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Rumble, Inc. (RUM): Q1 2023 Results Affirm our Thesis

Yesterday, Rumble, Inc (“RUM”, “the Company”) reported that Monthly Active Users (“MAUs”) declined by a massive 40% quarter-over-quarter. Moreover, the Company’s explanations regarding this decline are nonsensical in light of the Company’s own prior statements, common sense, our review of publicly available data, and common sense. We continue to believe Rumble is an unraveling stock promotion and we remain short.

Rumble’s Q1 2023 MAU Figure Declined 40% Sequentially

As our original report detailed, Rumble has historically had an overwhelming focus on Monthly Active Users (“MAUs”). In Q1 2023, however, Rumble reported a horrific whiff – disclosing that MAUs declined 40% sequentially from 80 million to just 48 million. While historically, Rumble has trumpeted MAUs in headlines, the Company chose to bury this number in its Q1 2023 release:

Rumble Reports Record Fourth Quarter and Full Year 2022 Results

~ Q4 Revenue Increased 579% to \$20.0 Million Compared to Q4 2021; Full Year 2022 Revenue Increased 316% ~

~ Achieved Q4 2022 Company Record Key Performance Indicators ~

~ Average Global Monthly Active Users Increased to 80 Million, Up 142% Compared to Q4 2021 ~

~ Completed Significant Milestone with Beta Launch of Pre-Roll Video Ads on Advertising Center ~

Rumble Reports First Quarter 2023 Results

~ Revenue Increased 336% to \$17.6 Million Compared to Q1 2022 ~

~ Key Performance Indicator, Minutes Watched Per Month, Increased to 10.8 Billion from 10.5 Billion in Q1 2022~

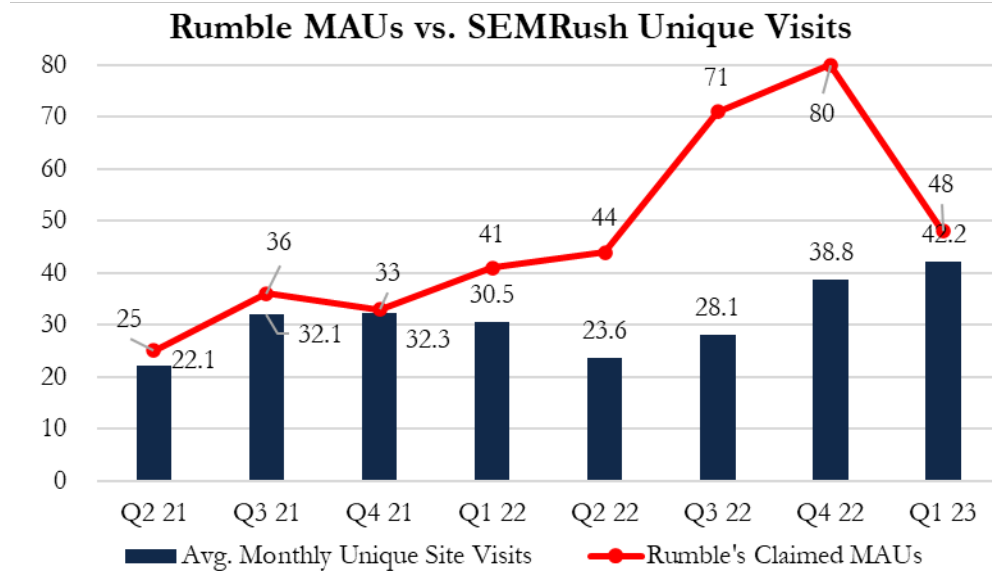
~ Rumble Adds YouTube’s Top US Gaming Streamer, IShowSpeed, and Twitch’s Most-Subscribed Streamer, Kai Cenat ~

~ Acquires Podcasting and Livestreaming Platform Callin, Founded by David Sacks ~

~ David Sacks to Join Board of Directors ~

Rumble attempted to explain away the 48 million MAU figure by claiming that Q4 2022 had “overperformed” due to the midterm elections. However, this explanation is once again incongruent with the data and with common sense. In Q3 2022 (July, August, and September), Rumble had already reported 71 million MAUs – well above the 48 reported in Q1 2023. In this context, Rumble’s explanation that its Q4 2022 figures somehow “outperformed” based on the midterm elections don’t stand up to the slightest bit of scrutiny.

Instead, we believe Rumble has made a de facto restatement of its MAUs. Rumble’s 48 million MAU figure now aligns far more closely with third-party web traffic, as shown below.



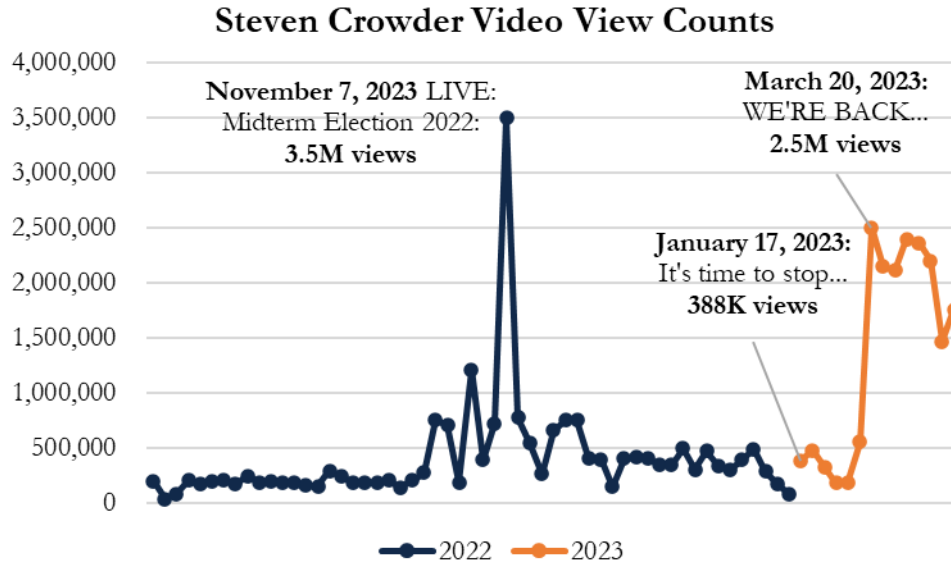
Rumble's Scapegoating Steven Crowder is Entirely Nonsensical

To attempt to justify its abysmal MAU figure, Rumble pointed to declines in Steven Crowder's channel which again fails to align with common sense, with our analysis of the data, and with CEO Pavlovski's prior comments. Per CEO Pavlovski on the Q1 2023 conference call:

"Starting in mid-December, Steven Crowder took a break for about three months, but I can tell you, he is back, and he is bigger than ever..."

However, this narrative isn't accurate: Crowder posted videos to Rumble in late-December, [as late as January 19, 2023](#), and then again [on March 6, 2023](#) – as far as Rumble was concerned, his "break" was just 46 days, not an entire 3 months. Moreover, consider that while Crowder did have a single midterm election stream with 3.5 million views, after the midterm elections, Crowder's viewership again declined throughout Q4 2022, as shown below.¹ If Crowder really drives MAUs at Rumble, then this decline should have already been reflected in Rumble's Q4 2022 MAU figures. Equally, when Crowder became "bigger than ever" in Q1 2023 (per Pavlovski), this ought to have bolstered Rumble's Q1 2023 MAUs. From both ends, the notion that Crowder was somehow responsible for the massive sequential declines in Rumble's MAU count doesn't even align with Pavlovski's commentary.

¹ 2023 data via Culper Research analysis of view counts as of May 15, 2023. 2022 data via Web Archive analysis of view counts as of January 3, 2023 (i.e., just after end of Q4 2022).



On a consolidated basis, Rumble also reported that in Q1 2023, users uploaded 11,181 hours of video per day, up 7.8% on a quarter-over-quarter basis. This figure fails to square away with the notion that Rumble’s MAU count totally disintegrated based on any sort of decline in content production.

Rumble Distracts From Horrific Numbers With an 11th Hour Related Party Deal

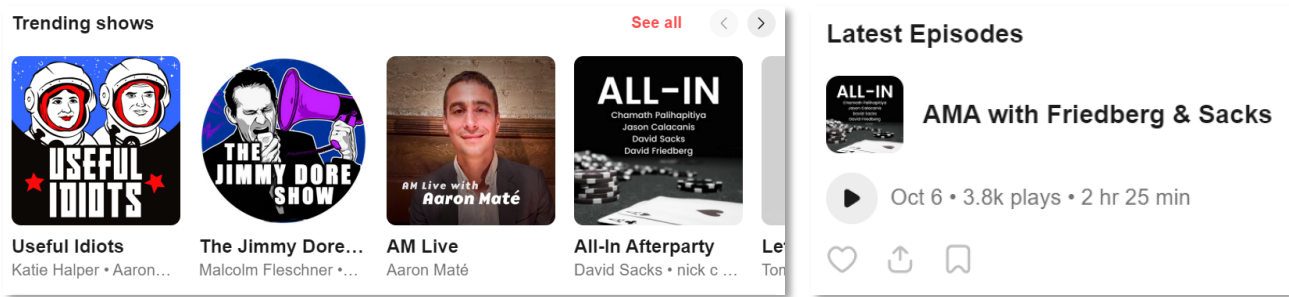
In what we view as a desperate bid to distract from its MAU woes, Rumble completed a related party acquisition of an apparent lame duck podcasting app. CEO Pavlovski claimed that “in the beginning of this year, our team was presented with a unique opportunity to acquire CallIn” yet conveniently for Rumble, this deal did not close until May 15, 2023 – the very day of Rumble’s earnings report. We view this as a convenient headline to distract from Rumble’s user base issues. Indeed, per the Form 10-Q, Rumble doesn’t even know how much they are going to pay for the app:

“On May 15, 2023, the Company acquired 100% of the equity of CallIn Corp., a United States based private company, by way of a share transaction. The Company is in the process of evaluating and determining the fair value of the consideration transferred, and the assets and liabilities acquired.”

Pavlovski called CallIn as “an exceptional engineering talent” with “best-in-class product features.” We view these claims as empty buzzwords. Data from Data.ai suggests that CallIn had just thirty-one (31) downloads in April 2023:

| 🌐 Apr 2023 | |
|----------------------------|-----------|
| Organic Search Downloads | 20 |
| Organic Featured Downloads | 6 |
| Paid Ads Downloads | 5 |
| Paid Search Downloads | 0 |
| Total | 31 |

Indeed, when we visit Callin, the website displays David Sack's own podcast, "All-In Afterparty" as a "Trending show", yet the podcast hasn't uploaded an episode since October 6, 2022:



In our view, Callin is a left-for-dead platform, owned by David Sacks – a Rumble shareholder – that appears to have just been bailed out by the Company in service of distraction from the Company's otherwise horrific quarter.

Burning Cash on High-Cost Content Acquisition

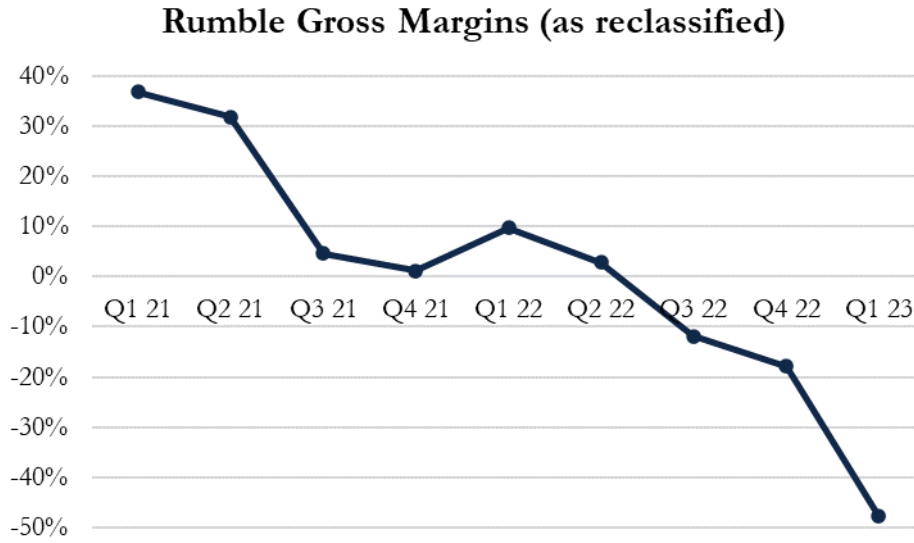
Rumble again took the chance to promote itself as an alternative for small creators, yet the grim reality is that the Company continues to light money on fire with high-cost content acquisition. Subsequent to quarter-end, Rumble announced that it signed Kai Cenat and "Ishowspeed" to co-host a show on Rumble. The Company did not explicitly disclose the terms of the deal, but our read of the Company's opaque disclosures suggests to us that the Company is giving up a minimum of \$100 million to recruit the creators for a single show.

On the 7:00pm livestream hosted with Matt Kohrs, CEO Pavlovski stated that these two creators were attracted to Rumble because of Rumble's ability to allow creators to be "authentic."² Per Pavlovski:

"You're not going to get Kai Cenat and Speed on your platforms if they're happy with the way they're being treated on other platforms."

This is another fig leaf: Kai Cenat and Speed aren't doing a show on Rumble because they get to text with Pavlovski, they're doing a show because Rumble is going to pay them one hundred million dollars, guaranteed, plus likely upside. Even as this deal was not included in the Q1 2023 financials, Rumble's margins continue to deteriorate:

² For context, Kai Cenat has received multiple one-day and week-long bans on Twitch for allegedly showing sexually explicit content and for consuming illicit drugs on-stream. Indeed, [per Rumble's own creator terms](#), this content would likely still be considered problematic.



As our original report outlined, we believe this strategy is a doomed one for Rumble, which now tells investors that the Company expects to spend a minimum of \$164 million on content over the next 12 to 48 months. We think Rumble's MAU explanations remain problematic and the Company's model is doomed. We remain short.