

Reddit, Investors Seek Up to \$748 Million in Planned IPO

Description

Reddit Inc., the popular social media platform, together with its investors, is reportedly striving to amass as much as \$748 million in an effort to effectuate what could potentially become one of this year's substantial initial public offerings (IPOs). This information comes by way of individuals who, having been privy to the intricacies of the matter, requested anonymity due to the confidential nature of the information.

These sources further divulge that Reddit, in tandem with certain present shareholders, aims to orchestrate a sale of 22 million shares, each valued between \$31 to \$34. As part of this ambitious endeavour, the firm is targeting an impressive market valuation that may surge as high as \$6.5 billion once it is listed, as per reports from Bloomberg News.

Moreover, the social media behemoth appears to be allocating around 1.76 million shares in the IPO specifically to be procured by pre-existing users and moderators - that is, those who were members of the platform before the outset of the present year. Interestingly, these stocks will not be tethered by a lockup period, implying that their owners will be at liberty to trade them immediately from the first trading day, as indicated in Reddit's February filing with the US Securities and Exchange Commission.

The company's long and gruelling journey to finally be listed encapsulates the volatile nature of the marketplace. Initially registered confidentially in 2021, Reddit bore witness to an all-time record for IPOs on US equity markets, fetching up to \$339 billion, as corroborated by Bloomberg's gathered data. That year, Reddit also elicited funds that valued it at an impressive \$10 billion.

However, in an unpredictable twist, IPOs in the US stumbled last year, accumulating just \$26 billion. It was suggested that Reddit, factoring in feedback from preliminary investor meetings, should contemplate a valuation in the realm of at least \$5 billion.

The company's forthcoming listing will assuredly command attention from prospective IPO candidates like Microsoft-backed data security start-up Rubrik Inc., and healthcare payments firm Waystar Technologies Inc. This keen interest stems from the phenomenal underperformance of four major US listings led by semiconductor designer Arm Holding Plc's \$5.23 billion offering, which failed to ignite a sustainable resurgence in the market.

Having been founded in 2005, Reddit had an average of 73.1 million daily active unique users in the fourth quarter, according to its February filing. Despite being a titan on the internet, Reddit reported a net loss of \$91 million on revenue of \$804 million in 2023, which stands in stark contrast with the net loss of about \$159 million on revenue of \$667 million from a year prior. Its largest shareholder is Advance Magazine Publishers Inc., a component of the illustrious Newhouse family publishing empire that owns Conde Nast.



Reddit's unconventional user base, encompassing moderators and millions of devoted users, is both a asset and a liability for the company. Over time, users have frequently chafed against the platform, instigating revolts over issues as diverse as perceived racism on the platform to executive personnel decisions.

Reddit's forthcoming debut on the stock market will be watched closely, especially by its own users. Some notably recommended shorting Reddit's stock when it starts trading, citing the firm's lack of profitability and competition.

Reddit's IPO is led by financial giants such as Morgan Stanley, Goldman Sachs Group Inc, JPMorgan Chase & Co. and Bank of America Corp. The company is orchestrating for shares to be traded on the New York Stock Exchange under the symbol RDDT.

Reddit CEO Steven Huffman emphasized the growth potential of the platform and the business in a signed letter included in the filing, noting that, "Advertising is our first business, and advertisers of all sizes have discovered that Reddit is a great place to find high-intent customers that they aren't able to reach elsewhere."

Vocabulary List:

1. **Amass** // (verb): To gather or collect something typically a large amount.
2. **Striving** // (noun): Making great efforts to achieve or obtain something.
3. **Strive** // (verb): To make great efforts or struggle in pursuit of a goal.
4. **Intricacies** // (noun): Complex details or elements of a situation.
5. **Orchestrate** // (verb): To organize or coordinate a complex event or situation.
6. **Valuation** // (noun): The process of determining the value of something.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is another word for making great efforts to achieve something?

Option: Composite
Option: Striving
Option: Perturbation
Option: Revitalization

2. What term refers to the process of determining the economic value of a company?

Option: Sell-off
Option: Upsurge

Option: Valuation

Option: Trajectory

3. Which of the following terms means strong and healthy in constitution?

Option: Robust

Option: Downturn

Option: Consolidation

Option: Ascendance

4. What term describes a disturbance or a change in a system?

Option: Augmentation

Option: Perturbation

Option: Melancholy

Option: Trajectory

5. Which term means the action of imbuing something with new life and vitality?

Option: Downturn

Option: Revitalization

Option: Cognoscenti

Option: Consecutive

6. What term refers to the act of spreading something especially information widely?

Option: Robust

Option: Dissemination

Option: Upsurge

Option: Intricacies

7. Which term means occurring often or repeatedly?

Option: Recurrent

Option: Sell-off

Option: Amass

Option: Augmentation

8. What term describes a person who intervenes in others' affairs without being asked?

Option: Ascendance

Option: Meddlesome

Option: Consolidation

Option: Robust

9. Which term means guilty of or involving betrayal or deception?

Option: Consolidation

Option: Trajectory

Option: Treacherous

Option: Amass

10. What is the verb form of the word "striving"?

Option: Strive

Option: Orchestrate

Option: Consecutive

Option: Cognoscenti

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The merger led to the _____ of two major corporations.

12. The project's _____ was positively influenced by the new team.

13. The investor sought to _____ a significant amount of wealth.

14. The company experienced a rapid _____ of its shares.

15. The final product was a _____ of different materials.

16. The _____ of the team with skilled professionals improved productivity.

17. The sudden departure of the key employee caused a _____ in the department.

18. Their company saw an _____ in market share after the successful product launch.

19. The manager advised caution and _____ in implementing the new strategy.

20. The cultural festival brought about a _____ of interest in traditional arts.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The art gallery is frequented by the who appreciate the finer details of each piece.

22. The athlete's training regimen was well-planned to ensure an upward in performance.

23. The whole town was in after the tragic accident claimed several lives.

24. The recent marketing campaign led to a significant in product sales.

25. The young entrepreneur was constantly to improve her business skills.



26. The dark clouds and cold rain added to her feelings of .

27. The notebook is made of a durable material that is resistant to wear and tear.

28. The security system prevented any unauthorized access to the sensitive data.

29. The local economy witnessed a after the new factory opened creating numerous jobs.

30. The jeweler explained the of diamond grading to the curious customers.

Answer

Multiple Choice: 1. Striving 2. Valuation 3. Robust 4. Perturbation 5. Revitalization 6. Dissemination 7. Recurrent 8. Meddlesome 9. Treacherous 10. Strive

Gap-Fill: 11. consolidation 12. trajectory 13. amass 14. sell-off 15. composite 16. augmentation 17. perturbation 18. ascendancy 19. restraint 20. revitalization

Matching sentence: 1. cognoscenti 2. trajectory 3. mourning 4. upsurge 5. striving 6. melancholy 7. composite 8. robust 9. resurgence 10. intricacies

CATEGORY

1. Business - LEVEL5

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Author

aimeeyoung99