

# [***Reddit hasn't turned a profit in nearly 20 years, but it just filed to go public anyway***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BD5-YT91-JBSS-S3S2-00000-00&context=1516831)

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**Body**

New York (CNN) &#8212; Reddit, the message board site known for its chronically online userbase and for originating much internet discourse, filed for its long-anticipated initial public offering on Thursday.

The move would make Reddit the first major social media company to go public since [*Snapchat in 2017*](http://money.cnn.com/2017/02/02/technology/snapchat-ipo-filing/). And the offering will come with a twist that could allow some of the most fervent of its more than 70 million daily users to buy shares in the IPO - an opportunity typically reserved for institutional investors.

Reddit said it will reserve shares for top users to buy, based on their so-called "karma," a term the platform uses to measure its users' contributions and reputation on the site.

"Our users have a deep sense of ownership over the communities they create on Reddit. We want this sense of ownership to be reflected in real ownership - for our users to be our owners," co-founder and CEO Steve Huffman said in a letter in Thursday's filing. "Becoming a public company makes this possible."

Reddit's filing comes amid a [*slump*](https://www.cnn.com/2023/03/30/investing/global-ipo-market-slump-q1-intl-hnk/index.html) in the wider IPO market, as Wall Street [*hopes*](https://www.cnn.com/2023/03/30/investing/global-ipo-market-slump-q1-intl-hnk/index.html) that a blockbuster listing could help revive dealmaking.

The San Francisco company filed to list on the New York Stock Exchange under the ticker symbol "RDDT," according to a Securities and Exchange Commission [*filing*](https://www.sec.gov/Archives/edgar/data/1713445/000162828024006294/reddits-1q423.htm). The filing comes nearly three years after Reddit [*hired its first chief financial officer,*](https://www.cnn.com/2021/03/05/tech/reddit-cfo-drew-vollero/index.html) and executives, including co-founder and CEO Steve Huffman, began publicly discussing the possibility of an IPO to further elevate the company's profile.

Now, Reddit - which is not yet profitable - says it seeks to grow its business through advertising, more e-commerce offerings and by licensing its data to other companies to train their artificial intelligence models.

"Our work to make Reddit faster, easier to use, easier to moderate and govern, and simpler to navigate and find relevant communities is driving growth today and will continue to be our focus into the future," Huffman said.

Reddit was [*sold*](http://www.cnn.com/2011/TECH/web/02/03/reddit.billion.pages.wired/index.html) to media company Conde Nast in 2006 by its co-founders [*Alexis Ohanian*](https://www.cnn.com/audio/podcasts/axe-files/episodes/687f53d0-b6c2-438d-b0b9-aefb016ff7cf), who left the company in 2020, and Huffman, who now owns 3.3% of the company. According to the IPO filing, the company's largest shareholders are now Advance Publications (30.1%), which owns Conde Nast, Chinese tech company [*Tencent*](https://www.cnn.com/2024/01/16/tech/tencent-palm-scanning-service-china-intl-hnk/index.html) (11%) and OpenAI CEO Sam Altman (8.7%).

History of the 'Front Page of the Internet'

Reddit, which has called itself the "front page of the internet," is a social media veteran: the company started in 2005, the year that college roommates Huffman and Ohanian graduated from the University of Virginia. It was the same year that TheFacebook became Facebook, YouTube uploaded its first video and before the launch of Twitter (now called X).

In its 18 years as an online social hub, Reddit has seen enormous growth, occasional controversy and even market-shifting stunts.

The platform is known for its "subreddits," which are unique, user-generated discussion forums where users form communities on various topics ranging from sports to ***politics*** to religion and everything in between. Reddit users often post anonymously in these forums, discussing everything from memes to major news events.

In 2021, Reddit caused [*mass market upheaval*](https://www.cnn.com/2021/12/19/investing/stocks-week-ahead-reddit-wallstreetbets-gamestop/index.html) when a community of day traders on the platform called WallStreetBets began buying up shares of GameStop in an effort to hurt hedge funds that bet against the stock. Many of the Redditors who joined the frenzy late ended up with huge losses.

Still, the incident helped [*draw attention*](https://www.cnn.com/2021/01/29/investing/wallstreetbets-reddit-culture/index.html) to the power of Reddit communities. In the wake of the WallStreetBets debacle, Reddit [*announced*](https://redditblog.com/2021/02/08/fueling-reddits-future/) a new, $250 million funding round that valued the company at $6 billion. It also announced plans at the time to double its workforce and expand into international markets.

Earlier this year, Reddit was again drawn into the spotlight by a [*mass user protest*](https://www.cnn.com/2023/06/16/tech/reddit-blackout-fight/index.html) that resulted in thousands of the platform's most popular subreddits going dark for weeks over a plan to charge some third-party apps millions of dollars in fees to continue accessing the platform. The protest eventually fizzled out after Reddit threatened to eject forum moderators if they continued the blackout.

Reddit users to become owners

Thursday's filing offers the most detailed look yet at the state of Reddit's business, which seeks to grow beyond the traditional ad-supported modelupon which most social platforms continue to heavily rely.

Reddit says it averaged more than 73 million daily active users in the final three months of 2023, up from the 52 million daily active users it [*reported*](https://www.cnn.com/2021/03/05/tech/reddit-cfo-drew-vollero/index.html) in 2021. The company also said in its filing it hosted more than 100,000 active communities on the site in December 2023.

The company's sales in 2023 reached $804 million, up 21% from $666.7 million in 2022. Reddit reported a net loss of $90.8 million in 2023, a narrower loss than the $158.6 million loss it netted in 2022.

And while Reddit said it expects its total addressable market in advertising to grow to $1.4 trillion by 2027, it also acknowledged in the filing's risk factors disclosure that it has "a history of net losses and we may not be able to achieve or maintain profitability in the future."

Reddit also said it plans to grow revenue by selling data to AI firms and by focusing on the "user economy." The filing details a future plan to boost e-commerce on the site and improve user earnings through the Reddit Contributor Program and Reddit Collectible Avatars Creators Programs. These systems allow users to earn monetary gifts and rewards of which the company can take a portion, the filing said.

Reddit on Thursday also announced an expanded partnership with Google that includes access to Reddit's data to train Google's AI models and better display Reddit content across Google platforms.

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