



1 Top Canadian IPO Investors Should Be Watching Next Week

Description

For investors looking at finding the next [growth](#) stock ready to produce **Shopify**-like returns, scouring the IPO market is a good place to start.

In Canada, tech stocks listing on the TSX have been few and far between. Other than superstar Shopify, there really haven't been many big IPOs in recent years. That said, this past year alone, there were more tech IPOs than we've seen in the past decade. That says something.

However, one IPO investors have their eye on right now is that of D2L. This was one of the earliest software success stories in Canada. Founded in 1999 during the dot-com bubble, this company has managed to survive the past two decades.

Accordingly, investors looking for a battle-tested Canadian tech stock IPO may be intrigued by this option. Let's dive into more of what the offering entails.

D2L looking forward to getting listed on TSX

D2L Corp. is all set to go public on the Toronto Stock Exchange next week. This 22-year-old organization is planning to list under the ticker DTOL on the TSX. Shares are expected to begin to trade next Wednesday.

There's been significant excitement around this upcoming IPO. However, there's also been some degree of bearishness over this offering. The company recently [announced](#) a reduction in its IPO pricing this week.

While the company initially provided for a range of \$19 to \$21 per share for the \$200 million offering, the demand seems to not have materialized at this level. Accordingly, D2L has cut its share price to \$17, which will result in proceeds of around \$150 million instead.

This is a setback for the company, but a potential opportunity for investors. Indeed, if the company correctly priced its shares to begin with (but overestimated institutional demand), it's possible retail

investors could take this stock to where the company thought it was worth.

IPOs are always risky. Accordingly, investors considering these offerings should be prepared for volatility. And on the TSX, various IPOs have performed differently. This adds to the risk level with these offerings.

However, I think the D2L offering is among the most intriguing to come available to investors in some time. Accordingly, it wouldn't surprise me to see a highly volatile opening day.

Online learning platform seeing strong demand for its services

D2L could hit a valuation of around \$1 billion post-IPO, should the company get its initial pricing following the start of trading for this stock. Time will tell; however, it appears there is significant demand for online learning IPOs of late.

The IPO will be the latest in a rash of public listings by renowned online learning platforms in 2021. This includes D2L rivals Coursera Inc., Instructure Holdings Inc., PowerSchool Holdings Inc., and Duolingo Inc. All of these have touched multibillion-dollar valuations.

The company did not tap outside investors until 2012, when it raised \$80 million. Accordingly, D2L became one of the largest software venture financings at that time for a Canada-based organization. It was also regarded as a highly necessary boost for the Waterloo technology sector. This is because the smartphone business of **BlackBerry** was crumbling.

The growth of D2L accelerated during the pandemic. Demand for online learning options spiked, causing D2L's revenues to spike. Bookings ballooned 200% compared to 2019 levels. Accordingly, it's clear the company thinks now is the time to strike for an IPO.

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