

Reddit aiming for \$6.5bn valuation from New York flotation

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The social media network Reddit has revealed that it is seeking a valuation of about \$6.5bn (£5bn) at its imminent flotation on the New York Stock Exchange. The company said in a corporate filing with the US Securities and Exchange Commission on Monday that it planned to raise up to \$748m by selling 22m shares valued at between \$31 and \$34 each in the largest initial public offering of a social media network in four years. The news aggregation, content and discussion platform had confidentially filed for an IPO in 2021, but delayed its move because of economic conditions and a poor performance by technology stocks. A flotation, under the ticker symbol RDDT, is expected some time this month and will be the most significant social media IPO since Pinterest in 2019. Reddit, which has been described by its founders as “the front page of the internet”, said in the filing that it planned to invite users and moderators to participate in the flotation. It added that it had set aside 1.76m shares, 8% of the IPO, for sale to eligible Reddit users, certain members of its board, and friends and family of employees and directors. Users who created their account before the start of this year, are over 18 and live in the US will be potentially eligible for the share programme, it said. Reddit is a digital platform that allows users to join communities based on specific interests (or subreddits) and share experiences or reply to each other in comment threads on any topic. The company said it had 100,000 active communities and 1bn posts as of December 2023. Its co-founder Steve Huffman said in a letter accompanying the filing that the flotation would allow users to also become Reddit investors as well as raising capital and offering “liquidity to our employees”. The company had reserved about 1% of its common stock to fund community-related programmes, he added. Reddit said in December that it had hosted more than 500 million visitors that month and it believed there would be growth opportunities in advertising and data licensing as artificial intelligence and large language models expanded. A filing last month showed that Reddit made a \$90.8m loss in 2023, down from \$158.6m in 2022, as its revenue increased by 21%. Reddit’s users have previously pushed back against the platform’s policy changes and attempts at monetisation. After executives decided to begin charging for access to the site’s API last June, Reddit’s unpaid moderators led a revolt against the company that took more than 8,000 subreddit communities offline for days. The company’s IPO prospectus cited the incident among risk factors, saying that similar actions in the future “could adversely affect our business”. As the flotation nears, the founder of the messaging platform Telegram has also announced that his company is exploring a potential IPO. Pavel Durov, Telegram’s Russian-born owner, told the Financial Times that the platform had grown to 900 million users, had been valued at \$30bn and had no plans to sell. He also claimed that Telegram was close to becoming profitable.