
DYNACERT INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2025
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed consolidated interim financial statements of DynaCERT INC. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

DynaCERT INC.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

As at,	September 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,097,439	\$ 86,300
Accounts and other receivable (note 3)	405,368	141,585
Sales tax receivable	152,343	77,283
Inventory (note 4)	1,813,947	866,417
Prepaid expenses	47,064	63,121
Deposits	94,882	84,324
Total current assets	4,611,043	1,319,030
Non-current assets		
Investment in associate (note 10)	20,000	20,000
Property & equipment (note 5)	793,883	969,020
Intangible assets (note 6)	576,961	663,606
Right-of-use asset (note 7)	143,235	456,555
Total assets	\$ 6,145,122	\$ 3,428,211
EQUITY (DEFICIENCY) AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	\$ 1,018,602	\$ 2,775,719
Customer deposits (note 20)	507,691	507,051
Lease obligation (note 8)	176,378	482,434
Warranty provision (note 19)	911,864	888,519
Loans payable (note 11)	1,128,297	400,950
Convertible note (note 12)	1,027,909	559,974
Total current liabilities	4,770,741	5,614,647
Non-current liabilities		
Lease obligation (note 8)	4,701	57,260
Total liabilities	4,775,442	5,671,907
Shareholders' equity (deficiency)		
Share capital (note 13)	110,262,994	100,314,944
Equity portion of convertible notes	98,683	98,683
Warrant reserve	519,072	519,072
Share-based payments reserve	5,648,460	8,198,411
Deficit	(115,159,529)	(111,374,806)
Total shareholders' equity (deficiency)	1,369,680	(2,243,696)
Total liabilities and shareholders' equity (deficiency)	\$ 6,145,122	\$ 3,428,211

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Commitments and contingencies (note 20)

Subsequent event (note 21)

DynaCERT INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 198,585	\$ 605,176	\$ 554,048	\$ 1,391,028
Operating expenses				
Cost of goods sold (note 4)	468,603	1,105,116	1,147,868	2,268,922
Inventory impairment write down	10,254	(56,518)	7,731	(88,830)
Provision for warranties (note 19)	18,053	49,371	59,089	92,292
Accretion (note 12)	29,222	-	128,623	29,405
Business development and marketing	124,173	290,364	721,715	839,701
General and administrative	410,265	385,090	1,666,844	1,298,006
Interest expense (income)	47,054	19,809	142,090	66,205
Legal and audit	211,906	38,477	415,369	134,892
Research and development	166,625	350	342,867	9,583
Share-based compensation (note 11 and 14)	-	1,454,728	65,615	1,454,728
Wages, benefits, and third-party consultants (note 17)	803,859	567,224	2,074,257	1,680,735
Total operating expenses	2,290,014	3,854,011	6,772,068	7,785,639
Other items				
Foreign exchange loss	22,759	10,736	57,490	13,672
Loss on settlement of debt (note 11 and 13)	-	-	-	6,364
Provision for credit losses (note 3)	8,748	43,338	8,748	43,338
Loss on modification of debt (note 12)	-	-	279,477	-
Write off of accounts payables (note 17)	(163,446)	-	(163,446)	-
Total loss and comprehensive loss	\$ (1,959,490)	\$ (3,302,909)	\$ (6,400,289)	\$ (6,457,985)
Basic and diluted net loss per share (note 16)	\$ (0.004)	\$ (0.008)	\$ (0.010)	\$ (0.015)
Weighted average number of common shares outstanding - basic and diluted (note 16)	507,562,045	426,657,892	479,675,062	421,296,407

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

DynaCERT INC.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Nine months ended September 30,	
	2025	2024
Operating activities		
Net loss for the period	\$ (6,400,289)	\$ (6,457,985)
<i>Adjustments for:</i>		
Accretion on loans payable	128,623	29,405
Accrued interest	137,182	51,787
Amortization of intangible assets	95,927	104,204
Amortization of right-of-use asset	313,320	313,897
Depreciation of property and equipment	175,137	220,168
Interest paid	17,736	38,890
Share-based compensation	65,615	1,454,728
Loss on settlement of debt and accounts payables	-	8,186
Inventory impairment recovery	7,731	(88,830)
Provision for warranties	59,089	92,292
Loss on modification of debt	279,477	-
Write off of accounts payables	(163,446)	-
Provision for credit losses	8,748	43,338
<i>Changes in non-cash working capital items:</i>		
Sales tax receivable, and accounts and other receivables	(347,591)	(321,164)
Inventory	(955,261)	845,006
Prepaid expenses	16,057	4,808
Accounts payable and accrued liabilities	(1,593,671)	(113,722)
Customer deposits	640	(25,528)
Deposits	(10,558)	7,244
Warranty provision	(35,744)	11,934
Net cash used in operating activities	(8,201,278)	(3,781,342)
Investing activities		
Acquisition of property and equipment	-	(3,799)
Acquisition of intangible assets	(9,282)	(13,632)
Investment in associate	-	(20,000)
Net cash used in investing activities	(9,282)	(37,431)
Financing activities		
Proceeds from issuance of private placement (net of costs)	9,931,550	4,295,444
Proceeds from exercise of warrants	16,500	-
Proceeds from issuance of loans	750,000	-
Proceeds from related party loans	-	65,050
Repayment of shareholder loan and related party loan	(100,000)	(409,383)
Lease obligation expense	(376,351)	(376,699)
Net cash provided by financing activities	10,221,699	3,574,412
Increase in cash and cash equivalents	2,011,139	(244,361)
Cash and cash equivalents, beginning of period	86,300	247,268
Cash and cash equivalents, end of period	\$ 2,097,439	\$ 2,907

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

DynaCERT INC.

Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars)

Unaudited

	Share Capital	Warrants reserve	Share-based reserve	Equity component of convertible note	Deficit	Total
Balance, December 31, 2023	\$ 94,764,020	\$ 63,062	\$ 9,705,697	\$ -	\$(104,471,428)	\$ 61,351
Units issued in private placement	4,299,191	-	-	-	-	4,299,191
Finance costs	(7,028)	3,281	-	-	-	(3,747)
Share-based compensation	-	-	1,454,728	-	-	1,454,728
Expiry of options	-	-	(2,036,801)	-	2,036,801	-
Settlement of related party loan	197,289	-	-	-	-	197,289
Settlement of debt	56,472	-	-	-	-	56,472
Net loss for the period	-	-	-	-	(6,457,985)	(6,457,985)
Balance, September 30, 2024	\$ 99,309,944	\$ 66,343	\$ 9,123,624	\$ -	\$(108,892,612)	\$ (392,701)
Balance, December 31, 2024	\$ 100,314,944	\$ 519,072	\$ 8,198,411	\$ 98,683	\$(111,374,806)	\$ (2,243,696)
Units issued in private placement	10,000,000	-	-	-	-	10,000,000
Finance costs	(68,450)	-	-	-	-	(68,450)
Warrants exercised (note 15)	16,500	-	-	-	-	16,500
Expiry of options	-	-	(2,615,566)	-	2,615,566	-
Share-based compensation (note 14)	-	-	65,615	-	-	65,615
Net loss for the period	-	-	-	-	(6,400,289)	(6,400,289)
Balance, September 30, 2025	\$ 110,262,994	\$ 519,072	\$ 5,648,460	\$ 98,683	\$(115,159,529)	\$ 1,369,680

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Nature of business

DynaCERT Inc. ("dynaCERT" or the "Company") was incorporated under the laws of the Province of Ontario. The address of the Company's head office is 501 Alliance Avenue – Suite 101, Toronto, Ontario. The Company's shares were listed on the TSX-V under the trading symbol DYA until July 7, 2020, at which point the common shares of the Company commenced trading on the Toronto Stock Exchange ("TSX") under the same trading symbol and were concurrently delisted from the TSX-V. On June 9, 2020, the common shares of the Company were listed on the USA OTCQX under the symbol "DYFSF" and delisted from the OTCQB. These unaudited condensed consolidated interim financial statements include the results of DynaCERT and its wholly owned subsidiaries, DynaCERT GmbH Inc., its wholly owned German subsidiary, and DynaCERT International Strategic Holdings Inc. ("DISH").

The Company is engaged in the design, engineering, testing, manufacturing and distribution of a patent pending transportable hydrogen generator aftermarket product. The system is a patent pending aftermarket retrofit product that provides performance enhancements by injecting hydrogen and oxygen into the air intake manifold, resulting in improved fuel efficiency and reduced carbon emissions.

Going concern uncertainty

At each reporting period, management assesses the basis of preparation of the unaudited condensed consolidated interim financial statements. These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These unaudited condensed consolidated interim financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the nine months ended September 30, 2025, the Company incurred a net loss of \$6,400,289 (September 30, 2024 - \$6,457,985) and had negative operating cash flows of \$8,201,278 (September 30, 2024 - \$3,781,342). Although the Company has generated revenue from customer sales, the sales volumes achieved to date have not been sufficient to generate the margins required to cover the Company's operating costs and research and development costs. The Company has an accumulated deficit of \$115,159,529 since inception (December 31, 2024 - \$111,374,806).

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate cash flows from operations and to complete negotiations to obtain and successfully close additional funding from debt financing, equity financings or through other arrangements. Management has determined that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. While the Company has been successful in arranging financing in the past, there can be no assurance that any debt financing or any equity offerings will be sufficient to create cash flow runway in light of the impact of the current state of the capital markets.

Effective April 2, 2025, with certain additional tariffs subsequently imposed at a later date, the United States imposed various tariffs on goods imported from Canada, the most significant of which were a 35% tariff on all imports that don't comply with the Canada-United States-Mexico Agreement (CUSMA), a 25% tariff on all cars and trucks not built in the U.S., a 10% tariff on non-CUSMA compliant potash and energy products, a 50% tariff on aluminum and steel imports (became effective June 4), a 50% tariff on copper (became effective August 1), a 35% tariff on softwood lumber (became effective October 14) and a 25% tariff on upholstered wooden products and kitchen/bathroom cabinets and vanities (became effective October 14). On October 25th, President Trump further announced that he would increase tariffs on Canadian products by an additional 10%, but nothing has yet been officially established. Initially, in April, 2025, the Canadian Government subsequently imposed retaliatory tariffs at a rate of 25% on certain Canadian imports from the United States.

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern (continued)

Effective September 1 2025, Canada removed the retaliatory tariffs. The tariffs imposed by the United States, and any further potential tariff response strategy by either country could adversely affect, among others, the demand and market prices for Canadian energy exports, inflation rates and the global supply chain which may be further impacted by restrictions on cross-border supply chains, potential increases in tariffs or additional regulatory barriers to trade. The impact, or potential impact, of these tariffs on the Company's financial results cannot be quantified at this time.

2. Basis of preparation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed consolidated interim financial statements were issued and effective as of November 13, 2025, the date the Board of Directors approved the statements.

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these unaudited condensed consolidated interim financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended December 31, 2024.

Basis of measurement

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Functional and presentation currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of each individual entity is measured using the currency of the primary economic environment in which the entity operates.

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the results of DynaCERT and its wholly-owned subsidiaries, which include DynaCERT GmbH, its wholly-owned German subsidiary, and DISH.

These unaudited condensed consolidated interim financial statements incorporate the assets, liabilities and results of operations of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group have been eliminated.

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

2. Basis of preparation (continued)

New accounting standards adopted

There were no new accounting standards adopted during the period that would have a significant effect on the Company's unaudited condensed consolidated interim financial statements.

New standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2026 or later periods. The Company is currently evaluating the impact of the adoption of these new standards on its financial statements and will adopt these pronouncements as of their effective date.

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

3. Accounts and other receivables

	As at September 30, 2025	As at December 31, 2024
Accounts receivables (note 10)	\$ 944,480	\$ 671,949
Allowance for expected credit losses ⁽¹⁾⁽²⁾	(539,112)	(530,364)
	\$ 405,368	\$ 141,585

(1) The expected credit loss provision arose due to the nature of applying the ECL model on the trade receivables.

(2) During the year ended December 31, 2024, the Company recorded a specific provision for credit losses.

The following table reflects the loss allowance by class of financial instrument:

	For the nine months ended September 30, 2025	For the year ended December 31, 2024
Opening balance	\$ 530,364	\$ 80,026
12 month expected credit losses	-	-
Lifetime ECL for increase credit risk	-	-
Lifetime ECL for trade receivables, contract assets or lease receivables	8,748	450,338
Total	\$ 539,112	\$ 530,364

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

4. Inventory

	As at September 30, 2025	As at December 31, 2024
Raw materials	\$ 233,013	\$ 226,516
Work in process	315,753	260,287
Finished goods	1,265,181	379,614
	\$ 1,813,947	\$ 866,417

During the nine months ended September 30, 2025, \$1,147,868 of inventory has been included in cost of goods sold (September 30, 2024 - \$2,268,922). At September 30, 2025, an inventory provision of \$2,597,596 (December 31, 2024 - \$2,617,881) has been recognized to record inventory at the lower of cost and net realizable value. During the nine months ended September 30, 2025, an inventory impairment recovery of \$(7,731) (September 30, 2024 - \$88,830) has been recognized to reflect the impairment of inventories from its carrying amount to its net realizable value. It includes amounts with respect to excess, slow moving and obsolete inventory of raw materials, work in process and finished goods.

The amounts presented are net of inventory write-down provision.

5. Property and equipment

	September 30, 2025			December 31, 2024		
	Accumulated Cost	Net Amortization	Book Value	Accumulated Cost	Net Amortization	Book Value
Plant equipment	\$ 1,713,873	\$ 1,497,778	\$ 216,095	\$ 1,713,873	\$ 1,447,442	\$ 266,431
Tooling equipment	390,274	386,325	3,949	390,274	362,433	27,841
Office equipment	243,760	241,075	2,685	243,760	240,602	3,158
Furniture and fixtures	614,756	569,991	44,765	614,756	562,449	52,307
Leasehold improvements	1,557,624	1,055,756	501,868	1,557,624	967,191	590,433
Vehicles	61,983	37,462	24,521	61,983	33,133	28,850
	\$ 4,582,270	\$ 3,788,387	\$ 793,883	\$ 4,582,270	\$ 3,613,250	\$ 969,020

6. Intangible assets

	September 30, 2025			December 31, 2024		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Patents	\$ 1,055,431	\$ 631,324	\$ 424,107	\$ 1,050,156	\$ 566,472	\$ 483,684
Trademarks	170,282	81,698	88,584	166,275	69,750	96,525
Software	599,403	535,133	64,270	599,403	516,006	83,397
	\$ 1,825,116	\$ 1,248,155	\$ 576,961	\$ 1,815,834	\$ 1,152,228	\$ 663,606

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

7. Rights-of-use assets

Balance, January 1, 2024	\$ 875,084
Amortization	(418,529)
Balance, December 31, 2024	456,555
Amortization	(313,320)
Balance, September 30, 2025	\$ 143,235

Right-of-use assets consist of office equipment amortized over 48 months, and office lease is amortized over 60 months.

Maturity analysis - contractual undiscounted cash flows

As at September 30, 2025	
Less than one year	\$ 295,617
Greater than one year	4,008
Total undiscounted lease obligation	\$ 299,625

8. Lease obligations

At the commencement date of the leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 6.5% (2024 - 6.5%) which was the incremental borrowing rate when the lease liability was incurred. The lease liabilities are operating-type leases for office equipment and its premises. The continuity of the lease liabilities is presented in the table below:

Balance, January 1, 2024	\$ 993,668
Interest expense	48,356
Lease payments	(502,330)
Balance, December 31, 2024	539,694
Interest expense	17,736
Lease payments	(376,351)
Balance, September 30, 2025	\$ 181,079

As at September 30, 2025	
Less than one year	\$ 176,378
Greater than one year	4,701
Total lease obligation	\$ 181,079

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

9. Investment in associate

Galaxy Power

In July 2021, the Company acquired 20% of the shares of Galaxy Power Inc. ("Galaxy Power"), a private Canadian corporation for \$250,000, as the investment represents a 20% holding in issued and outstanding common shares of Galaxy. Two directors of the Company are also directors in Galaxy Power, however the Company has accounted for the investment in accordance with IFRS 9 as the Company does not have significant influence over the investment. During the year ended December 31, 2021, a full loss was recognized on the investment. There was no impact to the unaudited condensed consolidated interim statements of loss and comprehensive loss during the nine months ended September 30, 2025 and 2024.

KarbonKleen Inc

During the year ended December 31, 2020, the Company purchased 2,000 shares in KarbonKleen Inc ("KK"), a private Delaware corporation, for \$516,479 (US\$367,000) in cash payments, and advanced \$1,020,293 (US\$725,000) to KK as a note receivable bearing interest at 10% per annum due on December 31, 2021. The investment represents a 20% holding in the issued and outstanding common shares of KK, and, as a result, the Company has accounted for the investment under the equity method. During the year ended December 31, 2021, a full loss was recognized on the investment and loan. There was no impact to the unaudited condensed consolidated interim statements of loss and comprehensive loss during the nine months ended September 30, 2025 and 2024.

10. Cipher Neutron

Joint Operation as defined by IFRS 11

In February 2023, the Company entered into a Collaboration Agreement with Cipher Neutron Inc. ("CN"), a privately held Ontario based company, to further jointly develop, produce and market state-of-the-art Hydrogen technology, including AEM Electrolyser technology, that is designed to produce Green Hydrogen for world-wide large infrastructure projects. The Collaboration Agreement takes the form of a joint operation as defined by IFRS 11, and each Company is responsible for its own liabilities incurred to develop the technologies outlined above.

Previously under the Collaboration Agreement, the Company had been provided with options to acquire common shares of CN (the "CN options") at various expiry dates up to July 31, 2025, which, if fully exercised, could have resulted in the Company obtaining up to a 50% ownership of CN (as at the date of the Collaboration Agreement). The total exercise price of such CN options was \$17,500,000. The Company did not exercise any of the CN options and they have since expired at July 31, 2025.

Investment in associate

On June 6, 2024, the Collaboration Agreement was terminated, and the Company received 7,178,000 Units of Cipher Neutron. Each Unit consisted of 1 Common Class A share and one-half Class A Share purchase warrant exercisable at \$1.50 per full warrant until 3 years after the closing. The transaction resulted in the Company acquiring 15% of the outstanding Common Class A shares on an undiluted basis, and 20% of the outstanding Common Class A shares on a diluted basis as at June 6, 2024. As a result of the above, the Company has accounted for the investment under the equity method, recognizing a \$20,000 value to the shares upon acquisition. As at September 30, 2025 and December 31, 2024, financial information was not available.

DynaCERT INC.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2025

(Expressed in Canadian Dollars)

Unaudited

11. Loans

Loans from a shareholder

On February 8, 2023, the Company received loan of \$350,000 from a shareholder of the Company. The loan bears interest at 1% per month and is due upon the Company receiving \$3,500,000 in equity funding from any source including the exercise of any options by the Lender. As part of the loan agreement, the Company agreed to issue 6,000,000 stock options with an exercise price of \$0.175, and a fair value of \$151,000. The loan was repaid in July 2024.

On March 22, 2023, the Company received short-term loan of \$150,000 from a shareholder of the Company. The loan bears interest at 1% per month and was due on April 30, 2023. As part of the loan agreement, the Company agreed to issue 1,500,000 stock options with an exercise price of \$0.175 and a fair value of \$64,435. As at September 30, 2025, the balance outstanding including interest was \$187,045 (December 31, 2024 - \$173,262).

Loans from a related party

As at December 31, 2023, the CEO and director of the Company provided in aggregate \$394,415 in cash advances to the Company. The cash advances bears interest at 12% per annum, and are payable upon demand. During the nine months ended September 30, 2025, the Company recorded accrued interest expense of \$10,105 (September 30, 2024 - \$82,383) on the loan. During the year ended December 31, 2024, the CEO and director agreed to settle \$190,925 of the principal balance of the loan for 1,272,836 Units at a price of \$0.15 per Unit, and recorded a loss on settlement of the debt of \$6,364 (note 13 and 17). Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before February 22, 2027. During the nine months ended September 30, 2025, the Company repaid \$100,000 of the loan. As at September 30, 2025, the balance outstanding including interest was \$137,793 (December 31, 2024 - \$227,687).

Loans from an investor

On January 13, 2025, the Company entered into an arm's length loan to borrow \$750,000 for a term of one year at an interest rate of 10% per annum due at maturity. On February 14, 2025, the maturity date of this loan was extended to March 1, 2026. During the nine months ended September 30, 2025, the Company recorded accrued interest expense of \$53,630 on the loan. As at September 30, 2025, the balance outstanding including interest was \$803,630.

12. Convertible note

On October 9, 2024, the Company issued a \$1,000,000 convertible note to third party arm's length company, and 4,166,667 common share purchase warrants. The note bears interest at 8% per annum with a maturity date October 9, 2025. The principal amount is convertible, at the option of the holder, in whole or in part, at any time following the issue date but on or before maturity, into common shares of the Company at \$0.24 per common share. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.28 per share until October 9, 2026. The fair value of the equity portion of the convertible note was determined to be \$98,683 using a relative net present value calculation assuming a discount rate of 20.05% per annum.

The fair value of the warrants issued with the convertible note was determined to be \$452,729 using the relative fair value Black-Scholes option pricing model. The inputs into the Black-Scholes valuation model and the following assumptions: risk free interest rate – 3.27%; expected life in years – 2; expected volatility 84.08%; and expected forfeiture rate – 0%.

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12. Convertible note (continued)

On February 14, 2025, the maturity date of the \$1,000,000 convertible note issued on October 9, 2024, was extended to March 1, 2026. Upon modification the Company recorded a loss on modification of debt of \$279,477.

During the nine months ended September 30, 2025, the Company accrued interest of \$78,246, and recorded accretion of \$128,623.

See note 21 subsequent events.

13. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

(i) During the nine months ended September 30, 2024, the Company agreed to settle debt which was included within accounts payable of \$54,650 for 364,333 units at a price of \$0.15 per unit, with each unit consisting of one common share and one-half of one common share purchase warrant, the Company recorded a loss on settlement of debt of \$1,822. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before February 22, 2027.

(ii) During the nine months ended September 30, 2024, the Company issued 8,661,277 units at a price of \$0.15 per unit, with each unit consisting of one common share and one-half of one common share purchase warrant for gross proceeds of \$1,299,191. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before February 22, 2027. In conjunction with the private placement 24,983 broker warrants were issued.

(iii) During the nine months ended September 30, 2024, the Company issued 12,767,333 units at a price of \$0.15 per unit, with each unit consisting of one common share and one-half of one common share purchase warrant for gross proceeds of \$1,915,100. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before December 20, 2026. In conjunction with the private placement 21,667 broker warrants were issued.

(iv) During the nine months ended September 30, 2024, the Company issued 7,232,667 units at a price of \$0.15 per unit, with each unit consisting of one common share and one-half of one common share purchase warrant for gross proceeds of \$1,084,900. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before July 3, 2027.

(v) During the nine months ended September 30, 2025, the Company issued 33,333,333 units at a price of \$0.15 per unit, with each unit consisting of one common share and one common share purchase warrant for gross proceeds of \$5,000,000. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before February 21, 2028.

(vi) During the nine months ended September 30, 2025, the Company issued 33,333,333 units at a price of \$0.15 per unit, with each unit consisting of one common share and one common share purchase warrant for gross proceeds of \$5,000,000. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of \$0.20 per share on or before July 2, 2028. In conjunction with the private placement the Company incurred finance costs of \$68,450.

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13. Share capital (continued)

	Number of common shares	Amount
Balance, December 31, 2023	406,214,070	\$ 94,764,020
Settlement of related party loan (note 11)	1,272,836	197,289
Settlement of debt (i)	364,333	56,472
Units issued on private placement (ii)(iii)(iv)	28,661,277	4,299,191
Finance costs (ii)	-	(7,028)
Balance, September 30, 2024	436,512,516	\$ 99,309,944
Balance, December 31, 2024	441,537,516	\$ 100,314,944
Units issued on private placement (v)(vi)	66,666,666	10,000,000
Finance costs (vi)	-	(68,450)
Warrants exercised	82,500	16,500
Balance, September 30, 2025	508,286,682	\$ 110,262,994

14. Stock options

(i) During the nine months ended September 30, 2024, 6,405,000 stock options with a Black-Scholes value of \$2,036,801 expired with exercise price of \$0.39.

(ii) During the nine months ended September 30, 2024, the Company granted 9,130,250 stock options in connection with a loan. The stock options have an exercise price of \$0.20, vest immediately, and expire on July 12, 2029. The stock options were valued using a relative fair value basis, where the relative fair value of the loan payable and stock options were estimated by using the share price at the time of financing and the Black-Scholes option pricing model. The inputs into the Black-Scholes valuation model and the following assumptions: risk free interest rate – 3.37%; expected life in years – 5; expected volatility 98.65%; and expected forfeiture rate – 0%.

(iii) During the nine months ended September 30, 2025, the Company granted 500,000 stock options to an employee. The stock options have an exercise price of \$0.25, vest immediately, and expire on January 15, 2030. The stock options were valued using a relative fair value basis, where the relative fair value of the loan payable and stock options were estimated by using the share price at the time of financing and the Black-Scholes option pricing model. The inputs into the Black-Scholes valuation model and the following assumptions: risk free interest rate – 3.14%; expected life in years – 5; expected volatility 98.50%; and expected forfeiture rate – 0%.

(iv) During the nine months ended September 30, 2025, 5,010,000 stock options with a Black-Scholes value of \$2,615,566 expired with exercise price of \$0.70.

	Number of stock options	Weighted average exercise price
Balance, December 31, 2023	34,951,000	\$ 0.41
Issued (ii)	9,130,250	0.20
Expired (i)	(6,405,000)	(0.39)
Balance, September 30, 2024	37,676,250	\$ 0.36

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14. Stock options (continued)

	Number of stock options	Weighted average exercise price
Balance, December 31, 2024	36,700,250	\$ 0.34
Issued (iii)	500,000	0.25
Expired (iv)	(5,010,000)	(0.70)
Balance, September 30, 2025	32,190,250	\$ 0.28

The following table reflects the stock options issued and outstanding as of September 30, 2025:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
October 25, 2025	0.55	0.07	100,000
January 8, 2026	0.55	0.27	850,000
May 30, 2026	0.50	0.66	5,940,000
August 25, 2027	0.30	1.90	6,070,000
October 23, 2027	0.30	2.06	100,000
February 7, 2028	0.175	2.36	6,000,000
March 28, 2028	0.175	2.49	1,500,000
July 12, 2029	0.20	3.78	9,130,250
November 1, 2029	0.25	4.09	1,500,000
November 20, 2029	0.25	4.14	250,000
December 10, 2029	0.25	4.20	250,000
January 15, 2030	0.25	4.30	500,000
Total	0.28	0.67	32,190,250

15. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	13,540,594	\$ 0.20
Issued (note 13)	15,195,874	0.20
Balance, September 30, 2024	28,736,468	\$ 0.18
Balance, December 31, 2024	27,878,134	\$ 0.21
Issued (note 13)	66,666,666	0.15
Exercised	(82,500)	(0.20)
Balance, September 30, 2025	94,462,300	\$ 0.20

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Unaudited

15. Warrants (continued)

The following table reflects the share purchase warrants issued and outstanding as of September 30, 2025:

Expiry date	Remaining contractual life (years)	Number of warrants outstanding	Exercise price (\$)
December 4, 2025	0.18	5,000	0.15
December 20, 2025	0.22	18,150	0.18
February 22, 2026 ⁽¹⁾	0.40	24,983	0.18
March 31, 2026	0.50	666,667	0.30
June 27, 2026	0.74	21,667	0.30
October 9, 2026 ⁽²⁾	1.02	4,166,667	0.28
December 4, 2026	1.18	4,669,277	0.20
December 20, 2026	1.22	3,156,499	0.20
February 22, 2027 ⁽¹⁾	1.40	5,149,223	0.20
June 27, 2027	1.74	6,301,167	0.20
July 3, 2027	1.76	3,616,334	0.20
February 21, 2028	2.39	33,333,333	0.20
July 2, 2028	2.76	33,333,333	0.20
		94,462,300	

⁽¹⁾ If at any time after the date that is four months and one day after the date hereof, the closing trading price of the Common Shares on the TSX is greater than \$0.35 per Common Share for a period of ten consecutive Business Days, then the Company may, at its discretion give notice of the acceleration of some or all of the Warrants to the Holder and, in such case, the Expiry Time shall be 5:00 p.m. (Toronto time) on the 30th day after the date on which such notice is deemed to have been given by the Company to the Holder.

⁽²⁾ See note 21.

16. Loss per share

For the period ended September 30, 2025, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$6,400,289 (September 30, 2024 - \$6,457,985) and the weighted average number of common shares outstanding of 479,675,062 (September 30, 2024 - 421,296,407). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

17. Related party transactions

Key management includes directors and other key employees, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

The Company paid or accrued the following amounts to directors, companies controlled by directors, or companies having common directors during the three and nine months ended September 30, 2025 and September 30, 2024:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Consulting fees paid to directors	\$ 248,913	\$ 124,343	\$ 730,469	\$ 447,339
Short-term benefits	66,000	66,000	198,000	198,000
	\$ 314,913	\$ 190,343	\$ 928,469	\$ 645,339

DynaCERT INC.

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17. Related party transactions (continued)

Included in consulting fees to directors above for the nine months ended September 30, 2025, are commissions of is \$nil (2024 - \$16,680) in connection with certain sales contracts, \$nil (September 30, 2024 - \$36,697) for business development services, \$182,325 (September 30, 2024 - \$182,346) for advisory services. During the nine months ended September 30, 2025, the Company wrote off accounts payable of \$100,525 (December 31, 2024 - \$nil) related to consulting fees charged. As at September 30, 2025, officers and directors were owed \$28,239 (December 31, 2024 - \$280,280) with respect to services provided.

See notes 10, 11, and 13(b)(i).

18. Segmented information

The Company currently has one business segment, being the development, production and sale of hydrogen generating systems. As at September 30, 2025, the Company held \$nil of cash (December 31, 2024 - \$nil) and during the three and nine months ended September 30, 2025 incurred \$656,365 and \$794,999 (September 30, 2024 - \$185,101 and \$386,591) of expenses in Germany through its German subsidiary. The Company's subsidiary DISH holds the shares in the Company's investment in KK (note 9).

Revenue by geographical location:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Europe	\$ 41,956	\$ 28,447	\$ 65,718	\$ 34,934
Canada and other	156,629	576,729	488,330	1,356,094
	\$ 198,585	\$ 605,176	\$ 554,048	\$ 1,391,028

19. Warranty Provision

The Company provides a limited conditional warranty of its new HydraGEN™ products pursuant to sales by an authorized dealer to the first end user. Generally, such warranty disclaims any liability for direct and indirect losses including but not limited to loss of revenue or profit, loss of use, lost goodwill, damage and increased expenses or costs that may result from defects in material or faulty workmanship or otherwise. In certain limited circumstances, where certain claims from third parties would not be covered under the warranty, the Company may, in such certain limited conditions, seek to maintain goodwill by replacing or repairing its HydraGEN™ products at its own costs. The Company is currently investigating certain third party claims but has not determined whether such claims are based on results of the Company's products and the timing and amounts of such claims cannot be currently determined.

As at September 30, 2025, included within current liabilities on the Company's consolidated statement of financial position is a warranty provision of \$911,864 (December 31, 2024 - \$888,519), which represents an estimate of expected warranty claims in the future.

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Notes to Condensed Consolidated Interim Financial Statements

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20. Commitments and Contingencies

The Company received a purchase order of 3,000 HydraGEN™ Units ("Units") brokered through a director of the Company where he acts as a conduit for the purchase of the Units on behalf of dynaCERT for the purchaser. The recipient of these Units is a company located in Guyana (the "Recipient"). The Company previously delayed deliveries of Units under this order pending further notice by either the Recipient or its representatives, that certain outstanding issues were resolved to everyone's satisfaction. Most notably, the Company was obliged to delay the delivery of all but two such Units and the Company was awaiting from the Recipient, through representatives, certain usual information regarding the specifications of these Units, and other data pertaining to the vehicles and equipment on which the Units are to be installed.

Despite continued ongoing dialogue with representatives of the Recipient of these Units over past months, none of the aforementioned issues have been resolved to date. Further, the Company has been made aware of litigation among various parties, including the Company and a director of the Company, claiming damages in the amount of \$3,815,297 that appears to involve the purchase order in question. The Company has also received a third-party claim in connection with litigation requesting the return of the initial deposit of \$350,000 that the Company received in May 2023 and included in customer deposits. Management has evaluated both of these claims as without merit against the Company. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recognized in the consolidated financial statements.

The Company has also received a statement of claim from a former consultant of the Company and an associated corporate entity alleging wrongful (constructive) dismissal and breach of contract in addition to damages and other incidental relief including benefits, unpaid vacation pay and rights to his unexercised options. The Company settled the claim for the alleging wrongful dismissal and breach of contract in the amount of \$239,500 from a former consultant of the Company and an associated corporate entity during the three and nine months ended September 30, 2025.

A professional corporation issued a statement of claim on March 14, 2025, claiming damages of \$84,750 for breach of contract plus interest and costs. The claimant alleges that it is owed \$84,750 for fees and expenses invoiced on September 17, 2024, in relation to advisory services. The Company has settled this claim without admission of liability.

A statement of claim for sums owed has been filed by a third party for \$64,106 where the Company has filed a notice of intent to defend and communicated its intention for settlement discussions. The Company has issued a "notice of dispute" in connection with an amount owing to the Company and is awaiting settlement discussions. In connection with the same matter, the Company has filed a statement of claim demanding an injunction and other relief.

21. Subsequent events

On October 16, 2025, the Toronto Stock Exchange approved the Company's amendments to its \$1,000,000 principal amount 8% unsecured convertible note issued October 9, 2024 (the "Note") to include an amendment of the conversion price of the Note from \$0.24 to \$0.15 per common share and the extension of the maturity date from October 9, 2025 to October 9, 2026. The effect of the new conversion price was to increase the number of common shares issuable upon conversion from 4,166,667 to 6,666,667. All other terms of the Note remained the same. The Company also amended the exercise price of an aggregate of the outstanding common share purchase warrants of the Company that were issued as part of the related private placement that closed on October 9, 2024 (the "Warrants") from \$0.28 and an expiry date of October 9, 2026 to \$0.20 and an expiry date of October 9, 2027. All other terms of the Warrants remained the same.