

**Action Summary – 11 August 2025 – Analyst: Theodore R. O’Neill**

**Executing on its divestiture plan**

- On August 4<sup>th</sup>, 2025, the company announced it successfully divested its non-core business, Singing Machine, for \$4.5MM, which includes both cash and the assumption of selected liabilities and trade payables.
- **Multiple benefits.** It will strengthen the balance sheet and reduce the annual cash burn. While we will wait until the data is presented, the reduction in liabilities is a significant chunk of what it owes, putting it in a good position to concentrate capital on its SemiCab unit.
- **Skip the tariffs.** The transaction gets it out of the tariff trap now imposed by the current administration since the majority of karaoke machines are made outside the US.
- **Significant reduction in headcount.** Not only does it reduce headcount, its main business unit, SemiCab, employs few people and operates in vastly lower cost markets.
- Management can now focus full time on its logistics business,
- **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.

8/8/25 price: US\$ 2.37	Market cap: \$6M	2026 Market Cap/Sales: 0.27x	2026 EV / Sales: 0.10x
Shares outstanding: 2.5MM	Insider ownership: ~2%	3-mo. avg. trading vol: >60,000	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	<u>(\$1.05)</u>	<u>\$5.58</u>	<u>NMF</u>
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>NMF</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)**

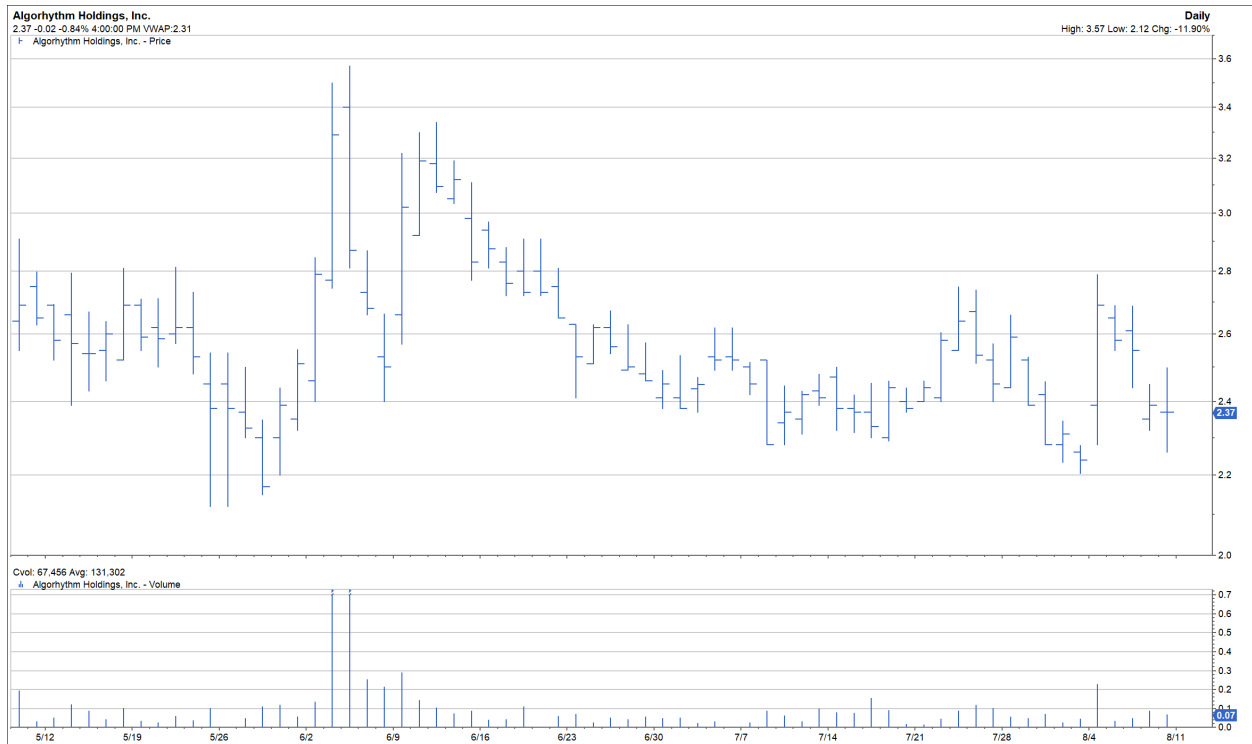
• 2023A	• \$0.0
• 2024A	• \$0.4
• 2025E	• \$1.0
• 2026E	• \$1.0

**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., 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 – Algorithm 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	\$145.33	30,544	30,980	5.13	5.18	8.85	15.99	25.8
011200-KR	HMM Co Ltd	\$16.80	17,224	9,936	2.36	1.29	0.57	5.77	15.5
EXPD-US	Expeditors International of Washington, Inc	\$118.07	16,169	15,564	1.49	1.44	6.88	14.84	20.9
JBHT-US	J.B. Hunt Transport Services, Inc.	\$140.33	13,584	15,417	1.07	1.21	4.27	8.97	20.2
XPO-US	XPO, Inc.	\$120.38	14,176	18,267	1.68	2.17	9.58	12.84	25.9
9104-JP	Mitsui O.S.K.Lines Ltd.	\$32.65	11,846	26,399	1.03	2.24	0.67	15.03	8.8
CHRW-US	CH Robinson Worldwide Inc	\$117.82	13,914	15,795	0.80	0.91	7.12	15.76	21.0
KNX-US	Knight-Swift Transportation Holdings Inc.	\$41.45	6,727	9,102	0.83	1.13	1.21	6.59	17.0
SAIA-US	Saia Inc.	\$284.30	7,573	8,040	2.20	2.33	5.23	11.71	24.4
R-US	Ryder System Inc	\$175.79	7,171	15,896	0.54	1.20	2.12	5.27	11.8
ZIM-US	ZIM Integrated Shipping Services Ltd.	\$15.93	1,919	5,492	0.31	0.89	0.64	4.70	
FWRD-US	Forward Air Corporation	\$29.68	903	3,005	0.33	1.10	4.76	8.89	171.2
DUOT-US	Duos Technologies Group Inc	\$6.47	126	78	3.05	1.89	23.59	12.71	212.0
GVH-US	Globavend Holdings Ltd.	\$5.16	7	74			3.40		
	<b>AVERAGE</b>				<b>1.60</b>	<b>1.77</b>	<b>5.64</b>	<b>10.70</b>	<b>47.9</b>
RIME-US	Algorhythm Holdings, Inc.	\$2.39	6	2	0.27	0.10	1.80	0.79	NA
<b>RIME Discount to peers:</b>					<b>-83%</b>	<b>-94%</b>	<b>-68%</b>	<b>-93%</b>	<b>NA</b>

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
<b>Total revenue</b>	\$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
<b>Gross Profit</b>	<b>502</b>	<b>826</b>	<b>2,375</b>	<b>1,078</b>	<b>4,781</b>	<b>500</b>	<b>570</b>	<b>1,955</b>
<b>Gross Margin</b>	<b>20.7%</b>	<b>17.0%</b>	<b>22.4%</b>	<b>19.3%</b>	<b>20.3%</b>	<b>25.1%</b>	<b>10.6%</b>	<b>8.7%</b>
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
<b>Operating Income</b>	<b>(2,287)</b>	<b>(8,441)</b>	<b>1,257</b>	<b>(4,454)</b>	<b>(13,925)</b>	<b>(2,810)</b>	<b>(6,490)</b>	<b>(3,745)</b>
<b>Operating Margin</b>	<b>-94.3%</b>	<b>-173.5%</b>	<b>11.8%</b>	<b>-79.8%</b>	<b>-59.3%</b>	<b>-141.0%</b>	<b>-120.3%</b>	<b>-16.6%</b>
Total Other Items	(28)	(45)	(62)	(9,197)	(9,332)	(6,381)	(6,429)	(68)
<b>Pre-Tax Income</b>	<b>(2,315)</b>	<b>(8,486)</b>	<b>1,195</b>	<b>(13,651)</b>	<b>(23,257)</b>	<b>(9,191)</b>	<b>(12,919)</b>	<b>(3,813)</b>
<b>Pre-Tax Margin</b>	<b>-95.4%</b>	<b>-174.4%</b>	<b>11.3%</b>	<b>-244.6%</b>	<b>-99.0%</b>	<b>-461.2%</b>	<b>-239.6%</b>	<b>-16.9%</b>
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%
<b>Net Income (loss)</b>	<b>(2,367)</b>	<b>(8,486)</b>	<b>(1,913)</b>	<b>(10,491)</b>	<b>(23,257)</b>	<b>(9,191)</b>	<b>(12,919)</b>	<b>(3,813)</b>
<b>Net Margin</b>	<b>-97.6%</b>	<b>-174.4%</b>	<b>-18.0%</b>	<b>-188.0%</b>	<b>-99.0%</b>	<b>-461.2%</b>	<b>-239.6%</b>	<b>-16.9%</b>
<b>EPS</b>	<b>(\$73.76)</b>	<b>(\$1.32)</b>	<b>(\$0.21)</b>	<b>(\$1.05)</b>	<b>(\$353.87)</b>	<b>(\$4.66)</b>	<b>(\$6.48)</b>	<b>(\$1.77)</b>
<b>Class A diluted shares</b>	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
<b>Balance sheet</b>				
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>
<b>Total Current Assets</b>	<b>10,226</b>	<b>7,983</b>	<b>16,763</b>	<b>23,206</b>
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>
<b>Total Assets</b>	<b><u>\$11,626</u></b>	<b><u>\$9,233</u></b>	<b><u>\$18,302</u></b>	<b><u>\$27,715</u></b>
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>
<b>Total current liabilities</b>	<b>9,500</b>	<b>6,300</b>	<b>28,438</b>	<b>16,209</b>
Note payable	1,000	1,000	385	0
Other non-current	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,928</u>
<b>Total Liabilities</b>	<b>10,500</b>	<b>7,300</b>	<b>28,823</b>	<b>20,137</b>
Stockholders' Equity				
Preferred stock				
Total stockholders' equity	<u>1,126</u>	<u>1,933</u>	<u>(10,521)</u>	<u>7,578</u>
<b>Total Liabilities and equity</b>	<b><u>\$11,626</u></b>	<b><u>\$9,233</u></b>	<b><u>\$18,302</u></b>	<b><u>\$27,715</u></b>

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:

##### Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

##### FINRA Compliant Research Report

We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, and the report has been reviewed by a Supervisory Analyst.

##### MiFID II Compliant Research Report

Our research is classified as a minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv and 13 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, websites and financial platforms.

##### Litchfield Hills Research LLC Rating System

**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

##### Other Disclosures

Litchfield Hills Research, LLC (“LHR”) is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of Financial Industry Regulatory Authority. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party,



Algorhythm Holdings, Inc.

RIME - Rating-Buy – US\$5 PT

without the prior express written permission of LHR or the subject company. All trademarks, service marks and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. The information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

**Ownership and Material Conflicts of Interest**

The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report.

**Investment Banking and Fees for Services**

Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from ARX Advisory for distribution and investor targeting services on behalf of its client, the subject of this report.

**Market Making**

Litchfield Hills Research LLC does not make a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.