

RUM Group Inc.

Second Quarter 2026 Earnings Call

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CORPORATE PARTICIPANTS

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Christopher Pavlovski, *Founder, Chairman, and Chief Executive Officer*

Michael Masci, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Henry Dare, *Maxim Group*

Jason Helfstein, *Oppenheimer*

P R E S E N T A T I O N

Operator

Good afternoon, ladies and gentlemen, and welcome to RUM Group's Second Quarter 2026 Earnings Conference Call.

At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. If at any time during this call you require immediate assistance, please press star, zero for the Operator.

This call is being recorded on Monday, August 10, 2026.

I would now like to turn the conference over to Shannon Devine, Investor Relations for RUM Group. Please go ahead.

Shannon Devine

Thank you, Operator.

I'm here today with Chris Pavlovski, Founder, Chairman, and CEO of RUM Group, and Mike Masci, CFO.

A press release detailing our second quarter 2026 results was released today and available on our Investor Relations website.

Before we begin the formal presentation, I'd like to remind everyone that statements made on this call may include predictions, estimates, or other information that may be considered forward-looking. All forward-looking statements are made only as of the date of this call and should be considered in conjunction with the Company's cautionary statements in our earnings release and the factors included in our filings with the SEC. Future Company updates will be available via press release and the Company's identified social media channels.

I will now turn the call over to RUM Group's Founder, Chairman, and CEO, Chris Pavlovski.

Christopher Pavlovski

Good afternoon, everyone, and thank you for joining us.

Last quarter, I told you this would be the last call before Rumble meaningfully entered the cloud and agentic AI era. Today, I'm glad to say that transformation is complete. On June 17, we closed our acquisition of Northern Data, securing approximately 85.2% of its outstanding shares, and with the deal closed, we renamed our parent company RUM Group Inc. We now operate two distinct synergistic business units, Rumble, our video platform, and Quake AI, our new cloud and AI infrastructure business, combining Rumble Cloud with Northern Data's estate of roughly 22,000 NVIDIA H100 and H200 GPUs.

To kick off our first earnings call as a combined company, I'm thrilled to announce that our revenue for the second quarter was $40.4 million, up 61% from $25.1 million in the second quarter of 2025. I'm proud to say it's been nearly five years since we announced going public and we are still posting all-time records for our Company and we anticipate that we'll post another all-time record in the upcoming quarter.

I want to spend a minute on the strategic logic here because I think it's important for everyone on this call to understand where we are headed. Rumble spent years building its own rails as a free speech platform, our own bare metal compute, our own CDN, and the network to deliver low latency streaming at

scale. Combine that now with an AI Compute-as-a-Service business like Northern Data and you get a compelling end-to-end AI infrastructure company. That's Quake AI and it's going to be the financial engine of RUM Group going forward.

On execution, Quake AI's existing GPU estate is running at more than 85% utilization today, up sharply from where it stood not long ago. That improvement reflects a deliberate focus on customer support, software, and infrastructure as a service execution and it's what gave us the credibility to win the next stage of growth. In June, we signed a multi-year agreement with Together AI to deploy NVIDIA HGX B300 GPU capacity, establishing RUM Group as a credible independent provider of large-scale AI infrastructure outside the traditional hyperscaler ecosystem. It validates that our customers trust our execution enough to partner with us and that NVIDIA is willing to support us with the supply allocation to keep growing.

The next stage for this team is monetizing our 250 megawatts of power targeted for 2027, the grid connections and agreements that put us in position for real deployment next year. That capacity spans our marquee 180 megawatt powered site near Atlanta, Georgia, one of the most important internet points of presence in the country. We continue to see strong customer momentum as well as meaningful progress on the site development where the substation is already built and the transformers are on site. In addition, we also have a smaller site in Pittsburgh and two European sites, roughly 50 megawatts in Sweden and roughly 20 megawatts in Norway.

We continue to see encouraging and unprecedented growth in demand for AI Compute-as-a-Service and our customer and demand pipeline remains strong. Simply monetizing 250 megawatts of currently unmonetized capacity represents what we believe is a $3 billion-plus annual run rate opportunity for RUM Group.

Turning to our video business, average global monthly active users were 57 million in the second quarter and ARPU was $0.48, up 20% quarter-over-quarter. Our Management team's focus is to continue to increase revenue by bringing in brand advertising. Additionally, with the recent formation of Quake AI, we are quickly learning from our AI clientele that Rumble may have a much more compelling monetization opportunity. As the AI industry moves into the robotic era in the coming years, Rumble's spatial-temporal data, otherwise known as video data, becomes increasingly valuable and very important to robotic learning.

For example, contextual data, like what Reddit has, is a prime example of the value in today's world of AI, but we believe in one to two years this will shift heavily towards video data. Only a week ago, it was reported in the news that Amazon was exploring ways to tap into Twitch's video data. In fact, Quake AI clientele have already expressed interest in our video data. Our team is looking at various ways to capitalize on this opportunity and add another bucket of potential revenue for the creator community.

With significant spatial-temporal data on Rumble, combined with the AI compute rails we are building and deploying at Quake, RUM Group sits in a very unique position compared to today's neoclouds. Like them, we can offer scaled AI compute, but unlike them, we have a trove of video data and a creator community that can help power the robotics era. In short, we have data, we have the rails, and we have the community to power the future of AI, which we believe is the robotic and agentic AI era.

With that, let me turn the call over to our CFO, Mike Masci, who will walk you through the quarter in more detail, along with some important updates on our guidance process and reporting on our businesses going forward.

Michael Masci

Hey, thanks, Chris, and good afternoon, everyone.

This was a landmark quarter, both operationally and financially. Let me start by walking you through the high-level financials.

First, revenue for the second quarter was $40.4 million, an increase of $15.3 million, or 61% compared to $25.1 million in the second quarter of 2025.

Taking a turn to our expenses, we continue to make strategic investments to best position ourselves for high growth in AI. Costs of services were $30.6 million, up from $26.5 million a year ago, driven by higher programming and content costs, as well as the incremental data center expenses from the Northern Data acquisition.

General and administrative expenses were $16.3 million, up from $11.7 million, again, primarily driven by Northern Data, which contributed $5 million of payroll and other administrative costs. Excluding Northern Data, the remaining increase reflects higher payroll and other administrative costs, partially offset by lower professional fees.

Research and development expenses were $6.8 million, up from $4.8 million. Sales and marketing expenses were $10.4 million, up from $7.9 million, attributable to higher marketing and public relations spend, increased payroll, and other sales and marketing-related expenditures.

Adjusted EBITDA loss for the quarter was $16.6 million, an improvement from a loss of $20.5 million in the second quarter of 2025. Net loss for the quarter was $80.3 million, or $79.1 million, attributable to RUM Group Inc., compared to a net loss of $30.2 million in the second quarter of 2025. The year-over-year increase in net loss was primarily driven by $28.3 million of acquisition-related transaction costs associated with the Northern Data close, along with higher non-cash depreciation and amortization following the acquisition.

We ended the quarter with total liquidity of $220.5 million, consisting of $203.3 million in cash and cash equivalents, and 293.14 Bitcoin, valued at roughly $17.2 million.

But before I get into guidance, I want to talk you through an important change in how we will report going forward. This will be the last quarter we present MAU and ARPU as headline metrics for the Company. Those numbers described a single video audience business, and following the Northern Data acquisition, that's no longer the full picture of what RUM Group is.

Beginning with our third quarter report, we plan to move to segment reporting, Rumble Video and Quake AI, each with its own revenue and profitability metrics. I think that's a far more useful way for all of you to understand where we're allocating capital and how each part of our business is actually performing. It's the reporting structure I'll be building around as I get further into the seat.

That brings me to guidance. For the first time, we are issuing formal revenue guidance. For the third quarter of 2026, our first full quarter reflecting Quake AI, we expect revenue between $87 million and $93 million. We've heard directly from many of you that formal guidance would help you better understand this business, and now that Northern Data is closed, with strong contracted revenue, high utilization, we felt this was the right moment to give you that visibility.

Over time, as our forecasting visibility continues to improve, we plan to build this out further, including longer-term views. Building a disciplined, credible guidance process is something I'm personally focused on as we establish our track record with all of you.

In summary, this was a transformational quarter. Record revenue, both including and excluding Northern Data. We closed Northern Data and established Quake AI as a leader in AI Compute-as-a-Service. We signed a marquee agreement with Together AI, and we are now focused as a team on converting our 250 megawatts of unmonetized power targeted for 2027 into what we believe is a $3 billion-plus annual revenue run rate opportunity.

I was excited when I came on board at the end of March, and today, I'm more excited about where RUM Group is headed, and I look forward to updating you on our progress.

That concludes our prepared remarks. Operator, we are now ready to open the line for questions.

Operator

Thank you, and ladies and gentlemen, we will now begin the question-and-answer session. To ask a question, you may press star followed by the number one on your telephone keypad. If you're using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star, two. One moment, please, for your first question.

Your first question comes from the line of Tom Forte with Maxim Group. Please go ahead.

Henry Dare

Hey, this is Henry Dare filling in for Tom Forte. I got two questions. Firstly, Chris, there's some debate amongst investors as to what happens for the pricing for AI when capacity catches up with demand. I would appreciate your thoughts on that matter.

Christopher Pavlovski

Hey, Henry, this is Chris. Yeah, there's been a lot of debate about that. The way I look at it right now and the way, what we see right now in our window is that we're still in the early stages of AI. In particular, I think that with inferencing and agentic AI coming on, exploding in the coming years, the demand for AI compute is going to continue to increase. I don't see at this point, any time in the near future, any point where capacity is going to catch up to the demand on the AI compute side. I think it's scarce. It's very scarce. I believe at this point in time, I don't see any point in which we're going to have capacity meet that demand in the next one to two years.

Henry Dare

Okay, thank you. This may be too early, as you just finished the Northern Data transaction. But I would appreciate your current thoughts on your strategic M&A strategy and types of companies you consider adding moving forward.

Michael Masci

Yeah, hey, like you said, it's pretty early in our process in terms of how we're thinking about moving forward in terms of growth. I think right now as a Management and leadership team, we're really focused on that 250 megawatts of unmonetized capacity. I think we're always going to look at opportunities in terms of value creation for customers and for Shareholders. But like you said, I think right now we're focused on that 250 megawatts of unmonetized.

Henry Dare

Okay, thank you.

Operator

Your next question comes from the line of Jason Helfstein with Oppenheimer. Please go ahead.

Jason Helfstein

Hey, everybody. Congrats on giving guidance. I never say congratulations on a call. Glad we hit this milestone. Just first to dig in, some of the questions I think folks have is, when you think about kind of getting what you need to get the compute going, obviously you've gotten the cash now. Just help us understand the challenges around getting the chips, racks, cooling, all the parts you need for the data center, how much has already been contracted, like it's signed, and just help us understand timing of when that comes online. Then just if you want to weave into that, because I think most people know like that is challenging to get all of the equipment to get the data centers open. Have you thought about potentially doing the TeraWulf's playbook, where basically you run the infrastructure and then the customers bring the chips and the racks. Then I've got a follow up on advertising spend.

Michael Masci

Yeah, no worries. Hey, Jason, this is a record-setting quarter. We hit record revenue and record number of congratulations from you, so it's wonderful.

Your question on CapEx, I think when we look at agreements like something what we did with Together AI, we don't sign the contract in the agreement until we have strong line of sight to be able to secure the right amount of equipment and capacity to be able to put that one online. To answer your question, you can see from our cash flow statements that this past quarter we had a large uptick in our investing activities, upwards of almost $47 million in investing activities, which is unusual for us. That really went towards a lot of the purchases of that IT CapEx that's going to be necessary to execute that AI Compute-as-a-Service deal. Think of that as the start of that process, but we feel really good about where we are in terms of our ability to get supply to be able to ultimately fulfill our obligation for key deals, including the one with Together AI.

In terms of your question about the TeraWulf model, which I'll, not to be specific about them as a name, but we sometimes in the industry call this the power-in-shell model. The idea if you have capacity for power in the way that we do, you build the data center and then you lease it out to somebody on a long-term lease for them to be able to do AI Compute-as-a-Service. We actually addressed some of this in our Investor Deck. It's a worthy business model, but what we found is the unique ability to deliver AI Compute-as-a-Service is something that's been differentiated in the industry. It's one of the things that's really interested us and we think is a huge value add from Northern Data. They've been doing AI Compute-as-a-Service for a number of years.

Just to make that real, we put this in our Investor Deck, but you can think of doing power-in-shell is monetized at roughly anywhere from $1.5 million to $2 million per megawatt per year. Delivering AI Compute-as-a-Service just on the Blackwell generation, we show that that delivers at almost $11 million per megawatt per year. You're talking about orders of magnitude of almost 5x in terms of the value creation when you deliver that AI Compute-as-a-Service, the ability to be able to secure effectively the AI compute hardware, the capability to be able to actually operate some of the most complex machinery in the world, et cetera. But to me as a Company, Northern Data and RUM Group have really earned that right over a number of years in partnership with NVIDIA. We're really happy to be able to take advantage of that 5x monetization opportunity. We feel like that's our business model moving forward is really AI Compute-as-a-Service.

Christopher Pavlovski

Hey, Jason, I'll add into that. I think that with the Rubin chip set coming in the next year or two, that even moves up even further on the monetization front. I think we heard from SpaceX call with Elon, he was quoting numbers much, much higher than that for the Rubin.

Jason Helfstein

Okay. But the main point you're saying is that whenever you make a public announcement, you've already secured the basically hardware to do that. That's how investors should think about modeling this building

as you go with these announcements. I mean, is that going to be the policy though? I guess it's almost like a guidance philosophy. Should we assume every major customer win like that; you're going to announce? Then that's how we can think about the timing of the scaling of the model?

Michael Masci

First of all, what I described is really how we're going to seek from an operating model perspective. Don't take this as a commitment or a policy. I would struggle with those words a bit. But to your point, and as a leadership and management team, our first job is prudent risk management. We would not enter into contracts that we didn't feel like we had the ability to or be able to fulfill. Ultimately, having things like supply allocation, and certain execution is part of the way we do our diligence before we would sign up for a deal. Then remind me the second part of your question.

Jason Helfstein

Oh, no, no. That's fine. That covers that. Then just on the ad business, I mean, kind of a nice acceleration on a year-over-year basis. Can you give us how much was Tether? I guess the Tether ad commitments impact the quarter, if you're willing to break that out. Thanks.

Michael Masci

Yeah, we do have this. I know it's pretty quick turnaround from when the Q came out, but we actually do have this broken out in the Q to show you how much was related to Tether during the quarter. We had roughly $6 million related to Tether. Sorry, $4.8 million related to Tether in Q2.

Jason Helfstein

Got it. Appreciate it. Thank you.

Operator

I'm showing no further questions at this time. Ladies and gentlemen, this now concludes today's conference call. Thank you all for joining. You may now disconnect.