dynaCERT Announces Annual Financial Results

written by Raj Shah | April 4, 2022
April 4, 2022 (Source) – *dynaCERT* Inc. (TSX: DYA) (OTCQB: DYFSF) (FRA: DMJ) ("*dynaCERT*" or the "Company") today announces its financial and operating results for the year ended December 31, 2021. All figures are in Canadian dollars unless otherwise stated.

Sales

During the year ended December 31, 2021, the Company's sales continued to be significantly impacted by COVID-19 restrictions worldwide and the Company's dealers' inability to provide installation services. During the year ended December 31, 2021, the Company shipped 139 HydraGEN™ units respectively to dealers and clients. These sales mostly represent units bought and installed on larger fleets or companies that are running initial pilot projects while closely monitoring the fuel savings and emission reductions with the support of dynaCERT and our HydraLytica™ telematic software installed.

During the three months ended December 31, 2021, the Company recognized sales of $200,222, and for year ended December 31, 2021, the Company recognized sales of $757,002.

Operating Expenses

Key Influencers to the increase in expenditures for the year ended December 31, 2021 are:

- As the Company did not qualify for Canadian Emergency Wages Subsidy ("CEWS") for a portion of the year ended December 31, 2021, and received more CEWS during the year

ended December 31, 2020, as a result expenditures increased by $412,851.

- Wages and salaries increased by $503,530, the majority of this increase was due to additional compensation paid to a former officer.
- During the year ended December 31, 2021, cost of goods sold increased by $1,774,765 as the Company determined that current years wages were directly related to the production of HydraGEN™ products by specific employees.
- During the year ended December 31, 2021, the Company recognized a loss on loans, investments, and prepayments of $3,481,776. See “Loss on loans, investments, and prepayments” below.

Key influencers to the decrease in expenditures for the year ended December 31, 2020 are:

- Research and development costs decreased by $1,739,857, as the Company’s direct salaries related to cost of goods sold for HydraGEN™ products in the current year. In the prior year, salaries directly related to research and development.
- Business development costs decreased by $541,663 as certain current year expenses related to research and development, and expenses to loss on loans, investments, and prepayments. In the prior year, these expenses directly related to business development initiatives.
- A decrease in share-based compensation expense of $608,795 in the current period compared to the prior period, as a result of vesting conditions, inputs into the Black-Scholes model, and the number of stock options granted. During the year ended December 31, 2021, the Company granted 8.81 million stock options compared to 7.14 million in the comparative period, and cancelled 532,000 options with a Black Scholes value of $322,395.

Cash Flow Information

As at December 31, 2021, cash on hand was $8,337,506 as compared to $18,836,013 at December 31, 2020.

The Company had cash outflows from operating cash flows of $8,659,758, which was due to net loss of $16,324,637, which was affected by non-cash adjustments of $7,382,118, which is comprised of accretion and amortization of $903,717, stock-based compensation of $2,861,197, loss on investment in associate of $142,213, foreign exchange loss of $77,150, interest paid of $165,991, loss on loans, investments, and prepayments of $3,481,776, and offset by accrued interest of $249,926. Operating cash flows were affected by non-cash working capital items of $282,761 which comprised an increase in amounts payable and other liabilities of $492,512, by a decrease in accounts receivables and sales tax receivables of $422,175, and offset by an increase in prepaid expenses of $114,239, an increase in inventory $444,369, a decrease in deferred revenue $73,318.

The Company had cash outflows from investing activities of $1,409,156, which was due to acquisition of property and equipment of $620,430, acquisition of intangible assets of $388,726, and an investment of $250,000 in Galaxy Power, a loan to Galaxy Placements of $150,000.

The Company had cash outflows from financing activities of $429,593, which was funds from exercise of options of $94,800, and offset by repayment on a promissory note of $76,086 and lease obligation of $448,307.

Accounts Payable and Accrued Liabilities

As at December 31, 2021, the Company had accounts payable and accrued liabilities of $1,328,005 as compared to $835,493 at December 31, 2020.

Loss on loans, investments, and prepayments

The Company's audit committee has engaged independent legal counsel to assist them in examining the validity, legal standing, enforceability, and potential future recoverability of certain related party and other transactions as disclosed in note 24 of the Company's audited financial statements. The outcome of the examination is unknown at this time and may result, amongst other matters, in the identification of one or more weaknesses in the Company's internal controls. The Company will disclose the results of the examination once they become available and determine the appropriate corrective measures, if any, at such time.

About *dynaCERT* Inc.

*dyna*CERT Inc. manufactures and distributes Carbon Emission Reduction Technology for use with internal combustion engines. As part of the growing global hydrogen economy, our patented technology creates hydrogen and oxygen on-demand through a unique electrolysis system and supplies these gases through the air intake to enhance combustion, resulting in lower carbon emissions and greater fuel efficiency. Our technology is designed for use with many types and sizes of diesel engines used in on-road vehicles, refrigerated trailers, off-road construction, power generation, mining and forestry equipment, marine vessels and railroad locomotives. Website: www.dynaCERT.com.

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Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate",

"estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the review of certain transactions being undertaken by the Company's audit committee and the potential future impact and reporting thereof. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance of achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially f rom those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: the Company not settling outstanding issues with its auditors.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cauti oned not to place undue reliance on forward-looking information.

Neither The Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the The Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of the release.

On Behalf of the Board

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