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# Reddit Inc

Reddit Q4'25 Earnings Call

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### CORPORATE SPEAKERS:

**Jesse Rose**

*Reddit Inc; Head of Investor Relations*

**Steven Huffman**

*Reddit Inc; Co-Founder and Chief Executive Officer*

**Jennifer Wong**

*Reddit Inc; Chief Operating Officer*

**Drew Vollero**

*Reddit Inc; Chief Financial Officer*

### PARTICIPANTS:

**Ronald Josey**

*Citi; Analyst*

**Benjamin Black**

*Deutsche Bank; Analyst*

**Thomas Champion**

*Piper Sandler; Analyst*

**Justin Post**

*Bank of America; Analyst*

**John Colantuoni**

*Jefferies; Analyst*

**Richard Greenfield**

*LightShed Partners; Analyst*

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*Cannonball Research; Analyst*

**Jason Helfstein**

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**Josh Beck**

*Raymond James; Analyst*

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*B. Riley Securities; Analyst*

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**Colin Sebastian**

*Baird; Analyst*

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### PRESENTATION:

**Operator:** Good afternoon. (Operator Instructions) At this time, I would like to welcome everyone to Reddit's fourth quarter 2025 Earnings Call. (Operator Instructions) I would now like to turn the conference over to Jesse Rose, Head of Investor Relations. Jesse, you may begin your conference.

**Jesse Rose:** Thanks, Krista. Hi, everyone. Welcome to Reddit's fourth quarter and full year 2025 Earnings Call. Joining me are Steve Huffman, Reddit's Co-Founder and CEO; Jen Wong, Reddit's COO; and Drew Voller, Reddit's CFO.

I'd like to remind you that our remarks today will include forward-looking statements, and actual results may vary. Information concerning risks and other factors that could cause these results to vary is included in our SEC filings.

These forward-looking statements represent our outlook only as of the date of this call and we undertake no obligation to update any forward-looking statements. During this call we will discuss both GAAP and non-GAAP financials.

Reconciliation of GAAP to non-GAAP financials can be found in our letter to shareholders.

Our fourth quarter letter to shareholders and earnings press release are available on our investor relations website and investor relations subreddit. And now I'll turn the call over to Steve.

**Steven Huffman:** Thanks, Jesse. Hi, everyone.

Thanks for joining our Q4 earnings call. 2025 was a breakout year for Reddit. We surpassed bold targets, built real momentum across our business, and proved our unique community model at scale. We crossed \$2.2 billion in revenue, up 69% year-over-year and delivered \$530 million in net income. In Q4 alone, we welcomed over 121 million daily active users to our platform, up 19% year-over-year and over 471 million weekly active users, up 24%. None of this would be possible without our team.

Thank you, to our employees, for a phenomenal year. The momentum we're seeing across the business, especially in all three sections of our ad funnel, is the result of years of foundational work coming to life. I know we are all eager to build on this success.

The numbers tell just a small part of an important story. Reddit is at the center of a once-in-a-generation shift, and it's not a coincidence. We're now operating in a fundamentally different Internet. One shaped by opaque algorithms, generative content and growing distrust.

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Yet, amid this shift, more people are turning to Reddit. Not just to aimlessly scroll, but to connect, learn and research.

That's because Reddit is the most human place on the Internet. In a world flooded with AI slop, people are seeking real community, lived experience and trusted opinions. That's Reddit's differentiator.

To put it simply, more people than ever are coming to Reddit because Reddit is for everyone.

One of the main reasons Reddit is the go-to place for community is the candor of our conversations. This authenticity is rare, and it's what makes conversations on Reddit uniquely helpful and influential. But in the age of AI, if you can't easily distinguish a real person's thoughts or recommendation from a bot, that trust erodes. That's why we're actively working on ways to preserve our authenticity and conversation quality. This begins the launch of verified profiles for brands and individuals in Q4 and will quickly move to bot verification and labeling next. We're making good progress here and are excited to share more updates in the coming weeks.

Our consumer product work remains a top priority, particularly driving user growth, retention and deeper engagement through more seamless experiences. Two areas of especially high priority are improving new user onboarding and integrating our search interfaces. Let's dig into how these are going.

On the onboarding side, we deployed numerous experiments in Q4. We're actively iterating on these learnings and working fast to improve retention for new and casual users. That retention supports growth, engagement, monetization and more effective marketing.

Next, search. In Q4, we made significant progress in unifying our core search with Reddit Answers, our AI-powered search feature. Together, they drove more search volume queries per user with over 80 million people searching directly on Reddit every week in Q4, up from 60 million just a year ago. We released Reddit answers in five new languages with more on the way, and are piloting dynamic, agentic search results that include media beyond text. Reddit is already where people go to find things; making our platform an end-to-end search destination is how we meet that demand.

As the industry evolves, how we think about our product and users must evolve too. We've historically reported logged in vs. logged out users, but as some of our work to streamline onboarding—instant personalization, for example—blurs the line between these states, the distinction between them makes less sense. As such, we plan to phase out reporting on logged-in and logged-out later this year.

In 2026, we're focused on making Reddit faster, more relevant and more accessible to everyone, everywhere. A big part of this effort is improving feed relevancy, using AI and

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machine learning to make Reddit feel more personalized and useful from the second you open the app. These are high-impact investments that help shape how new users experience Reddit and how often they return. I'm encouraged by the team's focus and velocity and I'm confident we'll feel the impact of the work this year.

To rise to this occasion, we're leveling up our execution, and that starts with leadership.

I'm thrilled to welcome Maria Angelidou-Smith as our new Chief Product Officer. She brings a solid track record in scaling product organizations and is already helping us move faster and focus on the highest impact areas for users and growth. I have full confidence that Maria will be a great partner to the business and significantly up-level our pace and quality of results.

We're seeing strong commercial momentum right now and are confident in where we're headed. We have a special business model that is generating a lot of cash, which is why we're excited to announce a \$1 billion share repurchase program today. It's a testament to our growth and our commitment to delivering for our shareholders as we continue to invest in the business.

Our work ahead is ambitious, and that's by design. We have the right team, the right roadmap and the right moment. Now it's about execution.

As always, thank you to our employees, communities, partners and investors for being a part of this journey. With that, I'll pass it to Jen to share more about the business.

**Jennifer Wong:** Thanks, Steve. Hello, everyone. It was a strong quarter and finish to the year for Reddit.

Our unique community proposition and ad platform investments continue to drive differentiated growth and positive outcomes for our advertisers and partners. Total revenue in Q4 grew 70% year-over-year to \$726 million.

And for the full year, revenue grew 69% year-over-year to \$2.2 billion. In Q4, the advertising business grew 75% year-over-year to \$690 million, driven by broad-based strength across objectives, channels, verticals and regions.

Four revenue drivers fueled our growth. First, performance ads outperformed and revenue from lower funnel objectives such as purchase conversions and app installs doubled year-over-year, as we see the benefits of our investments in ML and new ad formats like shopping ads start to pay off.

Second, we saw strength across channels with year-over-year growth ranging from mid-to-high double digits within both our large customer segment and scaled segment which includes mid-market and SMBs. SMB revenue doubled year-over-year.

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Third, we saw broad strength across verticals. 11 out of our top 15 verticals grew revenue by 50% or more year-over-year, led by retail, pharma, financial services and tech.

And fourth, we saw strength across geographies. U.S. revenue grew 68% and international revenue grew 78% year-over-year.

Our ML and signals optimization efforts are making every impression work harder. In Q4, impression growth was the main driver of revenue growth, while pricing grew year-over-year as we delivered more outcomes and efficiency for advertisers.

We also continue to expand our advertiser base. Total active advertiser count grew by over 75% year-over-year in Q4, as we added new accounts across all channels including large, mid-market, and SMBs.

Now moving to our ad stack. Our strategy is focused on making all businesses successful on Reddit, by one, driving performance of our ad solutions across the funnel, two, improving usability for advertisers and productivity of our sales force through automation, and three, offering advertisers Reddit-unique solutions and ad formats.

We made meaningful progress against each of these areas in Q4.

First, our investments in ML, signals, and models are driving efficiency for advertisers to bring more outcomes and lower cost per action. In Q4, click volume in the mid-funnel grew over 60% and lower funnel conversion volume doubled year-over-year.

One example of our optimization improvements was our Q4 beta launch of Campaign Budget Optimization (CBO) for the mid-funnel traffic objective. CBO dynamically allocates budgets and reduces manual adjustments to maximize performance and lower cost-per-click for advertisers.

Our shopping solutions, Dynamic Product Ads, or DPA, emerged as a lower-funnel driver in Q4, fueled by strong performance during the Black Friday and Cyber Monday period. While we are still early in our shopping ads journey, we are growing advertiser adoption and improving performance.

Since last year, enhancements to our shopping ad ML models delivered over 75% improvement in advertiser ROAS.

To strengthen our lower funnel strategy, we continue to make it easier for businesses of all sizes to adopt our measurement tools – including Pixel and Conversion API (CAPI).

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In Q4, CAPI-covered conversion revenue tripled year-over-year, like it has done each quarter in 2025.

Second, improving usability for advertisers and productivity of our sales force through automation.

At CES, we announced the public beta launch of Reddit Max campaigns, our AI-powered campaign platform that uses Reddit Community Intelligence to optimize performance for middle and lower funnel objectives.

In testing, Max campaigns delivered an average 17% CPA reduction and a 27% conversion volume lift, validating it as a performance driver for our partners.

We're encouraged by this progress and believe Reddit Max campaigns can be a powerful tool to unlock performance, make it easier to onboard new customers and deliver valuable business insights for advertisers from large brands to SMBs.

Third, offering advertisers Reddit-unique solutions and ad formats.

We continue to grow our suite of Reddit-unique ad products and high-engagement formats including Free-Form, AMA, and Conversation Summary add-ons.

In Q4, we launched Interactive Ads to beta through our partnership with Paramount to promote their movie, Running Man, and debuted Reminder Ads to beta which is a tool for advertisers to drive performance and engagement around product launches and events including live streams and AMAs.

To expand our Reddit Pro tools, we launched verified profiles that empower businesses and professional entities to build trusted identities and relationships with their audience on Reddit.

For example, global brands ask Reddit communities for product reviews and feedback, and then they use that as a foundation for their marketing campaigns. Early results from verified profile tests show that verification helps drive content creation and community trust – verified users post over 10% more in their first week, and generate more consumer engagement.

Now looking ahead, we believe we are well positioned for 2026 and our ad strategy this year will be focused on a few key themes.

The first is scaling automation through our ads manager in Reddit Max. We plan to use Reddit Max as a foundation to streamline advertiser onboarding, particularly for smaller customers, and enable them to leverage the AI-power tools and automation to simplify campaign creation (from setup to creative) and augment performance (from optimization to campaign insights).

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And through 2026, we plan to expand access and build automation that leverages Reddit's 24 billion posts and comments, turning them into powerful signals to drive further improvements in ad performance.

The second theme is delivering more advertiser value across the full funnel. In the upper funnel, we'll drive more outcomes and efficiency with our investments in brand autobidding and video view objectives. In the lower funnel, we have a lot of headroom to scale our ML models and drive more outcomes and performance.

For shopping ads or DPA, we're improving relevancy and ad formats to improve advertiser ROAS and the user experience. And for App Ads, we're optimizing the ads to drive more in-app actions that can translate into higher lifetime value users.

We're also expanding our measurement capabilities including first-party measurement tools, third-party partnerships and enhanced attribution capabilities to show Reddit's impact.

The third theme is expanding the Reddit for Business Ecosystem.

Our strategy is to build partnerships around our Reddit unique community insights and tools to expand our connections to global brands and businesses. Building on our API partnerships with Smartly and WooCommerce, we are expanding our partner ecosystem to scale audience reach, creative automation, and full-funnel measurement.

And finally, as more businesses leverage Reddit as a signal for the ever-evolving consumer intent, AI-powered insights from Reddit Community Intelligence can accelerate how brands turn community conversation into actionable media strategies, facilitating faster product feedback and more strategic customer relationships.

Overall, I'm incredibly proud of the progress this year. As we turn our attention to 2026, we're excited about the opportunities ahead for Reddit. Thank you for joining us and for your continued support. Now I'll turn the call over Drew.

**Drew Vollero:** Thank you, Jen. And good afternoon, everyone. Q4 was a solid finish to a standout year for Reddit. Both the strength and the consistency of our results continue to shine. These strong results included:

First, total Q4 revenues grew 70% year-over-year. That's a particularly solid result given the tougher comp of 71% in Q4 of 2024.

Second, profitability hit a new high with net income reaching \$252 million, 35% of revenue. And adjusted EBITDA hit \$327 million, 45% of revenue, making us a rule of 115% company this



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quarter, also a high. Diluted EPS reached \$1.24, up more than 3X from 2024.

Third, for the first time free cash flow crossed a quarter of a billion dollars in a quarter, reaching \$264 million in Q4. Free cash flow was 36% of revenue this quarter.

The consistency of the results is also worthy of review. First, Q4 was Reddit's sixth consecutive quarter of over 60% revenue growth. Next, it was also Reddit's sixth consecutive quarter of 90% gross margins. Third, stock-based compensation expense was below 20% of revenue for the third consecutive quarter, hitting 13% in Q4. It was nice to see negative dilution for the year with total shares outstanding falling slightly to \$206.1 million, well below our medium-term dilution guide of 1% to 3%.

These strong and consistent results enabled our business to scale successfully in 2025.

On a full year basis, 2025 revenues were \$2.2 billion, up 69% and gross margins were 91.2%, up 70 basis points. Total adjusted costs grew 35% for the year, about half the rate of revenue growth. Full year net income was \$530 million, 24% of revenue, and adjusted EBITDA was \$845 million at 38% margin. Reddit's incremental adjusted EBITDA margins for the year were 60%. Full year free cash flow was \$684 million, more than triple 2024. Diluted earnings per share reached \$2.62, up from a loss last year.

I'll now provide more color on our Q4 results.

Q4 revenues of \$726 million grew 70% year-over-year, driven by a ramp in ad revenue which grew 75% in Q4 to \$690 million, as we saw broad-based strength across all three sections of the ad funnel.

Other revenue which includes revenue from our content licensing business, reached \$36 million, up 8%. U.S. revenues were up 68%, International revenues were up 78%. Average revenue per user or ARPU grew 42% year-over-year to \$5.98.

Moving to expenses. Our Q4 total adjusted costs, which included both our adjusted cost of revenue and adjusted OpEx were \$399 million in Q4, up 46% year-over-year. The expense growth rate was slightly elevated from the prior two quarters, which had averaged about 38%, and the full year where costs were up 35%.

Now building on that thought, the main cost driver continues to be operating expenses which on an adjusted basis were \$340 million in Q4, about 85% of total adjusted expenses. Adjusted OpEx costs grew 41%, driven by investments in two areas: hiring and marketing.

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On hiring, our pace was similar to prior quarters. The company ended with 2,555 total headcount, up 14% versus last year and up about 3% sequentially from Q3, the same pace as the prior quarters.

In Q4, we added slightly less than 70 net people, with hires continuing to be focused on revenue-generating functions. Our ROI from sales and ad tech investments remain strong, multiples of the cost. G&A headcount was lower than last year and about the same as year-end 2023 as we continue to leverage back of house resources.

And secondly, on marketing, we invested more this quarter. The spend was in the mid-single digits as a percentage of Q4 revenues. We targeted our spend in two areas, user marketing and brand marketing, to drive traffic and awareness.

On user marketing, spend levels were sequentially higher than in Q3, driven by increases in volume and price. Price increases were driven by both seasonality as media costs rose in Q4 versus Q3, and geography, as most of the spends were targeted in the U.S. market.

On the brand side, we launched new audience campaigns focused in areas like parenting, entertainment, and sports which had some encouraging results, but there's more to do.

So rounding out Q4 with a few more numbers, Reddit remains capital light. We continue to benefit from AI in many ways without the AI costs. CapEx was \$3 million.

We ended the year with a strong cash and liquidity position. Cash and cash equivalents on the balance sheet ended at nearly \$2.5 billion, up \$250 million sequentially and over \$630 million from last year.

So that covers Q4 and the full year results. Let me speak to a couple of additional items.

First, earlier today we announced that our Board of Directors authorized a share repurchase program of up to \$1 billion with no set expiration date.

For many leading companies, strategic capital deployment has been an important driver of their total shareholder returns (TSR). Specifically, repurchasing shares can be an attractive incremental tool to drive TSR in the medium and long term.

For Reddit, we're proving our ability to grow durably at scale, with our inflecting profitability underscoring the attractive incremental margins inherent in our business.

As we think about our three capital allocation priorities, we will continue to prioritize investing in our core business first. Next, we'll look to do M&A where it makes sense, both tuck-ins and more scaled opportunities, looking to buy capabilities, technologies and companies.

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And third, when it makes sense, we'll repurchase shares.

Our differentiated financial profile gives us the opportunity to invest in all three priorities.

We plan to be in the market from time to time to buy shares opportunistically. We'll continue to be prudent about the financial management, targeting to keep over \$1 billion of cash on the balance sheet, consistent with our capital framework.

So switching gears to the second item. I'll now share an update on our user reporting. Big picture, we want to make sure the metrics we share align with how we're managing the business.

As you heard from Steve, our product strategy is evolving. We're focusing on making it easier for all users to engage with content on the platform and find immediate value regardless of whether a user is logged-in or logged-out. Our goal is to grow all users. As a result, the distinction of whether a user is logged-in or logged-out has become less of a management focus and less important to how we think about and manage the business.

As a result, we are updating our disclosures starting in the second half of 2026, to better reflect the metrics we use to run the business and evaluate our operating performance as we scale.

Specifically, starting with Q3 2026 disclosures, we'll continue to report the U.S. and International DAUq and WAUq numbers as we've done historically, but we will no longer report logged-in and logged-out metrics. Between now and Q3, we will continue to report logged-in and logged-out metrics for the first two quarters of 2026.

Turning now to the outlook. We'll share our internal thoughts on revenue and adjusted EBITDA for the first quarter of 2026, as well as some additional thoughts on stock-based compensation.

In the first quarter of 2026, we estimate revenue in the range of \$595 million to \$605 million, representing 52% to 54% year-over-year revenue growth, with a midpoint of about 53%.

Adjusted EBITDA in the range of \$210 million to \$220 million, representing approximately 82% to 91% year-over-year growth and an adjusted EBITDA margin of 36% at the midpoint.

The Q1 guide implies a total adjusted cost base of \$385 million which would be down sequentially to Q4 expenses.

I'll also share a thought on the full year stock-based compensation (SBC) expenses.

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SBC was \$387 million or about 18% of revenue in 2025. Similarly, in 2026, we're aiming for stock-based compensation to be in the high teens as a percentage of revenue. Similar to our historic revenue trends, we expect nominal SBC expenses to increase each quarter. We'll target dilution at the lower end of our medium-term guide of 1% to 3%.

So overall, it was a strong finish to a solid 2025 for the company, and our attention now turns to 2026 as we continue to focus on converting our leading revenue growth and high margins into meaningful cash flow and returns for our shareholders.

That concludes my comment. Let me turn the call back over to Steve.

**Steven Huffman:** Okay. Thanks, Drew. Normally here, we will take a couple of questions from the community. First, I want to acknowledge the r/redditstock community and their Earnings Call Bingo Card. I just want to confirm, I will refer to everything bad as an opportunity because that's what they are.

And Drew will use the word Corpus many times -- thank you all, love you.

Okay. Question from the community. Why do a buyback instead of putting that money towards future growth and product initiatives instead?

**Drew Vollero:** Yes. I'll take that one, Steve. I think the short answer is we can do all of our three capital priorities. That's the idea. The strategy here is really to return capital to our shareholders, and that's the right strategic decision for the company.

I think if you look at your great companies, your leading creators of total shareholder returns, it's obviously the revenue growth and the margin expansion that drives the bulk of it.

But the good companies that are the leaders in TSR for their shareholders also have capital allocation strategies.

So this is a strategic move being made by the company to return capital to the shareholders.

Our priorities haven't changed, Steve. We've got three priorities here.

First and foremost, it's investing in the business; second, it's M&A; third is share repurchase where it makes sense. I think by the numbers, we now have \$2.5 billion on the balance sheet in cash or very close to it.

We want to keep a working capital on the balance sheet as it were of about \$1 billion in cash.

So you now have an ability to do all three priorities which we haven't had before.

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Obviously the business last quarter had a terrific quarter. Cash flow was \$264 million.

What you're seeing is the model is starting to inflect and you're seeing the model really shine. CapEx for the full year for this company is under \$10 million.

So you're really seeing the model start to throw off cash.

So I think that just gives us the ability to execute on all three dimensions.

First priority, investing in the business; second priority, doing M&A where it makes sense; and then third, share repurchases will be opportunistically in the market from time to time when it makes sense.

**Jesse Rose:** Great. Thanks, Drew. Thanks, Steve, Jen. Krista, let's please open up the line for questions from the folks there.

**Operator:** (Operator Instructions) Your first question comes from Ron Josey with Citi.

**Ronald Josey:** Maybe one for Steve on product and one for Jen on Reddit Max.

So Steve, given the amount of commentary and focus on the consumer product work, I want to understand a little bit more based on what you've seen around the revamped onboarding as well as incorporating Answers on the web. Just talk about early benefits maybe on the onboarding flow change around retention.

Then on search -- integrating search with Answers -- any impact there, talk about the impact of user experience.

So that's on product.

Then, Jen, you mentioned Reddit Max used to streamline onboarding. I'd love to see how you believe that, that might roll out throughout the year. If that -- and how that channel mix might evolve across Reddit's advertisers between large, medium and SMBs.

**Steven Huffman:** Okay. Thanks, Ron. Consumer Products.

So let's start with onboarding. We shipped a bunch of stuff in Q4. Some worked, some did not, lots of learnings across the board.

I'd say that the core thesis remains the same. Streamlining that process does improve retention. I think we've got some interesting things about using LLMs to help triangulate users' interests.

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I think one other learnings, also, I think it's pretty straightforward, bringing users into the feed faster requires the feed to be better.

So we'll be making pretty good investment into ML to improve that kind of cold start feed for new users. So I think lots of opportunity there and more to come.

Then on search, yes, we did bring the search bars together for the most part. So you're on the search part, you can go in to ask. Then if you run a traditional search, it will often pop an answer there. Reddit's Answer queries, I believe, were up from 1 million to 8 million -- 15, excuse me. Thank you, Jesse. 1 million to 15 million queries over the last year and then 60 million to 80 million overall search queries.<sup>1</sup>

So we're seeing nice growth there.

Then as I mentioned in my remarks, we're going to continue to invest in Answers.

I think where this is going is we'll just handle more and more queries with Answers because it's more -- lets us respond in a more flexible way to the wide range of things that users ask.

Okay. Then, Jen, the question to you was...

**Jennifer Wong:** Yes, Reddit Max. Yes. So -- thanks for the question.

So right now we're in the process of converting our lower-funnel advertisers into Reddit Max. Obviously there are thousands of advertisers that need to be converted. That's an effort.

So that's where we're focused first, for existing customers to have that experience, they are very familiar with Reddit.

Then -- so I'd say it's still quarters out to really start to do the new onboarding of new advertisers on, because we're so focused on conversion right now.

But if I pull up, I think Reddit Max will make onboarding easier.

I think it will drive productivity and performance gains for folks coming into the lower funnel for the first time and get that -- the benefits to creative and the optimization.

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<sup>1</sup> For clarification, the figures in this paragraph represent WAUq using Reddit Answers and search. In Q4'2025, Reddit Answers reached 15 million WAUq, an increase from 1 million in Q1'2025. Additionally, 80 million WAUq searched on Reddit in Q4, up from 60 million in Q4'2024.

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So I think this is -- we think this will take out more friction and help us continue with our acquisition and growth.

**Operator:** Your next question comes from the line of Benjamin Black with Deutsche Bank.

**Benjamin Black:** Great. Steve, in the letter you spoke about Reddit being a source for humans, but I'd be curious to hear your thoughts on AI-generated content on the platform. How do you see that evolving from here?  
Could it ultimately prove additive and support engagement in certain instances?

Just interested to hear your thoughts there.

Then secondly, in a world where we're moving closer and closer to potentially going to agentic commerce, I'd love to feel and sort of -- I'd love to sort of hear how you think you're positioned, right?

I mean I can imagine the value of data your content goes up dramatically.

But how do you think about the impact to users, contribution rates and certainly the ad side of the business.

**Steven Huffman:** Thanks, Benjamin, okay. So first question, AI-generated content. How do we think about it? Could it be additive?

Well look, depending on how you look at it, right, machine translation is AI-generated content. So there's certainly a role for using AI to communicate better, right? We do that. Our users do that. I think there's also a version of this where there's a -- we see more and more of this, I think just on the internet right people write with AI. I think we're going through the transition right now my opinion, it's kind of annoying. But there's still a human behind the prompt. Then there's like a full like bot-like behavior. The latter, we don't want on Reddit. To the extent that there is automated uses of Reddit, we want those basically to be part of our developer program apps. So we do see things like this on Reddit, like the RemindMe bot and the Haiku bot and things like that.

So I think -- the answer to questions like these, for Reddit is almost always in transparency and intentionality. At the end of the day Reddit is for humans to talk to other humans. So to the extent that there's anything automated or generated, that needs to be very well labeled. But it doesn't mean we have to outlaw entirely. It just needs to be marked as what it is because there are times when it's helpful.

Okay Jen, the question to you is agentic commerce and how we think about that?

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**Jennifer Wong:** Sure. Look, I think Reddit is very well positioned for the changes, the ever-evolving consumer decision journey, and very well positioned for what's coming in agentic commerce. Reddit is the point of trusted recommendations.

It's where the human who actually have to deploy resources and make decisions is actually searching for what it is that they're interested in buying. I think the layer after that, which is when you do the price comparison and when you did the last click and the execution of that, could be commoditized, frankly, because that's where the agent will get the job done.

But the human -- the last point of decision-making of what to buy and allocating resources is at the recommendation, and Reddit has the best recommendations for products and services and that's present on Reddit and in our partnerships with LLMs.

So I think we're really well positioned because marketers are always going to want to talk to the customer and the customer is going to be the one to deploy the resources and make those decisions. That position is very, very important for all marketers, I think for any business.

**Operator:** Your next question comes from the line of Tom Champion with Piper Sandler.

**Thomas Champion:** Steve, can you talk about the monetization opportunity with logged-out users? Does removing the reporting distinction imply monetization can come closer to parity between logged-in and logged-out? And maybe you could just talk about the mechanisms to get there, if so.

**Jennifer Wong:** Thanks, Tom. I can take that.

So look, logged in users and logged out users both see ads. On an impression basis, the value of those impressions is the same. There's actually no differential between them. The real differential is around engagement.

So our strategy is to increase engagement, right? So what we want is the weekly users that we have to become daily users. We don't want having to be logged-in to be a criteria for personalization to get a better Reddit experience. That's why this change to remove the logged-in and logged-out metric because it will be blurred. It's about this creation of increasing the engagement. And as the -- when I say the logged-out user gets a more personalized experience, and increases engagement, that's where you can get more value because every impression, you'll be able to see more impressions with that engagement.

So the opportunity is in engagement via those product improvements that Steve talked about.

**Operator:** Your next question comes from the line of Justin Post with Bank of America.



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**Justin Post:** Maybe a couple. Steve, just wondering if you could talk a little bit about the AI deals with Google and OpenAI. How are they using their data? And do you think it's really growing in importance for their models? And second, you kicked it off with some comments on bots. Do you expect any user impact? Or is there any revenue opportunities around verification?

**Steven Huffman:** Okay. So on -- thanks, Justin. So on the AI deals, really, our partnerships with Google and Open AI. I think we can see the growing importance of Reddit. Reddit, per Profound, is the number one cited source in AI answers.

Our relationship with both companies are very healthy. The conversation is shifting from a purely business deal to more of a product partnership. So I think the exchange will be, we help you build the best version of your products and you help us build the best version of our products.

Specifically, what we're looking for in any relationship like this is, can we bring users into the community parts of Reddit, right? Reddit's product is human connection, it's conversation, it's communities. We want to bring users into that experience on Reddit. That, of course, generates more conversation and makes that whole kind of partnership flywheel work better. So that's where our head's at right now but both relationships are great.

On things like bots, no user impact. We remove, and have for the lifetime of this company, anything that we believe is a bot, we removed from our users before we share anything. But we do see more and more agentic usage of Reddit. Specifically, somebody might be writing a comment with ChatGPT and that sort of thing. There is a culture of labeled bots on Reddit already. So this is what I mentioned before - the RemindMe bot, the Haiku bot, some things like that. I think with the Reddit developer program, there's more opportunities to expand the functionality of Reddit. But that means that those sorts of interactions need to be well labeled.

But the default assumption on Reddit has been and should be that you're talking to humans, because that's what Reddit is for is people talking to people. The AI version of this challenge is just a new chapter in this challenge. We've seen this sort of challenge, right?

It's just spam in general, really is what we're talking about. The spam challenge has been something we've been fighting for two decades on Reddit. So this is really an evolution of that challenge which we'll continue to stay vigilant on.

**Operator:** Your next question comes from the line of John Colantuoni with Jefferies.

**John Colantuoni:** Great. Thanks for taking my questions, two. As you've seen more users engaging with Reddit Answers and search, I'm curious how you've seen that impact monetization in the near and long term with your ad products within search still at nascent stages?

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And number two, Jen, you mentioned pricing has been a driver of revenue growth. I was wondering if you could put a finer figure on how much pricing contributed to revenue? And as you think about what drove pricing, I'd be curious to get your perspective if pricing contribution will remain low or start to grow over time and how you see that impacting advertiser adoption if your pricing starts to converge with other platforms?

**Jennifer Wong:** Sure.

Okay.

So the first one was about Answers and search. There's surfaces where we don't have monetization on, but obviously is enormous market and opportunity for us. The behavior of searching both navigational and agentic, right now seems incremental and additive to the existing engagement.

And so that's great because that's an opportunity for us to have another touch point and a very specific touch point that often has a shopping, lower funnel, high-intent, converting mindset to it.

So, it's something that we're really excited about, and I think that opportunity is ahead of us, but it's incremental to our opportunity today.

The next is a question about pricing. So we don't break out impressions and pricing numerically, but it was a growth driver. What's driving pricing is our strategy, right? So our strategy is to make every impression more valuable by delivering more hard marketing outcomes per impression to our advertisers, increasing the click-through rate and response rate. So we have more traffic to advertisers for research in consideration, more conversions, more app installs, more app in-app events, right? And so that's what's driving the competition and the pricing is the value of those outcomes.

Now obviously when you increase -- when pricing increases, it's a result of the demand for those outcomes. What matters is the ROAS equation, it's the return on ad spend. So by getting a high LTV quality user, is that customer incremental to what I had. So the measurement piece becomes very important in supporting those gains.

And that's why measurement has been a big focus for us is constantly demonstrating the unique value of Reddit. You're getting incredible marketing outcomes with improving returns from all the ML and signals work, and that's actually what's driving our strategy in driving the success of the marketplace.

**Operator:** Your next question comes from the line of Rich Greenfield with LightShed Partners.

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**Richard Greenfield:** I got a couple. So first, on Reddit search, Steve, when I click on the small magnifying glass, I see the new experience where it kind of dynamically expands across the screen and they've got the ask button as an option. But search overall is still just, like, little magnifying glass in the upper right corner. I'm wondering, as you think about sort of the starting point or how you think about using the homepage real estate, specifically on the app to make it more -- especially as you've improved the search experience, and it seems like such a key part of -- in terms of the growth of usage. How do you make it more visually focused on by consumers from a homepage standpoint over the course of 2026?

Then just a follow-up on the commentary you had around Google and OpenAI in terms of like the renewal, or the how you're talking about them in terms of more of a partnership going forward. The way that these companies sort of cite, not just you, but everybody on the Internet is they paraphrase the content, and then they put a little circle with a number and you can sort of click to get more information from where the sources are. How do you -- if you could wave a magic wand around your blackboard, like what do you want it to look like so that you have a way to drive people more deeply into the Reddit conversational content?

**Steven Huffman:** Okay Rich, thanks.

On the search bar, you are in one of the variants. There's another variant, the one that I happen to be in, has a big fat search bar at the top. So you can go on the natural journey or if you want to follow up after, I can put you in the big search bar variant. But anyway we're testing lots of things there. I like the bigger one.

On Google and OpenAI, how we feel about the citations, look I think there's a lot of movement there. If I could wave a magic wand, I think what we really want is to say I go to some other platform, I say what's the best speaker. Reddit helps you get a few options for what the best speaker is. I'd like to make that user aware, hey, you can go to the r/audiophile community and talk to other speaker geeks. I think that's the sort of thing that really differentiates Reddit and would be additive to that user's experience.

But there's so much movement in both of these products. The other part of my brain, I just have some empathy for product people who are moving really, really fast. So we're in close connection with them. Relationships are healthy. Obviously there's a lot of movement there, and I expect that will continue to be. But we'll continue, I think, to evolve together through this. Thanks.

**Operator:** Your next question comes from the line of Vasily Karasyov with Cannonball Research.

**Vasily Karasyov:** I wanted to follow up on what you said earlier about the new advertising solutions across the funnel that you are launching. So it seems like brand and performance

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growth rates in '25 converged and yet in '24, performance was outgrowing brand by a lot, 2x to 3x, right? So given all the solutions you're launching, DPA, Max and so on, should we expect performance to outgrow brand again given the brand has tougher comps too? Or are there any solutions on the brand side that should upset that?

**Jennifer Wong:** Yes. Thanks for asking.

We are a full funnel solution. So that's -- Reddit delivers value for marketers from the top to the bottom of the funnel. And brand is absolutely a piece of that full funnel solution. We've actually been investing in brand as well. When I think about 2026, it's an area we'll continue investing in.

So the first is around Reddit-unique experiences. So I mentioned the interactive ads that we started to test in Q4. I think there's a nice roadmap there for high-impact engagement, engaging ad units that are Reddit-unique.

The second is, last year, we invested in video, in deeper video views and video view optimization. I think we're going to go deeper on that. For video forward advertisers, they can run campaigns on Reddit for maybe even longer video links is something we're interested in.

Then just raw optimization and automation. We want to get auto bidding adopted broadly. We're going to work on things like auto targeting. Some of those optimizations that we have at the lower funnel, we want to do for the brand experience.

Then finally, measurement is another area that's really important to us. We're going to be really focused on the MMM measurement partners and demonstrating brand value.

So yes, there'll be a working brand. Again we're a full funnel solution. We care about delivering value across every piece.

**Operator:** Your next question comes from the line of Mark Mahaney with Evercore.

Your next question comes from the line of Jason Helfstein with Oppenheimer.

**Jason Helfstein:** Jen, just can you elaborate a bit more, maybe help us understand around the progress as far as hiring, training sales and support to catch up with basically what seems like more advertiser demand than you can handle? So just, I guess how long does it take to catch up? And just, kind of, where are you in that journey? And just any other color you want to share there.

**Jennifer Wong:** Sure. Yes. I mean look, we have a process by which we continually invest in our sales force, and we continually work on their productivity as well through tools and

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technology. When we see an opportunity, I mean the ROI is so high that we'll invest behind new verticals, new geographies, expanding channels.

So something that we do, frankly, all the time there is maybe behind the question is, like, could you grow faster if you added more resources or something like that?

I think again all of this is -- there's a process by which you take these products to market and customer digestion and adoption. That's just the reality. We have -- you can see we have so much going on in our roadmap across the funnel in terms of new products and services and adoption. I think the team is doing a great job shouldering something like CAPI that doesn't drive revenue today while also servicing marketers' needs in the marketing platform.

So we really are very thoughtful about that digestion. I think six quarters of 60% growth, like we are fueling this business as much as we can, and we're always looking for opportunity to do it more. I don't know if you'd add anything, Drew.

**Drew Vollero:** No. I think that's right. I think there's a really good partnership. I think you're talking about -- are we chasing demand? I mean at times, but it's really about the enablers, like we've really got to work cross-functionally. But Jen and I are looking at it. We're meeting multiple times a month on this very topic. When we see an opportunity, I mean it really behooves us to go and make investments, especially with the margin profile that we have here.

It's really easy to make these investments. It's getting 3x to 6x our return out in one calendar year, like you can really -- and I love the fact that it's immediate returns and easy to track. You added this account or you can see the sales in this geography or vertical. So, anyway, we're really pleased with it. It's really the enablers and sometimes the enablers in our control and sometimes we're waiting for customers on some of the enablers.

**Operator:** Your next question comes from the line of Josh Beck with Raymond James.

**Josh Beck:** I wanted to ask a little bit about the large advertiser category, kind of where you are with respect to wallet share and kind of how much headroom you think there is with some of these large advertisers? Obviously you're having great momentum bringing on a bunch of advertisers kind of interested in that segment specifically.

Then with respect to the outlook for Q1, I think going back to last quarter, you erred a little bit conservative because of some of the tariff dynamics. Is there anything to be mindful of just with respect to the broader environment relative to Q1?

**Jennifer Wong:** Sure. I can take the first one on the large customers. So from a share perspective, I think that there's opportunity to go deeper with these partners when I look at it.

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Some often start with us in the U.S. territory but can become global partners, and some are just still mid-flight in that journey. I think the other is some of these large customers, they have like a portfolio of 100 different brands, and we still haven't penetrated all those brands. It's still in the minority percentage that we've covered at this point. So there's a lot more ground to cover in terms of the LOBs and the lines of business.

Then finally, I'll say we -- with the large customers, we've typically started at the top of the funnel. In a lot of cases, and the opportunity is to move into the lower funnel. A lot of the lower funnel group is actually fueled by the Scaled segment, more and more by the large customer segment, but that's still an opportunity for us.

Some of the reasons why it's just because laying down CAPI and some of that infrastructure for a lower funnel just takes a little longer with larger advertisers. We're making good progress, but there's still headroom there.

So I mean these advertisers are massive. We're still, I think, scratching the surface in terms of our opportunity, given the footprint of Reddit that keeps growing 20% year-over-year when we settle.

**Drew Vollero:** Josh, on the guide, let me give you a couple of, kind of, pieces of information. Let me specifically address your question, like, what's different, is there anything different in the first quarter?

Look, I think the guide that we gave for this quarter, up 52% to 54%, very similar to the last couple of quarters. We've been in the kind of the low to mid-50% range in Q3 and Q4. So very similar kind of profile on the guide. I think to double-click on the quarter itself is, we were pretty strong from start to finish in Q4, like we had a good October, we had a good November, we had a good December. Like it was a good quarter for us. So we end with momentum in the business.

I think on the margin, we're still -- on the forecasting side, we're still entering the quarter with work to do. We still have 40% to 50% of our orders to write in quarter. I think specifically to your question, in the first quarter, your business comes a little bit later. March tends to be your biggest month. So you got to make March happen and that for us in a lot of cases, can happen intra-quarter. That's really the only dynamic on the margin.

But overall, very similar guide to the last couple of quarters, and there was momentum as we were leaving the fourth quarter kind of toward the holiday season. Does that make sense?

**Operator:** Your next question comes from the line of Naved Khan with B. Riley Securities.

**Naved Khan:** I have a two-part question, if I may.

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So maybe just on the user marketing, I'm curious how you're looking at the ROI on the user marketing spend? And what are your thoughts on scaling this further as we enter 2026?

Then the other question I had is just on the M&A. Drew, you mentioned it includes even scaled acquisition, scaled capabilities and I'm just thinking what these might be, so any color would be helpful.

**Drew Vollero:** Sure. Let me take that.

On the ROI side, I mean pretty consistent with how others are modeling it. We're looking at the costs for particular advertising. Then we're looking at the users that we're bringing in and then we're looking at a retention curve. Pretty similar to, I think how other companies look at it. I think the longevity of our model tends to be a little kinder than most because of the high gross margins that a user can bring here at Reddit.

But overall, pretty linear model, really valuing on sort of the income statement basis, what's the value that it creates and a pretty straightforward ROI payback in a relatively short period of time.

So not a whole lot different than most of the other models that you may see in the business. I think we do have a little bit of an advantage because of the high gross margins. So the revenues that we are able to bring in with a user do give us a little bit better ability to pay back.

Okay. On the second one, on the M&A side, look, what I'm trying to say there is we continue to look at a lot of opportunities. I probably wouldn't overthink the scaled opportunities. I would just look at it as sort of a spectrum of opportunities. We're looking at capabilities. We're looking at companies, looking at technologies. I think we've been successful here tucking in a number of technologies. It actually kind of relates to Jason's question a couple of minutes ago. It's really been one of the secrets of our success on the revenue side. The ad tech team has done an outstanding job. And how they've been able to really kind of drive our business. One of the ways is they tuck-in technologies rather than build it themselves, saves us six months to market, saves us 12 months to market and you have a proven product.

So we have been able to kind of tuck things in successfully, particularly on the ad tech side, that's really helped us in the monetization journey. I would say that's really been the primary focus of where we are today but we're not ruling anything off the table. That's why I mentioned the scale in the setup.

**Operator:** Your next question comes from the line of Andrew Boone with Citizens.

**Andrew Boone:** Jen, I wanted to ask about your shopping ads. What do you need to do from either a tool or an ad format perspective to grow that vertical faster?

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Then, Steve, going back to seekers and some of the generative AI tools that are now available, can you flesh out what your view is or what the experiences that you're trying to build in terms of people coming to Reddit and looking for XYZ?

**Jennifer Wong:** Sure, I can take the first one on DPA.

So I think that we have been -- our product today is competitive, certainly with like, say tier two peers pretty consistently, both on a prospecting and retargeting basis.

But when you think about tier one companies, I think we want to do more work on ML in terms of the signals that I think can improve our ROAS to be even more competitive. I mean shopping is a pretty numerical return exercise. But we are quite competitive today with -- very quickly, we only released it in April, with a number of peers, and that's allowed us to grow shopping.

The second piece is just raw work on adoption. So with shopping, you have to get product feeds if you want CAPI because you want that real-time signal. So there's a little -- there's definitely more work in the setup for our sales team that we are -- the team is doing a really good job working through but they're just working through the customer list. You saw our strong growth in retail - that's fueled by the success we've been seeing in DPA. Now, it's very early. There's a lot more advertisers and a lot more opportunity there but it gives you a sense of like, I think of DPA's possibility.

**Steven Huffman:** Okay. And for search, we spent most of last year talking about, how do we unify these two search experiences: the traditional search on Reddit and then the GenAI search.

I think the main thing that we've learned is that the GenAI search results, I think will just be better for most queries. There's a type of query there, I think we're particularly good at, I would argue the best on the Internet, which is questions that have no answers -- where the answer actually is multiple perspectives from lots of people, right? What should I watch? Where should I go? What's the best XYZ? I think Reddit is really great at this.

When we thought about traditional search, it's more like navigation, take me to this topic to the subreddit. But we're actually finding that the LLM search results is, in many cases, better for this as well. So that's the direction we're going.

Search WAU in the last year is up 30% from 60 million to 80 million. The Answers WAU, so the LLM search, went from 1 million in Q1, 7 million last quarter, 15 million this quarter. So we're seeing a lot of growth there.

I think there's a lot of potential. The other thing I mentioned in my script is where the LLM answer is mostly in text now, we'll start making those responses more media rich as well.



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So one of the primary use cases, I think there's three use cases that people come to Reddit for, one of the primary ones is searching, but the other is being for the feed or for the community experience. But search is a big one, and we see a ton of opportunity there.

**Operator:** We have time for one more question, and that question comes from the line of Colin Sebastian with Baird.

**Colin Sebastian:** Appreciate the questions. We're hearing that Reddit is sort of evolving as a gateway for brands that want to surface more consistently in LLMs. If you agree with that, does that create a pathway for more of those companies to also experiment with ads on the platform?

Then secondly, maybe, Jen, do you see an opportunity to shift the perception that some advertisers still have of Reddit as more of a niche content platform rather than an essential full-funnel opportunity? Is there marketing or outreach you can do to sort of help the market catch up?

**Steven Huffman:** Thanks, Colin. Jen and I are going to try to take the -- we'll tag team the first one together.

So it's really interesting when -- when I talk to customers, so brands, increasingly, we've seen a steady increase over the years of first, what is Reddit? Okay. What is community? Okay. I get it. How do I show up well? To now, they're like, I have to be on Reddit, and I have to show up in the right way. I want a way to do this, not just as a paid customer, but organically, right? I want to provide great customer service. I want to get my content there. Because increasingly, they realize that the best way to do well in external search, to show up in LLMs, is to show up well on Reddit. So we're actually starting to see a shift in their thinking. Multiple brands told me, we're reorganizing our social media team to be the Reddit team. So they're really starting to appreciate the differences with Reddit and the opportunity that it brings.

Of course I think if they can have great organic experiences which we're trying to help them with, this is our Reddit Pro line of work. So the profiles, the official accounts, the labeled accounts, even some of that app and bot labeling that I was talking about before, are all ways to allow brands to show up as first-class citizens, well labeled and intentional. Of course this, we believe, will open the gateway for the customer relationship as well.

**Jennifer Wong:** The only thing I'll add to that is, I think, I think marketers really -- they do -- they are -- they do understand that the reason why Reddit is so valued for its recommendations and LLM because LLMs don't know anything unless it's from humans and Reddit has the best answers and recommendations.

I think their perspective is, yes, they would love that, but obviously no one knows what comes out on an LLM until it does.

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But the opportunity on Reddit where all that human conversation is happening, is the opportunity in front of them today to engage that audience and set a conversation with them through our marketing platform. That is the best way to do it and to take advantage of marketing outcomes with that very influential audience today. So that is -- yes, it's a part of the conversations we have.

The second part is, I think you asked about Reddit appearing niche. This is one of those myths that we always try to myth bust on Reddit because we show up as 100,000 communities that cover every topic on the planet. But when you put it all together, we're over half a billion monthly and we're 120 million daily. So it all adds up to a very large at-scale audience. It is constant education to remind people of that and -- because we can show up with those communities that can seem so niche.

I think the other piece we'll be doing is, as we build on our community insights and tools, we're going to be bringing that closer to our ads manager so that there's a nice connection between the insights the audience that you see and the volumes that you can actually touch on Reddit and engage with and then the opportunity in the marketing platform.

So we want to bring that all together a little bit more so that volume and that scale is a little more present in the insights.

**Jesse Rose:** Great. Krista, I think we'll end the call there. I just want to thank everyone for joining and look forward to speaking again soon.

**Steve Huffman:** Thanks all. Bye bye.

**Operator:** This concludes Reddit's fourth quarter 2025 Earnings Call. You may now disconnect.