UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

[**X**] **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2021 Commission File Number: [●]

A2Z Smart Technologies Corp.

(Exact name of registrant as specified in its charter *)*

N/A
(Translation of Registrant's name into English (if applicable))

British Columbia, Canada
(Province or other jurisdiction of incorporation or organization)

3569
(Primary Standard Industrial Classification Code Number (if applicable))

N/A
(I.R.S. Employer Identification Number (if applicable))

1600-609 Granville Street
Vancouver, British Columbia
(647) 558-5564
(Address and telephone number of Registrant's principal executive offices)

COGENCY GLOBAL INC.
122 East 42nd Street, 18th Floor
New York, NY 10168
1-800-221-0102
(Name, address (including zip code) and telephone number (including area code)
of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares	**AZ**	**The NASDAQ Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act. **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual information form [X] Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of common shares of the issuer outstanding as of December 31, 2021 was 26,326,488.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] NO [ ]

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes [X] NO [ ]

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

[X] Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. [ ]

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. [ ]

EXPLANATORY NOTE

A2Z Smart Technologies Corp. (the "Company" or "A2Z") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is a Canadian issuer eligible to file its annual report ("Annual Report") pursuant to Section 13 of the Exchange Act on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "MJDS") adopted by the United States Securities and Exchange Commission (the "SEC"). The Company's common shares are listed on the TSX Venture Exchange and the Nasdaq Stock Market LLC ("NASDAQ") under the trading symbol "AZ".

In this Annual Report, references to "we", "our", "us", the "Registrant", the "Company", or "A2Z Smart Technologies Corp.", mean A2Z Smart Technologies Corp. and our wholly-owned subsidiaries, unless the context suggests otherwise.

FORWARD LOOKING STATEMENTS

The Exhibits incorporated by reference into this Annual Report of the Registrant contain forward-looking statements that reflect management's expectations with respect to future events, the Registrant's financial performance and business prospects. All statements other than statements of historical fact are forward-looking statements. The use of the words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "could", "likely", "potential", "proposed" and other similar words (including negative and grammatical variations), or statements that certain events or conditions "may" or "will" occur, and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Some of the risks, uncertainties and assumptions that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- our history of losses and needs for additional capital to fund our operations and our inability to obtain additional capital on acceptable terms, or at all;
- our ability to continue as a going concern;
- risks related to the COVID-19 pandemic;
- the new and unproven nature of our products under development;
- our ability to achieve customer adoption of our products;
- our dependence on assets we purchased from a related party;
- our ability to enhance our brand and increase market awareness;
- our ability to introduce new products and continually enhance our product offerings;
- our dependence on component availability and pricing
- the success of our strategic relationships with third parties;
- our military products are subject to cyclical variations in the military market and changes in government spending
- information technology system failures or breaches of our network security;
- competition from competitors;
- our reliance on key members of our management team;

- future litigation; and
- the impact of the political and security situation in Israel on our business.

Readers are cautioned that the above list of cautionary statements is not exhaustive.

These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. Applicable risks and uncertainties include, but are not limited to, those identified under the heading "Risk Factors" on page 16 of the Annual Information Form for the year ended December 31, 2021, attached as Exhibit 99.1 to this Annual Report and incorporated herein by reference, and under the heading "Risks" on page 17 of the Registrant's Management's Discussion & Analysis for the year ended December 31, 2021, attached as Exhibit 99.3 to this Annual Report and incorporated herein by reference, and in other filings that the Registrant has made and may make with applicable securities authorities in the future.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Importantly, forward-looking statements are estimates reflecting Management's current expectations and beliefs, and are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management.

No assurance can be given that these expectations will prove to be correct and such forward-looking statements in the Exhibits incorporated by reference into this Annual Report should not be unduly relied upon. The Registrant's forward-looking statements contained in the Exhibits incorporated by reference into this Annual Report are made as of the respective dates set forth in such Exhibits. Such forward-looking statements are based on the beliefs, expectations, and opinions of management on the date the statements are made. In preparing this Annual Report, the Registrant has not updated such forward-looking statements to reflect any change in circumstances or in management's beliefs, expectations or opinions that may have occurred prior to the date hereof. Nor does the Registrant assume any obligation to update such forward-looking statements in the future. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

NOTICE TO UNITED STATES READERS
DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under the multi-jurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "Commission") and certain Canadian securities regulators, to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant has historically prepared its consolidated financial statements, which are filed as Exhibit 99.2 to this Annual Report on Form 40-F, in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, which are subject to Canadian auditing and auditor independence standards. Financial statements prepared in IFRS may differ from financial statements prepared in United States GAAP ("U.S. GAAP") and from practices prescribed by the SEC. Therefore, the Registrant's financial statements filed with this Annual Report may not be comparable to financial statements of United States companies prepared in accordance with U.S. GAAP.

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in United States dollars.

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F:

A. Annual Information Form

The Registrant's Annual Information Form for the fiscal year ended December 31, 2021 is attached as Exhibit 99.1 to this Annual Report on Form 40-F, and is incorporated by reference herein.

B. Audited Annual Financial Statements

The Registrant's consolidated audited annual financial statements, including the reports of the independent registered public accounting firm with respect thereto, are attached as Exhibit 99.2 to this Annual Report on Form 40-F and is incorporated by reference herein.

C. Management's Discussion and Analysis

The Registrant's management's discussion and analysis of financial condition and results of operations for the twelve-month period ended December 31, 2021 is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated by reference herein.

TAX MATTERS

Purchasing, holding or disposing of securities of the Registrant may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report on Form 40-F.

DISCLOSURE CONTROLS AND PROCEDURES

The required disclosure is included under the heading “Managements Responsibility for Financial Statements” under the sub-heading “Evaluation of disclosure controls and procedures” in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2021, filed as Exhibit 99.3 to this Annual Report on Form 40-F and incorporated herein by reference.

MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The required disclosure is included under the heading “Managements Responsibility for Financial Statements” under the sub-heading “Management’s report on internal controls over financial reporting” in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2021, filed as Exhibit 99.3 to this Annual Report on Form 40-F and incorporated herein by reference.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

This Annual Report does not include an attestation report of the Registrant’s registered public accounting firm due to a transition period established by rules of the SEC for newly public companies. Under Section 3 of the Exchange Act, as a result of enactment of the Jumpstart Our Business Startups Act (the “JOBS Act”), “emerging growth companies” are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002, which generally requires that a public company’s registered public accounting firm provide an attestation report relating to management’s assessment of internal control over financial reporting. The Registrant qualifies as an “emerging growth company” and therefore has not included in, or incorporated by reference into, this Annual Report such an attestation report as of the end of the period covered by this Annual Report.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The required disclosure is included under the heading “Managements Responsibility for Financial Statements” under the sub-heading “Changes in internal controls over financial reporting” in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2021, filed as Exhibit 99.3 to this Annual Report on Form 40-F and incorporated herein by reference.

NOTICES PURSUANT TO REGULATION BTR

None.

CODE OF ETHICS

The Registrant has adopted a written “code of ethics” (as defined by the rules and regulations of the Commission), entitled “Code of Business Conduct and Ethics” (the “Code”) that applies to all members of the board of directors, officers, employees, consultants, contractors and agents of the Company and its affiliates and subsidiaries worldwide. Adherence to this Code is a condition of employment with or providing services to the Company.

The Code may be obtained upon request from A2Z Smart Technologies Corp.’s head office at 1600 – 609 Granville Street, Vancouver, British Columbia, V7Y 1C3, or by viewing the Registrant’s web site at https://a2zas.com/.

All amendments to the Code, and all waivers of the Code with respect to any director, executive officer or principal financial and accounting officers, will be posted on the Registrant’s web site within five business days following the date of the amendment or waiver and any amendment will be provided in print to any shareholder upon request.

AUDIT COMMITTEE

Our Board of Directors has established the Audit Committee in accordance with section 3(a)(58)(A) of the Exchange Act and Rule 5605(c) of the NASDAQ Marketplace Rules for the purpose of overseeing our accounting and financial reporting processes and the audits of our annual financial statements.

The Audit Committee is comprised of Messrs. Rootenberg (Chair), Vered Lotan, and Yonatan de Jongh. Our Board of Directors has determined that the Audit Committee meets the composition requirements set forth by Section 5605(c)(2) of the NASDAQ Marketplace Rules, and that each of the members of the Audit Committee is independent as determined under Rule 10A-3 of the Exchange Act and Rule 5605(a)(2) of the NASDAQ Marketplace Rules. All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Registrant’s financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Registrant’s financial statements.

Our Board of Directors has determined that Alan Rootenberg:

- qualifies as an “audit committee financial expert” (as defined in paragraph (8)(b) of General Instruction B to Form 40-F);
- has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in his financial sophistication (pursuant to Rule 5605(c)(2)(A) of the NASDAQ Marketplace Rules); and

- is independent (as determined under Exchange Act Rule 10A-3 and Rule 5605(a)(2) of the NASDAQ Marketplace Rules).

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The required disclosure is included under the heading "Audit Committee" under the sub-heading "Audit Fees" in the Company's Annual Information Form for the fiscal year ended December 31, 2021, filed as Exhibit 99.1 to this Annual Report on Form 40-F and incorporated herein by reference.

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Registrant's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Registrant's external auditors, in accordance with applicable law.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant currently has no off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists as of December 31, 2021, information with respect to the Registrant's known contractual obligations in US Dollars:

	Contractual		
	Carrying amounts	Within 1 year	over 1 year
Trade payables	$ 989	$ 989	$ -
Other accounts payable	$ 1,099	$ 704	$ 395
Loans	$ 641	$ 158	$ 483
Lease liability	$ 277	$ 126	$ 151
Total	**$ 3,006**	**$ 1,977**	**$ 1,029**

NASDAQ CORPORATE GOVERNANCE

The Registrant is a foreign private issuer and complies with corporate governance requirements of both the TSX Venture Exchange and NASDAQ.

NASDAQ Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of the requirements of the Rule 5600 Series, the requirement to distribute annual and interim reports set forth in Rule 5250(d), and the Direct Registration Program requirement set forth in Rules 5210(c) and 5255; provided, however, that such a company shall comply with the Notification of Material Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640), have an audit committee that satisfies Rule 5605(c)(3), and ensure that such audit committee's members meet the independence requirement in Rule 5605(c)(2)(A)(ii).

The Registrant has reviewed the NASDAQ corporate governance requirements and confirms that except as described below, the Registrant is in compliance with the NASDAQ corporate governance standards in all significant respects:

The Registrant does not follow Rule 5620(c), under which the Nasdaq minimum quorum requirement for a shareholder meeting is 33-1/3% of the outstanding shares of common stock. In addition, a registrant listed on Nasdaq is required to state its quorum requirement in its by-laws. The Registrant's quorum requirement is set forth in its articles. A quorum for a meeting of shareholders of the Registrant is two shareholders or proxyholders that hold or represent, as applicable, not less than 5% of the issued and outstanding shares entitled to be voted at the meeting. In lieu of following Rule 5620(c), the Registrant follows the rules of the TSX Venture Exchange.

The foregoing is consistent with the laws, customs, and practices in the province of British Columbia and Canada.

Further information about the Registrant's governance practices is included on the Registrant's website.

INTERACTIVE DATA FILE

The Registrant will submit by amendment Exhibits 101 and 104 to this Annual Report on Form 40-F its Interactive Data Files. The amendment will be filed within the 30-day grace period provided by Rule 405(a)(2)(ii) of Regulation S-T.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Registrant has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Registrant.

ADDITIONAL INFORMATION

Additional information relating to the Registrant may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system at www.sec.gov.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

A2Z SMART TECHNOLOGIES CORP.

By: */s/ Bentsur Joseph*
Name: Bentsur Joseph
Title: Chief Executive Officer

DATE: March 31, 2022.

EXHIBIT INDEX

EXHIBIT	DESCRIPTION OF EXHIBIT
99.1	The Registrant's Annual Information Form for the fiscal year ended December 31, 2021
99.2	Audited Consolidated Financial Statements for the fiscal year ended December 31, 2021
99.3	Management's Discussion and Analysis for the year ended December 31, 2021
99.4	Certification by the Chief Executive Officer of the Registrant pursuant to Rule 13a-14(a) or 15d-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certification by the Chief Financial Officer of the Registrant pursuant to Rule 13a-14(a) or 15d-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certification by the Chief Executive Officer of the Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certification by the Chief Financial Officer of the Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Code of Conduct
99.9	Consent of BDO (PCAOB Name: BDO Ziv Haft Certified Public Accountants (Isr.) (1185))
101*	XBRL Document
104*	Cover Page Interactive Data File

*To be filed by amendment within the 30-day grace period provided by Rule 405(a)(2)(ii) of Regulation S-T.

Exhibit 99.1

A2Z SMART TECHNOLOGIES CORP.

ANNUAL INFORMATION FORM

For Year Ended December 31, 2021

March 31, 2022

TABLE OF CONTENTS

	Page
CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION	1
THE COMPANY	2
Name, Address and Incorporation	2
Corporate Structure	2
GENERAL DEVELOPMENT OF THE BUSINESS	3
Business of the Corporation	3
Three Year History	4
BUSINESS DESCRIPTION	8
Business Overview	8
Cust2Mate Retail Automation Solutions	9
Maintenance Service, Unmanned Ground Vehicles and Energy Storage Power Packs	10
Automotive Products	12
Isramant	13
Competition	13
Research and Development	14
Intellectual Property	14
Government Regulation	15
RISK FACTORS	16
Risks Related to the Company's Financial Position and Capital Requirements	16
Risks Related to the Company and the Company's Business	18
Risks Related to the Company's Operations in Israel	29
Risks Related to the Common Shares	32
DIVIDENDS	34
DESCRIPTION OF SHARE CAPITAL	34
Common Shares	34
MARKET FOR SECURITIES	35
Trading Price and Volume	35
Prior Sales	36
ESCROWED SECURITIES	36
DIRECTORS AND OFFICERS	37
Committees of the Board of Directors	39
Common Shares Owned by Directors and Executive Officers, as a Group	40
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	40
Conflict of Interest	41

TABLE OF CONTENTS
(continued)

	Page
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	41
REGULATORY ACTIONS	41
LEGAL PROCEEDINGS	42
INTERESTS OF EXPERTS	42
TRANSFER AGENT AND REGISTRAR	42
MATERIAL CONTRACTS	42
AUDIT COMMITTEE	42
Audit Committee's Charter	42
Composition of Audit Committee	42
Relevant Education and Experience	42
Audit Committee Oversight	43
Pre-Approval Policies and Procedures	43
Audit Fees	43
ADDITIONAL INFORMATION	43
EXHIBIT "A" AUDIT COMMITTEE CHARTER	1
EXHIBIT "B" CORPORATE GOVERNANCE DISCLOSURE	1

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Statements contained in this Annual Information Form (the **"AIF"**) that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to:

- the Company's (as hereinafter defined) history of losses and needs for additional capital to fund the operations and the Company's inability to obtain additional capital on acceptable terms, or at all;
- the Company's ability to continue as a going concern;
- risks related to the COVID-19 pandemic;
- the new and unproven nature of the Company's products under development;
- the ability to achieve customer adoption of the Company's products;
- the Company's dependence on assets the Company purchased from a related party;
- the Company's ability to enhance the brand and increase market awareness;
- the ability to introduce new products and continually enhance the Company's product offerings;
- the success of the Company's strategic relationships with third parties;
- information technology system failures or breaches of the Company's network security;
- competition from competitors;
- the reliance on key members of the Company's management team;
- future litigation; and
- the impact of the political and security situation in Israel on the Company's business.

The foregoing list sets forth some, but not all of the factors that could affect the Company's ability to achieve results described in any forward-looking statements. For additional factors, see section entitled "Risk Factors" in this AIF.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations (including negative variations) of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, including the following: the Company's ability to generate revenue while controlling costs and expenses; the Company's ability to manage growth effectively; the Company's ability to adapt and develop solutions that keep pace with continuing changes in technology and customer needs; the ability to patent new technologies and protect intellectual property rights; and business and industry trends, including the success of current and future product development initiatives.

Although the Company has attempted to identify important factors that may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

These forward-looking statements are made as of the date of this AIF and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required by law.

All references in this AIF to "$" or "US$" means to the lawful current of the United States, to "CAD$" to the lawful currency of Canada and to "NIS" are to lawful currency of Israel.

THE COMPANY

Name, Address and Incorporation

The head office of A2Z Smart Technologies Corp. (**"A2Z"** or the **"Company"**) is located at 559 Briar Hill Avenue, Toronto, Ontario, Canada M5N 1N1. A2Z was incorporated under the *Business Corporations Act* (British Columbia) (the **"BCBCA"**). Under the BCBCA the Company is also required to have a registered and records office in British Columbia. The registered and records office of the Company is located at 1600 - 609 Granville Street Vancouver, British Columbia, Canada V7Y 1C3.

The Company's website address is www.a2zas.com. The information contained on the Company's website or available through the website is not incorporated by reference into and should not be considered a part of this AIF, and the reference to the website in this AIF is an inactive textual reference only.

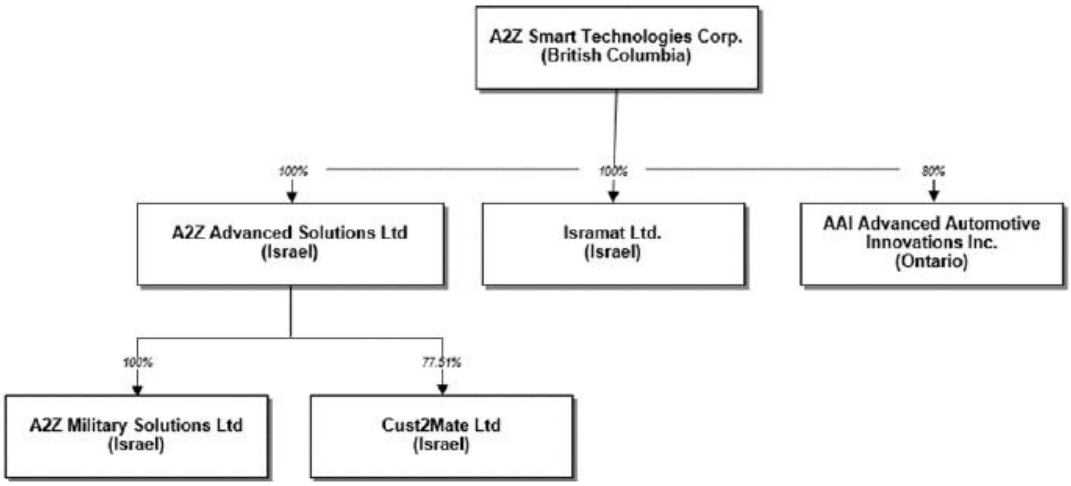
Unless otherwise indicated, the disclosure contained in this AIF is current as of March 31 , 2022.

As used herein, the term "Company" means individually and collectively, as the context may require, A2Z and its material subsidiaries.

The common shares of the Company (the **"Common Shares"**) trade on the TSX Venture Exchange (the **"TSXV"**) and the Nasdaq Stock Market LLC (**"NASDAQ"**) under the symbol "AZ". The Common Shares are also listed on the Frankfurt Stock Exchange (the **"FSE"**) under the symbol "A23".

Corporate Structure

The following chart sets out all of the Company's material subsidiaries as at the date hereof, their jurisdictions of incorporation and the Company's direct and indirect voting interest in each of these subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

Business of the Corporation

The Company is an innovative technology company specializing in military technology and recently expanding into the civilian technology markets, including the application of the Company's technology for "smart carts".

The Company controls Cust2Mate Ltd (**"Cust2Mate"**), a technology-based company focused on providing retail automation solutions, in particular for large grocery stores and supermarkets. The Company's primary product is the Cust2Mate system which incorporates a **"smart cart"** enabling shoppers to checkout automatically without having to unload and reload their purchases. There are two complementary products – one to prevent theft when using traditional shopping carts and another to increase efficiency when picking products to meet online orders. The product aims at enhancing the supermarket shopping experience, enabling shoppers to enjoy significant savings in time and reduce their overall purchase costs. The Cust2Mate product is being marketed throughout the world, with pilot testing programs in North and South America and the Middle East, and a roll out of the product in Israel.

The Company's other activities include the provision of services in the field of advanced engineering capabilities to the military/security markets as well as development of related products for the civilian markets.

The Company continues the development of products for the automotive market. The main product is a system that enables a customer to insert a **"capsule"** into the fuel tank of a vehicle which suppresses combustibility of any remaining gasoline or gasoline fumes inside the vehicle's gasoline tank in the event of a collision or exposure to heat and/or flames. This eliminates the possibility of a fire erupting as a result of a collision or exposure to heat and/or flames.

The Company also provides maintenance services to both external and in-house complex electronic systems and products.

On February 3, 2022 the Company completed the Isramat Acquisition. The completion of the Isramat Acquisition vertically integrates certain manufacturing capabilities for the production of A2Z's Cust2Mate smart cart while complementing existing contract manufacturing partnerships to support anticipated worldwide growth.

Three Year History

2019

The Company was incorporated under the laws of the BCBCA, on January 15, 2018 under the name ECC Ventures 1 Corp. (**"ECC1"**). On April 18, 2018, ECC1 completed its initial public offering on the TSXV, under the trading symbol "EONE.P", by issuing 2,000,000 Common Shares at a price of CAD$0.10 per share for aggregate proceeds of CAD$200,000.

On September 11, 2019, the Company, its wholly owned subsidiary 1219054 B.C. Ltd (**"Acquireco"**) and A2Z Advanced Solutions Ltd (**"A2ZAS"**), a company incorporated in Israel, entered into an arrangement agreement (or the **"Arrangement Agreement"**), pursuant to which ECC1, through a court-approved plan of arrangement: (i) initially acquired 99.46% of the issued and outstanding ordinary shares of A2ZAS through Acquireco, with the remaining shares of A2ZAS (the **"Remaining Shares"**) being acquired following the receipt of regulatory approvals under Section 350 of the Israel Companies Law; (ii) completed a share consolidation of its Common Shares on a 1.4 to 1 basis; (iii) issued 41,690,578 post-consolidation common shares of ECC1 to the shareholders of A2ZAS; and (iv) changed its name to "A2Z Technologies Canada Corp."

On December 16, 2019, Acquireco announced the completion of a non-brokered private placement of 1,000,000 subscription receipts (each, a **"Subscription Receipt"**) at a price of $0.50 per Subscription Receipt for aggregate gross proceeds of $500,000. Upon the satisfaction of the escrow release conditions, each Subscription Receipt automatically converted into Common Shares for no additional consideration. The offering of Subscription Receipts was completed in connection with the Company's Qualifying Transaction with A2ZAS.

On December 18, 2019, the transactions contemplated by the Arrangement Agreement (except for the acquisition of the Remaining Shares) were completed. On the same day, the Common Shares commenced trading on the TSXV under the symbol "AZ".

A2ZAS is the parent company of Advanced Military Solutions Ltd. (**"A2ZMS"**). A2ZMS was incorporated under the laws of the State of Israel in November 1998 under name Eligal Laboratories Ltd., as an engineering firm providing a cost-efficient solution for organizations to outsource maintenance of critical and sophisticated equipment. In 1992, Eligal Laboratories Ltd. expanded into the production of unmanned ground vehicle robotics as a second area of operations. In 2003, Eligal Laboratories Ltd. changed its name to Intelligent Robotics, Ltd., and in 2017, the name was changed once again to "Advanced Military Solutions Ltd." During this time period, all sales were conducted in Israel and were focused on Israeli clientele.

In February 2019, A2ZAS completed the purchase of 80% of the share capital of AAI Advanced Automotive Innovations Inc. (**"AAI"**) by way of the issuance of 7,664,788 ordinary shares of A2ZAS and warrants to purchase 3,832,394 ordinary shares of A2ZAS, exercisable at a purchase price of $0.23333 per share and with a term ending on December 31, 2021. In connection with the Arrangement Agreement, the ordinary shares and warrants issued to the sellers of AAI were exchanged for shares and warrants of the Company. AAI holds the rights to a certain technology, by way of a patent application with the U.S. Department of Commerce, number 62/801,140 titled "Device and Methodology of Anti Inflammation Capsule, regarding a capsule, "Fuel Tank Inertia Capsule System" (**"FTICS"**), that can be inserted into automobile gasoline tanks in order to suppress combustibility of any remaining gasoline or gasoline fumes inside the gasoline tank in the event of a collision. The FTICS technology remains in development as of the date of this AIF.

On December 30, 2019, A2ZAS entered into a call option agreement (the **"Call Option Agreement"**) with the Company's Chief Executive Officer, Bentsur Joseph, pursuant to which Mr. Joseph granted A2ZAS a 10 year option (the **"Call Option"**) to purchase 66,000 ordinary shares of Cust2Mate, constituting 19% of Cust2Mate's issued and outstanding share capital (on a fully diluted basis) for an aggregate purchase price of $66,000. On November 5, 2020, A2ZAS and Mr. Joseph entered into a share purchase agreement pursuant to which A2ZAS exercised the Call Option and acquired an additional 190,549 ordinary shares of Cust2Mate, together constituting 77.51% of the issued and outstanding shares of Cust2Mate (on a fully diluted basis) for an aggregate purchase price of approximately $1.56 million. The acquisition of Cust2Mate was completed on November 16, 2020 and as a result, Mr. Joseph no longer owns any securities of Cust2Mate.

2020

On January 30, 2020, the Company announced the issuance of 833,336 units of the Company (each, a **"January Unit"**) at a price of CAD$0.60 per unit for gross proceeds of CAD$500,001.60. Each January Unit consisted of one Common Share and one common share purchase warrant (each, a **"January Warrant"**), with each such January Warrant entitling the holder to acquire an additional Common Share at a price of CAD$0.65 until January 30, 2022. In addition, the Company announced that it has issued 92,493 Common Shares at a price of $0.726 per share, to Israel Morgenshtern (**"Morgenshtern"**) as consideration for services rendered by Morgenshtern to the Company.

On February 11, 2020, the Company announced that the Israeli Ministry of Defense (**"IMOD"**) awarded the Company a three-year contract for CAD$1.5 million that will be paid over the life of the contract. Under the terms of the contract, the IMOD will be leasing the Company's products and equipment for which the Company is responsible for maintenance for the duration of the contract.

On March 4, 2020, the Company announced the Common Shares commenced trading on the FSE under the symbol "A23".

On April 2, 2020, the Company announced the resignation of Robert Chisholm as Chief Financial Officer of the Company and the appointment of Gadi Levin as his replacement.

On April 29, 2020, the Company announced the issuance of 29,762 Common Shares to Waterside Capital Advisors Inc. (**"Waterside"**) and 200,341 Common Shares to Morgenshtern as consideration for services rendered by Waterside and Morgenshtern to the Company pursuant to the terms of consulting agreements. The Common Shares were issued to Waterside and Morgenshtern at deemed prices of $0.42 and $0.4405 per share, respectively.

On May 13, 2020, the Company announced the resignation of Scott Ackerman as a director of the Company and the appointment of Alan Rootenberg as his replacement.

On July 20, 2020, the Company changed its name to "A2Z Smart Technologies Corp." to better reflect the Company's business plan.

On August 4, 2020, the Company announced the Common Shares commenced trading on the OTCQX® Venture Market under the symbol "AAZZF".

On August 12, 2020, the Company announced that its Common Shares were granted DTC eligibility, increasing the ability to U.S. investors to trade the Common Shares.

On September 1, 2020, the Company was awarded a new contract for a one year term with the Israeli Defense Forces for service and maintenance for special logistical advanced technologies at a key and strategic base located in central Israel. Under the terms of the contract, the Company was granted exclusivity with respect to service as well as the supply of hardware and parts used in services.

On September 23, 2020, the Common Shares commenced trading on the OTCQX® Best Market under the symbol "AAZZF".

On November 16, 2020, the Company announced the issuance of 13,350,460 units (each, a **"February Unit"**) at a price of CAD$0.625 per unit for gross proceeds of CAD$8,344,043. Each February Unit consisted of one Common Share and one common share purchase warrant (each, a **"February Unit Warrant"**), with each February Unit Warrant entitling the holder thereof to purchase one additional Common Share at a price of CAD$0.90 at any time prior to November 10, 2025.

On December 29, 2020, the Company announced the issuance of 4,099,894 units (each, a **"December Unit"**) at a price of CAD$0.625 per unit for gross proceeds of CAD$2,562,434. Each December Unit is comprised of one Common Share and one common share purchase warrant (each, a **"December Unit Warrant"**), with each December Unit Warrant entitling the holder thereof to purchase one additional Common Share at a price of CAD$0.90 at any time prior to December 24, 2025.

2021

On February 17, 2021, the Company announced the appointment of Rafael Yam as Chief Executive Officer of Cust2Mate.

On February 19, 2021, the Company announced the appointment of Yonatan de Jongh to the board of directors of the Company (the **"Board"**).

On March 13, 2021, the Company announced that A2ZMS, has received a new contract from the government of the State of Israel. The contract, valued at up to $1.5 million, is a multi-year (four to five years) service and maintenance contract with the Ministry of Internal Security - the Israeli Prison Service.

On April 9, 2021, the Company completed a private placement of units (each, an **"April Unit"**) for aggregate gross proceeds of $1,804,170, with each April Unit consisting of one Common Share and one common share purchase warrant (each, an **"April Unit Warrant"**). Each April Unit Warrant entitles the holder to acquire one additional Common Share at a price of $3.68 per share until April 14, 2023.

On June 3, 2021, the Company completed a private placement of units (each, a **"June Unit"**) for aggregate gross proceeds of $8,850,028, with each June Unit consisting of one Common Share and one common share purchase warrant (each, a **"June Unit Warrant"**). Each June Unit Warrant entitles the holder to acquire one additional Common Share at a price of $3.68 per share until May 28, 2023.

On June 8, 2021, the Company announced the retention of Institutional Marketing Services, Inc. (dba IMS Investor Relations) (**"IMS"**) to develop and execute a comprehensive investor relations and financial communications program. IMS was retained for a period of six months, after which the contract will continue on a month-to-month basis, and will be compensated CAD$8,000.00 per month.

On July 27, 2021, the Company announced a pilot program for its Cust2mate smart carts with one of Mexico's leading grocery store chains, operating more than 250 stores. The 60-day pilot program will employ 20 Cust2Mate smart carts at one of the chain's flagship stores in Mexico.

On August 12, 2021, the Company announced it has set August 19, 2021 as the effective date for a consolidation of its Common Shares on the basis of one (1) post-consolidation Common Share for each three (3) pre-consolidation Common Shares (the **"Consolidation"**).

On September 14, 2021, the Company announced that it signed an agreement with Flex Ltd. (Nasdaq: FLEX), a global diversified manufacturer, for the production of its Cust2Mate smart carts for the retail industry.

On September 22, 2021, AZ announced that it signed a distribution agreement with IP Retail SRL for the promotion, distribution and service of the Company's Cust2Mate Smart Shopping Carts throughout Italy.

On September 30, 2021, the Company announced that it signed a sales partnership agreement with Tulik Sky Enterprise Ltd to support the Company's expansion in North America of its Cust2Mate smart cart.

On October 7, 2021, the Company announced a pilot program for its Cust2mate smart carts with Morton Williams Supermarkets, a leading upscale grocery store chain, operating 16 stores in the New York metropolitan area. The 60-day pilot program will employ 50 Cust2Mate smart carts at two of the chain's locations.

On October 14, 2021, the Company announced that it has signed a partnership agreement with Conect Are Us for the sales, distribution and service of the Company's Cust2Mate Smart Shopping Carts throughout Spain.

On October 27, 2021, the Company announced the resignation of Gadi Levin as Chief Financial Officer of the Company. Concurrently, the Company announced the appointment of Amir Benkel as Mr. Levin's replacement.

On December 7, 2021, the Company announced a pilot program for its Cust2mate smart carts with Evergreen Kosher Market, a chain of kosher supermarkets in New York and New Jersey.

2022

On January 5, 2022, the Common Shares commenced trading on NASDAQ.

On January 17, 2022, the Company announced that it entered into a share purchase agreement (the **"SPA"**) to acquire all of the issued and outstanding shares of Isramat Ltd (**"Isramat"**), an Israeli manufacturer of precision metal parts (the **"Isramat Acquisition"**). The Isramat Acquisition vertically integrates certain manufacturing capabilities for the production of the Cust2Mate smart cart while complementing existing contract manufacturing partnerships to support anticipated worldwide growth. As consideration for the acquisition of Isramat, the Company paid an aggregate acquisition price of NIS 9.3 million (approximately US$2.989 million) (the **"Consideration"**). NIS 2.8 million (approximately US$0.9 million) of the Consideration will be paid in cash and the remaining Consideration in the amount of NIS 6.5 million (approximately US$2.089 million) will be paid through the issuance to the shareholders of Isramat (the **"Isramat Shareholders"**) of 273,774 Common Shares (the **"Acquisition Shares"**) at a deemed price per Acquisition Share of US$7.6311 (CAD$9.5247) (the **"Equity Consideration"**). The SPA also provides that in the event that the aggregate proceeds received by an Isramat Shareholder from the sale of its Acquisition Shares during the lock-up period (the **"Lock-up"**), together with the value of its unsold Acquisition Shares as of the end of such period, is lower than its pro rata portion in the Equity Consideration, A2Z will pay the difference in cash to such Isramat Shareholder. The Acquisition Shares will be subject to the Lock-up and shall be released as follows: (i) during the first six months following signing of the SPA (but in any event not prior to four months and one day following the issuance of the Acquisition Shares), the holders of the Acquisition Shares will not be allowed to sell or otherwise transfer any of the Acquisition Shares, (ii) during each of the 20 months following the 6-month period detailed above, each Isramat Shareholder will be entitled to sell or otherwise transfer up to 1/20 of his pro rata portion of the Acquisition Shares, subject to applicable securities laws, and (iii) following the lapse of 26 months following the signing of the SPA, each Isramat Shareholder shall be entitled to freely trade its Acquisition Shares. The Isramat Acquisition subsequently closed on February 3, 2022.

On February 10, 2022, the Company announced that it launched a pilot program for its Cust2Mate smart carts with Chedraui, the third largest retailer in Mexico, operating more than 250 stores as well as operating stores in California, Arizona, New Mexico, and Nevada under the name "El Super".

On February 23, 2022, the Company announced that signed a partnership agreement with Cardknox, a Fidelity Payments company and leading developer-friendly omnichannel payment platform for the integration of its seamless payment solutions to the Cust2Mate smart cart.

On March 15, 2022, the Company announced the resignation of Amir Benkel as Chief Financial Officer of the Company. Concurrently, the Company announced the re-appointment of Gadi Levin as Mr. Benkel's replacement.

Significant Acquisitions

The Company did not complete any "significant acquisitions" (as such term is defined under National Instrument 51-102 – *Continuous Disclosure Obligations*) during the fiscal year ended December 31, 2021.

BUSINESS DESCRIPTION

Business Overview

The Company is an innovative technology company specializing in military technology and recently expanding into the civilian technology markets, including the application of the Company's technology for "smart carts". The Company has four main business lines: (i) the development and commercialization of retail automation solutions, in particular for large grocery stores and supermarkets; (ii) the development of the Company's FTICS technology for the military and civilian automotive industry; and (iii) the provision of maintenance services utilizing the application of advanced engineering capabilities to the Israeli military/security markets and governmental agencies in Israel and the production of unmanned remote-controlled vehicles and energy power packs for the Israeli military; and (iv) manufacturer of precision metal parts.

Historically, the Company's revenues were principally generated from the maintenance services that are provided to the Israeli military/security market. The Company's products, which have historically been sold to the Israeli military/security markets, include unmanned remote-controlled vehicles of various sizes and capabilities designed for intricate bomb disposal, counter terrorism, and firefighting, as well as energy storage power packs, all of which are fully commercialized for military use.

The Company is now focusing its attention on its Cust2Mate division and aims to become the leading mobile checkout system in the international market, providing the optimum solution which simultaneously meets the compelling needs of both shoppers and supermarket retailers.

The Company delivers its traditional services and products with 19 employees as at December 31, 2021. The Company's Cust2Mate division has 38 employees and the Company's recently acquired subsidiary, Isramat, has 44 employees.

In November 2020, the Company acquired 77.5% of Cust2Mate. The primary product of Cust2Mate is the Cust2Mate system, which incorporates a "smart cart" enabling shoppers to checkout automatically without having to unload and reload their purchases.

The Company is seeking to adapt certain of its military grade products and knowhow to the civilian market. The Company is also developing the FTICS, a patented 3-part system that is designed to suppress combustion of fuel and deploy in the event of a vehicle collision.

Cust2Mate Retail Automation Solutions

Cust2Mate aims to become the leading mobile checkout system in the international market, providing the optimum solution which simultaneously meets the compelling needs of both shoppers and supermarket retailers.

The primary product of Cust2Mate is the Cust2Mate system, which incorporates a "smart cart" enabling shoppers to checkout automatically without having to unload and reload their purchases.

Cust2Mate is a highly innovative end-to-end solution that aims at enhancing the supermarket shopping experience, enabling shoppers to enjoy significant savings in time and reduce their overall purchase costs. It creates business intelligence as to shoppers' in-store behavior and can be used to create personalized experiences for the consumer with the goal of driving revenue, enhancing shopper loyalty to the retailer and creating a better shopping experience for the consumer, using proprietary data gathering technology leading to adaptive changes in the traditional shopping marketplace, utilizing safe and secure connectivity services, either on the customer's intranet or via a secure cloud based third party solution and a smart agent to help retailers manage their stores at all operating levels and to learn and predict likely outcomes of sales/coupon and special offers targeted to the individual store or consumer.

The Company is currently building a manufacturing line and its marketing and sales team to penetrate into other supermarkets and other relevant retail operations both in Israel and abroad.

The Cust2Mate system comprises hardware and software:

- *Hardware* – Smart Cart, wifi system, Exit Gate.
- *Software* – multiple components which are easily integrated with retailer's existing management systems.

The key components of the Smart Cart are:

- *Barcode Readers* – each cart is equipped with a state-of-the-art barcode reader.
- *Image recognition* – dedicated technology detects the exact product by accurate recognition of labels, shape and/or other unique identification marks on the product.
- *Mobile Point of Sale* – utilizing card reader so that payment is made on the cart rather than at the checkout.

- *Advanced Highly Accurate Secured Scale* – integrated into the base of the cart – providing accurate weight measurement of each product placed in the cart, being part of a three-stage verification of barcode, image recognition and weight to ensure that the shopper is charged for all products in the cart.
- *In-store Navigation* – enabling the shopper to find the required items in the minimum time and provide analytics to retailer on shopper's location and movement in store.
- *Advanced App* – facilitates the system functionality including entry/download of the shopping list, shopping history, business intelligence, big data, advertising on the tablet and on the shopper's PC and/or smart phone.
- *Shopping Process* – products are charged for after legal identification via the combination of components installed on the Smart cart and after receiving final confirmation of the whole process by the Cust2Mate central software system.
- *Video Recording* – the complete shopping process inside the cart is video recorded on the tablet and uploaded to the system database on a central server.

- *Smart Gate* – a system which prevents the exit of shopping carts from the store prior to full payment having been made. It uses in-store radio frequency identification to identify either smart carts or regular shopping carts and to check that the shopper has paid for the products in the cart. Each shopping cart is tagged. When the shopper approaches the checkout, the system recognizes the tag, and the shopper will not be able to open the Smart Gate until the system confirms that the bill has been paid.

In addition, Cust2mate has also developed two complimentary products: one product to prevent theft when using traditional shopping carts, and another product aimed at increasing efficiency when picking products to meet online orders.

Maintenance Service, Unmanned Ground Vehicles and Energy Storage Power Packs

Maintenance Services

The Company's core business is the provision of maintenance services utilizing the application of advanced engineering capabilities to the Israeli military/security markets and governmental agencies in Israel. The Company's customers include the Israel Defense Forces, the Israeli Police, Israel Railways and the Israel Electric Company. Maintenance services provided to these customers include maintenance of technological systems and electrical and electronic equipment, maintenance of refrigeration systems, and maintenance of power supplies.

The Company's maintenance staff is composed of experienced engineers and support technicians. The Company's reputation has given them the ability and opportunity to become a service and maintenance provider. The Company takes pride on providing maintenance and calibration services to both external and in-house complex systems and products.

Unmanned Ground Vehicles

Unmanned Ground Vehicles (**"UGV"**) are increasingly used in tasks which are hazardous to human health, dangerous, or repetitive for extended periods of time. In addition to military use, many commercial industries have successfully made use of robotic technology in well-structured ground environments such as manufacturing and in semi structured environments such as automated agriculture. There is also extensive use of UGVs in the relatively uncluttered environments of air and sea operations.

The Company's UGVs have real world applications that save lives and have been sold to various divisions within the Israeli security community. The unmanned bomb disposal units allow for trained personnel to get an up-close view (with the aid of sensors, cameras and monitors) of suspected packages to determine if the packages contain explosive devices. If upon examination a package is discerned to be an explosive device, the bomb disposal UGV has robotic arms that can lift the device and bring it to a safe area where it can be disposed. Similarly, the firefighting UGVs can access areas dangerous to firefighters and provide remote extinguishing abilities.

UGV products that the Company has historically sold include the following:

(a) *Fire Fighting Unmanned Robot*

The Company's firefighting unmanned robot is a double tracked, unmanned and user-friendly robot which is operated from remote locations and can operate under hazardous conditions including extreme high temperatures and inside unsafe buildings. The robot is equipped with firefighting capabilities. The weight of the unit is 940 kg. Other dimensions are: length of 162 cm, width of 114 cm and height of 138 cm. Its maximum speed is four km/hr.

(b) *Unmanned Robotic Bulldozer*

The Company's unmanned robotic bulldozer is a double tracked, unmanned and user-friendly robot which is operated from remote locations and can operate under a variety of circumstances and can perform a range of accurate engineering tasks including hazardous material handling, toxic waste removal, disaster relief, logistics support, mining and tunnel operations and other high-risk civilian tasks. The unit has one-and-a-half tonne lifting capabilities as well as two-and-a-half-tonne push capabilities. The engine is a 57-horsepower output. The Front Runner weighs 3,800 kg. Other dimensions are: length of 270 mm, width of 300 mm and height of 135 mm.

(c) *Unmanned Bomb Disposal Robot*

The Company's bomb disposal robot is a small but tough unmanned robot. This model can climb stairs, go under vehicles and roll through open and enclosed spaces. The product can work for up to two hours before requiring a recharge. The maximum range for operation is 850 feet. Other dimensions are: length of 94 cm, width of 60 cm and height of 30 cm and a weight of 100 kg.

Each UGV consists of a platform, operator control unit, communications and job specific hardware. The platform includes the motors, drive train, power source, and structural components. The platform could be a specially designed robot or a standard military or commercial vehicle. The operator control unit allows the user to control the robot and is made of durable waterproof materials, has its own battery source, and can operate under difficult and severe environmental conditions. The control unit allows two-way communication with the robot, that is, it enables the operator to send instructions to the robot, as well as receive information back from the robot such as real-time video pictures, battery status, traveling speed, and temperature. The communication system provides the clear transmission of data (operator instructions, video images, etc.) at the robot's operating range. Most robots use wireless radio frequency communication as the primary mode of communication, although some robots use a fiber optic cable. The hardware attached to the UGV enable the robot to carry out its primary mission. Tools may include a manipulator with adequate reach and freedom, camera, disrupter, x-ray detector and various sensors and weapon systems. The Company designs and produces the operator control unit and the communication devices for the UGVs, inhouse. When a customer requests a complete UGV, the Company outsources the UGV's platform, tools and sensors to third party manufacturers.

The Company is in the process of adapting its UGV products for civilian use.

Energy Smart Power Pack

Generators provide an ancillary source of power for buildings or individuals to allow systems and appliances which require electricity to continue operating in the event the user does not have access to conventional power. Generators are used for powering hospitals, homes, farms, and business areas, as well as to provide power for rural places. Traditionally, generators are the combination of an electrical generator and an engine to form a single unit of power supply. The generator unit includes a fuel supply, a speed governor, a voltage regulator, lubrication system, and cooling and exhaust systems. They come in a variety of styles and models. They may run on gas, natural gas, propane, they even come as a hybrid dual-fuel power. Their sizes range from very small that can supply few hundreds of watts and are portable, to large turbine plants.

As technology has improved, energy has been able to be stored in batteries and can be accessed on an as needed basis. As batteries are used, they drain of energy and must be re-powered. The amount of power that can be stored, the duration of time that power can be stored, the length of time required to restore energy to 100% capacity has been undergoing radical changes over the last half century.

The Energy Smart Power Pack is a unique portable smart energy package, originally developed by the Company for the Israel Home Front Command, that can easily be carried and deployed in the field. The portable energy pack generates 500 watts of power and 33 amperes with a charge time of three hours. It can be charged via a standard wall outlet or a cigarette port. The unit weighs 10kg and has a casing that has passed the rigorous testing of the IDF.

Automotive Products

The Company is developing a patented 3-part system, known as FTICS, that is designed to suppress combustion of fuel and deploy in the event of a vehicle collision. The Company also holds a patent to a vehicle cover device that is designed to protect automobiles from the elements while the vehicle is¬ not in use.

Fuel Tank Inertia Capsule System

The Company is currently developing the FTICS (patent pending by the United States Patent and Trademark Office) that is designed to neutralize the flammability of the contents of a fuel tank. In the form of a system, FTICS enables a customer to insert a **"capsule"** into the fuel tank that suppresses combustibility of any remaining gasoline or gasoline fumes inside the fuel tank in the event of a collision. The FTICS is connected to a controller and sensors and lays dormant until sensors detect a collision, at which point the contents of the capsule are released rendering existing gasoline and fumes non-flammable.

The majority of the product development work (FTICS - engineering, electronics, electro-mechanics, sensory, programming and algorithms; and smart car cover – programming, electro-mechanics, power supply, charging, and heating components) is being conducted in-house. Certain aspects of mechanical and chemical engineering and testing for the FTICS, is completed by external third-party contractors. Componentry is locally sourced in Israel and readily available.

The Company is planning to commence testing the FTICS in a pilot program with the Israeli military and plan to use the results of the pilot to initiate trials with automobile manufacturers.

Vehicle Device Cover

The Company holds a patent granted by the United States Patent and Trademark Office in 2017 for an automobile cover that is attached to the vehicle and when deployed the cover extends over the entire body of the automobile to offer easy protection from the elements and prevent snow from building up. This cover is designed to protect cars from ice, sleet, snow and sun. The Company's product development efforts in the automotive market are currently focused on the FTICS.

Isramant

Isramat is a manufacturer of precision metal parts, and operates a 5,600 square foot manufacturing facility in Holon, Israel. Isramat's plant is located in Holon industrial zone and includes more than 50 Swiss-type machines. Isramat combines professional human resources and advanced technology, thus providing customers with manufacturing expertise in the field of automatic and computer numerical controlled machining.

Competition

The Company operates in a competitive environment for most of its service offerings, technology and products. Competition is based on product and service performance, price, reputation, reliability, life cycle costs, overall value to the customer, responsiveness to customer requirements and the ability to respond to rapid changes in technology. In addition, the Company's competitive position sometimes is affected by specific requirements in particular markets.

The Company competes in the following markets, based on how the Company categorizes its core products and services:

(a) *Maintenance Services*

The Company competes with a variety of companies that offer maintenance services to the Israeli military/security markets and governmental agencies in Israel including: the Israel Defense Force; Ministry of Defence; Prime Minister's Office; Israel Electric Company; and Israel Railways Ltd.

(b) *UGVs and Energy Source Packs*

A variety of companies around the world currently manufacture UGVs and energy source packs for use in military and law enforcement including several large, integrated defense contractors such as Foster-Miller Inc, Remotec Inc. (a subsidiary of Northrop Grumman), OAO Robotics, a division of Manit Group Inc (which was acquired by Lockheed Martin in 2001) and Teledyne FLIR LLC.

(c) *FTICS*

The Company is not aware of any competitors to its FTICS system.

Retail Automation Solutions

The Company is aware of a variety of companies providing check-out free systems including: Amazon Go; Trigo; Caper; and Grabango Co.

Many of the Company's competitors, either alone or through their strategic partners, have substantially greater name recognition and financial, technical, manufacturing, marketing and human resources than the Company has and significantly greater experience and infrastructure in the research and development of products, and commercializing those products around the world. As a result, the Company may have difficulty maintaining its market share, and the Company may be unable to attract customers and partners on terms the Company considers acceptable.

Research and Development

For the year ended December 31, 2021, the Company incurred approximately $3,222 of research and development expenses. For the year ended December 31, 2020, the Company incurred approximately $418,000 of research and development expenses.

Intellectual Property

General

The Company's intellectual property and proprietary technology are important to the development, manufacturing, and sale of its current and future pipeline products. The Company seeks to protect its intellectual property, core technologies and other know-how through a combination of patents, trademarks, trade secret laws, non-disclosure and confidentiality agreements and other contractual arrangements with its employees, consultants, partners, suppliers, customers and others. The Company primarily relies on its own research and development efforts to enhance and develop its technology and products.

Patents

To date, the Company has been granted a total of one patent (GB1500007.8 in Great Britain "Vehicle cover device") and have one pending national phase applications (International Patent Application PCT/IL2020/051000 "Engine's anti-combustion method").

The Company submits applications under the Patent Cooperation Treaty, or PCT, an international patent law treaty that provides a unified procedure for filing a single initial patent application to seek patent protection for an invention simultaneously in each of the member states. Although a PCT application cannot be issued as a patent, it allows for the applicant to seek protection in any of the member states through national-phase applications. National phase applications are examined by the allocable authorities in each member state in which the Company elects to file an application. In addition, during the national phase under the PCT, the Company can also elect to file an application in Europe, in which case the Company will not be required to file a separate state specific application for each member state in Europe, until such time as the European application is granted a patent, whereupon state specific validations may subsequently be selected.

Absent patent-term extensions, several key patents and pending patent applications are nominally set to expire between 2035 and 2040 in Great Britain and other foreign jurisdictions. The Company cannot be sure that any of its patents will be commercially useful in protecting its technology. Moreover, while the Company's policy is to obtain patents by application, license or otherwise, to maintain trade secrets and to seek to operate without infringing on the intellectual property rights of third parties, technologies related to its business have been rapidly developing in recent years. Additionally, patent applications that the Company may file or license from third parties may not result in the issuance of patents, and the issued patents and any issued patents that the Company may receive in the future may be challenged, invalidated or circumvented. If third parties prepare and file patent applications that also claim technology to which the Company has rights, the Company may have to partake in proceedings to determine priority of invention, which could result in substantial costs to the Company, even if the eventual outcome is favorable to the Company..

Other

In addition to patent protection, the Company also relies on trade secrets, including unpatented know-how, technology innovation, technical specifications and other proprietary information, as well as trade names, trademarks and service marks and non-disclosure and confidentiality agreements and other contractual arrangements with its employees, consultants, partners, suppliers, customers and others in attempting to develop and maintain its competitive position.

Government Regulation

The Company is subject to a variety of laws and regulations in Israel and abroad that involve matters central to its business, including the following:

Government Contracting Regulations

The Company operates under laws, regulations, administrative rules and other legal requirements governing defense and other government contracts in Israel. Some of these legal requirements carry major penalty provisions for non-compliance, including disqualification from participating in future contracts. In addition, the Company's participation in governmental procurement processes in Israel is subject to specific regulations governing the conduct of the process of procuring defense and homeland security contracts, including increasing requirements in the area of cyber production, information assurance and supply chain assurance.

Israeli Export Regulations

Israel's defense export policy regulates the sale of its military products. Current Israeli policy encourages exports to approved customers of defense systems and military products such as the Company's, as long as the export is consistent with Israeli government policy. Subject to certain exemptions, a license is required to initiate marketing activities. The Company also must receive a specific export license for defense related hardware, software and technology exported from Israel. Israeli law also regulates export of "dual use" items (items that are typically sold in the commercial market but that also may be used in the defense market).

Approval of Israeli Defense Acquisitions

The Israeli Defense Entities Law (Protection of Defense Interests), 5766 - 2006 (the **"Israeli Defense Entities Law"**) establishes conditions for the approval of an acquisition or transfer of control of an entity that is determined to be an Israeli **"**defense entity" under the terms of the law. Designation as a "defense entity" is to occur through an order to be issued jointly by the Israeli Prime Minister, Defense Minister and Economy Minister. Although no such order for A2Z has been issued to date, the Company believes that A2Z's, Israeli subsidiaries, A2ZAS and A2ZMS will be designated as "defense entities" under such law because, among other things, and that the Israeli Government will issue such an order regarding its applicable Israeli companies.

Orders to be issued under the Israeli Defense Entities Law will also establish other conditions and restrictions. It is anticipated that in the case of a publicly traded company such as A2Z, Israeli government approval will be required for acquisition of 25% or more of the voting securities or a smaller percentage of shares that grant "means of control." Means of control for purposes of the law include the right to control the vote at a shareholders' meeting or to appoint a director. Orders relating to defense entities are also anticipated to, among other matters: (i) impose restrictions on the ability of non-Israeli resident citizens to hold "means of control" or to be able to "substantially influence" defense entities; (ii) require that senior officers of defense entities have appropriate Israeli security clearances; (iii) require that a defense entity's headquarters be in Israel; and (iv) subject a defense entity's entering into international joint ventures and transferring certain technology to the approval of the IMOD.

Procurement Regulations

Solicitations for procurements by governmental purchasing agencies in Israel, are governed by laws, regulations and procedures such as those relating to procurement integrity, including avoiding conflicts of interest and corruption, and meeting information assurance and cyber-security requirements.

Anti-Bribery/Corruption Regulations

Laws and regulations such as the Israel Penal Code and corresponding legislation in other countries prohibit providing personal benefits or bribes to government officials in connection with the governmental procurement process.

RISK FACTORS

The risks described below are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also materially and adversely affect the business operations. If any of these risks actually occurs, the business and financial condition could suffer, and the price of the Common Shares could decline.

Risks Related to the Company's Financial Position and Capital Requirements

The Company has incurred significant losses and there can be no assurance when, or if, the Company will achieve or maintain profitability.

The Company realized a net loss of approximately $39.8 million for the year ended December 31, 2021 and $7.2 million for the year ended December 31, 2020. The Company has an accumulated deficit of $51 million as of December 31, 2021. Because of the numerous risks and uncertainties associated with the provision of the Company's maintenance services and sale and development of the Company's products, the Company is unable to predict the extent of any future losses or when the Company will become profitable, if at all. Expected future operating losses will have an adverse effect on the Company's cash resources, shareholders' equity and working capital. The Company's failure to become and remain profitable could depress the value of the Common Shares and impair the Company's ability to raise capital, expand its business, maintain its development efforts, or continue its operations. A decline in the Company's value could also cause a holder of Common Shares to lose all or part of such holder's investment in the Company.

The Company expects that it will need to raise additional capital to meet the Company's business requirements in the future, which is likely to be

challenging, could be highly dilutive and may cause the market price of the Common Shares to decline.

Based on the Company's projected cash flows and the cash balances as of the date of this AIF, the Company believes that it has sufficient cash to fund the Company's obligations for at least the next twelve months. However, in order to meet the Company's business objectives in the future, the Company expects that the Company will need to raise additional capital, which may not be available on reasonable terms or at all.

Additional capital would be used to accomplish the following:

- finance the Company's current operating expenses;
- pursue growth opportunities;
- hire and retain qualified management and key employees;
- respond to competitive pressures;
- comply with regulatory requirements;
- maintain compliance with applicable laws; and
- acquire complementary businesses and technologies.

Conditions in the capital markets are such that traditional sources of capital may not be available to the Company when needed or may be available only on unfavorable terms. The Company's ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions, the impact of the COVID-19 pandemic and a number of other factors, many of which are outside the Company's control, and on its financial performance. Accordingly, the Company cannot assure that the Company will be able to successfully raise additional capital at all or on terms that are acceptable to the Company. If the Company cannot raise additional capital when needed, it may have a material adverse effect on the Company's business, results of operations and financial condition.

To the extent that the Company raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities could result in substantial dilution for the Company's current shareholders. The terms of any securities issued by the Company in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of the Company's securities then-outstanding. The Company may issue additional Common Shares or securities convertible into or exchangeable or exercisable for the Common Shares in connection with hiring or retaining personnel, option or warrant exercises, future acquisitions or future placements of the Company's securities for capital-raising or other business purposes. The issuance of additional securities, whether equity or debt, by the Company, or the possibility of such issuance, may cause the market price of the Common Shares to decline and existing shareholders may not agree with the Company's financing plans or the terms of such financings. In addition, the Company may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The Company may also be required to recognize non-cash expenses in connection with certain securities the Company issues, such as convertible notes and warrants, which may adversely impact the Company's financial condition. Furthermore, any additional debt or equity financing that the Company may need may not be available on terms favorable to the Company, or at all. If the Company is unable to obtain such additional financing on a timely basis, the Company may have to curtail its development activities and growth plans and/or be forced to sell assets, perhaps on unfavorable terms, or the Company may have to cease its operations, which would have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Related to the Company and the Company's Business

The Company's business is subject to risks arising from a widespread outbreak of an illness or any other communicable disease, or any other public health crisis, such as the COVID-19 pandemic, which has impacted and could continue to impact the business.

In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to Israel and the United States, and infections have been reported globally. Many countries around the world, including in Israel, have significant governmental measures implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. The nature of the Company's work in Israel is such that the Company is considered an essential service industry, and therefore, is generally able to continue all of its operations in Israel with little disruption. The Company implemented remote working and work-place protocols for its employees in accordance with Israeli government requirements. Nevertheless, the COVID-19 pandemic has resulted in delays in receiving service orders from customers which has resulted in a decrease in revenues in recent periods. The extent to which COVID-19 continues to impact the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain COVID-19 or treat its impact.

The market for the Company's retail automation and civilian technology is new and unproven, may experience limited growth.

While the Company's maintenance services are currently the main source of revenue, the Company's strategy for growth is based on the market penetration of the Company's retail automation solutions and the adaptation of the Company's military technology and knowhow for civilian use, which are relatively new and unproven and are subject to a number of risks and uncertainties. The Company believes that the Company's future

success will depend in large part on market adoption of the retail automation solutions and civilian technology. In order to grow the Company's business, the Company intends to educate the market on the technology, expand the functionality of the Company's products and bring new products to market to increase market acceptance and use the technology. The Company's ability to develop and expand the market that the Company's products address depends upon a number of factors, including the cost savings, performance and perceived value associated with such products. The various markets for the Company's products could fail to develop or there could be a reduction in interest or demand for its products as a result of a lack of consumer acceptance, technological challenges, competing products and services, weakening economic conditions and other causes. The Company may never successfully commercialize its products and if the products fail to achieve market acceptance, this would have a material adverse effect on the Company's business, results of operations and financial condition.

Failure to effectively develop and expand the Company's sales and marketing capabilities could harm the ability to grow the business and achieve broader market acceptance of the Company's products.

The Company's ability to achieve customer adoption of its retail automation solutions and civilian technology will depend, in part, on the ability to effectively establish, focus and train a sales and marketing force. The Company's Cust2Mate retail automation solution only recently entered the commercialization phase while the Company's military products are still in the process of being adapted for civilian use. The Company's ability to achieve significant revenue growth in the future will depend, in part, on the Company's ability to recruit, train and retain a sufficient number of experienced sales professionals. In addition, even if the Company is successful in hiring qualified sales personnel, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at new markets. Because the Company only recently started sales efforts for the retail automation solutions, the Company cannot predict whether, or to what extent, the sales efforts will be successful.

The Company expects the sales cycle to be long and unpredictable and require considerable time and expense before executing a customer agreement, which may make it difficult to project when, if at all, the Company will obtain new customers and when the Company will generate revenue from those customers.

As the Company seeks adoption of its products, the Company expects to incur higher costs and long sales cycles, especially as a result of the COVID-19 pandemic. In both the retail automation and civilian technology market, the decision to adopt the Company's products may require the approval of multiple technical and business decision makers, including security, compliance, procurement, operations and information technology. In addition, the Company expects that while a customer may be willing to deploy the Company's products on a limited basis, before they will commit to deploying the products at scale, they will require extensive education about the Company's products and significant customer support time, engage in protracted pricing negotiations and seek to secure readily available development resources. As a result, it is difficult to predict when the Company will obtain new customers and begin generating revenue from these customers. As part of the sales cycle, the Company may incur significant expenses before executing a definitive agreement with a prospective customer and before the Company is able to generate any revenue from such agreement. The Company has no assurance that the substantial time and money spent on the sales efforts will generate significant revenue. If conditions in the marketplace generally or with a specific prospective customer change negatively, it is possible that no definitive agreement will be executed, and the Company will be unable to recover any of these expenses. If the Company is not successful in targeting, supporting and streamlining the sales processes and if revenue expected to be generated from a prospective customer is not realized in the time period expected or not realized at all, the Company's ability to grow its business, and its operating results and financial condition may be adversely affected. If the sales cycles lengthen, the Company's future revenue could be lower than expected, which would have an adverse impact on the operating results and could cause the Company's share price to decline.

If the Company is not able to enhance the brand and increase market awareness of the Company and products, then the business, results of operations and financial condition may be adversely affected.

The Company believes that enhancing the "A2Z" and "Cust2Mate" brand identity and increasing market awareness of the Company and products is critical to achieving widespread acceptance of the Company's products. The Company's ability to penetrate its target markets may be adversely affected by a lack of awareness or acceptance of the brand. To the extent that the Company is unable to foster name recognition and affinity for the brand, the growth may be significantly delayed or impaired. The successful promotion of the Company's brand will depend largely on the marketing efforts, market adoption of the products, and the ability to successfully differentiate the Company's products from competing products and services. The Company's brand promotion may not be successful or result in revenue generation. Any incident that erodes consumer affinity for the brand could significantly reduce the brand value and damage the Company's business. If consumers perceive or experience a reduction in quality, or in any way believe the Company may fail to deliver a consistently positive experience, the brand value could suffer, and the business may be adversely affected.

If the Company does not develop enhancements to the technology and introduce new products that achieve market acceptance, the business, results of operations and financial condition could be adversely affected.

The Company's ability to attract new customers depends in part on the ability to enhance and improve the existing technology, increase adoption and usage of the solutions and introduce new products. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, and overall market acceptance. Enhancements and new products that the Company develops may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with other products or may not achieve the broad market acceptance necessary to generate significant revenue. Furthermore, the ability to increase the usage of the Company's solutions and technology depends, in part, on the development of new use cases and may be outside of the Company's control. If the Company is unable to successfully enhance the existing solutions and technology to meet evolving customer requirements, increase adoption and usage, develop new products, then the business, results of operations and financial condition would be adversely affected.

The technology markets in which the Company competes are both subject to rapid technological change and, to compete, the Company must continually enhance its products and services.

The Company must continue to enhance and improve the performance, functionality and reliability of its technology. The technology markets in which the Company competes are characterized by rapid technological change, changes in user requirements and preferences, frequent new product and services introductions embodying new technologies and the emergence of new industry standards and practices that could render its products obsolete. The Company's success will depend, in part, on the ability to both internally develop and enhance existing technology, develop new products that address the increasingly sophisticated and varied needs of the Company's customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of the Company's technology involves significant technical and business risks. The Company may fail to use new technologies effectively or to adapt its proprietary technology and systems to customer requirements or emerging industry standards. If the Company is unable to adapt to changing market conditions, customer requirements or emerging industry standards, the Company may not be able to increase its revenue and expand its business.

The Company depends on a relatively small number of customers for the maintenance services, the main source of the Company's current revenues; the loss of one or more of whom may have a material adverse effect on the Company's operating results.

Currently, a relatively small number of customers are responsible for a significant portion of the Company's revenues. During the years ended December 31, 2021 and December 31, 2020, the Company's four largest customers constituted 92% and 71% of the total revenues, respectively, with the Company's largest customer constituting 39% and 61% of the total revenues, respectively. The percentage of the Company's sales to the Company's major customers may fluctuate from period to period, and the Company's principal customers may also vary from year to year. Significant reduction in sales to any of the major customers, or the loss of a major customer, could have a material adverse effect on the results of operations and financial condition.

The Company's growth depends, in part, on the success of the strategic relationships with third parties.

To grow the business, the Company anticipates that the Company will continue to depend on relationships with third parties, such as the Company's customers, suppliers and software providers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. If the Company is unsuccessful in establishing or maintaining its relationships with third parties, the Company's ability to compete in the marketplace or to grow the Company's revenue could be impaired, and the results of operations may suffer. Even if the Company is successful, the Company cannot assure you that these relationships will result in increased customer usage of the products or increased revenue.

The Company's future profitability depends, in part, on subcontractor and supplier performance and financial viability as well as component availability and pricing.

The Company relies on other companies to provide components and subsystems for its technology and to produce hardware elements and sub-assemblies, provide software and intellectual property, provide information about the parts they supply to the Company, and to do so in compliance with all applicable laws, regulations and contract terms. Disruptions or performance problems caused by the Company's subcontractors and suppliers, or a misalignment between the Company's contractual obligations and the agreement with its subcontractors and suppliers, could have various impacts on the Company, including on the ability to meet the Company's commitments to customers.

The Company's ability to perform its obligations on time could be adversely affected if one or more of the Company's subcontractors or suppliers were unable to provide the agreed-upon products, materials or information, or perform the agreed-upon services in a timely, compliant and cost-effective manner or otherwise to meet the requirements of the contract. Changes in political or economic conditions, including changes in defense budgets or credit availability or sanctions, or other changes impacting a subcontractor or supplier (including changes in ownership or operations), as well as their ability to retain talent and other resources, and requirements or changes in requirements imposed on them by other customers, could adversely affect the financial stability of the Company's subcontractors and suppliers and/or their ability to perform. The inability of the Company's suppliers to perform, or their inability to perform adequately, could also result in the need for the Company to transition to alternate suppliers, which could result in significant incremental cost and delay or the need for the Company to provide other resources to support its existing suppliers. This risk may increase as the demands grow for the Company's subcontractors and suppliers to meet extensive government-related cyber and other requirements.

If the Company's subcontractors or suppliers fail to perform or the Company is unable to procure, or experience significant delays in deliveries of, needed products, materials or services; or if they do not comply with all applicable laws, regulations, requirements and contract terms, including if what the Company received is counterfeit or otherwise improper, the Company's financial position, results of operations and/or cash flows could be materially adversely affected.

Revenues from the Company's military products are subject to cyclical variations in the military market and changes in government spending.

The Company has historically derived its revenues for the military products directly or indirectly from government agencies, mainly the IMOD, and other governmental authorities in Israel, pursuant to contracts awarded to the Company under defense and homeland security-related programs. The funding of these programs varies from year to year and are influenced by a variety of factors, including the level of government spending, particularly in the local market in Israel, major replacement programs, the construction, the quality and cost of alternative products and other political events and macro-economic conditions that are beyond the Company's control. In recent years, IMOD budgets have not been dedicated to purchasing military products from the Company due in part to changes in regulations that require the IMOD to make purchases for equivalent products from suppliers in the United States. To the extent that the Company is awarded contracts for the sale of its military products in the future, if future government spending is subsequently curtailed or withdrawn altogether as a result of changes in political, economic, fiscal or other conditions beyond the Company's control, such contracts may be delayed or cancelled, which may have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

Information technology system failures or breaches of the Company's network security could interrupt the operations and adversely affect the business.

The Company's operations depend upon the ability to protect the Company's computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of the computer systems or network infrastructure that causes an interruption in the operations could have a material adverse effect on the business and subject the Company to litigation or actions by regulatory authorities. Although the Company employs both internal resources and external consultants to conduct auditing and testing for weaknesses in the systems, controls, firewalls and encryption and intend to maintain and upgrade the Company's security technology and operational procedures to prevent such damage, breaches or other disruptive problems, there can be no assurance that these security measures will be successful.

Real or perceived errors, failures, or bugs in the technology could adversely affect the Company's operating results and growth prospects.

The Company has discovered and expects that the Company will continue to discover errors, failures and bugs in its technology and anticipate that certain of these errors, failures and bugs will only be discovered and remediated after deployment. Real or perceived errors, failures or bugs in the platform could result in negative publicity, government inquiries, loss of or delay in market acceptance of the Company's technology, loss of competitive position, or claims by customers for losses sustained by them. In such an event, the Company may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem.

The Company could be harmed by improper disclosure or loss of sensitive or confidential Company, employee, or customer data, including personal data.

In connection with the operation of the business, the Company stores, processes and transmits data, including personal and payment information, about the Company's employees and customers, a portion of which is confidential and/or personally sensitive. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through the information systems, whether by the Company's employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs. Such disclosure, loss or breach could harm the Company's reputation and subject the Company to government sanctions and liability under the contracts and laws that protect sensitive or personal data and confidential information, resulting in increased costs or loss of revenues. It is possible that security controls over sensitive or confidential data and other practices the Company and its third-party vendors follow may not prevent the improper access to, disclosure of, or loss of such information. The potential risk of security breaches and cyberattacks may increase as the Company introduces new products and offerings. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which the Company provides services. Any failure or perceived failure to successfully manage the collection, use, disclosure, or security of personal information or other privacy related matters, or any failure to comply with changing regulatory requirements in this area, could result in legal liability or impairment to the Company's reputation in the marketplace.

A material breach in security relating to the Company's information systems and regulation related to such breaches could adversely affect the Company.

Information security risks have generally increased in recent years, in part because of the proliferation of new technologies and the use of the Internet, and the increased sophistication and activity of organized crime, hackers, terrorists, activists, cybercriminals and other external parties, some of which may be linked to terrorist organizations or hostile foreign governments. Cybersecurity attacks are becoming more sophisticated and include malicious software, ransomware, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data, substantially damaging the Company's reputation. Any person who circumvents the security measures could steal proprietary or confidential customer information or cause interruptions in the Company's operations. The Company incurs significant costs to protect against security breaches and may incur significant additional costs to alleviate problems caused by any breaches. The Company's failure to prevent security breaches, or well-publicized security breaches affecting the Internet in general, could significantly harm the Company's reputation and business and financial results.

The Company's contracts may contain performance obligations that require innovative design capabilities, are technologically complex, require state-of-the-art manufacturing expertise or are dependent upon factors not wholly within the Company's control. Failure to meet the contractual obligations could adversely affect the Company's profitability, reputation and future prospects.

The Company designs and develops advanced and innovative products and services, which are applied by the customers in a variety of environments, including some under highly demanding operating conditions. Problems and delays in development or delivery, or system failures, as a result of issues with respect to design, technology, intellectual property rights, labor, inability to achieve learning curve assumptions, inability to manage effectively a broad array of programs, manufacturing materials or components, or subcontractor performance could prevent the Company from meeting requirements and create significant risk and liabilities. Similarly, failures to perform on schedule or otherwise to fulfill the contractual obligations could negatively impact the Company's financial position, reputation and ability to win future business. If the Company is unable to meet its obligations, including due to issues regarding the design, development or manufacture of the products or services, it could have a material adverse effect on the Company's reputation, the ability to compete for other contracts and the financial position, results of operations and/or cash flows.

The Company's insurance coverage, customer indemnifications or other liability protections may be unavailable or inadequate to cover all of the significant risks or the insurers may deny coverage of or be unable to pay for material losses the Company incurs, which could adversely affect the Company's profitability and overall financial position.

The Company endeavors to obtain insurance agreements from financially solid, responsible, highly rated counterparties in established markets to cover significant risks and liabilities. Not every risk or liability can be insured, and for risks that are insurable, the policy limits and terms of coverage reasonably obtainable in the market may not be sufficient to cover all actual losses or liabilities incurred. Even if insurance coverage is available, the Company may not be able to obtain it at a price or on terms acceptable to the Company. Disputes with insurance carriers, including over policy terms, reservation of rights, the applicability of coverage (including exclusions), compliance with provisions (including notice) and/or the insolvency of one or more of the insurers may significantly affect the availability or timing of recovery, and may impact the Company's ability to obtain insurance coverage at reasonable rates in the future.

In some circumstances the Company may be entitled to certain legal protections or indemnifications from its customers through contractual provisions, laws, regulations or otherwise. However, these protections are not always available, can be difficult to obtain, are typically subject to certain terms or limitations, including the availability of funds, and may not be sufficient to cover all losses or liabilities incurred. If insurance coverage, customer indemnifications and/or other legal protections are not available or are not sufficient to cover the risks or losses, it could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company develops products and services related to hazardous and high-risk operations, which subjects the Company to various environmental, regulatory, financial, reputational and other risks.

The Company's military line of products are used in hazardous and high-risk operations and may involve explosive and flammable materials. These activities subject the Company to various risks, including risk of personal injury and property damage. The Company may be subject to reputational harm and potential liabilities whether or not the cause was within the Company's control. In addition, the Company's customers may otherwise use the products and services in connection with hazardous activities, or in ways that can be unusually hazardous or risky, creating potential liabilities to the customers and/or the Company as the provider of such products and services. In the event of an incident, if the Company's customers fail to use the products properly or if the products or services do not operate as intended, the Company could be subject to reputational harm and potential liabilities.

The Company may not be able to adequately protect its intellectual property, which, in turn, could harm the value of the brands and adversely affect the business.

Patent applications in prosecuting have no guarantee that they will be granted, or if granted that the scope of protection will be adequate. A Freedom to Operate search has not been performed and there is no guarantee that the company is not infringing other patents. The Company's ability to implement the business plan successfully depends in part on the ability to build brand recognition using the Company's trademarks, service marks and other proprietary intellectual property, including the Company's names and logos. The Company currently has no registered trademarks. While the Company plans to register a number of its trademarks; however, no assurance can be given that the Company's trademark applications will be approved. No assurance can be given that the Company's patent applications which are in process will be approved. If the Company's patent applications are not approved, the ability to expand or develop the business may be negatively affected.

Third parties may also oppose the Company's trademark or patent applications, or otherwise challenge the use of the trademarks or patents. In the event that the trademarks or patents are successfully challenged, the Company could be forced to rebrand its goods and services or redesign its technology, which could result in loss of brand recognition, and could require the Company to devote resources to advertising and marketing new brands and products.

If the Company's efforts to register, maintain and protect its intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes on the intellectual property, the value of the Company's brands may be harmed, which could have a material adverse effect on the business and might prevent the Company's brands from achieving or maintaining market acceptance. The Company may also face the risk of claims that the Company have infringed third parties' intellectual property rights. If third parties claim that the Company infringes upon their intellectual property rights, the Company's operating profits could be adversely affected. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require the Company to rebrand its services, if feasible, divert management's attention and resources or require the Company to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property.

Any royalty or licensing agreements, if required, may not be available to the Company on acceptable terms or at all. A successful claim of infringement against the Company could result in the Company being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on the operating profits and harm the Company's future prospects.

The Company also relies significantly upon proprietary technology, information, processes and know-how. The Company typically seeks to protect this information, including by entering into confidentiality agreements with its employees and other parties such as consultants, teammates and subcontractors. These agreements and other measures may not provide adequate protection for the Company's trade secrets and other proprietary information. In the event of an infringement of such intellectual property rights, a breach of a confidentiality agreement, a misuse or theft of the Company's intellectual property or divulgence of proprietary information, the Company may not have adequate legal remedies. In addition, the Company's trade secrets, or other proprietary information may otherwise become known or be independently developed by competitors.

If the Company is unable to adequately exploit its intellectual property rights, to protect its intellectual property rights, or to obtain rights to intellectual property of others, it could have a material adverse effect on the Company's reputation, ability to compete for and perform on contracts, financial position, results of operations and/or cash flows.

The Company may face intense competition and expect competition to increase in the future, which could prohibit the Company from developing a customer base and generating revenue.

The Company faces significant competition in every aspect of the business. Many companies that the Company competes with may already have an established market in the industries in which the Company competes and most of these companies have significantly greater financial and other resources than the Company and have been developing their products and services longer than the Company has been developing theirs. In addition, some of the Company's larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages potential customers from purchasing the Company's products. Potential customers may also prefer to purchase from their existing solution providers rather than a new solution provider regardless of product performance or features. These larger competitors often have broader product lines and market focus and will therefore not be as susceptible to downturns in a particular market. Conditions in the Company's market could change rapidly and significantly as a result of technological advancements, partnering by the Company's competitors or continuing market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with the Company's products. In addition, some of the Company's competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and the loss of any future market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could harm the Company's ability to compete. Furthermore, organizations may be more willing to incrementally add solutions to their existing infrastructure from competitors than to replace their existing infrastructure with the Company's products. Any failure to meet and address these factors could harm the Company's business, results of operations and financial condition.

The Company's business operations and future development could be significantly disrupted if the Company loses key members of its management team.

The success of the business continues to depend to a significant degree upon the continued contributions of the Company's senior officers and key employees, both individually and as a group. The Company's future performance will be substantially dependent in particular on the ability to retain and motivate Bentsur Joseph, the Chief Executive Officer, senior officers or other key employees could have a material adverse effect on the business and plans for future development. The Company has no reason to believe that the Company will lose the services of any of these individuals in the foreseeable future; however, the Company currently has no effective replacement for any of these individuals due to their experience, reputation in the industry and special role in the Company's operations. The Company also does not maintain any key man life insurance policies for any of its employees.

The Company's ability to meet the needs of its customers depends, in part, on the Company's ability to maintain a qualified workforce.

The Company's operating results and growth opportunities are heavily dependent upon the ability to attract and retain sufficient personnel with security clearances and requisite skills in multiple areas, including science, technology, engineering and math. Additionally, as the Company grows its international business, it is increasingly important that the Company is able to attract and retain personnel with relevant local qualifications and experience. In addition, in a tightened labor market, the Company is facing increased competition for talent, both with traditional defense companies and commercial companies. If qualified personnel are scarce or difficult to attract or retain or if the Company experiences a high level of attrition, generally or in particular areas, or if such personnel are unable to obtain security clearances on a timely basis, the Company could experience higher labor, recruiting or training costs in order to attract and retain necessary employees.

If the Company is able to expand the operations, the Company may be unable to successfully manage its future growth.

The Company's growth may strain the Company's infrastructure and resources. Any such growth could place increased strain on the Company's management, operational, financial and other resources, and the Company will need to train, motivate, and manage employees, as well as attract management, sales, finance and accounting, international, technical, and other professionals. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with the Company's business objectives could have a material adverse effect on the business, results of operations and financial condition.

The Company may become subject to various investigations, claims, disputes, enforcement actions, litigation, arbitration and other legal proceedings that could ultimately be resolved against the Company.

The size, nature and complexity of the business make the Company susceptible to investigations, claims, disputes, enforcement actions, prosecutions, litigation and other legal proceedings, particularly those involving governments (including federal, state and outside the U.S.). The Company may become subject to investigations, claims, disputes, enforcement actions and administrative, civil or criminal litigation, arbitration or other legal proceedings globally and across a broad array of matters, including, but not limited to, government contracts, commercial transactions, false claims, false statements, antitrust, mischarging, contract performance, fraud, procurement integrity, products liability, privacy, warranty liability, the use of hazardous materials, personal injury claims, environmental, shareholder derivative actions, prior acquisitions and divestitures, intellectual property, tax, employees, export/import, anti-corruption, labor, health and safety, accidents, launch failures and employee benefits and plans, including plan administration, and improper payments. These matters could divert financial and management resources; result in administrative, civil or criminal fines, penalties or other sanctions (which terms include judgments or convictions and consent or other voluntary decrees or agreements), compensatory, treble or other damages, non-monetary relief or actions, or other liabilities; and otherwise harm the business and the Company's ability to obtain and retain awards. Government regulations provide that certain allegations against a contractor may lead to suspension or debarment from government contracts or suspension of export privileges for the company or one or more of its components. Suspension or debarment or criminal resolutions in particular could have a material adverse effect on the company

because of its reliance on government contracts and export authorizations. An investigation, claim, dispute, enforcement action or litigation, even if not substantiated or fully indemnified or insured, could also negatively impact the Company's reputation among its customers and the public, and make it substantially more difficult for the Company to compete effectively for business, obtain and retain awards or obtain adequate insurance in the future. Investigations, claims, disputes, enforcement actions, litigation or other legal proceedings could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company's reputation, the ability to do business and the Company's financial position, results of operations and/or cash flows may be impacted by the improper conduct of employees, agents, subcontractors, suppliers, business partners or joint ventures in which the Company participates.

The Company has implemented policies, procedures, and other compliance controls, and have negotiated terms designed to prevent misconduct by employees, agents or others working on the Company's behalf or with the Company that would violate the applicable laws of the jurisdictions in which the Company operates, including laws governing the protection of classified information, procurement integrity, information security and data privacy, or the terms of the Company's contracts. However, the Company cannot ensure that the Company will prevent all such misconduct committed by its employees, agents, subcontractors, suppliers, business partners or others working on the Company's behalf or with the Company. This risk of improper conduct may increase as the Company continues to expand globally and do business with new partners. Improper actions by those with whom or through whom the Company does business (including the Company's employees, agents, subcontractors, suppliers, business partners and joint ventures) could subject the Company to administrative, civil or criminal investigations and enforcement actions; monetary and non-monetary penalties; liabilities; and the loss of privileges and other sanctions, including suspension and debarment, which could negatively impact the Company's reputation and ability to conduct business and could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company may not generate the expected benefits of the acquisition of Cust2Mate and Isramat, and the acquisition of same could disrupt the Company's ongoing business, distract management and increase the Company's expenses.

The Company acquired a controlling interest in Cust2Mate and all of the issued and outstanding shares of Isramat with the expectation that the acquisition of such entities will result in various benefits. Achieving the anticipated benefits of the acquisition of Cust2Mate and Isramat is subject to a number of uncertainties, including whether the Company's business and the businesses of Cust2Mate and Isramat can be integrated in an efficient and effective manner. The Company may not be able to accurately forecast the performance or ultimate impact of the acquisition of Cust2Mate and Isramat. It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, additional and unforeseen expenses, the disruption of the Company's ongoing business, processes and systems, or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the Company's ability to achieve the anticipated benefits of the acquisition of Cust2Mate and Isramat. There may be increased risk due to integrating financial reporting and internal control systems. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits, expense savings and synergies will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the Company's future business, financial condition, operating results and prospects.

The success of the acquisition of Cust2Mate and Isramat, depends upon effective integration and management of the acquired business into the Company's operations, which is subject to risks and uncertainties, including realizing the anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention for other business concerns, and undisclosed or potential legal liabilities of the Cust2Mate and Isramat business or assets. The Company will be required to devote significant management attention and resources to integrate the business and operations of Cust2Mate and Isramat.

The Company may also in the future engage in further acquisitions to expand its product and service offerings. These acquisitions involve risks and uncertainties such as:

- the Company's pre-acquisition due diligence may fail to identify material risks;
- significant acquisitions may negatively impact the Company's financial results, including cash flow and financial liquidity;
- significant goodwill assets recorded on the Company's consolidated balance sheet from prior acquisitions are subject to impairment testing, and unfavorable changes in circumstances could result in impairment to those assets;
- acquisitions may result in significant additional unanticipated costs associated with price adjustments or write-downs;
- the Company may not integrate newly acquired businesses and operations in an efficient and cost-effective manner;
- relocation or combination of facilities of acquired businesses may be more costly or time consuming than planned;
- the Company may fail to achieve the strategic objectives, synergies, cost savings and other benefits expected from acquisitions;
- the technologies acquired may not prove to be those needed to be successful in the Company's markets or may not have adequate intellectual property rights protection;

- the Company may assume significant liabilities and exposures that exceed the enforceability or other limitations of applicable indemnification provisions, if any, or the financial resources of any indemnifying parties, including indemnity for tax or regulatory compliance issues, such as anti-corruption and environmental compliance, that may result in the Company incurring successor liability;

- the Company may fail to retain key employees of the acquired businesses;

- the attention of senior management may be diverted from its existing operations;

- the Company may be exposed to potential shareholder claims if the Company acquires a significant interest in a publicly traded company; and

- the Company could be subject to more restrictive regulations by the local authorities after the acquisition, including regulations relating to foreign ownership of, and export authorizations for, local companies.

The Company cannot assure that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, and such risks could have a material adverse effect on the Company's financial condition and results of operation.

If the Company expands its operations into and other parts of the world, the Company will face certain additional risks and challenges.

The Company may expand its operations into other jurisdictions around the world as part of the Company's business expansion plans, which will subject the Company to a variety of risks, including fluctuations in foreign currencies, changes in the economic strength or greater volatility in the economies of foreign countries in which the Company does business, difficulties in enforcing contractual rights and intellectual property rights, compliance burdens associated with export and import laws, theft or vandalism, economic instability, taxes or government royalties by foreign governments, adverse changes in the regulatory environments, including in tax laws and regulations, of the foreign countries in which the Company does business, compliance with anti-corruption and anti-bribery laws, restrictions on the withdrawal of foreign investments, the ability to identify and retain qualified local managers and the challenge of managing a culturally and geographically diverse operation. The Company cannot guarantee compliance with all applicable laws and regulations, and violations could result in substantial fines, sanctions, civil or criminal penalties, competitive or reputational harm, litigation or regulatory action and other consequences that might adversely affect the Company's results of operations.

Risks Related to the Company's Operations in Israel

The Company's principal offices and customers are located in Israel and, therefore, the business, financial condition and results of operation may be adversely affected by political, economic and military instability in Israel.

The Company's principal offices and customers are located in Israel. In addition, all of the Company's employees and officers, and one of the directors, are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect the business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect the Company's operations and results of operations.

During the Second Lebanon War of 2006, between Israel and Hezbollah, a militant Islamic movement, rockets were fired from Lebanon into Israel, including into the Haifa area, where the Company's facility is located, causing casualties and major disruption of economic activities in northern Israel. An escalation in tension and violence between Israel and the militant Hamas movement (which controls the Gaza Strip) and other Palestinian Arab groups, culminated with Israel's military campaign in Gaza in December 2008, in November 2012 and again in July and August 2014 in an endeavor to prevent continued rocket attacks against Israel's southern towns, as well as other tension and violence between Israel and Palestinian Arab groups and individuals. It is unclear whether any negotiations that may occur between Israel and the Palestinian Authority will result in an agreement. In addition, Israel faces threats from more distant neighbors, in particular, Iran, an ally of Hezbollah and Hamas, and the militant group known as the Islamic State of Iraq and Syria.

Popular uprisings in various countries in the Middle East and North Africa are affecting the political stability of those countries. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and these countries. Furthermore, several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in the region continue or intensify. Such restrictions may seriously limit the Company's ability to sell its products to customers in those countries. Similarly, Israeli corporations are limited in conducting business with entities from several countries. Parties with whom the Company may do business could decline to travel to Israel during periods of heightened unrest or tension. In addition, the political and security situation in Israel may result in parties with whom the Company may have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. In addition, any hostilities involving Israel could have a material adverse effect on the Company's facilities including the corporate office or on the facilities of the Company's local suppliers, in which event all or a portion of the Company's inventory may be damaged, and the ability to deliver products to customers could be materially adversely affected.

Furthermore, the war and terrorism insurance the Company maintains may not be adequate to cover the losses associated with armed conflicts and terrorist attacks. Although the Israeli government in the past covered the reinstatement value of certain damages that were caused by terrorist attacks or acts of war, the Company cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate the Company fully for damages incurred. Any losses or damages incurred by the Company could have a material

adverse effect on the business.

Any hostilities involving Israel, terrorist activities or political instability in the region or the interruption or curtailment of trade between Israel and its present trading partners, or significant downturns in the economic or financial condition of Israel, could adversely affect the Company's operations and product development, cause the Company's revenues to decrease and adversely affect the share price.

The Company's operations may be disrupted as a result of the obligation of management or key personnel to perform military service.

The Company's operations could also be disrupted by the obligations of personnel to perform military service. Some of the Company's employees and independent contractors may be called upon to perform up to 54 days in each three-year period (and in the case of military officers, up to 84 days in each three-year period) of military reserve duty until they reach the age of 40 (and in some cases, depending on their specific military profession up to 45 or even 49 years of age) and, in certain emergency circumstances, may be called to immediate and unlimited active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists and it is possible that there will be similar large-scale military reserve duty call-ups in the future. The Company's operations could be disrupted by the absence of a significant number of employees related to military service, which could materially adversely affect the business and results of operations.

It may be difficult to enforce a judgment of a Canadian court against the Company, certain of the Company's officers and directors or the Israeli experts named in this AIF are in Israel, to assert Canadian securities laws claims in Israel or to serve process on certain of the officers and directors and these experts.

The Company is incorporated in Canada. Other than Alan Rootenberg, all of the executive officers and directors reside in Israel, and substantially all of the Company's assets and a substantial portion of the assets of these persons are located in Israel. Therefore, a judgment obtained against the Company, or any of these persons, including a judgment based on the civil liability provisions of Canadian securities laws, may not be collectible in the Canada and may not be enforced by an Israeli court. It also may be difficult to effect service of process on these persons in Israel or to assert Canadian securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws on the grounds that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian. law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against the Company in Israel, one may not be able to collect any damages awarded by either a Canadian or foreign court.

The Company may become subject to claims for payment of compensation for assigned service inventions by the Company's current or former employees, which could result in litigation and adversely affect the business.

Under the Israeli Patents Law, 5727-1967, or the Patents Law, inventions conceived by an employee during the scope of his or her employment are regarded as "service inventions" and are owned by the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. Section 134 of the Patents Law provides that if no agreement between an employer and an employee exists that prescribes whether, to what extent, and on what conditions the employee is entitled to remuneration for his or her service inventions, then such matters may, upon application by the employee, be decided by a government-appointed compensation and royalties committee established under the Patents Law, or the Committee. Although the Company's employees have agreed to assign to the Company all rights to any intellectual property created in the scope of their employment and most of the current employees, including all those involved in the development of the Company's intellectual property, have agreed to waive their economic rights with respect to service inventions, the Company cannot assure you that claims will not be brought against the Company by current or former employees demanding remuneration in consideration for assigned service inventions. If any such claims were filed, the Company could potentially be required to pay remuneration to the Company's current or former employees for such assigned service inventions, or be forced to litigate such claims, which could negatively affect the business.

Israeli law may delay, prevent or impact acquisition of the Company's controlling interest.

Israeli legislation regarding the domestic defense industry requires Israeli government approval of an acquisition of a 25% or more equity interest (or a smaller percentage that constitutes a "controlling interest") in companies such as A2Z. Such approval may be subject to additional conditions relating to transfers of ownership. This could limit the ability of a potential purchaser to acquire a significant interest in the Company's shares. In addition, the Israel Companies Law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. These provisions could delay, prevent or impede an acquisition of the Company, even if such an acquisition would be considered beneficial by some of the Company's shareholders.

Risks Related to the Common Shares

A more active, liquid trading market for the Common Shares may not develop, and the price of the Common Shares may fluctuate significantly.

Although the Common Shares are listed on the TSXV, NASDAQ, the FSE and OTCQX® Best Market, it has only been traded on such platforms for a relatively short period of time. There has been relatively limited trading volume in the market for the Common Shares, and a more active, liquid public trading market may not develop or may not be sustained. Limited liquidity in the trading market for the Common Shares may adversely affect a shareholder's ability to sell its Common Shares at the time it wishes to sell them or at a price that it considers acceptable. If a more active, liquid public trading market does not develop, the Company may be limited in its ability to raise capital by selling Common Shares and the Company's ability to acquire other companies or assets by using Common Shares as consideration. In addition, if there is a thin trading market or "float" for the Common Shares, the market price for the Common Shares may fluctuate significantly more than the stock market as a

whole. Without a large float, the Common Shares would be less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of the Common Shares may be more volatile, and it would be harder to liquidate any investment in the Common Shares. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of the Common Shares could fluctuate widely in response to several factors, including:

- the Company's quarterly or annual operating results;
- changes in the Company's earnings estimates;

- investment recommendations by securities analysts following the Company's business or the industry;
- additions or departures of key personnel;
- changes in the business, earnings estimates or market perceptions of the Company's competitors;
- the Company's failure to achieve operating results consistent with securities analysts' projections;
- changes in industry, general market or economic conditions;
- announcements of legislative or regulatory changes; and
- natural disasters and political and economic instability, including wars, terrorism, political unrest, results of certain elections and votes, emergence of a pandemic, or other widespread health emergencies (or concerns over the possibility of such an emergency, including for example, the COVID-19 pandemic), boycotts, adoption or expansion of government trade restrictions, and other business restrictions.

The stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies. The changes often appear to occur without regard to specific operating performance. The price of the Common Shares could fluctuate based upon factors that have little or nothing to do with the Company and these fluctuations could materially reduce the share price.

Concentration of ownership of the Common Shares may enable one shareholder or a small number of shareholders to significantly influence matters requiring shareholder approval.

As of the date of this AIF, members of the Company's management team beneficially own approximately 27.95% of the issued and outstanding Common Shares, of which 27.16% are beneficially owned by Bentsur Joseph, the Company's Chief Executive Officer. As a result, Mr. Joseph may have the ability to control substantially all matters submitted to the shareholders for approval including:

- election of the board of directors;
- removal of any of the directors;
- amendment of the articles; and
- adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination involving the Company.

In addition, the above ownership composition may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could reduce the share price or prevent the Company's shareholders from realizing a premium over the share price. Any additional investors will own a minority percentage of the Common Shares and will have minority voting rights.

Sales by the Company's shareholders of a substantial number of the Common Shares in the public market could adversely affect the market price of the Common Shares.

A substantial portion of the total outstanding shares may be sold into the market at any time. A substantial portion of these shares are held by Mr. Joseph, the Company's Chief Executive Officer. Although the Company believes that Mr. Joseph has no current intention to sell a significant number of Common Shares, the Company cannot provide any such assurance. If Mr. Joseph was to decide to sell large amounts of Common Shares over a short period of time (presuming such sales were permitted) such sales could cause the market price of the Common Shares to drop significantly, even if the business is doing well. Further, the market price of the Common Shares could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and price that the Company deems appropriate.

The exercise of outstanding warrants and options will have a dilutive effect on the percentage ownership of the Common Shares by existing shareholders.

As of the date of this AIF, the Company had outstanding warrants to acquire 5,486,560 of Common Shares and options to purchase 820,010 Common Shares. Warrants and options are exercisable for prices ranging between $1.18 and $9.33. The expiration of the term of such options

and warrants ranges from January 23, 2023 to October 28, 2026. If a significant number of such warrants and stock options are exercised by the holders, the percentage of Common Shares owned by the Company's existing shareholders will be diluted.

The Common Shares will be traded on more than one market and this may result in price variations.

The Common Shares have been trading on the TSXV, NASDAQ, the FSE and OTCQX® Best Market. Trading in the Common Shares on these markets will take place in different currencies and at different times, resulting from different trading days and different public holidays. The trading prices of the Common Shares on these markets may differ due to these and other factors. Any decrease in the price of the Common Shares on one market could cause a decrease in the trading price of the Common Shares on another market.

DIVIDENDS

The Company has never declared or paid cash dividends on its Common Shares. Any future dividend payment will be made at the discretion of the Board, and will depend upon, among other factors, earnings, capital requirements, the Company's financial needs to fund its operations and its future growth, and any other factor that the Board deems necessary to consider in the circumstances.

DESCRIPTION OF SHARE CAPITAL

At the date of this AIF, the following securities were outstanding:

Common Shares	**27,149,364**
Options issued to directors, officers and consultants	**820,010**
Warrants	**5,486,560**
Common Shares outstanding on a fully diluted basis	**33,455,934**

Common Shares

The authorized share capital of the Company consists of one class of an unlimited number of Common Shares without par value. In accordance with the Company's articles, each Common Share is entitled to an equal number of votes (one vote per Common Share) and equal, pro rata rights on all distributions and any dividends. There are no special rights or restrictions, such as pre-emptive rights, attached to any of the outstanding Common Shares that were issued to any of the Company's shareholders.

MARKET FOR SECURITIES

Trading Price and Volume

The following table sets forth, for the periods indicated, the reported price range (high and low closing prices), and the aggregate volume of trading of the Common Shares on the TSXV during each month of the financial year ended December 31, 2021 as well as the periods up to the date of this AIF:

Month	High (CAD$)	Low (CAD$)	Volume
January 2021	3.57	2.19	781,046
February 2021	15.00	3.75	2,699,756
March 2021	4.52	2.10	534,591
April 2021	13.56	6.30	1,829,847
May 2021	10.05	8.43	589,990
June 2021	15.00	8.94	1,043,600
July 2021	12.00	7.56	473,710
August 2021	8.34	5.76	685,700
September 2021	10.01	6.43	284,362
October 2021	10.10	7.46	330,288
November 2021	10.65	8.40	310,923
December 2021	14.40	7.97	416,474
January 2022	14.00	6.00	101,560
February 2022	8.88	6.81	2,699,756
March 2022	8.50	6.82	28,864

The Common Shares commenced trading on the NASDAQ under the symbol **"AZ"** on January 5, 2022. The following table sets forth, for the periods indicated, the reported high and low prices and the trading volume of the Common Shares on the NASDAQ:

Month	High ($)	Low ($)	Volume
January 2022	5.80	5.58	1,261,879

February 2022	6.48	5.72	980,100
March 2022	6.74	5.15	713,319

Prior Sales

The following table sets forth the securities of the Company outstanding but not listed or quoted on a marketplace, which were issued during the year ended December 31, 2021:

Date of Issuance	Security	Number of Securities/Aggregate Principal Amount	Issue / Exercise / Conversion Price (CAD)	Reason for Issuance
January 28, 2021	Options	33,333	$ 3.00	Option grant[1]
April 9, 2021	Warrants	221,100	$ 11.04	Private placement[2]
June 3, 2021	Warrants	1,084,562	$ 11.04	Private placement[3]
October 28, 2021	Options	16,677	$ 8.00	Option grant[4]

Notes:

(1) On January 28, 2021, the Company granted 33,333 options to a consultant, with the following vesting terms: 11,111 options vest immediately, 11,111 options vest 6 months after grant date, and 11,111 options vest 12 months after grant date.
(2) On April 9, 2021, the Company completed a private placement of April Units. Each April Unit consisted of one Common Share and one April Unit Warrant. See “Three Year History” for additional details.
(3) On June 3, 2021, the Company completed a private placement of June Units. Each June Unit consisted of one Common Share and one June Unit Warrant. See “Three Year History” for additional details.
(4) On October 28, 2021, the Company granted 16,677 options to a director, with the following vesting conditions: 5,559 options vest immediately, 5,559 options vest 12 months after grant date, and 5,559 options vest 24 months after grant date.

ESCROWED SECURITIES

Class of Securities	Number of Securities Held in Escrow[1]	Percentage of Class
Common Shares	5,648,942	21.46%

Note:

(1) The escrowed securities are held pursuant to an escrow agreement with Computershare Trust Company of Canada, as the Escrow Agent, pursuant to the Company’s Qualifying Transaction completed on December 16, 2019. Of the total amount: (A) 5,500,368 are subject to the following release schedule: (i) 15% will be released on January 19, 2022; and (ii) 40% will be released on December 16, 2022; and (B) 148,573 are subject to the following release schedule: (i) 15% will be released on January 19, 2022; and (ii) 15% will be released on December 19, 2022. The escrowed securities were issued pursuant to the Company’s Qualifying Transaction. See “Three Year History” for additional details.

DIRECTORS AND OFFICERS

The names, province and country of residence of the directors and executive officers of the Company as of the date hereof, their positions with the Company, the period served as a director, and their principal occupations during the past five years, are set forth below.

Name and Municipality of Residence	Position	Position Held Since	Principal Occupation(s) During Past Five Years	Common Shares Owned Directly or Indirectly[1]
Bentsur Joseph Age 62 Yavne, Israel	Chief Executive Officer, President and Director	December 18, 2019	Director, President and CEO of A2Z	9,118,922 (27.16%)
Gadi Levin Age 49 Azriel, Israel	Chief Financial Officer	March 15, 2022	CFO & Director of several Canadian publicly listed companies	150,000 (0.45%)
Amnon Peleg Age 62 Rishon LeZion, Israel	Chief Technology Officer	December 18, 2019	Chief Technology Officer of A2Z	33,895 (0.10%)

Name and Municipality of Residence	Position	Position Held Since	Principal Occupation(s) During Past Five Years	Common Shares Owned Directly or Indirectly[1]
Alan Rootenberg Age 70 Toronto, Ontario, Canada	Director	May 13, 2020	CFO and/or Director of several publicly listed companies	33,333 (0.10%)
Yonatan de Jongh Age 41 Rishon LeZion, Israel	Director	February 19, 2021	Senior Manager of Revenues and Billing at DraftKings Inc.	16,667 (0.05%)
Shlomo Menachem Pashker Age 38 Bnei Brak, Israel	Director	March 28, 2022	Chairman of Be'eer Izchak Charitable Foundation, Israel Senior Lecturer at an Israeli Institute of Higher Jewish Education	31,901 (0.10%)

Note:

(1) The share totals presented in the table above include options granted and held by the respective director or officer. Consequently, percentage totals are presented on a fully diluted basis, assuming the exercise of all outstanding options.

Bentsur Joseph has been the President, Chief Executive Officer and Director of the Company since December 18, 2019 and the President and Chief Executive Officer of A2ZMS since 1998. Prior to joining A2Z, between 1999 and 2001, Mr. Joseph served as the Chairman of Elad Hotels – Part of the Isaac Tshuva group of companies. Prior thereto, between 2001 and 2003, Mr. Joseph served as the CEO of DIG Ltd., a public company which produces and sells electric components through the biggest shops and chain stores all over Israel. Prior thereto, Mr. Joseph served as a director of MARLAZ, a large well recognized public holding company which owns various publicly traded companies in the industrial, real estate, communication, and hi-tech industries. Mr. Joseph holds an Electronic field-engineer degree from Israeli Air-Force unit and Project Management Diploma from Tel-Aviv University.

Gadi Levin was initially appointed Chief Financial Officer on April 2, 2020 and resigned on October 27, 2021. He was re-appointed on March 15, 2022. Mr. Levin provides outsourced CFO services where he also serves as Chief Financial Officer and Secretary of Briacell Therapeutics Corp since February 2016, Chief Financial Officer and Director of Vaxil Bio Ltd since March 1, 2016, and Finance Director of Eco (Atlantic) Oil & Gas Ltd. since December 1, 2016. Mr. Levin has over 15 years of experience working with public US, Canadian and multi-jurisdictional public companies. Previously, Mr. Levin served as Chief Financial Officer of DarioHeath Corp from November 2013 through January 2015. Mr. Levin also served as the Vice President of Finance and Chief Financial Officer for two Israeli investment firms specializing in private equity, hedge funds and real estate. Mr. Levin began his CPA career at the accounting firm Arthur Andersen, where he worked for nine years, specializing in U.S. listed companies involved in IPOs. Mr. Levin has a Bachelor of Commerce degree in Accounting and Information Systems from the University of the Cape Town, South Africa, and a post graduate diploma in Accounting from the University of South Africa. He received his Chartered Accountant designation in South Africa and has an MBA from Bar Ilan University in Israel.

Amnon Peleg has served as the Chief Technology Officer since January 2010. Prior to joining A2Z, between 1983 and 2006, Mr. Peleg served as a Technological Project Manager for the Office of the Prime Minister of Israel. Mr. Peleg holds an Electronic field-engineer degree from the Israel Air Force, 1983 and a Project Management Diploma from Tel-Aviv University, 2002.

Alan Rootenberg has served on the board of directors since May 2020. Mr. Rootenberg is a chartered professional accountant who has served as the Chief Financial Officer of a number of publicly traded companies listed on the TSX, TSXV, OTCBB and CSE. These companies include mineral exploration, mining, technology and companies in the cannabis industry. These companies are: BioHarvest Sciences Inc. (since November 2018); Eco (Atlantic) Oil & Gas Ltd. (since November 2011); Osino Resources Corp. (since June 2018); Empower Clinics Inc. (from August 2013 to May 2018) Solvbl Solutions Inc. since February 2021. Mr. Rootenberg has a Bachelor of Commerce degree from the University of the Witwatersrand in Johannesburg, South Africa and received his professional designation in both South Africa and Ontario, Canada.

Yonatan de Jongh has served on the board of directors since February, 2021. Yonatan de Jongh presently serves as Senior Manager of Revenues and Billing at DraftKings Inc. Mr. de Jongh holds a Bachelor and Master degree in Business Administration and Accounting from College of Management (Rishon Lezion, Israel) from 2015.

Shlomo Menachem Pashker

Shlomo Menachem Pashker is the chairman of Be'eer Izchak Charitable Foundation and a senior lecturer in Jewish law at an Israeli Institute of Higher Jewish Education.

Each director of the Company will hold office until the next annual shareholders' meeting or until a successor is duly elected, unless his or her office is earlier vacated in accordance with the Company's articles.

Committees of the Board of Directors

The Board of Directors discharges its responsibilities directly, as well as indirectly through the Audit Committee, the Compensation Committee and the Nominating Committee.

Audit Committee

The mandate of the Audit Committee is formalized in a written charter. The members of the Audit Committee are Messrs. Alan Rootenberg, Shlomo Menachem Pashker and Yonatan de Jongh. The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities to: (i) review financial reports and financial information provided to any regulatory authority or provided for release to the public and the Company's shareholders; (ii) review the Company's disclosure control systems; (iii) review the Company's internal control systems with respect to finance, accounting and legal compliance; and (iv) review the Company's accounting and financial reporting processes. See "Audit Committee" below.

Compensation Committee

The members of the Compensation Committee are Messrs. Rootenberg, Pashker and de Jongh. The purpose of the Compensation Committee is to assist the Board in fulfilling its oversight responsibilities with respect to compensation of members of the Board and the executive officers of the Company.

Nominating Committee

The members of the Nominating Committee are Messrs. Rootenberg, Pashker and de Jongh. The purpose of the Nominating Committee is to assist the Board in fulfilling its oversight responsibilities with respect to nomination of members of the Board.

Common Shares Owned by Directors and Executive Officers, as a Group

To the knowledge of the Company as of the date hereof, the directors and executive officers of the Company, as a group, beneficially own or exercise control or direction over, directly or indirectly, an aggregate of 9,384,718 Common Shares or approximately 27.95% of the issued and outstanding Common Shares on a non-diluted basis. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective individuals.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

For the purposes of this section, "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, all that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, other than as disclosed below, no director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any corporation that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of the Company's securities to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflict of Interest

There are potential conflicts of interest to which the directors, officers and promoters (if any) of the Company will be subject with respect to the operations of the Company. Certain of the directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies, including the other companies indicated herein. Situations may arise where the directors, officers and promoters (if any) of the Company will be engaged in direct competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest, including the procedures prescribed by the BCBCA. The BCBCA requires that directors and officers of the Company, who are also directors or officers of a party which enters into a material contract with the Company or otherwise have a material interest in a material contract entered into by the Company, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Company's directors to approve the contract.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, other than as immediately described below, no director or executive officer of the Company or any of the Company's subsidiaries, and no person or company who beneficially owns, directly or indirectly, or otherwise exercises control over more than 10% of the voting rights of the Company, or any proposed director, and no associate or affiliate of the foregoing persons, has had any material interest, direct or indirect, in any transaction within the Company's three most recently completed financial years or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries within the three most recently completed financial years.

On December 30, 2019, A2ZAS entered into the Call Option Agreement with the Company's Chief Executive Officer, Bentsur Joseph. See "*Three Year History*" for additional details.

REGULATORY ACTIONS

No penalty or sanction has been imposed against the Company by a court relating to applicable securities legislation or by any securities regulatory authority, and the Company has not entered into any settlement agreement with any court relating to applicable securities legislation or with any securities regulatory authority. No other penalty or sanction has been imposed against the Company by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

LEGAL PROCEEDINGS

As of the date of this AIF, the Company is not aware of any existing or contemplated legal proceedings material to the Company, to which the Company is, or was, a party or of which any of its property is, as of the date of this AIF was subject.

INTERESTS OF EXPERTS

The Company's auditors are BDO Ziv Haft. To the knowledge of the Company, as of the date hereof, the partners and employees of BDO Ziv Haft collectively own beneficially, directly or indirectly, none of the Common Shares.

TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is BDO Ziv Haft at its principal office in Tel Aviv, Israel.

The registrar and transfer agent of the Common Shares is Computershare Trust Company of Canada at its principal office in Vancouver, British Columbia.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, as of date of this AIF, there are no material contracts which the Company has entered into within the most recently completed financial year, or before the most recently completed financial year but which are still in effect.

AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* (**"NI 52-110"**), companies are required to provide disclosure with respect to their Audit Committee including the text of the Audit Committee's charter, composition of the Audit Committee and the fees paid to the external auditor. Accordingly, the Company provides the disclosure below with respect to its Audit Committee.

Audit Committee's Charter

The text of the charter (the **"Charter"**) of the Audit Committee is reproduced as Exhibit "A".

Composition of Audit Committee

The Audit Committee is comprised of Messrs. Rootenberg, Pashker and de Jongh. All of the members of the Audit Committee have been determined by the Board to be "independent" (as such term is defined in NI 52-110) and "financially literate" (as such term is defined in NI 52-110), having the ability to understand and critically evaluate the financial statements of the Company. The Board made this determination based on the experience of each Audit Committee member.

Relevant Education and Experience

Alan Rootenberg, Chairman, has served on the board of directors since May 13, 2020. Mr. Rootenberg is a chartered professional accountant who has served as the Chief Financial Officer of a number of publicly traded companies listed on the TSX, TSXV, OTCBB and CSE. These companies include mineral exploration, mining, technology and companies in the cannabis industry. These companies are: BioHarvest Sciences Inc. (since November 2018); Eco (Atlantic) Oil & Gas Ltd. (since November 2011); Osino Resources Corp. (since June 2018); Empower Clinics Inc. (from August 2013 to May 2018).

Yonatan de Jongh has served on the board of directors since February 19, 2021. Yonatan de Jongh presently serves as Senior Manager of Revenues and Billing at DraftKings Inc. Mr. de Jongh holds a Bachelor and Master degree in Business Administration and Accounting from College of Management (Rishon Lezion, Israel) from 2015.

Shlomo Menachem Pashker

Shlomo Menachem Pashker is the chairman of Be'eer Izchak Charitable Foundation and a senior lecturer in Jewish law at an Israeli Institute of Higher Jewish Education.Audit Committee Oversight

At no time during the Company's financial period from January 1, 2021 to December 31, 2021 was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, BDO Ziv Haft) not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted formal policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Committee, on a case-by-case basis.

Audit Fees

The table below summarizes the aggregate fees billed by auditors of the Company for professional services rendered in each of the last two fiscal years.

	Year Ended December 31, 2020	Year Ended December 31, 2021
Audit Fees[(1)]	$ 125,000	$ 158,000
Audit Related Fees[(2)]	$ 18,000	—
Tax Fees[(3)]	$ 13,000	$ 15,000
All Other Fees[(4)]	—	—
Total	$ 156,000	$ 173,500

Notes:

(1) The aggregate fees billed in connection with the audit of the Company.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading **"Audit Fees"**.

(3) The aggregate fees billing for tax compliance, tax advice and tax planning.

(4) The aggregate fees billed for products and services provided by the auditors of the Company, other than as described above.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management proxy circular of the Company's most recent annual general meeting.

Additional financial information is provided in the Company's audited annual financial statements and related management's discussion and analysis for its most recently completed financial year ended December 31, 2021, copies of which can be found at www.sedar.com under the Company's profile.

EXHIBIT "A"
AUDIT COMMITTEE CHARTER

The Audit Committee (the **"Committee"**) is a committee of the board of directors (the **"Board"**) of the Company. The role of the Committee is to provide oversight of the Company's accounting and financial reporting processes and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies. This includes helping directors meet their responsibilities, facilitating better communication between directors and the external auditor, enhancing the independence of the external auditor, increasing the credibility and objectivity of financial reports and strengthening the role of the directors by facilitating in-depth discussions among directors, management and the external auditor. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them. The Company's external auditor is ultimately accountable to the Board and the Committee as representatives of the Company's shareholders.

Duties and Responsibilities

The authority delegated to the Committee is set forth below. The purposes, responsibilities and other provisions specified in this Charter are intended to serve as guidelines, and the Committee may act and establish policies and procedures that are consistent with these guidelines or are necessary or advisable, in its discretion, to carry out the intent of the Board in delegating such authority and to fulfill the responsibilities of the Committee hereunder. Nothing herein is intended to expand applicable standards of liability under Canadian or any U.S. state or federal law for directors of a corporation.

External Auditor

(a) To be directly responsible for the appointment, compensation, retention, termination, and oversight of the work of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (subject, if applicable, to shareholder ratification). Each such accounting firm shall report directly to the Committee.

(b) Review and ensure the independence of the external auditor by: (i) receiving from, and reviewing and discussing with, the external auditor, on a periodic basis, a formal written statement delineating all relationships between the external auditor and the Company consistent with the applicable requirements of the Public Company Accounting Oversight Board; (ii) reviewing, and actively discussing with the Board, if necessary, and the independent auditor, on a periodic basis, any disclosed relationships or services, including non-audit services, between the independent auditor and the Company or any other disclosed relationships or services that may impact the objectivity and independence of the independent auditor; (iii) recommending, if necessary, that the Board take appropriate action to satisfy itself of the independent auditor's independence; and (iv) ensuring that the lead or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the is in compliance with the partner rotation requirements under applicable laws and rules.

(c) To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(d) To pre-approve the audit services and non-audit services (including the fees and terms thereof) to be provided by the Company's external auditor pursuant to pre-approval policies and procedures established by the Committee

(e) To obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the auditor's internal quality-control reviews and the steps taken to resolve those issues.

(f) To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Company on any aspect of its certification of the Company's financial statements:

  (i) No member of the audit team that is auditing a business of the Company can be hired into that business or into a position to which that business reports for a period of three years after the audit;

  (ii) No former partner or employee of the external auditor may be made an officer of the Company or any of its subsidiaries for three years following the end of the individual's association with the external auditor;

  (iii) The Chief Financial Officer (**"CFO"**) must approve all office hires from the external auditor; and

  (iv) The CFO must report annually to the Committee on any hires within these guidelines during the preceding year.

(g) To review, at least annually, the relationships between the Company and the external auditor in order to establish the independence of the external auditor.

Financial Information and Reporting

(a) To review the Company's annual audited financial statements with the Chief Executive Officer (**"CEO"**) and CFO and then the full Board. The Committee will review the interim financial statements with the CEO and CFO.

(b) To review and discuss with management and the external auditor, as appropriate:

(i) The annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and

(ii) Earnings guidance and other releases containing information taken from the Company's financial statements prior to their release.

(c) To review the quality and not just the acceptability of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.

(d) To review with the CFO any earnings guidance to be issued by the Company and any news release containing financial information taken from the Company's financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

Oversight

(a) To review the internal audit staff functions, including:

(i) The purpose, authority and organizational reporting lines;

(ii) The annual audit plan, budget and staffing; and

(iii) The appointment and compensation of the controller, if any.

(b) To review, with the CFO and others, as appropriate, the Company's internal system of audit controls and the results of internal audits.

(c) To review and monitor the Company's major financial risks and risk management policies and the steps taken by management to mitigate those risks.

(d) To meet at least annually with management (including the CFO), the internal audit staff, and the external auditor in separate executive sessions and review issues and matters of concern respecting audits and financial reporting.

(e) In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Company's disclosure and internal controls, including any material deficiencies or changes in those controls.

(f) Establish procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and review any complaints or concerns received pursuant to such procedures.

Membership

(a) The Committee shall consist solely of three or more members of the Board, all of which the Board has determined is "independent" as required under applicable securities rules or applicable stock exchange rules, including the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC promulgated thereunder, and the NASDAQ Rules.

(b) No member of the Committee may have participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries during the preceding three years. Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.

(c) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

(d) All members of the Committee must be **"financially literate"** (i.e., have the ability to read and understand a set of fundamental financial statements including a balance sheet, an income statement and a cash flow statement).

(e) At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that results in the member's financial sophistication, in each case, consistent with the NASDAQ Rules. That individual shall also be an "audit committee financial expert" consistent with the SEC's rules and regulations.

Procedures

(a) The Board shall appoint one of the directors elected to the Committee as the Chair of the Committee (the **"Chair"**). In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.

(b) The Chair will appoint a secretary (the **"Secretary"**) who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.

(c) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum, and provided that a majority of the members must be "independent" or "unrelated".

(d) The Committee will meet as many times as is necessary to carry out its responsibilities but not less frequently than once every quarter. Any member of the Committee or the external auditor may call meetings.

(e) The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the articles of the Company or otherwise determined by resolution of the Board.

(f) The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants, as it deems appropriate.

(g) The Committee shall have available appropriate funding from the Company as determined by the Committee for payment of: (i) compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(h) The Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations and shall discuss with the CEO or the CFO such records and other matters considered appropriate.

(i) The Committee has the authority to communicate directly with the internal and external auditors.

Reports

The Committee shall produce the following reports and provide them to the Board:

(a) An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report.

(b) A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

EXHIBIT "B"
CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The Board supervises the CEO and the CFO. Both the CEO and CFO are required to act in accordance with the scope of authority provided to them by the Board.

Director	Independence
Bentsur Joseph	Not independent as he is an executive officer of the Company
Alan Rootenberg	Independent
Shlomo Menachem Pashker	Independent
Yonatan de Jongh	Independent

The participation of the directors and officers of the Company in other reporting issuers at the date of this AIF is described in the following table:

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
	The INX Digital Company Inc.	CSE	CFO	July 2021	Present
	Briacell Therapeutics Corp.	NASDAQ / TSXV	CFO	July 2016	Present

Gadi Levin	Eco (Atlantic) Oil & Gas Ltd	AIM / TSXV	Finance Director	December 2016	Present
	Vaxil Bio Ltd	TSXV / OTC	Director & CFO	July 2016	Present
	A2Z Smart Technologies Corp.	TSXV	CFO	April 2020	October 2021
	Clearmind Medicine Inc.	TSXV / OTCQX	Director	April 2020	September 2021
	Enthusiast Gaming Holdings Inc.	NASDAQ / TSXV	CFO	September 2018	August 2019
	DarioHealth	NASDAQ / OTC	CFO	2013	2015

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Alan Rootenberg	Solvbl Solutions Inc.	CSE	CFO	February 2021	Present
	A2Z Smart Technologies Corp.	TSXV	Director	May 2020	Present
	BioHarvest Sciences Inc.	CSE	CFO	November 2018	Present
	Cyntar Ventures Inc.	CSE	Director and CFO	December 2019	Present
	Eco (Atlantic) Oil & Gas Ltd	TSXV	CFO	November 2011	Present
	Osino Resources Corp.	TSXV	CFO	June 2018	March 2021
	Empower Clinics Inc.	CSE	CFO	August 2013	May 2018
Shlomo Menachem Pashker	**None**				

Leadership of Independent Directors

The Board has determined, at this time, that there is not a need for a lead director that is independent. The Board took into consideration the operations of the Company and the size of the Board. The fact that there are only three independent directors allows them to work collaboratively to ensure proper independent leadership and oversight of the Company is achieved.

Board Meetings

For the year ended December 31, 2021, the attendance of directors at Board meetings was as follows:

Director	Number of meetings	Attendance
Bentsur Joseph	4	100%
Alan Rootenberg	4	100%
Yonatan de Jongh	4	100%
Shlomo Menachem Pashker[(1)]	Nil	0%

Note:

(1) Mr. Pashker was appointed to the Board on March 28, 2022.

Board Mandate

The Board has not adopted formal policies and procedures for the delineation of its role and responsibilities. The Company's Nominating and Corporate Governance committee is, inter alia, responsible for administering and overseeing all aspects of the Company's corporate governance functions on behalf of the Board, and making recommendations to the Board regarding corporate governance issues and related policies for risk assessment and risk management.

Position Descriptions

The Board has not adopted formal policies and procedures for the chair and chair of each committee. The Company's Nominating and Corporate Governance committee is, inter alia, responsible for administering and overseeing all aspects of the Company's corporate governance functions on behalf of the Board; and making recommendations to the Board regarding corporate governance issues and related policies for risk assessment and risk management.

Orientation and Continuing Education

The Board does not have a formal process for the orientation of new Board members. Orientation is done on an informal basis. New Board members are provided with such information as is considered necessary to ensure that they are familiar with the Company's business and understand the responsibilities of the Board.

The Board does not have a formal program for the continuing education of its directors. The Company expects its directors to pursue such continuing education opportunities as may be required to ensure that they maintain the skill and knowledge necessary to fulfill their duties as members of the Board. Directors can consult with the Company's professional advisors regarding their duties and responsibilities, as well as

recent developments relevant to the Company and the Board.

Ethical Business Conduct

The Board does not currently take any formal steps to encourage and promote a culture of ethics and business conduct. Directors and Officers of the Company are encouraged to conduct themselves and the business of the Company with the utmost honesty and integrity. Directors are also encouraged to consult with the Company's professional advisors with respect to any issues related to ethical business conduct.

If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.

Nomination of Directors

The identification of potential candidates for nomination as directors of the Company is carried out by the Nominating and Corporate Governance Committee which provides recommendations to the Board. Additionally, all directors, are encouraged to participate in the identification and recruitment of new directors. Potential candidates are primarily identified through referrals by business contacts.

Compensation

The compensation of directors and the CEO and CFO is determined based on the recommendations of the Compensation Committee to the Board. Such compensation is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

Other Board Committees

The Board does not have any standing committees other than the Audit Committee, Nominating Committee and Compensation Committee.

Assessments

The Board as a whole assesses its performance, the performance of Board committees and the contribution of individual directors on an ongoing basis.

The Company allows any member of the Board to engage an outside advisor at the expense of the Company in appropriate circumstances. The engagement of an outside advisor is subject to the approval by the Board as a whole.

Director Term Limits and Other Mechanisms of Board Renewal

The Company has not set director term limits, nor provided any formal mechanism of Board renewal. However, on a technical level, each director's term ends no later than the next annual Shareholders' meeting. The Company considers that a fixed term of office or a formal mechanism for Board renewal is not an efficient or appropriate manner to guarantee Board performance. In selecting candidates for composition of the Board, the Company favours the intrinsic qualities sought after in a director (whether male or female), such as management experience, leadership, career success, understanding of financial questions, knowledge of the Company, its business and industry, reputation, and complementarities with the other members of the Board and the management.

Policies Regarding the Representation of Women on the Board and Consideration of the Representation of Women in the Director and Officer Identification and Selection Process

The Company has not yet adopted a written policy relating to the identification and nomination of women directors and executive officer positions beyond the Nominating and Corporate governance Committee's objective to nominate the most suited candidate regardless of gender.

Consideration Given to the Representation of Women in Executive Officer Appointments

The Company has not adopted a specific number or percentage of women to join its Board.

Consideration Given to the Representation of Women in Board and Executive Officer Appointments

During the fiscal year ended December 31, 2021, the Company had one woman on the Board, representing 25% of the directors, and no women in any executive officer positions.

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

A2Z SMART TECHNOLOGIES CORP.

(Formerly A2Z TECHNOLOGIES CANADA CORP.)

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-3
Consolidated Statements of Financial Position	4
Consolidated Statements of Comprehensive Loss	5
Consolidated Statements of Changes in Shareholders' Equity (Deficit)	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-45

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
A2Z SMART TECHNOLOGIES CORP.

(Formerly A2Z TECHNOLOGIES CANADA CORP.)

We have audited the consolidated financial statements of A2Z Smart Technologies Corp. (Formerly A2Z TECHNOLOGIES CANADA CORP.) (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2021 and December 31, 2020 and the consolidated statements of comprehensive income, (loss) changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements relevant to the audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that there are no key audit matters.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in

doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the Date of our auditor's report. However, future events or conditions may cause the Corporation's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Corporation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partner on the audit resulting in this independent auditor's report is Tomer Fromovich.

Tel-Aviv, Israel

March 31, 2022

"Ziv Haft"

Certified Public Accountants (Isr.)

BDO Member Firm

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands of US Dollars, except per share data)

	December 31 2021	December 31 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,470	$ 5,397
Restricted cash	60	192
Inventories (*note 5*)	1,147	19
Trade receivables	857	196
Other accounts receivable (*note 7*)	434	353
Total current assets	10,968	6,157
Intangible asset - patent, net	2,091	2,239
Property, plant and equipment, net (*note 8*)	1,072	456
Total non-current assets	3,163	2,695
Total Assets	$ 14,131	$ 8,852
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short term loan and current portion of long term loans	$ 158	$ 358
Lease liability	126	21
Trade payables	989	541
Other accounts payable (*note 9*)	1,099	376
Total current liabilities	2,372	1,296
Lease liability	151	-
Long term loans (*note 10*)	483	666
Warrant Liability *(note 12)*	51	8,676
Severance payment, net (*note 13*)	167	187
Total non-current liabilities	852	9,529
Total liabilities	3,224	10,825
Shareholders' equity (deficit) ***(note 14)***		
Share capital and additional paid in capital	28,297	10,445
Warrant Reserve	34,763	-
Accumulated other comprehensive income	(708)	(1,339)
Accumulated deficit	(50,838)	(11,599)
	11,514	(2,493)
Non-controlling interest *(note 16)*	(607)	520
Total shareholders' equity (deficit)	10,907	(1,973)
Total liabilities and shareholders' equity	$ 14,131	$ 8,852

March 31, 2022	"Yonathan De Yonge"	"Joseph Bentsur"
Date of approval of the financial statements	Yonathan De Yonge - Director	Joseph Bentsur President and Chief Executive Officer

The accompanying notes are an integral part of the financial statements.

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(Expressed in Thousands of US Dollars, except per share data)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues (*note 17*)	**$ 2,685**	$ 1,068
Cost of revenues (*note 18*)	**2,029**	853
Gross profit	**656**	215
Expenses:		
Research and development costs (*note 19*)	**3,222**	418
Sales and marketing costs	**102**	108
General and administration expenses (*note 20*)	**6,494**	2,365
Operating loss	**(9,162)**	(2,676)
Loss (gain) on revaluation of warrant liability *(note 12)*	**30,895**	3,228
Financial income	**-**	(75)
Financial expense	**91**	107
Loss before taxes on income	**(40,148)**	(5,936)
Income tax expense *(note 22)*	**(142)**	(17)
Loss for the year	**(40,290)**	(5,953)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Adjustments arising from translating financial statements of foreign operations	**555**	(1,282)
Remeasurement loss from defined benefit plans	**-**	13
Other comprehensive income	**555**	(1,269)
Total comprehensive loss for the year	**$ (39,735)**	$ (7,222)
Less: Net loss attributable to non-controlling shareholders	**(1,127)**	(32)
Net loss attributable to A2Z's shareholders	**$ (38,608)**	$ (7,190)
Basic and diluted loss per share	**$ (1.70)**	$ (0.43)
Weighted average number of shares outstanding	**23,340,621**	16,758,323

The accompanying notes are an integral part of the financial statements.

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(Expressed in Thousands of US Dollars, except per share data)

		Ordinary share capital		Warrant reserve	Accumulated Other Comprehensive Income	Accumulated deficit	-Non controlling interest	Total Equity of shareholders of the Company (Deficit)
		Number of shares	Additional paid in capital					
Balance - January 1, 2020	(*)	**15,692,126**	**$ 6,555**	**$ -**	**$ (70)**	**$ (5,678)**	**$ 552**	**$ 1,359**
Net loss for the period		-	-	-	-	(5,921)	(32)	**(5,953)**
Adjustments arising from translating financial statements of foreign operations		-	-	-	(1,269)	-	-	**(1,269)**
Net comprehensive loss for the period		-	-	-	(1,269)	(5,921)	(32)	**(7,222)**
Issuance of shares in private placement, net		277,779	163	-	-	-	-	**163**
Exercise of warrants		182,142	98	-	-	-	-	**98**
Exercise of stock options *(note 14 (A)(D)(G))*		123,386	39	-	-	-	-	39
Issuance of shares in private placement, net *(note 14 (H)(I))*		5,816,784	2,570	-	-	-	-	2,570
Issuance of warrants for services *(note 14 (P))*		-	52	-	-	-	-	52
Issuance of shares for services *(note 14 (C)(E)(J))*		127,693	168	-	-	-	-	168
Issuance of stock options for services *(note15(B)(ii))*		-	800	-	-	-	-	800
Balance - December 31, 2020	(*)	**22,219,910**	**$ 10,445**	**$ -**	**$ (1,339)**	**$ (11,599)**	**$ 520**	**$ (1,973)**

(*) On August 13, 2021, the Board and the TSX-V approved a 1-for-3 reverse stock split, (the "Reverse Split"). Consequently, all share numbers, share prices, and exercise prices have been retroactively adjusted in these consolidated financial statements for all periods presented.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(Expressed in Thousands of US Dollars, except per share data)

(*) On August 13, 2021, the Board and the TSX-V approved a 1-for-3 reverse stock split, (the "Reverse Split"). Consequently, all share numbers, share prices, and exercise prices have been retroactively adjusted in these consolidated financial statements for all periods presented.

The accompanying notes are an integral part of the financial statements.

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)
CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Thousands of US Dollars, except per share data)

The accompanying notes are an integral part of the financial statements.

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 1 - DESCRIPTION OF BUSINESS:

A. Overview

A2Z SMART TECHNOLOGIES CORP. (Formerly A2Z Technologies Canada Corp.) (the “Company” or “A2ZST”) was incorporated on January 15, 2018 under the laws of British Columbia. The head office is located at 1600 – 609 Granville Street, Vancouver, British Columbia V7Y 1C3, and the records and registered office is located at 2200 HSBC Building 885 West Georgia Street, British Columbia, V6C 3E8.

The Company was listed on the NASDAQ Stock Market LLC (“Nasdaq”) starting January 22, 2022, and trades under the symbol “AZ” and on the TSX Venture Exchange (“TSX Venture”) and trades under the symbol “AZ.V”.

The Company owns 79.49% of the common shares of Cust2Mate Ltd ("Cust2Mate"), a technology company focused on providing retail automation solutions, in particular for large grocery stores and supermarkets. The Company's primary product is the Cust2Mate system which incorporates a "smart cart" which automatically calculates the value of the customers purchases in their smart cart, without having to unload and reload their purchases at a customer checkout point.

The Cust2Mate system offers unique features for shoppers and retailers such as product information and location, an on-cart scale to weigh items and automatically calculate costs, bar-code scanner and on-board payment system to bypass checkout lines. In addition, the product includes big data smart algorithms and computer vision capabilities, allowing for customer specific targeted advertising. ("The Cust2Mate Platform").

The Cust2Mate Platform is being rolled out in Israel and is being marketed throughout the world, with pilots in North and South America and the in the Middle East.

The Company's other activities include the provision of services in the field of advanced engineering capabilities to the military and security markets as well as the development of related products for the civilian markets. Such services include providing maintenance services and container leasing. The Company also provides maintenance services for complex electronic systems and products.

The Company, through its 80% owned subsidiary, Advanced Automotive Innovations Inc., ("AAI") continues the development of a product for the automotive market - the FTICS or Fuel Tank Inertia Capsule System which activates automatically in the event of a vehicle collision. This eliminates the danger of fuel tank combustion thereby saving lives and reducing damage.

These consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2022.

B. COVID-19

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including Israel, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effects relating to employees' welfare, slowdown and stoppage of manufacturing, commerce, shipping, delivery, work, travel and other activities which are essential and critical for maintaining on-going business activities.

The nature of the Company's work in Israel is such that it is defined as an essential service for the industry, and therefore, it is able to continue all of its operations in Israel with little disruption. The Company has experienced an impact on all of its business activities, including delays in the roll out and completion of certain pilot programs and the slowed pace in research and development projects. Given the uncertainty around the extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition; infections may become more widespread and the limitation on the ability to work, travel and timely sell and distribute products, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which would have a negative impact on the Company's business, financial condition and operating results. In addition, the unknown scale and duration of these developments have macro and micro negative effects on the financial markets and global economy which could result in an economic downturn that could affect demand for the Company's products and have a material adverse effect on its operations and financial results, earnings, cash flow and financial condition.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A. Cash and cash equivalents

Cash equivalents are considered by the Company to be highly liquid investments, including, inter alia, short-term deposits with banks, the maturity of which do not exceed three months at the time of deposit and which are not restricted.

B. Restricted cash

A restricted deposit is cash invested in a short-term deposit (between three months and one year) or in a long-term deposit (with a maturity of more than one year from the date of investment). Restricted deposits are designated to secure the Company's office facilities lease agreements and its credit cards.

C. Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. For the years ended December 31, 2021, and 2020, potentially dilutive common shares issuable upon the exercise of warrants and options were not included in the computation of loss per share because their effect was anti-dilutive.

D. Provisions

Provisions are recognized when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

E. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or

2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Fair value measurement (cont.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

1. Financial assets

The Company classifies its financial assets into one of the following categories, based on the business model for managing the financial asset and its contractual cash flow characteristics. The Company's accounting policy for the relevant category is as follows:

Amortized cost: These assets arise principally from the provision of goods and services to customers (e.g. trade accounts receivable), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. Impairment provisions for trade accounts receivable are recognized based on the simplified approach within IFRS 9 using a provision in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within general and administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Fair value measurement (cont.):

2. Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: Warrants are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at fair value through profit or loss.

Other financial liabilities include the following items: Bank borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade accounts payable and other accounts payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

3. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

4. Derivative liability - Warrants:

Warrants that are denominated in a currency other than the functional currency of the Company are considered a derivative liability and are classified as financial liabilities at fair value through profit or loss. Accordingly, these warrants are measured at fair value and the changes in fair value in each reporting period are recognized in profit or loss.

5. Derecognition

- Financial assets - The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.
- Financial Liabilities - The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Fair value measurement (cont.):

6. Impairment of financial assets

ECL and their measurement

ECL are measured as the unbiased probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, ECL are mainly calculated with a statistical model using three major risk parameters: probability of default, loss given default and exposure at default. The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by the future expectation factors. This information includes macroeconomic factors (e.g., gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (base case, adverse and optimistic scenarios).

As of December 31, 2021, and December 31, 2020, ECL for trade and other account receivables are not material, and as such are not disclosed, in accordance IFRS 9.

Definition of default, including reasons for selecting the definition

Prior to commencing a business relationship, the Company will enter into an agreement with the customer. The agreement or contract typically includes details of the terms of payment to which the customer is entitled. In most cases, the customer updates the Company if there is a delay in the payment beyond the terms of the agreement. Any delays in payment for more than two months are subject to approval of management. If a customer's scheduled payment is delayed by more than two months and such delay is not approved by the Company's management, the CEO will typically make direct contact with the customer's management and inform them of the overdue obligation and that Company will pursue remedies available to collect the overdue payment. If the customer and the Company are not able to resolve the matter at that time, the receivable is considered to be in default as the collectability is no longer certain. If the collection effort is not successful, the Company will retain legal counsel in the applicable country to assist with collection and sends a demand letter to that effect.

Write-off policy

The Company writes off its financial assets if any of the following occur:

- Inability to locate the debtor.
- Discharge of the debt in a bankruptcy.
- It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.

The collections department must comply with the collection efforts outlined in the policy to collect on delinquent customer accounts before any write-offs are made.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Fair value measurement (cont.):

Aging Schedule based on due date

	Aging schedule	
	December 31, 2020	December 31, 2021
Within payment terms	$ 196	$ 857
Total	$ 196	$ 857

Three-level matrix

Based on its past experience and historical data along with a consideration of future projections of factors, such as the economic environment, the Company has established a three-level matrix. The three-level matrix contains the following groups and balances:

	December 31, 2020	December 31, 2021
Customers from public establishments	$ 173	$ 296
Customers from institutions	15	-
Other customers	8	561
Total	$ 196	$ 857

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Operating Segment:

An operating segment is a component of the Company that meets the following three criteria:

1. Is engaged in business activities from which it may earn revenues and incur expenses;
2. Whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about allocated resources to the segment and assess its performance; and
3. For which separate financial information is available.

Segment revenue and segment costs include items that are attributable to the relevant segments and items that can be allocated to segments. Items that cannot be allocated to segments include the Company's financial income and expenses and income tax. The Company has two operating segments; Advanced Engineering and Smart Carts.

G. Share-based compensation:

Where equity settled share options are awarded to employees and service providers, the fair value of the options calculated at the grant date is based on the market share price and is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

H. Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts attributable for tax purposes. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the estimated timing and level of future taxable profits together with future tax planning strategies.

Deferred taxes are measured at the tax rates that are expected to apply in the period when the temporary differences are reversed based on tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred taxes are recognized in Profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. In addition, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized or reassessed are recognized to the extent that their recoverability is probable. Any resulting reduction or reversal is recognized as "income tax" within the statement of comprehensive income. All deferred tax assets and liabilities are presented in the statement of financial position as non-current items, respectively.

Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred tax assets in respect to carryforward losses have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Defined benefit schemes

The Company contributes towards the state pension in accordance with local legislation where required. The only obligation of the Company is to make the required contributions. Costs related to such contributions are expensed in the period in which they are incurred.

The Company has several employee benefits plans as to its employees:

1. Short-term employee benefits: Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

2. Post-employment benefits: The plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans.

This liability is calculated based on actuary measurement.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense simultaneously with

receiving the employee's services and no additional provision is required in the financial statements except for the unpaid contribution. The Company also operates for some employees an immaterial defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. The Company presents the accrued severance pay liability net from severance pay fund.

J. Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. Depreciation is computed by the straight-line method, based on the estimated useful lives of the assets, as follows:

	Estimated useful lives
Computers and electronic equipment	3
Furniture and equipment	7
Vehicles	6.67
Leasehold Improvement	10

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Revenue recognition

Revenue is recognized based on the five-step model outlined in IFRS 15, Revenue from Contracts with Customers. IFRS 15 sets out a single revenue recognition model, according to which the entity shall recognize revenue in accordance with the said core principle by implementing a five-step model framework:

1. Identify the contracts with a customer.

2. Identify the performance obligations in the contract.

3. Determine the transaction price.

4. Allocate the transaction price to the performance obligations in the contract.

5. Recognize revenue when the entity satisfies a performance obligation.

A. Revenue from services is derived from contracts with customers pursuant to which the Company provides maintenance for various electronic systems. Revenues on these contracts are recognized using the straight-line method, based on the period of time passed.
B. Revenue from providing maintenance services to refrigeration systems is derived from on demand fixed-price contracts with customers. Revenues on these on demand fixed-price contracts are recognized at the point in time when the services were delivered.
C. Revenues from leasing soaking containers is recognized on a straight-line basis over the annual leasing period (limited to 1 year).
D. Revenues from the Cust2mate Platform are recognized at the time the service is transferred to the customer and measures the revenue in an amount that represents the consideration that the Company expects to be entitled to for the same goods or service.

K. Share based payment transactions

The Company's employees and other service providers are entitled to remuneration in the form of equity-settled share-based payment.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award ("the vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting date includes the Group's best estimate of the number of equity instruments that will ultimately vest.

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value of option granted is determined using the Binomial Lattice option-pricing model ("Binomial model"). The Binomial model takes into account variables such as volatility, dividend yield rate, and risk-free interest rate and also allows for the use of dynamic assumptions and considers the contractual term of the option, the probability that the option will be exercised prior to the end of its contractual life, and the probability of termination or retirement of the option holder in computing the value of the option.

No expense is recognized for awards that do not ultimately vest.

L. Research and development expenses

Research expenses are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate

technical, financial and other resources to complete the intangible asset; and the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development. Through December 31, 2021, the Company has not met all the aforementioned criteria and therefore all development costs have been recognized in profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Standard not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. Many are not applicable to or do not have a significant impact on the Company and have been excluded from the list below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS - 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

The Company evaluated the expected impact of the IAS 1 amendments on its financial position as December 31, 2021, as a reclassification of its derivative liability - warrants in the amount of $51 from Non – Current Liabilities to Current Liabilities.

NOTE 3 – BASIS OF PREPARATION:

A. Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out above. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for certain derivatives. The Company has elected to present the statement of comprehensive income using the function of expense method.

B. Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commenced until the date control ceases. The Company controls an investee if all three elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries as if they formed a single entity. Any intercompany transactions were eliminated in full.

C. Basis of Measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for financial instruments which have been measured at fair value.

D. Functional and foreign currency

The Company's functional currency is the New Israeli Shekel ("NIS"), since the Company's primary economic environment is in Israel. However, the reporting currency is in US Dollars ("USD") due to expected future expansion. Transactions and balances in foreign currencies are converted

into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 “The Effects of Changes in Foreign Exchange Rates”. Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities - at the rate of exchange applicable at the statements of financial position date.
- Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive loss.
- Expense items - at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange at the statements of financial position date.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Company’s earnings and financial position are the useful life of property and equipment and income tax.

The useful life of property, plant and equipment

Property and equipment are amortized or depreciated over their useful lives. Useful lives are based on management’s estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the amounts charged to the consolidated statement of comprehensive income in specific periods.

Intangible assets

Intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangibles with definite lives is reviewed each reporting period to determine whether there is any indication of impairment. If there are indications of impairment the impairment analysis is completed and if the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and impairment loss is recognized.

Derivative liability - Warrants

The Company uses the Black-Scholes option-pricing model to estimate fair value at each reporting date. The key assumptions used in the model are the expected future volatility in the price of the Company’s shares and the expected life of the warrants.

Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined upon initial recognition by the Binomial model. The Binomial model is based on share price and exercise price and assumptions regarding expected volatility, term of share option, dividend yield and risk-free interest rate.

NOTE 5 - **INVENTORIES:**

	December 31, 2021	December 31, 2020
Raw materials	**$ 93**	$ 19
Smart cart electrical equipment	**908**	**-**
Smart cart parts	**145**	-
	$ 1,147	$ 19

NOTE 6 – **BUSINESS COMBINATION UNDER COMMON CONTROL**

On November 16, 2020, the Company completed the acquisition of 79.49% of the shares of Cust2mate (“the merger”). The Cust2Mate Shares were purchased from Mr. Bentsur Joseph, who is also the Company’s Chief Executive Officer and the controlling shareholder. The Company paid total consideration for the Cust2Mate Shares of $1,566 (“Cust2Mate Consideration”), which included the exercise of the Cust2Mate Option.

The Cust2Mate Consideration was paid from the proceeds of the November 2020 Private Placement (see Note 13 O). The acquisition of Cus2Mate was accounted for as a merger between entities under common control, therefore comparative financial statements were restated to reflect the merger as of the beginning of earliest period presented, i.e. January 1, 2019, under which both entities were under common control. The assets and liabilities of Cus2Mate were recorded based on their Carry-Over basis. The company accounted for the difference between the Cus2Mate consideration and the net asset value as a debit to 'Accumulated Deficit'.

Impact of implementation of the Cust2Mate consolidation in accordance with pooling of interest method as of January 1, 2019:

	A2Z	Cust2Mate	Eliminating entries	Total
	31/12/19	31/12/19		31/12/19
ASSETS				
Cash and cash equivalents	$ 289	$ 73	$ -	$ 362
Inventories	38	-	-	38
Trade receivables	244	-	-	244
Financial asset	5,624	-	(5,624)	-
Other accounts receivable	1,106	154	-	1,260
Intangible asset - patent, net	2,341	15	-	2,356
Property, plant and equipment, net	326	2	-	328
Long term deposit	30	-	-	30
Deferred taxes, net	16	-	-	16
LIABILITIES				
Short term loan and current portion of long term loans	200	-	-	200
Lease liability	63	-	-	63
Trade payables	471	38	-	509
Other accounts payable	422	-	-	1,988
Long term loans	152	204	-	356
Severance payment, net	159	-	-	159
Total shareholders' equity	8,547	2	(7,190(*))	1,359

(*) Including consideration paid of $1,566 which was recorded on November 16, 2020.

NOTE 6 – BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED):

	A2Z 31/12/19	Cust2Mate 31/12/19	Eliminating entries	Total 31/12/19
Revenues	1,306	78	-	1,384
Cost of revenues	(783)	-	-	(783)
General and administrative expenses	(744)	(10)	-	(754)
Research and development expenses	(219)	(195)	-	(414)
Marketing and selling	(87)	-	-	(87)
Listing Expense	(1,792)	-	-	(1,792)
Financial expenses	(109)	-	-	(109)
Income tax (expense)	(380)	-	-	(380)
CASH FLOWS				
Cash flows from operating activities	(1,410)	(104)	-	(1,514)
Cash flows from investing activities	(26)	(4)	-	(30)
Cash flows from financing activities	1,665	170	-	1,835

NOTE 7 - OTHER ACCOUNTS RECEIVABLE:

	December 31, 2021	December 31, 2020
Related parties	$ 126	$ -
Advances to suppliers	-	28
Prepaid expenses	50	263
Government institutions	251	60

Other	7	2
	$ 434	$ 353

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT, NET:

	Computers and electronic equipment	Furniture and equipment	Vehicles	Leasehold Improvements	Right of use Asset	Total
Cost:						
As of January 1, 2021	$ 370	$ 139	$ 625	$ 57	$ -	$ 1,191
Additions	52	62	298	-	362	774
Translation adjustments	18	-	45	2	-	65
As of December 31, 2021	$ 440	$ 201	$ 968	$ 59	$ 362	$ 2,030
Accumulated depreciation:						
As of January 1, 2021	$ 268	$ 133	$ 294	$ 57	$ -	$ 752
Additions	22	7	92	-	101	222
Translation adjustments	(2)	2	(18)	2	-	(16)
As of December 31, 2021	$ 288	$ 142	$ 368	$ 59	$ 101	$ 958
Net Book Value:						
As of December 31, 2021	$ 152	$ 59	$ 600	$ -	$ 261	$ 1,072
As of December 31, 2020	$ 103	$ 6	$ 331	$ -	$ 16	$ 456

	Computers and electronic equipment	Furniture and equipment	Vehicles	Leasehold Improvements	Right of use Asset	Total
Cost:						
As of January 1, 2020	$ 342	$ 123	$ 345	$ 53	$ 40	$ 903
Additions	-	3	224	-	-	227
Translation adjustments	28	13	56	4	-	101
As of December 31, 2020	$ 370	$ 139	$ 625	$ 57	$ 40	$ 1,231
Accumulated depreciation:						
As of January 1, 2020	$ 219	$ 122	$ 204	$ 53	$ 20	$ 618
Additions	16	2	35	-	4	57
Translation adjustments	32	9	55	4	-	100
As of December 31, 2020	$ 267	$ 133	$ 294	$ 57	$ 24	$ 775
Net Book Value:						
As of December 31, 2020	$ 103	$ 6	$ 331	$ -	$ 16	$ 456
As of December 31, 2019	$ 123	$ 1	$ 141	$ -	$ -	$ 265

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 9 - OTHER ACCOUNTS PAYABLE:

	December 31, 2021	December 31, 2020
Employees and government authorities	$ 362	$ 125
Accrued expenses	169	221

Other	568	30
	$ 1,099	$ 376

NOTE 10 - LONG TERM LOANS:

	Linked to	Interest rate	December 31, 2021	December 31, 2020
Long term loans	NIS	1.8%-6.1%	$ 641	$ 852
Less- Current portion			(158)	(186)
			$ 483	$ 666

The loans are from leading Israeli financial institutions and bear interest of between 1.8% - 6.1%. $158 of the loans are repayable within in one year and $877 are repayable between two to five years.

NOTE 11 – SEVERANCE PAYMENT, NET:

a. The plan liabilities, net:

	Year ended December 31, 2021	Year ended December 31, 2020
Defined benefit plan:		
Present value of defined benefit obligation	$ 541	$ 563
Fair value of plan assets	(374)	(376)
Total	$ 167	$ 187

Changes in the present value of defined benefit obligation:

	2021	2020
Balance at beginning of year	$ 563	$ 484
Recognized in statement of comprehensive loss:		
Interest cost	10	12
Current service cost	39	41
Currency translation	(71)	38
Recognized in other comprehensive gain (loss):		
Net actuarial gain (loss)	-	(13)
Balance at end of year	$ 541	$ 563

b. The movement in the fair value of the plan assets:

	2021	2020
Balance at beginning of year	$ (376)	$ (325)
Recognized in statement of comprehensive loss:		
Expected return	28	(28)
Recognized in other comprehensive loss /(gain):		
Net actuarial loss (gain)	-	(25)
Other:		
Contributions by employer	(26)	(18)
Balance at end of year	$ (374)	$ (376)

c. The principal assumptions underlying the defined benefit plan:

	December 31, 2021	December 31, 2020
Discount rate of the plan liability	2.24%	2.20%
Expected rate of return on plan assets	2.36%	2.32%

Future salary increases	3.47%	3.44%

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 12 – WARRANT LIABILITY:

a) **January 2020 Warrants**

Certain warrants issued in January 2020 were issued with an exercise price denominated in Canadian Dollars (CAD) rather than the functional currency of the Company - New Israeli Shekels (NIS). These warrants were recorded at their fair value at the end of each reporting period and classified as a derivative liability.

On June 30, 2021, warrant holders, owning 220,589 warrants, exercisable at CAD$1.95, and the Company, agreed that the exercise price of CAD$1.95 would be payable in New Israeli Shekels (based on a NIS 2.65 to CAD$1.00 exchange rate) and therefore the Company reclassified the balance of the warrant liability in respect of these warrants as equity ($1,788). The Company also entered into a foreign currency hedge contract to protect against any negative currency fluctuation against the CAD.

As of December 31, 2021, the warrant liability was $51 and the Company recorded a loss on the revaluation of the total warrant liability for the year ended December 31, 2021, of $1,788 in the Consolidated Statement of Comprehensive Loss. The Black-Scholes option pricing model was used to measure the derivative warrant liability with the following assumptions: volatility of 82% using the historical prices of the Company, risk-free interest rate of 0.064%, expected life of 0.08 years and share price of $13.72. As of December 31 ,2021, there are 16,312 warrants classified as a liability.

The following is the reconciliation of the fair value that are categorized within Level 3 of the fair value hierarchy in financial instruments:

Balance at January 1, 2020	$	-
Issuance at January 30, 2020		214
Revaluation at December 31, 2020		71
Balance at December 31, 2020		285
Warrants exercised		(342)
Revaluations		1,896
Reclassification to Warrant Reserve	$	(1,788)
Balance at December 31, 2021	$	51

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 12 – WARRANT LIABILITY (CONTINUED):

b) **November 2020 and December 2020 Warrants**

Certain warrants issued in November and December 2020 were issued with an exercise price denominated in Canadian Dollars (CAD) rather than the functional currency of the Company – New Israeli Shekels (NIS). These warrants were recorded at their fair value at the end of each reporting period and classified as a derivative liability.

As of March 31, 2021, the warrant liability was $35,175 and the Company recorded a loss on the revaluation of the total warrant liability on March 31, 2021, of $26,816 in the Consolidated Statement of Comprehensive Loss. The Black-Scholes option pricing model was used to measure the derivative warrant liability with the following assumptions: volatility of 79% using the historical prices of the Company, risk-free interest rate of 1.002%, expected life of 4.63 years and share price of $9.30.

On March 31, 2021, warrant holders, owning 5,816,785 warrants, exercisable at CAD$2.70, and the Company, agreed that the exercise price of CAD$2.70 would be payable in New Israeli Shekels (based on a NIS 2.65 to CAD$1.00 exchange rate) and therefore the Company reclassified the balance of the warrant liability in respect of these warrants as equity ($35,065). The Company also entered into a foreign currency hedge contract to protect against any negative currency fluctuation against the CAD. As of December 31, 2021, all the November 2020 and December 2020 warrants are classified as equity.

The following is the reconciliation of the fair value that are categorized within Level 3 of the fair value hierarchy in financial instruments:

Balance on January 1, 2020	**$**	**-**
Issuance at November 16, 2020		3,537
Issuance at December 29, 2020		1,698
Revaluation at December 31,2020		3,156
Balance at December 31, 2020	$	8,391
Revaluation at March 31, 2021		26,816
Reclassification to Warrant Reserve		(35,207)
Balance at December 31, 2021	$	-

NOTE 12 – WARRANT LIABILITY (CONTINUED):

c) **April and May 2021 Warrants**

Certain warrants were issued with an exercise price denominated in Canadian Dollars (CAD) rather than the functional currency of the Company – New Israeli Shekels (NIS). These warrants were recorded at their fair value at the end of each reporting period and classified as a derivative liability.

As of June 30, 2021, the warrant liability was $7,093 and the Company recorded a loss on the revaluation of the total warrant liability for the year ended December 31, 2021 of $2,307 in the Consolidated Statement of Comprehensive Loss. The Black-Scholes option pricing model was used to measure the derivative warrant liability with the following assumptions: volatility of 111% using the historical prices of the Company, risk-free interest rate of 0.41%, expected life of 1.79 years and share price of $11.91.

On June 30, 2021, warrant holders owning 583,703 warrants, exercisable at CAD$11.04, and the Company, agreed that the exercise price of CAD$11.04 would be payable in NIS (based on a NIS 2.63 to CAD$1.00 exchange rate) and therefore the Company reclassified the balance of the warrant liability in respect of these warrants, as equity ($6,846). The Company also entered into a foreign currency hedge contract to protect against any negative currency fluctuation against the CAD.

As of August 29, 2021, the warrant liability was $247 and the Company recorded a gain on the revaluation of the total warrant liability for the year ended December 31, 2021, of $124 in the Condensed Consolidated Interim Statement of Comprehensive Loss. The Black-Scholes option pricing model was used to measure the derivative warrant liability with the following assumptions: volatility of 134% using the historical prices of the Company, risk-free interest rate of 0.41%, expected life of 1.62 years and share price of $6.69. As of December 31, 2021, all the April and May 2021 warrants are classified as equity.

The following is the reconciliation of the fair value that are categorized within Level 3 of the fair value hierarchy in financial instruments:

Balance at January 1, 2021	$	-
Issuance at June 4, 2021		4,786
Revaluation at June 30 ,2021		2,307
Reclassification to Warrant Reserve		(6,846)
Balance at June 30, 2021		247
Revaluation at August 29 ,2021		(124)
Reclassification to Warrant Reserve		(123)
Balance at December 31, 2021	$	-

NOTE 13 – LIENS, COMMITMENTS AND CONTINGENCIES:

A. The Company's Israeli subsidiary's fixed assets (motor vehicles) are secured against bank borrowings.

B. One of the Company's Israeli subsidiaries leases its facility which expires on March 1, 2024. Lease payments are approximately $11 per month ($132 annually).

Another one of the Company's Israeli subsidiaries leases its facility which expires on June 30, 2022. Lease payments are approximately $3.5 per month ($45 annually).

NOTE 14 – SHAREHOLDERS' EQUITY (DEFICIT):

On August 13, 2021, the Board and the TSX-V approved a 1-for-3 reverse stock split, (the "Reverse Split"). Consequently, all share numbers, share prices, and exercise prices have been retroactively adjusted in these consolidated financial statements for all periods presented.

A. On January 21, 2020, 47,619 options with an exercise price of CAD0.42 were exercised for gross proceeds of $15 (CAD20 thousand).

B. On January 30, 2020, the Company completed a private placement of 277,779 units (the "Units") at a price of CAD1.80 per Unit for gross proceeds of $ 377 (CAD500 thousand) ("January 2020 Private Placement"). Each Unit consists of one share and one common share purchase warrant, with each warrant entitling the holder to acquire an additional share of the Company at a price of CAD1.95 until January 30, 2022. All securities issued in connection with the January 2020 Private Placement were subject to a hold period expiring May 31, 2020. The fair value of the warrants at issuance were $214 and were recorded as a liability – see Note 11.

C. On January 30, 2020, the Company issued 30,831 shares as compensation, valued at $50, for consulting services provided by a consultant.

D. On March 18, 2020, 75,000 options with an exercise price of CAD0.39 were exercised for gross proceeds of $23 (CAD32 thousand).

E. On April 27, 2020, the Company issued 76,701 Shares as compensation, valued at $71, for consulting services provided by two consultants.

F. During July 2020 and August 2020, 182,142 warrants with an exercise price of NIS 2.52 were exercised for gross proceeds of $98.

G. On October 28, 2020, 767 options with an exercise price of CAD1.14 were exercised for gross proceeds of $1.

H. On November 16, 2020, the Company closed a private placement (the "November 2020 Private Placement") and issued 4,450,153 units at a price of CAD1.875 per unit for gross proceeds of $6,377 CAD 8,344. Each unit is comprised of one share and one warrant (each, a "November 2020 Warrants"). Each November 2020 Warrant entitles the holder thereof to purchase one additional share at a price of CAD2.70 at any time prior to November 10, 2025. In connection with the November 2020 Private Placement, the Company paid finders' fees of $417.

   The fair value of the November 2020 Private Placement Warrants was $3,537 at the issuance date and were recorded as a liability

   All securities issued in connection with the November 2020 Private Placement are subject to a four month and one day hold period expiring on March 11, 2021.

NOTE 14 – SHAREHOLDERS' EQUITY (DEFICIT) (CONTINUED):

I. On December 29, 2020, the Company closed a private placement (the "December 2020 Private Placement") and issued 1,366,631 units at a price of CAD1.875 per unit for gross proceeds of $2,000 (CAD2,562). Each unit is comprised of one share of the Company and one warrant (each, a "December 2020 Warrant"). Each December 2020 Warrant entitles the holder thereof to purchase one share at a price of CAD2.70 at any time prior to December 24, 2025. In connection with the December 2020 Private Placement, the Company paid finders' fees of $128, in cash and issued 100,000 finders' warrants ("Finders' Warrants").

   All securities issued in connection with the December 2020 Private Placement are subject to a four month and one day hold period expiring on April 25, 2021.

   The December 2020 Warrants and Finders' Warrants and have an exercise price of CAD$2.70 and expire on December 24, 2025, and April 25, 2021. The fair value of the December 2020 Warrants was $1,698 and were recorded as a liability – see note 11.

J. On December 24, 2020, the Company issued 20,161 shares as compensation, valued at $47, for consulting services provided by a consultant.

K. During the year ended December 31, 2021, the Company issued 2,514,693 shares in respect of 2,629,343 warrants that were exercised. (See Note 14(a))

L. On June 4, 2021, the Company completed two private placements (collectively, the "Offering"). The Offering resulted in the issuance of an aggregate of 1,305,662 units at a price of CAD$8.16 per Unit, for gross proceeds of $8,590 (CAD$10.65 million). Each Unit is composed of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share of the Company at CAD$11.04 per warrant. 221,100 Warrants expire on April 14, 2023, and 1,084,562 Warrants expire on May 28, 2023. A finder's fee of $466 (CAD$578) was paid in connection with the Offering.

   The fair value of the warrants granted was $4,786 and was initially classified as a liability (see note 12(c)). The Company accounted for the remaining $3,338 as additional paid in capital and share issue expenses.

M. During the year ended December 31, 2021, the Company issued 286,223 shares in respect of 286,223 stock options that were exercised. (See Note 15 (b))

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 15 – WARRANTS AND OPTIONS:

a) Warrants

(i) Warrant transactions for the years ended December 31, 2021, and 2020 are as follows:

	Number		Weighted Average Exercise Price
Balance, January 1, 2020	**1,277,464**	ILS	2.5200
Exercise of warrants	(182,142)	ILS	2.5200
Warrants issued in the January 2020 Private Placement	277,779	ILS	5.124
Warrants issued in the November 2020 Private Placement	4,450,153	ILS	7.1418
Warrants issued in the December 2020 Private Placement	1,366,631	ILS	7.1418
Finders' Fee Warrants	100,000	ILS	7.1418
Balance, December 31, 2020	**7,289,885**	ILS	6.1280
Exercise of warrants	(15,000)	ILS	5.124
Exercise of warrants	(80,000)	ILS	7.1418
Warrants issued in the April 2021 Private Placement (Note 13(l))	221,100	ILS	29.025
Warrants issued in the May 2021 Private Placement (Note 13(l))	1,084,562	ILS	29.025
Exercise of warrants	(14,502)	ILS	5.124
Exercise of warrants	(145,011)	ILS	5.124
Exercise of warrants	(45,000)	ILS	7.1418
Exercise of warrants	(14,502)	ILS	5.124
Exercise of warrants	(33,333)	ILS	7.1418
Exercise of warrants	(15,000)	ILS	5.124
Exercise of warrants	(55,000)	ILS	7.1418
Exercise of warrants	(100,000)	ILS	7.1418
Exercise of warrants	(595,231)	ILS	7.1418
Exercise of warrants (ii)	(1,095,322)	ILS	2.5200
Exercise of warrants	(7,251)	ILS	5.124
Exercise of warrants	(31,776)	ILS	7.1418
Exercise of warrants	(382,415)	ILS	7.1418
Balance, December 31, 2021	**5,966,204**	ILS	11.0318

(ii) As of December 31, 2021, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

December 31, 2021	Expiry date	Exercise price			Exercise price (USD)
5,437	January 30, 2022	CAD	1.95		$ 1.53
61,077	January 30, 2022	ILS	5.124	(1)	$ 1.65
3,227,398	November 10, 2025	ILS	7.1418	(2)	$ 2.30
1,366,631	December 24, 2025	ILS	7.1418	(2)	$ 2.30
221,100	April 18, 2023	ILS	29.025	(3)	$ 9.33
1,084,562	May 28, 2023	ILS	29.025	(3)	$ 9.33
5,966,205					

(1) On June 30, 2021, warrant holders and the Company, agreed that the exercise price of CAD$1.95 would be payable in New Israeli Shekels. The exercise price is NIS 5.124 per warrant (see also Note 11).

(2) On March 31, 2021, warrant holders and the Company, agreed that the exercise price of CAD$2.70 would be payable in New Israeli Shekels. The exercise price is NIS 7.1418 per warrant (see also Note 11).

(3) On June 30, 2021, warrant holders and the Company, agreed that the exercise price of CAD$11.04 would be payable in New Israeli Shekels. The exercise price is NIS 29.025 per warrant (see also Note 11).

NOTE 15 – WARRANTS AND OPTIONS (CONTINUED):

a) Warrants (continued)

(iii) On December 16, 2021, 1,095,322 warrants with an exercise price of ILS2.52 were exercised in a cashless mechanism and the warrant holders were granted 980,673 shares.

b) Stock Options

Stock option transactions for the years ended December 31, and 2020 are as follows:

	Number	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD)
Balance January 1, 2020	182,909	$ 0.42	$ 0.32
Options granted	100,000	2.40	
Options granted	613,333	1.50	
Options granted	116,667	2.25	
Exercise of options	(767)	1.14	
Exercise of agent's options	(47,619)	0.42	
Exercise of options	(75,000)	0.42	
Balance December 31, 2020	889,523	$ 1.62	$ 1.27
Options granted (i)	33,333	3.00	
Options granted (ii)	116,667	3.00	
Exercise of options	(8,333)	2.25	
Options granted (iii)	50,000	8.40	
Exercise of options	(59,524)	0.42	
Exercise of options	(33,333)	1.50	
Exercise of options	(33,333)	2.25	
Options granted (iv)	116,700	6.00	
Options granted (v)	16,677	8.00	
Exercise of options	(35,000)	2.25	
Exercise of options	(116,700)	6.00	
Expiry of options	(116,667)	3.00	
Balance December 31, 2021	820,010	$ 2.10	$ 1.65

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 15 – WARRANTS AND OPTIONS (CONTINUED):

b) Stock Options (continued)

(i) On January 28, 2021, 33,333 stock options were issued to a consultant with an exercise price of CAD$3.00. The options expire on January 28, 2025. The fair value of the options granted was estimated at CAD$90 using the Black-Scholes option pricing model, using the following assumptions: Share Price: CAD$2.82; Expected option life 4 years; Volatility 209%; Risk-free interest rate 0.30%; Dividend yield 0%.

(ii) On January 28, 2021, 116,667 stock options were issued to a consultant with an exercise price of CAD$3.00. The options expire on December 31, 2021. The fair value of the options granted was estimated at CAD$191 using the Black-Scholes option pricing model, using the following assumptions: Share Price: CAD$2.82; Expected option life 0.92 years; Volatility 173%; Risk-free interest rate 0.11%; Dividend yield 0%.

(iii) On June 3, 2021, 50,000 stock options were issued to a consultant with an exercise price of CAD$8.40. The options expire on June 3, 2026. The fair value of the options granted was estimated at CAD$445 using the Black-Scholes option pricing model, using the following assumptions: Share Price: CAD$9.18; Expected option life 5 years; Volatility 191%; Risk-free interest rate 0.93%; Dividend yield 0%.

(iv) On August 23, 2021, 116,700 stock options were issued to consultants with an exercise price of CAD$6.00. The options expire on April 30, 2022. The fair value of the options granted was estimated at CAD$242 using the Black-Scholes option pricing model, using the following assumptions: Share Price: CAD$6.50; Expected option life 0.68 years; Volatility 126%; Risk-free interest rate 0.19%; Dividend yield 0%.

(v) On October 28, 2021, 16,677 stock options were issued to a director with an exercise price of CAD$8.00. The options expire on October 28, 2026. The fair value of the options granted was estimated at CAD$242 using the Black-Scholes option pricing model, using the following assumptions: Share Price: CAD$9.37; Expected option life 5 years; Volatility 114%; Risk-free interest rate 1.43%; Dividend yield 0%.

(vi) As at December 31, 2021, the Company had outstanding stock options, enabling the holders to acquire common shares as follows:

Outstanding as of December 31, 2021	Exercisable as of December 31, 2021	Expiry date	Exercise price (CAD)	Exercise price (USD)
100,000	100,000	January 23, 2023	CAD 2.40	$ 1.88
580,000	449,167	August 20, 2025	CAD 1.50	$ 1.18
40,000	40,000	September 1, 2025	CAD 2.25	$ 1.77
33,333	22,222	January 28, 2025	CAD 3.00	$ 2.36
50,000	16,667	June 3, 2026	CAD 8.40	$ 6.60
16,677	1,853	October 28, 2026	CAD 8.00	$ 6.28
820,010	629,909			

(vii) Share-based compensation expense is recognized over the vesting period of options. During the year ended December 31, 2021, share-based compensation of $843 was recognized and charged to the Consolidated Statement of Comprehensive Loss (December 31, 2020 – $800).

NOTE 16 – NON CONTROLLING INTERESTS

The following Company subsidiaries which have non-controlling interests:

	December 31, 2021	December 31, 2020
Cust2mate	$ (1,026)	$ -
AAI	419	520
	$ (607)	$ 520

NOTE 17 – REVENUES:

Major customers (as percentage of total revenues):

	Year Ended December 31, 2021 %	Year Ended December 31, 2020 %
Customer A	**39%**	61%
Customer B	**15%**	6%
Customer C	**10%**	4%
Customer D	**28%**	-
	92%	71%

Revenue streams (as percentage of total revenues):

	Year Ended December 31, 2021 %	Year Ended December 31, 2020 %
Revenues from services		
Revenues from services	**50%**	65%
Revenues from leasing	**15%**	25%
Revenues from maintenance services	**7%**	10%
Smart Carts		
Revenues from smart carts project	**28%**	-
	100%	100%

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 18 – COST OF REVENUES:

	Year Ended	
	December 31, 2021	December 31, 2020
Payroll and related expenses	**$ 1,096**	$ 493
Subcontractor and outsourced work	**162**	65
Materials and components consumed	**291**	90
Car maintenance	**373**	147
Other	**107**	58
	$ 2,029	$ 853

NOTE 19 – RESEARCH AND DEVELOPMENT EXPENSES:

	Year Ended	
	December 31, 2021	December 31, 2020
Payroll and related expenses	**$ 510**	$ 410
Subcontractor and outsourced work	**2,477**	-
Legal fees	**99**	-
Other	**136**	8
	$ 3,222	$ 418

NOTE 20 – GENERAL AND ADMINISTRATIVE EXPENSES:

	Year Ended	
	December 31, 2021	December 31, 2020
Payroll and related	**$ 1,027**	$ 579
Professional fees	**3,417**	1,449
Share-based compensation	**842**	-
Depreciation and amortization	**321**	213
Office maintenance	**275**	23
Investor relations	**254**	101
Others	**358**	-
	$ 6,494	$ 2,365

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 21 - **LOSS PER SHARE:**

Both the basic and diluted earnings (loss) per share have been calculated using the weighted average number of shares in issue during the relevant financial periods, the weighted average number of equity shares in issue and loss for the period as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Net loss for the year	$ (39,735)	$ (7,222)
Weighted average number of ordinary shares	23,340,621	16,758,323
Basic and diluted loss per share in USD	$ (1.70)	($ 0.43)

NOTE 22 – INCOME TAX EXPENSE:

A. Taxes on income:

The combined Canadian federal and provincial statutory income tax rate is 26.5% (2020 - 26.5%).

Israeli corporate tax rates are 23% in 2021 and 2020.

B. Tax reconciliation:

	Year ended December 31, 2021	Year ended December 31, 2020
Loss before income tax	$ (40,148)	$ (5,402)
Statutory tax rate	23%	23%
Income tax benefit (expense) at the statutory tax rate	9,234	1,242
Expenses not recognized for tax purposes	(9,234)	(753)
Recognition/Derecognition of deferred tax assets which were not recognized on prior periods	(142)	(506)
Income tax expense	$ (142)	$ (17)

C. Income tax expense:

	Year ended December 31, 2021	Year ended December 31, 2020
Current	$ -	$ 10
Prior year taxes	142	-
Deferred taxes, net	-	7
Total	$ 142	$ 17

NOTE 22 – INCOME TAX EXPENSE: (CONTINUED)

D. Deferred tax assets:

Deferred tax assets have not been recognized in respect of carryforward losses because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

NOTE 23- RELATED PARTIES AND SHAREHOLDERS:

The following transactions arose with related parties:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Consulting fees	$ 958	$ 594
Salaries	37	27
Pensions	6	4
	$ 1,001	$ 625

Amounts owing by (to) related parties:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Key management personnel	**$ 183**	$ -
Company controlled by the CEO	**(57)**	-
	$ 126	**$ -**

The CEO has an agreement with the Company pursuant to which he received a consulting fee of NIS 150,000 per month (approximately $46 per month). In addition, the compensation committee approved a milestone-based bonus of up to $500, of which $400 was earned during the year ended December 31, 2021.

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 24 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position.

The Company's financial instruments are its cash, trade and other receivables, payables, other payables and loans. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly credit risk and currency risk. The risk rate on loans is fixed. The risk management policies employed by the Company to manage these risks are discussed below.

NOTE 24 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED):

A. Credit risk:

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances. The Company's main financial assets are cash and cash equivalents as well as other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets.

Wherever possible and commercially practical the Company holds cash with major financial institutions in Israel. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances.

Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, or outbreaks of pandemic diseases, including COVID-19, we may be unable to continue our operations and may experience system interruptions and reputational harm. Acts of terrorism and other geo-political unrest, including the ongoing conflict in Ukraine, could also cause disruptions in our business or the business of our customers, partners, vendors, or the economy as a whole. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

The Company's main financial assets are cash and cash equivalents and trade accounts receivable as well as marketable securities and represent the Company's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical the Company holds cash with major financial institutions In Israel.

	December 31, 2021	December 31, 2020
Cash and Cash Equivalents	**$ 8,470**	$ 5,397
Cash restricted	**60**	192
Trade receivables	**857**	196
Other Accounts Receivable	**434**	1,243
Total	**$ 9,821**	$ 7,028

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 24 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED):

B. Liquidity risks:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having an available adequate amount of committed credit facilities. The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay

	Contractual		
	Carrying amounts	Within 1 year	over 1 year
Trade payables	$ 989	$ 989	$ -
Other accounts payable	$ 1,099	$ 704	$ 395
Loans	$ 641	$ 158	$ 483
Lease liability	$ 277	$ 126	$ 151

C. Market risks:

The Company's' business of maintenance services of various electronic systems is highly competitive and involves a certain degree of risk. The Company's business operations will depend largely upon the outcome of continued sales and services to security establishments and the initiation of sales of their products to the civilian markets.

The Company's Cust2Mate business is new, and the Company is aware of competitors in the market. In addition to the regular management oversight and skills required, success in this segment will require the Company to penetrate the market as rapidly as possible.

As of December 31, 2021, if the Company's functional currency (ILS) had strengthened/ weakened by 5% against the USD, with all other variables held constant, the loss for the year would decrease /increase by approximately $240.

D. Interest rate risks:

The Company is exposed to cash flow interest rate risk from long-term borrowings at variable rate. It is currently Company policy that between 50% and 75% of Company borrowings are fixed rate borrowings. This policy is managed centrally. Although the board accepts that this policy neither protects the Company entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2021 and 2020, the Company's borrowings at variable rate were denominated in NIS.

The Company analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit and loss and net assets of a 100 basis point shift (being the maximum reasonable expectation of changes in interest rates) would be approximately $8.

E. Capital management

The Company considers its capital to be comprised of shareholders' equity. The Company's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended December 31, 2021. There are no externally imposed restrictions on the Company's capital.

NOTE 25 – OPERATING SEGMENTS:

The Company and its subsidiaries are engaged in the following two segments:

a. Advanced engineering capabilities to the military/security markets as well as development of related products for the civilian and retail markets. ("Advanced Engineering")

b. Retail automation solutions – Smart Carts ("Smart Carts")

	For the year ended December 31, 2021		
	Advanced Engineering	Smart Carts	**Total**
Revenues			
External	$ 1,935	$ 750	$ 2,685
Inter-segment	-	-	-
Total	1,935	750	2,685

Segment loss	35,095	4,962	40,057
Finance expense, net			91
Tax expenses			142
Loss			$ 40,290

	For the year ended December 31, 2020		
	Advanced Engineering	Smart Carts	**Total**
Revenues			
External	$ 1,068	$ -	$ 1,068
Inter-segment	-	-	-
Total	1,068	-	1,068
Segment loss	5,770	166	5,936
Finance expense, net			(32)
Tax expenses			(17)
Loss			$ 5,953

A2Z SMART TECHNOLOGIES CORP.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of US Dollars, except per share data)

NOTE 25 – OPERATING SEGMENTS (CONTINUED):

	As of December 31, 2021			
	Advanced Engineering	Smart Carts	Adjustment & Elimination	Total
Segment assets	$ 12,118	$ 2,013	$ -	$ 14,131
Segment liabilities	$ 1,786	$ 1,438	$ -	$ 3,224

	As of December 31, 2020			
	Advanced Engineering	Smart Carts	Adjustment & Elimination	Total
Segment assets	$ 8,598	$ 254	$ -	$ 8,852
Segment liabilities	$ 10,418	$ 418	$ -	$ 10,836

NOTE 26 – SUBSEQUENT EVENTS:

a. Between January 1, 2022, and March 31, 2022, 474,207 warrants with an exercise price between NIS5.124-NIS7.1418 were exercised for gross proceeds of $956 and the Company issued 474,207 shares.

b. On January 31, 2022, 5,437 warrants with an exercise price of CAD1.95 expired.

c. On February 3, 2022, the Company announced it has completed the acquisition of all of the outstanding shares of Isramat Ltd ("Isramat"), an Israeli manufacturer of precision metal parts. In connection with closing of the acquisition, the Company will pay NIS 2,800 (approximately $900) in cash and issue the shareholders of Isramat 273,774 common shares in the capital of the Company at a deemed price per share of $7.6311.

The purchase consideration is being allocated between the acquired tangible assets and intangible assets, based on their fair values. Fair values were estimated with the assistance of an independent third party.

Management is fully responsible for the valuation of the assets. An initial valuation has been completed and a final assessment will be made within one year. The fair value assigned to identifiable intangible assets acquired has been determined by using valuation methods that accounts for replacement costs, using estimates and assumptions determined by management.

Based on the above, the Company has initially determined that the purchase price exceeds the fair values of assets acquired by approximately $312, which is recognized as goodwill. Upon the purchase price allocation, an amount of $312 will be allocated to goodwill

to be amortized over a 20 year period.

NOTE 26 – SUBSEQUENT EVENTS (CONTINUED):

The table below summarizes the preliminary fair value of assets acquired at the purchase date:

	February 3, 2022
Total assets	2,649
Benefit shareholder consulting agreement	28
Goodwill(*)	312
Total net assets acquired	2,989

(*) Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. The goodwill is attributed to the expected benefits arising from the synergies of the combination of the activities of the Company and acquired company.

The pro forma financial information presented below is for informational purposes only, is subject to a number of estimates, assumptions and other uncertainties, and is not indicative of the results of operations that would have been achieved if the transaction had taken place at January 1, 2021. The pro forma financial information is as follows:

	For the year ended December 31, 2021
	Pro forma Unaudited
Total revenues	**$ 7,915**
Net loss attributable to A2Z's shareholders	**$ 37,698**

d. On February 11, 2022, the Company issued 74,985 shares to a trustee in respect of a crowd funding transaction that was completed in 2019, for which shares were not immediately issued until the completion of an Israeli tax ruling which was only finalized in late 2021.

Exhibit 99.3

A2Z Smart Technologies Corp.
(Formerly A2Z TECHNOLOGIES CANADA CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the twelve months ended December 31, 2021

(Expressed in U.S. Dollars)

March 31, 2022

The following Management's Discussion and Analysis ("MD&A") for A2Z Smart Technologies Corp (Formerly A2Z Technologies Canada Corp.) ("A2Z" or "the Company") is prepared as of March 31, 2022, and relates to the financial condition and results of operations of the Company for the year ended December 31, 2021. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the Company's audited consolidated annual financial statements ("Consolidated Financial Statements") for the year ended December 31, 2021, which have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS" or "GAAP").

All amounts are presented in United States dollars ("USD" or "$"), the Company's presentation currency, unless otherwise stated.

Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties", and "Cautionary Note Regarding Forward-Looking Statements" sections of this document. Readers are cautioned not to put undue reliance on forward-looking statements.

COMPANY OVERVIEW

A2Z SMART TECHNOLOGIES CORP. (Formerly A2Z Technologies Canada Corp.) (the "Company" or "A2ZST") was incorporated on January 15, 2018 under the laws of British Columbia. The head office is located at 1600 – 609 Granville Street, Vancouver, British Columbia V7Y 1C3, and the records and registered office is located at 2200 HSBC Building 885 West Georgia Street, British Columbia, V6C 3E8.

The Company is listed on the NASDAQ Stock Market LLC ("Nasdaq") and trades under the symbol "AZ" and on the TSX Venture Exchange ("TSX Venture") and trades under the symbol "AZ.V".

The Company is an innovative technology company specializing in military technology and expanding into the civilian markets. The Company has four main business lines: (i) the development and commercialization of retail automation solutions, in particular for large grocery stores and supermarkets; (ii) the development of the Company's FTICS or Fuel Tank Inertia Capsule System technology for the military and civilian automotive industry; and (iii) the provision of maintenance services utilizing the application of advanced engineering capabilities to the Israeli military/security markets and governmental agencies in Israel and the production of unmanned remote-controlled vehicles and energy power packs for the Israeli military; and (iv) manufacturer of precision metal parts.

The Company owns 79.49% of the common shares of Cust2Mate Ltd ("Cust2Mate"), a technology company focused on providing retail automation solutions, in particular for large grocery stores and supermarkets. The company's primary product is the Cust2Mate system which incorporates a "smart cart"

which automatically calculates the value of the customers purchases in their smart cart, without having to unload and reload their purchases at a customer checkout point.

The Cust2Mate system offers unique features for shoppers and retailers such as product information and location, an on-cart scale to weighs items and automatically calculates cost, bar-code scanner and on-board payment system to bypass checkout lines. In addition, the product includes big data smart algorithms and computer vision capabilities, allowing for customer specific targeted advertising. ("The Cust2Mate Platform"). The Cust2Mate Platform is being rolled out in Israel and is being marketed throughout the world, with pilots in North and South America and in the Middle East.

The Company's other activities include the provision of services in the field of advanced engineering capabilities to the military and security markets as well as the development of related products for the civilian markets. Such services include providing maintenance services and leasing.

The Company continues the development of a product for the automotive market - the FTICS or Fuel Tank Inertia Capsule System which activates automatically in the event of a vehicle collision. This eliminates the danger of fuel tank combustion thereby saving lives and reducing damage.

The Company also provides maintenance services to both external and in-house complex electronic systems and products.

On February 3, 2022, the Company completed the acquisition of 100% of Isramat Ltd, an Israeli private company. This strategic acquisition vertically integrates certain manufacturing capabilities for the production of A2Z's Cust2Mate smart cart while complementing existing contract manufacturing partnerships to support anticipated worldwide growth.

DESCRIPTION OF BUSINESS

The Company controls Cust2Mate Ltd, a technology company focused on providing retail automation solutions, in particular for large grocery stores and supermarkets. The company's primary product is the Cust2Mate Platform which incorporates a "smart cart" which automatically calculates the value of the customers purchases in their smart cart, without having to unload and reload their purchases at a customer checkout point.

There are two complementary products; one to prevent theft when using traditional shopping carts and another to increase efficiency when picking products to meet online orders. The product aims at enhancing the supermarket shopping experience, enabling shoppers to enjoy significant savings in time and reduce their overall purchase costs. The Cust2Mate Platform is being rolled out in Israel and is being marketed throughout the world, with pilots in North and South America and the in the Middle East.

The Company's other activities include the provision of services in the field of advanced engineering capabilities to the military and security markets as well as the development of related products for the civilian markets.

The Company continues the development of products for the automotive market. The main product is the FTICS that enables a customer to insert a "capsule" into the fuel tank of a vehicle which suppresses combustibility of any remaining gasoline or gasoline fumes inside the vehicle's gasoline tank in the event of a collision or exposure to heat and/or flames. This eliminates the possibility of a fire erupting as a result of a collision or exposure to heat and/or flames.

The Company also provides maintenance services to both external and in-house complex electronic systems and products.

BUSINESS DEVELOPMENTS DURING THE PERIOD

On March 4, 2021, the Company announced a commercial purchase order for its Cust2Mate Platform from a leading Israeli supermarket chain. The expected roll out commenced during the fourth quarter of 2021 and will continue through the end of the second quarter of 2022.

On January 7, 2021, the Company announced an expected Cust2Mate pilot project with the largest hypermarket chain in the Middle East. The integration process is almost complete but due to Covid-19, the physical delivery of the Smart Cart units is due to commence in the coming months.

On March 13, 2021, the Company announced that its military and defense division had received a multi-year service and maintenance contract from the Israel Ministry of Internal Security.

On April 29, 2021, the Company announced that it has signed a manufacturing contract with AVCO Systems Integrations Ltd. ("Avco"), whereby Avco will manufacture A2Z's Cust2mate Smart Carts.

On July 27, 2021, the Company announced a pilot program for its Cust2mate Smart Carts with one of Mexico's leading grocery store chains which operating more than 250 stores.

On September 14, 2021, the Company announced that it has signed an agreement with Flex, a global diversified manufacturer, for the production of its Cust2Mate smart carts for the retail industry.

On September 22, 2021, the Company announced that it has signed a distribution agreement with POLIT100 for the promotion, distribution, and service of the Company's Cust2Mate Smart Carts Platform throughout Italy.

On September 30, 2021, the Company announced that it has signed a sales partnership agreement with Tulik Sky to support the Company's expansion in North America of its Cust2Mate Smart Cart Platform.

On October 7, 2021, the Company announced a pilot program for its Cust2mate Smart Carts Platform with Morton Williams Supermarkets, a leading upscale grocery store chain, operating 16 stores in the New York metropolitan area. The 60-day pilot program will employ 50 (fifty) Cust2Mate smart carts at two of the chain's locations.

On October 14, 2021, the Company announced that it has signed a partnership agreement with "Conect Are Us" for the sales, distribution and service of the Company's Cust2Mate Smart Carts Platform throughout Spain.

On November 11, 2021, the Company announced it will integrate AI-based software from Edgify into its Cust2Mate Smart Carts Platform, to enhance the smart cart's capabilities for automatic detection of non-barcoded items (fruits and vegetables). Edgify's software provides a 99.98% accuracy and Cust2Mate will use Edgify in all of its Smart Carts carts outside of Israel.

On November 18, 2021, the Company announced that it has launched a new remote attendant system for its Cust2Mate Smart Carts.

On December 7, 2021, the Company announced a pilot program for its Cust2mate Smart Carts Platform with Evergreen Kosher Market in New York and New Jersey.

On January 12, 2022, the Company announced it has partnered with SensePass, a digital payment Network, which enables customers to pay seamlessly with a digital wallet app, using a PIN pad and contactless pad for frictionless, on-cart, self-checkout.

On February 3, 2022, the Company announced it has completed the acquisition of all of the outstanding shares of Isramat Ltd ("Isramat"), an Israeli manufacturer of precision metal parts. In connection with closing of the acquisition, the Company will pay NIS 2,800 (approximately $900) in cash and issue the shareholders of Isramat 273,774 common shares in the capital of the Company at a deemed price per share of $7.6311.

On February 10, 2022, the Company announced that it has launched a pilot program for its Cust2Mate smart carts with Chedraui, the third largest retailer in Mexico, operating more than 250 stores as well as operating stores in California, Arizona, New Mexico, and Nevada under the name “El Super”.

On February 23, 2022, the Company announced that it has signed a partnership agreement with Cardknox, a Fidelity Payments company and leading developer-friendly omnichannel payment platform for the integration of its seamless payment solutions to the Cust2Mate smart cart.

On March 15, 2022, the Company announced that its Cust2Mate Smart Cart Platform has received National Measurement Office (“NMO”) certification for its Legal For Trade (LFT) weighing system. The certification, which was issued by NMO in accordance with measuring instruments regulations, qualifies the Cust2Mate scale platform for use of all forms of worldwide weight measurements and currencies.

EQUITY ISSUANCES DURING THE YEAR ENDED DECEMBER 31, 2021 AND THROUGH TO THE DATE OF THIS REPORT

On August 13, 2021, the Board and the TSX-V approved a 1-for-3 reverse stock split, (the “Reverse Split”). Consequently, all share numbers, share prices, and exercise prices have been retroactively adjusted in these condensed consolidated interim financial statements for all periods presented.

a. On June 4, 2021, the Company announced that it had received final TSX Venture Exchange (“TSXV”) approval of its two previously announced private placements (collectively, the “Offering”). The Offering resulted in the issuance of an aggregate of 1,305,662 units at a price of CAD$8.16 per Unit, for gross proceeds of CAD$10.65 million. Each Unit comprises of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to acquire one additional common share of the Company, at an exercise of CAD$11.04. 221,100 of the Warrants expire on April 14, 2023 and 1,084,562 expire on May 28, 2023. A finder’s fee of CAD$578,141 was paid in connection with the Offering.

b. During the year ended December 31, 2021, the Company issued 2,514,693 shares in respect of 2,629,342 warrants that were exercised, out of which 1,095,322 warrants were exercised in a cashless mechanism for which the Company issued 980,673 shares.

c. During the year ended December 31, 2021, the Company issued 286,223 shares in respect of 286,223 stock options that were exercised.

d. During the period between January 1, 2022, through to the date of this report the Company issued 474,207 shares in respect of 474,207 warrants that were exercised.

e. On February 3, 2022, the Company issued 273,774 shares to the shareholders of Isramat, in connection with the closing of the Isramat acquisition.

f. On February 11, 2022, the Company issued 74,985 shares to a trustee in respect of a crowd funding transaction that was completed in 2019, for which shares were not immediately issued until the completion of an Israeli tax ruling which was only finalized in late 2021.

USE OF OFFERING PROCEEDS

The Company may reallocate the net offering proceeds from time to time depending upon our growth strategy relative to market and other conditions in effect at the time. Until we expend the net offering proceeds, we will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities.

DISCUSSION OF OPERATIONS

The following is a discussion of the results of operations which have been derived from the Consolidated Financial Statements of the Company for the years ended December 31, 2021, 2020 and 2019 (in thousands of US Dollars):

	Year Ended December 31,		
	2021	2020	2019
Revenues	**$ 2,685**	$ 1,068	$ 1,384
Cost of revenues	**2,029**	853	783
Gross profit	**656**	215	601
Expenses:			
Research and development costs	**3,222**	418	414
Sales and marketing costs	**102**	108	87
General and administrative expenses	**6,494**	2,365	754
Operating loss	**(9,162)**	(2,676)	(654)
Listing expense	-	-	1,792
Loss on revaluation of warrant liability	**30,895**	3,228	-
Financial income	-	(75)	-
Financial expense	**91**	107	109
Loss before taxes on income	**(40,148)**	(5,936)	(2,555)
Income tax expense	**(142)**	(17)	(380)
Loss for the year	**(40,290)**	(5,953)	(2,935)
Other Comprehensive Expence			
Item that will not be reclassified to profit or loss:			
Adjustments arising from translating financial statements of foreign operations	**555**	(1,282)	(66)
Remeasurement loss from defined benefit plans	-	13	(34)
Other comprehensive income (loss)	**555**	(1,269)	(100)
Total comprehensive loss for the year	**$ (39,735)**	$ (7,222)	$ (3,035)
Less: Net loss attributable to non-controlling interests	**$ (1,127)**	$ (32)	$ (25)
Net loss attributable to A2Z's shareholders	**(38,608)**	$ (7,190)	$ (3,010)
Basic and Fully Diluted Loss Per Share	**$ (1.70)**	$ (0.43)	$ 0.21

Year ended December 31, 2021 compared to the year ended December 31, 2020

Revenues for the year ended December 31, 2021, were $2,685 thousand as compared to $1,068 thousand for the year ended December 31, 2020. The increase in revenues is due in part by the recovery from the effects of the COVID 19 pandemic and first revenues from the Cust2Mate Smart Cart Segment which amounted to $750 thousand in the year ended December 31,2021.

Cost of revenues for the year ended December 31, 2020, were $2,029 thousand as compared to $853 thousand for the year ended December 31, 2020. Our gross margin fluctuates depending on the level of revenue, since a large component relates to fixed payroll costs, and the nature of the project, as some project types have higher margins than others. The increase is due in part by the recovery from the effects of the COVID 19 pandemic and by increased costs from the Cust2Mate Smart Cart Segment.

Research and development expenses were $3,222 thousand for the year ended December 31, 2021, as compared to $418 thousand for the year ended December 31, 2020. Research and development expenses include research in respect of the Smart Cart Segment and our FTICS capsule that can be placed in a fuel tank to prevent gas tank explosions. The increase is due to increased operations primarily from the Cust2Mate Smart Cart Segment.

Sales and Marketing expenses were $102 thousand for the year ended December 31, 2021, as compared to $108 thousand for the year ended December 31, 2020.

General and administrative expenses were $6,494 thousand for the year ended December 31, 2021, as compared to $2,365 thousand for the year ended December 31, 2020. The increase is primarily due the increase in professional fees, payroll and costs related to being a public company.

Loss on revaluation of warrant liability for the year ended December 31, 2021, was $30,895 thousand as compared to $3,228 for the year ended December 31, 2020. The loss relates to increase in the value of the warrant liability as of December 31, 2021.

Financial expenses, net for the year ended December 31, 2021, were $91 thousand as compared to $32 thousand for the year ended December 31, 2020. Financial expenses comprise interest on loans and leases, credit card charges and foreign exchange gains and losses.

Year ended December 31, 2020 compared to the year ended December 31, 2019

Revenues for the year ended December 31, 2020, were $1,068 thousand as compared to $1,384 thousand for the year ended December 31, 2019. The decrease in revenues is due to the effects of the COVID 19 pandemic.

Cost of revenues for the year ended December 31, 2020, were $853 thousand as compared to $783 thousand for the year ended December 31, 2019. Our gross margin fluctuates depending on the level of revenue, since a large component relates to fixed payroll costs, and the nature of the project, as some project types have higher margins than others.

Research and development expenses were $418 thousand for the year ended December 31, 2020, as compared to $414 thousand for the year ended December 31, 2019. Research and development expenses include research in respect of Cust2Mate smart cart and our capsule that can be placed in a fuel tank to prevent gas tank explosions.

Sales and Marketing expenses were $108 thousand for the year ended December 31, 2020, as compared to $87 thousand for the year ended December 31, 2019. The increase is part of the Company's strategy to increase revenues through increased expenditure on advertising materials.

General and administrative expenses were $2,365 thousand for the year ended December 31, 2020, as compared to $754 thousand for the year ended December 31, 2019. The increase is primarily due the increase in professional fees, payroll and costs related to being a public company. 2020 was the first full year in which the Company traded on the TSX.V and the OTCQX.

Loss on revaluation of warrant liability for the year ended December 31, 2020, was $3,228 thousand as compared to $nil for the year ended December 31, 2019. The loss relates to increase in the value of the warrant liability as of December 31, 2020.

Financial expenses, net for the year ended December 31, 2020, were $32 thousand as compared to $109 thousand for the year ended December 31, 2019. Financial expenses comprise interest on loans and leases, credit card charges and foreign exchange gains and losses.

Additional annual financial information

	Year Ended December 31,		
	2021	**2020**	**2019**
Total assets	**$ 14,131**	$ 8,852	$ 4,634
Total non-current financial liabilities	**852**	9,529	567
Distributions or cash dividends declared per-share	**-**	-	-

REVIEW OF QUARTERLY RESULTS

	31/12/2021	30/09/2021	30/06/2021	31/03/2021
Total revenue	$ 487	$ 278	$ 1,404	$ 516
Net profit (loss) for the period	$ (6,004)	$ (174)	$ (4,518)	$ (29,594)
Basic profit (loss) per share	$ (0.25)	$ (0.07)	$ (0.20)	$ (0.45)

	31/12/2020	30/09/2020	30/06/2020	31/03/2020
Total revenue	$ 263	$ 281	$ 233	$ 291
Net profit (loss) for the period	$ (4,686)	$ (539)	$ (250)	$ (478)
Basic profit (loss) per share	$ (0.27)	$ (0.03)	$ (0.03)	$ (0.03)

The loss per quarter and related net loss per share is a function of the level of activity that took place during the relevant quarter. Operating losses throughout four quarters in 2021 remained consistent. The reason for the losses are due to increased research and development expenses and general and administrative costs, largely due to the company's expansion ahead of expected increased revenues in future periods.

The increase in the loss during the fourth quarter of 2021 is also as a result of professional fees incurred in respect of due diligence work on potential acquisitions.

Another contributing factor to the increase in net loss relates primarily to the revaluation of the warrant liability resulting from the two private placements that took place during November-December 2020.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is a measure of a company's ability to meet potential cash requirements. The Company has historically met its capital requirements through the issuance of common shares and bank loans.

The Company has an accumulated deficit of $50,838 thousand as of December 31, 2021 ($11,599 thousand as of December 31, 2020), and the Company had negative cash flows from operations of $9,378 thousand for the year ended December 31, 2021 ($1,003 thousand for the year ended December 31, 2020).

Working capital

	December 31, 2021	December 31, 2020
Cash and cash equivalents	8,470	5,397
Restricted cash	60	192
Inventories	1,147	19
Trade receivables	857	196
Other accounts receivable	434	353
Total current assets	10,968	6,157
Short term loan and current portion of long-term loans	158	358
Lease liability	126	21
Trade payables	989	541
Other accounts payable	1,099	376
Total current liabilities	2,372	1,296
Working capital	8,596	4,861

Cash flow

	Year ended December 31,	
	2021	2020
Net cash used in operating activities	(9,378)	(1,003)
Net cash used in investing activities	(280)	(425)
Net cash provided from financing activities	12,355	7,201
Increase (decrease) in cash	2,697	5,773

Year ended December 31, 2021, compared to the year ended December 31, 2020

During the year ended December 31, 2021, the Company's overall position of cash increased by $2,697 as compared to $5,397 thousand for the year ended December 31, 2020. This increase can be attributed to the following activities:

The Company's net cash used in operating activities during the year ended December 31, 2021, was $9,378 thousand as compared to $1,003 thousand for the year ended December 31, 2020. The increase in 2021 is due primarily to an increase in general and administration, and research and development expenses in 2021.

Cash used in investing activities for the year ended December 31, 2021, was $280 as compared to $425 thousand used in investing activities during the year ended December 31, 2020. The decrease is due primarily to the decrease in restricted deposits.

Cash provided from financing activities for year ended December 31, 2021, was $12,355 thousand as compared to $7,201 thousand provided from financing activities during the year ended December 31, 2020. In 2021, the Company completed a private placement and raised proceeds from the exercise of options and warrants. In 2020, the Company completed three private placements and raised proceeds from the exercise of options and warrants.

Capital Resources

As at December 31, 2021, the Company had cash and cash equivalents on hand of $8,470 thousand (December 31, 2020 – $5,397 thousand). Working capital at December 31, 2021, was $8,596 thousand as compared to $4,861 thousand at December 31, 2020.

Short-term borrowings

Short term borrowing relates to bank loans which will be repaid in 2022. The Company requires short-term borrowing from time to time to accommodate urgent requests from customers that require an initial outlay of cash by the Company.

Long-term borrowings

Long-term borrowing relates to bank loans which will be repaid in the years after 2022. Currently, the nature of cash requirements by the company can fluctuate greatly from year to year as the company is reliant on a relatively small pool of customers that have shifting needs. As contracts can vary greatly from year to year the Company is sometimes required to take on long term debt.

No History of Dividends

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future.

Management of Capital

The Company is an early-stage hi-tech company and currently does not generate significant cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company uses limited sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as share capital plus warrants. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget to manage its costs and commitments.
The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operations. Achieving this objective requires management to consider the underlying nature of research and development and sales and marketing activities, the availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process.

In order to carry out the planned research and development, sales and marking costs, and pay for administrative costs, the Company intends to raise additional amounts as needed. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that future financings will be successful.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior Management, who are considered to be key Management personnel by the Company.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following transactions arose with related parties: (in Thousands of US$)

	Year Ended	
	December 31, 2021	**December 31, 2020**
Consulting fees	**$ 958**	$ 594
Salaries	**37**	27
Pensions	**6**	4
	$ 1,001	$ 625

Amounts owing by (to) related parties: (in Thousands of US$)

	Year Ended	
	December 31, 2021	**December 31, 2020**
Key management personnel	**$ 183**	$ -
Company controlled by the CEO	**(57)**	-
	$ 126	**$ -**

Financial Instruments and Financial Risk Exposure

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position.

The Company's financial instruments are its cash, trade and other receivables, payables, other payables and loans. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments

are mainly credit risk and currency risk. The risk rate on loans is fixed. The risk management policies employed by the Company to manage these risks are discussed below.

Credit risk:

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances. The Company's main financial assets are cash and cash equivalents as well as other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets.

Wherever possible and commercially practical the Company holds cash with major financial institutions in Israel.

Market risks:

That part of the Company's' business of providing maintenance services of various electronic systems is highly competitive and involves a certain degree of risk. The Company's business operations will depend largely upon the outcome of continued sales and services to security establishments and the commercialization of its products and services currently in development.

The Company's Cust2Mate Smart Cart Platform is new, and the Company is aware of competitors in the market. In addition to the regular management oversight and skills required, success in this segment will require the Company to penetrate the market as rapidly as possible.

Critical Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates; the Company has determined the functional currency of each entity to be the new Israeli Shekel. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment. The Company's presentation currency is the US Dollar.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

The useful life of property and equipment

Property and equipment are amortized or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the amounts charged to the consolidated statement of comprehensive income in specific periods.

Determining the fair value of share-based payment transactions

The fair value of share-based payment transactions is determined upon initial recognition by the Binomial model. The Binomial model is based on share price and exercise price and assumptions regarding expected volatility, term of share option, dividend yield and risk-free interest rate.

Intangible assets

Intangible assets are tested for impairment annually or more frequently if three is an indication of impairment. The carrying value of intangibles with definite lives is reviewed each reporting period to determine whether there is any indication of impairment. If there are indications of impairment the impairment analysis is completed and if the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and impairment loss is recognized.

Derivative liability - Warrants

The Company uses the Black-Scholes option-pricing model to estimate fair value at each reporting date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the warrants.

MANAGEMENTS RESPONSIBILITY FOR FINANCIAL STATEMENTS

Evaluation of disclosure controls and procedures

Our CEO, and CFO are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, we maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings is recorded, processed, summarized and reported within the time periods specified by the Canadian Securities Administrators rules and forms. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and

operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our CEO, CFO have evaluated our disclosure controls and procedures as at December 31, 2021 and have concluded that disclosure controls and procedures are not effective.

Management's report on internal controls over financial reporting

Our CEO and CFO are responsible for establishing and maintaining effective internal controls over financial reporting. Our internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our CEO and CFO evaluated the effectiveness of our internal controls over financial reporting as at December 31, 2021 and identified the material weakness outlined below and therefore concluded our internal controls over financial reporting were not effective.

Material weakness

The material weakness we identified in our internal controls over financial reporting at December 31, 2021 were as follows: We did not have sufficient accounting resources with relevant technical accounting skills to address issues related to the financial statement close process because of the size of the Company and its staff complement, we were not able to sufficiently design internal controls to provide the appropriate level of oversight regarding the financial recordkeeping and review of the Company's financial reporting. This weakness will continue to be addressed in 2022. See "Changes in Internal Controls Over Financial Reporting" below.

In making this assessment, management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013).

Consistent with our stage of development, we continue to rely on risk-mitigating procedures during our financial closing process in order to provide comfort that the financial statements are presented fairly in accordance with IFRS.

Changes in internal controls over financial reporting

Our Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to our internal controls over financial reporting during the year ended December 31, 2021 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting. As the Company continues to improve its internal controls over financial reporting, we are in the process of engaging outside consultants, expert in the controls and procedures over financing reporting, and internally, we have begun to review and improve these processes. In light of the remediation occurring, our internal controls are expected to be changed in the future, once the planned changes are finalized.

CURRENT SHARE DATA

A2Z is authorized to issue an unlimited number of common shares, where each common share provides the holder with one (1) vote. As of the date of this MD&A there were 27,149,364 common shares issued and outstanding and warrants and options outstanding, as follows:

Outstanding as of the date of this report		Date of expiry	Exercise price USD
2,814,267	Warrants	November 10, 2025	$ 2.30
1,366,631	Warrants	December 24, 2025	$ 2.30
221,100	Warrants	April 18, 2023	$ 9.33
1,084,562	Warrants	May 28, 2023	$ 9.33
100,000	Options	January 23, 2023	$ 1.88
580,000	Options	August 20, 2025	$ 1.18
40,000	Options	September 1, 2025	$ 1.77
33,333	Options	January 28, 2025	$ 2.36
50,000	Options	June 3, 2026	$ 6.60
16,677	Options	October 28, 2026	$ 6.28
6,306,570			

RISKS

Risks Related to the Company's Financial Position and Capital Requirements

The Company has incurred significant losses and there can be no assurance when, or if, the Company will achieve or maintain profitability.

The Company realized a net loss of approximately $39.8 million for the year ended December 31, 2021, and $7.2 million for the year ended December 31, 2020. The Company has an accumulated deficit of $50.8 million as of December 31, 2021. Because of the numerous risks and uncertainties associated with the provision of the Company's maintenance services and sale and development of the Company's products, the

Company is unable to predict the extent of any future losses or when the Company will become profitable, if at all. Expected future operating losses will have an adverse effect on the Company's cash resources, shareholders' equity and working capital. The Company's failure to become and remain profitable could depress the value of the common shares and impair the Company's ability to raise capital, expand its business, maintain its development efforts, or continue its operations. A decline in the Company's value could also cause a holder of common shares of the Company to lose all or part of such holder's investment in the Company.

The Company expects that it will need to raise additional capital to meet the Company's business requirements in the future, which is likely to be challenging, could be highly dilutive and may cause the market price of the Company's common shares to decline.

Based on the Company's projected cash flows and the cash balances as of the date of this report, the Company believes that it has sufficient cash to fund the Company's obligations for at least the next twelve months. However, in order to meet the Company's business objectives in the future, the Company expect that the Company will need to raise additional capital, which may not be available on reasonable terms or at all. Additional capital would be used to accomplish the following:

- finance the Company's current operating expenses;
- pursue growth opportunities;
- hire and retain qualified management and key employees;
- respond to competitive pressures;
- comply with regulatory requirements;
- maintain compliance with applicable laws; and
- acquire complementary businesses and technologies.

Conditions in the capital markets are such that traditional sources of capital may not be available to the Company when needed or may be available only on unfavorable terms. The Company's ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions, the impact of the COVID-19 pandemic and a number of other factors, many of which are outside the Company's control, and on its financial performance. Accordingly, the Company cannot assure that the Company will be able to successfully raise additional capital at all or on terms that are acceptable to us. If the Company cannot raise additional capital when needed, it may have a material adverse effect on the Company's business, results of operations and financial condition.

To the extent that the Company raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities could result in substantial dilution for the Company's current shareholders. The terms of any securities issued by the Company in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of the Company's securities then-outstanding. The Company may issue additional common shares or securities convertible into or exchangeable or exercisable for the Company's common shares in connection with hiring or retaining personnel, option or warrant exercises, future acquisitions or future placements of the Company's securities for capital-raising or other business purposes. The issuance of additional securities, whether equity or debt, by the Company, or the possibility of such issuance, may cause the market price of the Company's common shares to decline and existing shareholders may not agree with the Company's financing plans or the terms of such financings. In addition, the Company may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The Company may also be required to recognize non-cash expenses in connection with certain securities the Company issues, such as convertible notes and warrants, which may adversely impact the Company's financial condition. Furthermore, any additional debt or equity financing that the Company may need may not be available on terms favorable to the Company, or at all. If the Company is unable to obtain such additional financing on a timely basis, the Company may have to curtail its development activities and growth plans and/or be forced to sell assets, perhaps on unfavorable terms, or the Company may have to cease its operations, which would have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Related to the Company and the Company's Business

The Company's business is subject to risks arising from a widespread outbreak of an illness or any other communicable disease, or any other public health crisis, such as the COVID-19 pandemic, which has impacted and could continue to impact the business.

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including Israel, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effects relating to employees' welfare, slowdown and stoppage of manufacturing, commerce, shipping, delivery, work, travel and other activities which are essential and critical for maintaining on-going business activities.

The nature of the Company's work in Israel is such that it is defined as an essential service for the industry, and therefore, it is able to continue all of its operations in Israel with little disruption. The Company has experienced an impact on all of its business activities, including delays in the roll out and completion of certain pilot programs and the slowed pace in research and development projects. Given the uncertainty around the

extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition; infections may become more widespread and the limitation on the ability to work, travel and timely sell and distribute products, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which would have a negative impact on the Company's business, financial condition and operating results. In addition, the unknown scale and duration of these developments have macro and micro negative effects on the financial markets and global economy which could result in an economic downturn that could affect demand for the Company's products and have a material adverse effect on its operations and financial results, earnings, cash flow and financial condition.

The market for the Company's retail automation and civilian technology is new and unproven, may experience limited growth.

While the Company's maintenance services are currently the main source of revenue, the Company's strategy for growth is based on the market penetration of the Company's retail automation solutions and the adaptation of the Company's military technology and knowhow for civilian use, which are relatively new and unproven and are subject to a number of risks and uncertainties. The Company believes that the Company's future success will depend in large part on market adoption of the retail automation solutions and civilian technology. In order to grow the Company's business, the Company intends to educate the market on the technology, expand the functionality of the Company's products and bring new products to market to increase market acceptance and use the technology. The Company's ability to develop and expand the market that the Company's products address depends upon a number of factors, including the cost savings, performance and perceived value associated with such products. The various markets for the Company's products could fail to develop or there could be a reduction in interest or demand for its products as a result of a lack of consumer acceptance, technological challenges, competing products and services, weakening economic conditions and other causes. The Company may never successfully commercialize its products and if the products fail to achieve market acceptance, this would have a material adverse effect on the Company's business, results of operations and financial condition.

Failure to effectively develop and expand the Company's sales and marketing capabilities could harm the ability to grow the business and achieve broader market acceptance of the Company's products.

The Company's ability to achieve customer adoption of its retail automation solutions and civilian technology will depend, in part, on the ability to effectively establish, focus and train a sales and marketing force. The Company's Cust2Mate retail automation solution only recently entered the commercialization phase while the Company's military products are still in the process of being adapted for civilian use. The Company's ability to achieve significant revenue growth in the future will depend, in part, on the Company's ability to recruit, train and retain a sufficient number of experienced sales professionals. In addition, even if the Company is successful in hiring qualified sales personnel, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at new markets. Because the Company only recently started sales efforts for the retail automation solutions, the Company cannot predict whether, or to what extent, the sales efforts will be successful.

The Company expects the sales cycle to be long and unpredictable and require considerable time and expense before executing a customer agreement, which may make it difficult to project when, if at all, the Company will obtain new customers and when the Company will generate revenue from those customers.

As the Company seeks adoption of its products, the Company may incur higher costs and long sales cycles, especially as a result of the COVID-19 pandemic. In both the retail automation and civilian technology market, the decision to adopt the Company's products may require the approval of multiple technical and business decision makers, including security, compliance, procurement, operations and information technology. In addition, the Company expects that while a customer may be willing to deploy the Company's products on a limited basis, before they will commit to deploying the products at scale, they will require extensive education about the Company's products and significant customer support time, engage in protracted pricing negotiations and seek to secure readily available development resources. As a result, it is difficult to predict when the Company will obtain new customers and begin generating revenue from these customers. As part of the sales cycle, the Company may incur significant expenses before executing a definitive agreement with a prospective customer and before the Company is able to generate any revenue from such agreement. The Company has no assurance that the substantial time and money spent on the sales efforts will generate significant revenue. If conditions in the marketplace generally or with a specific prospective customer change negatively, it is possible that no definitive agreement will be executed, and the Company will be unable to recover any of these expenses. If the Company is not successful in targeting, supporting and streamlining the sales processes and if revenue expected to be generated from a prospective customer is not realized in the time period expected or not realized at all, the Company's ability to grow its business, and its operating results and financial condition may be adversely affected. If the sales cycles lengthen, the Company's future revenue could be lower than expected, which would have an adverse impact on the operating results and could cause the Company's share price to decline.

If the Company is not able to enhance the brand and increase market awareness of the Company and products, then the business, results of operations and financial condition may be adversely affected.

The Company believes that enhancing the "A2Z" and "Cust2Mate" brand identity and increasing market awareness of the Company and products is critical to achieving widespread acceptance of the Company's products. The Company's ability to penetrate its target markets may be adversely affected by a lack of awareness or acceptance of the brand. To the extent that the Company is unable to foster name recognition and affinity for the brand, the growth may be significantly delayed or impaired. The successful promotion of the Company's brand will depend largely on the marketing efforts, market adoption of the products, and the ability to successfully differentiate the Company's products from competing products and services. The Company's brand promotion may not be successful or result in revenue generation. Any incident that erodes consumer affinity for the brand could significantly reduce the brand value and damage the Company's business. If consumers perceive or experience a reduction in quality, or in any way believe the Company may fail to deliver a consistently positive experience, the brand value could suffer, and the business may be adversely affected.

If the Company does not develop enhancements to the technology and introduce new products that achieve market acceptance, the business, results of operations and financial condition could be adversely affected.

The Company's ability to attract new customers depends in part on the ability to enhance and improve the existing technology, increase adoption and usage of the solutions and introduce new products. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, and overall market acceptance. Enhancements and new products that the Company develops may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with other products or may not achieve the broad market acceptance necessary to generate significant revenue. Furthermore, the ability to increase the usage of the Company's solutions and technology depends, in part, on the development of new use cases and may be outside of the Company's control. If the Company is unable to successfully enhance the existing solutions and technology to meet evolving customer requirements, increase adoption and usage, develop new products, then the business, results of operations and financial condition would be adversely affected.

The technology markets in which the Company competes are both subject to rapid technological change and, to compete, the Company must continually enhance its products and services.

The Company must continue to enhance and improve the performance, functionality and reliability of its technology. The technology markets in which the Company competes are characterized by rapid technological change, changes in user requirements and preferences, frequent new product and services introductions embodying new technologies and the emergence of new industry standards and practices that could render its products obsolete. The Company's success will depend, in part, on the ability to both internally develop and enhance existing technology, develop new products that address the increasingly sophisticated and varied needs of the Company's customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of the Company's technology involves significant technical and business risks. The Company may fail to use new technologies effectively or to adapt its proprietary technology and systems to customer requirements or emerging industry standards. If the Company is unable to adapt to changing market conditions, customer requirements or emerging industry standards, the Company may not be able to increase its revenue and expand its business**.**

The Company depends on a relatively small number of customers for the maintenance services, the main source of the Company's current revenues; the loss of one or more of whom may have a material adverse effect on the Company's operating results.

Currently, a relatively small number of customers are responsible for a significant portion of the Company's revenues. During the years ended December 31, 2021 and December 31, 2020, the Company's four largest customers constituted 92% and 71% of the total revenues, respectively, with the Company's largest customer constituting 39% and 61% of the total revenues, respectively. The percentage of the Company's sales to the Company's major customers may fluctuate from period to period, and the Company's principal customers may also vary from year to year. Significant reduction in sales to any of the major customers, or the loss of a major customer, could have a material adverse effect on the results of operations and financial condition.

The Company's growth depends, in part, on the success of the strategic relationships with third parties.

To grow the business, the Company anticipates that the Company will continue to depend on relationships with third parties, such as the Company's customers, suppliers and software providers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. If the Company is unsuccessful in establishing or maintaining its relationships with third parties, the Company's ability to compete in the marketplace or to grow the Company's revenue could be impaired, and the results of operations may suffer. Even if the Company is successful, the Company cannot assure you that these relationships will result in increased customer usage of the products or increased revenue.

The Company's future profitability depends, in part, on subcontractor and supplier performance and financial viability as well as component availability and pricing.

The Company relies on other companies to provide components and subsystems for its technology and to produce hardware elements and sub-assemblies, provide software and intellectual property, provide information about the parts they supply to the Company, and to do so in compliance with all applicable laws, regulations and contract terms. Disruptions or performance problems caused by the Company's subcontractors and suppliers, or a misalignment between the Company's contractual obligations and the agreement with its subcontractors and suppliers, could have various impacts on the Company, including on the ability to meet the Company's commitments to customers.

The Company's ability to perform its obligations on time could be adversely affected if one or more of the Company's subcontractors or suppliers were unable to provide the agreed-upon products, materials or information, or perform the agreed-upon services in a timely, compliant and cost-effective manner or otherwise to meet the requirements of the contract. Changes in political or economic conditions, including changes in defense budgets or credit availability or sanctions, or other changes impacting a subcontractor or supplier (including changes in ownership or operations), as well as their ability to retain talent and other resources, and requirements or changes in requirements imposed on them by other customers, could adversely affect the financial stability of the Company's subcontractors and suppliers and/or their ability to perform. The inability of the Company's suppliers to perform, or their inability to perform adequately, could also result in the need for the Company to transition to alternate suppliers, which could result in significant incremental cost and delay or the need for the Company to provide other resources to support its existing suppliers. This risk may increase as the demands grow for the Company's subcontractors and suppliers to meet extensive government-related cyber and other requirements.

If the Company's subcontractors or suppliers fail to perform or the Company is unable to procure, or experience significant delays in deliveries of, needed products, materials or services; or if they do not comply with all applicable laws, regulations, requirements and contract terms, including if what the Company received is counterfeit or otherwise improper, the Company's financial position, results of operations and/or cash flows could be materially adversely affected.

Revenues from the Company's military products are subject to cyclical variations in the military market and changes in government spending.

The Company has historically derived its revenues for the military products directly or indirectly from government agencies, mainly the IMOD, and other governmental authorities in Israel, pursuant to contracts awarded to the Company under defense and homeland security-related programs. The funding of these programs varies from year to year and are influenced by a variety of factors, including the level of government spending, particularly in the local market in Israel, major replacement programs, the construction, the quality and cost of alternative products and other political events and macro-economic conditions that are beyond the Company's control. In recent years, IMOD budgets have not been dedicated to purchasing military products from the Company due in part to changes in regulations that require the IMOD to make purchases for equivalent products from suppliers in the United States. To the extent that the Company is awarded contracts for the sale of its military products in the future, if future government spending is subsequently curtailed or withdrawn altogether as a result of changes in political, economic, fiscal or other conditions beyond the Company's control, such contracts may be delayed or cancelled, which may have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

Information technology system failures or breaches of the Company's network security could interrupt the operations and adversely affect the business.

The Company's operations depend upon the ability to protect the Company's computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of the computer systems or network infrastructure that causes an interruption in the operations could have a material adverse effect on the business and subject the Company to litigation or actions by regulatory authorities. Although the Company employs both internal resources and external consultants to conduct auditing and testing for weaknesses in the systems, controls, firewalls and encryption and intend to maintain and upgrade the Company's security technology and operational procedures to prevent such damage, breaches or other disruptive problems, there can be no assurance that these security measures will be successful.

Real or perceived errors, failures, or bugs in the technology could adversely affect the Company's operating results and growth prospects.

The Company has discovered and expects that the Company will continue to discover errors, failures and bugs in its technology and anticipate that certain of these errors, failures and bugs will only be discovered and remediated after deployment. Real or perceived errors, failures or bugs in the platform could result in negative publicity, government inquiries, loss of or delay in market acceptance of the Company's technology, loss of competitive position, or claims by customers for losses sustained by them. In such an event, the Company may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem.

The Company could be harmed by improper disclosure or loss of sensitive or confidential Company, employee, or customer data, including personal data.

In connection with the operation of the business, the Company stores, processes and transmits data, including personal and payment information, about the Company's employees and customers, a portion of which is confidential and/or personally sensitive. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through the information systems, whether by the Company's employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs. Such disclosure, loss or breach could harm the Company's reputation and subject the Company to government sanctions and liability under the contracts and laws that protect sensitive or personal data and confidential information, resulting in increased costs or loss of revenues. It is possible that security controls over sensitive or confidential data and other practices the Company and its third-party vendors follow may not prevent the improper access to, disclosure of, or loss of such information. The potential risk of security breaches and cyberattacks may increase as the Company introduces new products and offerings. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which the Company provides services. Any failure or perceived failure to successfully manage the collection, use, disclosure, or security of personal information or other privacy related matters, or any failure to comply with changing regulatory requirements in this area, could result in legal liability or impairment to the Company's reputation in the marketplace.

A material breach in security relating to the Company's information systems and regulation related to such breaches could adversely affect the Company.

Information security risks have generally increased in recent years, in part because of the proliferation of new technologies and the use of the Internet, and the increased sophistication and activity of organized crime, hackers, terrorists, activists, cybercriminals and other external parties, some of which may be linked to terrorist organizations or hostile foreign governments. Cybersecurity attacks are becoming more sophisticated and include malicious software, ransomware, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data, substantially damaging the Company's reputation. Any person who circumvents the security measures could steal proprietary or confidential customer information or cause interruptions in the Company's operations. The Company incurs significant costs to protect against security breaches and may incur significant additional costs to alleviate problems caused by any breaches. The Company's failure to prevent security breaches, or well-publicized security breaches affecting the Internet in general, could significantly harm the Company's reputation and business and financial results.

The Company's contracts may contain performance obligations that require innovative design capabilities, are technologically complex, require state-of-the-art manufacturing expertise or are dependent upon factors not wholly within the Company's control. Failure to meet the contractual obligations could adversely affect the Company's profitability, reputation and future prospects.

The Company designs and develops advanced and innovative products and services, which are applied by the customers in a variety of environments, including some under highly demanding operating conditions. Problems and delays in development or delivery, or system failures, as a result of issues with respect to design, technology, intellectual property rights, labor, inability to achieve learning curve assumptions, inability to manage effectively a broad array of programs, manufacturing materials or components, or subcontractor performance could prevent the Company from meeting requirements and create significant risk and liabilities. Similarly, failures to perform on schedule or otherwise to fulfill the contractual obligations could negatively impact the Company's financial position, reputation and ability to win future business. If the Company is unable to meet its obligations, including due to issues regarding the design, development or manufacture of the products or services, it could have a material adverse effect on the Company's reputation, the ability to compete for other contracts and the financial position, results of operations and/or cash flows.

The Company's insurance coverage, customer indemnifications or other liability protections may be unavailable or inadequate to cover all of the significant risks or the insurers may deny coverage of or be unable to pay for material losses the Company incurs, which could adversely affect the Company's profitability and overall financial position.

The Company endeavors to obtain insurance agreements from financially solid, responsible, highly rated counterparties in established markets to cover significant risks and liabilities. Not every risk or liability can be insured, and for risks that are insurable, the policy limits and terms of coverage reasonably obtainable in the market may not be sufficient to cover all actual losses or liabilities incurred. Even if insurance coverage is available, the Company may not be able to obtain it at a price or on terms acceptable to the Company. Disputes with insurance carriers, including over policy terms, reservation of rights, the applicability of coverage (including exclusions), compliance with provisions (including notice) and/or the insolvency of one or more of the insurers may significantly affect the availability or timing of recovery, and may impact the Company's ability to obtain insurance coverage at reasonable rates in the future.

In some circumstances the Company may be entitled to certain legal protections or indemnifications from its customers through contractual provisions, laws, regulations or otherwise. However, these protections are not always available, can be difficult to obtain, are typically subject to certain terms or limitations, including the availability of funds, and may not be sufficient to cover all losses or liabilities incurred. If insurance coverage, customer indemnifications and/or other legal protections are not available or are not sufficient to cover the risks or losses, it could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company develops products and services related to hazardous and high-risk operations, which subjects the Company to various environmental, regulatory, financial, reputational and other risks.

The Company's military line of products are used in hazardous and high-risk operations and may involve explosive and flammable materials. These activities subject the Company to various risks, including risk of personal injury and property damage. The Company may be subject to reputational harm and potential liabilities whether or not the cause was within the Company's control. In addition, the Company's customers may otherwise use the products and services in connection with hazardous activities, or in ways that can be unusually hazardous or risky, creating potential liabilities to the customers and/or the Company as the provider of such products and services. In the event of an incident, if the Company's customers fail to use the products properly or if the products or services do not operate as intended, the Company could be subject to reputational harm and potential liabilities.

The Company may not be able to adequately protect its intellectual property, which, in turn, could harm the value of the brands and adversely affect the business.

Patent applications in prosecuting have no guarantee that they will be granted, or if granted that the scope of protection will be adequate. A Freedom to Operate (FTO) search has not been performed and there is no guarantee that the company is not infringing other patents. The Company's ability to implement the business plan successfully depends in part on the ability to build brand recognition using the Company's trademarks, service marks and other proprietary intellectual property, including the Company's names and logos. The Company currently has no registered trademarks. While the Company plans to register a number of its trademarks; however, no assurance can be given that the Company's trademark applications will be approved. No assurance can be given that the Company's patent applications which are in process will be approved. If the Company's patent applications are not approved, the ability to expand or develop the business may be negatively affected.

Third parties may also oppose the Company's trademark or patent applications, or otherwise challenge the use of the trademarks or patents. In the event that the trademarks or patents are successfully challenged, the Company could be forced to rebrand its goods and services or redesign its technology, which could result in loss of brand recognition, and could require the Company to devote resources to advertising and marketing new brands and products.

If the Company's efforts to register, maintain and protect its intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes on the intellectual property, the value of the Company's brands may be harmed, which could have a material adverse effect on the business and might prevent the Company's brands from achieving or maintaining market acceptance. The Company may also face the risk of claims that the Company have infringed third parties' intellectual property rights. If third parties claim that the Company infringes upon their intellectual property rights, the Company's operating profits could be adversely affected. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require the Company to rebrand its services, if feasible, divert management's attention and resources or require the Company to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property.

Any royalty or licensing agreements, if required, may not be available to the Company on acceptable terms or at all. A successful claim of infringement against the Company could result in the Company being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on the operating profits and harm the Company's future prospects.

The Company also relies significantly upon proprietary technology, information, processes and know-how. The Company typically seeks to protect this information, including by entering into confidentiality agreements with its employees and other parties such as consultants, teammates and subcontractors. These agreements and other measures may not provide adequate protection for the Company's trade secrets and other proprietary information. In the event of an infringement of such intellectual property rights, a breach of a confidentiality agreement, a misuse or theft of the Company's intellectual property or divulgence of proprietary information, the Company may not have adequate legal remedies. In addition, the Company's trade secrets, or other proprietary information may otherwise become known or be independently developed by competitors.

If the Company is unable to adequately exploit its intellectual property rights, to protect its intellectual property rights, or to obtain rights to intellectual property of others, it could have a material adverse effect on the Company's reputation, ability to compete for and perform on contracts, financial position, results of operations and/or cash flows.

The Company may face intense competition and expect competition to increase in the future, which could prohibit the Company from developing a customer base and generating revenue.

The Company faces significant competition in every aspect of the business. Many companies that the Company competes with may already have an established market in the industries in which the Company competes and most of these companies have significantly greater financial and other resources than the Company and have been developing their products and services longer than the Company has been developing theirs. In addition, some of the Company's larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages potential customers from purchasing the Company's products. Potential customers may also prefer to purchase from their existing solution providers rather than a new solution provider regardless of product performance or features. These larger competitors often have broader product lines and market focus and will therefore not be as susceptible to downturns in a particular market. Conditions in the Company's market could change rapidly and significantly as a result of technological advancements, partnering by the Company's competitors or continuing market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with the Company's products. In addition, some of the Company's competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and the loss of any future market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could harm the Company's ability to compete. Furthermore, organizations may be more willing to incrementally add solutions to their existing infrastructure from competitors than to replace their existing infrastructure with the Company's products. Any failure to meet and address these factors could harm the Company's business, results of operations and financial condition.

The Company's business operations and future development could be significantly disrupted if the Company loses key members of its management team.

The success of the business continues to depend to a significant degree upon the continued contributions of the Company's senior officers and key employees, both individually and as a group. The Company's future performance will be substantially dependent in particular on the ability to retain and motivate Bentsur Joseph, the CEO, senior officers or other key employees could have a material adverse effect on the business and plans for future development. The Company has no reason to believe that the Company will lose the services of any of these individuals in the foreseeable future; however, the Company currently has no effective replacement for any of these individuals due to their experience, reputation in the industry and special role in the Company's operations. The Company also does not maintain any key man life insurance policies for any of its employees.

The Company's ability to meet the needs of its customers depends, in part, on the Company's ability to maintain a qualified workforce.

The Company's operating results and growth opportunities are heavily dependent upon the ability to attract and retain sufficient personnel with security clearances and requisite skills in multiple areas, including science, technology, engineering and math. Additionally, as the Company grows its international business, it is increasingly important that the Company is able to attract and retain personnel with relevant local qualifications and experience. In addition, in a tightened labor market, the Company is facing increased competition for talent, both with traditional defense companies and commercial companies. If qualified personnel are scarce or difficult to attract or retain or if the Company experiences a high level of attrition, generally or in particular areas, or if such personnel are unable to obtain security clearances on a timely basis, the Company could experience higher labor, recruiting or training costs in order to attract and retain necessary employees.

If the Company is able to expand the operations, the Company may be unable to successfully manage its future growth.

The Company's growth may strain the Company's infrastructure and resources. Any such growth could place increased strain on the Company's management, operational, financial and other resources, and the Company will need to train, motivate, and manage employees, as well as attract management, sales, finance and accounting, international, technical, and other professionals. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with the Company's business objectives could have a material adverse effect on the business, results of operations and financial condition.

The Company may become subject to various investigations, claims, disputes, enforcement actions, litigation, arbitration and other legal proceedings that could ultimately be resolved against the Company.

The size, nature and complexity of the business make the Company susceptible to investigations, claims, disputes, enforcement actions, prosecutions, litigation and other legal proceedings, particularly those involving governments (including federal, state and outside the U.S.). The Company may become subject to investigations, claims, disputes, enforcement actions and administrative, civil or criminal litigation, arbitration or other legal proceedings globally and across a broad array of matters, including, but not limited to, government contracts, commercial transactions, false claims, false statements, antitrust, mischarging, contract performance, fraud, procurement integrity, products liability, privacy, warranty liability, the use of hazardous materials, personal injury claims, environmental, shareholder derivative actions, prior acquisitions and divestitures, intellectual property, tax, employees, export/import, anti-corruption, labor, health and safety, accidents, launch failures and employee benefits and plans, including plan administration, and improper payments. These matters could divert financial and management resources; result in administrative, civil or criminal fines, penalties or other sanctions (which terms include judgments or convictions and consent or other voluntary decrees or agreements), compensatory, treble or other damages, non-monetary relief or actions, or other liabilities; and otherwise harm the business and the Company's ability to obtain and retain awards. Government regulations provide that certain allegations against a contractor may lead to suspension or debarment from government contracts or suspension of export privileges for the company or one or more of its components. Suspension or debarment or criminal resolutions in particular could have a material adverse effect on the company because of its reliance on government contracts and export authorizations. An investigation, claim, dispute, enforcement action or litigation, even if not substantiated or fully indemnified or insured, could also negatively impact the Company's reputation among its customers and the public, and make it substantially more difficult for the Company to compete effectively for business, obtain and retain awards or obtain adequate insurance in the future. Investigations, claims, disputes, enforcement actions, litigation or other legal proceedings could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company's reputation, the ability to do business and the Company's financial position, results of operations and/or cash flows may be impacted by the improper conduct of employees, agents, subcontractors, suppliers, business partners or joint ventures in which the Company participates.

The Company has implemented policies, procedures, and other compliance controls, and have negotiated terms designed to prevent misconduct by employees, agents or others working on the Company's behalf or with the Company that would violate the applicable laws of the jurisdictions in which the Company operates, including laws governing the protection of classified information, procurement integrity, information security and data privacy, or the terms of the Company's contracts. However, the Company cannot ensure that the Company will prevent all such misconduct committed by its employees, agents, subcontractors, suppliers, business partners or others working on the Company's behalf or with the Company. This risk of improper conduct may increase as the Company continues to expand globally and do business with new partners. Improper actions by those with whom or through whom the Company does business (including the Company's employees, agents, subcontractors, suppliers, business partners and joint ventures) could subject the Company to administrative, civil or criminal investigations and enforcement actions; monetary and non-monetary penalties; liabilities; and the loss of privileges and other sanctions, including suspension and debarment, which could negatively impact the Company's reputation and ability to conduct business and could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company may not generate the expected benefits of the acquisition of Cust2Mate, and the acquisition of Cust2Mate could disrupt the Company's ongoing business, distract management and increase the Company's expenses.

On November 16, 2020, the Company completed the acquisition of approximately 77% of the shares of Cust2Mate from Bentsur Joseph, the Chief Executive Officer and director, for a total consideration of $1.56 million. The Company acquired a majority of the shares of Cust2Mate with the expectation that the acquisition of Cust2Mate will result in various benefits. Achieving the anticipated benefits of the acquisition of Cust2Mate is subject to a number of uncertainties, including whether the Company's business and the business of Cust2Mate can be integrated in an efficient and effective manner. The Company may not be able to accurately forecast the performance or ultimate impact of the acquisition of Cust2Mate. It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, additional and unforeseen expenses, the disruption of the Company's ongoing business, processes and systems, or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the Company's ability to achieve the anticipated benefits of the acquisition of Cust2Mate. There may be increased risk due to integrating financial reporting and internal control systems. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits, expense savings and synergies will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the Company's future business, financial condition, operating results and prospects.

The success of the acquisition of Cust2Mate, depends upon effective integration and management of the acquired business into the Company's operations, which is subject to risks and uncertainties, including realizing the anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention for other business concerns, and undisclosed or potential legal liabilities of the Cust2Mate business or assets. The Company will be required to devote significant management attention and resources to integrate the business and operations of Cust2Mate.

The Company may also in the future engage in further acquisitions to expand its product and service offerings. These acquisitions involve risks and uncertainties such as:

- the Company's pre-acquisition due diligence may fail to identify material risks;

- significant acquisitions may negatively impact the Company's financial results, including cash flow and financial liquidity;
- significant goodwill assets recorded on the Company's consolidated balance sheet from prior acquisitions are subject to impairment testing, and unfavorable changes in circumstances could result in impairment to those assets;

- acquisitions may result in significant additional unanticipated costs associated with price adjustments or write-downs;
- the Company may not integrate newly acquired businesses and operations in an efficient and cost-effective manner;
- relocation or combination of facilities of acquired businesses may be more costly or time consuming than planned;
- the Company may fail to achieve the strategic objectives, synergies, cost savings and other benefits expected from acquisitions;
- the technologies acquired may not prove to be those needed to be successful in the Company's markets or may not have adequate intellectual property rights protection;
- the Company may assume significant liabilities and exposures that exceed the enforceability or other limitations of applicable indemnification provisions, if any, or the financial resources of any indemnifying parties, including indemnity for tax or regulatory compliance issues, such as anti-corruption and environmental compliance, that may result in the Company incurring successor liability;
- the Company may fail to retain key employees of the acquired businesses;
- the attention of senior management may be diverted from its existing operations;
- the Company may be exposed to potential shareholder claims if the Company acquires a significant interest in a publicly traded company; and
- the Company could be subject to more restrictive regulations by the local authorities after the acquisition, including regulations relating to foreign ownership of, and export authorizations for, local companies.

The Company cannot assure that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, and such risks could have a material adverse effect on the Company's financial condition and results of operation.

If the Company expands its operations into and other parts of the world, the Company will face certain additional risks and challenges.

The Company may expand its operations into other jurisdictions around the world as part of the Company's business expansion plans, which will subject the Company to a variety of risks, including fluctuations in foreign currencies, changes in the economic strength or greater volatility in the economies of foreign countries in which the Company does business, difficulties in enforcing contractual rights and intellectual property rights, compliance burdens associated with export and import laws, theft or vandalism, economic instability, taxes or government royalties by foreign governments, adverse changes in the regulatory environments, including in tax laws and regulations, of the foreign countries in which the Company does business, compliance with anti-corruption and anti-bribery laws, restrictions on the withdrawal of foreign investments, the ability to identify and retain qualified local managers and the challenge of managing a culturally and geographically diverse operation. The Company cannot guarantee compliance with all applicable laws and regulations, and violations could result in substantial fines, sanctions, civil or criminal penalties, competitive or reputational harm, litigation or regulatory action and other consequences that might adversely affect the Company's results of operations.

Risks Related to the Company's Operations in Israel

The Company's principal offices and customers are located in Israel and, therefore, the business, financial condition and results of operation may be adversely affected by political, economic and military instability in Israel.

The Company's principal offices and customers are located in Israel. In addition, all of the Company's employees and officers, and one of the directors, are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect the business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect the Company's operations and results of operations.

During the Second Lebanon War of 2006, between Israel and Hezbollah, a militant Islamic movement, rockets were fired from Lebanon into Israel, including into the Haifa area, where the Company's facility is located, causing casualties and major disruption of economic activities in northern Israel. An escalation in tension and violence between Israel and the militant Hamas movement (which controls the Gaza Strip) and other Palestinian Arab groups, culminated with Israel's military campaign in Gaza in December 2008, in November 2012 and again in July and August 2014 in an endeavor to prevent continued rocket attacks against Israel's southern towns, as well as other tension and violence between Israel and Palestinian Arab groups and individuals. It is unclear whether any negotiations that may occur between Israel and the Palestinian Authority will result in an agreement. In addition, Israel faces threats from more distant neighbors, in particular, Iran, an ally of Hezbollah and Hamas, and the militant group known as the Islamic State of Iraq and Syria.

Popular uprisings in various countries in the Middle East and North Africa are affecting the political stability of those countries. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and these countries. Furthermore, several

countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in the region continue or intensify. Such restrictions may seriously limit the Company's ability to sell its products to customers in those countries. Similarly, Israeli corporations are limited in conducting business with entities from several countries. Parties with whom the Company may do business could decline to travel to Israel during periods of heightened unrest or tension. In addition, the political and security situation in Israel may result in parties with whom the Company may have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. In addition, any hostilities involving Israel could have a material adverse effect on the Company's facilities including the corporate office or on the facilities of the Company's local suppliers, in which event all or a portion of the Company's inventory may be damaged, and the ability to deliver products to customers could be materially adversely affected.

Furthermore, the war and terrorism insurance the Company maintains may not be adequate to cover the losses associated with armed conflicts and terrorist attacks. Although the Israeli government in the past covered the reinstatement value of certain damages that were caused by terrorist attacks or acts of war, the Company cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate the Company fully for damages incurred.

Any losses or damages incurred by the Company could have a material adverse effect on the business.

Any hostilities involving Israel, terrorist activities or political instability in the region or the interruption or curtailment of trade between Israel and its present trading partners, or significant downturns in the economic or financial condition of Israel, could adversely affect the Company's operations and product development, cause the Company's revenues to decrease and adversely affect the share price.

The Company's operations may be disrupted as a result of the obligation of management or key personnel to perform military service.

The Company's operations could also be disrupted by the obligations of personnel to perform military service. Some of the Company's employees and independent contractors may be called upon to perform up to 54 days in each three-year period (and in the case of military officers, up to 84 days in each three-year period) of military reserve duty until they reach the age of 40 (and in some cases, depending on their specific military profession up to 45 or even 49 years of age) and, in certain emergency circumstances, may be called to immediate and unlimited active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists and it is possible that there will be similar large-scale military reserve duty call-ups in the future. The Company's operations could be disrupted by the absence of a significant number of employees related to military service, which could materially adversely affect the business and results of operations.

It may be difficult to enforce a judgment of a Canadian court against the Company, certain of the Company's officers and directors or the Israeli experts named in this AIF are in Israel, to assert Canadian securities laws claims in Israel or to serve process on certain of the officers and directors and these experts.

The Company is incorporated in Canada. All of the executive officers and directors and the Israeli experts reside in Israel, and substantially all of the Company's assets and a substantial portion of the assets of these persons are located in Israel. Therefore, a judgment obtained against the Company, or any of these persons, including a judgment based on the civil liability provisions of Canadian securities laws, may not be collectible in the Canada and may not be enforced by an Israeli court. It also may be difficult to effect service of process on these persons in Israel or to assert Canadian securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws on the grounds that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian. law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against the Company in Israel, one may not be able to collect any damages awarded by either a Canadian or foreign court.

The Company may become subject to claims for payment of compensation for assigned service inventions by the Company's current or former employees, which could result in litigation and adversely affect the business.

Under the Israeli Patents Law, 5727-1967, or the Patents Law, inventions conceived by an employee during the scope of his or her employment are regarded as "service inventions" and are owned by the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. Section 134 of the Patents Law provides that if no agreement between an employer and an employee exists that prescribes whether, to what extent, and on what conditions the employee is entitled to remuneration for his or her service inventions, then such matters may, upon application by the employee, be decided by a government-appointed compensation and royalties committee established under the Patents Law, or the Committee. Although the Company's employees have agreed to assign to the Company all rights to any intellectual property created in the scope of their employment and most of the current employees, including all those involved in the development of the Company's intellectual property, have agreed to waive their economic rights with respect to service inventions, the Company cannot assure you that claims will not be brought against the Company by current or former employees demanding remuneration in consideration for assigned service inventions. If any such claims were filed, the Company could potentially be required to pay remuneration to the Company's current or former employees for such assigned service inventions, or be forced to litigate such claims, which could negatively affect the business.

Israeli law may delay, prevent or impact acquisition of the Company's controlling interest.

Israeli legislation regarding the domestic defense industry requires Israeli government approval of an acquisition of a 25% or more equity interest

(or a smaller percentage that constitutes a "controlling interest") in companies such as A2Z. Such approval may be subject to additional conditions relating to transfers of ownership. This could limit the ability of a potential purchaser to acquire a significant interest in the Company's shares. In addition, the Israel Companies Law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. These provisions could delay, prevent or impede an acquisition of the Company, even if such an acquisition would be considered beneficial by some of the Company's shareholders.

Risks Related to the Company's Common Shares

A more active, liquid trading market for the Company's common shares may not develop, and the price of the common shares may fluctuate significantly.

Although the Company's common shares are listed on the TSXV and NASDAQ, it has only been traded on the TSXV and NASDAQ for a relatively short period of time. There has been relatively limited trading volume in the market for the Company's common shares, and a more active, liquid public trading market may not develop or may not be sustained. Limited liquidity in the trading market for the Company's common stock may adversely affect a stockholder's ability to sell its common shares at the time it wishes to sell them or at a price that it considers acceptable. If a more active, liquid public trading market does not develop, the Company may be limited in its ability to raise capital by selling common shares and the Company's ability to acquire other companies or assets by using common shares as consideration. In addition, if there is a thin trading market or "float" for the Company's stock, the market price for the common shares may fluctuate significantly more than the stock market as a whole. Without a large float, the Company's common shares would be less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of the common shares may be more volatile, and it would be harder to liquidate any investment in the Company's common shares. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of the Company's common stock could fluctuate widely in response to several factors, including:

- the Company's quarterly or annual operating results;
- changes in the Company's earnings estimates;
- investment recommendations by securities analysts following the Company's business or the industry;
- additions or departures of key personnel;
- changes in the business, earnings estimates or market perceptions of the Company's competitors;
- the Company's failure to achieve operating results consistent with securities analysts' projections;
- changes in industry, general market or economic conditions;
- announcements of legislative or regulatory changes; and
- natural disasters and political and economic instability, including wars, terrorism, political unrest, results of certain elections and votes, emergence of a pandemic, or other widespread health emergencies (or concerns over the possibility of such an emergency, including for example, the COVID-19 pandemic), boycotts, adoption or expansion of government trade restrictions, and other business restrictions.

The stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies. The changes often appear to occur without regard to specific operating performance. The price of the Company's common shares could fluctuate based upon factors that have little or nothing to do with the Company and these fluctuations could materially reduce the stock price.

Concentration of ownership of the Company's shares may enable one shareholder or a small number of shareholders to significantly influence matters requiring shareholder approval.

As of March ■, 2022, members of the Company's management team beneficially own approximately 27.95% of the outstanding common shares, of which 27.16% are beneficially owned by Bentsur Joseph, the CEO and director. As a result, Mr. Bentsur may have the ability to control substantially all matters submitted to the shareholders for approval including:

- election of the board of directors;
- removal of any of the directors;
- amendment of the articles; and
- adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination involving the Company.

In addition, managements and the shareholder's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could reduce the share price or prevent the Company's shareholders from realizing a premium over the share price. Any additional investors will own a minority percentage of the common shares and will have minority voting rights.

Sales by the Company's shareholders of a substantial number of the common shares in the public market could adversely affect the market price of the common shares.

A substantial portion of the total outstanding shares may be sold into the market at any time. A substantial portion of these shares are held by Mr. Bentsur, the CEO and director. Although the Company believes that Mr. Bentsur has no current intention to sell a significant number of shares, the Company cannot provide any such assurance. If Mr. Bentsur was to decide to sell large amounts of shares over a short period of time (presuming such sales were permitted) such sales could cause the market price of the common shares to drop significantly, even if the business is doing well. Further, the market price of the common shares could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and price that the Company deems appropriate.

The exercise of outstanding warrants and options will have a dilutive effect on the percentage ownership of the Company's capital stock by existing shareholders.

As of March ●, 2022, the Company had outstanding warrants to acquire 5,486,560 of common shares and share options to purchase 820,010 common shares. Warrants and options are exercisable for prices ranging between $1.18 and $9.33. The expiration of the term of such options and warrants ranges from January 23, 2023 to October 28, 2026. If a significant number of such warrants and stock options are exercised by the holders, the percentage of common shares owned by the Company's existing shareholders will be diluted.

The Company's common shares will be traded on more than one market and this may result in price variations.

The common shares have been trading on the TSXV since April 2018 and on the Nasdaq since January 5, 2022. Trading in the common shares on these markets will take place in different currencies (U.S. dollars on the Nasdaq and Canadian dollars on the TSXV), and at different times (resulting from different trading days and different public holidays in the United States and Canada). The trading prices of the Company's common shares on these markets may differ due to these and other factors. Any decrease in the price of the Company's common shares on the TSXV could cause a decrease in the trading price of the common shares on the Nasdaq and vice versa.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward looking terminology such as "anticipates", "plans", "budget", "scheduled", "continue", "estimates", "forecasts", "expect", "is expected", "project", "propose", "potential", "targeting", "intends", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

OTHER INFORMATION

Additional information related to the Company, is available for viewing on SEDAR at **www.sedar.com**.

EXHIBIT 99.4

CERTIFICATION

I, Bentsur Joseph, Chief Executive Officer A2Z Smart Technologies Corp., certify that;

1. I have reviewed this Annual Report on Form 40-F of A2Z Smart Technologies Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2022

By: */s/* ***Bentsur Joseph***
Name: **Bentsur Joseph**
Title: **Chief Executive Officer**

EXHIBIT 99.5

CERTIFICATION

I, Gadi Levin, Chief Financial Officer of A2Z Smart Technologies Corp., certify that;

1. I have reviewed this Annual Report on Form 40-F of A2Z Smart Technologies Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2022

By: */s/**Gadi Levin***
Name: **Gadi Levin**
Title: **Chief Financial Officer**

EXHIBIT 99.6

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Bentsur Joseph, Chief Executive Officer of A2Z Smart technologies Corp. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

a. the Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2021 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

b. the information contained in the Annual Report fairly presents in all material respects the financial condition and results of operations of the Company.

Date: March 31, 2022

By: ***/s/ Bentsur Joseph***
Name: **Bentsur Joseph**
Title: **Chief Executive Officer**

EXHIBIT 99.7

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Gadi Levin, Chief Financial Officer of A2Z Smart Technologies Corp. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

a. the Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2021 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

b. the information contained in the Annual Report fairly presents in all material respects the financial condition and results of operations of the Company.

Date: March 31, 2022

By: ***/s/ Gadi Levin***
Name: **Gadi Levin**
Title: **Chief Financial Officer**

Exhibit 99.8

A2Z SMART TECHNOLOGIES CORP.

Code of Business Conduct and Ethics

I. Purpose and Scope

The Board of Directors of A2Z Smart Technologies Corp., a company incorporated under the Business Corporations Act (British Columbia) (together with its subsidiaries, the "Company"), has adopted this Code of Business Conduct and Ethics (this "Code") to aid the Company's directors, officers and employees in making ethical and legal decisions when conducting the Company's business and performing their day-to-day duties.

The Company's Board of Directors (the "Board") or a committee of the Board is responsible for administering the Code. The Board has delegated day-to-day responsibility for administering and interpreting the Code to the Company's Chief Financial Officer, or his designee (such officer or designee, the "Compliance Officer"). If the last-designated Compliance Officer has ceased to be employed by the Company, please contact the Company's Chief Executive Officer with any questions you may have.

The Company expects its directors, officers and employees to exercise reasonable judgment when conducting the Company's business. The Company encourages its directors, officers and employees to refer to this Code frequently to ensure that they are acting within both the letter and spirit of this Code. The Company also understands that this Code will not provide an answer to every problem you may encounter or address every concern you may have about conducting the Company's business ethically and legally. In these situations, or if you otherwise have questions or concerns about this Code, the Company encourages you to speak with your supervisor (if applicable) or, if you are uncomfortable doing that, with the Compliance Officer.

The Company's directors, officers and employees generally have other legal and contractual obligations to the Company. This Code is not intended to reduce or limit the other obligations you may have to the Company. Instead, this Code should be viewed as imposing the *minimum standards* the Company expects from its directors, officers and employees in the conduct of the Company's business. Additional resources, including applicable policies, procedures, manuals and toolkits, are available through internal employee communication channels.

II. Standards of Conduct

A. Compliance with Laws, Rules and Regulations

The Company requires that all employees, officers and directors comply with all laws, rules and regulations applicable to the Company wherever it does business. Directors, officers and employees of the Company are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when they are uncertain about them.

If you become aware of the violation of any law, rule or regulation by the Company, whether by its officers, employees, directors, or any third party doing business on behalf of the Company, it is your responsibility to promptly report the matter to your supervisor or to the Compliance Officer. Raising valid concerns helps the Company correct problems before they get bigger. It is our responsibility to speak up when something does not seem right, and our duty to act and report violations of law, rule, regulation or policy, as it helps us achieve the high standards that we set for ourselves. The Company is committed to a culture where each directors, officer and employee of the Company feels comfortable raising compliance concerns, and can expect every reported concern to be treated with care, and investigated thoroughly and discretely. While it is the Company's desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity, including any violation of the securities laws, antitrust laws, environmental laws or any other federal, state or foreign law, rule or regulation, to the appropriate regulatory authority. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation.

B. Conflicts of Interest

The Company recognizes and respects the right of its directors, officers and employees to engage in outside activities that they may deem proper and desirable, provided that these activities do not impair or interfere with the performance of their duties to the Company or their ability to act in the Company's best interests. In most, if not all, cases this will mean that our directors, officers and employees must avoid situations that present a potential or actual conflict between their personal interests and the Company's interests.

A "conflict of interest" occurs when a director's, officer's or employee's personal interest interferes with the Company's interests. Conflicts of interest can arise in many situations. For example, conflicts of interest can arise when a director, officer or employee takes an action or has an outside interest, responsibility or obligation that can make it difficult for him or her to perform the responsibilities of his or her position objectively or effectively in the Company's best interests. Conflicts of interest can also occur when a director, officer or employee or his or her immediate family member receives some personal benefit (whether improper or not) as a result of the director's, officer's or employee's position with the Company. Each individual's situation is different and in evaluating his or her own situation, a director, officer or employee will have to consider many factors.

Any material transaction, responsibility, obligation, or relationship that reasonably could be expected to give rise to a conflict of interest should be reported promptly to the Compliance Officer, who may notify the Board or a committee of the Board as he or she deems appropriate. Actual or potential conflicts of interest involving a director or executive officer other than the Compliance Officer should be disclosed directly to the Compliance Officer. Actual or potential conflicts of interest involving the Compliance Officer should be disclosed directly to the Chief Executive Officer.

C. Insider Trading

Employees, officers and directors who have material non-public information about the Company or other companies, including our suppliers and customers, as a result of their relationship with the Company are prohibited by law and Company policy from trading in securities of the Company or such other companies, as well as from communicating such information to others who might trade on the basis of that information.

If you are uncertain about the constraints on your purchase or sale of any Company securities or the securities of any other company that you are familiar with by virtue of your relationship with the Company, consult with the Compliance Officer before making any such purchase or sale.

D. Confidentiality

Directors, officers and employees of the Company must maintain the confidentiality of confidential information entrusted to them by the Company or other companies, including our suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company.

Third parties may ask you for information concerning the Company. Subject to the exceptions noted in the preceding paragraph, employees, officers and directors (other than the Company's authorized spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and, if appropriate, after a confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or one of the Company's authorized spokespersons.

You also must abide by any lawful obligations that you have to any former employer(s). These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations.

E. Honest and Ethical Conduct and Fair Dealing

You should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

F. Protection and Proper Use of Corporate Assets

Employees, officers and directors should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. We work hard and play hard. This sometimes mean that we work at times when others seek to connect with us to conduct personal business. Limited, reasonable and customary personal use of Company assets and resources, devices and technology, including computers, telephones, email, networks and internet access is appropriate and acceptable, provided that such Company assets are always used in an ethical and legal manner. You should seek to protect the Company's assets at all times. Theft, carelessness, waste, and security breaches have a direct impact on the Company's financial performance, and we are all responsible for protecting the Company against loss or other misuses.

G. Corporate Opportunities

Directors, officers and employees owe a duty to the Company to advance its legitimate business interests when the opportunity to do so arises. Each employee, officer and director is prohibited from:

- diverting to himself or herself or to others any opportunities that are discovered through the use of the Company's property or information or as a result of his or her position with the Company unless that opportunity has first been presented to, and rejected by, the Company;
- using the Company's property or information or his or her position for improper personal gain; or
- competing with the Company.

H. Political Contributions/Gifts

Business contributions to political campaigns are strictly regulated by federal, state, provincial and local law in the Canada, U.S. and many other jurisdictions. Accordingly, all political contributions proposed to be made with the Company's funds must be coordinated through and approved by the Compliance Officer. Directors, officers and employees may not, without the approval of the Compliance Officer, use any Company funds for political contributions of any kind to any political candidate or holder of any national, state or local government office. Directors, officers and employees may make personal contributions, but should not represent that they are making contributions on the Company's behalf. Specific questions should be directed to the Compliance Officer.

I. Bribes, Kickbacks and Other Improper Payments

The Company does not permit or condone bribes, kickbacks or other improper payments, transfers or receipts. No director, officer or

employee should offer, give, solicit or receive any money or other item of value for the purpose of obtaining, retaining or directing business or bestowing or receiving any kind of favored treatment.

J. Accuracy of Records

You must honestly and accurately report all business transactions. We are responsible for the accuracy of our records and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations. All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to generally accepted accounting rules and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

K. Quality of Public Disclosures

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Canadian Securities Administrators, the Securities and Exchange Commission and in other public communications.

III. Compliance Procedures

A. Communication of Code

All current directors, officers and employees are being supplied a copy of the Code. Future directors, officers and employees will be supplied a copy of the Code when beginning service at the Company. All directors, officers and employees will be expected to review and sign an acknowledgment regarding the Code on a periodic basis.

B. Monitoring Compliance and Disciplinary Action

The Company's management, under the supervision of its Board or a committee of the Board shall take reasonable steps to (i) monitor compliance with the Code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Code.

Disciplinary measures for violations of the Code will be determined in the Company's sole discretion and may include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension with or without pay, demotions, reductions in salary, termination of employment or service, and restitution.

The Company's management shall periodically report to the Board or a committee of the Board on these compliance efforts including, without limitation, alleged violations of the Code and the actions taken with respect to violations.

C. Communication Channels

Be Proactive. Every employee is encouraged to act proactively by asking questions, seeking guidance and reporting suspected violations of the Code and other policies and procedures of the Company, as well as any violation or suspected violation of law, rule or regulation resulting from the conduct of the Company's business or occurring on the Company's property. If an employee believes that actions have taken place, may be taking place, or may be about to take place that violate or would violate the Code or any law, rule or regulation applicable to the Company, you are obligated to bring the matter to the attention of the Company.

Seeking Guidance. The best starting point for officers or employees seeking advice on ethics-related issues or wishing to report potential violations of the Code will usually be their supervisor. However, if the conduct in question involves an officer's or employee's supervisor, if the officer or employee has reported the conduct in question to the supervisor and does not believe that the supervisor has dealt with it properly, or if the officer or employee does not feel comfortable discussing the matter with the supervisor, the officer or employee may raise the matter with the Compliance Officer.

Communication Alternatives. Any officer or employee may communicate with the Compliance Officer, or report potential violations of the Code, by any of the following methods:

- By e-mail to Gadi Levin <gadi@a2zas.com> (anonymity cannot be maintained);

- In writing (which can be done anonymously as set forth below under "Anonymity"), addressed to the Compliance Officer, by mail to A2Z Smart Technologies Corp., Harimon 108, Lev Hasharon, 4582500, Israel, Attn: Gadi Levin;

Reporting Accounting and Similar Concerns. Concerns or questions regarding potential violations of the Code, a Company policy or procedure or laws, rules or regulations relating to accounting, internal accounting controls, or auditing or securities law matters will be directed to the Audit Committee of the Board (the "Audit Committee") or a designee of the Audit Committee in accordance with the procedures established by the Audit Committee for receiving, retaining and treating complaints regarding accounting, internal accounting controls or auditing matters. Officers and employees can also communicate directly with the Audit Committee or its designee regarding such matters by the following methods (which can be done anonymously as set forth below under "Anonymity"):

- By e-mail to Gadi Levin <gadi@a2zas.com> (anonymity cannot be maintained);

- In writing (which can be done anonymously as set forth below under "Anonymity"), addressed to the Compliance Officer, by mail to A2Z Smart Technologies Corp., Harimon 108, Lev Hasharon, 4582500, Attn: Gadi Levin;

Cooperation. Employees are expected to cooperate with the Company in any investigation of a potential violation of the Code, any other Company policy or procedure, or any law, rule or regulation.

Misuse of Reporting Channels. Employees should not use these reporting channels in bad faith or in a false or frivolous manner or to report grievances that do not involve the Code or other ethics-related issues.

Director Communications. In addition to the foregoing methods, a director also can communicate concerns or seek advice with respect to this Code by contacting the Board through its Chairperson or the Audit Committee.

D. Anonymity

The Company prefers that officers and employees, when reporting suspected violations of the Code, identify themselves to facilitate the Company's ability to take steps to address the suspected violation, including conducting an investigation. However, the Company also recognizes that some people may feel more comfortable reporting a suspected violation anonymously.

An officer or employee who wishes to remain anonymous may do so, and the Company will use reasonable efforts to protect confidentiality. If a report is made anonymously, however, the Company may not have sufficient information to investigate or evaluate the allegations. Accordingly, persons who report suspected violations anonymously should provide as much detail as they can to permit the Company to evaluate the allegation and, if it deems appropriate, conduct an investigation.

E. No Retaliation

The Company forbids any retaliation against an officer or employee who, acting in good faith on the basis of a reasonable belief, reports suspected misconduct. Specifically, the Company will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against, such an officer or employee. Anyone who participates in any such conduct is subject to disciplinary action, including termination.

IV. Waivers and Amendments

No waiver of any provisions of the Code for the benefit of a director or an executive officer (which includes, without limitation, the Company's principal executive, financial and accounting officers) shall be effective unless (i) approved by the Board or, if permitted, the Audit Committee, and (ii) if required, the waiver is promptly disclosed to the Company's securityholders in accordance with applicable Canadian and U.S. securities laws and the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

Any waivers of the Code for other employees may be made by the Compliance Officer, the Board or, if permitted, the Audit Committee.

All amendments to the Code must be approved by the Board and, if required, must be promptly disclosed to the Company's securityholders in accordance with United States securities laws and Nasdat rules and regulations.

Adopted on:

ACKNOWLEDGMENT

I hereby acknowledge that I have read, that I understand and that I agree to comply with, the Code of Business Conduct and Ethics of A2Z Smart Technologies Corp. (the "**Company**"). I also understand and agree that I will be subject to sanctions, including termination of employment, that may be imposed by the Company, in its sole discretion, for violation of such Code of Business Conduct and Ethics.

Date: _____ Signature: _____

Name: _____ (Please Print)

Title: _____

Exhibit 99.9



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our report dated March 31, 2022, relating to the consolidated financial statements of A2Z Smart Technologies Corp. included in this Annual Report on Form 40-F for the year ended December 31, 2021..

Tel Aviv, Israel
March 31, 2022

/s/ Ziv Haft
Certified Public Accountants (Isr.)
Tomer Fromovich, Audit Partner
BDO Member Firm