

Action Summary – 26 January 2026 – Analyst: Theodore R. O’Neill

- **Leveling up our 2026 outlook.** On Jan. 14, 2026, the company announced it achieved an annualized revenue run rate of \$9.7 million for December 2025. In addition, it announced that SemiCab has been awarded \$15 million in new business or 6% of the current market opportunity in India. On Jan 21, 2026, the company announced SemiCab was awarded \$1.6 million in new business by Hindustan Unilever, Ltd. (“HUL”), the Indian-based subsidiary of Unilever, one of the global leaders in consumer-packaged goods and one of the largest shippers in India. Taken together, this would lead us to believe that it could achieve ~\$14MM in revenue in 2026 with existing business. Assuming some likely additional wins, a \$17MM revenue estimate for 2026 looks conservative. Looking at 2025, our estimates did not include the impact of the sale of the legacy business and are now being adjusted.
- **Revision to estimates.** We are lowering our estimates, based on this review. Our new 2025 revenue and EPS loss estimates are now \$4.5MM and \$5.18, respectively, down from \$7.5MM and up from \$5.19, respectively. For 2026, our revenue and EPS loss estimates are now \$17MM and \$2.85, respectively, down from \$22.5MM and \$1.43, respectively.
- **Attractive Valuation.** The shares sell at a discount to our discounted future earnings price target model, and we see a similar discount when compared to peers.

1/23/2026 price: US\$ 0.98	Market cap: \$2.6M	2026 Market Cap/Sales: 0.16x	2026 EV / Sales: 0.37x
Shares outstanding: 2.6MM	Insider ownership: ~2%	3-mo. avg. trading vol: >100,000	Dividend/Yield: NA/NA

GAAP estimates (EPS in \$ – Revenue in \$Million) Historical data by quarter and estimates by the full year.

Period	EPS	Revenue	Op Margin
1Q24A	(\$73.76)	\$2.42	NMF
2Q24A	(\$1.32)	\$4.87	NMF
3Q24A	(\$0.21)	\$10.62	NMF
4Q24A	(\$1.05)	\$5.58	NMF
FY24A	<u>\$(353.9)</u>	<u>\$23.49</u>	<u>NMF</u>
1Q25A	(\$4.66)	\$1.99	NMF
FY25E	<u>(\$5.18)</u>	<u>\$4.50</u>	<u>NMF</u>
FY26E	<u>(\$2.85)</u>	<u>\$17.00</u>	<u>(46.2%)</u>

Note: December ending year. Numbers may not add due to rounding. See our full model at the back of this report.

Cash balance (in \$millions)

• 2023A	• \$6.70
• 2024A	• \$7.23
• 2025E	• \$1.65
• 2026E	• \$1.66

LT Debt (in \$millions)

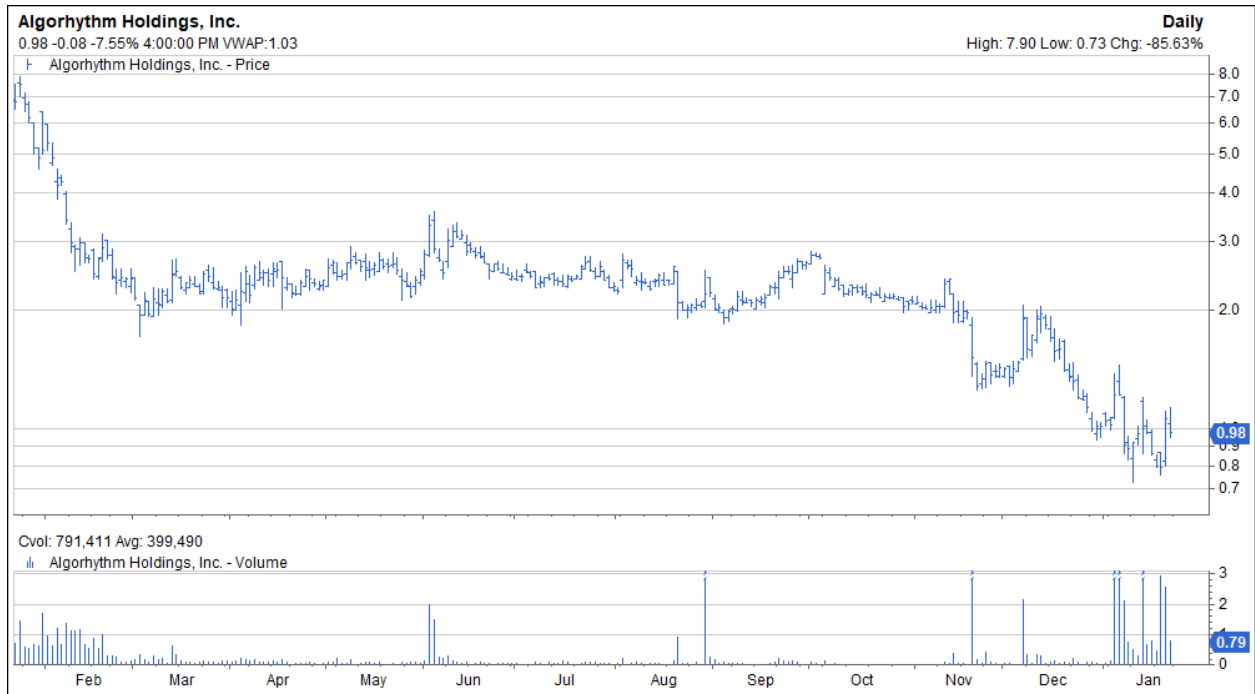
• 2023A	• \$0.0
• 2024A	• \$0.4
• 2025E	• \$0.3
• 2026E	• \$1.0

Risks/Valuation

- Risks include competition, regulatory issues, product acceptance and business execution.
- Our USD\$5.00 target is derived using a discounted future earnings model.

Company description: Algorhythm Holdings, Inc. is a leading AI technology company focused on the growth and development of SemiCab, an emerging leader in the global logistics and distribution industry. Since 2020, SemiCab has enabled major retailers, brands and transportation providers to address common supply-chain problems globally. Its AI-enabled, cloud-based Collaborative Transportation Platform achieves the scalability required to predict and optimize millions of loads and hundreds of thousands of trucks. SemiCab uses real-time data from API-based load tendering and pre-built integrations with TMS and ELD partners to orchestrate collaboration across manufacturers, retailers, distributors, and their carriers. SemiCab uses AI/ML predictions and advanced predictive optimization models to enable fully loaded round trips. With SemiCab’s AI platform, shippers pay less and carriers make more without having to change a thing.

Figure 1 – Algorhythm Holdings – 3-Month Trading Snapshot



Source: FactSet

Valuation Methodology

We believe RIME is undervalued, and we support that belief with an absolute and relative valuation. To determine our price target, we use a discounted future earnings model. The following valuation techniques are being used:

- 1) The discounted value of all future earnings was used for our price target (see Figure 2)
- 2) Valuation relative to peers (see Figure 3)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$5 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at 10%, which we feel adequately addresses the risk. We assume the company reaches GAAP breakeven in 2028, exhibits strong topline growth for several years and then we slow growth until it eventually grows at the rate of global GDP. Our valuation model is shown in Figure 2 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$5.13, which we round to \$5.00.

Figure 2 – Algorhythm Holdings – Price Target Calculation

Discounted earnings		\$5.13
Year 0 is		Discounted
2026	Forecast EPS	Net Income
	0	(\$2.85)
	1	(\$1.40)
	2	(\$0.50)
	3	\$0.20
	4	\$0.40
Terminal		
Value		\$9.25

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 3 is a summary of our RIME peer comparison. Our comp table consists primarily of shipping companies as there are not many good comps. Just the same, while RIME is more of a fast-growing company and shippers are not, we would expect to see RIME's valuation significantly higher than the average shown here. The significant discount to peers broadly confirms our view that, along with our discounted earnings model, the shares are undervalued.

Figure 3 – Algorhythm Holdings – Comp Tables

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2026 Consensus Multiples (except price to book)				
					Market Cap / Sales	EV /Sales	Price to Book	EV / EBITDA	PE
ODFL-US	Old Dominion Freight Line	\$178.25	36,446	37,631	6.51	6.58	8.85	20.79	34.80
011200-KR	HMM Co Ltd	\$13.98	13,060	8,142	1.93	1.22	0.57	6.20	16.48
EXPD-US	Expeditors International of Washington, Inc	\$160.80	21,337	21,126	1.93	1.89	6.88	18.90	26.55
JBHT-US	J.B. Hunt Transport Services, Inc.	\$210.73	19,686	22,035	1.59	1.75	5.16	12.57	28.69
XPO-US	XPO, Inc.	\$149.60	17,287	21,727	2.06	2.56	9.58	15.58	34.46
9104-JP	Mitsui O.S.K.Lines Ltd.	\$29.98	10,830	25,152	0.98	2.17	0.67	13.73	9.95
CHRW-US	CH Robinson Worldwide Inc	\$177.90	20,870	22,954	1.24	1.36	7.12	21.47	29.24
KNX-US	Knight-Swift Transportation Holdings Inc.	\$59.44	9,245	12,058	1.18	1.49		9.11	29.28
SAIA-US	Saia Inc.	\$360.34	9,360	9,966	2.78	2.88	5.23	14.83	33.03
R-US	Ryder System Inc	\$196.32	7,688	16,825	0.59	1.26	2.12	5.69	13.02
ZIM-US	ZIM Integrated Shipping Services Ltd.	\$22.06	2,662	6,373	0.46	1.10	0.64	5.64	
FWRD-US	Forward Air Corporation	\$28.47	868	2,954	0.33	1.12	4.76	9.42	
DUOT-US	Duos Technologies Group Inc	\$11.20	219	165	5.49	3.94	23.59	20.73	89.58
GVH-US	Globavend Holdings Ltd.	\$1.27	3	(0)			3.40		
	AVERAGE				<u>2.08</u>	<u>2.26</u>	<u>6.04</u>	<u>13.44</u>	<u>31.37</u>
RIME-US	Algorhythm Holdings, Inc.	\$1.06	3	6	0.16	0.37	0.95	2.09	NA
RIME Discount to peers:					-92%	-84%	-84%	-84%	NA

Source: Litchfield Hills Research LLC and FactSet

Figure 4 – Algorithm Holdings – Income Statement (US\$000)

December ending year	Legacy Business				New Business Standalone		
	2024A				2024A	2025E	2026E
	Q1A	Q2A	Q3A	Q4A	Year	Year	Year
Total revenue	\$2,426	\$4,866	\$10,622	\$5,580	\$23,494	\$4,500	\$17,000
<i>Growth</i>						-81%	278%
Cost of Goods	1,924	4,040	8,247	4,502	18,713	5,000	17,750
Gross Profit	502	826	2,375	1,078	4,781	(500)	(750)
Gross Margin	20.7%	17.0%	22.4%	19.3%	20.3%	-11.1%	-4.4%
Selling expense	630	1,177	653	414	2,874	50	1,000
General and administrative	\$2,159	\$4,212	\$4,339	\$1,530	\$12,240	5,000	6,100
% of total revenue	89.0%	86.6%	40.8%	27.4%	52.1%	111.1%	35.9%
Impairment charges	\$0	\$3,878	(\$3,874)	\$3,588	\$3,592	\$0	\$0
Total Operating Expenses	2,789	9,267	1,118	5,532	18,706	5,050	7,100
Operating Income	(2,287)	(8,441)	1,257	(4,454)	(13,925)	(5,550)	(7,850)
Total Other Items	<u>(28)</u>	<u>(45)</u>	<u>(62)</u>	<u>(9,197)</u>	<u>(9,332)</u>	<u>(7,000)</u>	<u>(68)</u>
Pre-Tax Income	(2,315)	(8,486)	1,195	(13,651)	(23,257)	(12,550)	(7,918)
Taxes (benefit)	52	0	3,108	(3,160)	0	24	0
Tax Rate	-2.2%	0.0%	260.1%	23.1%	0.0%	-0.2%	0.0%
Net Income (loss)	<u>(2,367)</u>	<u>(8,486)</u>	<u>(1,913)</u>	<u>(10,491)</u>	<u>(23,257)</u>	<u>(12,574)</u>	<u>(7,918)</u>
Net gain/(loss) from disc. Ops.						<u>(2,400)</u>	<u>0</u>
Total net income						<u>(\$14,974)</u>	<u>(\$7,918)</u>
EPS	(\$73.76)	(\$1.32)	(\$0.21)	(\$1.05)	(\$353.87)	(\$5.18)	(\$2.85)
Class A diluted shares	32	6,418	9,096	10,000	66	2,428	2,775

Source: Company reports and Litchfield Hills Research LLC

Figure 5 – Algorhythm Holdings – Balance Sheet (US\$000)

December ending year	2026E	2025E	2024A	2023A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$1,656	\$1,650	\$7,233	\$6,703
Accounts receivable	2,000	1,820	822	7,577
Inventories	500	860	59	6,871
Other assets	10	0	8,649	2,055
Total Current Assets	4,166	4,330	16,763	23,206
Net PP&E				
	4,300	4,400	1,131	404
Other non-current assets	500	900	408	4,105
Total Assets	\$8,966	\$9,630	\$18,302	\$27,715
Current Liabilities				
Accounts payable	\$3,000	\$1,300	\$387	\$7,616
Accrued expenses	3,000	2,400	18,349	2,614
Other current liabilities	7,000	6,900	9,702	5,979
Total current liabilities	13,000	10,600	28,438	16,209
Note payable				
	1,000	250	385	0
Other non-current	0	0	0	3,928
Total Liabilities	14,000	10,850	28,823	20,137
Stockholders' Equity				
Preferred stock				
Total stockholders' equity	(5,034)	(1,220)	(10,521)	7,578
Total Liabilities and equity	\$8,966	\$9,630	\$18,302	\$27,715

Source: Company reports and Litchfield Hills Research LLC

Figure 6 – Algorithm Holdings – Cash Flow (US\$000)

	2026E	2025E	2024A
Net Income	(\$7,918)	(\$12,574)	(\$23,257)
Accounts receivable	(180)	(998)	6,755
Inventories	360	(801)	6,812
Other assets	(10)	8,649	(6,594)
PP&E	100	(3,269)	(727)
Other non-current	400	(492)	3,697
Accounts payable	1,700	913	(7,229)
Accrued expenses	600	654	(868)
Warrant liability	0	(16,603)	16,603
Other current liabilities	100	(2,802)	3,723
Note payable	750	(135)	385
Other non-current	0	0	(3,928)
Common stock	4	21	5
Additional paid in capital	4,000	25,318	6,189
Non-control. Interest and Treasury stock	100	(1,064)	(1,036)
Dividend and tax adj.	(3,500)	(3,500)	(3,500)
Total Cash Flow	\$6	(\$5,583)	\$530

Source: Litchfield Hills Research LLC

Disclosures:

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Algorhythm Holdings, Inc.

RIME - Rating-Buy – US\$5 PT

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