

Second Quarter Fiscal 2023 Financial Results

11 May 2023



applieddnasciences

Nasdaq: APDN

Safe Harbor Statement

The statements made by Applied DNA in this presentation 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 unknown amount of revenues and profits that will result from any diagnostic testing services, the possibility that Applied DNA’s diagnostic testing services could become obsolete or have their 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 NYSDOH, 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 therapeutic candidates in large quantities, the fact that the safety and efficacy of the therapeutic candidates have not yet been established in humans, the unknown ability of the therapeutic 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, the fact that although an acquisition target has been identified, there is no certainty that such proposed acquisition will ever be completed, 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 14, 2022, as amended, its Quarterly Report on Form 10-Q filed on February 9, 2023, and May 11, 2023, 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.



Applied DNA Sciences – Segment Reporting



Therapeutic DNA Production

Proprietary, highly efficient and scalable linearDNA™ manufacturing process for use in nucleic acid-based therapies



Molecular Diagnostic Testing Services (MDx)

Detection of DNA via PCR to alter clinical outcomes

APPLIED DNA
Clinical Labs



DNA Tagging and Security Products

Using the immutable power of DNA to help ensure the flow of ethical, sustainable, safe and authentic materials in the global marketplace

CertainT



Comparative Quarterly Statement of Operations (unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	2023	2022
Revenues				
Product revenues	\$ 297,454	\$ 408,351	\$ 813,850	\$ 1,234,662
Service revenues	169,058	248,690	401,119	387,963
Clinical laboratory service revenues	3,941,102	5,490,242	8,455,397	8,690,364
Total revenues	4,407,614	6,147,283	9,670,366	10,312,989
Cost of product revenues	369,563	469,981	734,941	904,910
Cost of clinical laboratory service revenues	2,230,616	3,188,817	4,750,307	5,810,456
Total cost of revenues	2,600,179	3,658,798	5,485,248	6,715,366
Gross profit	1,807,435	2,488,485	4,185,118	3,597,623
Operating expenses:				
Selling, general and administrative	3,522,715	3,572,680	6,148,072	8,308,299
Research and development	988,744	1,070,041	1,960,048	2,150,137
Total operating expenses	4,511,459	4,642,721	8,108,120	10,458,436
LOSS FROM OPERATIONS	(2,704,024)	(2,154,236)	(3,923,002)	(6,860,813)
Interest income	3,639	5,540	7,325	5,813
Transaction cost allocated to warrant liabilities	—	(391,335)	—	(391,335)
Unrealized gain on change in fair value of warrants classified as a liability	3,250,900	782,500	613,100	782,500
Other income (expense), net	661	(2,266)	9,507	(16,873)
Income (loss) before provision for income taxes	551,176	(1,759,797)	(3,293,070)	(6,480,708)
Provision for income taxes	—	—	—	—
NET INCOME (LOSS)	\$ 551,176	\$ (1,759,797)	\$ (3,293,070)	\$ (6,480,708)
Less: Net loss attributable to noncontrolling interest	37,167	1,112	38,041	257
NET INCOME (LOSS) attributable to Applied DNA Sciences, Inc.	\$ 588,343	\$ (1,758,685)	\$ (3,255,029)	\$ (6,480,451)
Deemed dividend related to warrant modification	—	110,105	—	110,105
NET INCOME (LOSS) attributable to common stockholders	\$ 588,343	\$ (1,868,790)	\$ (3,255,029)	\$ (6,590,556)
Net income (loss) per share attributable to common stockholders-basic and diluted	\$ 0.05	\$ (0.23)	\$ (0.25)	\$ (0.85)
Weighted average shares outstanding- basic and diluted	12,908,520	8,084,680	12,908,520	7,783,747



Quarterly Consolidated EBITDA (unaudited)

	Three Month Period Ended March 31,	
	2023	2022
Net Income (loss)	\$ 551,176	\$ (1,759,797)
Interest income	(3,639)	(5,540)
Depreciation and amortization	344,504	320,864
Unrealized gain on change in fair value of warrants classified as a liability	(3,250,900)	(782,500)
Transaction costs allocated to warrant liabilities	-	391,335
Stock based compensation expense	258,604	272,915
Total non-cash items	(2,651,431)	197,074
Consolidated Adjusted EBITDA loss (non-GAAP)	\$ (2,100,255)	\$ (1,562,723)



Quarterly Consolidated Balance Sheet

	March 31, 2023 (unaudited)	September 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,287,228	\$ 15,215,285
Accounts receivable, net of allowance of \$40,831 and \$330,853 at March 31, 2023 and September 30, 2022, respectively	1,967,710	3,067,544
Inventories	366,085	602,244
Prepaid expenses and other current assets	758,530	1,058,056
Total current assets	15,379,553	19,943,129
Property and equipment, net	1,575,309	2,222,988
Other assets:		
Restricted cash	750,000	—
Right of use asset	1,470,615	—
Deposits	—	98,997
Total assets	\$ 19,175,477	\$ 22,265,114
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,895,578	\$ 3,621,751
Lease liability, current	476,502	—
Deferred revenue	283,298	563,557
Total current liabilities	3,655,378	4,185,308
Long term accrued liabilities	31,467	31,467
Lease liability, long term	994,111	—
Warrants classified as a liability	4,526,300	5,139,400
Total liabilities	9,207,256	9,356,175
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 March 31, 2023 and September 30, 2022, respectively	—	—
Series A Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; -0- issued and outstanding as of March 31, 2023 and September 30, 2022, respectively	—	—
Series B Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; -0- issued and outstanding as of March 31, 2023 and September 30, 2022, respectively	—	—
Common stock, par value \$0.001 per share; 200,000,000 shares authorized as of March 31, 2023 and September 30, 2022, 12,908,520 shares issued and outstanding as of March 31, 2023 and September 30, 2022	12,909	12,909
Additional paid in capital	305,751,360	305,399,008
Accumulated deficit	(295,755,117)	(292,500,088)
Applied DNA Sciences, Inc. stockholders' equity	10,009,152	12,911,829
Noncontrolling interest	(40,931)	(2,890)
Total equity	9,968,221	12,908,939



Looking Ahead



ADCL

- CUNY COVID-19 testing winding down in current quarter, supporting costs to be eliminated
- PGx panel validation package submitted to NYSDOH; expected lower run-rate, higher pricing and gross margin relative to COVID-19 testing; pre-sales aligning potential customers



DNA Tagging

- Compliance with UFLPA driving global interest in CertainT® authentication platform
 - Source verification services customer acquisition serves as funnel for DNA tagging opportunities
- Business development activities encompass home textiles and apparel opportunities
 - Successful completion of pilot project with large, North American apparel brand spans both DNA tagging and isotopic analysis



LineaRx

- Platform improvements implemented for speed and use of chemical modifications
 - Production scale and speed increased
- Progressing the establishment for cGMP-quality linearDNA production capacity within our current footprint
- Orders fulfilled for pharma and biopharma (initial and repeat)



TR8TMPG_x

enterprise-scale pharmacogenomic testing

reduce healthcare costs
improve workforce wellness
increase productivity



Securing the Cotton Supply Chain

Compliance with the Uyghur Forced Labor Prevention Act (UFLPA)
powered by DNA, Cotton Genomics, and Natural Isotopic Abundance



stable isotopes

verify regional profile



genotyping

identify cotton type or species



SigNatureT[®]

traceability

CertainT[®] multi-layered traceability solutions differentiate your brand by providing clear proof of product origin, authenticity and traceability.



linearDNA™ Advantages

Purity

Produce Only The
DNA You Want

Flexibility

Chemical Modifications
Various templates

Simplicity

Simplify
IVT Workflows

Speed

No More Waiting
For DNA Templates

Scalability





Micrograms -> Grams



Projected Value Inflection Points

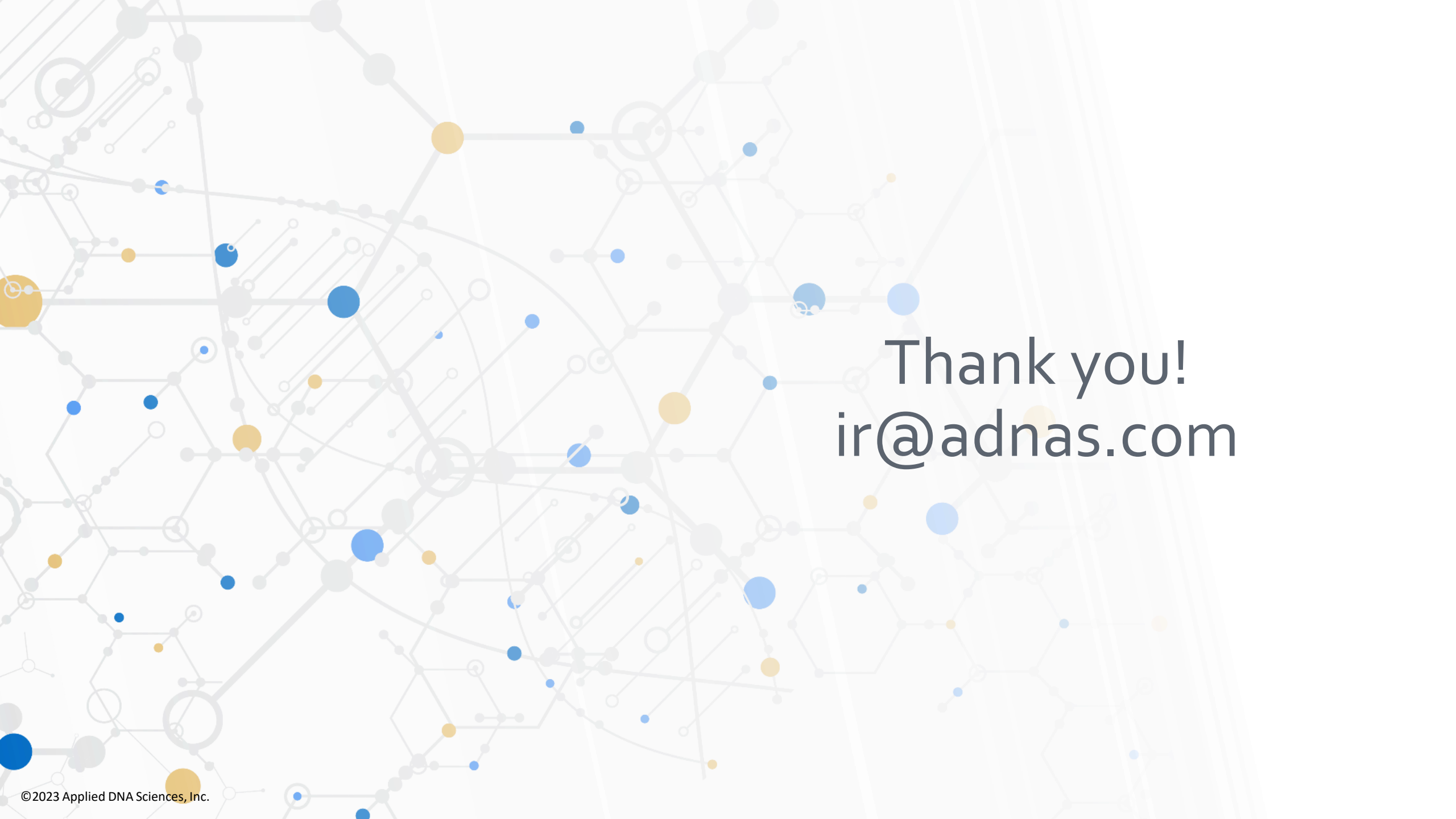
Through December 2023



	FQ3'23	FQ4'23	FQ1'24
Anticipate closing of contemplated biotherapeutics acquisition			
Anticipate PGx test approval*; launch of testing service			
Anticipate initiation of new cotton supply chain			
Completion of build-out of GMP-quality linearDNA manufacturing capacity			

*Approval contingent on length of New York State Department of Health review that is outside of the control of the Company





Thank you!
ir@adnas.com