

A2Z Smart Technologies Corp. (AZ)

A Story Totally Worth Checking Out

► For the first time in company history, smart shopping cart industry leader A2Z (AZ: Buy, PT \$30) will host an official earnings call tomorrow at 8:30 AM before the market opens in conjunction with the release of their 1Q26 results. While we fully expect management to play it safe given the above, we believe this truly represents a significant step forward in A2Z's maturation process, as well as further indication that, yes, this is a real company with a truly unique market opportunity (and ample liquidity). We are not anticipating any groundbreaking results or announcements, although we believe an update on the state of the Chinese manufacturing facility, along with progress on the retail media front, will be highly topical and important for the narrative. What matters most, in our view, is that management conveys a sense of a robust pipeline for both new wins and cart deliveries, which we continue to anticipate remains a late 2Q/early 3Q story (next earnings call will be a lot more critical in terms of updates). A2Z remains one of our favorite early-stage ideas, with likely the most asymmetric risk/reward profile in our entire universe. We would be stepping in aggressively at current levels regardless of what happens tomorrow – this is not a one quarter story.

► One item of note we imagine management will be able to address – our current forecast shows 1Q26 as the lowest revenue quarter of the year, and slightly down from 4Q25. This is because we have accounted for a portion of upfront sales of carts deployed in 1Q as recognized in 4Q. And, as mentioned above, because we expect the bulk of sales/deployments to begin in 2H26, we imagine there should be a scaling effect as the year goes on. What matters most this quarter, in our opinion, is the status of the Chinese manufacturing facility (we believe they are ready or nearly ready to mass produce at scale on the order of 10K+ carts per month should the order book warrant), the total size of the order book (including Hastock we should be at 19,000 carts on order excluding Migros), and any additional details management can provide around the recent retail media contract announcements.

► We also want to remind everyone that A2Z still has ~\$1.50 in cash and substantial liquidity/potential financing commitments to ensure carts are manufactured and delivered on time. Not only should this reassure investors around the quality of the Company, but it should also help A2Z in the contract win department, especially if the Chinese facility allows A2Z to more easily fulfil orders as they come in and scale. Furthermore, while we recognize that each country is different, there is no ignoring the stellar KPIs A2Z is witnessing in terms of store penetration and utilization rate (50% and 95%, respectively), in Israel. Even cutting those numbers in half in foreign geographies would be a massive win for both A2Z and the grocers involved, although we have a sneaking suspicion that store-level numbers abroad will look a lot more like Israel than people think. Finally, given where we are in the year, we would be surprised if we did not get another 1-2 contract announcements in the next 3-6 months, with our full-year deployment estimate remaining 10,000 carts by the end of this year and 30,000 carts by the end of next year, with both likely to prove conservative.

Company Update

Rating: Buy

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Price Chart



Current Price	\$6.53
Price Target	\$30.00
52-Week Range	\$5.00 - \$12.36
Market Cap (mm)	\$274
Enterprise Value (mm)	\$187
Shares Outstanding (mm)	42
Average Volume (000s)	409
Sector Weight	Overweight

	Year to 31 Dec	2025A	1Q26E	2Q26E	3Q26E	4Q26E	2026E	2027E
EBITDA		(\$22)	(\$2)	(\$2)	(\$2)	(\$2)	(\$7)	\$1
Delta % (+/-) v. Cons.								
Revenue (m)		\$8	\$3	\$3	\$6	\$9	\$22	\$50
EV/Rev		24x					9x	4x

A2Z Valuation Analysis		
<i>(\$ in millions, except per share data)</i>		
Fiscal Year Ending December 31,	2025	2026E Run-Rate
Stock Price	\$6.47	\$6.47
Revenue		
Diluted Shares	41,923	41,923
Market Capitalization	\$258,800	\$258,800
Total Debt	(38)	(38)
Cash	73,806	73,806
Enterprise Value	185,032	185,032
Revenue	7,901	81,170
Multiple	23.4x	2.3x
Target Multiple		15x
Implied Price		\$30.03
Price Target		\$30.00
Upside to Target		363.6%

Source: Company reports and The Benchmark Company Estimates.

A2Z - Income Statement, 2021-2027E							
(\$ in thousands, except per share data)							
Fiscal Year Ending December 31,	2021	2022	2023	2024	2025	2026E	2027E
Revenues	\$2,685	9,351	11,375	7,234	7,901	21,628	49,805
<i>Yr.-Yr. Pct. Change</i>	0.0%	0.0%	21.6%	-36.4%	9.2%	173.7%	130.3%
COGS	(2,029)	(7,517)	(9,381)	(5,631)	(6,807)	(14,174)	(27,518)
<i>Pct. of Revenue</i>	75.6%	80.4%	82.5%	77.8%	86.2%	65.5%	55.3%
Gross Profit	656	1,834	1,994	1,604	1,094	7,453	22,288
<i>Pct. of Revenue</i>	24.4%	19.6%	17.5%	22.2%	13.8%	34.5%	44.7%
<i>Yr.-Yr. Pct. Change</i>	205.1%	179.6%	8.7%	-19.5%	-31.8%	581.3%	199.0%
Operating expenses							
Research and Development	(3,222)	(4,462)	(4,751)	(3,787)	(9,944)	(9,350)	(12,000)
<i>Pct. of Revenue</i>	120.0%	47.7%	41.8%	52.3%	125.9%	43.2%	24.1%
Sales and Marketing	(102)	(475)	(1,377)	(1,272)	(3,857)	(4,000)	(6,500)
<i>Pct. of Revenue</i>	3.8%	5.1%	12.1%	17.6%	48.8%	18.5%	13.1%
General and Administrative	(6,494)	(13,599)	(13,933)	(9,979)	(23,749)	(15,500)	(20,500)
<i>Pct. of Revenue</i>	241.9%	145.4%	122.5%	137.9%	300.6%	71.7%	41.2%
Total Operating Expense	(9,818)	(18,536)	(20,061)	(15,038)	(37,550)	(28,850)	(39,000)
<i>Pct. of Revenue</i>	365.7%	198.2%	176.4%	207.9%	475.3%	133.4%	78.3%
Adjusted EBITDA	(7,999)	(11,048)	(11,950)	(10,616)	(22,412)	(7,177)	508
<i>Yr.-Yr. Pct. Change</i>	0.0%	0.0%	8.2%	-11.2%	111.1%	-68.0%	-107.1%
EBITDA margin	-297.9%	-118.1%	-105.1%	-146.7%	-283.7%	-33.2%	1.0%
Depreciation and amortization	321	786	984	861	494	220	220
Stock based compensation & Other	842	4,868	5,134	1,957	13,550	14,000	17,000
Operating income	(\$9,162)	(16,702)	(18,068)	(13,434)	(36,456)	(21,397)	(16,712)
<i>Operating margin</i>	-341.2%	-178.6%	-158.8%	-185.7%	-461.4%	-98.9%	-33.6%
Other, Net	(30,895)	(254)	357	3,236	998	0	0
Financial Expense, Net	(91)	(1,391)	(228)	(268)	(601)	(2,548)	(2,548)
Income before taxes	(40,148)	(18,347)	(17,939)	(10,466)	(36,059)	(23,945)	(19,260)
Tax provisions	(142)	0	0	0	0	0	0
Tax percentage	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Comprehensive/Non-Controlling Interest	555	864	2,182	1,485	(1,676)	0	0
Net Loss Attributable to A2Z Shareholders	(\$39,735)	(\$17,483)	(\$15,757)	(\$8,981)	(\$37,735)	(\$23,945)	(\$19,260)
EPS	(\$1.70)	(\$0.70)	(\$0.43)	(\$0.41)	(\$1.03)	(\$0.57)	(\$0.46)
Shares Outstanding	23,341	27,682	36,853	21,833	36,798	41,923	41,923
Free Cash Flow (FCF)							
EBITDA	(7,999)	(11,048)	(11,950)	(10,616)	(22,412)	(7,177)	508
Cash Interest	(91)	(\$49)	(\$106)	(\$126)	(\$24)	\$0	\$0
Cash Taxes	(142)	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditures	(412)	(\$727)	(\$205)	(\$108)	(\$452)	(\$1,000)	(\$1,000)
Working Capital Adjustments	0	\$0	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	(8,644)	(11,824)	(12,261)	(10,850)	(22,888)	(8,177)	(492)
FCF per Diluted Share	(\$0.37)	(\$0.43)	(\$0.33)	(\$0.50)	(\$0.62)	(\$0.20)	(\$0.01)
<i>Yr.-Yr. Pct. Change</i>							

Source: Company Reports and The Benchmark Company Estimates

A2Z - Income Statement, 2026E					
(\$ in thousands, except per share data)					
	1QE	2QE	3QE	4QE	2026E
Revenues	\$3,022	\$3,328	\$5,902	\$9,376	\$21,628
<i>Yr.-Yr. Pct. Change</i>	53.1%	186.9%	281.5%	191.2%	173.7%
COGS	(1,880)	(2,125)	(3,701)	(6,469)	(14,174)
<i>Pct. of Revenue</i>	62.2%	63.9%	62.7%	69.0%	65.5%
Gross Profit	\$1,142	\$1,203	\$2,201	\$2,908	\$7,453
<i>Pct. of Revenue</i>	37.8%	36.1%	37.3%	31.0%	34.5%
<i>Yr.-Yr. Pct. Change</i>	82.5%	345.5%	318.4%	-986.5%	581.3%
Operating expenses					
Research and Development	(2,000)	(2,250)	(2,350)	(2,750)	(9,350)
<i>Pct. of Revenue</i>	66.2%	67.6%	39.8%	29.3%	43.2%
Sales and Marketing	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)
<i>Pct. of Revenue</i>	33.1%	30.0%	16.9%	10.7%	18.5%
General and Administrative	(3,250)	(3,750)	(4,000)	(4,500)	(15,500)
<i>Pct. of Revenue</i>	107.6%	112.7%	67.8%	48.0%	71.7%
Total Operating Expense	(6,250)	(7,000)	(7,350)	(8,250)	(28,850)
<i>Pct. of Revenue</i>	206.8%	210.3%	124.5%	88.0%	133.4%
Adjusted EBITDA	(1,553)	(\$2,242)	(\$1,594)	(\$1,787)	(\$7,177)
<i>Yr.-Yr. Pct. Change</i>	-55.7%	-34.6%	-33.3%	-86.3%	-68.0%
<i>EBITDA margin</i>	-51.4%	-67.4%	-27.0%	-19.1%	-33.2%
Depreciation and amortization	55	55	55	55	220
Stock based compensation & Other	3,500	3,500	3,500	3,500	14,000
Operating income	(\$5,108)	(\$5,797)	(\$5,149)	(\$5,342)	(\$21,397)
<i>Operating margin</i>	-169.0%	-174.2%	-87.2%	-57.0%	-98.9%
Other, Net	0	0	0	0	0
Financial Expense, Net	(637)	(637)	(637)	(637)	(2,548)
Income before taxes	(5,745)	(6,434)	(5,786)	(5,979)	(23,945)
Tax provisions	0	0	0	0	0
<i>Tax percentage</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Other Comprehensive/Non-Controlling Interest	0	0	0	0	0
Net Loss Attributable to A2Z Shareholders	(\$5,745)	(\$6,434)	(\$5,786)	(\$5,979)	(\$23,945)
EPS	(\$0.16)	(\$0.17)	(\$0.14)	(\$0.14)	(\$0.57)
Shares Outstanding	36,798	36,798	41,923	41,923	41,923
Free Cash Flow (FCF)					
EBITDA	(1,553)	(2,242)	(1,594)	(1,787)	(7,177)
Cash Interest	0	0	0	0	0
Cash Taxes	0	0	0	0	0
Capital Expenditures	(250)	(250)	(250)	(250)	(1,000)
Working Capital Adjustments	0	0	0	0	0
Free Cash Flow	(1,803)	(2,492)	(1,844)	(2,037)	(8,177)
FCF per Diluted Share	(\$0.05)	(\$0.07)	(\$0.04)	(\$0.05)	(\$0.20)
<i>Yr.-Yr. Pct. Change</i>	-55.4%	-32.6%	-42.8%	-86.1%	-68.6%

Source: Company Reports and The Benchmark Company Estimates

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Buy	259	75.7%	60	17.5%
Hold	71	20.8%	7	2.0%
Speculative Buy	12	3.5%	9	2.6%
Sell	0	0.0%	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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Benchmark Disclosures as of May 14, 2026

Company	Disclosure
A2Z Smart Technologies Corp.	3,9

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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, Capex 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 Capex multiple plus a discount for the out year at 15x yields our \$30 per share price target.

Price Charts



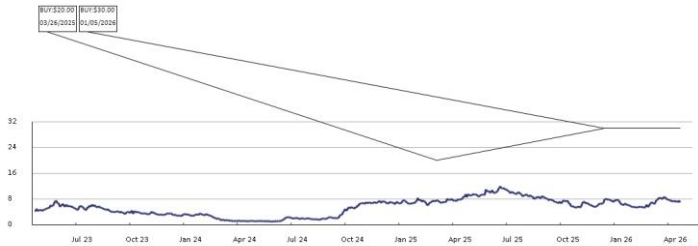
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