northland Capital Markets

Company Update

08/17/2026

Outperform

Price: $7.33
Price Target: $15.00

Industry
Retail Technology

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Stock Data

52-Week Range	$4.97/$9.82
Avg. Daily Volume	410,931
Market Cap. (MM)	$323
Shares Out. (MM)	44.0
Float	80.1%
Cash Per Share	$0.42
Debt-to-Capital	6.7%
Book Value Per Share	$1.42
Dividend Yield	0.00%
Shares Short	4,605,910
Insider Ownership	19.9%
Institutional Ownership	37.9%
FY End	Dec
Source: Factset	

Revenue Estimates ($M)

	2025	2026	2027
1Q	1.5A	3.3A	--
2Q	1.2A	5.9A	--
3Q	1.5A	8.0E	--
4Q	3.6A	17.0E	--
FY	7.9A	34.2E	108.2E
P/S	40.8x	9.4x	3.0x
Prev CY	--	32.3E	--

EBITDA ($M)

	2025	2026	2027
1Q	(3.6)A	(5.9)A	--
2Q	(3.9)A	(5.4)A	--
3Q	(2.4)A	(3.8)E	--
4Q	(7.5)A	1.5E	--
FY	(17.2)A	(13.6)E	38.0E
Prev CY	--	(10.2)E	--

EPS Estimates ($)

	2025	2026	2027
1Q	(0.17)A	(0.18)A	--
2Q	(0.36)A	(0.16)A	--
3Q	(0.07)A	(0.15)E	--
4Q	(0.42)A	(0.03)E	--
FY	(1.06)A	(0.52)E	0.55E
P/E	NM	NM	13.3x
Prev CY	--	(0.51)E	0.51E

A2Z Cust2Mate Solutions (AZ)

Q2:26 Earnings Update; Cart Deployments Beginning to Accelerate

Summary

AZ reported Q2 results that beat our and consensus top-line expectations, benefiting from an acceleration in smart cart deployments. Mgmt's improved deployment visibility to achieve 10k cart deliveries by YE26 (contributing to $25M of revenue in 2H26) and all currently contracted carts (19k+) by YE27, in addition to its expectation to achieve deployments in 2 retailers outside of Israel within the next 6 months, gives us increased confidence in AZ's ability to execute on the growth opportunity.

Key Points

Q2 Financial Highlights - AZ reported Q2:26 revenue of $5.9M, easily beating our $3.4M estimate and consensus at $3.5M. EPS of ($0.16) was in-line with our ($0.16) estimate and slightly ahead of consensus at ($0.18).

Solid Deployment Progress - AZ ended the quarter with 3,350 smart carts deployed, expanding its base by 950 carts in the quarter, as deployments nearly doubled sequentially from 500 deliveries in Q1. This compares to the total contracted backlog of 19,000+ smart carts (equating to $195M+ of contracted revenue, excluding the retail media revenue opportunity), and compares to the 11,000 smart carts contracted at the end of 2025.

Deliveries to Accelerate in Back Half - Recall that AZ brought its dedicated manufacturing facility online and secured a $30M credit facility with Bank Leumi in the quarter, which we expected to meaningfully increase / support its delivery capacity and deployment capabilities going forward. This was supported by mgmt's updated expectations to achieve 10k deliveries by YE26. These ramping deliveries are projected to support $25M in smart cart revenues in 2H26. We are updating our 2026 estimates to better reflect these expectations, which we expect to be Q4-weighted.

Secured Follow-On Order From Sapir Group - Last week, AZ's Q2 earnings release was preceded by a ~4k cart follow-on order from the fast-growing supermarket chain Sapir Group, expanding the customer's total commitment to 7k carts (~$84M contract value) from its original 3k cart order. For context, this customer has acquired ~20 stores previously operated by Carrefour Israel (AZ is currently renegotiating terms with its purchase order) over the past 2 years, with the expanded contract scope demonstrating AZ's ability to grow alongside its retail partners.

Corporate Realignment - With support from its recently appointed CFO, AZ implemented a corporate realignment plan, which is expected to reduce annual opex by ~$7M. We expect the initiative, which preserves core / delivery capabilities while sharpening sales efforts, to be completed in Q4.

IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION ON PAGE 4

A2Z Cust2Mate Solutions Corp. (NASDAQ: AZ)
8/17/2026
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Model (Fiscal Year Ended Dec. 31)

$ in millions except EPS and shares	FY22	FY23	FY24	FY25	1Q26	2Q26	3Q26E	4Q26E	FY26E	FY27E
Total Revenue	**9.4**	**9.2**	**5.4**	**7.9**	**3.3**	**5.9**	**8.0**	**17.0**	**34.2**	**108.2**
COGS	7.5	8.0	3.5	6.8	3.2	3.4	4.2	7.0	17.7	38.0
Gross Profit	**1.8**	**1.3**	**1.9**	**1.1**	**0.1**	**2.5**	**3.8**	**10.0**	**16.5**	**70.2**
Operating expenses:										
Research and development costs	4.5	4.1	3.9	9.9	2.9	4.0	4.1	4.2	15.2	12.9
Sales and marketing costs	0.5	1.4	1.2	3.9	2.2	2.7	3.2	3.7	11.8	16.2
General and administration expense	13.6	13.1	7.9	23.7	3.0	3.4	3.6	3.9	14.0	16.2
Loss on impairment		1.0	1.7							
Total Operating Expenses	**18.5**	**19.6**	**14.7**	**37.6**	**8.2**	**10.1**	**10.9**	**11.8**	**41.0**	**45.4**
Operating Income	**(16.7)**	**(18.3)**	**(12.9)**	**(36.5)**	**(8.0)**	**(7.6)**	**(7.1)**	**(1.8)**	**(24.5)**	**24.8**
Other Expenses / Income:										
Loss (gain) on revaluation of warrant liability	0.3	(1.3)	4.4	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense (Income)	1.4	0.2	0.2	0.6	0.3	(0.3)	(0.3)	(0.3)	(0.5)	(1.0)
Other nonoperating expenses/(income)	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)**	**(17.4)**	**(36.1)**	**(8.3)**	**(7.3)**	**(6.8)**	**(1.6)**	**(24.0)**	**25.8**
Discontinued operations	0.0	(0.8)	(1.8)	(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
Net Income (Loss)	**(18.3)**	**(18.1)**	**(19.3)**	**(38.5)**	**(8.3)**	**(7.3)**	**(6.8)**	**(1.6)**	**(24.0)**	**25.8**
Non-controlling interest	1.8	2.0	2.3	0.7	0.2	0.2	0.0	0.0	0.4	0.0
Translation adjustment	0.9	0.3	0.8	(1.3)	0.6	2.1	0.0	0.0	0.0	0.0
Net Income Available to Common Shareholders	**(17.5)**	**(15.8)**	**(16.2)**	**(39.1)**	**(8.1)**	**(5.1)**	**(6.8)**	**(1.6)**	**(23.6)**	**25.8**
Diluted EPS	**($1.58)**	**($1.13)**	**($0.76)**	**($1.06)**	**($0.18)**	**($0.16)**	**($0.15)**	**($0.03)**	**($0.52)**	**$0.55**
Diluted Shares Outstanding	11.1	13.9	21.4	37.0	44.5	44.7	45.2	45.6	45.0	46.8

Company Description

A2Z Cust2Mate Solutions Corp. (NASDAQCM: AZ) is a retail technology company focused on the development and sale of AI-enabled smart shopping carts designed to modernize the in-store shopping experience for grocery stores, supermarkets, and other brick-and-mortar retailers. Through its platform, the company enables mobile self-checkout, real-time shopper engagement, and data driven store optimization, bringing the ease of digital shopping into in-person retail environments. AZ's target customers include all stores that are looking to modernize the shopping experience and are using shopping carts, including large grocery chains and supermarkets, where checkout friction, lack of labor, and theft remain structural problem areas.

Cust2Mate 3.0 is a modular, retro-fit-ready smart cart system that combines cameras, AI, barcode scanning, additional security features, and a touchscreen monitor to automatically recognize items that are placed into the cart, display real time totals and product information, and enable in-cart checkouts. Shoppers can "pick & go", bypassing cashier lines entirely, while retailers benefit from improved throughput, reduced theft, optimization of their labor force, and an improved shopper experience. AZ has been able to show that for every 100 smart carts that are in the store, you can reduce the number of checkout lanes by five.

The smart cart also functions as a digital advertisement channel, allowing for personalized promotions, coupons, and other engagement tools, all within the user interface. This channel allows companies to advertise their products at the most crucial time, when the customer is making the buying decision. Each cart's screen serves as digital real estate that engages with the shopper as they are making the decision to purchase, enabling retailers and brands to provide personalized promotions and advertisements in real time. The platform is designed to be able to integrate with existing store functions, allowing retailers to easily implement the solution while minimizing space requirements. While the company's corporate headquarters are in Vancouver, its core operations and primary operational hub is located in Giv'atayim, Israel. AZ was uplisted to Nasdaq in 2022.

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 ~7.5x 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 ~2.5x 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.

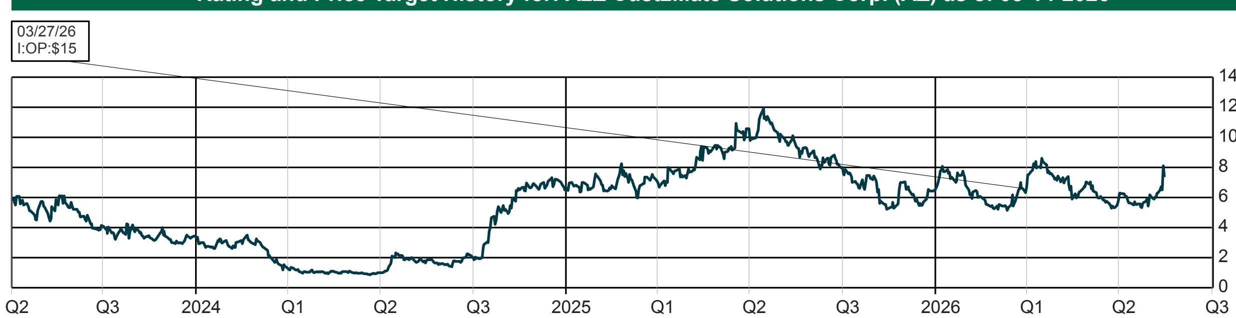
Regulatory Risk – AZ operates in a regulated environment and must comply with various requirements relating to data protection, privacy, and intellectual property laws. The inability to comply with these regulations could lead to legal actions, fines, reputational damage, or disruption of business operations.

Analyst Certification

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.

Important disclosures

Rating and Price Target History for: A2Z Cust2Mate Solutions Corp. (AZ) as of 08-14-2026



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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 08/17/2026

			IB Serv./ Past 12Mos.	
Rating Category	Count	Percent	Count	Percent
Buy [OP]	188	81.39%	50	26.60%
Hold [MP]	43	18.61%	5	11.63%
Sell [UP]	0	0.00%	0	0.00%

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