of termination of Employee's employment with the Company (the "Severance Period"); provided that Employee shall be entitled to receive such Severance Benefits during the Severance Period if (i) Employee has executed and delivered to the Company an effective and irrevocable General Release substantially in form and substance as set forth in Exhibit B to this Agreement within fifty (50) days after his termination date, and (ii) Employee has not breached any of his covenants to the Company set forth in this Agreement. To the extent any payments under this Sec. 5.2(c) are treated as non-qualified deferred compensation subject to Sec. 409A, if the fifty (50) calendar day period from Employee's termination date through the expiration of any applicable revocation period with respect to the General Release begins in one taxable year and ends in the following taxable year, then payments shall not commence being paid or be paid until the beginning of the second taxable year.

**(d) Cessation of Entitlements and Company Right of Offset.** Except as otherwise expressly provided herein, all of Employee's rights to salary, employee benefits, fringe benefits and bonuses hereunder (if any) which would otherwise accrue after the termination of the Employment Period shall cease upon the date of such termination. The Company may offset any loans, cash advances or fixed amounts which Employee owes the Company against any amounts it owes Employee under this Agreement. Notwithstanding anything herein to the contrary, if at the time of Employee's separation from service, Employee is a "specified employee" as defined below, any and all amounts payable under this Agreement on account of that separation from service that constitute deferred compensation subject to Sec. 409A as determined by the Company in its discretion and that would, but for this provision, be payable within six (6) months following the date of separation, shall instead be paid on the next business day following the expiration of the six (6) month period. Also, for purposes of this Agreement, the phrase "termination of employment" and correlative phrases mean a "separation from service" as defined in Treas. Regs. Sec. 1.409A-1(h) and the term

"specified employee" means someone determined by the Company to be a specified employee under Treas. Regs. Sec. 1.409A-1(i). For the avoidance of doubt, any tax liability to which the Employee is subject under Sec. 409A shall be solely Employee's responsibility. Each payment under this Agreement or any benefit plan of the Company is intended to be treated as one of a series of separate payments for purposes of Sec. 409A and Treas. Regs. Sec. 1.409A-2(b)(2)(iii) (or any similar or successor provisions, including without limitation, any similar state law provisions).

**(e) Resignation for Good Reason.** If Employee resigns for Good Reason, Employee shall be entitled to receive his Annual Base Compensation and accrued but unpaid vacation through the date thereof plus, in the discretion of the Company's Compensation Committee, the 2016 and 2017 Maximum Option Bonus, payable in accordance with the Company's normal payroll practices, and for the Severance Period, the Severance Benefits and to continue to participate in the Company's health, insurance and disability plans and programs for the Severance Period.

**(f) Change of Control.** In the event of a Change of Control (as defined in the Plan) during the Employment Period, vesting of Employee's stock options theretofore granted shall accelerate and be exercisable on the date of the Change of Control. In the discretion of the Compensation Committee, Employee may be awarded an additional bonus on or before the occurrence of a Change of Control.

**5.3 Survival of Certain Obligations and Termination Certificate.** The provisions of Articles IV, V, VI and VIII shall survive any termination of the Employment Period, whether by reason of the occurrence of a Triggering Event or the expiration of the Employment Period. Immediately following the termination of the Employment Period, Employee shall promptly return to the Company all property required to be returned to the Company pursuant to the provisions of Sec. 4.2 hereof and execute and deliver to the Company the Termination Certificate attached hereto as Exhibit A and by this reference made a part hereof.

## **ARTICLE VI ASSIGNMENT**

**6.1 Prohibition of Assignment by Employee.** Employee expressly agrees for himself and on behalf of his executors, administrators and heirs, that this Agreement and his obligations, rights, interests and benefits hereunder shall not be assigned, transferred, pledged or hypothecated in any way by Employee, his executors, administrators or heirs, and shall not be subject to execution, attachment or similar process. Any attempt to assign, transfer, pledge, hypothecate or otherwise dispose of this Agreement or any such rights, interests and benefits thereunder contrary to the foregoing provisions, or the levy of any attachment or similar process thereupon shall be null and void and without effect and shall relieve the Company of any and all liability hereunder.

**6.2 Right of Company to Assign.** Except as provided in the next sentence, the rights, but not the obligations of the Company shall be assignable and transferable to any successor-in-interest without the consent of Employee. In the instance of a sale of the Company or the sale of all or substantially all of the assets of the Company, this Agreement and the rights and obligations of the Company hereunder may be assigned to the acquiring party without Employee's consent, and for purposes of this Agreement, such acquirer shall thereafter be deemed to be the Company.

## ARTICLE VII DEFINITIONS

**"Person"** means an individual, partnership, limited liability company, trust, estate, association, corporation, governmental body or other juridical being.

**"Resignation"** means the voluntary termination of employment hereunder by Employee providing the Company with at least thirty (30) days prior written notice of Employee's intention to terminate the Employment Period.

**"Termination by the Company for Cause"** means termination by the Company of Employee's employment on account of a finding by the Company that Employee has: (i) breached this Agreement or any other agreement between Employee and the Company; (ii) engaged in the diversion of corporate opportunity, fraud, embezzlement, theft, commission of a felony or proven dishonesty, in the course of his performance of his services hereunder; or (iii) disclosed trade secrets or other Confidential Information of the Company to Persons not entitled to receive such information; provided that the termination of Employee's employment hereunder by the Company shall not be deemed a Termination by the Company for Cause unless and until there shall have been delivered to Employee a written notice from an authorized officer of the Company (after reasonable notice (in light of the circumstances surrounding the termination) to and an opportunity for Employee, alone and in person, to have a face-to-face meeting with an authorized officer of the Company) stating that in the good faith opinion of the Company, Employee was guilty of the conduct set forth in one or more of the foregoing clauses.

**"Termination by the Company without Cause"** means a termination of Employee's employment by the Company which is not a Termination by the Company for Cause.

**"Total Disability"** means Employee's inability, because of illness, injury or other physical or mental incapacity, to perform his duties hereunder (as determined by the Company in good faith) for a continuous period of ninety (90) consecutive days, or for a total of ninety (90) days within any three hundred sixty (360) consecutive day period, in which case such Total Disability shall be deemed to have occurred on the last day of such ninety (90) day or three hundred sixty (360) day period, as applicable.

## ARTICLE VIII GENERAL

**8.1 Notices.** All notices under this Agreement shall be in writing and shall be deemed properly sent, (i) when delivered, if by personal service or reputable overnight courier service, or (ii) when received, if sent (x) by certified or registered mail, postage prepaid, return receipt requested, or (y) via facsimile transmission (provided that a hard copy of such notice is sent to the addressee via one of the methods of delivery or mailing set forth above on the same day the facsimile transmission is sent); to (A) Employee at the address of his principal place of residence on file with the Company from time to time and (B) to the Company, as follows:

Dyadic International, Inc.  
140 Intracoastal Pointe Drive, Suite 404  
Jupiter, Florida 33477  
Attn: Mark A. Emalfarb, CEO  
Facsimile (561) 743-8343

**8.2 Governing Law.** This Agreement shall be subject to and governed by the laws of the State of Florida without regard to any choice of law or conflicts of law rules or provisions (whether of the State of Florida or any other jurisdiction), irrespective of the fact that Employee may become a resident of a different state.

**8.3 Binding Effect.** The Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and Employee and his executors, administrators, personal representatives and heirs.

**8.4 Complete Understanding.** This Agreement constitutes the complete understanding between the parties hereto with regard to the subject matter hereof, and supersedes the Original Contract and any and all prior agreements and understandings relating to the terms of Employee's employment by the Company which shall, to the extent not inconsistent with the terms and provisions of this Agreement, remain in full force and effect as to any rights and obligations of the parties thereunder in existence prior to the date of this Agreement, provided that, in the event of any inconsistency between the provisions of this Agreement and the provisions of any other agreements between Employee and the Company, or in the event of any inconsistency between the rights and obligations of the parties under this Agreement and the rights and obligations of the parties under any prior agreement, the provisions of this Agreement shall control.

**8.5 Amendments.** No change, modification or amendment of any provision of this Agreement shall be valid unless made in writing and signed by both of the parties hereto.

**8.6 Waiver.** The waiver by the Company of a breach of any provision of this Agreement by Employee shall not operate or be construed as a waiver of any subsequent breach by Employee. The waiver by Employee of a breach of any provision of this Agreement by the Company shall not operate as a waiver of any subsequent breach by the Company.

**8.7 Venue, Jurisdiction, Etc.** Employee hereby agrees that any suit, action or proceeding relating in any way to this Agreement may be brought and enforced in the Circuit Court of Palm Beach County of the State of Florida or in the District Court of the United States of America for the Southern District of Florida, and in either case Employee hereby submits to the jurisdiction of each such court. Employee hereby waives and agrees not to assert, by way of motion or otherwise, in any such suit, action or proceeding, any claim that Employee is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Employee consents and agrees to service of process or other legal summons for purpose of any such suit, action or proceeding by registered mail addressed to Employee at his address listed in the business records of the Company. Nothing contained herein shall affect the rights of the Company to bring a suit, action or proceeding in any other appropriate jurisdiction. Employee and the Company do each hereby waive any right to trial by jury he or it may have concerning any matter relating to this Agreement. The parties agree that in the event of the institution of any action at law or in equity by either party to enforce the provisions of this Agreement, the losing party shall pay all of the costs and expenses of the prevailing party, including reasonable legal fees, incurred in connection therewith.

**8.8 Severability.** If any portion of this Agreement shall be for any reason invalid or unenforceable, the remaining portion or portions shall nevertheless be valid, enforceable and carried into effect.

**8.9 Headings.** The headings of this Agreement are inserted for convenience only and are not to be considered in the construction of the provisions hereof.

**8.10 Counterparts.** This Agreement may be executed in counterparts, both of which, taken together, shall constitute one and the same agreement.

**SIGNATURES FOLLOW ON PAGE 11**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the date first above-written.

DYADIC INTERNATIONAL, INC.

By: \_\_\_\_\_

Mark A. Emalfarb, CEO

THOMAS L. DUBINSKI



Dyadic International, Inc.  
140 Intracoastal Pointe Drive, Suite 404  
Jupiter, FL 33477  
Tel: 561-743-8333  
Fax: 561-743-8343  
www.dyadic.com

May 1, 2016

Thomas L. Dubinski  
11015 Legacy Lane APT 103  
Palm Beach Gardens, Florida 33410

**Re: Change of control compensation**

Dear Tom,

Simultaneously herewith, you are entering into an Employment Agreement with Dyadic today which supersedes the Employment Agreement dated July 15, 2014 (the "Original Contract") that set the terms for your employment as Dyadic's Vice President and Chief Financial Officer effective August 4, 2014. Sec. 5.2(h) of the Original Contract entitled *Change of Control* provided you with certain rights in the event of a Change of Control, which term is defined in Dyadic's 2011 Equity Incentive Award Plan. Because your new Employment Agreement supersedes the Original Contract, the purpose of this letter agreement is to assure you that the provisions of Sec. 5.2(h) continue in full force and effect. Specifically, if your employment is terminated by the Dyadic or if you resign your employment at Dyadic for Good Reason (as that term is defined in Sec. 5(f) of the Original Contract) before April 30, 2018, you shall be entitled to receive the Severance Benefits (as that term is defined in Sec. 5.2(h) of the Original Contract) and to continue to participate in Dyadic's health insurance and disability plans and programs for the 12 months following the date of your involuntary termination or resignation.

Please acknowledge the foregoing by signing your name where indicated below.

Very truly yours,

  
Mark A. Emalfarb  
Chief Executive Officer

Acknowledged this 1<sup>st</sup> day of May, 2016



Thomas L. Dubinski