



Applied DNA Sciences, Inc.

NASDAQ: APDN

First Quarter Fiscal 2022 Financial Results

10 February 2022



The statements made by Applied DNA in this press release may be “forward-looking” in nature within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements describe Applied DNA’s future plans, projections, strategies, and expectations, and are based on assumptions and involve a number of risks and uncertainties, many of which are beyond the control of Applied DNA. Actual results could differ materially from those projected due to its history of net losses, limited financial resources, the substantial doubt about its ability to continue as a going concern, the unknown amount of revenues and profits that will result from any COVID-19 testing contract, the possibility that Applied DNA’s assay kits could become obsolete or have its utility diminished, limited market acceptance, the uncertainties inherent in research and development, future clinical data and analysis, including whether any of Applied DNA’s or its partner’s therapeutic candidates will advance further in the preclinical research or clinical trial process, including receiving clearance from the U.S. Food and Drug Administration (FDA), the U.S. Department of Agriculture (USDA) or equivalent foreign regulatory agencies to conduct clinical trials and whether and when, if at all, they will receive final approval from the FDA, the USDA or equivalent foreign regulatory agencies, the unknown outcome of any applications or requests to the FDA, USDA, equivalent foreign regulatory agencies and/or the New York State Department of Health, the unknown limited duration of any Emergency Use Authorization (EUA) approval from FDA and whether EUA approval will be granted by the FDA for our Linea™ 2.0 COVID-19 Assay and Linea™ Unsupervised At-Home Sample Collection Kit, changes in guidance promulgated by the CDC, FDA and/or CMS relating to COVID-19 testing, disruptions in the supply of raw materials and supplies, the unknown ability to manufacture the vaccine candidates in large quantities, the fact that the safety and efficacy of the vaccine candidates has not yet been established in humans, the unknown ability of the vaccine candidates to generate revenue or profit for Applied DNA, the fact that there has never been a commercial drug product utilizing PCR-produced DNA technology approved for therapeutic use, and various other factors detailed from time to time in Applied DNA’s SEC reports and filings, including its Annual Report on Form 10-K filed on December 9, 2021, its Quarterly Report on Form 10-Q filed on February 10, 2022, and other reports it files with the SEC, which are available at www.sec.gov. Applied DNA undertakes no obligation to update publicly any forward-looking statements to reflect new information, events, or circumstances after the date hereof or to reflect the occurrence of unanticipated events, unless otherwise required by law.

	Three Month Period Ended			
	December 31,		Variance	
	2021	2020	\$	%
Revenues				
Product revenues	\$ 826,311	\$ 550,097	276,214	50%
Service revenues	139,273	293,274	(154,001)	-53%
Clinical laboratory service revenues	3,200,122	772,770	2,427,352	314%
Total revenues	4,165,706	1,616,141	2,549,565	158%
Cost of revenues	434,929	270,688	164,241	61%
Cost of clinical laboratory service revenues	2,621,639	245,093		
Total cost of revenues	3,056,568	515,781		
Gross Profit	1,109,138	1,100,360		
Gross Profit %	27%	68%		
Operating expenses:				
Selling, general and administrative	4,662,173	3,309,654	1,352,519	41%
Research and development	1,080,096	763,808	316,288	41%
Total operating expenses	5,742,269	4,073,462	1,668,807	41%
LOSS FROM OPERATIONS	(4,633,131)	(2,973,102)	(1,660,029)	56%
Interest income (expense)	273	(5,438)	5,711	-105%
Loss on extinguishment of convertible debt	-	(1,205,340)	1,205,340	0%
Warrant expense	-	(569,322)	569,322	0%
Other income (expense)	(88,053)	(53,860)	(34,193)	63%
NET LOSS	\$ (4,720,911)	\$ (4,807,062)	86,151	-2%
Less: Net income (loss) attributable to noncontrolling interest	\$ (855)	\$ (2,494)		
Net loss applicable to common stockholders	\$ (4,721,766)	\$ (4,809,556)		
Net loss per share-basic and diluted	\$ (0.63)	\$ (0.88)		
Weighted average shares outstanding- basic and diluted	7,486,120	5,457,967		

Calculation and Reconciliation of Consolidated Adjusted EBITDA:

	Three Month Period Ended December 31,		
	2021	2020	% Δ
Net Loss	\$ (4,720,911)	\$ (4,807,062)	
Interest expense (income), net	(273)	5,438	
Depreciation and amortization	320,751	97,412	
(Gain) Loss on extinguishment of debt, net	-	1,205,340	
Stock based compensation expense	1,699,920	571,498	
Warrant expense	-	569,322	
Bad debt expense	10,000	-	
Total non-cash items	2,030,398	2,449,010	
Consolidated Adjusted EBITDA (loss)	\$ (2,690,513)	\$ (2,358,052)	14%

	<u>December 31,</u> <u>2021</u> <u>(unaudited)</u>	<u>September 30,</u> <u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,748,368	\$ 6,554,948
Accounts receivable, net of allowance of \$39,821 and \$29,821 at December 31, 2021 and September 30, 2021, respectively	3,857,275	2,804,039
Inventories	1,300,629	1,369,933
Prepaid expenses and other current assets	593,149	568,881
Total current assets	<u>8,499,421</u>	<u>11,297,801</u>
Property and equipment, net	2,807,852	3,023,915
Other assets:		
Deposits	95,040	95,040
Total Assets	<u>\$ 11,402,313</u>	<u>\$ 14,416,756</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,521,353	\$ 2,991,343
Deferred revenue	457,538	281,000
Total current liabilities	<u>2,978,891</u>	<u>3,272,343</u>
Long term accrued liabilities	31,467	31,467
Total liabilities	<u>3,010,358</u>	<u>3,303,810</u>
Commitments and contingencies (Note F)		
Applied DNA Sciences, Inc. stockholders' equity:		
Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; -0- shares issued and outstanding as of December 31, 2021 and September 30, 2021, respectively	-	-
Series A Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; -0- issued and outstanding as of December 31, 2021 and September 30, 2021, respectively	-	-
Series B Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; -0- issued and outstanding as of December 31, 2021 and September 30, 2021, respectively	-	-
Common stock, par value \$0.001 per share; 200,000,000 shares authorized as of December 31, 2021 and September 30, 2021, 7,486,120 shares issued and outstanding as of December 31, 2021 and September 30, 2021	7,488	7,488
Additional paid in capital	297,228,192	295,228,272
Accumulated deficit	(288,843,858)	(284,122,092)
Applied DNA Sciences, Inc. stockholders' equity:	8,391,822	11,113,668
Noncontrolling interest	133	(722)
Total equity	<u>8,391,955</u>	<u>11,112,946</u>
Total liabilities and equity	<u>\$ 11,402,313</u>	<u>\$ 14,416,756</u>



Diagnostics Strategy

Near-term:
COVID-19



Offering Expansion

Durable Markets

Geographic Expansion



Long-term:
Molecular and
Genetic Tests



Linea[™]
2.0*



At-Home
Collection**



COVID-19
Flu
Test

Skilled Nursing
Facilities



Return-to-Work



Regional



National

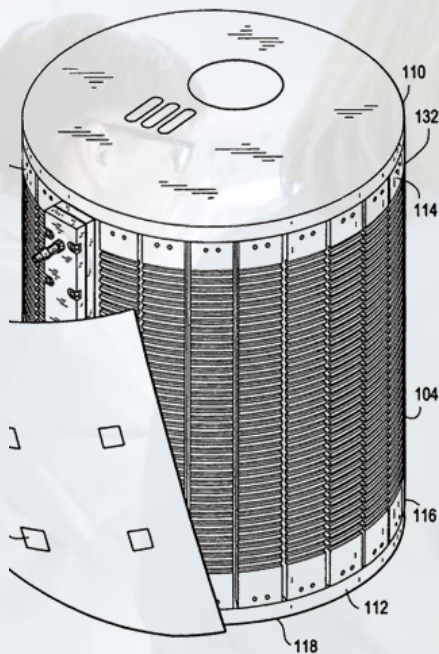
* Authorized as an LDT in New York State; FDA EUA authorization pending

** FDA EUA authorization pending

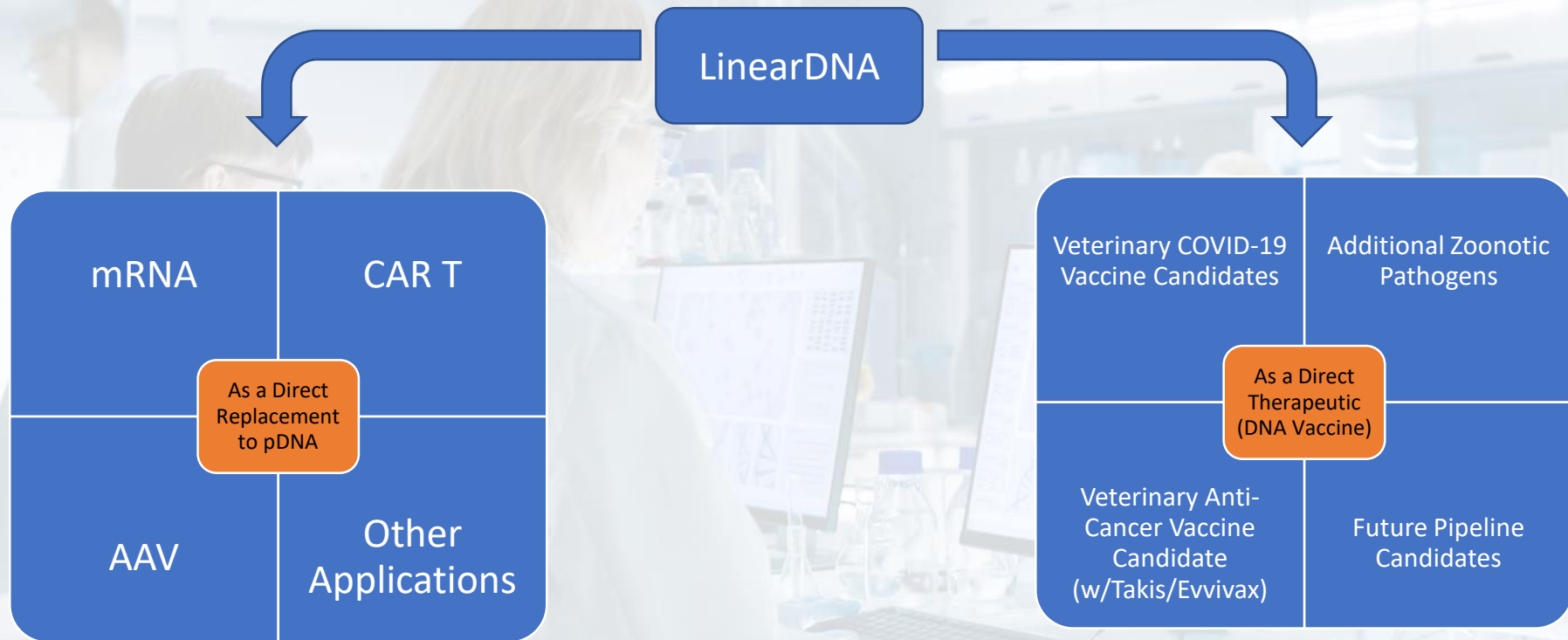
LinearDNA versus pDNA summary:

Attribute	LinearDNA	pDNA
Risk of Antibiotic Resistance Gene Transfer	No	Yes
Endotoxin Risk	No	Yes
Cellular Purification Necessary	No	Yes
Know/Fixed Yield	Yes	No
Unwanted DNA in Final Product	No	Yes
Manufacturing Timeframe	Days	Weeks/Months
DNA Construct Optimization via Primer Modification	Yes	No
Able to Produce Long Homogenous Poly-A Tails (necessary for mRNA templates)	Yes	No
Percentage of Produced DNA Comprised of Target Therapeutic DNA Sequence	100%	≈ 40%

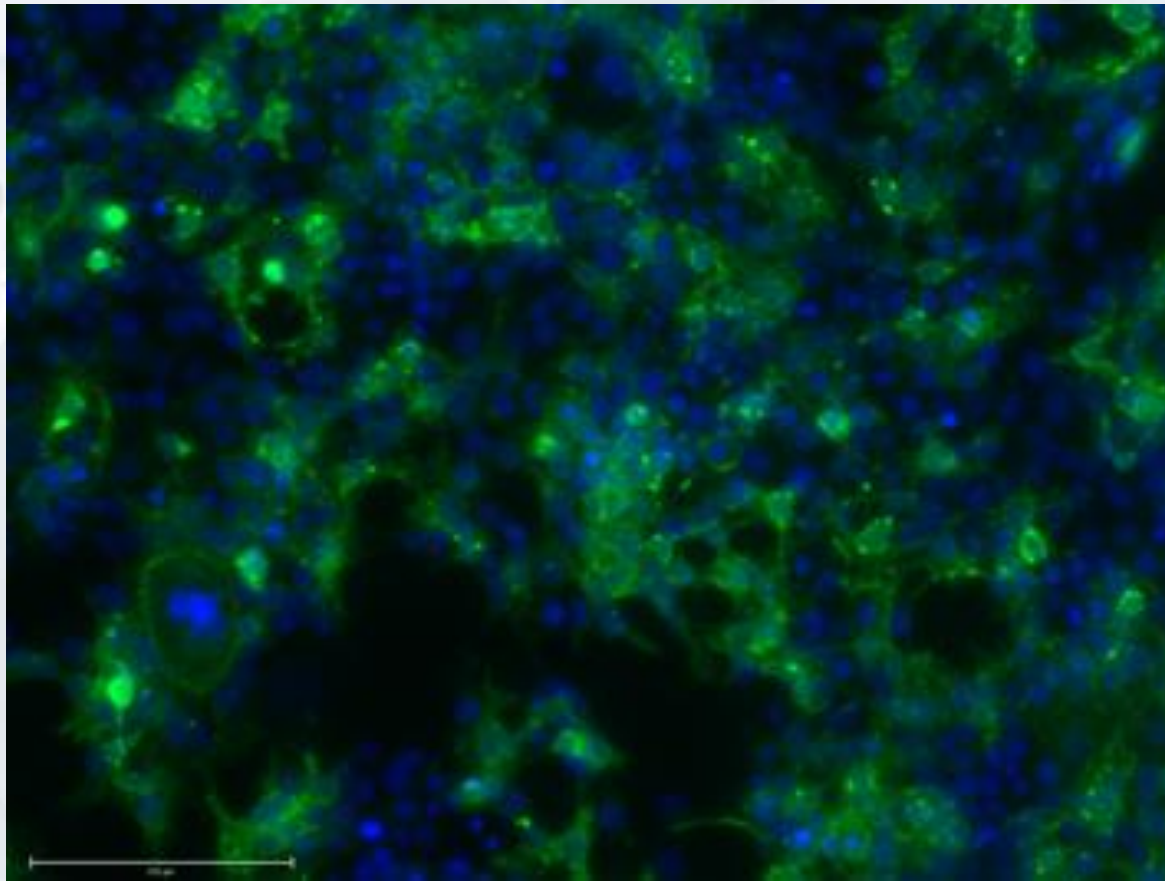
LineaRx The LinearDNA Process



- The platform utilizes only:
 - DNA Template
 - DNA Primers
 - dNTPs; and
 - DNA polymerase
- Purification is straightforward, as there is no bacterial contamination
- 100% of the amplified DNA is the target sequence
- Resulting product is extremely pure
 - LinearDNA “crude” prep is likely cleaner than pDNA
- Manufacturing is rapid (days) and highly efficient
- Excellent batch-to-batch consistency



Immunostaining of a LinearDNA CAR T construct in a model cell



Speakers:

- Dr. James A. Hayward, chairman, president, and CEO
- Beth Jantzen, chief financial officer

Also available:

- Judy Murrah, chief operating officer
- Clay Shorrock, chief legal officer, head of business development

Thank you!



applieddnasciences