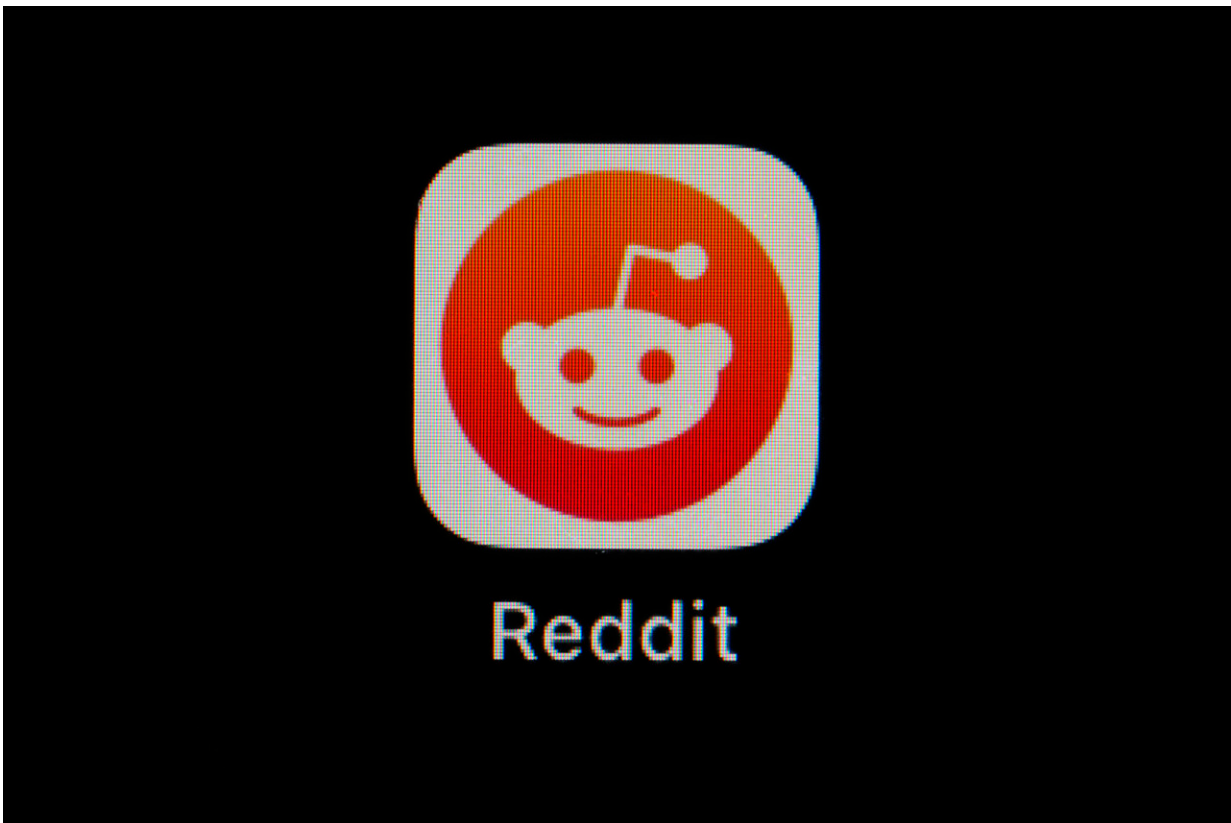


# Reddit, the self-anointed 'front page of the internet,' set to make its stock market debut

March 21 2024, by Michael Liedtke

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The Reddit app icon is seen on a smartphone, Feb. 28, 2023, in Marple Township, Pa. Reddit is due to begin trading on the New York Stock Exchange on Tuesday, March 21, 2024. Credit: AP Photo/Matt Slocum, File

Reddit and its eclectic bazaar of online communities is ready to plumb

high-stakes territory—the stock market.

The company priced its IPO [at \\$34 a share](#) Wednesday and shares will begin trading Thursday on the New York Stock Exchange under the ticker symbol "RDDT." The market debut is likely to spur a flurry of commentary on Reddit's own platform, as well as competing social media outlets.

The IPO will test the quirky company's ability to overcome a nearly 20-year history colored by uninterrupted losses, management turmoil and occasional user backlashes to build a sustainable business.

The interest surrounding Reddit stems largely from a large audience that religiously visits the service to discuss a potpourri of subjects that range from silly memes to existential worries, as well as get recommendations from like-minded people.

About 76 million users checked into one of Reddit's roughly 100,000 communities in December, according to the regulatory disclosures required before the San Francisco company goes public. Reddit set aside up to 1.76 million of 15.3 million shares being offered in the IPO for users of its service. Per the usual IPO custom, the remaining shares are expected to be bought primarily by mutual funds and other institutional investors betting Reddit is ready for prime time in finance.

Reddit's moneymaking potential also has attracted some prominent supporters, including OpenAI CEO Sam Altman, who accumulated a stake as an early investor that has made him one of the company's biggest shareholders. Altman owns 12.2 million shares of Reddit stock, according to the company's IPO disclosures.

Other early investors in Reddit have included PayPal co-founder Peter Thiel, Academy Award-winning actor Jared Leto and rapper Snoop

Dogg. None of them are listed among Reddit's largest shareholders heading into the IPO.

By the tech industry's standards, Reddit remains extraordinarily small for a company that has been around as long as it has.

With its stock priced at \$34 per share, Reddit will have a market value of \$6.4 billion. Meanwhile, Meta Platforms—whose biggest social media service Facebook was started just 18 months earlier than Reddit—boasts a market value of more than \$1.2 trillion. Meta also generates annual revenue of \$135 billion while Reddit's remains below \$1 billion.

And then there is this problem: Reddit has never profited from its broad reach while piling up cumulative losses of \$717 million. That number has swollen from cumulative losses of \$467 million in December 2021 when the company first filed papers to go public before aborting that attempt.

In the recent documents filed for its revived IPO, Reddit attributed the losses to a fairly recent focus on finding new ways to boost revenue.

Not long after it was born, Reddit was sold to magazine publisher Conde Nast for \$10 million in deal that meant the company didn't need to run as a standalone business. Even after Conde Nast parent Advance Magazine Publishers spun off Reddit in 2011, the company said in its IPO filing that it didn't begin to focus on generating revenue until 2018. Those efforts, mostly centered around selling ads, have helped the social platform increase its annual revenue from \$229 million in 2020 to \$804 million last year. But the San Francisco-based company also posted combined losses of \$436 million from 2020 through 2023.

Reddit outlined a strategy in its filing calling for even more ad sales on a service that it believes companies will be a powerful marketing magnet

because so many people search for product recommendations there.

The company also is hoping to bring in more money by licensing access to its content in deals similar to [the \\$60 million that Google recently struck](#) to help train its artificial intelligence models. That ambition, though, faced an almost immediate challenge when the [U.S. Federal Trade Commission opened an inquiry](#) into the arrangement.

The increasing level amount of e-commerce transacting on the platform also has Reddit's management exploring ways to get a piece of the action, according to its IPO filing. "We believe that over time, we can generate revenue based on the volume of commerce that is conducted on Reddit," the company said in the documents without elaborating on how that might be accomplished.

Reddit also experienced tumultuous bouts of instability in leadership that may scare off some prospective investors. Company co-founders Steve Huffman and Alexis Ohanian—also the husband of tennis superstar Serena Williams—both left Reddit in 2009 while Conde Nast was still in control, only to return years later.

Huffman, 40, is now CEO, but how he got the job serves as a reminder of how messy things can get at Reddit. The change in command occurred in 2015 after [Ellen Pao resigned as CEO](#) amid a nasty user backlash to the banning of several communities and the firing of Reddit's talent director. Even though Ohanian said he was primarily responsible for the firing and the bans, Pao was hit with most of the vitriol, paving the way for Huffman to run the company again.

Although his founder's letter leading up to this IPO didn't mention it, Huffman touched upon the company's past turmoil in another missive included in a December 2021 filing attempt that was subsequently canceled.

"The list of our mistakes over the years is long, and so is the list of challenges we've faced," Huffman wrote in 2021. "We lived these challenges publicly and have the scars, learnings, and policy updates to prove it. Our history influences our future. There will undoubtedly be more challenges to come."

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