



Reddit Announces Third Quarter 2024 Results

2024-10-29

Daily Active Uniques (“DAUq”) increased 47% year-over-year to 97.2 million

Strong revenue growth of 68% to \$348.4 million

Achieved GAAP profitability with net income of \$29.9 million and net margin of 8.6%

Adjusted EBITDA ¹ of \$94.1 million and Adjusted EBITDA ¹ margin of 27.0%

Positive operating cash flow of \$71.6 million and Free Cash Flow ¹ of \$70.3 million, invested \$66 million to net settle 1.2 million employee shares

SAN FRANCISCO--(BUSINESS WIRE)-- Reddit, Inc. (NYSE: RDDT) today announced financial results for the quarter ended September 30, 2024. Reddit’s complete financial results and management commentary can be found in its shareholder letter on Reddit’s Investor Relations website at <https://investor.redditinc.com>.

“It was another strong quarter for Reddit and our communities as we achieved important milestones, including new levels of user traffic, revenue growth, and profitability,” said Steve Huffman, Co-Founder and CEO of Reddit. “Reddit continues to be one of the most visited and trusted sites in the world with opportunities available to us that aren’t available to most companies.”

- Revenue increased 68% year-over-year to \$348.4 million, Ad revenue increased 56% year-over-year to \$315.1 million, and Other revenue increased 547% year-over-year to \$33.2 million
- Gross margin was 90.1%, an improvement of 280 basis points from the prior year
- Net income was \$29.9 million, as compared to net loss of \$(7.4) million in the prior year
- Adjusted EBITDA ¹ was \$94.1 million, as compared to \$(6.9) million in the prior year
- Operating cash flow was \$71.6 million, an improvement of \$79.3 million from the prior year
- Free Cash Flow ¹ was \$70.3 million and capital expenditures were \$1.4 million, less than 1% of revenue

Third Quarter 2024 Financial Highlights

(in millions, except percentages; unaudited)	Three months ended September 30,		% Change
	2024	2023	
Revenue	\$ 348.4	\$ 207.5	68%
U.S.	\$ 288.0	\$ 169.0	70%
International	\$ 60.4	\$ 38.5	57%
GAAP gross margin	90.1%	87.3%	
Net income (loss)	\$ 29.9	\$ (7.4)	NM
Net margin	8.6%	(3.6)%	
Adjusted EBITDA*	\$ 94.1	\$ (6.9)	NM
Adjusted EBITDA margin*	27.0%	(3.3)%	
Net cash provided by (used in) operating activities	\$ 71.6	\$ (7.7)	NM
Free Cash Flow*	\$ 70.3	\$ (11.6)	NM
Cash, cash equivalents, and marketable securities	\$ 1,745.0		

NM - not meaningful

*The definitions of Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow can be found in the Use of Non-GAAP Financial Measures section of this release. A reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure can be found on pages 10-11.

Financial Outlook

The guidance provided below is based on Reddit's current estimates and is not a guarantee of future performance. This guidance is subject to significant risks and uncertainties that could cause actual results to differ materially, including the risk factors discussed in Reddit's reports on file with the Securities and Exchange Commission. Reddit undertakes no duty to update any forward-looking statements or estimates, except as required by applicable law.

As we look ahead, we will share our internal thoughts on revenue and Adjusted EBITDA for the fourth quarter.

In the fourth quarter of 2024, we estimate:

- Revenue in the range of \$385 million to \$400 million
- Adjusted EBITDA² in the range of \$110 million to \$125 million

Earnings Conference Call Information and Community Update

Reddit will host a conference call to discuss the results for the third quarter of 2024 on October 29, 2024, at 2:00 p.m. PT / 5:00 p.m. ET. A live webcast of the call can be accessed on Reddit's Investor Relations website at <https://investor.redditinc.com> and investor relations subreddit, r/RDDT, at <https://www.reddit.com/r/RDDT/>. A replay of the webcast and transcript will be available following the conclusion of the conference call on the same websites.

Reddit will solicit questions from the community in the investor relations subreddit, r/RDDT, at <https://www.reddit.com/r/RDDT/> on Tuesday, October 29, 2024, and post responses following the earnings call at Reddit's Investor Relations website at <https://investor.redditinc.com> and r/RDDT at <https://www.reddit.com/r/RDDT/>.

Reddit uses the investor relations page on its website <https://investor.redditinc.com>, as well as the subreddits r/RDDT and r/reddit, available at <https://www.reddit.com/r/RDDT/> and <https://www.reddit.com/r/reddit/>, respectively, as means of disclosing material non-public information and for complying with its disclosure obligation under Regulation FD.

Notes

¹ The definitions of Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow can be found in the Use of Non-GAAP

The definitions of Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow can be found in the Use of Non-GAAP Financial Measures section of this release. A reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure can be found on pages 10-11.

² We have not provided a reconciliation to the forward-looking U.S. GAAP equivalent measures for our non-GAAP guidance due to uncertainty regarding, and the potential variability of, reconciling items. Therefore, a reconciliation of these non-GAAP guidance measures to their corresponding U.S. GAAP guidance measures is not available without unreasonable effort.

About Reddit

Reddit is a community of communities. It's built on shared interests, passion, and trust and is home to the most open and authentic conversations on the internet. Every day, Reddit users submit, vote, and comment on the topics they care most about. With 100,000+ active communities and approximately 97+ million daily active unique visitors, Reddit is one of the internet's largest sources of information. For more information, visit www.redditinc.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or Reddit's future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern Reddit's expectations, strategy, priorities, plans or intentions. Forward-looking statements in this release include, but are not limited to, statements regarding Reddit's future financial and operating performance and GAAP and non-GAAP guidance. Reddit's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected, including those more fully described under the caption "Risk Factors" and elsewhere in documents that Reddit files with the Securities and Exchange Commission (the "SEC") from time to time, including Reddit's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, which is being filed with the SEC at or around the date hereof. The forward-looking statements in this release are based on information available to Reddit as of the date hereof, and Reddit undertakes no obligation to update any forward-looking statements, except as required by law.

A Note About Metrics

We define a daily active unique ("DAUq") as a user whom we can identify with a unique identifier who has visited a page on the Reddit website, www.reddit.com, or opened a Reddit application at least once during a 24-hour period. Average DAUq for a particular period is calculated by adding the number of DAUq on each day of that period and dividing that sum by the number of days in that period.

We define a weekly active unique ("WAUq") as a user whom we can identify with a unique identifier who has visited a

page on the Reddit website, www.reddit.com, or opened a Reddit application at least once during a trailing seven-day period. Average quarterly WAUq for a particular period is calculated by adding the number of WAUq on each day of that period and dividing that sum by the number of days in that period.

We define average revenue per unique (“ARPU”) as quarterly revenue in a given geography divided by the average DAUq in that geography. For the purposes of calculating ARPU, advertising revenue in a given geography is based on the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity, while other revenue in a given geography is based on the billing address of the customer.

Use of Non-GAAP Financial Measures

We use certain non-GAAP financial measures to supplement our consolidated financial statements, which are presented in accordance with U.S. GAAP, to evaluate our core operating performance. These non-GAAP financial measures include Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow. We use these non-GAAP financial measures to facilitate reviews of our operational performance and as a basis for strategic planning. By excluding certain items that are non-recurring or not reflective of the performance of our normal course of business, we believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance. Accordingly, we believe these non-GAAP financial measures are useful to investors and others because they allow investors to supplement their understanding of our financial trends and evaluate our ongoing and future performance in the same manner as management. However, there are a number of limitations related to the use of non-GAAP financial measures as they reflect the exercise of judgment by our management about which expenses are included or excluded in determining these non-GAAP measures. These non-GAAP measures should be considered in addition to, not as a substitute for or in isolation from, our financial results prepared in accordance with U.S. GAAP. Other companies, including companies in our industry, may calculate these non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

A reconciliation is provided below for each historical non-GAAP financial measure to the most directly comparable financial measure stated in accordance with U.S. GAAP. Reddit encourages investors to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures, and not to rely on any single financial measure to evaluate Reddit’s business. We have not provided a reconciliation to the forward-looking GAAP equivalent measures for our non-GAAP guidance due to uncertainty regarding, and the potential variability of, reconciling items. Therefore, a reconciliation of these non-GAAP guidance measures to their corresponding GAAP guidance measures is not available without unreasonable effort.

Adjusted EBITDA is defined as net income (loss) excluding interest (income) expense, net, income tax expense (benefit), depreciation and amortization, stock-based compensation expense and related taxes, other (income) expense, net, and certain other non-recurring or non-cash items impacting net income (loss) that we do not consider indicative of our ongoing business performance. Other (income) expense, net consists primarily of realized gains and losses on sales of marketable securities, foreign currency transaction gains and losses, and other income and expense that are not indicative of our core operating performance. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue. We consider the exclusion of certain non-recurring or non-cash items in calculating Adjusted EBITDA and Adjusted

EBITDA margin to provide a useful measure for investors and others to evaluate our operating results in the same manner as management.

Free Cash Flow represents net cash provided by (used in) operating activities less purchases of property and equipment. We believe that Free Cash Flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth. Additionally, we believe that Free Cash Flow is an important measure since we use third-party infrastructure partners to host our services and therefore we do not incur significant capital expenditures to support revenue generating activities.

Reddit, Inc.
Key Operating Metrics by Geography
(in millions, except ARPU)
(unaudited)

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Revenue: Global	\$ 348.4	\$ 207.5	68%	\$ 872.5	\$ 554.3	57%
Revenue: U.S.	\$ 288.0	\$ 169.0	70%	\$ 715.8	\$ 447.0	60%
Revenue: International	\$ 60.4	\$ 38.5	57%	\$ 156.7	\$ 107.3	46%
	Three months ended September 30,					
	2024	2023	% Change			
DAUq: Global	97.2	66.0	47%			
DAUq: U.S.	48.2	32.0	51%			
DAUq: International	49.0	34.0	44%			
Logged-in DAUq: Global	44.1	34.7	27%			
Logged-in DAUq: U.S.	21.5	16.7	29%			
Logged-in DAUq: International	22.7	18.0	26%			
Logged-out DAUq: Global	53.1	31.3	70%			
Logged-out DAUq: U.S.	26.7	15.3	75%			
Logged-out DAUq: International	26.3	16.0	64%			
WAUq: Global	365.4	239.1	53%			
WAUq: U.S.	178.0	112.9	58%			
WAUq: International	187.4	126.2	48%			
ARPU: Global	\$ 3.58	\$ 3.14	14%			
ARPU: U.S.	\$ 5.88	\$ 5.27	12%			
ARPU: International	\$ 1.32	\$ 1.14	16%			

Reddit, Inc.
Consolidated Balance Sheets
(in thousands)

	September 30, 2024 (unaudited)	December 31, 2023

Assets

Current assets			
Cash and cash equivalents		\$ 515,895	\$ 401,176
Marketable securities		1,229,072	811,946
Accounts receivable, net		283,890	245,279
Prepaid expenses and other current assets		31,974	21,286
Total current assets		2,060,831	1,479,687
Property and equipment, net		13,775	14,946
Operating lease right-of-use assets, net		23,872	24,008
Intangible assets, net		27,904	32,147
Goodwill		42,174	26,299
Other noncurrent assets		3,152	19,380
Total assets		\$ 2,171,708	\$ 1,596,467

Liabilities, convertible preferred stock, and stockholders' equity (deficit)

Current liabilities			
Accounts payable		\$ 62,042	\$ 46,514
Operating lease liabilities		5,398	3,707
Accrued expenses and other current liabilities		104,844	83,349
Total current liabilities		172,284	133,570
Operating lease liabilities, noncurrent		21,567	22,040
Other noncurrent liabilities		249	287
Total liabilities		194,100	155,897
Commitments and contingencies			
Convertible preferred stock		—	1,853,492
Stockholders' equity (deficit):			
Preferred stock		—	—
Class A common stock		12	—
Class B common stock		5	6
Class C common stock		—	—
Additional paid-in capital		3,245,315	302,820
Accumulated other comprehensive income (loss)		4,150	814
Accumulated deficit		(1,271,874)	(716,562)
Total stockholders' equity (deficit)		1,977,608	(412,922)
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)		\$ 2,171,708	\$ 1,596,467

Reddit, Inc.

Consolidated Statements of Operations (in thousands, except share and per share amounts) (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 348,351	\$ 207,508	\$ 872,498	\$ 554,279
Costs and expenses:				
Cost of revenue	34,633	26,395	91,750	82,094
Research and development	166,701	108,285	746,508	326,778
Sales and marketing	74,510	55,114	270,063	172,250
General and administrative	65,653	37,299	377,617	116,333
Total costs and expenses	341,497	227,093	1,485,938	697,455
Income (loss) from operations	6,854	(19,585)	(613,440)	(143,176)
Other income (expense), net	22,968	12,647	58,246	36,677
Income (loss) before income taxes	29,822	(6,938)	(555,194)	(106,499)
Income tax expense (benefit)	(31)	445	118	2,859
Net income (loss)	\$ 29,853	\$ (7,383)	\$ (555,312)	\$ (109,358)
Net income (loss) per share attributable to Class A and Class B common stock				
Basic	\$ 0.18	\$ (0.13)	\$ (4.12)	\$ (1.87)
Diluted	\$ 0.16	\$ (0.13)	\$ (4.12)	\$ (1.87)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders				
Basic	169,169,922	58,855,589	134,723,892	58,495,544
Diluted	192,322,916	58,855,589	134,723,892	58,495,544

Reddit, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities				
Net income (loss)	\$ 29,853	\$ (7,383)	\$ (555,312)	\$ (109,358)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,969	3,288	11,482	9,947
Non-cash operating lease cost	1,453	3,428	4,041	10,112
Amortization of premium (accretion of discount) on marketable securities, net	(12,393)	(7,613)	(31,884)	(18,895)
Stock-based compensation expense	74,758	9,392	716,532	31,975
Other adjustments	(4,665)	199	(4,039)	365
Changes in operating assets and liabilities:				
Accounts receivable	(44,108)	(25,630)	(38,914)	(717)
Prepaid expenses and other assets	8,416	1,273	(11,766)	2,101
Operating lease right-of-use assets and liabilities	(1,378)	(2,168)	(2,688)	(5,250)
Accounts payable	442	2,010	16,484	2,393
Accrued expenses and other liabilities	15,275	15,501	28,135	19,646
Net cash provided by (used in) operating activities	\$ 71,622	\$ (7,703)	\$ 132,071	\$ (57,681)
Cash flows from investing activities				
Purchases of property and equipment	(1,353)	(3,936)	(5,406)	(5,122)
Proceeds from sale of cryptocurrency	6,869	—	6,869	—
Purchases of marketable securities	(428,225)	(313,823)	(1,425,737)	(928,035)
Maturities of marketable securities	447,302	320,337	1,043,361	955,214
Proceeds from sale of marketable securities	—	—	—	37,538
Cash paid for acquisitions, net of cash acquired	(17,137)	—	(17,137)	—
Other investing activities	487	(3)	460	109
Net cash provided by (used in) investing activities	\$ 7,943	\$ 2,575	\$ (397,590)	\$ 59,704
Cash flows from financing activities				
Proceeds from issuance of Class A common stock in initial public offering, net of underwriting discounts and commissions	—	—	600,022	—
Proceeds from exercise of employee stock options	38,001	794	62,933	2,585
Taxes paid related to net share settlement of restricted stock units	(65,800)	—	(268,106)	(4,229)
Payments of initial public offering costs	(2,162)	(38)	(8,500)	(896)
Payments of deferred consideration and holdbacks for acquisitions	(1,661)	(979)	(6,111)	(979)
Net cash provided by (used in) financing activities	\$ (31,622)	\$ (223)	\$ 380,238	\$ (3,519)
Net increase (decrease) in cash, cash equivalents, and restricted cash	47,943	(5,351)	114,719	(1,496)
Cash, cash equivalents, and restricted cash at the beginning of the period	468,002	439,715	401,226	435,860
Cash, cash equivalents, and restricted cash at the end of the period	\$ 515,945	\$ 434,364	\$ 515,945	\$ 434,364
Cash and cash equivalents	515,895	434,314	515,895	434,314
Restricted cash	50	50	50	50
Total cash, cash equivalents, and restricted cash	\$ 515,945	\$ 434,364	\$ 515,945	\$ 434,364

Reddit, Inc.
Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin
(in thousands)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 29,853	\$ (7,383)	\$ (555,312)	\$ (109,358)

Add (deduct):				
Interest (income) expense, net	(21,155)	(14,292)	(57,543)	(37,965)
Income tax expense (benefit)	(31)	445	118	2,859
Depreciation and amortization	3,969	3,288	11,482	9,947
Stock-based compensation expense and related taxes	83,326	9,423	745,635	32,706
Restructuring costs ⁽¹⁾	—	—	—	8,098
Other (income) expense, net	(1,813)	1,645	(703)	1,288
Adjusted EBITDA	\$ 94,149	\$ (6,874)	\$ 143,677	\$ (92,425)
Net margin	8.6%	(3.6)%	(63.6)%	(19.7)%
Adjusted EBITDA margin	27.0%	(3.3)%	16.5%	(16.7)%

(1) During the nine months ended September 30, 2023, we incurred restructuring costs of \$8.1 million, primarily composed of severance and benefits expense. These charges are non-recurring and are not reflective of underlying trends in our business.

Reddit, Inc. Reconciliation of Free Cash Flow (in thousands) (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net cash provided by (used in) operating activities	\$ 71,622	\$ (7,703)	\$ 132,071	\$ (57,681)
Less:				
Purchases of property and equipment	(1,353)	(3,936)	(5,406)	(5,122)
Free Cash Flow	\$ 70,269	\$ (11,639)	\$ 126,665	\$ (62,803)

Investor Relations

Jesse Rose

ir@reddit.com

Media Relations

Gina Antonini

press@reddit.com

Source: Reddit, Inc.