

Reddit valued at £5bn after share sale boost for IPO market

Shares in Reddit will make their market debut later on Thursday after a sale valuing the social media platform at \$6.4bn (£5bn).

The company's initial public offering (IPO) was priced at the top of its targeted range of \$31 to \$34 per share on Wednesday night, raising \$748m.

Reddit and its existing shareholders sold 22 million shares at \$34 each.

Trading will begin on the New York Stock Exchange when it opens for business later in the day.

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Market analysts said the IPO was a major test of the market given a dearth of flotations over the past three years, suggesting it had been sensibly priced.

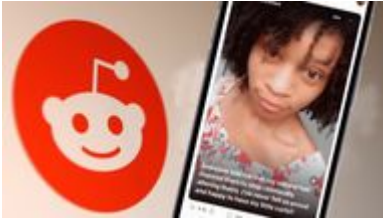
Reddit was previously valued at \$10bn following a private fundraising round in 2021.

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Earlier this year, the stock market launches of other big names including BrightSpring and Amer Sports received a lukewarm reception from investors.

Tech-related stocks have done better than most this year but, as is always the case with such companies, they represent a bet on the future at the start of their stock market journey.

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Reddit has never achieved an annual profit since its launch in 2005, lagging the commercial success of peers including Meta and even X.

Advertisers have proved hard to come by due to concerns over content moderation on the platform's forums, known as Subreddits, which rely on volunteers.

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However, it has a loyal user base. Reddit's IPO filing put the number of daily active users at an average of 73.1 million.

Its communities have influence too.

Members of the "wallstreetbets" forum collaborated in 2021 to buy shares of heavily shorted companies including [GameStop](#) in what became known as the 'meme stock saga'.

Reddit's revenue streams include a contract to provide artificial intelligence training data to Alphabet's Google.

Susannah Streeter, head of money and markets at Hargreaves Lansdown, expected plenty of interest when share trading began.

She said of the flotation: "The IPO is believed to have been oversubscribed multiple times, even though the company is still loss making and a steady path to profitability is far from clear.

"Reddit has no problem getting eyes on screen, but it has had a challenge so far in working out how to monetise its large and growing fanbase who are obsessed with using its message boards.

"It is increasing ad presence which should provide relatively steady income streams though won't shoot the lights out.

"The real potential is likely to come from making the most of its vast store of data in the form of a deep well of conversations on the site."