

Rumble (\$RUM) Short Report

By Pelican Way Research

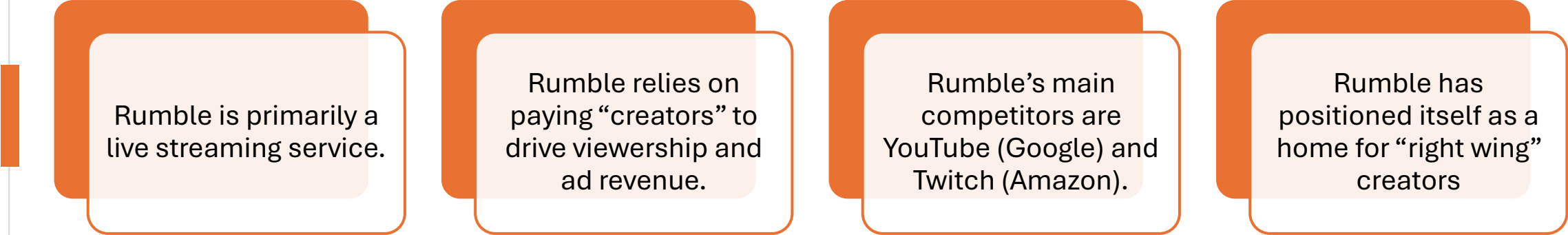
Overview

We believe Rumble (\$RUM) is a short.

We believe RUM should be valued at less than \$5/share, or ~half of the current share price or less.

Here's why.

What is Rumble?



Rumble is primarily a live streaming service.

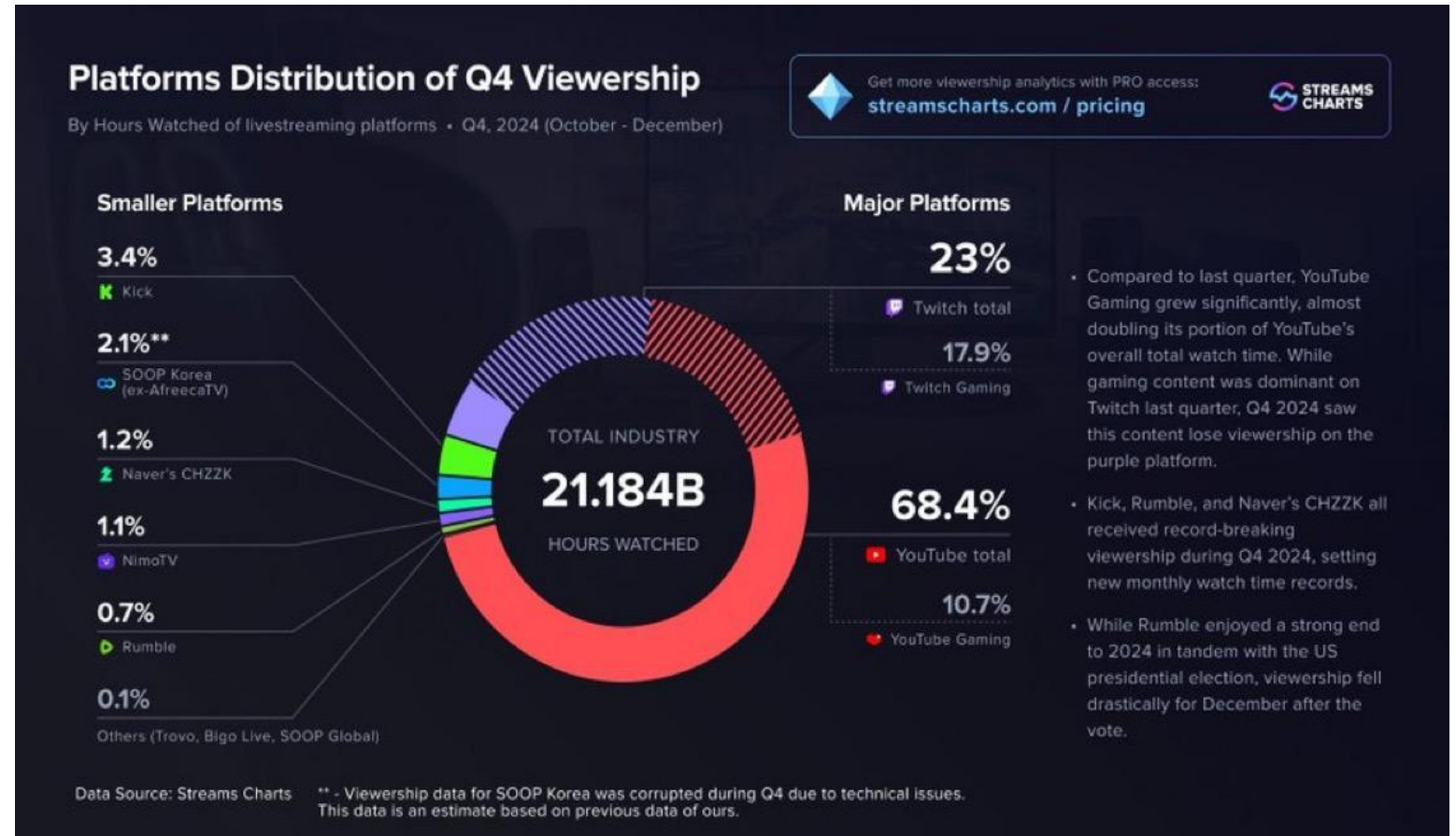
Rumble relies on paying “creators” to drive viewership and ad revenue.

Rumble’s main competitors are YouTube (Google) and Twitch (Amazon).

Rumble has positioned itself as a home for “right wing” creators

Live-Streaming Market Share

- YouTube and Twitch combined for 91.4% of viewership in 4Q24.
- Rumble accounted for only 0.7% of viewership, a 0.1% *decrease* from 3Q24 despite elevated viewership during the election season.



https://streamscharts.com/news/q4-2024-global-livestreaming-landscape?utm_campaign=news_posts&utm_medium=sc_socials&utm_term=2025_02_10

Valuation: Twitch vs Rumble

- Needham analysts valued Amazon's Twitch streaming service at \$46 billion in mid-2024*. That works out to \$9.31 per 3Q24 stream.
- Rumble had 158.4 mm streams in 3Q24. At the same \$9.31 per stream valuation Rumble would be worth \$1.47 billion.
- Rumble's market cap and EV (per CapIQ) as of 2/28/25 are \$3.0 billion and \$2.9 billion respectively – suggesting RUM is roughly 2x overvalued on this simple metric.
- More often than not in tech the “big guy” wins – in this case that's YouTube (Google) and Twitch (Amazon). So \$1.47 b is likely overly generous.

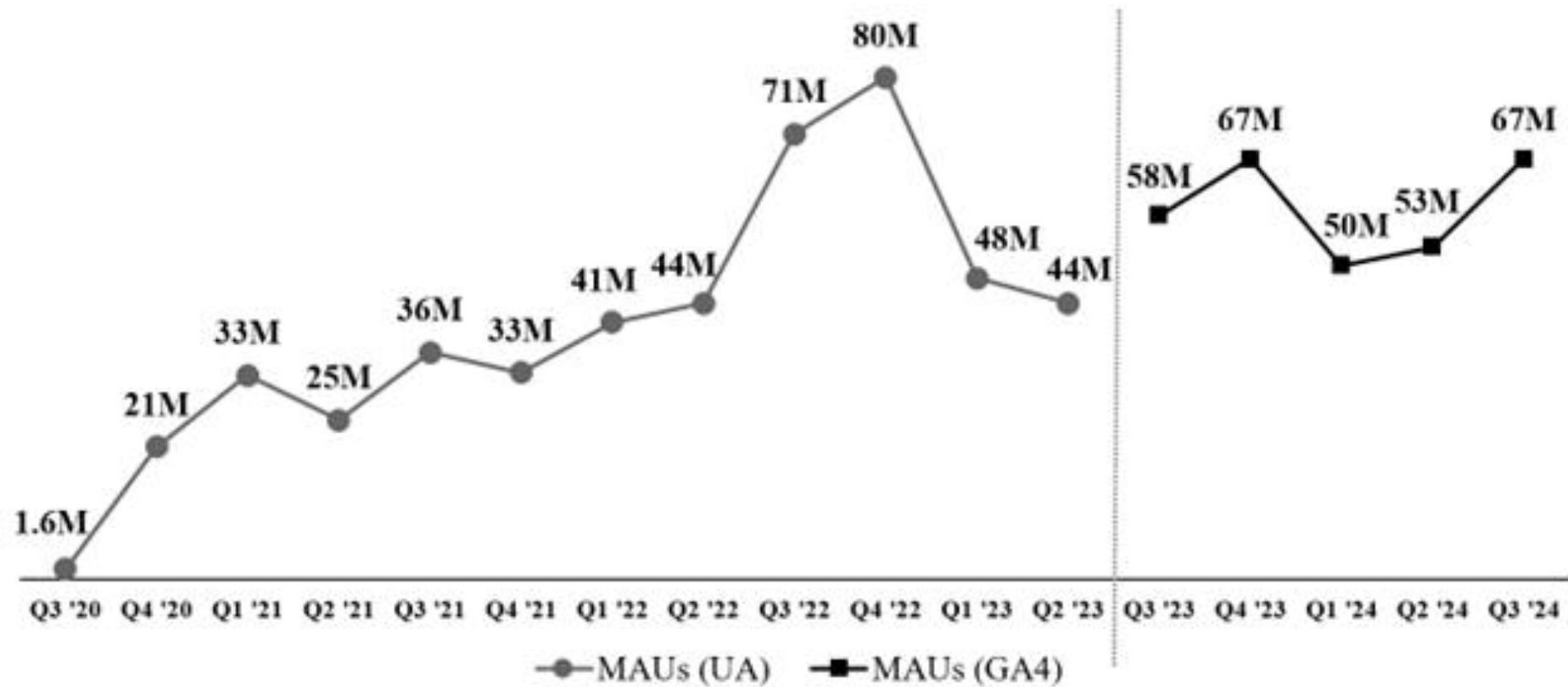
\$46 billion / 4.941 billion
3Q24 streams = \$9.31 per
Twitch 3Q24 stream

\$9.31 per Twitch 3Q24
stream * 158.38 mm
Rumble 3Q24 streams =
\$1.47 billion implied
Rumble Valuation

\$3.5 billion = current
Rumble Valuation

* <https://fortune.com/2024/07/18/amazon-streaming-twitch-value-46-billion/>

Average Global Monthly Active Users



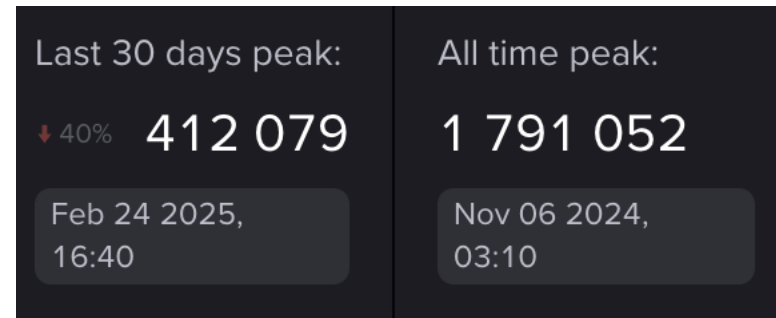
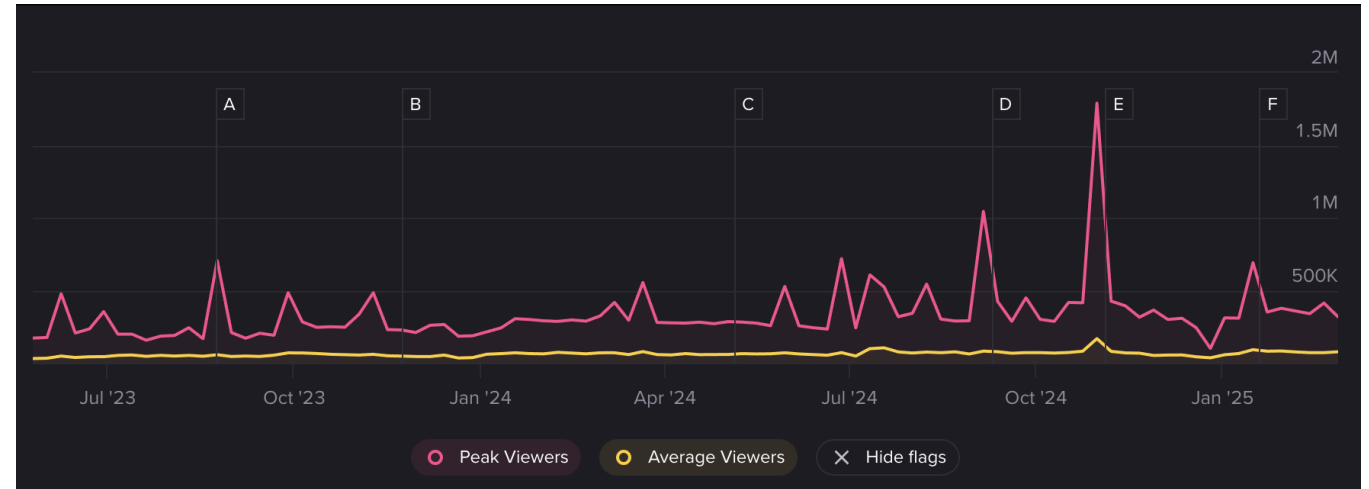
Source: Rumble 10-Q filing with the SEC

Monthly Active Viewers (MAU's)

- Per RUM Management (3Q24 Call): “...we've grown our user base - brands cannot ignore this forever.”
- The reality is that up Rumble's MAU's have declined significantly from the 4Q22 peak.

Monthly Active Viewers (MAU's)

- MAU's were given temporary boost by the 2024 presidential election, but streamscharts data shows this has already faded.
- We believe the MAU's will decline in 2025 as RUM comps the 2024 election boost.



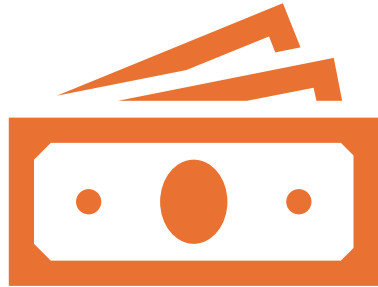
Source: StreamsCharts

Rumble & Payments to Content Creators

- RUM spent over \$125 mm on programming and content (ie paying creators) in 2023, compared to 2023 revenue of just \$81 mm (Rumble 10-K Filings with SEC.)
- Rumble management stated (1Q24 earnings call) that “while we have historically had to spend money to incentivize certain prominent creators to join our platform to diversify our content and build out our user base, we believe this will become less and less necessary. This is because the new monetization assets built within our platform are designed to incentivize creators, driving organic growth through new content, and will ultimately continue to add to our core user base.”
- “New Monetization Assets” include Rumble Wallet / Crypto, Programmatic Advertising, Subscriptions, and Sponsorships.

However...

It's not HOW you pay Content Creators, It's HOW MUCH



Creators will gravitate to the platform
that pays them the most all-in



YouTube and Twitch's scale advantages
are nearly insurmountable

Is RUM being “Right Wing” no longer unique?

- Platforms like X, Meta, and others have removed or reduced content moderation and sought to attract (or at least not shun) right wing creators.
- Conversely, Rumble’s insistence on affiliating the brand with a political ideology is potentially off-putting to a large portion of the potential TAM.



Something Breakeven At Some Point?

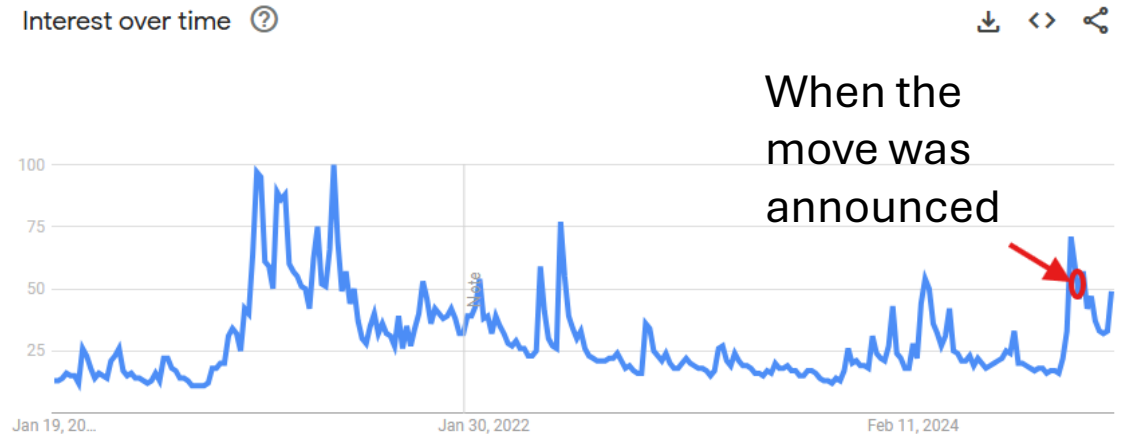
- **3Q23 Earnings Call:** “We expect our guaranteed creator commitments to significantly decrease by the end of 2024, while our revenue engines come online, moving us materially towards breakeven in 2025.”
- **3Q23 Earnings Call:** “Just to clarify. So we haven't defined what we mean by breakeven at this time”
- **3Q24 Earnings Call:** “our expectation to continue to move materially towards adjusted EBITDA breakeven in 2025.”

We suspect RUM management is being purposely vague about first the definition and then the timing of “breakeven” due to poor cash flow performance and limited visibility. (Consensus estimates currently have Rumble reaching adjusted EBITDA break-even in 2027.)

Trying to Make RUM a “Bitcoin Play”?

- On November 25th 2024, Rumble announced the launch of a “Bitcoin Treasury Strategy.”
- The announcement came 10 days after searches for “Bitcoin” had risen to their highest level in two years.
- A skeptic might say this was a cynical attempt to link Rumble stock to bitcoin in hopes of positively impacting Rumble’s stock price.

Chart: Google Trends Searches for “Bitcoin” over time



Tether Deal – Perception vs Reality

- Headline: “Rumble closes \$775 mm investment from Tether”
- Fine Print of the Transaction:
 - Rumble keeping only \$250 million of the \$775 mm.
 - The remaining \$525 million was used to provide liquidity to existing shareholders.
 - CEO Chris Pavlovski tendered (sold) 10 mm shares in the transaction.



Rumble Risking Long- term Reputation for Short Term Viewership Boosts?

- **“Dr. Disrespect”** admitted to inappropriately texting a minor, was suspended from monetizing on YouTube, and permanently banned by Twitch. His Rumble deal included cash and equity.
- **“Sneako”** had been banned by YouTube, Kick and Twitch for “extreme hateful content”, and was signed to a deal with rumble.
- **Andrew Tate** was (according to him) given a multi-million dollar deal by Rumble. Tate has previously been accused of human trafficking and money laundering, along with being banned by Tik-Tok, YouTube, and Meta’s platforms (Instagram and Facebook) for “Misogyny” and Violating the Company’s (Meta) policies on dangerous organizations and individuals.

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