

Action Summary – 5 June 2025 – Analyst: Theodore R. O’Neill

Two important developments in the last 36 hours point to increased momentum.

On June 3, 2025, it announced It signed four new pilot agreements and four contract expansions. The **expanded contracts** are with some of the largest multinational consumer goods, industrial and automotive companies in India.

- Reflects increased lanes and volume for SemiCab
- Adds coverage for over 20 new high-density lanes
- Increase SemiCab India’s annualized revenue run rate

The new customer **pilot programs** are with large conglomerate industrial and consumer products companies and are in various phases of onboarding with the expectation that services will commence in June 2025.

- Awarded four new pilot programs originating from new members to the NDFE.
- Expand SemiCab India’s geographic footprint in India
- Accelerate the company’s timeline for achieving its plan to fill all of its available trucks

On June 4, SemiCab India announced it had been awarded a large expansion to its Master Services Agreement with the Indian subsidiary of the world’s third largest consumer packaged goods manufacturer part of which is to pilot a program modeled after the "drop & hook" freight model. Drop and hook refers to the process of a driver dropping off a full trailer at a destination and hooking up to an already pre-loaded trailer, enabling the driver to quickly move on to their next delivery route rather than waiting for the trailer to be loaded and unloaded. While common in the U.S. it has not been widely adopted due to constraints that, before SemiCab, companies have been unable to overcome.

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.

6/4 price: US\$ 2.87	Market cap: \$8M	2026 Market Cap/Sales: 0.32x	2026 EV / Sales: 0.15
Shares outstanding: 2.5MM	Insider ownership: ~2%	3-mo. avg. trading vol: <1,000	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>(\$6.48)</u>	<u>\$5.39</u>	<u>NME</u>
FY26E	<u>(\$1.77)</u>	<u>\$22.50</u>	<u>(16.6%)</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	• \$7.55
• 2025E	• \$3.08
• 2026E	• \$4.23

LT Debt (in \$millions)

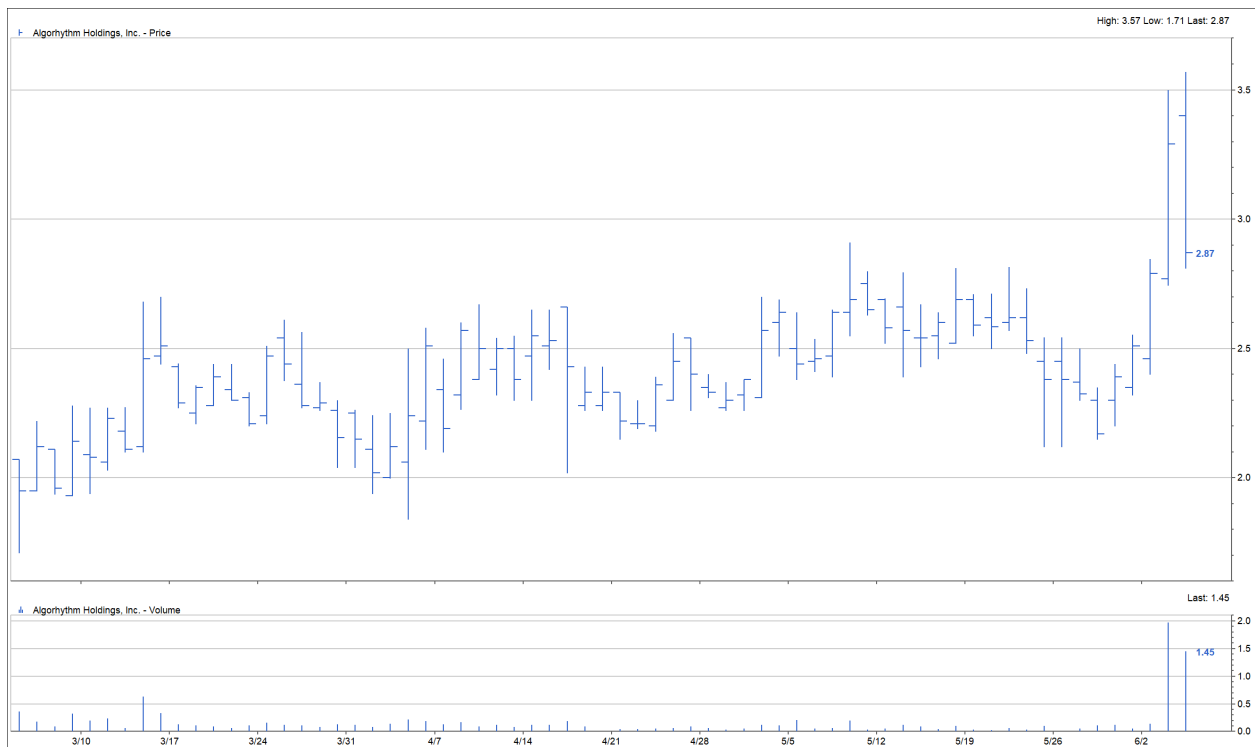
• 2023A	• \$0.0
• 2024A	• \$0.4
• 2025E	• \$1.0
• 2026E	• \$1.0

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. is an AI technology and consumer electronics holding company with two primary business units: SemiCab and Singing Machine. 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.

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 \$4.99, which we round to \$5.00.

Figure 2 – Algorhythm Holdings – Price Target Calculation

Discounted earnings		\$4.99
Year 0 is	Forecast Net	Discounted
2025	Income	Net Income
0	(\$6.48)	(\$6.48)
1	(\$1.77)	(\$1.63)
2	(\$0.21)	(\$0.18)
3	\$0.70	\$0.54
4	\$1.00	\$0.71
Terminal		
Value		\$12.02

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	\$161.49	34,127	34,438	5.56	5.61	8.85	16.85	26.89
011200-KR	HMM Co Ltd	\$16.46	16,873	9,584	2.21	1.14	0.57	5.19	15.27
EXPD-US	Expeditors International of Washington, Inc	\$111.57	15,279	14,717	1.46	1.41	6.88	14.45	20.45
JBHT-US	J.B. Hunt Transport Services, Inc.	\$140.11	13,898	15,616	1.10	1.23	4.27	8.87	19.93
XPO-US	XPO, Inc.	\$114.93	13,540	17,691	1.61	2.10	9.58	12.35	24.43
9104-JP	Mitsui O.S.K.Lines Ltd.	\$35.25	12,791	23,963	1.02	1.99	0.67	13.59	9.07
CHRW-US	CH Robinson Worldwide Inc	\$96.16	11,417	13,324	0.65	0.76	7.12	13.60	17.58
KNX-US	Knight-Swift Transportation Holdings Inc.	\$44.68	7,240	9,701	0.89	1.20	1.21	6.96	17.88
SAIA-US	Saia Inc.	\$265.08	7,060	7,502	2.00	2.13	5.23	10.48	21.23
R-US	Ryder System Inc	\$148.61	6,144	15,054	0.46	1.13	2.12	4.89	10.11
ZIM-US	ZIM Integrated Shipping Services Ltd.	\$16.54	1,992	5,566	0.33	0.91	0.64	4.58	
FWRD-US	Forward Air Corp.	\$17.99	547	2,652	0.20	0.96	4.76	7.80	112.44
DUOT-US	Duos Technologies Group Inc	\$8.16	95	97	2.35	2.39	23.59	26.07	272.00
GVH-US	Globavend Holdings Ltd.	\$1.39	21	19			3.40		
	AVERAGE				1.53	1.77	5.64	11.21	47.27
RIME-US	Algorhythm Holdings, Inc.	\$2.87	7	3	0.32	0.15	2.16	1.10	NA
RIME Discount to peers:					-79%	-92%	-62%	-90%	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	\$5,393	\$22,500
<i>Growth</i>						-18%	-77%	317%
Cost of Goods	1,924	4,040	8,247	4,502	18,713	1,493	4,823	20,545
Gross Profit	502	826	2,375	1,078	4,781	500	570	1,955
Gross Margin	20.7%	17.0%	22.4%	19.3%	20.3%	25.1%	10.6%	8.7%
Selling expense	630	1,177	653	414	2,874	764	1,514	1,100
General and administrative	\$2,159	\$4,212	\$4,339	\$1,530	\$12,240	\$2,546	\$5,546	\$4,600
% of total revenue	89.0%	86.6%	40.8%	27.4%	52.1%	127.7%	102.8%	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	7,060	5,700
Operating Income	(2,287)	(8,441)	1,257	(4,454)	(13,925)	(2,810)	(6,490)	(3,745)
Operating Margin	-94.3%	-173.5%	11.8%	-79.8%	-59.3%	-141.0%	-120.3%	-16.6%
Total Other Items	(28)	(45)	(62)	(9,197)	(9,332)	(6,381)	(6,429)	(68)
Pre-Tax Income	(2,315)	(8,486)	1,195	(13,651)	(23,257)	(9,191)	(12,919)	(3,813)
Pre-Tax Margin	-95.4%	-174.4%	11.3%	-244.6%	-99.0%	-461.2%	-239.6%	-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)	(12,919)	(3,813)
Net Margin	-97.6%	-174.4%	-18.0%	-188.0%	-99.0%	-461.2%	-239.6%	-16.9%
EPS	(\$73.76)	(\$1.32)	(\$0.21)	(\$1.05)	(\$353.87)	(\$4.66)	(\$6.48)	(\$1.77)
Class A diluted shares	32	6,418	9,096	10,000	66	1,973	1,993	2,150

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.	\$4,226	\$3,083	\$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	10,226	7,983	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	\$11,626	\$9,233	\$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>1,126</u>	<u>1,933</u>	<u>(10,521)</u>	<u>7,578</u>
Total Liabilities and equity	\$11,626	\$9,233	\$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)	(\$12,919)	(\$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)
	0	0	0
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	(\$4,467)	\$847

Source: Litchfield Hills Research LLC

Disclosures:

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Algorhythm Holdings, Inc.

RIME - Rating-Buy – US\$5 PT

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