



## Equity Research Division

### Reddit Inc

Community-driven social media platform

**Target Price: \$76.15**

Current Price: \$118.79

*Downside Potential: -35.9%*

**Recommendation: SELL**

Vienna, 18<sup>th</sup> June 2025

# Team Overview

## Equity Research



**Julia  
Bauer**

**Team Head**

- Equity Story
- Task Distribution



B.A. (Lauder) –  
6th Sem.



**Norbert  
Stegner**

**Associate**

- Valuation
- Financial Analysis



MSc. (WU) –  
4th Sem.



**Juliane  
Freund**

**Associate**

- Valuation
- Market



BSc. (WU) – 6th  
Sem.



**Elisa  
Kuhnert**

**Associate**

- CCA
- Peer Analysis
- Legal Implications



BSc. (WU) – 4th  
Sem.  
LL.B. (Uni Wien)  
– 4th Sem.



**Luka  
Nikodic**

**Fellow-Analyst**

- Financial Analysis
- Peer Analysis



Bsc. (WU) – 4th  
Sem.



**Emilia  
Hackl**

**Fellow-Analyst**

- Strategy



MSc. (WU) – 4th  
Sem.  
LL.B. (WU) – 2nd  
Sem.



**Sebastian  
Riegler**

**Fellow-Analyst**

- Company Overview
- CCA



BSc. (WU) – 6th  
Semester



**Maximilian  
Schätzle**

**Fellow-Analyst**

- Business Model



BSc. (WU) – 4th  
Sem.

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# Share Price Performance

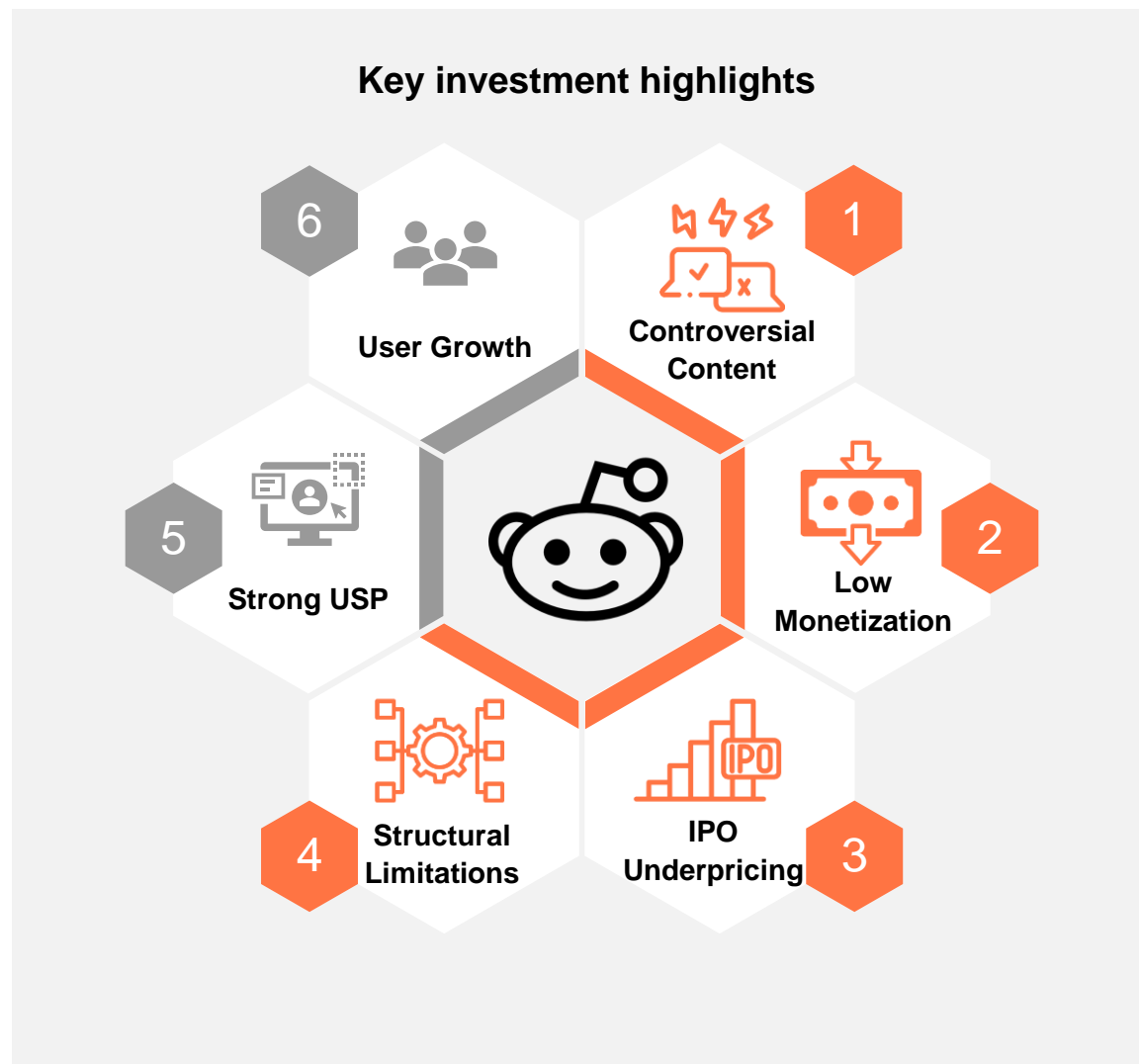
Reddit's post-IPO share price rally, driven by investor sentiment, was followed by an initial market correction



- [1] October 2024 (+49%): **First profitable quarter**, driven by strong advertising revenue, AI licensing deals, and a 68% YoY revenue jump.
- [2] February 2025 (+190%): **Bullish sentiment** around AI-related revenue potential sends the stock into an **unreasonably high rally**
- [3] April 2025 (-65%): Investor concerns over **overvaluation**, insider **stock sales**, and **doubts** about the **sustainability** of its rapid revenue growth
- [4] May 2025 (-27%): Google's new **AI search features** raised fears of **reduced traffic**, leading to analyst downgrades and investor concern

- IPO: March 20, 2024 at 34\$
- First-day closing price: 50\$
- 52-week range: \$49.13 – \$230.41
- Market capitalization: \$21.81 bn

Despite its unique business model and robust DAU growth, the company faces severe constraints on further expansion



- 1 Controversial Content**  
Reddit's permissive moderation practices have contributed to its image as a hub for sensitive and controversial content
- 2 Low Monetization**  
The company has the lowest ARPU among peers, with weak growth prospects due to U.S. saturation and low international monetization
- 3 IPO Underpricing**  
Ample academic evidence links investor sentiment-driven overvaluation of young public companies to long-term underperformance
- 4 Structural Limitations**  
Reddit is missing the three most important pillars of long-term success in the market lacking video infrastructure, creator economy and scalable ads
- 5 Strong USP**  
Reddit's unique business model blends social media, forums, and niche communities, fostering user-driven content and discussions
- 6 User Growth**  
Compared to its peers, Reddit leads in DAU growth and sees users spending significantly more time on the platform

Reddit

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Company Overview

r/ElectricVehicles



↑ Vote ↓



r/pictures



↑ Vote ↓ 19

Share

r/pictures



↑ Vote ↓ 19

Share

r/Mealprep



↑ Vote ↓



# Company Overview

Reddit is a rapidly growing platform focused on niche communities, enabled by a high level of unchecked anonymity

## Company Description

Reddit is a **social media platform** centered on **user-generated content** and **discussions** within interest-based forums. It emphasizes **anonymity**, **community moderation** and **niche group engagement**.



**Headquarters**  
San Francisco, CA



**Foundation**  
2005



**Employees**  
2,233 worldwide




**User Base**  
1.21 billion monthly

## Key Financials


in \$m	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	228.9	484.9	666.7	804.0	1,300.2
YoY Growth	73.4%	11.8%	37.5%	20.6%	61.7%
Gross Profit	173.8	412.4	562.0	693.0	1,176.6
EBITDA	(60.6)	(124.4)	(164.1)	(126.5)	(545.0)
EBIT	(62.5)	(127.2)	(172.2)	(140.2)	(560.6)
Net Income	(59.2)	(127.9)	(158.6)	(90.8)	(484.3)

## Executive Management




**Steven Huffman**  
Chief Executive Officer  
since 2015

> Co-founded Reddit at age 21




**Drew Vollero**  
Chief Financial Officer  
since 2021

> Previously CFO at Snap Inc.



**Jennifer Wong**  
Chief Operating Officer  
since 2008

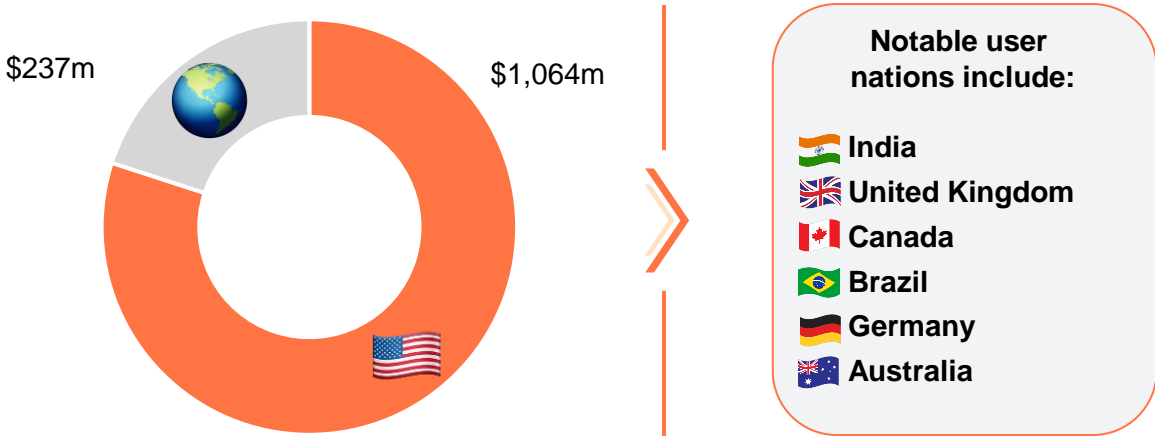
> Responsible for advertising business



**Christopher Slowe**  
Chief Technology Officer  
since 2017

> Reddit's first employee


## Revenue Split by Geography






# Business Model I


Despite its unique business concept, Reddit relies heavily on advertising revenue




Online community platform that enables **conversations** and builds **communities**



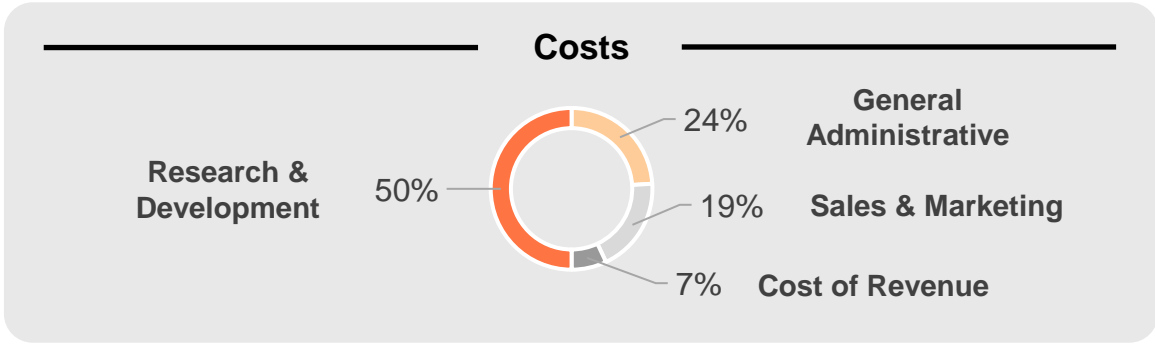
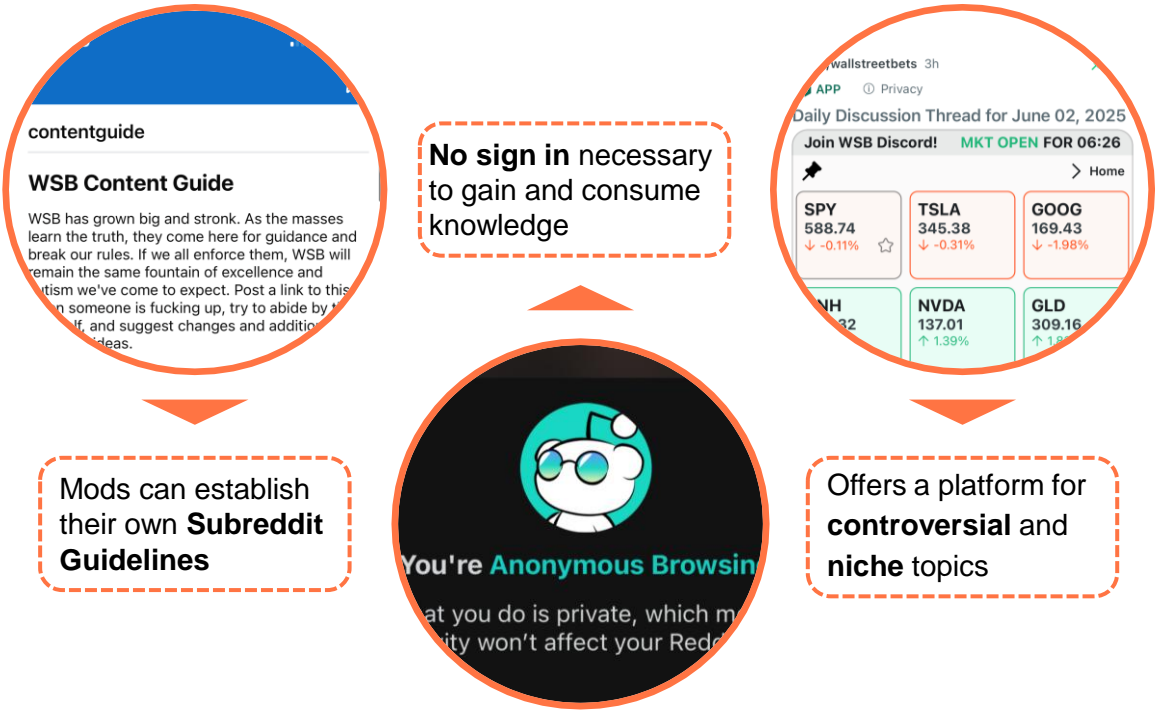
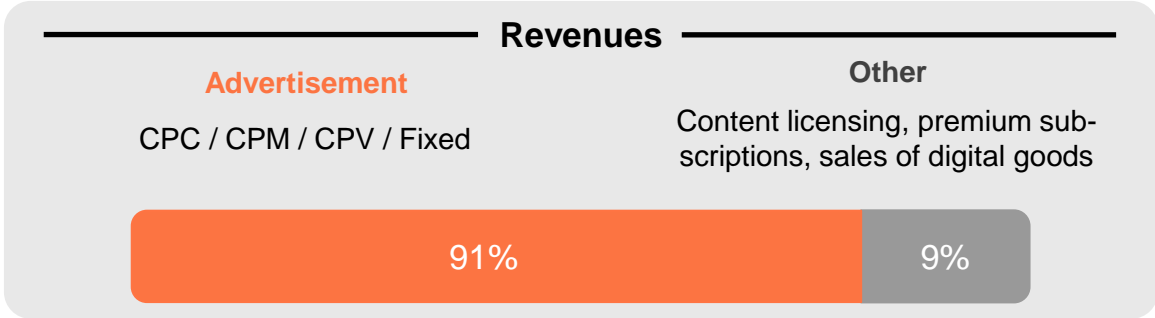
Combines **Social News Feed** with **Forum** and chat function




DAUq **108m+**  
WAUq **401m+**  
Active Subreddits **100k+**




**User-generated structure:**  
Subreddits are built and moderated **independently**





**R&D**  
**Machine Learning**  
Translating Reddit content in different languages

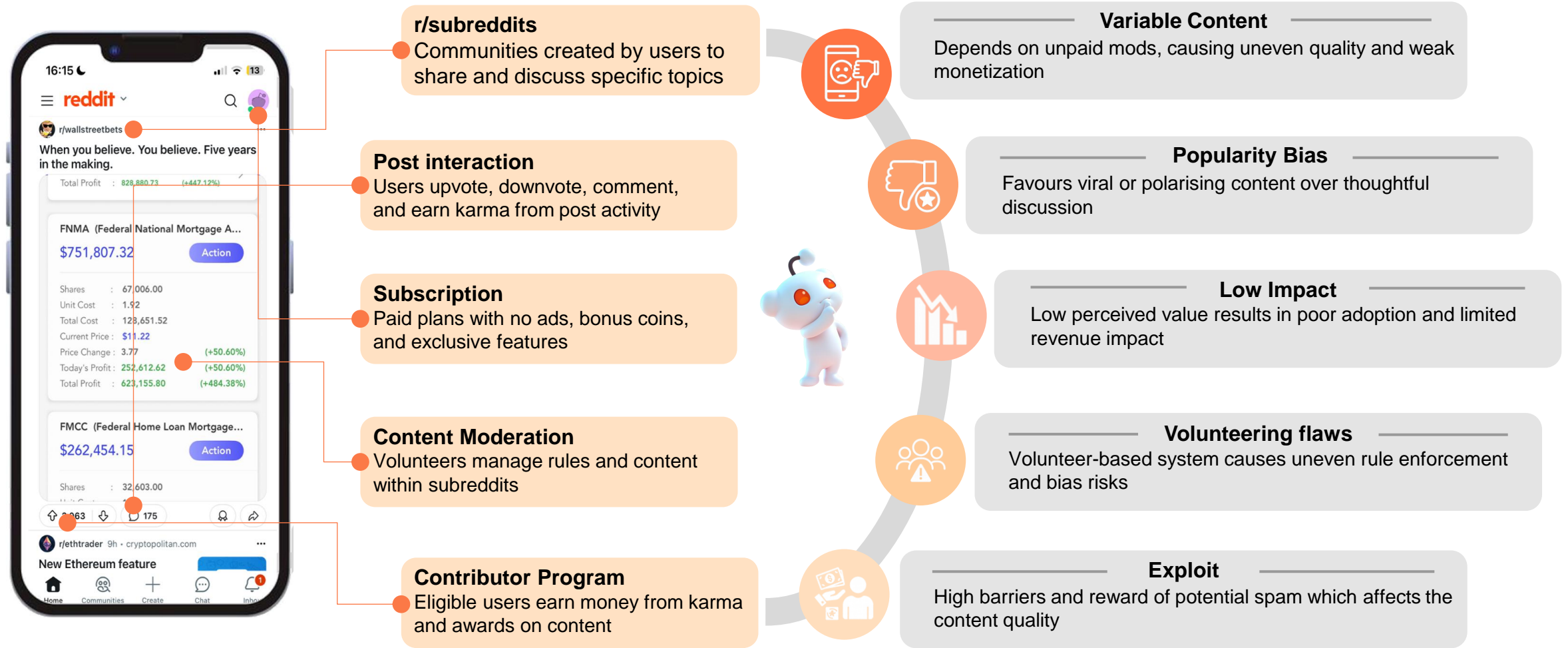


**AI Reddit Answers**  
Using related reddit conversations to answer individual requests



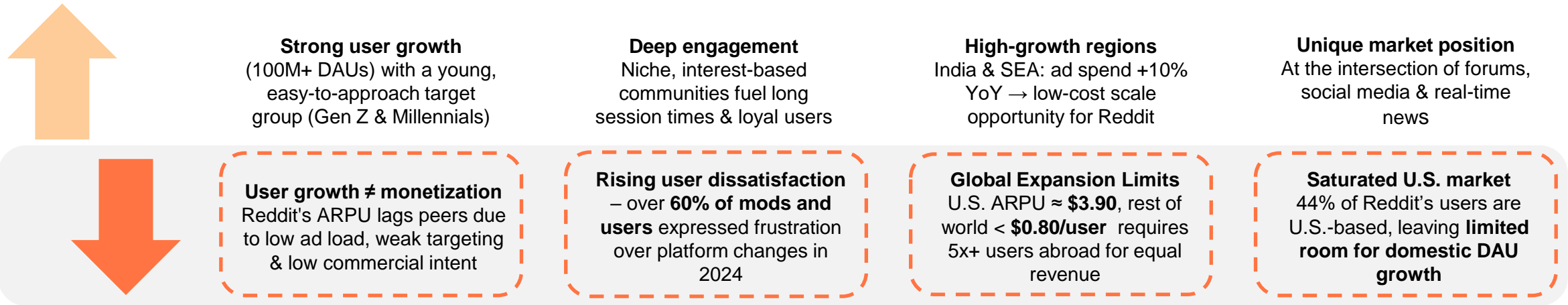
# Business Model II

Reddit is widely known for hosting controversial content and for its inconsistent approach to content moderation

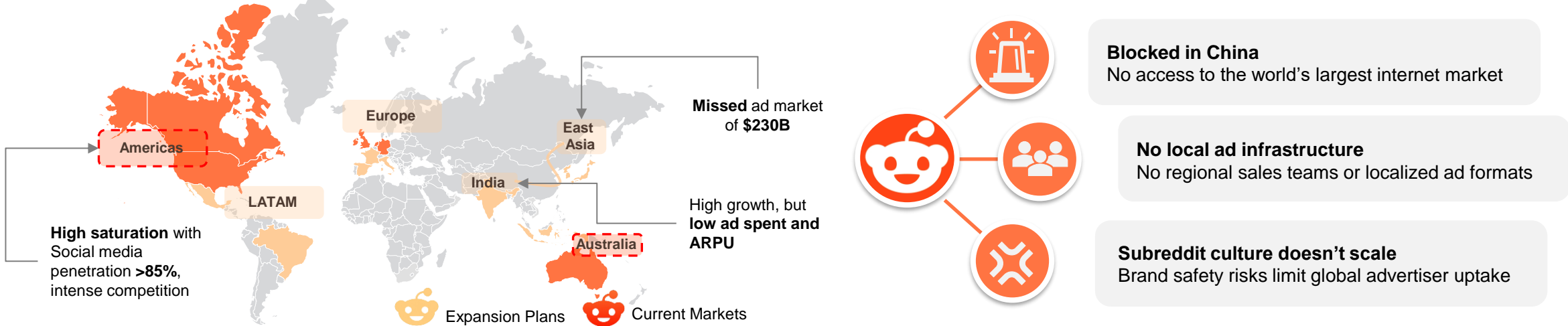


Reddit faces rising user dissatisfaction and limited ARPU growth potential outside the U.S., where it seeks to expand

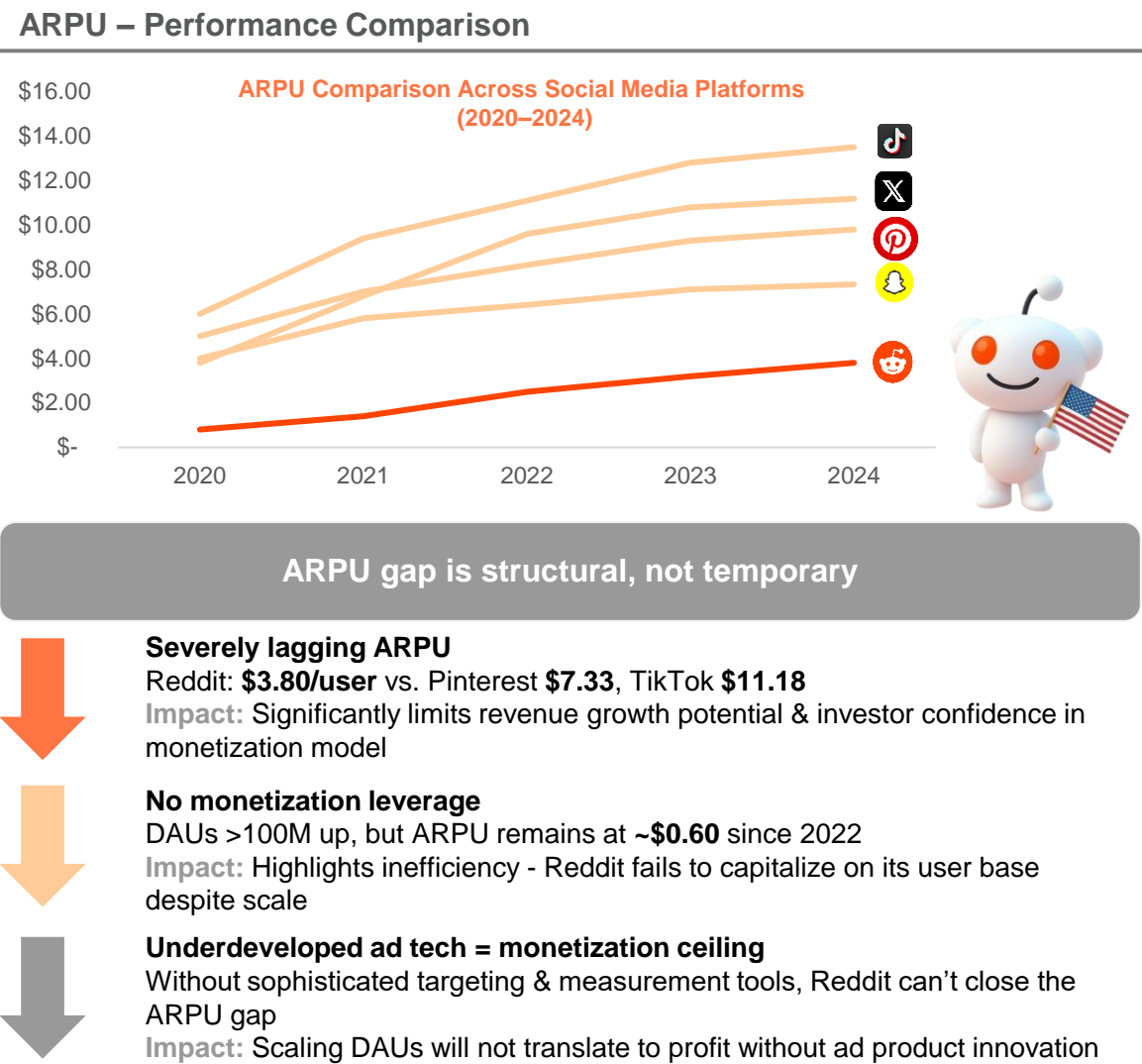
Analysts' Expectations vs Reality



Current User Hotspots and Expansion Plans



Globally, Reddit monetizes less effectively than its peers, with weak ARPU growth outlook and low diversification prospects

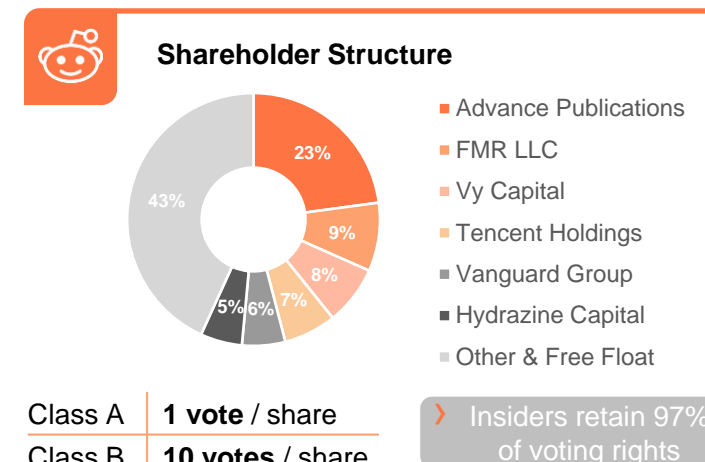
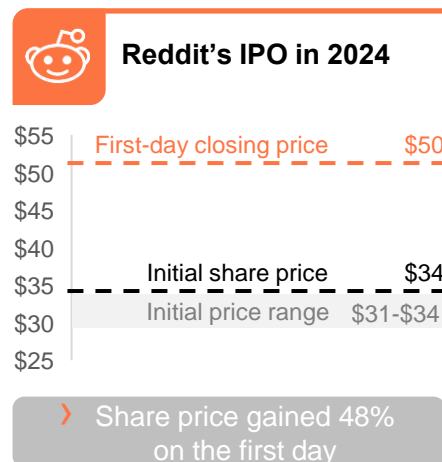
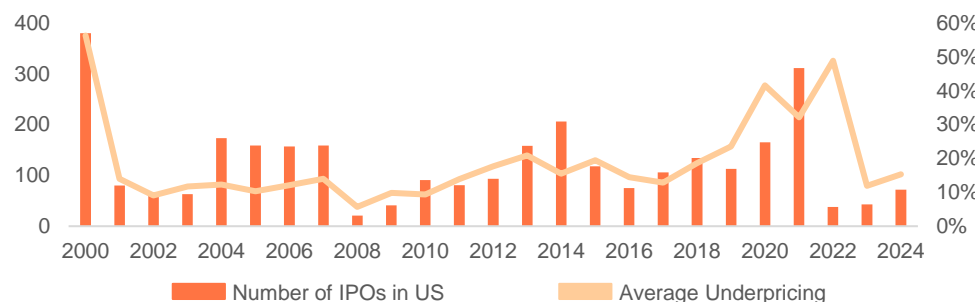


Revenue Driver or not?	
Revenue Drivers & Strategic Flaws	Risk to Revenue
<div>1</div> <b>U.S. Revenue Concentration = Strategic Risk</b> ~90% of ad revenue from U.S., but only 44% of DAUs Any dip in U.S. ad spend (e.g. recession) hits revenue hard	High Risk <div><div></div><div></div><div></div><div></div><div></div></div>
<div>2</div> <b>Reddit Premium = Low Impact</b> Contributes <5% of revenue No engagement uplift, no retention effects No freemium funnel like Spotify/YouTube	Low Impact <div><div></div><div></div><div></div><div></div><div></div></div>
<div>3</div> <b>Reddit Pro = Weak Ad Platform</b> Launched 2023, lacks targeting & automation <b>No global ad sales</b> or DSP integrations CPMs stay low ( <b>\$0.30–\$0.60</b> vs Meta <b>\$4–5</b> )	Moderate Risk <div><div></div><div></div><div></div><div></div><div></div></div>
<div>4</div> <b>Subreddit Culture Blocks Monetization</b> Only ~30% of subreddits allow ads Monetization faces community resistance Limited inventory = weak ROAS & low scale	High Risk <div><div></div><div></div><div></div><div></div><div></div></div>

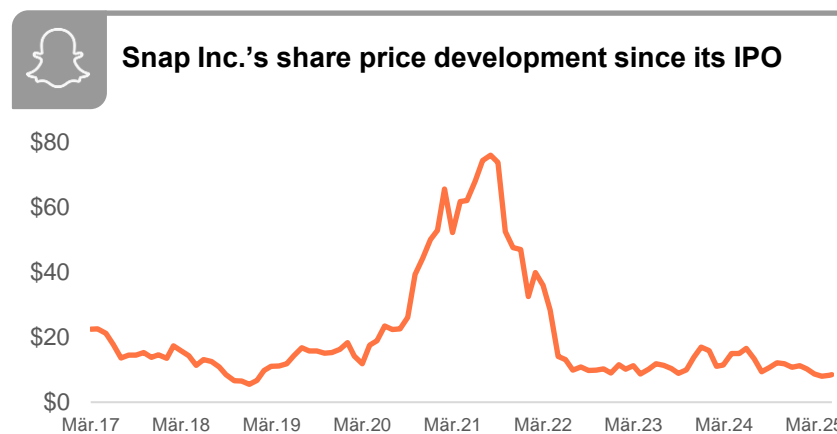
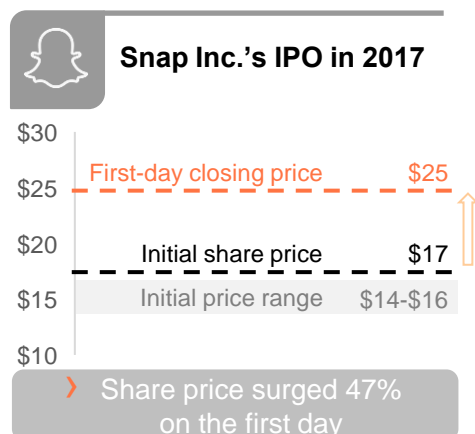
Ample academic evidence of long-term underperformance following strong initial investor sentiment in IPOs

## IPO Pitfalls – Underpricing and Long-Term Underperformance

- Historically, investors' euphoria pushes share prices to extreme levels
- IPO market picked up again in 2024, together with investors' overoptimism
- Tech stocks are especially often affected



## Snapchat's successful IPO and long-term underperformance



- Long-Term Underperformance:** Although the company enjoyed considerable enthusiasm when it IPOed, its shares trade lower than the initial share price today
- Poor International Ad Monetization:** Snapchat's business model relies mainly on ad revenues, however, ARPU is much lower than its peers' and failed to pick up
- Stagnant User Growth:** Despite analyst's high growth expectations, user growth plateaued post-IPO due to tough competition in the social media market



# Reddit

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## Market Overview



### REDDIT PRO



Dashboard



Performance



Conversations



Trendspotter



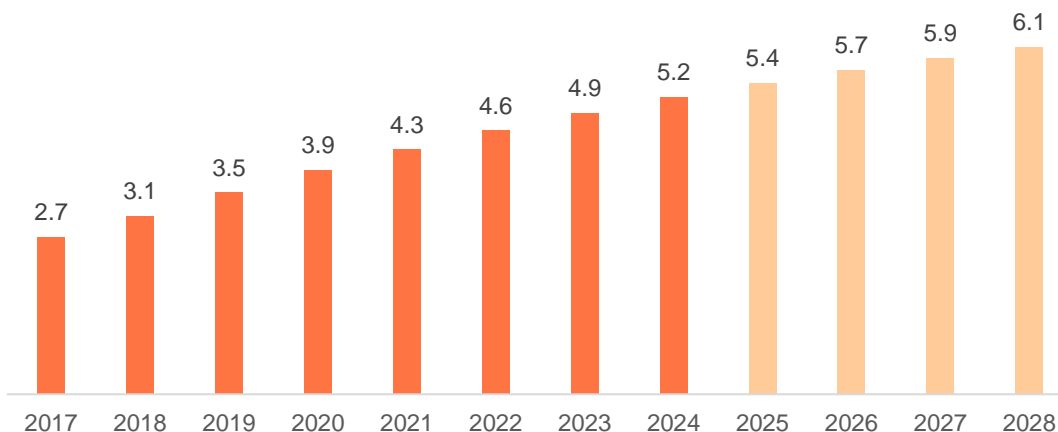
Trends



Communities

With social media market growth slowing, where can Reddit expand to meet the growth expectations currently priced in?

## Social Media Users per Year in \$bn



## Emerging Market Trends

### Regulatory risk escalating

Rising global scrutiny on data, algorithms, and content creates strategic and financial headwinds.

### Monetisation pressure rising

With slowing user growth, platforms **must extract more value per user** driving innovation in ads, commerce, and AI.

### Shift Toward Enclosed Ecosystems

Platforms are **locking users into in-app** shopping, payments, and media raising the bar for engagement and monetization.

## Growth Plateau



While user **growth rates** were at 10% from 2019 to 2020, rates are now standing **at only around 3%**. With growth in more recent year being as low as 2.1% year over year



Not only is the growth of users on social media **stagnating** also the **spend in USD per ad** of companies is forecasted to stagnate in the next years limiting topline growth



More than 87% of “adult” audiences aged 18 and above already use at least one social media platform each month, underlining that growth potential is shrinking

## Expansion Potential?



Strongest US market is already **heavily saturated with low growth rates** across all platforms minimising growth potential.

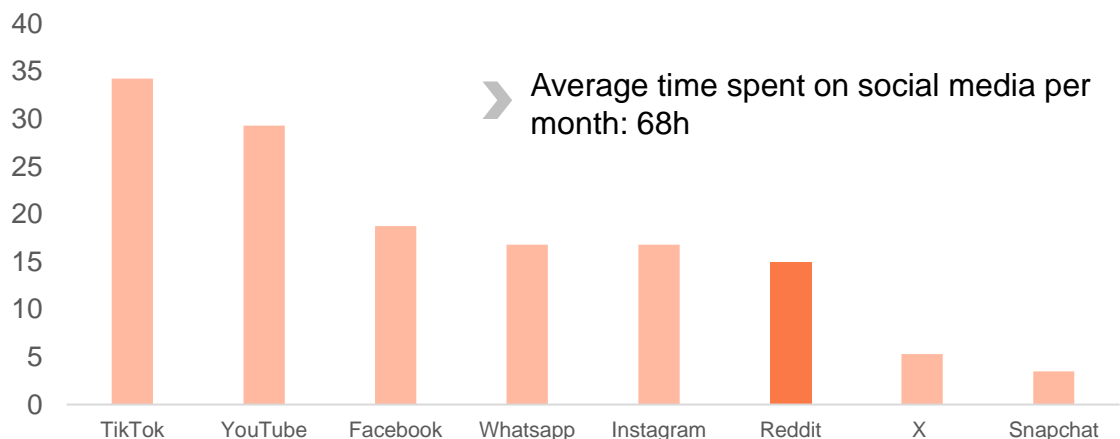


Growth in Asia would be imperative, but **low brand awareness, and strong local competition**, making growth uncertain despite large potential.



While essential for revenue generation, total daily screen time per user is limited, and platform competition is intense

## Average Time Per User Spend Per Month



## Company Specific Struggles

### Revenue demographic

Struggling to capture markets outside its core and to effectively monetise these users  
→ High dependence on the US, highlights **under-monetization of its international audience**

### User activity

Reddit only receives **8.6 out of a 100** in **user activity index**  
→ struggles to keep users active, undermining its monetization potential and competitiveness

### Ad audience

In comparison to peers Reddit only has the **8<sup>th</sup> biggest ad audience**  
→ does not serve as the first choice for brands to efficiently market

### Audience overlap

Reddit has just 0.1% unique users, with over **79% overlap** with Instagram, YouTube, and Facebook.  
→ Reddit **lacks a distinct audience** making it less essential for advertisers targeting incremental reach



Reddit is **losing the battle for user time**, weakening its position in the ad-driven attention economy.



Connected with the fact that average time spent on social media has gone down in the last quarter and the fierce market competition screentime cannibalization can be expected to even worsen.



Low time share signals **weak content stickiness**, suggesting challenges in fostering addictive, high-retention user behavior critical for monetization.





Reddit lacks key industry value drivers and is falling behind its competitors

## Success Sits On Three Pillars



Video  
Infrastructure



Creator economy  
support



Scalable ad  
marketplace

Reddit's problems



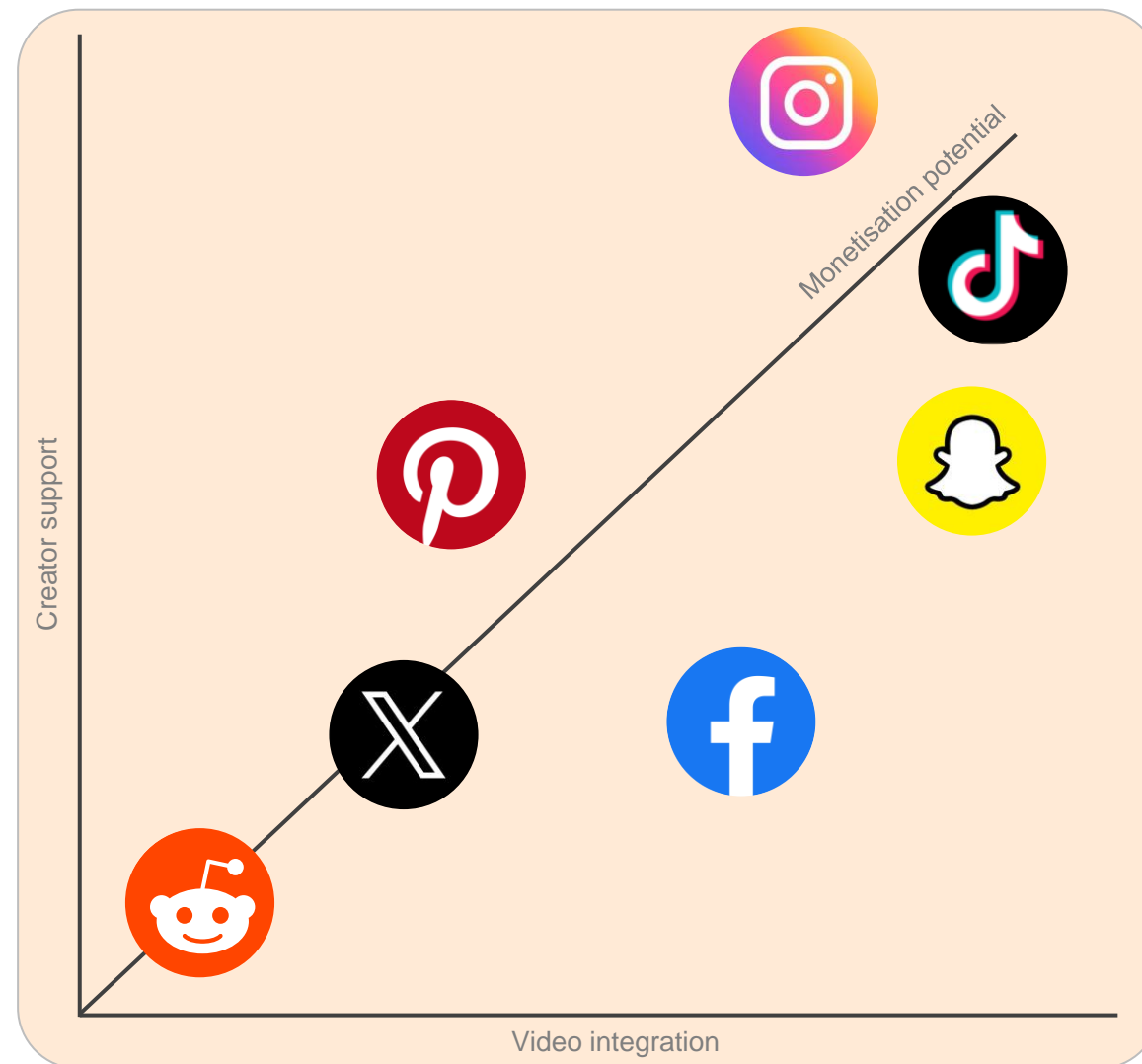
**Ad Monetization Limits:** Reddit's engagement is fragmented across niche subreddits, many of which actively resist commercialization, making it hard to scale ads effectively.



**Missing Creator Incentives:** Without creator incentives or tools, Reddit struggles to retain high-quality contributors or compete for attention against platforms like YouTube or TikTok.

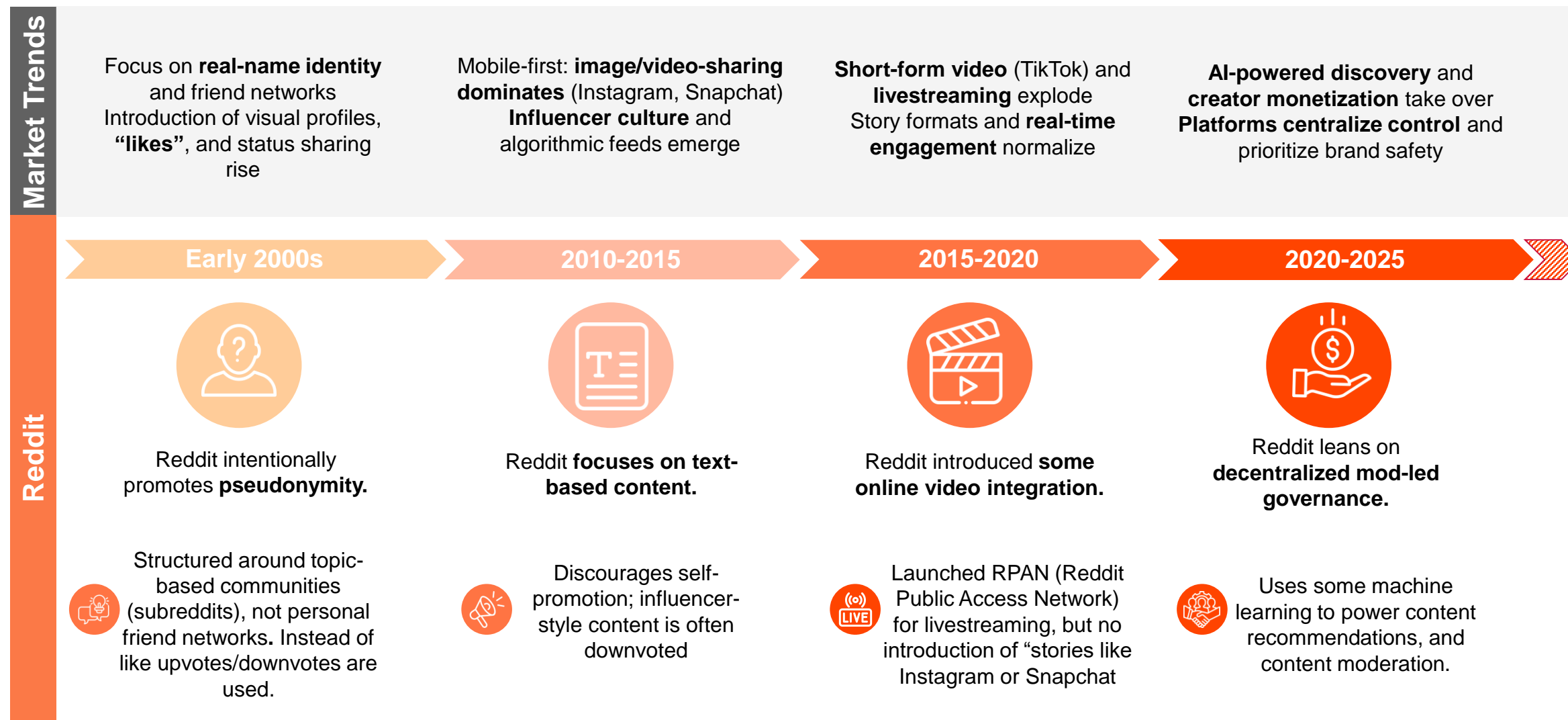


**No Scalable Video Format:** Reddit lacks scalable video formats, cutting it off from the fastest-growing segment of user engagement and digital ad spend.









































# Market Overview IV

Reddit has been moving in a different direction than the rest of the market, thereby missing out on trends



# Qualitative Peer Benchmarking

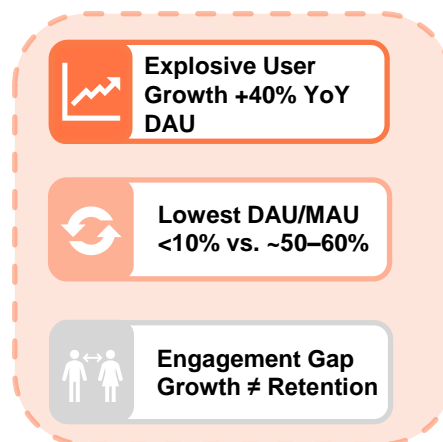
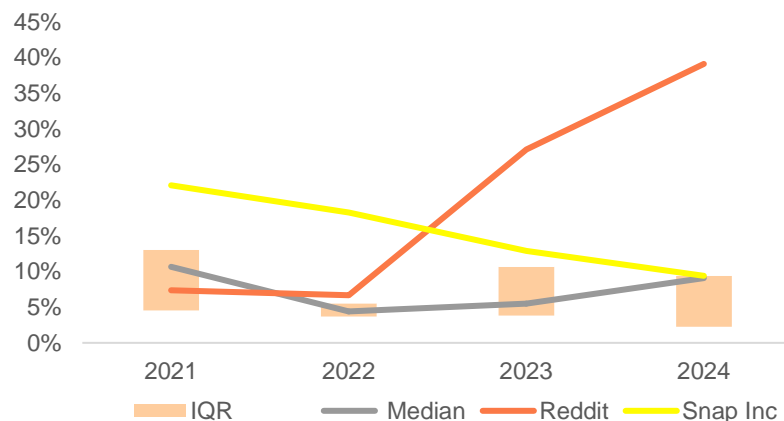
Reddit leads in community depth, but moderation remains a key challenge

Peer Comparison									Key Takeaways	
	 reddit	 Pinterest	 X	 Quora	 gutefrage	 Instagram	 Facebook	 新浪微博 weibo.com		
Features	Reddit	Pinterest	X	Quora	Gutefrage	Instagram	Facebook	Weibo		
Community Depth									 Reddit's <b>decentralized moderation</b> style can lead to <b>inconsistent content standards</b> across communities	
Content Discovery	Subreddits	Algorithm	Real-time	Q&A	Q&A	Algorithm	Feeds	Trending		
User Content									 <b>Anonymity</b> encourages open expression but also increases the <b>risk of abuse and misinformation</b>	
Identity Transparency										
Moderation Style	Decentralized	Centralized	Centralized	Centralized	Centralized	Centralized	Centralized	Centralized	 Content discovery is very broad, making it <b>harder to casually navigate</b> as there is <b>no algorithm</b>	
Topic Scope	Very Broad	Narrow	Broad	Focused (Knowledge)	Moderate	Broad	Broad	Broad		
User Satisfaction	70%	74%	69%	N/A	N/A	76%	69%	N/A		
									 strong  average  weak	

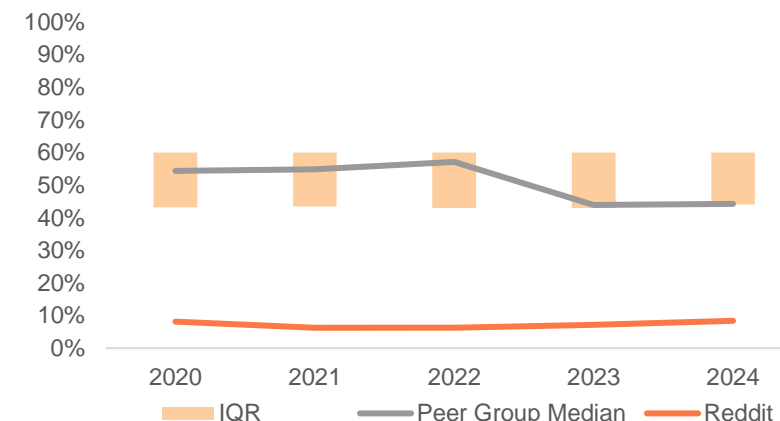
# Quantitative Peer Benchmarking

Reddit leads in DAU growth and time spent, while falling behind in retention and monetization

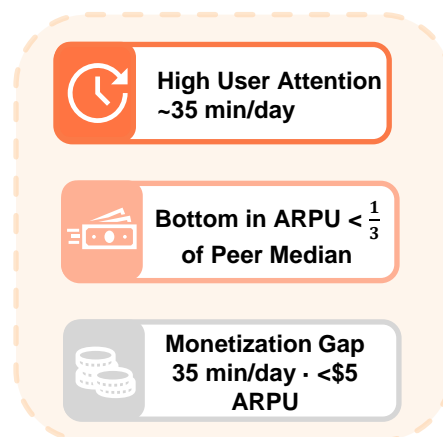
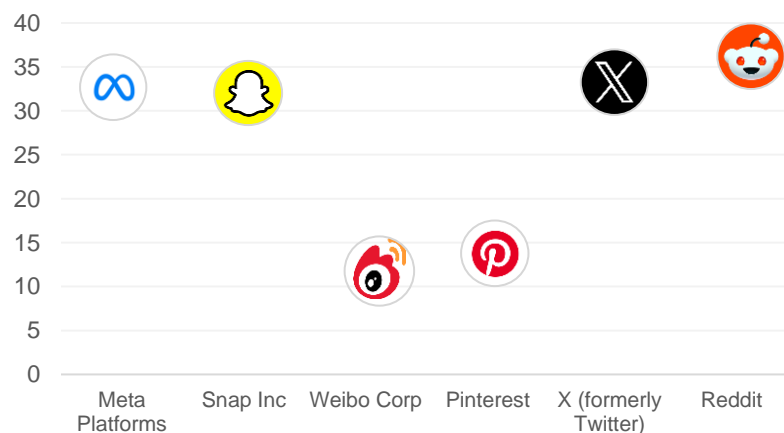
## Daily Active User (DAU) Development



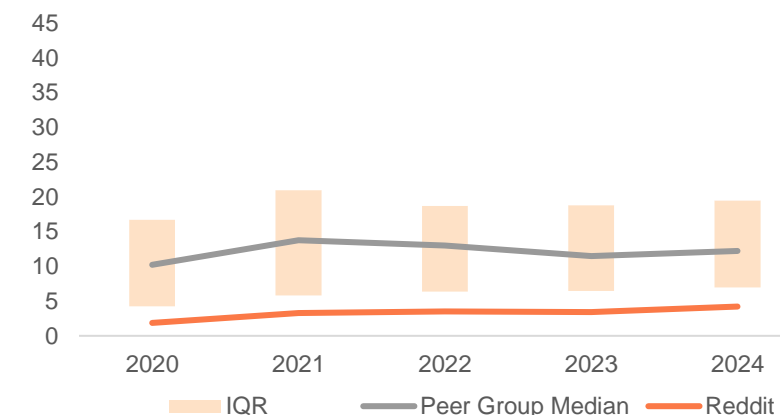
## DAU/MAU Ratio



## Average Daily Time Spent (Minutes)



## Average Revenue Per User (ARPU) Development





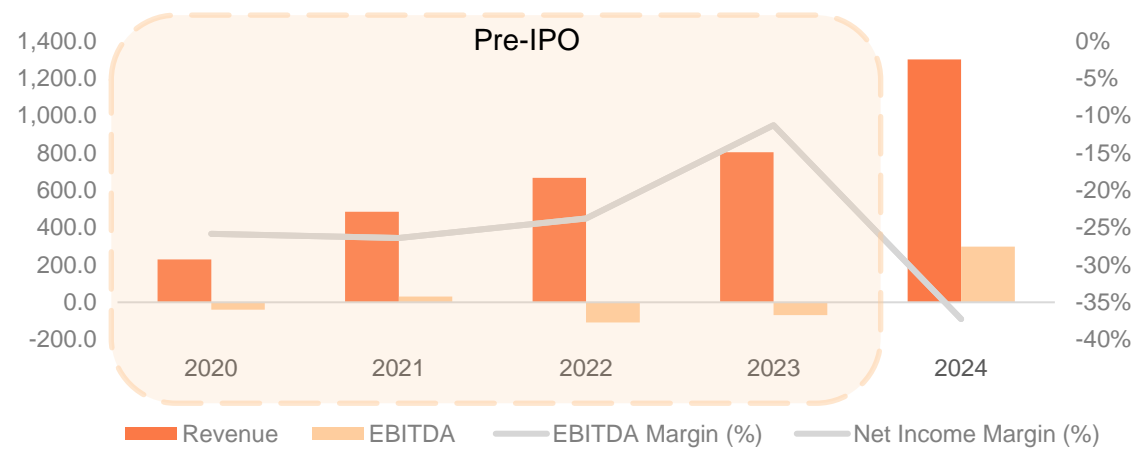
# Reddit

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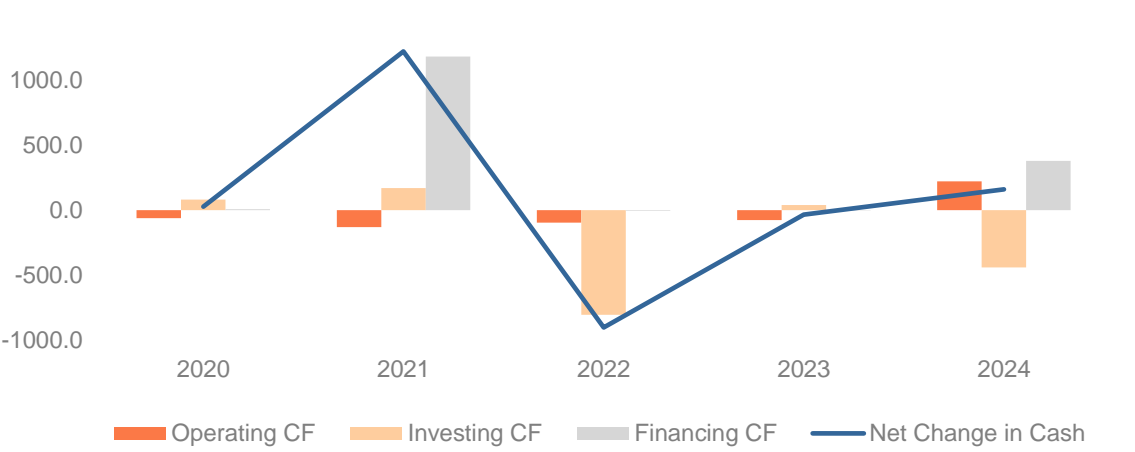
Financial Analysis & Valuation

Reddit has experienced structural losses and monetization issues

Profitability Analysis (in USDm)



Cash Flow Development (in USDm)



## Deep Dive

**Growth Fails to Translate into Profitability**

Reddit grew revenue by 60% in 2024 but posted a \$484M net loss, underscoring poor monetization.

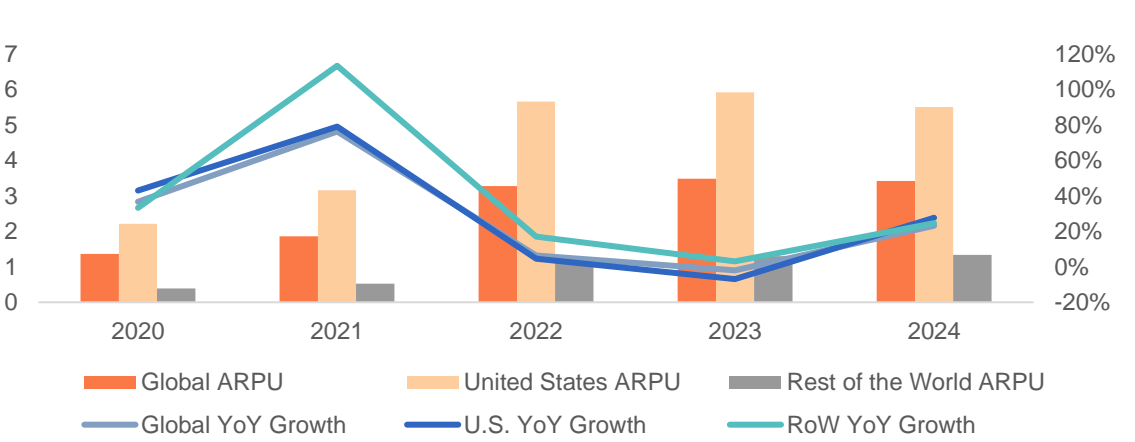
**Negative Free Cash Flow Highlights Operational Inefficiency**

Reddit's positive FCF post-IPO stems from external capital, not operations, amid weak cash generation and heavy investment outflows.

**Monetization Gap and U.S. Overdependence**

With ARPU outside the U.S. below \$2 and 82% of domestic revenue, Reddit remains exposed to U.S. ad cycles and lacks global diversification.

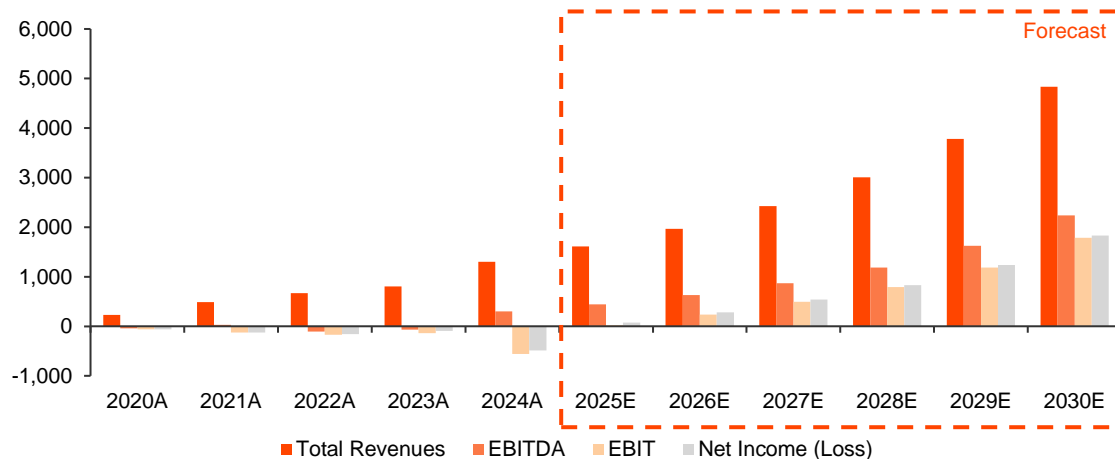
Average Revenue Per User Development



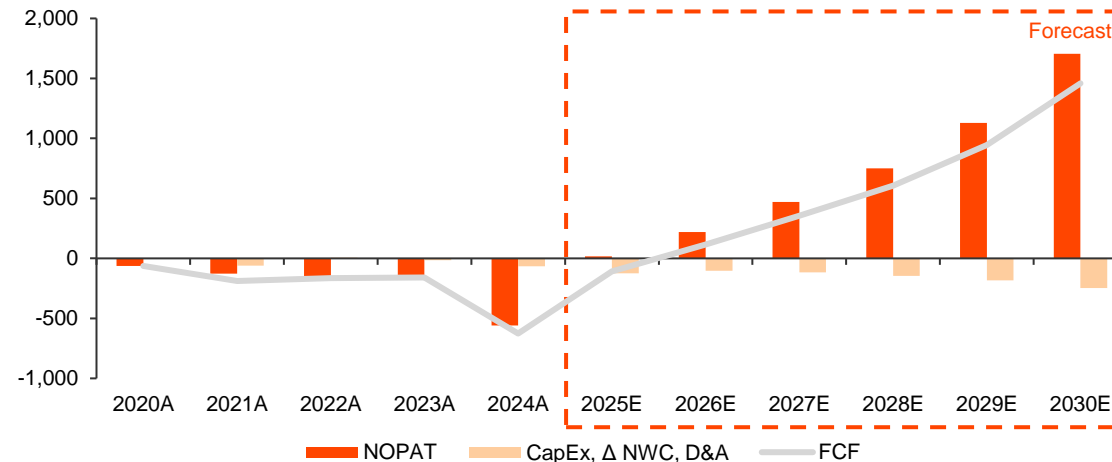
# Valuation I

Forecasted growth heavily dependent on unproven levers

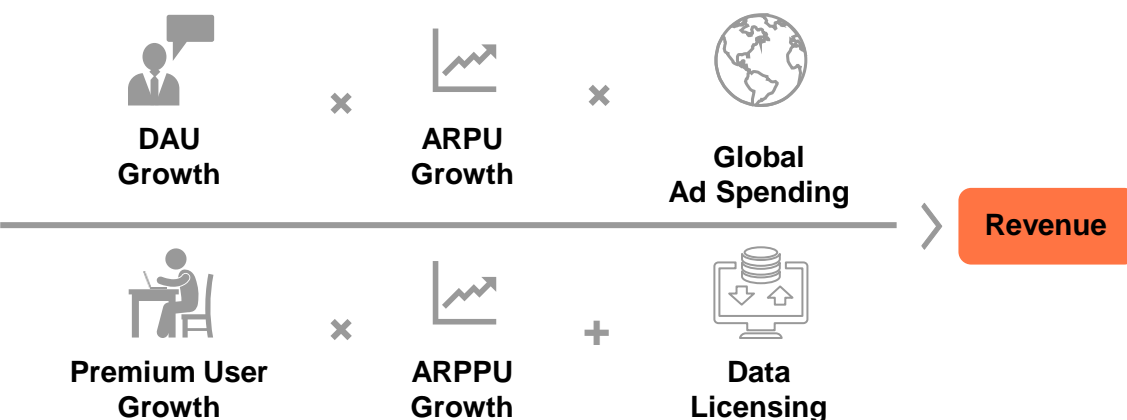
## P&L Development



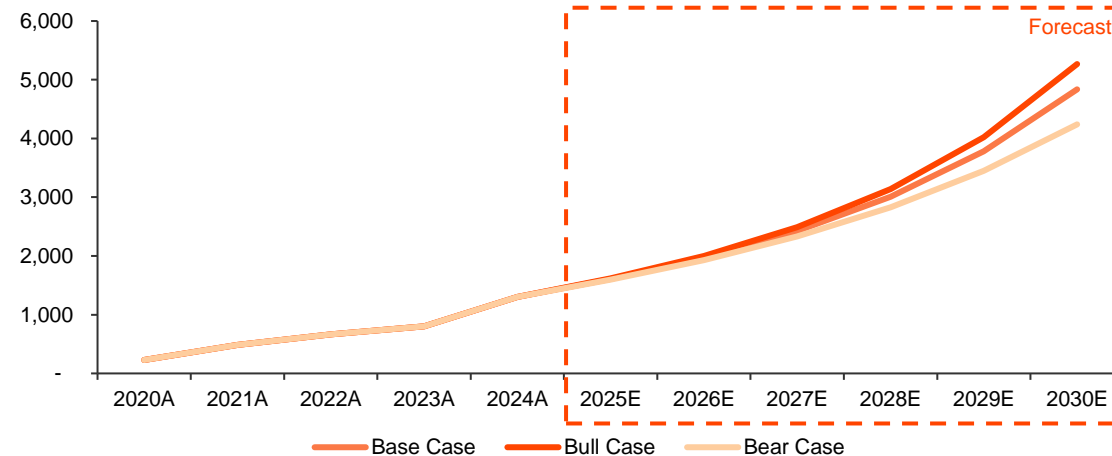
## FCF Development



## Revenue Breakdown



## Revenue Growth





# Valuation II

AI hype, DAU/ARPU expectations and margin outpace financial reality

## Key Assumptions

DCF Assumptions

%

WACC:

9.2%

Growth Rate:

2.0%

Beta:

1.03

Bull Case

AI-driven growth, strong margin improvement. DAU and ARPU rise, growth in licensing and subscriptions.

Base Case

Moderate AI growth, steady margins. DAU and ARPU in line, solid licensing and subscription growth.

Bear Case

Slower AI growth, modest margins. DAU and ARPU lag slightly, licensing and subscription grow slower.

## Key Highlights

AI Boom

Reddit entered data licensing agreements in 2024 and is benefiting from monetizing its user-generated content.

Advertisement Growth

Both daily active users (DAUs) and advertising efficiency are expected to grow, but their extent and long-term outlook remain uncertain.

Financing

Although Reddit has raised significant capital over time, its cash reserves have historically declined.

## Valuation Outcome

reddit

-52.6%

-35.9%

-16.6%

\$118.8

\$56.3

\$76.1

\$99.1

Current Price

Bear Case

Base Case

Bull Case

## DCF – Sensitivity Analysis

		Terminal Growth Rate				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	7.7%	92.5	96.0	99.8	103.9	108.5
	8.2%	84.6	87.5	90.6	94.0	97.7
	8.7%	77.7	80.2	82.8	85.7	88.7
	9.2%	71.8	73.9	76.1	78.5	81.1
	9.7%	66.6	68.4	70.4	72.4	74.6
	10.2%	62.1	63.6	65.3	67.1	68.9
	10.7%	58.0	59.4	60.8	62.4	64.0

Source: Valuation

- 23 - | Valid until 18/06/2025

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# Reddit

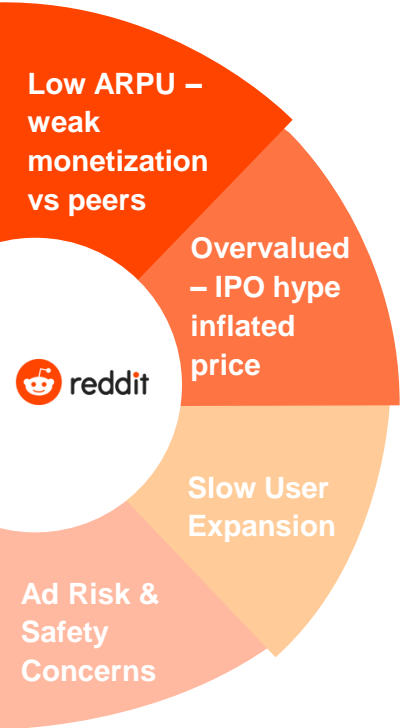
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## Conclusion



# Conclusion

Reddit shows weak monetization, slowing growth & an inflated valuation



# Appendix



# Appendix – Strategy

Global expansion without monetization backbone

## Growth Narrative vs. Reality

### Strategic Plan

#### International User Expansion

- ✓ >50% DAU outside U.S.
- ✗ Expansion plans not tied to revenue strategy
- ✗ >90% Revenue comes from Ads

#### Ad Infrastructure Development

- ✓ Ads live in 20+ countries
- ✗ No programmatic ad structure
- ✗ Limited sales teams outside U.S.

#### AI-Based Innovation

- ✓ Support moderation & translation
- ✗ Misses cultural nuances
- ✗ Rollout fragmented across region
- ✗ Ad experiences poorly localized → fuels dissatisfaction

### Key Metrics

#### User Growth

- ✓ Significant international DAU share
- ✗ Engagement quality unknown — DAU/MAU only scratch the surface

#### Ad Performance Data

- ✗ No CPM/CTR by region
- ✗ Limited visibility into ad effectiveness outside U.S.

### Key Growth Indicators

**DAUs:** 73 million

**MAUs:** 267 million

- ✓ Strong absolute growth YoY
- ✗ Growth is user-driven, not revenue-driven

#### User Dissatisfaction:

- ✗ Moderator Tensions & Content Restrictions
- ✗ Top-down changes without community input

### Regional Strategy

#### Focus Regions: EU, LATAM, India

- ✓ Clear international expansion strategy
- ✓ >500 million app installs globally
- ✗ Limited local operations and ad sales presence
- ✗ User growth ≠ monetization potential

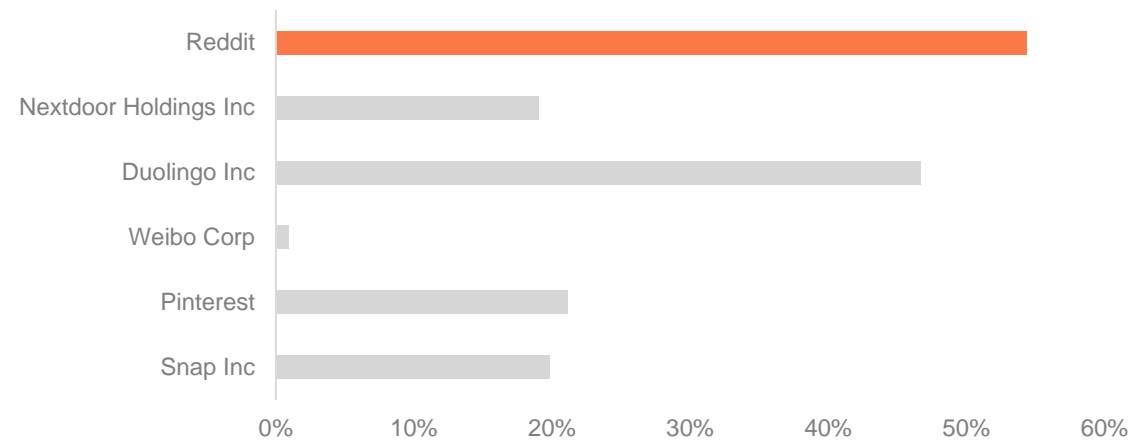


User growth scales internationally, but revenue infrastructure and KPIs remain U.S.-centric and underdeveloped

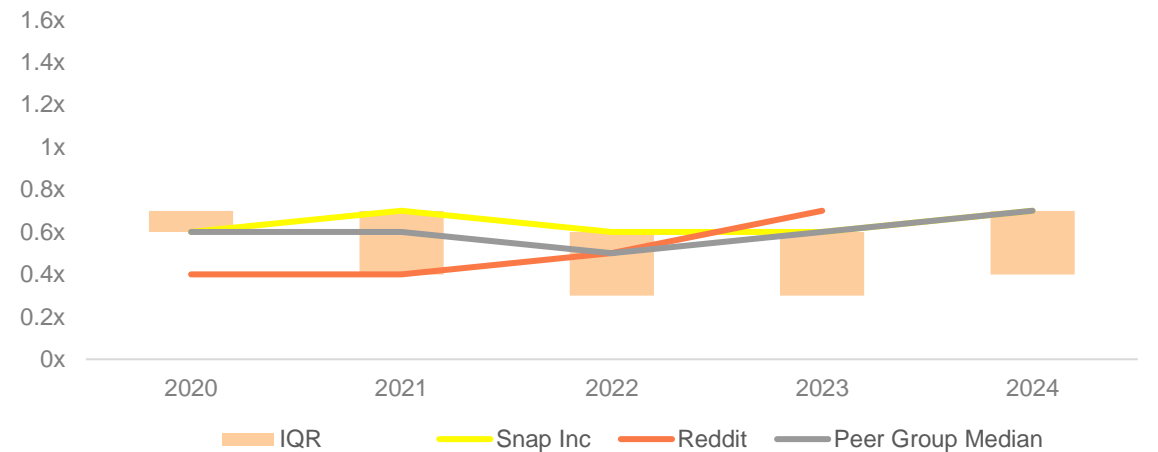
# Appendix – Financial Analysis

## Revenue growth & asset utilization

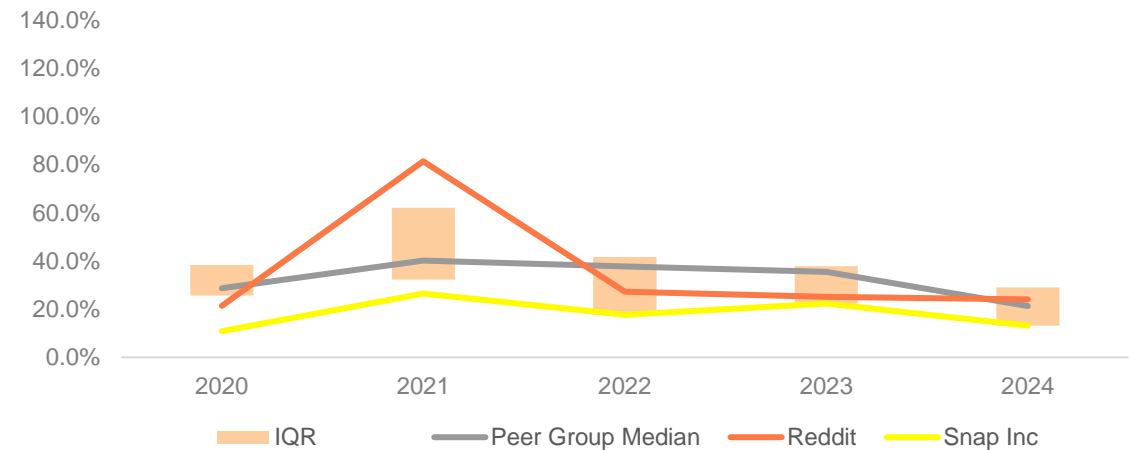
Total Revenue Growth (5Y CAGR)



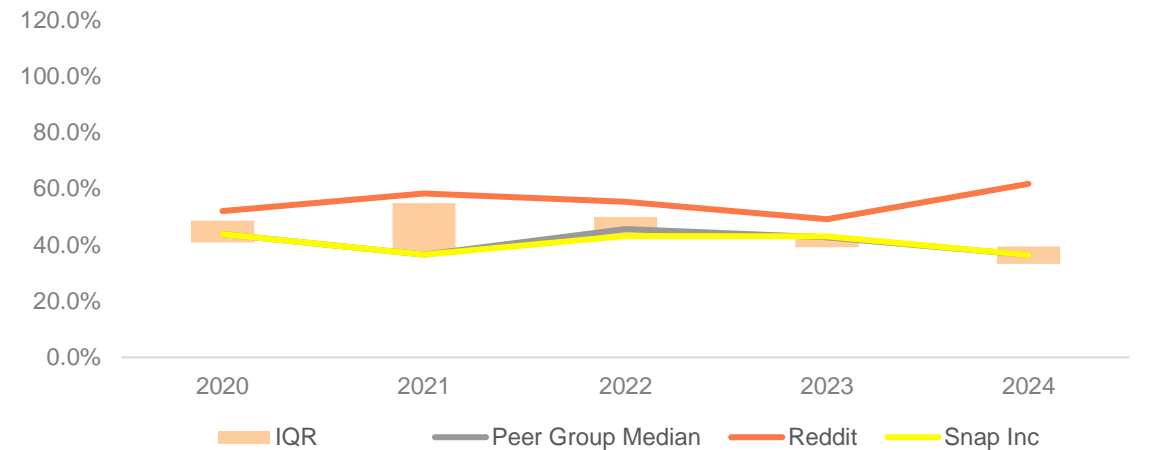
Total Asset Turnover



Cash / Total Assets [%]

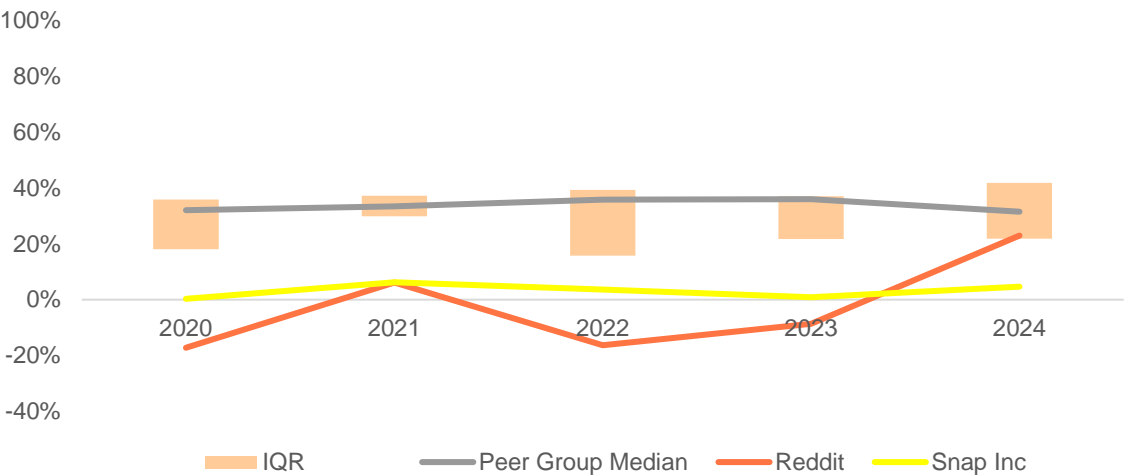


SG&A Margin [%]

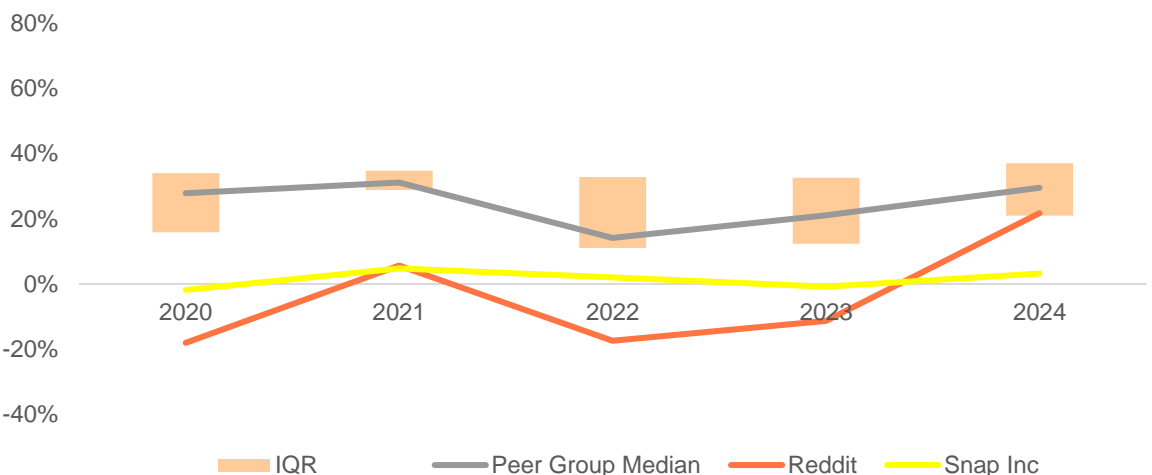


Operating profitability metrics

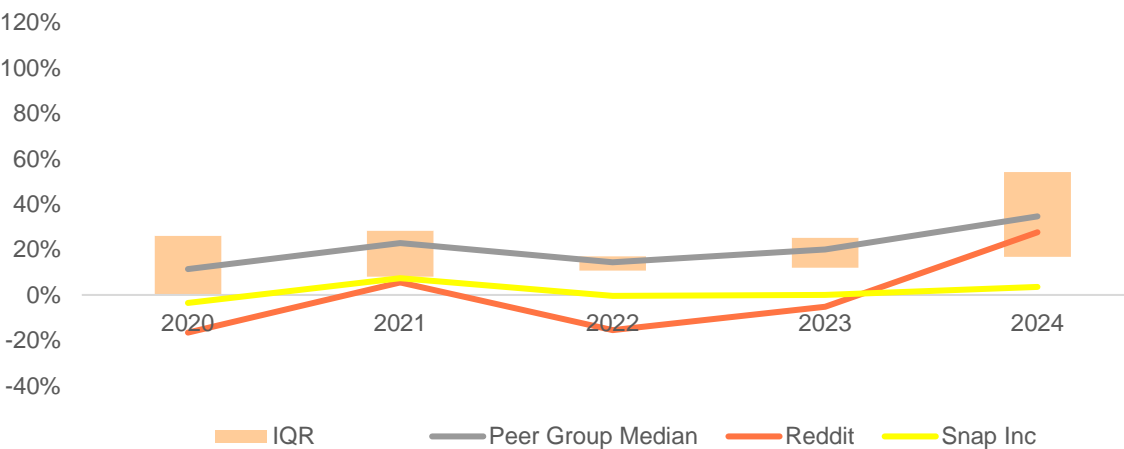
Adjusted EBITDA Margin [%]



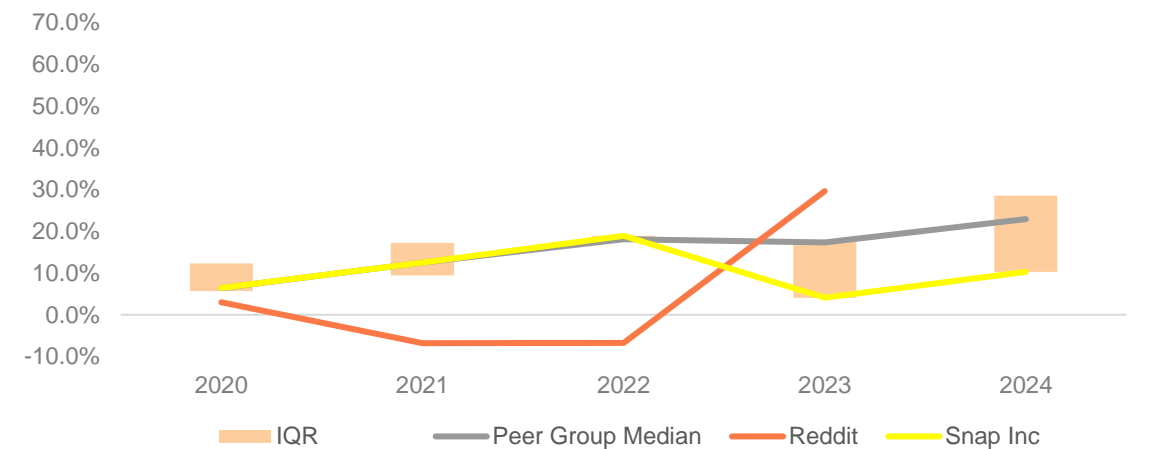
Adjusted EBIT Margin [%]



Adjusted Net Income Margin [%]



Unlevered Free Cash Flow Margin [%]

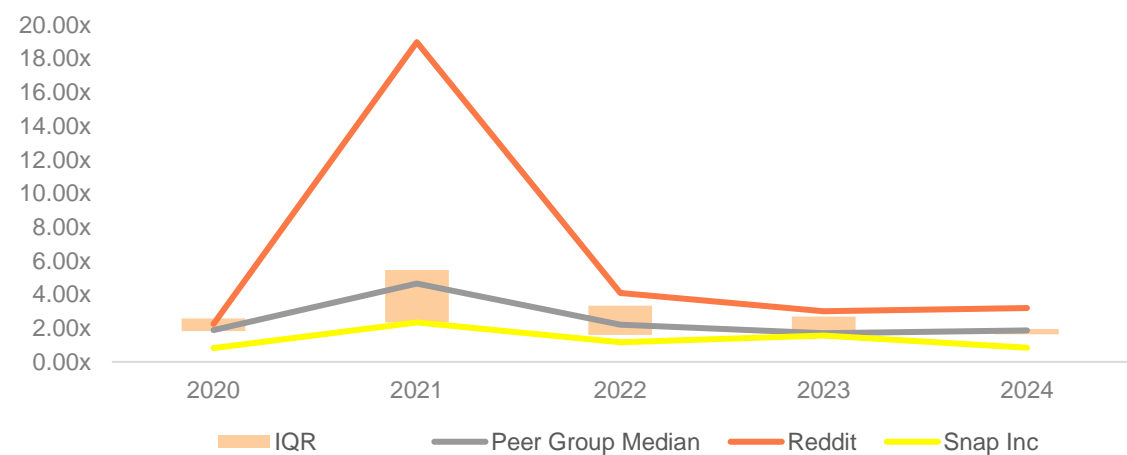




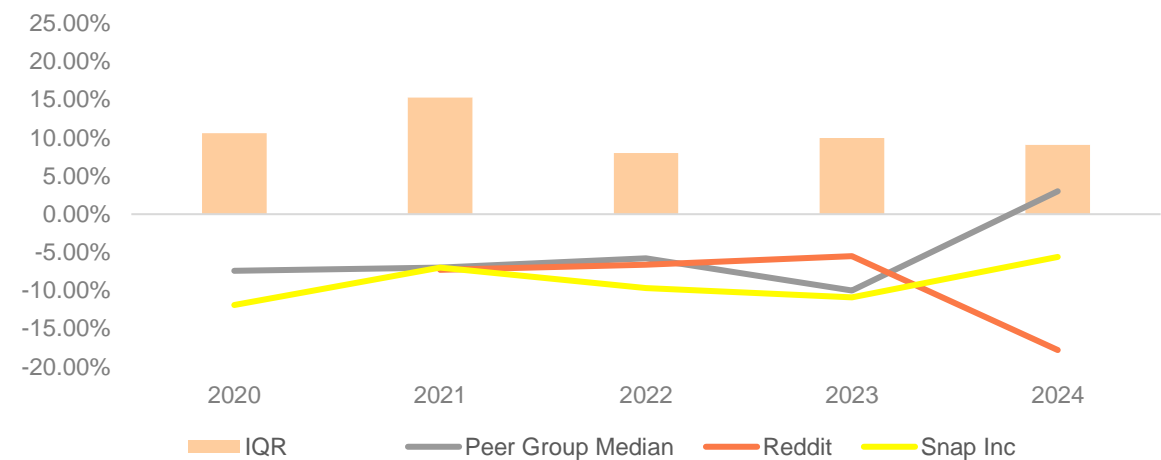
# Appendix – Financial Analysis

## Cash ratio & return performance analysis

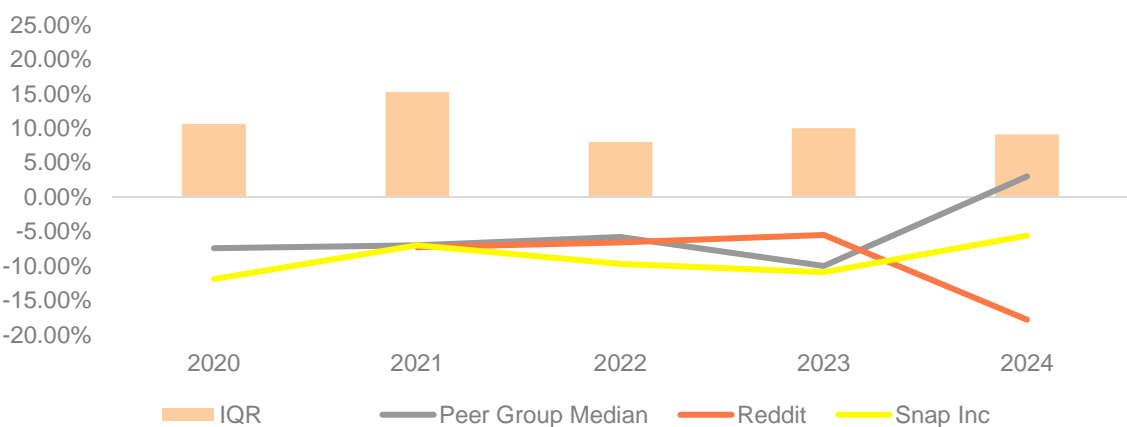
Cash Ratio



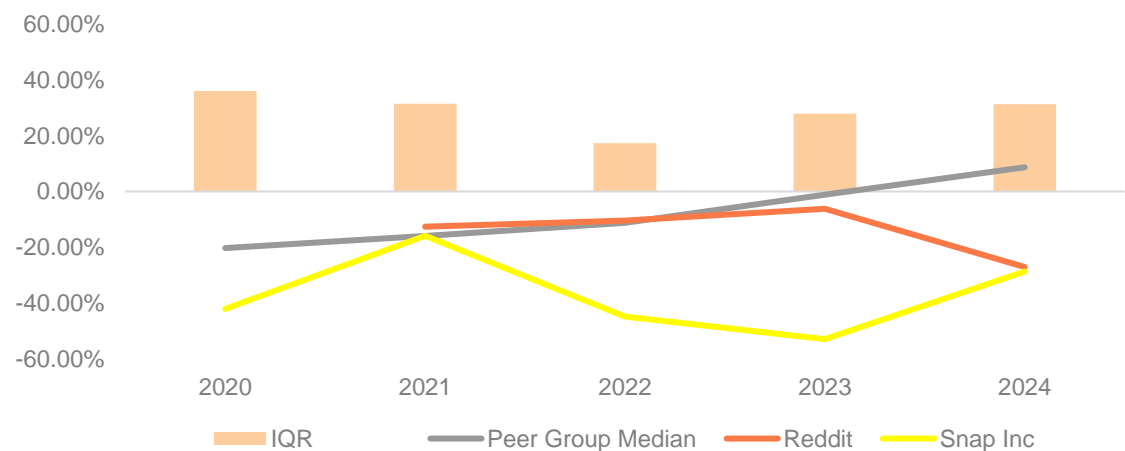
Return on Assets [%]



Return on Capital [%]



Return on Equity [%]



### Google-Reddit Data Licensing Agreement

- > In February 2024, Reddit signed a **licensing agreement** with Google worth approximately **\$60 million per year**
- > The agreement grants Google **access to Reddit's Data API**, allowing it to use Reddit content to **train** and **improve** its **AI models**, including the Gemini large language model.

### Changes to Google's SEO

- > Google's **SEO update** in August 2024 now prioritizes authentic and people-first content, putting **real conversations** and **community-driven insights** over traditional promotional content
- > Google's AI-driven search tools like the **Search Generative Experience (SGE)** provides users with concise, **conversational** answers sourced from platforms like Reddit, integrating its content directly into **search snippets**

### 3 major implications for Reddit



The \$60M/year deal offers Reddit a **non-advertising revenue source**. This helps diversify away from its heavy dependence on ads.



Despite **increased traffic** from Google's SEO changes, the effect may be **short-lived** as AI-generated answers could **reduce user click-throughs to Reddit** over time

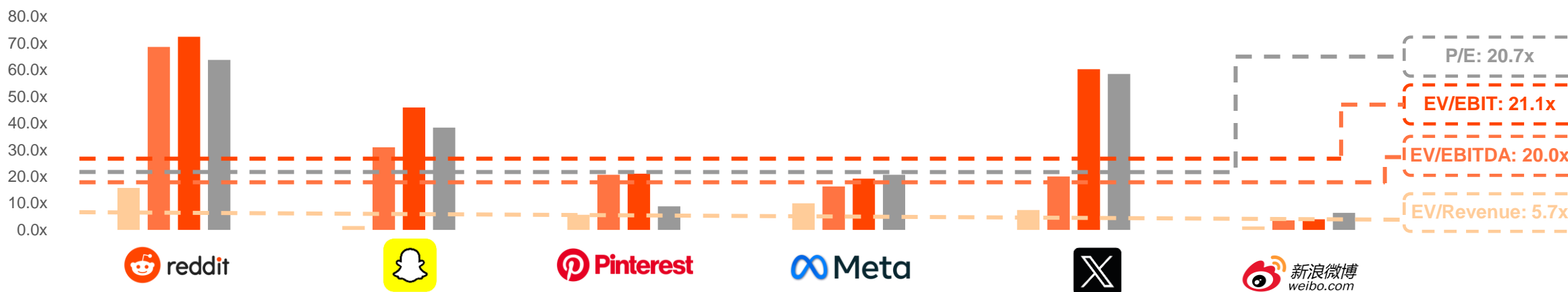


Growing **reliance on Google's algorithms** makes Reddit vulnerable to future SEO or product changes that could **sharply impact traffic and revenue**

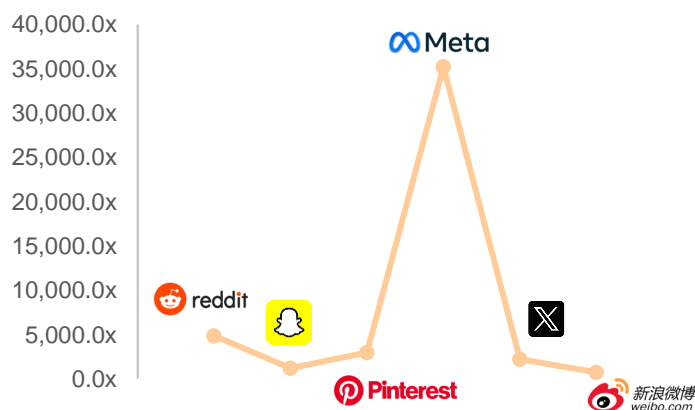
# Appendix – CCA

## Multiples show Reddit's overvaluation

### Peer Multiples



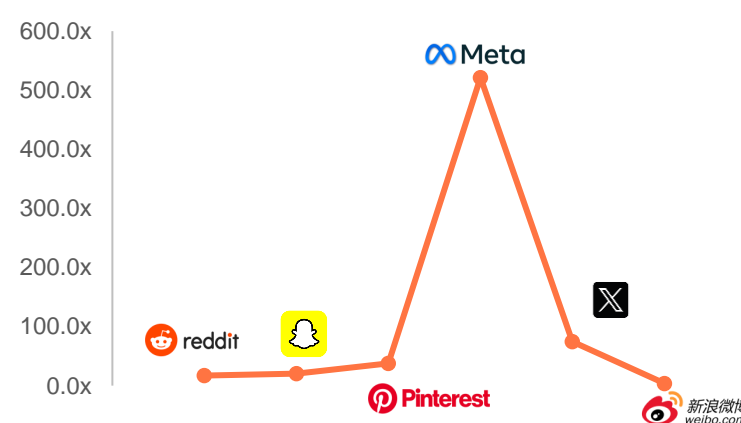
### EV/ARPU



› Despite having the **greatest ARPU**, Meta's **sky-high valuation** pushes its multiple **far above peers**

› **Reddit's** valuation appears **stretched**, with the **2nd-lowest ARPU** but **second highest EV/ARPU** multiple compared with more profitable peers

### EV/MAU



› Meta's efficient **user monetization** result in a standout EV/MAU multiple attributable to a high EV

› Lower MAU multiples for peers reflect **limited scale**, **lower margins**, and **weaker monetization**

# Appendix – Legal Landscape

Reddit walks on very fine lines when it comes to legal implications

## Key Laws

### Section 230 (U.S. - Communications Decency Act)

- Platforms are not liable for user content but must cooperate with legal orders

### 18 U.S.C. § 2258A

- Reddit must report CSAM or face penalties

### Digital Services Act (EU)

- Fast takedown of user content violating guidelines, transparency, risk mitigation

### Online Safety Act (UK)

- Pushes for identity verification & illegal content response.

## Lawsuits

### Maya Amerson vs. Reddit

- suing Reddit for work-related trauma and insufficient accommodations

- platform **liability is not limited to content**
- while platforms aren't forced to unmask users, they are **responsible for protecting their staff's mental health** during moderation tasks.

### Reddit Labour Settlement – April 2024

- Agreed to pay \$525K to ~120 California moderators for overtime violations

- Legal exposure from **working conditions in content moderation**

## Implications

### Anonymity is conditional



Reddit logs user activity; identity traceable via legal process  
Pseudonymity ≠ legal immunity.

### Legal Responsibility



Users remain **individually liable** for illegal content.  
Reddit must **remove** illegal posts & **comply** with authorities.

### Global Regulatory Shift



Platforms likely to face **stricter user verification** or traceability requirements.  
Laws are moving toward **faster removal**, **algorithm transparency**, and **moderation accountability**.

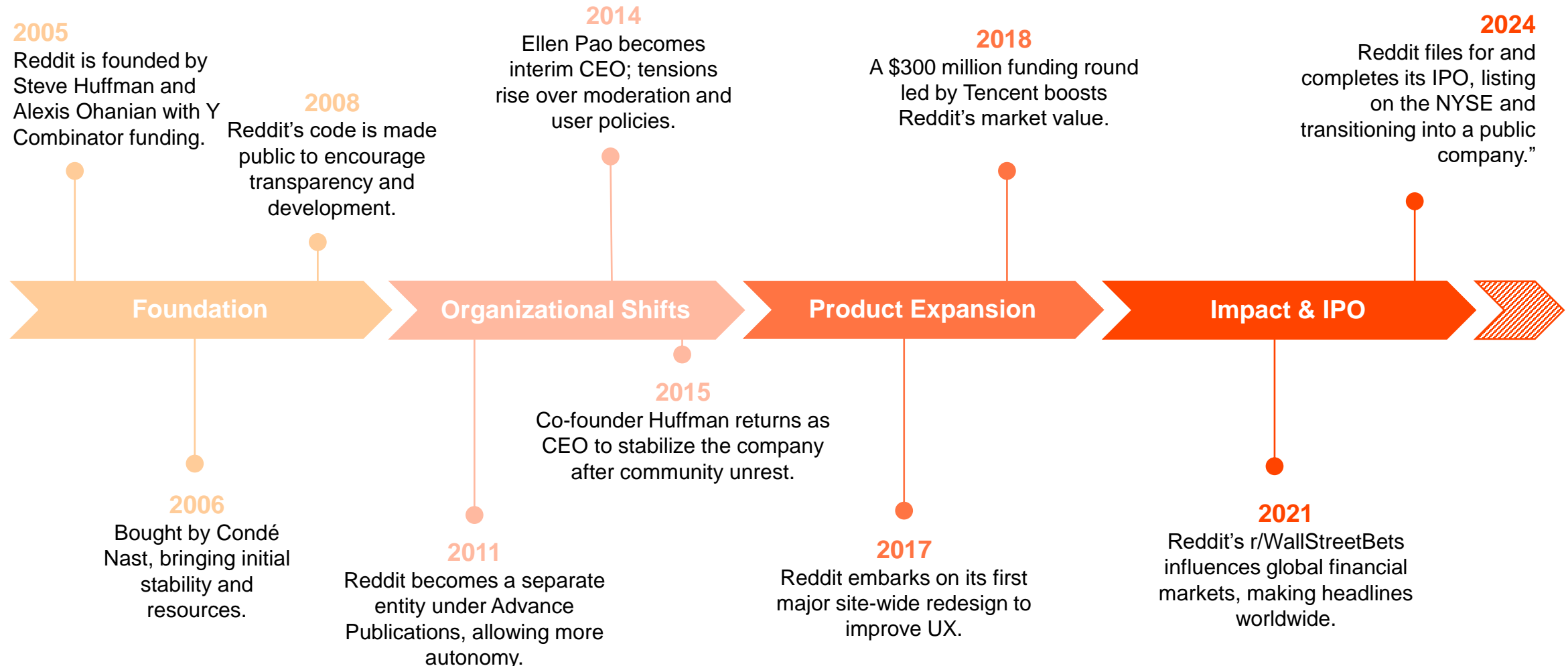
### Future Outlook



**Anonymity weakened** on large platforms.  
**Legal liability standards tighten**, especially outside the U.S.  
Balance between **free speech** and **harm prevention** becomes central







# Appendix – Reddit Company History

Reddit's development over the years



# Appendix – Analyst Sentiment

Analysts are mostly very confident in Reddit

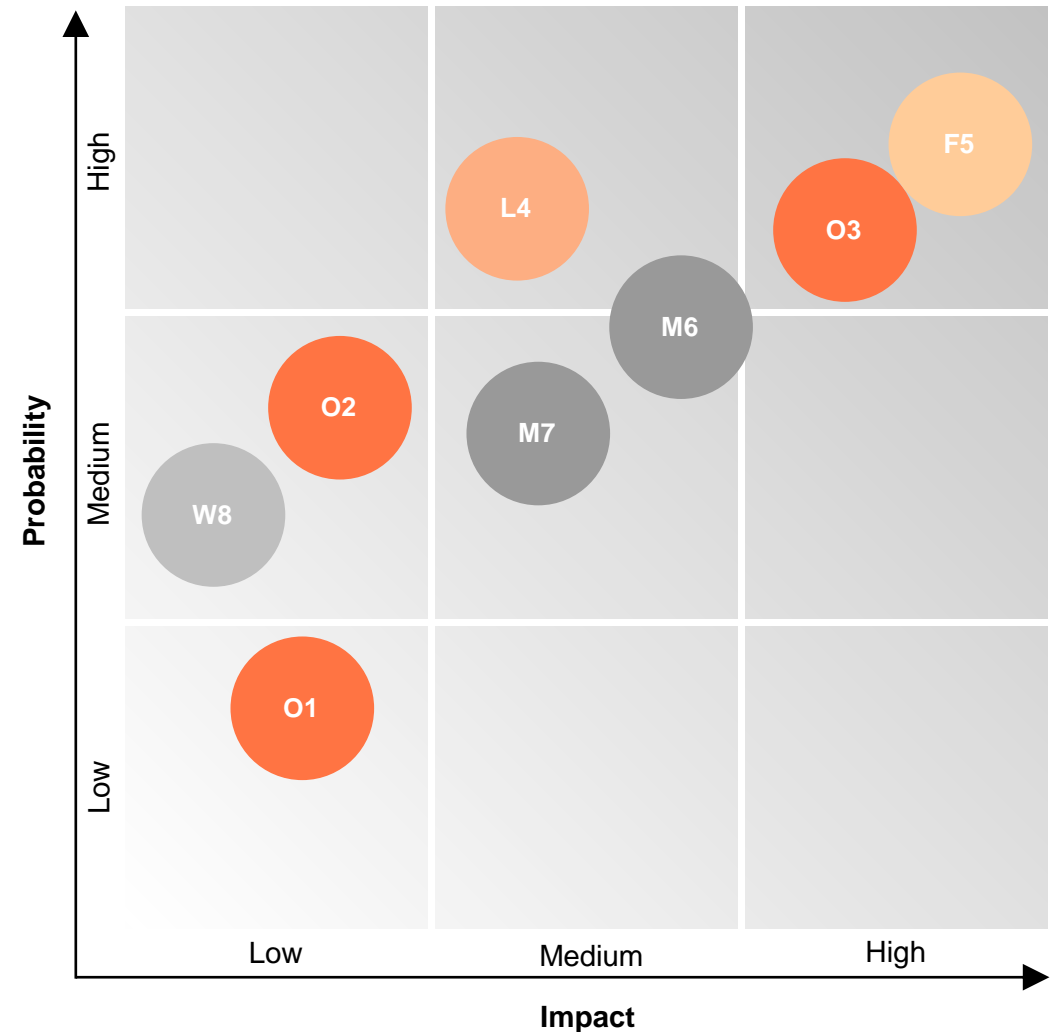
Date	Firm	Target	Upside/Downside	Rating
03/06/2025		\$125	11.50%	Sector Outperform
21/05/2025		\$120	13.59%	Neutral
05/05/2025		\$165	44.95%	Buy
28/04/2025		\$180	52.41%	Buy
30/03/2025		\$158	46.67%	Buy
13/02/2025		\$185	-14.54%	Neutral
13/02/2025		220\$	1.63%	Buy

# Appendix – Risks

## Key operational & strategic risks

O1	<b>Platform Downtime/Outages:</b> Operational disruptions due to server or backend failures causing service unavailability
O2	<b>Weak AdTech Infrastructure:</b> Missing global ad stack, no programmatic DSP integration; CPMs remain far below peers
O3	<b>Content Moderation Failures:</b> Volunteer-based, decentralized system leads to inconsistent enforcement, brand safety concerns, and legal liability
L4	<b>Regulatory Scrutiny:</b> Increasing legislation around content liability, data privacy (e.g., GDPR, DSA), and algorithm transparency
F5	<b>Revenue Concentration Risk:</b> Heavy reliance on digital ad revenue with limited diversification (e.g., lack of subscriptions or commerce income)
M6	<b>Brand Damage via Controversial Subreddits:</b> Reputation damage from association with toxic communities or harmful content
M7	<b>Competitive Threats from Social Platforms:</b> Intense competition from X, Meta, Discord, and niche forums reducing Reddit's user & advertiser base
W8	<b>Reliance on Volunteer Moderators:</b> Heavy dependence on unpaid moderators can lead to inconsistent content standards, limited scalability

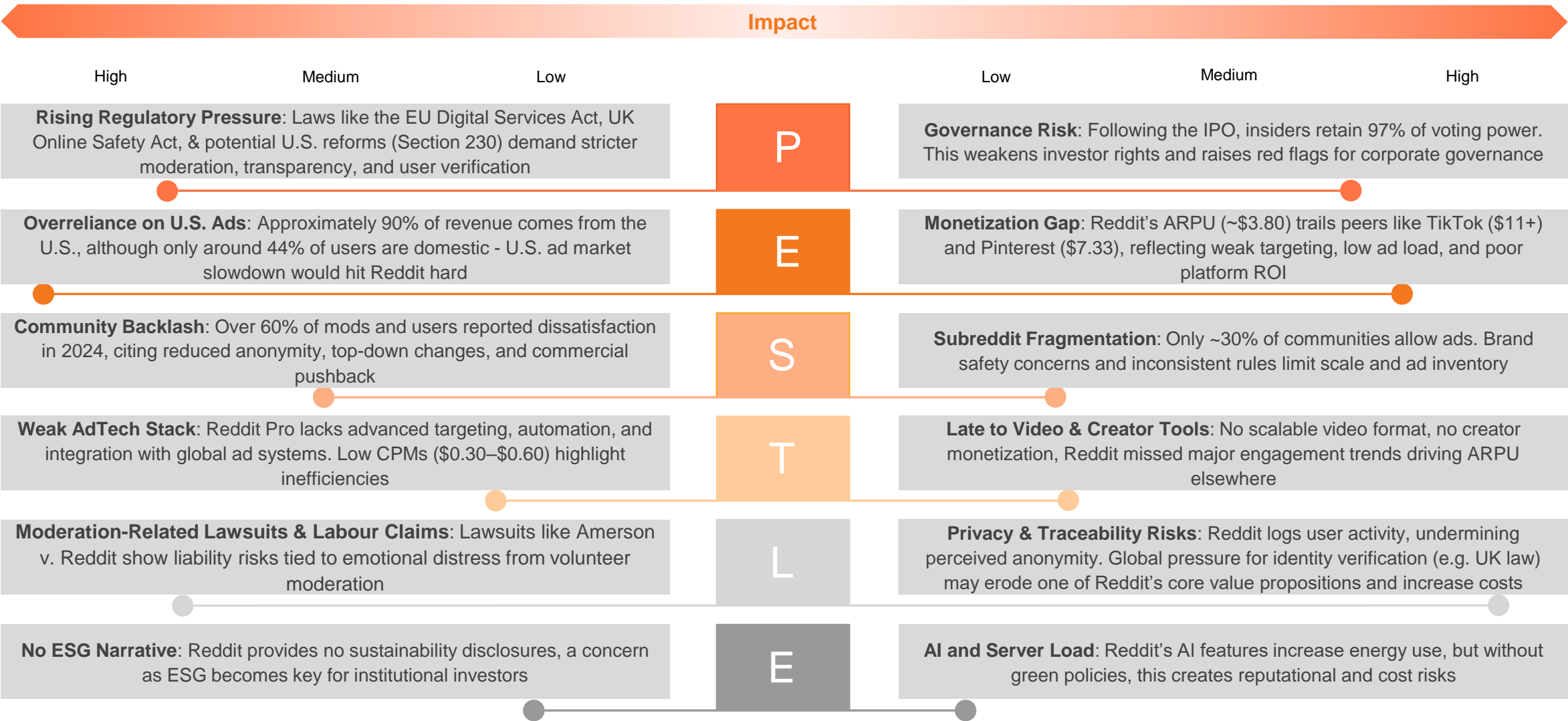
Operations (O) – Market (M) – Financial (F) – Legislation (L) – Workforce (W)





# Appendix – PESTEL Analysis

## Reddit’s exposure to external pressure



# Appendix – SWOT Analysis

Reddit's strengths, weaknesses, opportunities & threats

## STRENGTHS

- **Rich, user-generated content:** Massive archive of authentic discussions across thousands of niche communities
- **Strong Community model:** Topic-based subreddits with volunteer moderation and pseudonymous users foster deep engagement
- **AI & data monetization:** Agreements licensing content to Google, OpenAI (~\$325M over three years) and value in evolving search and ad tools

## OPPORTUNITIES

- **International growth:** Rising global ad revenue (e.g., 50% YoY growth in Australia), multilingual expansion, and translation efforts
- **AI-enhanced search & discovery:** Growth in search integration and “Reddit Answers” can boost engagement and new user acquisition
- **New revenue streams:** Expansion into premium subscriptions, user economy (coins, avatars), and content licensing beyond advertisers



- **Revenue concentration:** Heavy reliance on advertising (~91%) and limited revenue diversification
- **Moderation inconsistencies:** Volunteer moderators result in uneven content quality and rule enforcement
- **Vulnerability to spam & misinformation:** Echo chambers, brigading, and AI-generated disinformation can erode trust

## WEAKNESSES

- **AI content dilution:** Risk of AI-generated posts undermining Reddit's human-first platform ethos
- **Intense Ad Competition:** Meta and TikTok offer better ad targeting and ROI tools, making them advertisers' top choice
- **Valuation Pressure:** Despite strong, the stock's +170% post-IPO rally may be overheating expectations

## THREATS

# Appendix – Profit & Loss Statement

## Operating Model

\$ in thousands	Historicals					Forecasted					
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
<b>Profit and Loss Statement</b>											
Advertising Revenue	220,973	471,835	652,562	788,782	1,185,456	1,433,467	1,698,079	1,999,612	2,340,737	2,723,856	3,155,185
Other Revenue	7,935	13,081	14,139	15,247	114,749	175,113	271,217	424,312	668,539	1,058,527	1,681,672
<b>Total Revenues</b>	<b>228,908</b>	<b>484,916</b>	<b>666,701</b>	<b>804,029</b>	<b>1,300,205</b>	<b>1,608,580</b>	<b>1,969,296</b>	<b>2,423,924</b>	<b>3,009,276</b>	<b>3,782,383</b>	<b>4,836,857</b>
Cost of Revenue (COGS)	(55,026)	(72,565)	(104,799)	(111,011)	(123,595)	(147,989)	(172,238)	(201,298)	(237,151)	(282,218)	(340,438)
<b>Gross Profit</b>	<b>173,882</b>	<b>412,351</b>	<b>561,902</b>	<b>693,018</b>	<b>1,176,610</b>	<b>1,460,592</b>	<b>1,797,059</b>	<b>2,222,625</b>	<b>2,772,125</b>	<b>3,500,165</b>	<b>4,496,419</b>
Research & Development	(117,526)	(256,975)	(365,164)	(438,346)	(935,152)	(756,644)	(816,693)	(895,290)	(1,019,320)	(1,180,262)	(1,365,319)
Sales & Marketing	(75,396)	(137,867)	(225,078)	(230,175)	(350,579)	(363,488)	(409,282)	(466,151)	(543,273)	(642,079)	(765,163)
General & Administrative	(43,517)	(144,722)	(143,822)	(164,658)	(451,447)	(319,671)	(338,377)	(366,714)	(420,835)	(494,881)	(580,069)
<b>EBIT</b>	<b>(62,557)</b>	<b>(127,213)</b>	<b>(172,162)</b>	<b>(140,161)</b>	<b>(560,568)</b>	<b>20,788</b>	<b>232,707</b>	<b>494,470</b>	<b>788,698</b>	<b>1,182,943</b>	<b>1,785,869</b>
Net Other Income/Expense	3,486	(343)	14,234	53,138	75,361	60,244	61,865	66,059	81,181	105,626	128,568
<b>EBT</b>	<b>(59,071)</b>	<b>(127,556)</b>	<b>(157,928)</b>	<b>(87,023)</b>	<b>(485,207)</b>	<b>81,033</b>	<b>294,572</b>	<b>560,529</b>	<b>869,879</b>	<b>1,288,569</b>	<b>1,914,437</b>
Income Tax Benefit/Expense	(102)	(340)	(622)	(3,801)	931	(3,779)	(12,938)	(24,276)	(37,419)	(54,918)	(81,406)
<b>Net Income (Loss)</b>	<b>(59,173)</b>	<b>(127,896)</b>	<b>(158,550)</b>	<b>(90,824)</b>	<b>(484,276)</b>	<b>77,253</b>	<b>281,634</b>	<b>536,253</b>	<b>832,460</b>	<b>1,233,651</b>	<b>1,833,031</b>
D&A	1,934	2,813	8,000	13,702	15,643	37,741	59,923	85,382	102,074	129,507	155,235
Stock-based compensation	21,246	154,354	55,768	49,086	842,932	385,604	334,672	289,874	291,802	309,313	293,980
Restructuring costs	-	-	-	8,098	-	-	-	-	-	-	-
<b>EBITDA</b>	<b>(39,377)</b>	<b>29,954</b>	<b>(108,394)</b>	<b>(69,275)</b>	<b>298,007</b>	<b>444,134</b>	<b>627,303</b>	<b>869,726</b>	<b>1,182,574</b>	<b>1,621,764</b>	<b>2,235,084</b>

# Appendix – Balance Sheet

## Operating Model

\$ in thousands	Historicals					Forecasted					
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
<b>Balance Sheet</b>											
Cash & Cash Equivalents	111,947	1,337,798	435,810	401,176	562,092	500,031	410,131	458,465	417,625	439,731	490,921
Marketable Securities	250,690	75,334	830,734	811,946	1,278,717	1,278,717	1,528,717	1,878,717	2,578,717	3,578,717	5,078,717
Accounts Receivable	86,515	161,675	191,987	245,279	349,534	432,434	529,406	651,623	808,983	1,016,818	1,300,292
Prepaid Expenses & Other Current Assets	24,551	26,065	25,396	21,286	33,058	39,664	48,558	59,768	74,201	93,264	119,265
<b>Total Current Assets</b>	<b>473,703</b>	<b>1,600,872</b>	<b>1,483,927</b>	<b>1,479,687</b>	<b>2,223,401</b>	<b>2,250,846</b>	<b>2,516,812</b>	<b>3,048,573</b>	<b>3,879,527</b>	<b>5,128,530</b>	<b>6,989,195</b>
Property, Plants & Equipment (PPE)	4,475	5,372	7,192	14,946	12,652	67,460	118,518	164,657	204,444	236,149	271,006
Marketable Securities (Non-Current)	4,602	-	-	-	-	-	-	-	-	-	-
Operating Lease Right of Use Assets	24,898	17,460	23,352	24,008	23,249	27,289	29,492	31,015	33,202	43,103	56,226
Intangible Assets	760	5,662	41,237	32,147	25,424	17,076	9,079	983	4,966	9,004	13,370
Goodwill	6,471	6,471	26,299	26,299	42,174	42,174	42,174	42,174	42,174	42,174	42,174
Other Non-Current Assets	9,230	9,272	17,704	19,380	9,695	9,695	9,695	9,695	9,695	9,695	9,695
<b>Total Non-Current Assets</b>	<b>50,436</b>	<b>44,237</b>	<b>115,784</b>	<b>116,780</b>	<b>113,194</b>	<b>163,695</b>	<b>208,959</b>	<b>248,524</b>	<b>294,482</b>	<b>340,126</b>	<b>392,470</b>
<b>Total Assets</b>	<b>524,139</b>	<b>1,645,109</b>	<b>1,599,711</b>	<b>1,596,467</b>	<b>2,336,595</b>	<b>2,414,541</b>	<b>2,725,771</b>	<b>3,297,097</b>	<b>4,174,008</b>	<b>5,468,656</b>	<b>7,381,665</b>

# Appendix – Balance Sheet

## Operating Model

\$ in thousands	Historicals					Forecasted					
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
<b>Balance Sheet</b>											
Accounts Payable	9,348	22,892	32,944	46,514	45,423	54,388	63,300	73,980	87,156	103,719	125,116
Operating Lease Liabilities	6,464	6,854	7,802	3,707	6,137	-	-	-	-	-	-
Accrued Expenses and Other Current Liabilities	33,935	40,710	65,711	83,349	124,464	113,525	132,128	154,421	181,924	216,496	261,158
<b>Total Current Liabilities</b>	<b>49,747</b>	<b>70,456</b>	<b>106,457</b>	<b>133,570</b>	<b>176,024</b>	<b>167,913</b>	<b>195,428</b>	<b>228,401</b>	<b>269,080</b>	<b>320,215</b>	<b>386,274</b>
Operating Lease Liabilities (Non-Current)	13,461	6,606	11,690	22,040	20,565	29,368	31,450	33,551	37,322	47,184	61,103
Other Non-Current Liabilities	1,800	568	7,136	287	9,257	9,257	9,257	9,257	9,257	9,257	9,257
<b>Total Non-Current Liabilities</b>	<b>15,261</b>	<b>7,174</b>	<b>18,826</b>	<b>22,327</b>	<b>29,822</b>	<b>38,625</b>	<b>40,707</b>	<b>42,808</b>	<b>46,579</b>	<b>56,441</b>	<b>70,360</b>
<b>Total Liabilities</b>	<b>65,008</b>	<b>77,630</b>	<b>125,283</b>	<b>155,897</b>	<b>205,846</b>	<b>206,539</b>	<b>236,134</b>	<b>271,208</b>	<b>315,659</b>	<b>376,656</b>	<b>456,634</b>
<b>Convertible Preferred Stock (CPS)</b>	<b>610,744</b>	<b>1,853,492</b>	<b>1,853,492</b>	<b>1,853,492</b>	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
Class A Common Stock	-	-	-	-	12	12	12	12	12	12	12
Class B Common Stock	5	6	6	6	5	5	5	5	5	5	5
Class C Common Stock	-	-	-	-	-	-	-	-	-	-	-
Treasury Stock (at cost)	(10,302)	-	-	-	-	-	-	-	-	-	-
Additional Paid-In Capital	105,502	181,407	250,460	302,820	3,331,546	3,331,546	3,331,546	3,331,546	3,331,546	3,331,546	3,331,546
Accumulated Other Comprehensive Income/Loss	196	(238)	(3,792)	814	24	24	24	24	24	24	24
Accumulated Deficit	(247,014)	(467,188)	(625,738)	(716,562)	(1,200,838)	(1,123,585)	(841,951)	(305,698)	526,762	1,760,413	3,593,445
<b>Total Shareholder's Equity/Deficit</b>	<b>(151,613)</b>	<b>(286,013)</b>	<b>(379,064)</b>	<b>(412,922)</b>	<b>2,130,749</b>	<b>2,208,002</b>	<b>2,489,636</b>	<b>3,025,889</b>	<b>3,858,349</b>	<b>5,092,000</b>	<b>6,925,032</b>
<b>Total Liabilities, CPS, and Shareholder's Equity</b>	<b>524,139</b>	<b>1,645,109</b>	<b>1,599,711</b>	<b>1,596,467</b>	<b>2,336,595</b>	<b>2,414,541</b>	<b>2,725,771</b>	<b>3,297,097</b>	<b>4,174,008</b>	<b>5,468,656</b>	<b>7,381,665</b>

# Appendix – Cashflow Statement

## Operating Model

\$ in thousands	Historicals					Forecasted					
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
<b>Cashflow Statement</b>											
<b>Net Income</b>	<b>(59,173)</b>	<b>(127,896)</b>	<b>(158,550)</b>	<b>(90,824)</b>	<b>(484,276)</b>	<b>77,253</b>	<b>281,634</b>	<b>536,253</b>	<b>832,460</b>	<b>1,233,651</b>	<b>1,833,031</b>
Depreciation & Amortization	1,934	2,813	8,000	13,702	15,643	37,741	59,923	85,382	102,074	129,507	155,235
Non-Cash Operating Lease Costs	9,078	8,663	10,464	11,359	4,110	-	-	-	-	-	-
Amortization of Premium (on Debt purchased)	601	1,544	(3,264)	(27,442)	(43,400)	-	-	-	-	-	-
Stock-Based Compensation Expense	21,246	48,730	55,310	47,598	801,646	385,604	334,672	289,874	291,802	309,313	293,980
Other Adjustments	33	(300)	4,099	484	(4,187)	-	-	-	-	-	-
<b>Cashflow from Earnings</b>	<b>(26,281)</b>	<b>(66,446)</b>	<b>(83,941)</b>	<b>(45,123)</b>	<b>289,536</b>	<b>500,599</b>	<b>676,229</b>	<b>911,509</b>	<b>1,226,336</b>	<b>1,672,472</b>	<b>2,282,246</b>
Accounts Receivable	(43,285)	(74,992)	(30,230)	(53,318)	(104,280)	(82,900)	(96,971)	(122,217)	(157,360)	(207,834)	(283,474)
Prepaid Expenses and Other Assets	(1,118)	2,903	(1,911)	3,878	(19,485)	(6,606)	(8,894)	(11,210)	(14,433)	(19,063)	(26,001)
Operating Lease Right-Of-Use Assets & Liabilities	(14,306)	(7,478)	(10,325)	(5,758)	(2,397)	(8,594)	(11,704)	(14,866)	(17,294)	(16,615)	(19,939)
Accounts Payable	2,694	11,732	10,905	12,470	(570)	8,965	8,912	10,680	13,176	16,563	21,397
Other Non-Current Liabilities	-	(1,232)	-	-	-	-	-	-	-	-	-
Accrued Expenses and Other Liabilities	20,453	5,326	21,481	12,737	59,264	(10,939)	18,602	22,293	27,503	34,572	44,662
<b>Cashflow from Operating Activities</b>	<b>(61,843)</b>	<b>(130,187)</b>	<b>(94,021)</b>	<b>(75,114)</b>	<b>222,068</b>	<b>400,525</b>	<b>586,174</b>	<b>796,188</b>	<b>1,077,929</b>	<b>1,480,094</b>	<b>2,018,891</b>
Purchases of Property, Plant & Equipment (PPE)	(3,050)	(2,299)	(6,233)	(9,724)	(6,248)	(71,673)	(84,904)	(99,981)	(117,037)	(136,193)	(157,759)
Cashflow related to marketable securities	84,231	177,979	(755,690)	50,843	(423,123)	-	(250,000)	(350,000)	(700,000)	(1,000,000)	(1,500,000)
Stock-Based Compensation	(21,246)	(48,730)	(55,310)	(47,598)	(801,646)	(385,604)	(334,672)	(289,874)	(291,802)	(309,313)	(293,980)
Other Investing Activities	-	-	(64)	172	(1,048)	(5,308)	(6,499)	(7,999)	(9,931)	(12,482)	(15,962)
<b>Cashflow from Investing Activities</b>	<b>81,181</b>	<b>170,684</b>	<b>(804,183)</b>	<b>41,291</b>	<b>(440,687)</b>	<b>(462,586)</b>	<b>(676,075)</b>	<b>(747,853)</b>	<b>(1,118,769)</b>	<b>(1,457,988)</b>	<b>(1,967,701)</b>
Net proceeds from issuance of preferred stock	-	1,242,748	-	-	-	-	-	-	-	-	-
Proceeds from Class A Common Stock Issuance in IPO	-	-	-	-	600,022	-	-	-	-	-	-
Proceeds from exercise of employee stock options	8,333	38,981	7,034	8,428	88,972	88,909	88,909	88,909	88,318	-	-
Taxes paid related to net share settlement of RSU	-	-	-	(4,320)	(294,573)	-	-	-	-	-	-
Payments of initial public offering costs	-	-	-	(1,441)	(8,775)	-	-	-	-	-	-
Acquisition of Treasury Stock	-	(95,186)	-	-	-	-	-	-	-	-	-
Other financing activities	-	-	(1,022)	-	-	(88,909)	(88,909)	(88,909)	(88,318)	-	-
<b>Cashflow from Financing Activities</b>	<b>8,333</b>	<b>1,182,194</b>	<b>(3,784)</b>	<b>(811)</b>	<b>379,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Cashflows</b>	<b>27,671</b>	<b>1,222,691</b>	<b>(901,988)</b>	<b>(34,634)</b>	<b>160,916</b>	<b>(62,061)</b>	<b>(89,901)</b>	<b>48,335</b>	<b>(40,841)</b>	<b>22,106</b>	<b>51,190</b>

## WACC

WACC Forecast Period

General	
Valuation Date	13.06.2025
Market Cap as at 13.06.2025	23,910,051
Net Debt	26,550
Capital Structure Assumption	Constant D/E

Cost of Equity	
Risk-Free Rate (Rf)	4.41%
Unlevered Beta (βUL)	1.03
Equity Risk Premium	4.63%
Country Risk Premium (CoE)	0.00%


Cost of Debt	
Credit Spread	5.97%
U.S. Corporate Income Tax Rate	21.00%
Country Risk Premium (CoD)	0.00%

WACC	
Cost of Equity	9.19%
Weight of Equity	99.89%
After tax cost of Debt	4.72%
Weight of Debt	0.11%

WACC	9.18%
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# Appendix – DCF Analysis

## DCF

DCF-Analysis												
						0.75	1.75	2.75	3.75	4.75	5.75	5.75
	Historicals					Forecasted						
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	Terminal
Revenue	228,908	484,916	666,701	804,029	1,300,205	1,608,580	1,969,296	2,423,924	3,009,276	3,782,383	4,836,857	
% growth		111.8%	37.5%	20.6%	61.7%	23.7%	22.4%	23.1%	24.1%	25.7%	27.9%	
EBITDA	(39,377)	29,954	(108,394)	(69,275)	298,007	444,134	627,303	869,726	1,182,574	1,621,764	2,235,084	
% margin	-17.2%	6.2%	-16.3%	-8.6%	22.9%	27.6%	31.9%	35.9%	39.3%	42.9%	46.2%	
Total D&A	(1,934)	(2,813)	(8,000)	(13,702)	(15,643)	(37,741)	(59,923)	(85,382)	(102,074)	(129,507)	(155,235)	
% of sales	-0.8%	-0.6%	-1.2%	-1.7%	-1.2%	-2.3%	-3.0%	-3.5%	-3.4%	-3.4%	-3.2%	
Total SBC	(21,246)	(154,354)	(55,768)	(49,086)	(842,932)	(385,604)	(334,672)	(289,874)	(291,802)	(309,313)	(293,980)	
% of sales	-9.3%	-31.8%	-8.4%	-6.1%	-64.8%	-24.0%	-17.0%	-12.0%	-9.7%	-8.2%	-6.1%	
Total Restructuring costs	-	-	-	(8,098)	-	-	-	-	-	-	-	
% of sales	0.0%	0.0%	0.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>EBIT</b>	<b>(62,557)</b>	<b>(127,213)</b>	<b>(172,162)</b>	<b>(140,161)</b>	<b>(560,568)</b>	<b>20,788</b>	<b>232,707</b>	<b>494,470</b>	<b>788,698</b>	<b>1,182,943</b>	<b>1,785,869</b>	
% margin	-27.3%	-26.2%	-25.8%	-17.4%	-43.1%	1.3%	11.8%	20.4%	26.2%	31.3%	36.9%	
Taxes	(102)	(340)	(622)	(3,801)	931	(3,779)	(12,938)	(24,276)	(37,419)	(54,918)	(81,406)	
<b>NOPAT</b>	<b>(62,659)</b>	<b>(127,553)</b>	<b>(172,784)</b>	<b>(143,962)</b>	<b>(559,637)</b>	<b>17,009</b>	<b>219,768</b>	<b>470,194</b>	<b>751,279</b>	<b>1,128,026</b>	<b>1,704,463</b>	
% of sales	-27.4%	-26.3%	-25.9%	-17.9%	-43.0%	1.1%	11.2%	19.4%	25.0%	29.8%	35.2%	
- Total Capex	(3,050)	(7,295)	(6,233)	(9,724)	(6,248)	(71,673)	(84,904)	(99,981)	(117,037)	(136,193)	(157,759)	
% of sales	-1.3%	-1.5%	-0.9%	-1.2%	-0.5%	-4.5%	-4.3%	-4.1%	-3.9%	-3.6%	-3.3%	
- Δ NWC		(56,355)	5,410	(17,974)	(76,003)	(91,480)	(78,351)	(100,454)	(131,114)	(175,763)	(243,416)	
% of change in sales		-11.6%	0.8%	-2.2%	-5.8%	-5.7%	-4.0%	-4.1%	-4.4%	-4.6%	-5.0%	
+ Total D&A	1,934	2,813	8,000	13,702	15,643	37,741	59,923	85,382	102,074	129,507	155,235	
% of sales	0.8%	0.6%	1.2%	1.7%	1.2%	2.3%	3.0%	3.5%	3.4%	3.4%	3.2%	
<b>Unlevered FCF</b>	<b>(63,775)</b>	<b>(188,390)</b>	<b>(165,607)</b>	<b>(157,958)</b>	<b>(626,245)</b>	<b>(108,403)</b>	<b>116,436</b>	<b>355,141</b>	<b>605,202</b>	<b>945,577</b>	<b>1,458,523</b>	<b>20,716,537</b>
Discount Factor						0.94	0.86	0.79	0.72	0.66	0.60	0.60
<b>PV of FCF</b>						<b>(101,492)</b>	<b>99,846</b>	<b>278,929</b>	<b>435,358</b>	<b>623,010</b>	<b>880,163</b>	<b>12,501,647</b>



## DCF

TEV build

Enterprise Value	
PV of Terminal Value	12,501,647
PV of projections	2,215,815
EV	14,717,462
Discounted TV as % of EV	84.9%
Implied EV/EBITDA 24F	49.4x
Implied EV/EBITDA 25F	33.1x

Equity bridge

Total EV	14,717,462
- interest bearing debt	(26,550)
+ Cash and Cash Equivalents	635,727
Equity Value	15,326,639
Shares Outstanding	201,280
Implied Equity Value per Share	76.1
Current Share Price	118.8
Downside Potential	-35.90%

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