



What Should Investors Know About the Upcoming Q4 IPO?

Description

Every Canadian investor is looking to get in on the next **Shopify**-like initial public offering (IPO). Indeed, the [IPO market](#) continues to be hot, though not as hot as late 2020, or early 2021.

The newest IPO in the Canadian market is set to be Q4, the Toronto-based investor relations (IR) company. Q4 is looking to raise \$150 million through its IPO. This IPO will be one of the largest on the TSX this year and is one investors are eagerly looking forward to.

Indeed, Q4's business model is one that investors are likely to jump on. The company offers cloud-based IR and capital markets solutions. These include website management, virtual events, customer relationship management, corporate access, capital markets intelligence and data analytics. This is the third IPO in quick succession following **Softchoice** and **LMPG** going public earlier in May.

Let's see what this IPO means for long-term investors who are intrigued by the offering.

What does the Q4 IPO entail?

The aforementioned \$150 million Q4 is looking to raise its IPO prices in a range of \$10.50 and \$13 per share. Thus, depending on investor demand, Q4 could potentially raise more or less than the company's \$150 million target.

As a high-growth technology play, Q4 is looking to tap equity markets for growth financing. Q4's technology helps optimize webcasts and earnings calls for investors and manages the financial statements on the investor relations section of many company websites. Q4's revenue in 2020 came in at \$40.4 million, representing an 80% growth rate year over year. That said, this is a company that's losing money. Q4 reported losses in 2020 of \$13 million compared to losses of \$11 million in 2019. As a high-growth company, these numbers likely aren't that concerning to investors considering Q4 right now.

The company intends to invest the proceeds in repaying an outstanding \$20.8 million credit facility and supporting its acquisition strategies. Indeed, more growth is a good thing for investors. Accordingly,

investors will be paying attention to how Q4 utilizes its war chest from here.

Bottom line

With IPO mania dying down somewhat, Q4's upcoming IPO will be intriguing to watch.

I think this is a company with a lot to gain from an equity issuance. Given the growth profile Q4 provides, this is a stock that will be on my watch list in the coming months. For investors seeking to get in early on a company with tonnes of upside potential, I'd recommend doing the same with Q4.

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