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A2Z Smart Technologies Corp. (AZ)

Story Getting More Real...and Harder to Ignore

Company Update
Rating: Buy

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Price Chart

Current Price	$5.68
Price Target	$20.00
52-Week Range	$5.00 - $12.36
Market Cap (mm)	$238
Enterprise Value (mm)	$157
Shares Outstanding (mm)	42
Average Volume (000s)	487
Sector Weight	Overweight

► Last Tuesday, A2Z (AZ: Buy, PT $20) hosted its first investor day. We have had some time to digest the event and contemplate what it implies relative to our outlook as we head into 2026. While the stock reaction has been muted since then, given the lack of explosive announcements, we think the AZ team accomplished 3 primary objectives: 1) They showed that they take Wall Street seriously and want to highlight their platform ahead of what could be a pivotal 2026; 2) They became a lot more real to investors – rather than a panoply of names and titles, we now have real faces and real people driving real results, lending legitimacy to the company; and 3) While not formal guidance, it feels like the target data and accompanying monetization metrics were very intentional, providing some initial yardsticks as we turn the page to next year. On that last point, we have seen just about everything there is to see with this company over the years, and investors have been justifiably skeptical as it relates to timelines and delivery. We cannot imagine that management willingly put themselves out there publicly on December 16 if they did not have at least line of sight to their near-term business objectives, which suggests that more contract wins could be on the way shortly. Frankly, from our point of view, as long as carts begin to be delivered and we approach even our conservative ’26 forecast, it feels like a train that is slowly building momentum and will only accelerate from here. We acknowledge that further execution proof points are needed, but our hunch is that they are indeed coming, and coming soon.

► The first important financial point management offered was that Yochananof carts had already begun to be delivered, with Israeli revenue beginning to ramp in 4Q of this year. Recall that one of the primary points in the ridiculously stale and outdated short report was the lack of revenue on the income statement despite the contract wins. Management also noted that Super Sapir and the Central American retailers were expected to see carts deployed beginning in 1Q26 (along with a potential promise to reveal the mystery partner we all believe is Walmart Central America early next year). Aside from more robust financial reporting, the number one thing investors want to see is a deployment schedule. Any concrete, non-hypothetical path to getting over 10,000 carts in circulation and monetized would likely change the narrative completely.

► The other major financial point management offered was a view that 2026 could represent the deployment of over 30,000 smart carts across 8 global retailers. Right now, based on contracts and planned deployments today, we know of at least 11,000 purchase orders, with the next phase of Yochananof beginning to be delivered now. Our 2026 forecast assumes that A2Z only gets half of its proposed 30,000 carts in circulation in 2026, which we have to imagine was a conservative “outlook” on management’s part. Now, some additional interesting algebra: conservatively, management suggested that napkin math implies some $4,000 per cart per year to get to a $120 million annualized revenue run rate for 30,000 carts. This implies a sub-scale retail media business, which makes sense given what management called a positive feedback loop required to grow the business (more carts = more advertisers and so on). However, even at $120 million a year for 30,000 carts (not even a fraction of a percent of the market), EBITDA would likely be maybe half that, so shares would be 1x revenue and 3x EBITDA at the current EV, with likely over $100 million in cash on the balance sheet. We get it – show me the deliveries. Fine. If and when those deliveries come, it will be awfully difficult to get one’s hands on stock anywhere near the current trading price.

Year to 31 Dec	2024A	1Q25A	2Q25A	3Q25A	4Q25E	2025E	2026E
EBITDA	($11)	($4)	($3)	($2)	($5)	($14)	$8
Delta % (+/-) v. Cons.							
Revenue (m)	$7	$2	$1	$2	$2	$7	$38
EV/Rev	22x					24x	4x

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A2Z - Income Statement, 2021-2026E
($ in thousands, except per share data)

Fiscal Year Ending December 31,	2021	2022	2023	2024	2025E	2026E
Revenues	**$2,685**	**9,351**	**11,375**	**7,234**	**6,597**	**38,309**
Yr.-Yr. Pct. Change	*0.0%*	*0.0%*	*21.6%*	*-36.4%*	*-8.8%*	*480.7%*
COGS	(2,029)	(7,517)	(9,381)	(5,631)	(6,793)	(20,096)
Pct. of Revenue	*75.6%*	*80.4%*	*82.5%*	*77.8%*	*103.0%*	*52.5%*
Gross Profit	**656**	**1,834**	**1,994**	**1,604**	**(196)**	**18,213**
Pct. of Revenue	*24.4%*	*19.6%*	*17.5%*	*22.2%*	*-3.0%*	*47.5%*
Yr.-Yr. Pct. Change	*205.1%*	*179.6%*	*8.7%*	*-19.5%*	*-112.2%*	*-9386.1%*
Operating expenses						
Research and Development	(3,222)	(4,462)	(4,751)	(3,787)	(8,344)	(8,600)
Pct. of Revenue	*120.0%*	*47.7%*	*41.8%*	*52.3%*	*126.5%*	*22.4%*
Sales and Marketing	(102)	(475)	(1,377)	(1,272)	(2,182)	(4,000)
Pct. of Revenue	*3.8%*	*5.1%*	*12.1%*	*17.6%*	*33.1%*	*10.4%*
General and Administrative	(6,494)	(13,599)	(13,933)	(9,979)	(14,123)	(11,976)
Pct. of Revenue	*241.9%*	*145.4%*	*122.5%*	*137.9%*	*214.1%*	*31.3%*
Total Operating Expense	(9,818)	(18,536)	(20,061)	(15,038)	(24,649)	(24,576)
Pct. of Revenue	*365.7%*	*198.2%*	*176.4%*	*207.9%*	*373.6%*	*64.2%*
Adjusted EBITDA	**(7,999)**	**(11,048)**	**(11,950)**	**(10,616)**	**(13,983)**	**8,397**
Yr.-Yr. Pct. Change	*0.0%*	*0.0%*	*8.2%*	*-11.2%*	*31.7%*	*-160.1%*
EBITDA margin	*-297.9%*	*-118.1%*	*-105.1%*	*-146.7%*	*-212.0%*	*21.9%*
Depreciation and amortization	321	786	984	861	629	760
Stock based compensation & Other	842	4,868	5,134	1,957	10,233	14,000
Operating income	**($9,162)**	**(16,702)**	**(18,068)**	**(13,434)**	**(24,845)**	**(6,363)**
Operating margin	*-341.2%*	*-178.6%*	*-158.8%*	*-185.7%*	*-376.6%*	*-16.6%*
Other, Net	(30,895)	(254)	357	3,236	(905)	0
Financial Expense, Net	(91)	(1,391)	(228)	(268)	(80)	(464)
Income before taxes	(40,148)	(18,347)	(17,939)	(10,466)	(25,830)	(6,827)
Tax provisions	(142)	0	0	0	0	0
Tax percentage	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Comprehensive/Non-Controlling Interest	555	864	2,182	1,485	(1,208)	0
Net Loss Attributable to A2Z Shareholders	**($39,735)**	**($17,483)**	**($15,757)**	**($8,981)**	**($27,038)**	**($6,827)**
EPS	**($1.70)**	**($0.70)**	**($0.43)**	**($0.41)**	**($0.73)**	**($0.16)**
Shares Outstanding	23,341	27,682	36,853	21,833	36,798	41,923
Free Cash Flow (FCF)						
EBITDA	(7,999)	(11,048)	(11,950)	(10,616)	(13,983)	8,397
Cash Interest	(91)	($49)	($106)	($126)	($24)	$0
Cash Taxes	(142)	$0	$0	$0	$0	$0
Capital Expenditures	(412)	($727)	($205)	($108)	($1,222)	($2,260)
Working Capital Adjustments	0	$0	$0	$0	$0	$0
Free Cash Flow	(8,644)	(11,824)	(12,261)	(10,850)	(15,229)	6,137
FCF per Diluted Share	**($0.37)**	**($0.43)**	**($0.33)**	**($0.50)**	**($0.41)**	**$0.15**
Yr.-Yr. Pct. Change						

Source: Company Reports and The Benchmark Company Estimates

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Firm-Wide Stock Ratings Distribution

As of September 30, 2025

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Buy	**256**	**74.4%**	**54**	**15.7%**
Hold	**69**	**20.1%**	**4**	**1.2%**
Speculative Buy	**17**	**4.9%**	**11**	**3.2%**
Sell	**2**	**0.6%**	**0**	**0.0%**

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Buy: Stock is expected to outperform the analyst's defined Sector/Industry Index* over the following 6 to 12 months.

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Company	Disclosure
A2Z Smart Technologies Corp.	3

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Investment Risk

There are a multitude of risks we see A2Z facing as they begin their journey in a relatively nascent marketplace. Although they already have 1 commercial order for $6 million and 3 pilots signed, there is no guarantee that they will be successful in winning new business or expanding existing relationships. There is also substantial competition in the space, with established big names and new startups entering on a regular basis. COVID-19 has created substantial headwinds for the entire industry as well. Even with some initial wins on the books, A2Z is still effectively in start-up mode and will likely require additional capital infusions to fund growth. And, as is often the case in newly created, early-stage markets, valuation remains highly subjective.

Valuation Methodology

As is often the case in newly created, early-stage markets, valuation remains highly subjective. If public estimates are accurate, Caper was acquired by Instacart for ~35x revenue. We also believe Standard Cognition and Tracxpoint carry private valuations north of $1 billion. However, there are no real public yardsticks by which to compare A2Z, and thus we are left to rely on an EV/Revenue multiple based off of a model that has a multitude of unknown variables around order size, timing and SaaS uplift. While growth multiples have come in substantially, even using half the Caper multiple plus a discount for the out year at 10x yields our $20 per share price target. We note that our target does not include any incremental value from the other A2Z business segments, which we view as free as optionality.

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