

Buoyed by stock market mania, Reddit raises fresh capital

9 February 2021, by Rob Lever



Reddit has raised fresh capital as part of a move to fund expansion of the online bulletin board at the center of the recent stock market frenzy

Reddit, the online bulletin board at the center of the recent stock market frenzy, said Tuesday it had raised some \$250 million at a valuation of \$6 billion to fuel expansion of the service.

With some 50 million daily users, Reddit remains one of the most visited websites, but has been eclipsed in recent years by rival social media platforms.

Reddit, which hosts online chats about numerous topics and whose "subreddit" known as WallStreetBets sparked an upheaval on Wall Street, said it hopes to invest for growth and would be doubling its workforce.

The California startup launched in 2005 said it raised more than \$250 million from existing and new investors and would make "strategic investments" in video, advertising, consumer products and expansion into international markets.

The funding round doubled Reddit's valuation to \$6 billion, AFP confirmed.

"We continue to invest in building and improving the ways people on Reddit connect—whether that's traditionally through text-based discussions or through video or live streaming," a Reddit blog post said.

"Our more recent developments have included acquiring the short-form video platform Dubsplash to bring highly polished video creation tools to our platform and encourage under-represented creators to find a home on Reddit."

Reddit drew attention when the WallStreetBets group fueled a spectacular rise in shares of video game retailer GameStop and other struggling firms which were being targeted by big investment firms taking "short" positions, betting the shares would fall.

The result was a roller-coaster ride for these shares which has sparked concerns about market manipulation and calls for investigations.

The latest announcement avoided any talk of Wall Street mania.

The company said: "We have come a long way in recent years to focus more on the needs of the hundreds of thousands of communities that make up Reddit...We have also continued to scale our advertising business, which is now poised to deliver performance and engagement in addition to brand awareness."

'Front page'

Reddit, which calls itself "the front page of the internet," has hosted "ask me anything" forums with the likes of Barack Obama and Bill Gates.

But it has also faced challenges dealing with toxic

content and misinformation and last year banned a forum used by Donald Trump supporters as part of a crackdown on hateful posts.

Reddit also struggled with the "pizzagate" scandal when its forums were used for false claims that a Washington pizza restaurant was a sinister front hiding a politically connected pedophile ring during the 2016 presidential campaign.

Its forums are moderated by volunteers who tend to be passionate about the bulletin board being an online venue for content which can be inflammatory at times.

The latest funding brings the total amount raised by Reddit to some \$800 million. In its previous round in 2019 it raised \$300 million at a \$3 billion valuation.

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APA citation: Buoyed by stock market mania, Reddit raises fresh capital (2021, February 9) retrieved 19 April 2021 from <https://techxplore.com/news/2021-02-buoyed-stock-mania-reddit-fresh.html>

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