

Figma Files for IPO: Design Giant Seeks Public Debut After Adobe Merger Collapse

Filing Information

- **Company:** Figma INC
- **CIK:** 1579878
- **Filing Type:** S-1
- **Amended Filing:** No
- **Filing Date:** July 01, 2025
- **Proposed Ticker Symbol:** FIG
- **State of Incorporation:** DE
- **Industry (SIC):** SERVICES-PREPACKAGED SOFTWARE
- **Accession Number:** 0001628280-25-033742
- **Analysis Date:** July 24, 2025

Snapshot

Figma, Inc. has officially filed for an Initial Public Offering (IPO) with the U.S. Securities and Exchange Commission (SEC) on July 1, 2025. The design software giant submitted a **Registration Statement**, unveiling its plans to go public. The filing provides an in-depth look at Figma's business operations, product offerings, financial results, potential risks, corporate structure, and details of the stock offering. This move aims to register its Class A common stock for trading on a public exchange, paving the way for the company to raise fresh capital and enabling existing shareholders to offload their stakes.

Offering Details

- **Stock Offered:** Class A Common Stock.
- **Sellers:** Both Figma, Inc. (raising new capital) and existing selling stockholders (cashing out a portion of their holdings). Figma will not receive any proceeds from the shares sold by stockholders.
- **Proposed Stock Exchange:** New York Stock Exchange (NYSE)
- **Use of Proceeds:** The primary purposes are to create a public market, increase capitalization and financial flexibility. A portion of the proceeds will be used to repay debt incurred to satisfy tax withholding obligations related to the vesting of employee Restricted Stock Units (RSUs) in connection with the IPO. The remainder will be used for general corporate purposes, product development, and potential acquisitions.
- **Lead Underwriters:** Morgan Stanley, Goldman Sachs & Co. LLC, and Allen & Company LLC.

Company Overview & Business Model

Figma positions itself as the collaborative platform where teams design and build the world's best digital products. Its core innovation was moving design from siloed, offline desktop applications to a real-time, browser-based, "multiplayer" environment.

- **Mission:** To eliminate the gap between imagination and reality.

- **Core Value Proposition:** A single, connected, AI-powered platform for the entire product development lifecycle, from ideation to shipping. A key theme is collaboration, with the S-1 noting that two-thirds of its over 13 million monthly active users (as of Q1 2025) are non-designers like developers, product managers, and marketers.
- **Business Model:** Figma operates on a Software-as-a-Service (SaaS) subscription model.
 - **Plans:** It offers a tiered structure: **Starter** (free), **Professional** (for individuals/small teams), **Organization**, and **Enterprise** (for large businesses with advanced security and administrative needs).
 - **Seats (as of March 2025):** The company shifted its pricing to multi-product seats tailored to user roles, including **Viewer** (free), **Collab**, **Content**, **Dev**, and **Full** seats.
- **Go-to-Market Strategy:** Figma employs a powerful product-led growth (PLG) or "bottoms-up" model, where individual users and teams adopt the product organically. This is supplemented by a direct sales force that targets larger organizations to drive enterprise-wide adoption and seat expansion. Its strong user community is a core part of its marketing and growth engine.

Figma's Product Portfolio

A central theme of the filing is Figma's evolution from a single design tool to an end-to-end product development platform.

- **Figma Design:** The original flagship product for user interface (UI) and user experience (UX) design.
- **FigJam (2021):** An online whiteboard for team brainstorming, diagramming, and ideation.
- **Dev Mode (2023):** A dedicated workspace for developers to inspect designs, get code snippets, and bridge the gap between design and engineering.
- **Figma Slides (2024):** A collaborative presentation tool integrated with Figma's design capabilities.
- **2025 Product Expansion:** The company launched four new products to cover more of the development lifecycle:
 - **Figma Make:** An AI-powered tool that converts text prompts into functional prototypes.
 - **Figma Sites:** A product to design and publish websites directly from Figma.
 - **Figma Buzz:** A tool for creating on-brand marketing and social media assets at scale.
 - **Figma Draw:** A dedicated space for advanced vector editing and illustration.
- **AI Integration:** Artificial Intelligence is a key strategic pillar, woven throughout the platform to automate repetitive tasks (e.g., renaming layers, summarizing notes) and power new generative features like Figma Make.

Financial Highlights

Figma demonstrates strong growth and a path to profitability, though its recent results are heavily impacted by one-time events.

- **Revenue Growth:**
 - **FY 2024 Revenue:** \$749.0 million (a 48% increase YoY).
 - **Q1 2025 Revenue:** \$228.2 million (a 46% increase YoY).
- **Net Income / Loss (Key Context is Crucial):**
 - **FY 2023 Net Income: \$737.8 million.** This was driven by a **\$1.0 billion termination fee** received from Adobe after their proposed merger was abandoned.
 - **FY 2024 Net Loss: -\$732.1 million.** This was primarily caused by a massive **\$889.3 million stock-based compensation (SBC) expense**. This charge resulted from the "May 2024 RSU

Release" and a tender offer, which allowed employees to get liquidity before the IPO.

- **Key Business Metrics (as of Q1 2025):**

- **Net Dollar Retention Rate: 132%.** This extremely strong metric indicates that the company significantly grows revenue from its existing customers through seat expansion and upsells.
- **Customers with >\$100,000 ARR: 1,031.** This demonstrates successful traction with large enterprise customers.

Risk Factors Summary

The filing outlines numerous risks, with key ones including:

- **Growth and Competition:** Figma's rapid growth may not be sustainable, and it faces intense competition from established players, startups, and AI-driven tools that could disrupt the market.
- **AI Impact:** While a strategic focus, AI presents risks. Competitors could leverage AI more effectively, AI could reduce the need for designers (lowering seat counts), and the costs of developing and running AI features could negatively impact margins.
- **Dependence on Key Personnel:** The company is highly dependent on its co-founder and CEO, Dylan Field.
- **Pricing and Packaging Changes:** Recent major changes to its pricing and packaging models in March 2025 may not be successful and could alienate customers.
- **Security Breaches:** As a cloud-based platform hosting sensitive customer data, a security breach could be devastating to its reputation and business.
- **Founder Control:** The multi-class stock structure concentrates voting power with the CEO, limiting public shareholders' influence.

Voting Structure

- **Multi-Class Stock:**
 - **Class A Common Stock:** 1 vote per share (this is what is being offered in the IPO).
 - **Class B Common Stock:** 15 votes per share. Held primarily by the co-founders and early investors. It converts to Class A upon most transfers.
 - **Class C Common Stock:** 0 votes per share (no shares to be outstanding after the offering).
- **Concentrated Founder Control:**
 - Following the IPO, CEO **Dylan Field** will control a majority of the voting power.
 - This is achieved through his own holdings and an **irrevocable proxy** (the "Wallace Proxy") granted to him by co-founder Evan Wallace and his trust.
 - This means Mr. Field can control the outcome of all stockholder votes, including the election of directors and approval of major corporate transactions like a merger. Figma will be a "controlled company" under stock exchange rules.