



Letter to Shareholders

Q4 2024



Financial highlights



Q4 2024

- **Revenue** was \$427.7 million, an increase of 71% year-over-year
- **Gross margin** was 92.6%, an improvement of 420 basis points from the prior year
- **GAAP Profitable with Net Income** of \$71.0 million and net margin of 16.6%, an improvement of \$52.5 million from the prior year
- **Adjusted EBITDA¹** was \$154.3 million and Adjusted EBITDA margin was 36.1%, an improvement of \$131.2 million from the prior year
- **Operating cash flow** was \$90.0 million, an improvement of \$107.4 million from the prior year
- **Free Cash Flow²** was \$89.2 million, an improvement of \$111.2 million from the prior year
- **Basic and diluted earnings per share (“EPS”)** were \$0.40 and \$0.36, respectively
- **Capital expenditures** were \$0.8 million, 0.2% of revenue
- **Cash, cash equivalents, and marketable securities** were \$1.84 billion as of December 31, 2024
- **Total fully diluted shares outstanding** were 206.2 million as of December 31, 2024, down 0.1% from the prior quarter

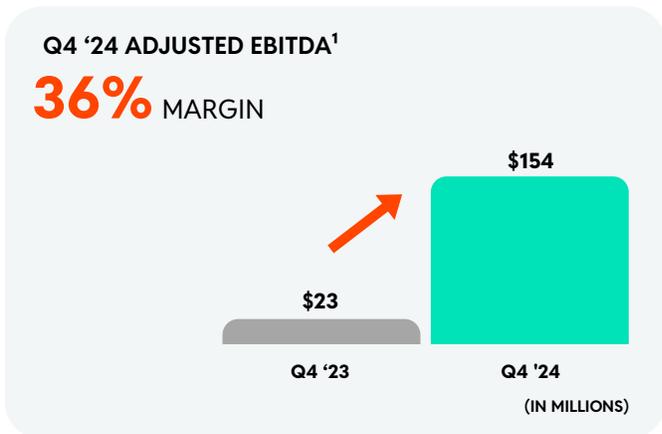
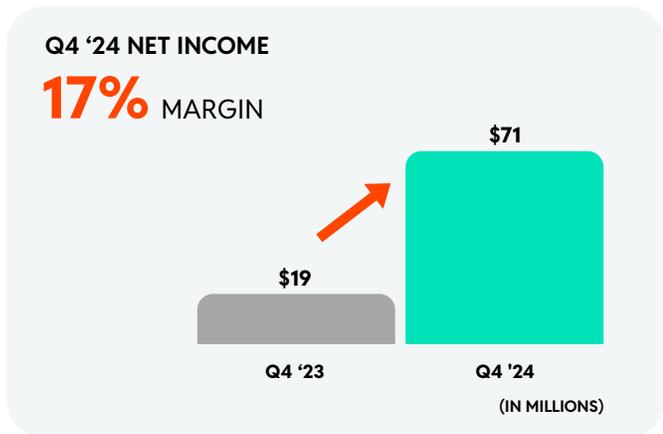
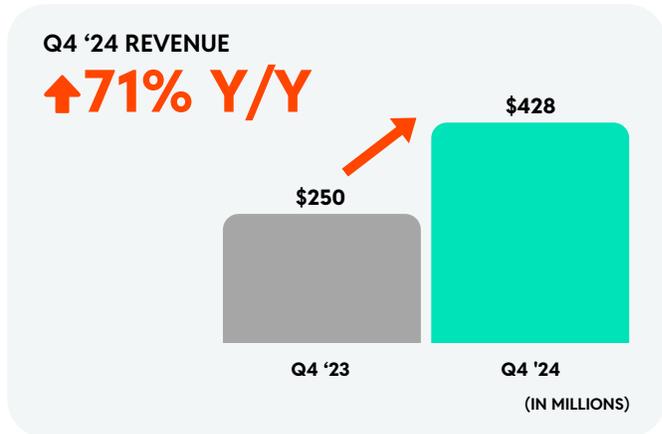
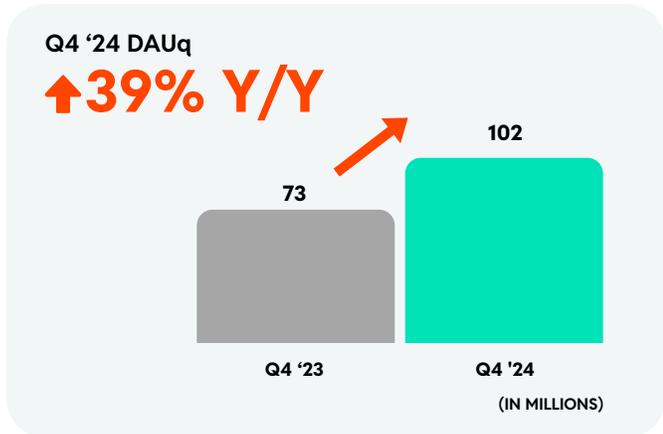
FY 2024

- **Revenue** was \$1.3 billion, an increase of 62% year-over-year
- **Gross margin** was 90.5%, an improvement of 430 basis points from the prior year
- **Net loss** was \$484.3 million, as compared to a net loss of \$90.8 million the prior year, driven primarily by IPO-related expenses
- **Adjusted EBITDA¹** was \$298.0 million and Adjusted EBITDA margin was 22.9%, an improvement of \$367.3 million from the prior year
- **Operating cash flow** was \$222.1 million, an improvement of \$297.2 million from the prior year
- **Free Cash Flow²** was \$215.8 million, an improvement of \$300.7 million from the prior year
- **Capital expenditures** were \$6.2 million, less than 1% of revenue

Q4 Business highlights

- **Daily Active Uniques (“DAUq”)** averaged 101.7 million, an increase of 39% year-over-year
- **Weekly Active Uniques (“WAUq”)** averaged 379.4 million, an increase of 42% year-over-year
- **Logged-in** users grew 27% and **Logged-out** users grew 51% year-over-year, respectively
- **U.S. DAUq** grew 32% year-over-year and **International DAUq** grew 46% year-over-year, driven by our international focus countries and investments in machine translation
- Total **U.S. revenue** grew 70% year-over-year and **International revenue** grew 76% year-over-year
- **Advertising revenue** of \$394.5 million grew 60% year-over-year, and **Other revenue** reached \$33.2 million
- **Average revenue per unique (“ARPU”)** was \$4.21, up 23% year-over-year
- **Advertising revenue growth** was primarily driven by impressions, while pricing was consistent year-over-year
- **Launched Reddit Answers**, an AI-powered conversational search product to improve on-platform search
- **Machine translation** was a meaningful driver of international user growth and is available in eight languages
- **Scaled and diversified our advertising business** across objectives, geographies, channels, and verticals
- **Performance revenue** drove more than half of Q4 growth and accounted for about 60% of total ad revenue
- **Signed a new content licensing partnership** with Intercontinental Exchange to create new data and analytics products for the financial industry

Differentiated growth and scaling profitably



Dear fellow shareholders,

The fourth quarter marked the end of a milestone year for Reddit, our first as a public company. In 2024, we surpassed \$1 billion in revenue, crossed 100 million DAUs, and gained traction in several new countries around the world. Over nearly two decades, our users have created a trove of knowledge about all aspects of the human experience—making Reddit one of the largest repositories of human-generated information online—and we’re using AI to make this content accessible to everyone. Machine translation is rolling out in eight languages (with more on the way) and is enabling international users to participate in their favorite communities and find the information they seek. International growth is critical to our goal of Reddit being a global platform.

For the second consecutive quarter, we were GAAP profitable, with total revenue growing 71% year-over-year and 3.5x faster than our total costs. Our advertising customers are diversifying across industries, objectives, and geographies as more brands tap into Reddit’s unique ability to grow their business. Over 40% of internet users consider recommendations on Reddit the most influential factor in purchasing decisions, surpassing expert reviews, influencer endorsements, and aggregated star ratings. Reddit conversations are where interests meet intent—they inform purchase decisions and offer valuable spaces for brands to connect with people looking for trustworthy opinions.

We finished the year with 101.7M DAUs, marking 39% growth year-over-year, led by strong international growth at 46%. Additionally, logged-in users grew 27% for the third time in the last four quarters and have maintained a steady upward trend over the last two years.

Later in Q4, we experienced some volatility with Google Search triggered by a periodic algorithm change, but traffic from search has recovered so far in Q1, and we’ve regained momentum. What happened wasn’t unusual—referrals from search fluctuate from time to time, and they primarily affect logged-out users. Our teams have navigated numerous algorithm updates and did an excellent job adapting to these latest changes effectively. This particular swing was interesting, though, because we saw a corresponding increase in the query term “reddit,” which suggests users are searching with the specific intent of reaching Reddit, and this propensity continues to rise.

We typically see two types of users on Reddit: those who scroll and those who seek. Scrollers engage with Reddit for its core community and conversation product, while seekers come to—or end up on—Reddit for answers to their questions. Just a few years ago, adding “reddit” to the end of your search query felt novel. Today, it’s a common way people find trusted information, recommendations, and advice. Regardless of why—or where—a user starts their journey, they should have a seamless path to discovering what they need on Reddit.

These search trends provide valuable insight into what we should prioritize. To improve the experience for seekers, we’re focused on making on-platform search a truly first-class product and the go-to place to find information on Reddit. In the U.S., we launched the beta for Reddit Answers, an AI-powered search tool that provides curated summaries of community discussions. Although it’s still in its early stages, it’s already proven versatile as people turn to it for everything from local updates about the LA wildfires to opinions on the best coffee maker. When it comes to Answers, we see that Reddit excels at providing insightful responses to questions with subjective answers that are difficult to find elsewhere. It’s currently available in English only, but we’re excited about how people are using it and the early indication that they’re returning to the product.

Human perspectives have never been more important, and we’ve updated our mission statement to reflect this: **"Empower communities, and make their knowledge accessible to all."** This update captures both our work in creating a platform for community and using Reddit as a source for knowledge. With this mission as our guide, we are focused on making Reddit faster, easier, and better to use—whether you’re an avid user or a first-time visitor deciding what backpack to buy. Our role is to enable any community to exist and thrive on Reddit by helping make them useful, accessible, and well-moderated. By strengthening our unique community model, we ensure that Reddit is for everyone, everywhere.

Thank you, again, for being a part of this journey. Together, we are building a platform that connects the world through shared knowledge and perspectives.

Steve Huffman
Co-Founder & Chief Executive Officer



Community highlight: Conversations drive purchase decisions



With nearly 380 million weekly active users, 2 billion+ posts, and 20 billion+ comments, Reddit is one of the largest sources of human perspective and conversation on the internet.

While Q4 was brimming with searches for the perfect holiday gifts in communities such as r/GiftIdeas, people seeking product opinions and tailored advice in their purchasing journey come to Reddit every day, and for good reason: **they find it trustworthy – because it’s human.**

Community fuels purchasing confidence

Consumers come to Reddit with a quandary – as small as which moisturizer is best for sensitive skin or as large as choosing a luxury SUV to buy – and the conversations and communities can steer them to products and strategies to address their need.

Community-sourced counsel builds confidence and faster, more successful decision-making. **Conversations are the new influencer.**

40% Consideration of brands and products
Over 40% of internet users find a Reddit recommendation most influential to their decision when making a purchase – more than expert reviews, influencers, and aggregated star ratings*

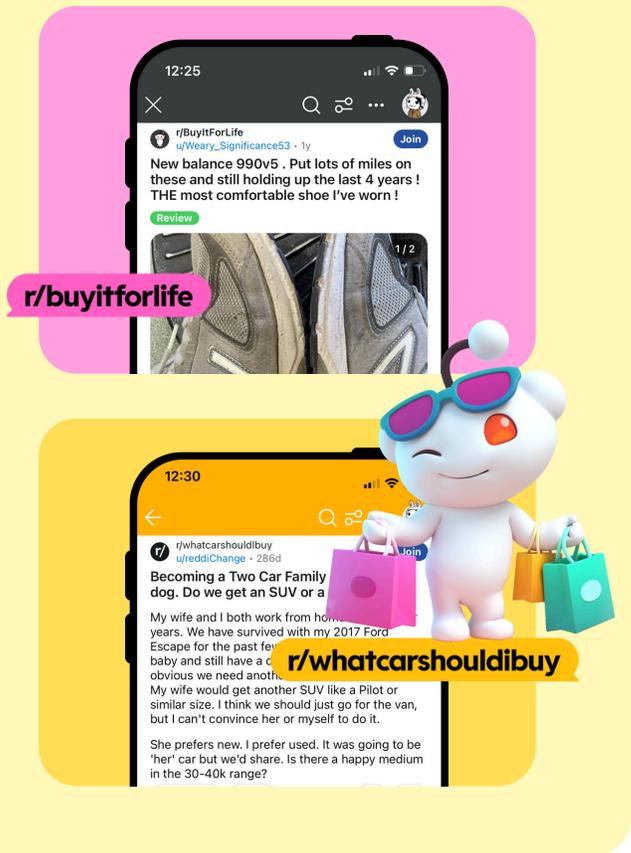
23% Discussions drive decisions
23% of recommendation posts on Reddit result in someone selecting a brand or product that was not previously considered**

Finding the right recommendations, faster

With these insights, Reddit recently launched Reddit Answers, an AI-powered conversational search tool that helps users search and discover content, including the best product recommendations and advice from across the platform. Now, instead of seeing sneaker recommendations solely from r/BuyItForLife, Redditors can discover a diverse set of perspectives from multiple trusted communities in one place.



Reddit’s evolved mission statement

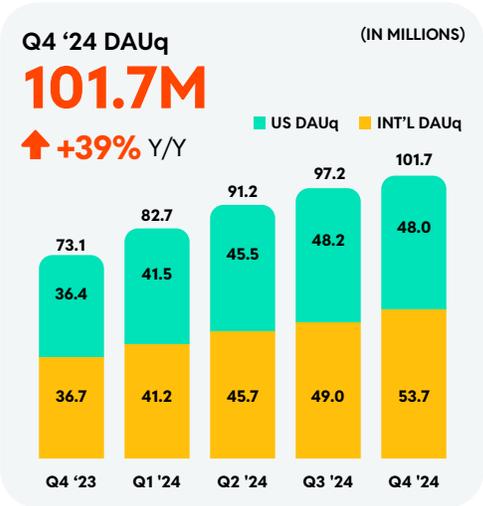


* Reddit, US, Digital Content Purchase Impact, 7000, A18-60, Attest sample, Monthly Social Media Users. *Content choices between Reddit recommendation post, expert review site, aggregate star review from expert site, social media influencer ad, brand social media ad, brand product page. **Verticals covered: Laptops, TVs, Cars, Credit Card, Makeup, Movie Tickets. Question asked: "Which of these two types of posts is more influential in your decision to purchase a [vertical]?"

** Reddit Internal Data, Global, 8/31/23-9/1/24.

User & product highlights

- Our product strategies drove strong user growth and engagement across the platform through 2024
- In Q4, we expanded our reach to nearly 380 million WAUq and over 100 million DAUq
- Machine learning (“ML”) and search are key investment priorities to improve the user experience and help grow awareness of Reddit



Consumer Product Investments

ML & Machine Translation

- We made meaningful progress improving our **ML models** to make the home feed and search results more **relevant** and translating content for global audiences with **Machine Translation (“MT”)**
- MT drove between **40-50% of international user growth** in Q4 and our **international playbook** is driving community **engagement** in our focus countries
- MT is available in **eight languages** - French, Spanish, Italian, Portuguese, German, Swedish, Dutch, and Filipino - and we are on track to expand to additional markets in 2025

Search

- Reddit is one of the **most visited sites** in the U.S. and **largest sources** of human generated content on the internet
- People come to search and find recommendations, reviews, and insights from the nearly **20 years of conversations**, and in December 2024, an average of **40 million daily search queries** were run on the platform
- We are improving the search experience and making it easier for users to **discover content** by modernizing the result pages and using **AI** to develop new search tools, including **Reddit Answers**



46% Int'l DAUq Growth Q4 '24 Y/Y



30% Good Visits* Growth Q4 '24 Y/Y



MT Immersive experience in Portuguese

* Defined as a user consuming a post for more than 30 seconds.

User & product highlights

Product spotlight: Reddit Answers



- Reddit Answers is a new product we're testing on our roadmap to improve the search experience on Reddit
- Reddit Answers is powered by gen-AI and is a new way to get answers, perspectives, and recommendations from all of Reddit
- Users are engaging in a wide range of queries including parenting advice, DIY support, and product recommendations, highlighting the breadth and utility of Reddit's content
- Reddit Answers is currently available in English to U.S. users on iOS and web and still in its early-stages. We are focused on improving the product, growing awareness, and adding new access points to drive further engagement

Unlocking the unique and authentic human perspectives on Reddit

← Is it smarter to lease or buy a... ✎

Is it smarter to lease or buy a car?

When deciding whether to lease or buy a car, there are several factors to consider. Here's a guide based on the opinions and experiences of Redditors:

Buying a Car

Pros:

- **Long-term Savings:** "Buying/maintaining/running it until the wheels fall off is typically the best option" [Redditor](#)
- **Equity:** "After 5 years you can sell the car and put that money towards a new car, allowing you to gradually trade up" [Redditor](#)
- **No Mileage Restrictions:** "You have equity if you buy it that you can use towards your..."

← Best month to visit Japan? ✎

Best month to visit Japan?

Visiting Japan can be a magical experience, but choosing the best month to visit depends on what you want to see and do. Here's a guide based on the collective wisdom of Redditors:

Best Months to Visit Japan

Spring (March to May)

- **Cherry Blossoms:** Late March to mid-April is famous for cherry blossoms, but it can be crowded and expensive. "[Late March to mid April if you want to see the Cherry Blossoms and carouse in the park with the natives.](#)"
- **Mild Weather:** Early spring offers pleasant weather before the summer heat kicks in. "[If you go in May, go during the first two weeks](#)"

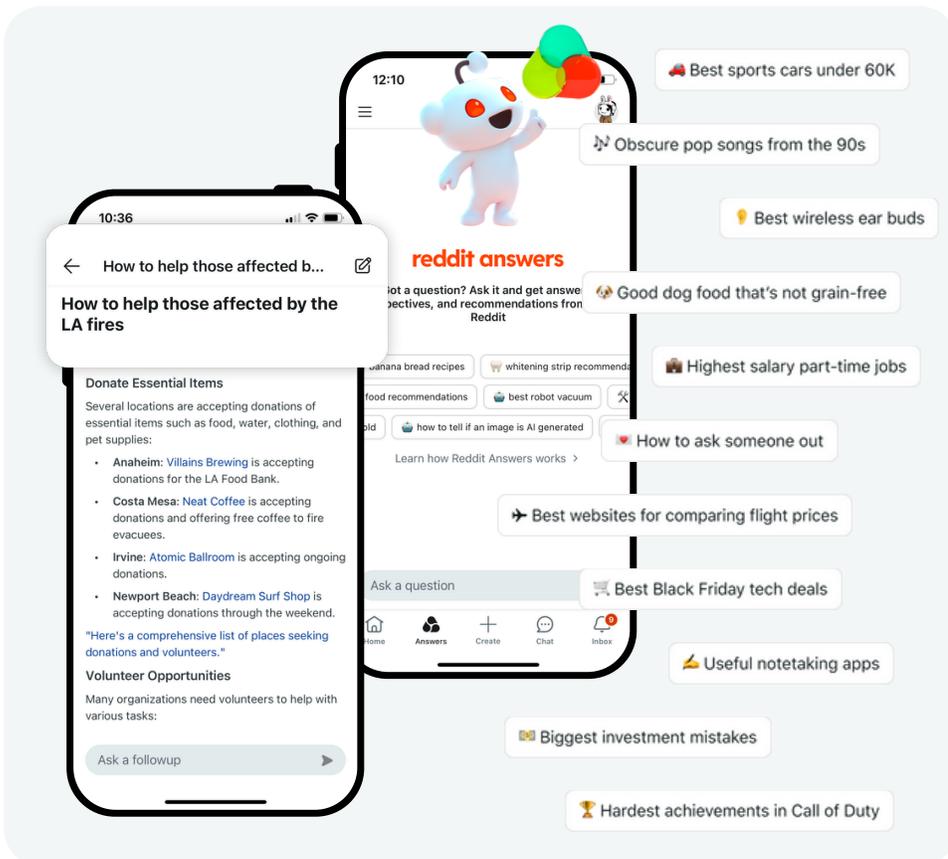
← how to make spaghetti sauce ✎

how to make spaghetti sauce

Making a delicious spaghetti sauce can be simple or complex, depending on your preferences. Here are some popular methods and tips from Redditors to help you create a fantastic sauce:

Basic Tomato Sauce

- **Ingredients:** Olive oil, onion, garlic, crushed tomatoes, tomato paste, salt, pepper, oregano, basil.
- **Method:** Sauté onion and garlic in olive oil until soft. Add crushed tomatoes and tomato paste. Season with salt, pepper, oregano, and basil. Simmer for at least 30 minutes. "[Saute a salted onion in olive oil with however much garlic you want... Add a large amount of crushed tomatoes and a large amount of...](#)"



Advertising & monetization highlights

- Our strategy is to be a multi-objective advertising platform and deliver value across all objectives for advertisers
- We made meaningful progress in our ad tech solutions and drove positive outcomes for advertisers with investments in Reddit-unique offerings, automation to drive performance and adoption, and measurement tools including conversions API (“CAPI”)

Ad-tech investments

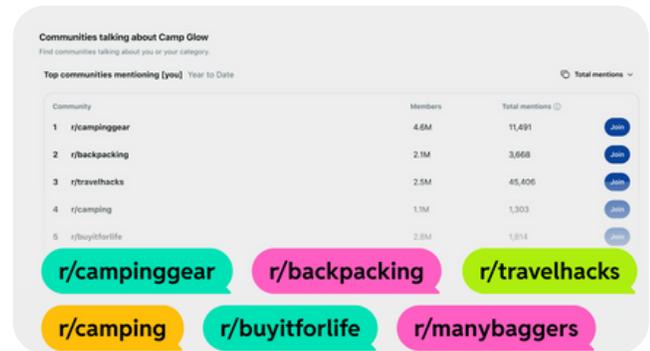
Reddit-Unique Advertiser Offerings

- People come to Reddit to search for authentic, human perspectives within the communities and conversations on the platform
- **Reddit-unique** ad units - including the recently expanded **Conversation ads** and newly launched **Ask Me Anything@ (AMA) ads** - leverage the context of communities and conversations to drive ad performance
- **Reddit Pro** helps businesses establish and grow an organic presence on Reddit. With our newest feature - **Trends** - businesses can track how keywords and phrases are being discussed on the platform so they can better engage with their target audience

Automation & AI

- **Automation** and **Gen-AI** help advertisers run more efficient campaigns and drive performance with mid- and lower- funnel objectives, including **clicks**, **conversions**, and **shopping**
- Automation powers dynamic campaign creation, predictive insights, and adoption for mid-market and SMB advertisers
- Improvements to **targeting** and **delivery models** deliver the right ad in the right place, and with **auto-bidding** and **conversion optimizations**, advertisers are getting more **performance** and **returns** from their campaigns

Reddit Pro Trends dashboard



↑ 12% Reddit Pro Trends led to 12% more posts created by participating brands*

Sephora activated their first AMA on Reddit and were an early beta tester for the AMA Ad format

AMA ads make it easier for Redditors to discover brand-hosted AMA sessions and allow advertisers to promote them directly from the Ads Manager

Driving outcomes for advertisers

Conversion Volume
In Q4, we saw strength across the full-funnel, particularly in the lower funnel, where Reddit conversations are driving conversions

2x
Conversion volume H2 '24 vs. H1 '24 growth

CAPI Adoption
We are driving CAPI adoption and saw a 3x increase in conversion revenue covered by CAPI in H2 '24 Y/Y

25%
Reduction in cost per action when advertisers adopt CAPI + Pixel vs. Pixel only

Advertiser Return
In a study conducted by Transunion, Reddit ads returned over \$20 in incremental ROAS for every dollar invested on the platform

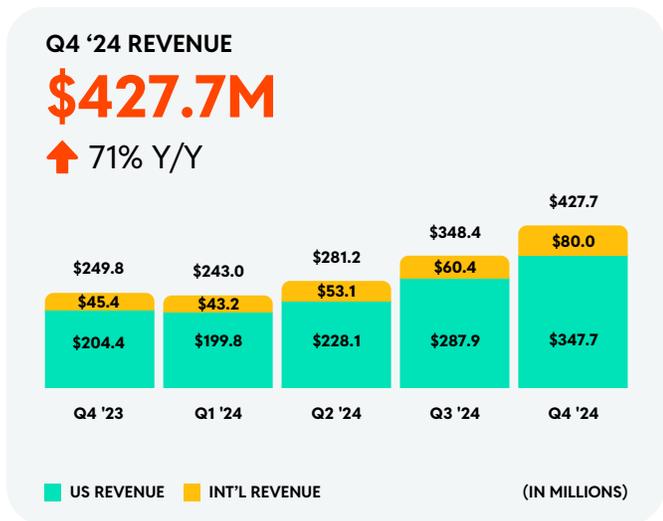
\$20
Returned for every dollar invested**

* Internal data, December 2024 based on initial 2.5 week measurement period
** Based on data from June 2023-June 2024.

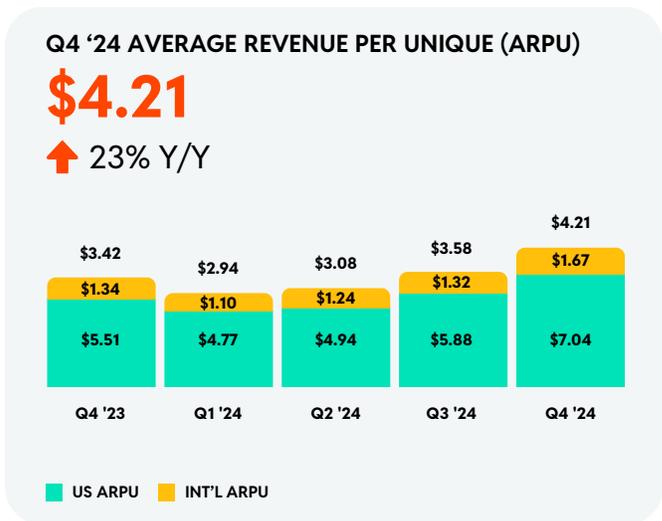
Financial highlights

Fourth Quarter 2024

- ✓ Differentiated revenue growth
- ✓ Industry-leading gross margins
- ✓ Profitability on a GAAP basis
- ✓ Fourth consecutive quarter of positive operating cash flow
- ✓ Positive Adjusted EBITDA¹
- ✓ Disciplined share count dilution



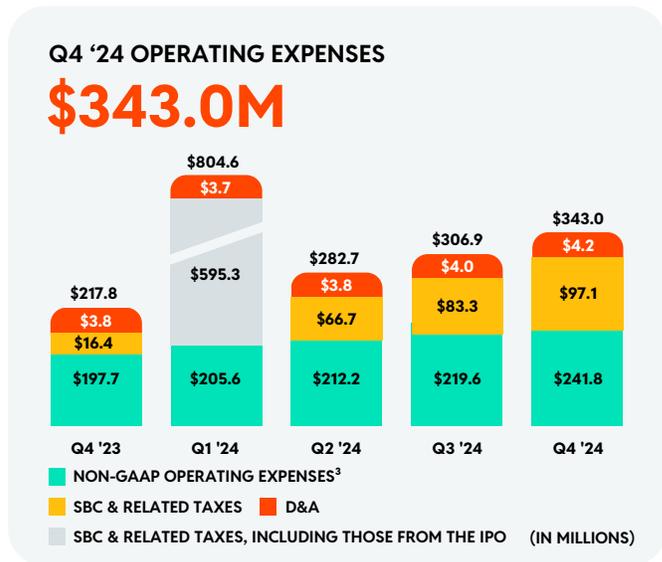
Total revenue was \$427.7 million, an increase of 71% year-over-year



ARPU was \$4.21, an increase of 23% year-over-year



Gross profit was \$395.9 million, or a gross margin of 92.6%, an expansion of 420 bps from a gross margin of 88.4% in the prior year



Total GAAP operating expenses were \$343.0 million and total non-GAAP operating expenses were \$241.8 million

Q4 '24 NET INCOME (LOSS)

\$71.0M

↑ 17% MARGIN



(IN MILLIONS)

Net income was \$71.0 million, or a net margin of 17%, an increase of \$52.5 million from the prior year

Q4 '24 ADJUSTED EBITDA¹

\$154.3M

↑ 36% MARGIN

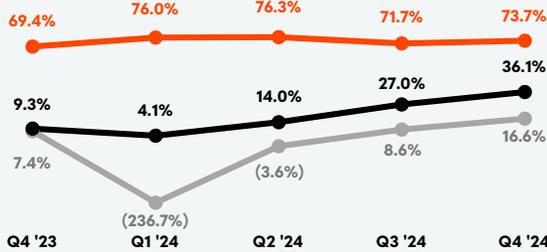


(IN MILLIONS)

Adjusted EBITDA¹ was \$154.3 million, or a margin of 36%, an increase of \$131.1 million from the prior year

Q4 '24 NON-GAAP INCREMENTAL ADJ. EBITDA¹ Y/Y MARGIN

73.7%

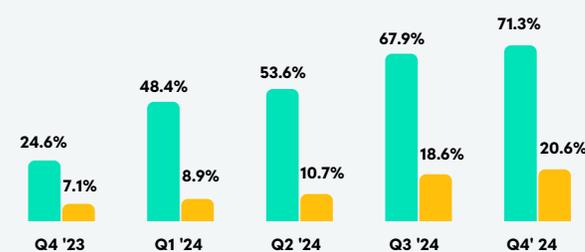


■ NET INCOME MARGIN ■ ADJ. EBITDA MARGIN ■ NON-GAAP INCR. ADJ. EBITDA¹ Y/Y MARGIN

Over 70% year-over-year incremental Adjusted EBITDA¹ margin for the fourth consecutive quarter

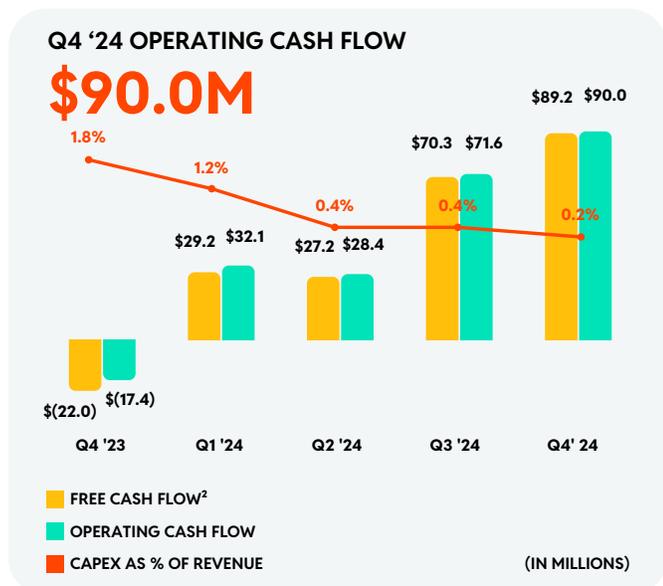
Q4 '24 REVENUE Y/Y GROWTH VS. NON-GAAP TOTAL COSTS³ Y/Y GROWTH

3.5x



■ REVENUE Y/Y GROWTH ■ NON-GAAP TOTAL COSTS³ Y/Y GROWTH

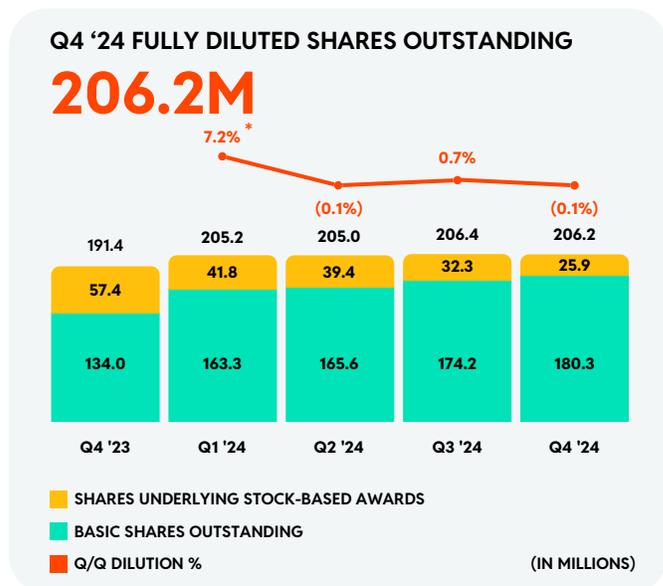
Total revenue grew 3.5 times as fast as total adjusted costs and expenses³ year-over-year



Operating cash flow was \$90.0 million, an increase of \$107.4 million year-over-year

Free Cash Flow² was \$89.2 million, an increase of \$111.2 million year-over-year

Capital expenditures were \$0.8 million, or about 0.2% of revenue



Q4 fully diluted shares outstanding was 206 million, down 0.1% sequentially

* Sequential dilution excluding impact from IPO (representing only dilution from employee grants) was 0.6%.

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 first quarter.

In the first quarter of 2025, we estimate:

- Revenue in the range of \$360 million to \$370 million
- Adjusted EBITDA⁴ in the range of \$80 million to \$90 million

Q1 '25 REVENUE

\$360M-\$370M

Q1 '25 ADJUSTED EBITDA

\$80M-\$90M

Earnings conference call & community update

Reddit will host a conference call to discuss the results for the fourth quarter of 2024 on February 12, 2025, 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](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 at [r/RDDT](https://www.reddit.com/r/RDDT) on February 12, 2025, and post responses following the earnings call at Reddit's Investor Relations website at <https://investor.redditinc.com> and investor relations subreddit [r/RDDT](https://www.reddit.com/r/RDDT).



Steve Huffman
Co-Founder & Chief Executive Officer



Drew Vollero
Chief Financial Officer

Appendix

Notes

1. The definition of Adjusted EBITDA, Adjusted EBITDA margin, and incremental Adjusted EBITDA margin and a reconciliation of net income (loss) to Adjusted EBITDA and Adjusted EBITDA margin can be found on subsequent pages of this appendix
2. The definition of Free Cash Flow and a reconciliation of Free Cash Flow to net cash provided by (used in) operating activities can be found on subsequent pages of this appendix
3. The definition of total adjusted costs and expenses and non-GAAP operating expenses and a reconciliation of total adjusted costs and expenses and non-GAAP operating expenses to the comparable U.S. GAAP measures can be found on subsequent pages of this appendix
4. 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 101+ 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 letter 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 priorities, future financial and operating performance, including headcount strategy, breakeven performance objective, capitalization of training data, evolution of AI, international growth strategies to increase content consumption and improve local user experience, consumer product strategy with respect to growth and engagement, content licensing opportunities, GAAP and non-GAAP guidance, strategies, and expectations of growth. 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 Annual Report on Form 10-K for the year ended December 31, 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, Free Cash Flow, total adjusted costs and expenses, non-GAAP operating expense, non-GAAP research and development expense, non-GAAP sales and marketing expense, and non-GAAP general and administrative expense. 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.

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. Incremental Adjusted EBITDA margin is defined as the change in Adjusted EBITDA divided by the change in revenue over the same period. 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.

Total adjusted costs and expenses represents cost of revenue and operating expenses excluding stock-based compensation and related taxes, depreciation and amortization, and certain other non-recurring or non-cash items impacting cost of revenue and operating expenses that we do not consider indicative of our ongoing business performance. Non-GAAP operating expenses represents operating expenses excluding stock-based compensation and related taxes, depreciation and amortization, and certain other non-recurring or non-cash items impacting operating expenses that we do not consider indicative of our ongoing business performance. Non-GAAP research and development expense, non-GAAP sales and marketing expense, and non-GAAP general and administrative expense represent their respective operating expense line items excluding stock-based compensation and related taxes, depreciation and amortization, and certain other non-recurring or non-cash items. We consider adjusted costs and expenses, non-GAAP operating expense, non-GAAP research and development expense, non-GAAP sales and marketing expense, and non-GAAP general and administrative expense to be useful measures as they exclude expenses that are not reflective of our operational performance and could mask underlying trends in our business.

Investor Relations

Jesse Rose

ir@reddit.com

Media Relations

Gina Antonini

press@reddit.com

Reddit, Inc. Key Operating Metrics by Geography

(in millions, except percentages and ARPU)
(unaudited)

	Three months ended December 31,			Year ended December 31,		
	2024	2023	% Change	2024	2023	% Change
Revenue: Global	\$ 427.7	\$ 249.8	71 %	\$ 1,300.2	\$ 804.0	62 %
Revenue: U.S.	\$ 347.7	\$ 204.4	70 %	\$ 1,063.6	\$ 651.4	63 %
Revenue: International	\$ 80.0	\$ 45.4	76 %	\$ 236.6	\$ 152.6	55 %

	Three months ended December 31,		
	2024	2023	% Change
DAUq: Global	101.7	73.1	39 %
DAUq: U.S.	48.0	36.4	32 %
DAUq: International	53.7	36.7	46 %
Logged-in DAUq: Global	46.1	36.4	27 %
Logged-in DAUq: U.S.	21.9	17.7	24 %
Logged-in DAUq: International	24.2	18.7	29 %
Logged-out DAUq: Global	55.6	36.7	51 %
Logged-out DAUq: U.S.	26.1	18.7	40 %
Logged-out DAUq: International	29.5	18.0	64 %
WAUq: Global	379.4	267.5	42 %
WAUq: U.S.	172.2	131.1	31 %
WAUq: International	207.2	136.4	52 %
ARPU: Global	\$ 4.21	\$ 3.42	23 %
ARPU: U.S.	\$ 7.04	\$ 5.51	28 %
ARPU: International	\$ 1.67	\$ 1.34	25 %

Reddit, Inc. Consolidated Balance Sheets

(in thousands)
(unaudited)

	December 31,	
	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 562,092	\$ 401,176
Marketable securities	1,278,717	811,946
Accounts receivable, net	349,534	245,279
Prepaid expenses and other current assets	33,058	21,286
Total current assets	2,223,401	1,479,687
Property and equipment, net	12,652	14,946
Operating lease right-of-use assets, net	23,249	24,008
Intangible assets, net	25,424	32,147
Goodwill	42,174	26,299
Other noncurrent assets	9,695	19,380
Total assets	<u>\$ 2,336,595</u>	<u>\$ 1,596,467</u>
Liabilities, convertible preferred stock, and stockholders' equity (deficit)		
Current liabilities		
Accounts payable	\$ 45,423	\$ 46,514
Operating lease liabilities	6,137	3,707
Accrued expenses and other current liabilities	124,464	83,349
Total current liabilities	176,024	133,570
Operating lease liabilities, noncurrent	20,565	22,040
Other noncurrent liabilities	9,257	287
Total liabilities	205,846	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	3,331,546	302,820
Accumulated other comprehensive income (loss)	24	814
Accumulated deficit	(1,200,838)	(716,562)
Total stockholders' equity (deficit)	2,130,749	(412,922)
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	<u>\$ 2,336,595</u>	<u>\$ 1,596,467</u>

Reddit, Inc. Consolidated Statements of Operations

(in thousands, except share and per share amounts)
(unaudited)

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Revenue	\$ 427,707	\$ 249,750	\$ 1,300,205	\$ 804,029
Costs and expenses:				
Cost of revenue	31,845	28,917	123,595	111,011
Research and development	188,644	111,568	935,152	438,346
Sales and marketing	80,516	57,925	350,579	230,175
General and administrative	73,830	48,325	451,447	164,658
Total costs and expenses	374,835	246,735	1,860,773	944,190
Income (loss) from operations	52,872	3,015	(560,568)	(140,161)
Other income (expense), net	17,115	16,461	75,361	53,138
Income (loss) before income taxes	69,987	19,476	(485,207)	(87,023)
Income tax expense (benefit)	(1,049)	942	(931)	3,801
Net income (loss)	\$ 71,036	\$ 18,534	\$ (484,276)	\$ (90,824)
Net income (loss) per share attributable to Class A and Class B common stock				
Basic	\$ 0.40	\$ 0.30	\$ (3.33)	\$ (1.54)
Diluted	\$ 0.36	\$ —	\$ (3.33)	\$ (1.54)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders				
Basic	177,484,215	61,044,757	145,472,389	59,138,086
Diluted	199,057,762	61,044,757	145,472,389	59,138,086

Reddit, Inc. Consolidated Statements of Cash Flows

(in thousands)
(unaudited)

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Cash flows from operating activities				
Net income (loss)	\$ 71,036	\$ 18,534	\$ (484,276)	\$ (90,824)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,161	3,755	15,643	13,702
Non-cash operating lease cost	69	1,247	4,110	11,359
Amortization of premium (accretion of discount) on marketable securities, net	(11,516)	(8,547)	(43,400)	(27,442)
Stock-based compensation expense	85,114	15,623	801,646	47,598
Other adjustments	(148)	119	(4,187)	484
Changes in operating assets and liabilities:				
Accounts receivable	(65,366)	(52,601)	(104,280)	(53,318)
Prepaid expenses and other assets	(7,719)	1,777	(19,485)	3,878
Operating lease right-of-use assets and liabilities	291	(508)	(2,397)	(5,758)
Accounts payable	(17,054)	10,077	(570)	12,470
Accrued expenses and other liabilities	31,129	(6,909)	59,264	12,737
Net cash provided by (used in) operating activities	\$ 89,997	\$ (17,433)	\$ 222,068	\$ (75,114)
Cash flows from investing activities				
Purchases of property and equipment	(842)	(4,602)	(6,248)	(9,724)
Proceeds from sale of cryptocurrency	—	—	6,869	—
Purchases of marketable securities	(570,988)	(331,819)	(1,996,725)	(1,259,854)
Maturities of marketable securities	530,241	317,945	1,573,602	1,273,159
Proceeds from sale of marketable securities	—	—	—	37,538
Cash paid for acquisitions, net of cash acquired	—	—	(17,137)	—
Other investing activities	(1,508)	63	(1,048)	172
Net cash provided by (used in) investing activities	\$ (43,097)	\$ (18,413)	\$ (440,687)	\$ 41,291
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	26,039	5,843	88,972	8,428
Taxes paid related to net share settlement of restricted stock units	(26,467)	(91)	(294,573)	(4,320)
Payments of deferred offering costs	(275)	(545)	(8,775)	(1,441)
Payments of deferred consideration and holdbacks for acquisitions	—	(2,499)	(6,111)	(3,478)
Net cash provided by (used in) financing activities	\$ (703)	\$ 2,708	\$ 379,535	\$ (811)
Net increase (decrease) in cash, cash equivalents, and restricted cash	46,197	(33,138)	160,916	(34,634)
Cash, cash equivalents, and restricted cash at the beginning of the period	515,945	434,364	401,226	435,860
Cash, cash equivalents, and restricted cash at the end of the period	\$ 562,142	\$ 401,226	\$ 562,142	\$ 401,226
Cash and cash equivalents	562,092	401,176	562,092	401,176
Restricted cash	50	50	50	50
Total cash, cash equivalents, and restricted cash	\$ 562,142	\$ 401,226	\$ 562,142	\$ 401,226

Reddit, Inc. Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin

(in thousands, except percentages)
(unaudited)

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Net income (loss)	\$ 71,036	\$ 18,534	\$ (484,276)	\$ (90,824)
Add (deduct):				
Interest (income) expense, net	(20,578)	(15,316)	(78,121)	(53,281)
Income tax expense (benefit)	(1,049)	942	(931)	3,801
Depreciation and amortization	4,161	3,755	15,643	13,702
Stock-based compensation expense and related taxes	97,297	16,380	842,932	49,086
Restructuring costs ⁽¹⁾	—	—	—	8,098
Other (income) expense, net	3,463	(1,145)	2,760	143
Adjusted EBITDA	\$ 154,330	\$ 23,150	\$ 298,007	\$ (69,275)
Net margin	16.6 %	7.4 %	(37.2)%	(11.3)%
Adjusted EBITDA margin	36.1 %	9.3 %	22.9 %	(8.6)%

(1) During the year ended December 31, 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 December 31,		Year ended December 31,	
	2024	2023	2024	2023
Net cash provided by (used in) operating activities	\$ 89,997	\$ (17,433)	\$ 222,068	\$ (75,114)
Less:				
Purchases of property and equipment	(842)	(4,602)	(6,248)	(9,724)
Free Cash Flow	<u>\$ 89,155</u>	<u>\$ (22,035)</u>	<u>\$ 215,820</u>	<u>\$ (84,838)</u>

Reddit, Inc. Reconciliation of Non-GAAP Costs and Expenses

(in thousands)
(unaudited)

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Total costs and expenses	\$ 374,835	\$ 246,735	\$ 1,860,773	\$ 944,190
Less:				
Depreciation and amortization	4,161	3,755	15,643	13,702
Stock-based compensation expense and related taxes	97,297	16,380	842,932	49,086
Restructuring costs ⁽¹⁾	—	—	—	8,098
Total adjusted costs and expenses	<u>\$ 273,377</u>	<u>\$ 226,600</u>	<u>\$ 1,002,198</u>	<u>\$ 873,304</u>
Total operating expenses	\$ 342,990	\$ 217,818	\$ 1,737,178	\$ 833,179
Less:				
Depreciation and amortization	4,161	3,755	15,643	13,550
Stock-based compensation expense and related taxes	97,066	16,361	842,312	48,985
Restructuring costs ⁽¹⁾	—	—	—	8,098
Non-GAAP operating expenses	<u>\$ 241,763</u>	<u>\$ 197,702</u>	<u>\$ 879,223</u>	<u>\$ 762,546</u>
Research and development expenses	\$ 188,644	\$ 111,568	\$ 935,152	\$ 438,346
Less:				
Depreciation and amortization	2,628	2,206	9,520	8,001
Stock-based compensation expense and related taxes	60,413	5,467	464,858	24,334
Restructuring costs ⁽¹⁾	—	—	—	3,974
Non-GAAP research and development expenses	<u>\$ 125,603</u>	<u>\$ 103,895</u>	<u>\$ 460,774</u>	<u>\$ 402,037</u>
Sales and marketing expenses	\$ 80,516	\$ 57,925	\$ 350,579	\$ 230,175
Less:				
Depreciation and amortization	1,253	1,183	4,847	4,340
Stock-based compensation expense and related taxes	7,659	1,223	87,445	5,678
Restructuring costs ⁽¹⁾	—	—	—	2,081
Non-GAAP sales and marketing expenses	<u>\$ 71,604</u>	<u>\$ 55,519</u>	<u>\$ 258,287</u>	<u>\$ 218,076</u>
General and administrative expenses	\$ 73,830	\$ 48,325	\$ 451,447	\$ 164,658
Less:				
Depreciation and amortization	280	366	1,276	1,209
Stock-based compensation expense and related taxes	28,994	9,671	290,009	18,973
Restructuring costs ⁽¹⁾	—	—	—	2,043
Non-GAAP general and administrative expenses	<u>\$ 44,556</u>	<u>\$ 38,288</u>	<u>\$ 160,162</u>	<u>\$ 142,433</u>

(1) During the year ended December 31, 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.