

## dynaCERT Inc.

### *dynaCERT Enters 2025 with Renewed Momentum Amid Strengthening Market Fit and Carbon Credit Tailwind*

**Industry:** Cleantech

**Focus:** Emission reduction, carbon credit monetization

**Founded:** 2004

**Employees:** 30

**Headquarter:** Toronto, Canada

**Management:** Jim Payne, Bernd Krüper, Jean-Pierre Colin, Kevin Unrath, Khoa Tran

dynaCERT Inc. is a Canadian cleantech company specializing in carbon emission reduction technologies designed for internal combustion engines. The company's flagship product, the HydraGEN™ system, generates hydrogen and oxygen on-demand through a proprietary electrolysis process, enhancing combustion efficiency, reducing fuel consumption, and lowering greenhouse gas emissions. dynaCERT's technology serves diverse sectors, including transportation, mining, construction, oil & gas, and forestry. Complementing its hardware solutions, the company offers HydraLytics™ Telematics, a data-driven platform that tracks fuel savings and calculates greenhouse gas reductions, supporting future carbon credit generation. dynaCERT is actively pursuing CO<sub>2</sub> certification to monetize carbon credits for both its customers and itself, collaborating with recognized organizations such as Verra to validate its methodologies.

in m CAD	31.12.2023	31.12.2024	31.12.2025e	31.12.2026e
Revenue	0.45	1.60	12.00	21.00
EBITDA	-7.22	-8.55	-0.78	4.79
EBIT	-8.15	-9.41	-1.68	3.85
Net results	-8.63	-10.16	-2.43	3.10
EPS	-0.02	-0.02	-0.01	0.01
Dividends	0.00	0.00	0.00	0.00
EV/Revenue	161.37	45.01	6.01	3.43
EV/EBITDA	neg.	neg.	neg.	15.05
EV/EBIT	neg.	neg.	neg.	18.72
PE	neg.	neg.	neg.	23.27
PB		-31.75		

#### Investment Case

- **Growing demand for fuel saving and emission reduction technologies:** dynaCERT's patented HydraGEN™ system addresses global regulatory pressures for carbon emission reductions, positioning the company to benefit from increasing demand across transportation, mining, construction, and oil & gas industries.
- **Strategic entry into the hydrogen economy:** The company's support, cooperation, and investment in Cipher Neutron, a privately held Canadian corporation, and its focus on hydrogen-related technologies align with the expanding green hydrogen economy, offering significant growth opportunities in a rapidly developing market.
- **Carbon credit monetization potential:** dynaCERT is actively pursuing CO<sub>2</sub> certification with industry leaders such as Verra, which could unlock recurring revenue streams through the monetization of carbon credits, enhancing long-term profitability.
- **Scalable business model with global reach:** With proven technologies and growing international partnerships, dynaCERT is well-positioned to scale operations globally, leveraging its HydraLytics™ Telematics for data-driven customer solutions.
- **Attractive ESG investment profile:** As a cleantech company focused on emission reductions and fuel efficiency, dynaCERT offers investors exposure to the ESG megatrend, aligning with sustainability-focused capital flows and government incentives.

**Rating:** Buy

**Target price:** 0.75 CAD (0.48 EUR)

#### Share and key data



Price as of 15.04.25 21:59	0.18 CAD
Symbol	DYA
ISIN	CA26780A1084
WKN	A1KBAV
Number of Shares (in m):	474.87
MCap (in m CAD)	85.48
Enterprise Value (in m CAD)	86.35

Transparency Level	Senior issuer
Exchange	TSX
Fiscal Year-End	31 December
Accounting Standard	IFRS

#### Shareholders

Management	31%
Family offices	13%
Eric Sprott	6%
Institutional investors	5%
Free float	45%

#### Financial Calendar

15.05.2025	Q1 2025 Report
14.08.2025	Q2 2025 Report
14.11.2025	Q3 2025 Report

#### Analysts

Matthias Greiffenberger (greiffenberger@gbc-ag.de)  
Marcel Goldmann (goldmann@gbc-ag.de)

#### Latest GBC Research

Date: Publication / Price target / Rating  
25.03.2025: RS / 0,75 CAD / Buy

\*\* The research reports listed above can be accessed at [www.gbc-ag.de](http://www.gbc-ag.de)\*\*

Completion: 16.04.2025 (10:30 a.m.)  
First distribution: 17.04.2025 (9:00 a.m.)

Validity of price target: until max. 31.12.2025

\*Catalog of possible conflicts of interest on page 5

## Operational Performance and Outlook

**dynaCERT enters 2025 with building momentum and a significantly improved commercial position. The global regulatory environment continues to tighten around emissions and fuel efficiency, and dynaCERT's proprietary hydrogen-on-demand technology is increasingly seen as a viable and scalable retrofit solution. The approval of the company's carbon credit methodology by Verra marks a turning point, providing the foundation for a complementary revenue stream that aligns with global sustainability goals. Together with strengthening product-market fit and renewed investor confidence reflected in recent financings, the company appears poised to accelerate along its commercialization path.**

FY2024 revenues came in at CAD 1.60 million, significantly below our initial forecast of CAD 2.40 million. Despite this shortfall, top-line growth remains robust compared to FY2023, with revenue more than tripling year-over-year (FY2023: CAD 0.45 million). The discrepancy versus our projection appears to be timing-related rather than structural. Although Q4 did not deliver the level of acceleration we expected, the company's pipeline development, particularly with repeat orders in energy and mining sectors, supports the assumption that demand is not fundamentally impaired. The sales model continues to exhibit lumpy, project-based characteristics, which introduces volatility into quarter-to-quarter revenues.

From a regional perspective, Canada remains the dominant market, with initial traction being established in Europe and Latin America through expanded dealer activity. We note, however, that meaningful international ramp-up is still in early stages. The homologation approval in Europe and strengthening of the German subsidiary's operational team are important enablers but have not yet translated into significant sales volumes.

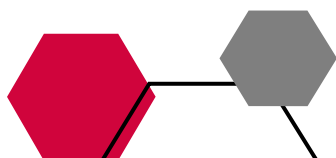
### Margins, Inventory and Cost Structure

FY2024 saw elevated cost pressures that weighed heavily on margins. Cost of goods sold reached CAD 2.60 million, implying negative gross profit when factoring in the CAD 281k inventory write-down. These figures highlight that dynaCERT is still operating below critical scale. While the company continues to improve its production processes and component consolidation (notably the reduction of unique HG1 parts from over 300 to under 210), fixed manufacturing overhead and high warranty provisioning (CAD 483k in FY2024) continue to drag on profitability.

We had forecast a narrowing of EBITDA losses to CAD -4.44 million. Actual results came in meaningfully worse, with the EBITDA deficit exceeding CAD -7 million, driven in large part by share-based compensation (CAD 1.75 million) and elevated staffing and third-party consulting costs. These expenditures may prove strategically beneficial if they secure key talent and partner relationships, but they contributed to a materially larger bottom-line loss than our forecasted CAD -5.66 million (actual net loss: CAD -10.16 million).

### Balance Sheet and Liquidity

The company closed FY2024 with cash of only CAD 86k and a working capital deficit exceeding CAD 4.3 million. As of year-end, dynaCERT had a shareholder equity deficit of CAD -2.24 million. In our prior report, we had highlighted the risk of persistent negative equity and anticipated the company would rely on further financing to support operations. This has indeed materialized, with CAD 6 million raised across convertible notes and equity between Q4 2024 and Q1 2025.



In terms of liabilities, the presence of a new convertible note (CAD 560k) and a warranty provision nearing CAD 889k underscores the continued pressure on liquidity. While we acknowledge the company's efforts to reduce outstanding loans (down from CAD 908k to CAD 401k), the overall debt burden remains material relative to the asset base (total assets CAD 3.43 million vs. liabilities of CAD 5.67 million).

### Strategic Positioning and Carbon Credit Trajectory

One of the most significant medium-term catalysts remains the successful monetization of carbon credits through Verra-certified methodologies. dynaCERT has achieved a milestone here: Verra approved its new methodology in late 2024, and the company is now progressing with its Project Design Document. This validates one of the central tenets of our original thesis—the creation of an annuity-like, margin-accretive revenue stream through emissions tracking and credit issuance using HydraLytics™.

We continue to exclude carbon credit monetization from our short-term base case but recognize its potential to meaningfully shift the margin and cash flow profile as early as FY2026. The operational link between HydraGEN™ installations and credit generation—via HydraLytics's data pipeline—remains a key differentiator.

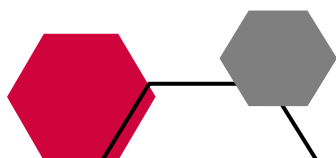
### Valuation and Outlook

Despite the weaker-than-expected results in FY2024, we are maintaining our FY2025 revenue forecast of CAD 12 million, supported by visible traction in core markets and strategic deployments in high-volume verticals like mining and transportation. We will monitor Q1 2025 sales activity closely and may revise projections should order conversion rates lag further. Importantly, the demand-side fundamentals remain strong, particularly under increasingly stringent emissions regulations in North America and Europe.

Our DCF-derived price target of CAD 0.75 remains unchanged at this time. While execution risk is elevated, particularly with respect to liquidity management and sales cycle length, the potential upside from scaling hardware and software revenues and unlocking carbon credit flows remains substantial.

### Conclusion

We reaffirm our Buy rating on dynaCERT Inc., recognizing the short-term financial volatility but maintaining confidence in the long-term equity story. The commercial viability of HydraGEN™, validated both technically and now in early adoption curves, coupled with the tailwind of carbon monetization, supports a high-risk, high-reward profile. Continued progress on scaling sales, streamlining cost structures, and closing strategic financings will be pivotal in validating the company's inflection point narrative over the next 12 months.



## ANNEX

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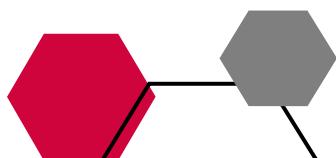
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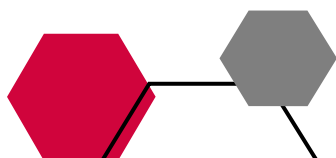
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