

Action Summary – 28 August 2025 – Analyst: Theodore R. O’Neill

2Q25 Complete, company is well on its way to being a logistics leader.

- On August 20th, 2025, the company reported 2Q25 revenue of \$2.7MM and an EPS loss of \$0.24. There is no consensus. The quarter included a mix of both the legacy Singing Machines (divested earlier this month). In 3Q25, the quarter will contain one month of legacy business with a full quarter of its SemiCab logistics business. It will not have a clean quarter of SemiCab until 4Q25. It sold its legacy business August 4th, so there will be just over a month’s worth of legacy in 3Q25. It fully acquired SemiCab on May 5th so there were only a little more than two months of the new business in 2Q25.
- **Revision to estimates.** We are raising our estimates, based on the results in 2Q25, but we would emphasize that we have not yet seen a clean quarter’s worth of SemiCab business and won’t do so until it reports 4Q25 sometime in early 2026. Our estimates are likely to change again as we get more data. That being said, our new revenue and EPS loss estimates are now \$7.5MM and \$5.19, respectively, up from \$6.5MM and a loss of \$5.39. For 2026, our revenue estimate is unchanged at \$22.5MM but the EPS loss declines to \$1.43 from \$1.77 primarily due to an increase in share count not reflected in our model.
- **Private placement.** The company announced recently initiated a private placement. We believe this will be used to invest in its logistics business and working capital. Because the Singing Machine business sale has not been reflected in the 2Q25 balance sheet, it remains to be seen how this will impact it. What we do know is that the SemiCab business is low margin and low operating expense so it may initially need some additional capital.
- **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.

8/27/25 price: US\$ 2.05	Market cap: \$5M	2026 Market Cap/Sales: 0.23x	2026 EV / Sales: 0.30x
Shares outstanding: 2.5MM	Insider ownership: ~2%	3-mo. avg. trading vol: >20,000	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	\$(353.9)	\$23.49	NMF
1Q25A	(\$4.66)	\$1.99	NMF
FY25E	(\$5.19)	\$7.51	NMF
FY26E	(\$1.43)	\$22.50	(16.6%)

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	• \$7.55
• 2025E	• \$3.75
• 2026E	• \$4.89

LT Debt (in \$millions)

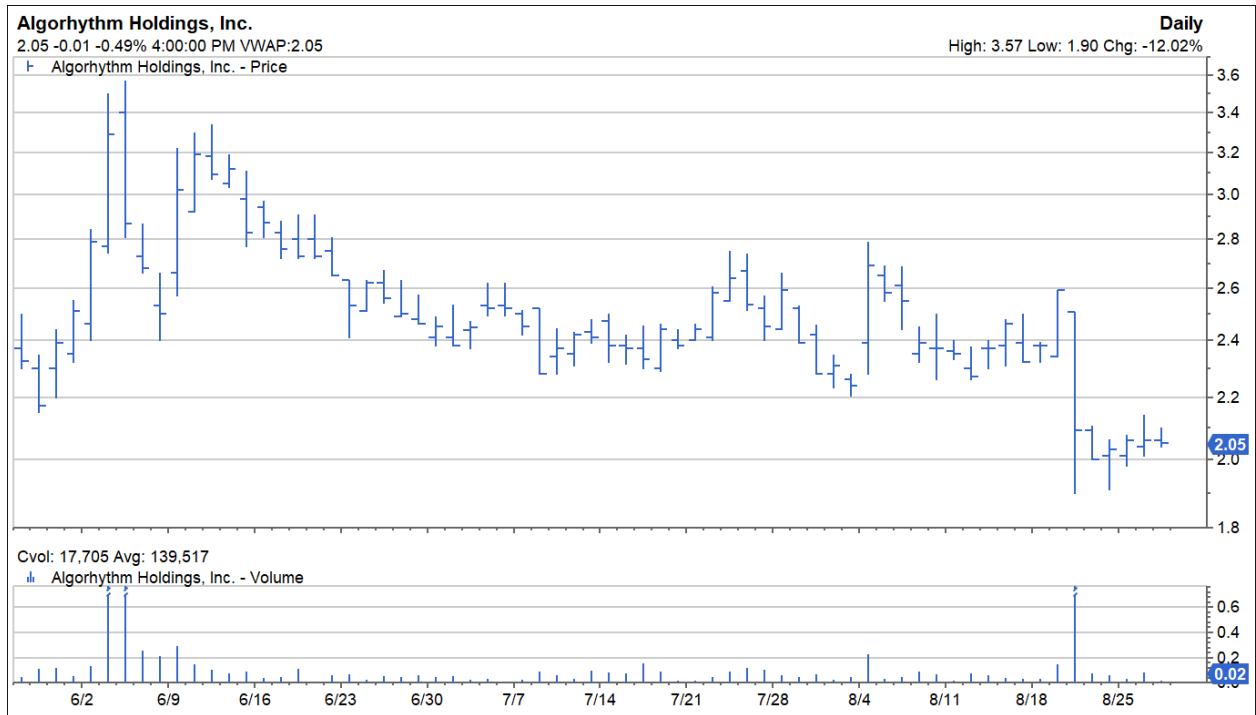
• 2023A	• \$0.0
• 2024A	• \$0.4
• 2025E	• \$1.0
• 2026E	• \$1.0

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., through its primary business unit, **SemiCab** is an emerging leader in the global logistics and distribution industry. Since 2020, SemiCab has enabled major retailers, brands and transportation providers to address these 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 \$4.61, which we round to \$5.00.

Figure 2 – Algorhythm Holdings – Price Target Calculation

Discounted earnings		\$4.61
Year 0 is		Discounted
2025	Forecast EPS	Net Income
	0	(\$5.19)
	1	(\$1.43)
	2	(\$0.21)
	3	\$0.40
	4	\$0.57
Terminal		
Value		\$10.40

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	\$155.47	32,675	33,131	5.46	5.53	8.85	17.09	27.67
011200-KR	HMM Co Ltd	\$16.21	16,619	9,082	2.33	1.28	0.57	6.09	16.84
EXPD-US	Expeditors International of Washington, Inc	\$120.35	16,334	15,876	1.54	1.49	6.88	15.50	21.73
JBHT-US	J.B. Hunt Transport Services, Inc.	\$142.75	13,818	15,655	1.10	1.25	4.27	9.24	20.95
XPO-US	XPO, Inc.	\$134.67	15,859	19,968	1.91	2.39	9.58	14.18	29.39
9104-JP	Mitsui O.S.K.Lines Ltd.	\$32.85	11,919	26,468	1.01	2.22	0.67	14.78	8.72
CHRW-US	CH Robinson Worldwide Inc	\$126.41	14,928	16,835	0.87	0.98	7.12	16.95	22.82
KNX-US	Knight-Swift Transportation Holdings Inc.	\$43.54	7,067	9,442	0.90	1.20	1.21	6.99	18.41
SAIA-US	Saia Inc.	\$308.66	8,221	8,693	2.38	2.52	5.23	12.65	26.49
R-US	Ryder System Inc	\$184.10	7,510	16,244	0.57	1.22	2.12	5.40	12.45
ZIM-US	ZIM Integrated Shipping Services Ltd.	\$14.14	1,703	5,851	0.29	0.99	0.64	5.39	
FWRD-US	Forward Air Corporation	\$29.78	917	3,038	0.34	1.12	4.76	8.88	233.22
DUOT-US	Duos Technologies Group Inc	\$6.20	120	80	3.59	2.37	23.59	14.07	64.70
GVH-US	Globavend Holdings Ltd.	\$4.64	6	66			3.40		
	AVERAGE				<u>1.71</u>	<u>1.89</u>	<u>5.64</u>	<u>11.33</u>	<u>41.95</u>
RIME-US	Algorhythm Holdings, Inc.	\$2.06	5	7	0.23	0.30	1.84	2.25	NA
RIME Discount to peers:					-87%	-84%	-67%	-80%	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	Q1A	2025E	2026E
	Q1A	Q2A	Q3A	Q4A	Year		Year	Year
Total revenue	\$2,426	\$4,866	\$10,622	\$5,580	\$23,494	\$1,993	\$7,509	\$22,500
<i>Growth</i>						-18%	-68%	200%
Cost of Goods	1,924	4,040	8,247	4,502	18,713	1,493	5,995	20,545
Gross Profit	502	826	2,375	1,078	4,781	500	1,514	1,955
Gross Margin	20.7%	17.0%	22.4%	19.3%	20.3%	25.1%	20.2%	8.7%
Selling expense	630	1,177	653	414	2,874	764	1,498	1,100
General and administrative	\$2,159	\$4,212	\$4,339	\$1,530	\$12,240	\$2,546	\$6,048	\$4,600
% of total revenue	89.0%	86.6%	40.8%	27.4%	52.1%	127.7%	80.5%	20.4%
Impairment charges	\$0	\$3,878	(\$3,874)	\$3,588	\$3,592	\$0	\$0	\$0
Total Operating Expenses	2,789	9,267	1,118	5,532	18,706	3,310	7,546	5,700
Operating Income	(2,287)	(8,441)	1,257	(4,454)	(13,925)	(2,810)	(6,032)	(3,745)
Operating Margin	-94.3%	-173.5%	11.8%	-79.8%	-59.3%	-141.0%	-80.3%	-16.6%
Total Other Items	(28)	(45)	(62)	(9,197)	(9,332)	(6,381)	(6,216)	(68)
Pre-Tax Income	(2,315)	(8,486)	1,195	(13,651)	(23,257)	(9,191)	(12,248)	(3,813)
Pre-Tax Margin	-95.4%	-174.4%	11.3%	-244.6%	-99.0%	-461.2%	-163.1%	-16.9%
Taxes (benefit)	52	0	3,108	(3,160)	0	0	0	0
Tax Rate	-2.2%	0.0%	260.1%	23.1%	0.0%	0.0%	0.0%	0.0%
Net Income (loss)	(2,367)	(8,486)	(1,913)	(10,491)	(23,257)	(9,191)	(12,248)	(3,813)
Net Margin	-97.6%	-174.4%	-18.0%	-188.0%	-99.0%	-461.2%	-163.1%	-16.9%
EPS	(\$73.76)	(\$1.32)	(\$0.21)	(\$1.05)	(\$353.87)	(\$4.66)	(\$5.19)	(\$1.43)
Class A diluted shares	32	6,418	9,096	10,000	66	1,973	2,361	2,675

Source: Company reports and Litchfield Hills Research LLC

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

December ending year	2026E	2025E	2024A	2023A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$4,897	\$3,754	\$7,550	\$6,703
Accounts receivable	3,000	1,200	4,585	7,577
Inventories	500	1,300	2,186	6,871
Other assets	<u>2,500</u>	<u>2,400</u>	<u>2,442</u>	<u>2,055</u>
Total Current Assets	10,897	8,654	16,763	23,206
Net PP&E	200	250	284	404
Other non-current assets	<u>1,200</u>	<u>1,000</u>	<u>1,255</u>	<u>4,105</u>
Total Assets	\$12,297	\$9,904	\$18,302	\$27,715
Current Liabilities				
Accounts payable	\$3,000	\$1,300	\$3,808	\$7,616
Accrued expenses	3,000	2,000	20,827	2,614
Other current liabilities	<u>3,500</u>	<u>3,000</u>	<u>3,803</u>	<u>5,979</u>
Total current liabilities	9,500	6,300	28,438	16,209
Note payable	1,000	1,000	385	0
Other non-current	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,928</u>
Total Liabilities	10,500	7,300	28,823	20,137
Stockholders' Equity				
Preferred stock				
Total stockholders' equity	<u>1,797</u>	<u>2,604</u>	<u>(10,521)</u>	<u>7,578</u>
Total Liabilities and equity	\$12,297	\$9,904	\$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	(\$3,813)	(\$12,248)	(\$23,257)
Accounts receivable	(1,800)	3,385	2,992
Inventories	800	886	4,685
Other assets	(100)	42	(387)
PP&E	50	34	120
Other non-current	(200)	255	2,850
Accounts payable	1,700	(2,508)	(3,808)
Accrued expenses	1,000	(2,224)	1,610
Warrant liability	0	(16,603)	16,603
Other current liabilities	500	(803)	(2,176)
Note payable	0	615	385
Other non-current	0	0	(3,928)
Common stock	6	19	5
Additional paid in capital	3,000	26,318	6,189
Non-control. Interest and Treasury stock	0	(964)	(1,036)
Dividend and tax adj.	(3,500)	(3,500)	(3,500)
Total Cash Flow	\$1,143	(\$3,796)	\$847

Source: Litchfield Hills Research LLC

Disclosures:

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Algorhythm Holdings, Inc.

RIME - Rating-Buy – US\$5 PT

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