northland Capital Markets

Company Update

04/07/2026

Outperform

Price: $7.81

Price Target: $15.00

Industry

Retail Technology

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Stock Data

52-Week Range	$5.00/$12.36
Avg. Daily Volume	455,188
Market Cap. (MM)	$334
Shares Out. (MM)	42.8
Float	75.5%
Cash Per Share	$0.32
Book Value Per Share	$1.76
Dividend Yield	0.00%
Shares Short	3,686,450
Insider Ownership	24.5%
Institutional Ownership	33.4%
FY End	Dec

Source: Factset

Revenue Estimates ($M)

	2025	2026	2027
1Q	1.5A	5.2E	--
2Q	1.2A	8.1E	--
3Q	1.5A	10.2E	--
4Q	3.6A	12.5E	--
FY	7.9A	36.0E	108.2E
P/S	42.3x	9.3x	3.1x

EBITDA ($M)

	2025	2026	2027
1Q	(3.6)A	(0.1)E	--
2Q	(3.9)A	0.5E	--
3Q	(2.4)A	2.3E	--
4Q	(7.5)A	3.8E	--
FY	(17.2)A	6.5E	38.0E

EPS Estimates ($)

	2025	2026	2027
1Q	(0.17)A	(0.08)E	--
2Q	(0.36)A	(0.06)E	--
3Q	(0.07)A	(0.02)E	--
4Q	(0.42)A	0.01E	--
FY	(1.06)A	(0.15)E	0.55E
P/E	NM	NM	14.2x

A2Z Cust2Mate Solutions (AZ)

Secures $50M Deal to Deploy 4,000 Smart Carts with Carrefour Israel

Summary

Following its inclusion in the annual filing last week, AZ officially announced a 5-year strategic agreement valued at ~$50M with Carrefour Israel to deploy 4,000 smart carts across its store network. Deployment is expected to begin in Q3:26 and includes a comprehensive data, retail media, and digital services collaboration. The deal brings AZ's contracted total smart carts to ~17k, as the company continues to roll up the Israel market, having now signed 3 of the top 10 grocers in the country.

Key Points

Carrefour Israel's CEO stated that the company is "proud to lead by pioneering smart cart technology at this unprecedented commercial scale", noting that the implementation of AZ's smart carts will enhance its shoppers' experience, enable shoppers to enjoy personalized and targeted promotions and a quicker checkout, while increasing same-store sales and improving operational efficiency, which is expected to result in tens of millions of dollars of incremental profit.

More specifically, Carrefour Israel expects the signed agreement to generate ~$35M of profits for the company over the 5-year period. From AZ's perspective, we estimate the economics equate to monthly SaaS revenue per cart of ~$210 (above our average smart cart SaaS revenue estimate), before accounting for revenue derived from the retail media component (split with the retailer).

We view this development / contract win as another meaningful step forward in AZ's attempt to roll up the Israel market (following the previous announced deals with Yochananof and Super Sapir), and believe it precedes more deals to come in Israel, as consumer preferences pressure additional retailers to implement smart carts to remain competitive. We believe AZ can reasonably get to 30k+ smart cart deployments announced in Israel alone this year, which we estimate would position the company to deliver $95M+ of annualized EBITDA after fully deployed / ramped, continuing to suggest meaningful upside to the stock's current valuation, in our opinion.

Announced Customer Contracts To-Date

Customer	Value	Carts	Tenure	Deployment Start	Date Announced
Yochananof (Israel)	$55M	5,000	60 Months	Sep-25	9/3/2025
Super Sapir (Israel)	$30M	3,000	60 Months	1H26	11/25/2025
Trixo (Central America & Mexico)	>$25M	3,000	At Least 36 Months	1Q26	6/17/2025
Migros (Turkey)	TBD	TBD	TBD	3Q26	1/5/2026
Toys R Us and The Red Pirate (Israel)	$15M	2,000	60 Months	3Q26	1/12/2026
Carrefour (Israel)	$50M	4,000	60 Months	3Q26	4/1/2026
Order Total To-Date	**>$175M**	**>17,000**			

IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION ON PAGE 4

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Model (Fiscal Year Ended Dec. 31)

$ in millions except EPS and shares	FY22	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26E	2Q26E	3Q26E	4Q26E	FY26E	FY27E
Total Revenue	**9.4**	**9.2**	**1.2**	**1.1**	**1.6**	**1.4**	**5.4**	**1.5**	**1.2**	**1.5**	**3.6**	**7.9**	**5.2**	**8.1**	**10.2**	**12.5**	**36.0**	**108.2**
Total COGS	7.5	8.0	0.9	1.1	0.9	0.6	3.5	1.0	0.9	1.0	3.9	6.8	3.8	5.3	5.6	5.6	20.3	37.4
Gross Profit	**1.8**	**1.3**	**0.3**	**0.1**	**0.7**	**0.8**	**1.9**	**0.6**	**0.3**	**0.5**	**(0.3)**	**1.1**	**1.4**	**2.8**	**4.6**	**6.9**	**15.7**	**70.8**
Operating expenses:																		
Research and development costs	4.5	4.1	1.2	1.0	0.8	0.9	3.9	1.3	3.9	1.6	3.1	9.9	2.2	2.3	2.4	2.5	9.3	12.9
Sales and marketing costs	0.5	1.4	0.3	0.6	0.2	0.1	1.2	0.4	0.8	0.4	2.2	3.9	1.3	1.6	1.5	1.9	6.3	16.2
General and administration expense	13.6	13.1	2.5	1.7	2.3	1.5	7.9	6.4	2.3	2.6	12.4	23.7	1.3	1.6	1.5	1.9	6.3	16.2
Loss on impairment		1.0				1.7	1.7											
Total Opex	**18.5**	**19.6**	**4.0**	**3.2**	**3.3**	**4.2**	**14.7**	**8.2**	**7.1**	**4.6**	**17.7**	**37.6**	**4.7**	**5.5**	**5.4**	**6.2**	**21.9**	**45.4**
Operating Income	**(16.7)**	**(18.3)**	**(3.7)**	**(3.1)**	**(2.6)**	**(3.4)**	**(12.9)**	**(7.6)**	**(6.8)**	**(4.1)**	**(18.0)**	**(36.5)**	**(3.3)**	**(2.7)**	**(0.9)**	**0.6**	**(6.2)**	**25.4**
Other Expenses / Income:																		
Loss (gain) on revaluation of warrant liability	0.3	(1.3)	(3.4)	(0.4)	0.5	7.6	4.4	(0.4)	4.1	(2.8)	(1.9)	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense (Income)	1.4	0.2	0.0	0.1	0.1	0.0	0.2	(0.4)	0.2	0.1	0.6	0.6	0.1	0.1	0.1	0.1	0.5	0.5
Other nonoperating expenses/(income)	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before Taxes	**(18.3)**	**(17.2)**	**(0.4)**	**(2.8)**	**(3.2)**	**(11.0)**	**(17.4)**	**(6.8)**	**(11.2)**	**(1.4)**	**(16.7)**	**(36.1)**	**(3.4)**	**(2.8)**	**(1.0)**	**0.5**	**(6.6)**	**24.9**
Discontinued operations	0.0	(0.8)		(0.4)	(0.3)	(1.1)	(1.8)		(1.4)		(1.0)	(2.4)	0.0	0.0	0.0	0.0	**0.0**	**0.0**
provision for income tax	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	**(18.3)**	**(18.1)**	**(0.4)**	**(3.2)**	**(3.5)**	**(12.2)**	**(19.3)**	**(6.8)**	**(12.6)**	**(1.4)**	**(17.7)**	**(38.5)**	**(3.4)**	**(2.8)**	**(1.0)**	**0.5**	**(6.6)**	**24.9**
Non-controlling interest	1.8	2.0	0.6	0.6	0.3	0.8	2.3	0.3	0.1	0.1	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0
translation adjustment	0.9	0.3				0.8	0.8	0.8	(0.3)	(1.3)	(0.6)	(1.3)						
Net Income Available to Common Shareholders	**(17.5)**	**(15.8)**	**0.2**	**(2.6)**	**(3.2)**	**(10.6)**	**(16.2)**	**(5.7)**	**(12.8)**	**(2.6)**	**(18.0)**	**(39.1)**	**(3.4)**	**(2.8)**	**(1.0)**	**0.5**	**(6.6)**	**24.9**
Diluted EPS	**($1.58)**	**($1.13)**	**$0.01**	**($0.12)**	**($0.15)**	**($0.40)**	**($0.76)**	**($0.17)**	**($0.36)**	**($0.07)**	**($0.42)**	**($1.06)**	**($0.08)**	**($0.06)**	**($0.02)**	**$0.01**	**($0.15)**	**$0.55**
Diluted Shares Outstanding	11.1	13.9	16.3	20.7	21.8	26.6	21.4	33.0	35.3	36.8	42.7	37.0	43.1	43.6	44.0	44.4	43.8	45.6

Adjusted EBITDA Reconciliation:	FY22	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26E	2Q26E	3Q26E	4Q26E	FY26E	FY27E
Loss gain on revaluation of warrant liability	0.3	(1.3)	(3.4)	(0.4)	0.5	7.6	4.4	(0.4)	4.1	(2.8)	(1.9)	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense (Income)	1.4	0.2	0.0	0.1	0.1	0.0	0.2	(0.4)	0.2	0.1	0.6	0.6	0.1	0.1	0.1	0.1	0.5	0.5
Other nonoperating income/expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	0.8	1.0	0.2	0.2	0.2	0.2	0.9	0.2	0.1	0.2	0.4	0.8	0.2	0.2	0.2	0.2	0.7	0.7
Share-based compensation	4.9	5.3	0.5	0.2	1.0	0.2	1.9	3.9	3.2	1.6	11.7	20.4	3.0	3.0	3.0	3.0	12.0	12.0
Share-based compensation to service providers	0.0	0.0			1.3	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loss on divestment of subsidiary	0.0	0.0					0.0	0.0	1.0	0.0	(0.5)	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Loss on impairment	0.0	1.0				1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loss from sale of PP&E	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA (not reported)	**(11.0)**	**(11.8)**	**(3.0)**	**(3.1)**	**(0.4)**	**(2.4)**	**(8.9)**	**(3.6)**	**(3.9)**	**(2.4)**	**(7.5)**	**(17.2)**	**(0.1)**	**0.5**	**2.3**	**3.8**	**6.5**	**38.0**

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Valuation

From a valuation perspective, we believe AZ does not have solid public comps to measure and justify valuation multiples relative to peers. Given the company remains in an early growth stage, valuation becomes subjective. That said, we believe an appropriate multiple should account for the favorable unit / cart economics, a strong pipeline of opportunities, a currently sub-scale business that does not capture the margin profile potential, a highly under-penetrated and meaningful TAM, and an early mover advantage with a competitive offering. We also note that Caper was reportedly acquired by Instacart for ~35x LTM revenue in 2021.

For these reasons, we believe ~15x 2027 EBITDA is fair for a base case multiple, while ~20x and ~10x multiples represent bull and bear cases, respectively, when considering a reasonable range. **Our $15.00 price target equates to a ~15x EV/EBITDA multiple applied to our 2027 EBITDA multiple of $38M, while the stock currently trades at ~8x 2027 EBITDA. Our price target equates to a ~5x EV/Revenue multiple on our 2027 revenue estimate of $108M, and the stock currently trades at ~2x 2027 revenue.**

Risks to the achievement of price target

Competition Risk – While there are a limited number of key / relevant players in the space, AZ operates in a highly competitive market with multiple products representing similar offerings. The inability of AZ to effectively maintain a foothold relative to competitors could negatively impact AZ's operations and financial condition. Further, if competing products that do not satisfy customer demands, it could have a negative effect on the greater industry and make it more difficult for AZ to market its offerings.

Customer Concentration Risk – Because AZ is currently in an early growth stage and in its initial stages of ramping the customers it announced last year, the company's current business / financial health depends on one (and now a couple) customer that is in the process of deploying for a significant portion of the company's smart-cart revenues. Significant reductions in sales to major customers or the loss of a major customer could have significant adverse effects on the company's financial condition.

Geopolitical Risk – AZ is headquartered in Israel, and a significant amount of the company's customers are in Israel today. Any worsening of political, economic, or military instability in Israel or the Middle East (or other markets where AZ operates) could negatively impact the company's financial conditions.

Contracting / Execution Risk – Announced deals / contracts with customers may not come to fruition as initially expected or could be unexpectedly terminated. The pace and timing of retailer / store rollouts is also difficult to predict for a variety of contracting or operational reasons. Additionally, if AZ does not satisfy customer demands or expectations when installing and ramping its fleet of carts, it may materially impact the relationship with the customer and possibly incrementally challenge its ability to contract with other customers in the future.

Exchange Rate Risk – AZ's reporting currency is the US Dollar while its functional currency is the New Israeli Shekel ("NIS"). Key revenues and expenses are both in NIS and USD, and the company has received funding in CAD, USD, and NIS. As a result, AZ is exposed to currency fluctuation risks, which could have a material adverse effect on the company's operations / results.

Technology Risk – AZ is exposed to errors and bugs in its technology that it may only be able to fix after products are deployed. These errors could negatively impact AZ's brand image, which could adversely affect the company's operations. With respect to its technology relative to competitors, if AZ's technology becomes outdated or inferior, demand for its offerings could be severely impacted.

Balance Sheet / Liquidity Risk – As an early-stage growth company, if AZ's growth opportunity does not materialize as expected, the company may continue to burn cash and require additional financing requirements or face insolvency.

Regulatory Risk – AZ operates in a regulated environment and must comply with various requirements relating to data protection, privacy, and intellectual property laws. The inability to comply with these regulations could lead to legal actions, fines, reputational damage, or disruption of business operations.

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I, Greg Gibas, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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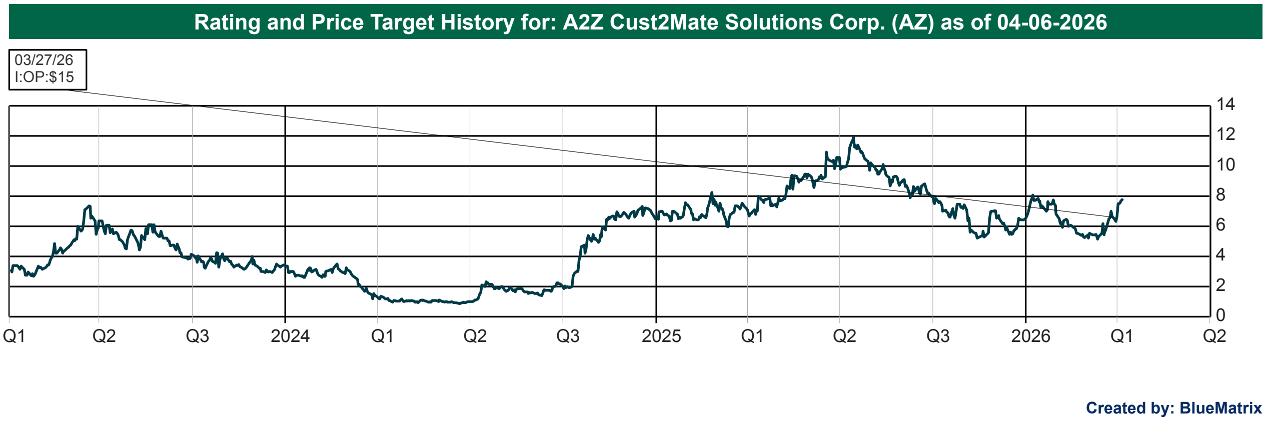

Explanation of Ratings:

Outperform (BUY) – Outperform the S&P 500 by at least 10%.
Market Perform (HOLD) – Perform within 10% above or below the S&P 500.
Underperform (SELL) – Underperform the S&P 500 by at least 10%.

Rating Distribution Breakdown as of 04/07/2026

			IB Serv./ Past 12Mos.	
Rating Category	Count	Percent	Count	Percent
Buy [OP]	180	78.95%	42	23.33%
Hold [MP]	48	21.05%	4	8.33%
Sell [UP]	0	0.00%	0	0.00%

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