

Reddit shares priced at \$34 in largest IPO by social media company in years

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Reddit will enter a new era as a publicly traded company with a market value of \$6.4bn after the social media platform's initial public offering was priced at \$34 per share. The price, announced late on Wednesday, came in at the top of the target range set by Reddit's investment bankers as they spent the past few weeks gauging investor demand for the stock. It sets the stage for Reddit's shares to begin trading Thursday on the New York stock exchange under the ticker symbol RDDT in the largest initial public offering by a social media company in years. The platform, which is hoping to raise \$748m, is set to sell 22m shares. The company's latest \$6.4bn valuation is a drop from 2021, when it was valued at \$10bn during a private funding round. Reddit's IPO was four to five times oversubscribed before it debuted, Reuters reported, a positive sign that it would reach its desired valuation. Its largest shareholder is Advance Publications, the parent company of Condé Nast, which owns such popular magazines as the New Yorker, Vogue and Wired. Reddit has recorded a net loss in each year since its debut in 2005, including losing \$90.8m last year. But the company's approximately 267 million weekly average users and troves of posts have turned it into one of the largest social networks and content platforms, leading investor interest, though it never evolved to the same level of global dominance as a company like Meta. The company's IPO filing revealed that it had about 1bn posts and more than 100,000 active subreddits. The IPO comes as Reddit has sought to cut down on its yearly losses and find new revenue opportunities, including striking a deal with Google to let the tech giant train its artificial intelligence models on Reddit users' posts. Reddit's vast amounts of user-generated data has made it an attractive target for companies seeking to improve the functions of generative AI tools such as ChatGPT and Google Gemini. Investors and Reddit executives expressed concern in the lead up to the IPO that some of the platform's users may attempt to negatively affect the stock price. A small portion of Reddit's IPO was reserved for some of the site's own users, including the unpaid moderators who oversee subreddits. The owners of these shares are not under any obligation to hold them for a period of time, and could immediately sell them off. Reddit chief executive Steve Huffman's attempts to increase revenue over the past year have at times caused backlash from the platform's users and moderators. Thousands of the platform's online communities, known as subreddits, shut down last year during a mass protest over Huffman's decision to start charging for access to the site's application programming interface. Huffman's choice hobbled free, popular third-party tools that enhanced the experience of browsing Reddit. Some users said the protest affected the culture of the social network for the worse, though user numbers returned to normal in the aftermath.