

A2Z Smart Technologies Corp. (AZ)

New Year, Huge Win, Expecting More. PT \$30

► A2Z (AZ: Buy, PT from \$20 to \$30) is starting off the new year in style, announcing a massive win in Türkiye with Migros, the country's second largest supermarket chain by retail sales, which totalled ~\$7 billion USD in 2024. Migros owns over 3,800 retail locations, the majority of which are in Türkiye, but also with some modest exposure to Azerbaijan, Russia, North Macedonia, and Kazakhstan. There is also a parent company, Migros Group, operated separately, which has a presence in more developed markets like Germany, France, and the US. This is a significant deal on at least 2 fronts – 1) even on incredibly conservative assumptions, this could be a 100,000+ cart deal over what we assume is the standard 5 years; and 2) it may not be the US but Migros is an established, large-scale retailer in a tech-first market that just so happens to have terrible relations with Israel, more than validating the technology in our view. Deployment is not expected to begin until 3Q26, but the order book is building steadily, and line of sight to a much higher level of deployed carts is rapidly developing. When combined with the first public presentation, along with the evolution of the C-Suite, bench, and Board, the evidence that this time is truly different seems rather apparent. And, with only 42 million shares outstanding and most of that closely held, plus some 2.8 million shares short (estimated at almost half the float), A2Z is a powder keg that could return multiples of the current share price in just a short period of time. For those who can play small cap (for now) names, A2Z should be firmly at the top of the list and is our best small cap idea of 2026.

► While the terms of the deal are vague, we can do some of our own math based on known facts. We know, for example, that Migros has 3,800+ stores, with 1,000 of those being what are known as hypermarkets, or large supermarkets. Let us assume A2Z will be addressing those in what Migros is calling a "chain-wide transformation." If we further assume each of those stores has ~300 carts, and that typical penetration for Israeli stores starts at around 1/3, we think 100 carts per store is a reasonable estimate. That implies an order over the life of the contract for 100,000 carts (we additionally assume contract life is the standard 5 years). Now, because Migros is so big and already has an established retail media division, we will use our old Walmart numbers of \$125/cart/month in SAAS as a base case and then assume retail media take rate is relatively low. Based on our base-case retail media scenario, we figured that each cart could generate ~\$270/cart/month at a 30% fill rate and \$30 CPM. In the likely event that the take rate at an established player is probably 25-30% of the take rate in Israel, where A2Z keeps the vast majority of retail media dollars, we can conservatively assume \$75-100 in retail media revenue per cart per month, although that number should scale over time to probably double those figures. Therefore, at a minimum, this order could theoretically be 100,000 carts at \$200 per month (scaling to \$300+ per month over time), or \$240 million in annualized revenue and likely a 50%+ EBITDA margin. For one order.

► We think this is just the first of many coming announcements from A2Z, with multiple additional wins likely in Israel as they consolidate their market share locally, and several other international wins possible in addition to the handful already announced. Our 2026 estimate for 15,000 deployed carts, or half of what the Company put out at their recent investor day, only reflects caution on deployment timing but otherwise is beginning to look absurdly conservative. We are also submitting a hypothetical valuation on page 2 to show how quickly this scales both from a revenue and a share price perspective.



Raising Target Price

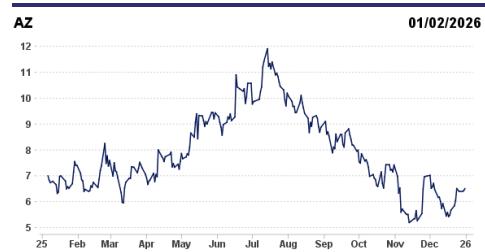
Rating: Buy

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Price Chart



Current Price	\$6.83
Price Target	\$30.00 (Prior \$20.00)
52-Week Range	\$5.00 - \$12.36
Market Cap (mm)	\$286
Enterprise Value (mm)	\$203
Shares Outstanding (mm)	42
Average Volume (000s)	485
Sector Weight	Overweight

	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		28x					31x	5x

A2Z Valuation Analysis (\$ in millions, except per share data)			Hypothetical Conservative Valuation			
Fiscal Year Ending December 31,	2025E	2026E	30,000 Carts @ \$400/cart/mo	100,000 Carts @ \$200/cart/mo	150,000 Carts @ \$300/cart/mo	150,000 Carts @ \$300/cart/mo
Stock Price	\$7.61	\$7.61	Stock Price	\$7.61	\$7.61	\$7.61
Revenue						
Diluted Shares	41,923	41,923	Diluted Shares	41,923	41,923	41,923
Market Capitalization	\$304,320	\$304,320	Market Capitalization	\$304,320	\$304,320	\$304,320
Total Debt	(38)	(38)	Total Debt	(38)	(38)	(38)
Cash	70,407	70,407	Cash	70,407	70,407	70,407
Enterprise Value	233,951	233,951	Enterprise Value	233,951	233,951	233,951
Revenue	6,597	95,692				
Multiple	35.5x	2.4x	Revenue	144,000	240,000	540,000
Target Multiple	13x		Revenue Multiple	1.6x	1.0x	0.4x
Implied Price	\$30.21		EBITDA	57,600	120,000	270,000
			EBITDA Multiple	5.3x	2.5x	1.1x
Price Target	\$30.00		Target EBITDA Multiple	20x	20x	15x
Upside to Target	294.3%		Implied Price	\$29.71	\$60.07	\$100.22
Price Target	\$30.00		Price Target	\$30.00	\$60.00	\$100.00
Upside to Target	294.3%		Upside to Target	294.3%	688.7%	1214.3%

Source: Company reports and The Benchmark Company Estimates.

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As of September 30, 2025

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Hold	69	20.1%	4
Speculative Buy	17	4.9%	11
Sell	2	0.6%	0
			15.7%

Company Ratings

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

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Benchmark Disclosures as of January 5, 2026

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. 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 12.5x yields our \$30 per share price target.

Price Charts



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