UK PRIVATE CAPITAL
Invested in a better future

pwc

Guide to executing a successful IPO

A report produced in association with PwC UK

October 2026



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Foreword – UK Private Capital

Welcome to the UK Private Capital Guide to executing a successful IPO.

A decade ago, the markets for listing a company on a stock exchange, via an Initial Public Offering (IPO), were more buoyant, predictable, and structurally simpler. Today they're faster moving, more thematic, and characterised by sharper cycles and volatility. Companies backed by private capital remain an important source of UK IPO candidates, and across Europe private capital backed issuers have continued to feature prominently among larger IPOs. For the industry, the implication is clear: the bar for readiness, governance, and investor engagement has risen materially.

Since our last edition in 2016, several forces have reshaped the path to going public:

- Higher volatility and shorter market windows demand better preparation and more robust equity stories.
- Increased transparency in private markets has narrowed the cultural gap with public investors, and investors now expect deeper data and clearer long term value creation plans.
- Structural shifts in UK capital markets, including the role of private capital in repopulating UK indices, have made public listings both more competitive and more strategically important.

All of this makes the IPO decision more consequential. This refreshed guide exists to help management teams and sponsors navigate that environment with clarity. It sets out the current trends, examines what has changed since 2016, and outlines what "good" looks like in today's listing process – from positioning and governance through to life as a public company.

Whether you are a private equity firm considering the right exit route, a venture capital investor in a business that is about to go public, or a portfolio company CFO weighing strategic options, the aim is simple: to confirm that a well executed IPO remains a compelling path for the right business and to give you valuable, practical insight from the outset. It's an exciting process, and one that needs commitment, patience and expert advice.

To that end, I hope you find this guide useful and a very special thanks to PwC and UK Private Capital's Capital Markets Working Group for its support.



Introduction – PwC UK

In 2024 and 2025, total proceeds from PE-backed IPOs on European exchanges rose to over 60% of total IPO proceeds.

This marks a recovery from the levels seen in 2022 and 2023, when the share of PE-backed IPOs fell during a period of subdued overall IPO activity arising from challenging geopolitical and macroeconomic conditions that dampened IPO investor sentiment. Encouragingly, the recent pickup in PE-backed IPOs - both in volume and value - is signalling renewed appetite and effective execution of IPO strategies.

The rise in PE-backed business IPO values in 2024 and 2025 plays into a key theme in private markets. The rapid growth and scale of capital allocated to private markets means PE-backed businesses are staying private for longer, resulting in larger businesses entering public markets at IPO. This extended timeline does allow PE-backed businesses to evidence delivery of their strategies and thereby underpin valuations, improving the likelihood of a successful IPO.

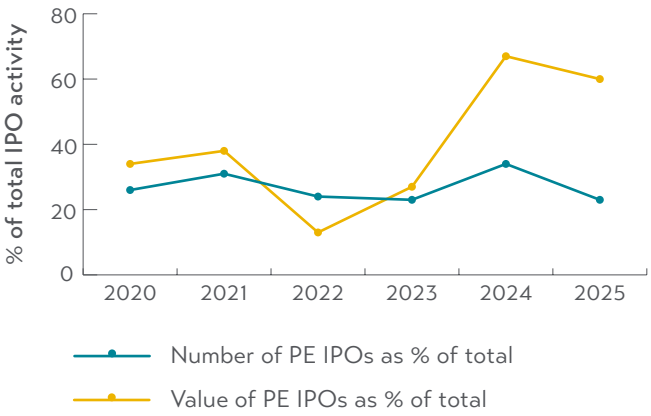
Looking ahead, there is optimism that market conditions will continue to improve to make IPOs an increasingly viable exit route for the growing pipeline of PE-backed IPO candidates. PE-backed business shareholders are clearly adapting their strategies to hit their targeted IPO window and achieve valuations that meet both immediate and medium-term objectives. Whilst windows remain episodic and shaped by geopolitics and mega-IPOs, the companies best positioned to succeed are those prepared to move decisively. PE-backed companies, with their ingrained exit-readiness discipline, are ideally suited to capitalise on these windows.

Going public is an extensive transformational process for a private company, one that requires a change in the mind-set of the company as it learns to run for the benefit of a wider group of investors and stakeholders and prepares to meet their needs and expectations.

Michael Wisson
Partner,
Capital Markets, PwC UK



Figure 1: Europe private equity IPO activity as a % of total IPO activity



*Data as of June 2026, excluding SPACs, REITs and Funds.

As you take the steps to going public, you will be expected to:

01. Define your company's positioning in the market and build a supportable and attractive equity story.

02. Engage with potential investors and embark on the roadshow to sell the deal.

03. Select the right management team and the team of advisers.

04. Revise the governance structure and practices to align with market standards and practices.

05. Determine your company's tax and legal structure as soon as possible.

06. Manage communication with the regulator to ensure required clearances are obtained.

This guide covers certain decisions and issues that come up time and time again during the IPO process and offers valuable advice and practical tips that the company and its shareholders should consider during their IPO planning process. By thinking of these early on, we believe that you can minimise the risk of disruption to an IPO process and maximise the value of your business on exit. Whilst the guide is written with a UK focus it will be relevant for IPOs in other jurisdictions, such as the US.

We hope this guide helps you and your portfolio companies in undertaking your IPO journey.

Sponsor and investor perspectives

An IPO of a portfolio company of a private equity firm will give rise to various shareholder considerations, both for the private equity firm and for other shareholders.

The private equity firm may have initially invested in the portfolio company with the expectation that an IPO was the likely exit route, or an IPO may have emerged over time as a possibility as the portfolio company developed under the private equity firm's ownership. In any event, an IPO can be an involved process for the private equity firm, both: (i) in assisting the portfolio company with the IPO process and preparing for life as a public company; and (ii) as a shareholder.

Where a private equity firm holds a controlling stake in a portfolio company, it is important to establish broad alignment with both management and other shareholders on the timing and structure of the IPO, including the intended listing venue. Whilst an IPO can be pursued in parallel with an M&A exit (a "dual-track" process), this can involve considerable additional work for the portfolio company and appropriate resources will be required.

Along with the investment team, a private equity firm may have other specialists (such as Capital Markets and Operating Partner personnel) that can assist portfolio companies in preparing for an IPO.

A portfolio company is likely to need to implement various governance and reporting enhancements when preparing for an IPO, as well as a pre-IPO reorganisation, which will almost certainly require various shareholder consents to be obtained.





Sponsor and investor perspectives



From a shareholder perspective, the areas that a sponsor / private equity firm is most likely to be involved with during the IPO process are:

- Providing input on the structure, timing and listing venue of the IPO;
- Providing any required shareholder consents (as described above);
- Private equity firm disclosure that are required in connection with the IPO, such as in the Prospectus;
- If the private equity firm is selling shares in the IPO, entering into the Underwriting Agreement;
- Entering into Lock-Up Agreements (on a UK IPO it is typical for significant institutional shareholders to enter into a 180 day lock-up on sales of shares following the IPO); and
- Potentially entering into an Orderly Marketing Agreement with other shareholders, which will govern how sales by those shareholders will be conducted for a period of time following the IPO.

Additional considerations

There will be additional considerations if one or more representatives of the private equity firm will serve as directors of the portfolio company following the IPO. Standard director documents such as an Appointment Letter and Director's Indemnity will need to be entered into. The D&O insurance arrangements that will be in place following the IPO should also be confirmed.

The private equity firm will also need to consider the arrangements for information sharing as between the director(s) and the private equity firm following the IPO, which will inevitably be more constrained than would have been the case prior to the IPO.

Similarly, the private equity firm will also need to consider whether the directorships of its representatives mean that the private equity firm will be more restricted in trading shares than would have been the case if they were not in place. In such circumstances the private equity firm may decide that as a matter of policy, the private equity firm will only trade shares during periods in which the director would have been able to do so if they held shares personally (e.g. under the Company's Directors' Dealing Code).

It is worth emphasising that in contrast to a sale of a portfolio company, an IPO is typically only the start of an exit process by the private equity firm, particularly if the IPO only involved the portfolio company raising primary capital with no secondary sales by existing shareholders. The private equity firm will need to develop a plan to sell-down its shareholding over time, which, depending on the size of its shareholding, may involve a combination of block trades and on-market dribble-out sales. Dribble-out sales may benefit from a company's share buyback programme, if implemented. Such plan is likely to evolve in light of the performance of the company's shares following the IPO, along with other factors such as the liquidity of the shares and general market conditions. A private equity firm may also consider a "distribution in specie" of the shares held by its fund to investors. However, there may be constraints on this under the fund documentation, as well as other practical challenges with implementing such a distribution (e.g. whether investors have operational arrangements in place to receive the listed shares).

A private equity firm should be aware of various regulatory considerations when holding shares in a public company, including when major shareholding disclosures are required (which may need to be made publicly and/or to regulators) and any disclosures arising as a result of the private equity firm's board representation. The private equity firm will also need to put in place appropriate brokerage and custody arrangements for holding listed shares, which can be an extensive operational exercise, particularly if the private equity firm does not hold listed shares frequently.

It is worth noting that the increasing overlap between private and public markets can provide further exit options to private equity firms, such as with the emergence of "Private IPOs" and "Crossover" trading venues (such as PISCES in the UK), both of which provide access to liquidity while maintaining private company status.

Update on UK regulatory reforms

In an increasingly dynamic global economy, the UK is reforming its capital markets with the aim of attracting growth companies, deepening investor access and reaffirming London's role as a leading international listing venue.

Governments have a range of levers to boost IPO activity, including fiscal incentives to encourage investment (such as tax reliefs for equity markets), measures to deepen domestic capital pools (for example, pension fund reform), efforts to enhance research coverage and analyst engagement, and ensuring regulation remains proportionate and competitive.

In addition, the UK is introducing a range of measures to support the transition from private to public ownership, including the PISCES framework, which is designed to facilitate secondary share liquidity for private companies.

In the UK, work is underway across all of these areas, with a central pillar being the most far-reaching overhaul of the listing regime in a generation.

The changes, covering both the listing and prospectus rules, aim to simplify the route to market, reduce cost and friction, and align London more closely with other leading venues—while retaining the UK's reputation for high standards of governance and transparency.

Key reforms for IPO candidates

- **Single equity listing segment:** Premium and Standard listings merged into one segment, with 'comply or explain' governance and streamlined access to FTSE index inclusion.
- **Relaxed IPO eligibility:** Requirements that often triggered additional audit work – including the '75% test' (that required three years of audited historical financial information to represent at least 75% of the applicant's business for that entire period) and the six-month audit staleness rule – have been dropped, aligned with other global markets.
- **Dual-class shares:** Now permitted, supporting founders seeking longer-term control. Ten-year sunset for institutional investors.
- **M&A transactions:** Large M&A deals (previously Class 1 transactions) are no longer subject to shareholder approval, FCA-approved circulars, replaced with a simplified disclosure regime.
- **Prospectus reforms (effective from 19 January 2026):** For follow-on offerings, the threshold for requiring a full prospectus increased from 20% to 75% of share capital, enabling faster and more efficient secondary fundraising.
- **Stamp duty holiday:** UK Autumn Budget delivered on November 26, 2025, introduced a three-year stamp duty holiday for newly listed companies.

For companies preparing to list, these reforms lower technical hurdles and execution costs while still preserving high standards of transparency and governance. Together, they represent the most significant update to the UK's capital markets framework in decades, aiming to restore London's competitiveness, attract innovative growth companies, and reaffirm its role as a global listing venue. Coupled with the UK's stable legal system and transparent institutions, the reforms provide a stronger platform for IPO candidates in an uncertain global environment.



Executing an IPO



The IPO process

An IPO is a complex process and a transformative event for a company.

The IPO journey consists of three distinct parts:

- **Planning and preparation** – understanding your objectives and assessing your IPO readiness.
- **Execution and due diligence** – running the separate IPO workstreams to deliver key requirements, such as preparation and verification of listing documentation (e.g. prospectus) and selling your business to potential investors.
- **Life as a listed company** – An IPO is the first step of being a public company. Once listed, a company will be under far greater public scrutiny and will have a range of continuing obligations.

To drive the IPO process, it is critical to have an IPO project leader identified who is responsible for bringing the whole process together. Although there are various stakeholders and advisers working with you and supporting management in the process, a strong and dedicated IPO leader is key to being able to direct the flow of information. They will be responsible for making day-to-day decisions and for ensuring the control of the process is retained by the company and its shareholders.

IPO readiness is the first critical step in identifying IPO readiness gaps, setting out a timeline required to remediate such gaps, and helping to form the habits of a successful public company. The PwC readiness assessment focuses on areas of significance to public market investors and other stakeholders - providing management with a clear roadmap to deliver a successful transaction and operate as a listed business.

Getting started: IPO readiness

- Many management teams find the IPO process daunting. Undergoing an honest assessment of how ready you are is fundamental to determine what is needed to get your house in order before you open the doors to public inspection and scrutiny.

What should you assess?

- **IPO readiness framework** – on the following page we set out key building blocks of IPO readiness.
- **Which market** – Choosing where to list is one of the most important decisions you will make, whether you are planning an IPO or a secondary listing. As the financial markets become increasingly global, companies may look outside their local market to achieve their ambitions or may even consider dual listings on more than one exchange.

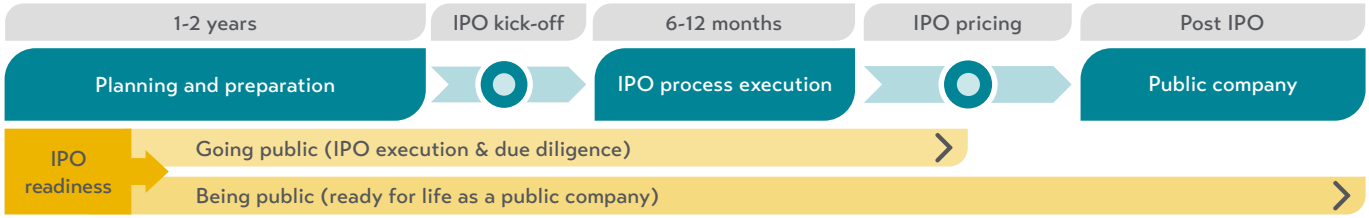
  Choosing the most appropriate market may not be straightforward and will depend on a number of questions including:
  - Stage in your company's development.
  - Your overall growth strategy and objectives.
  - Regulatory requirements on each exchange (initial and ongoing).
  - Speed and efficiency of listing.
  - Cost involved in the initial process and ongoing
  - What type of investors may be interested in your company or sector.
  - Expected size of listing.
  - Listing location of peer group companies.



The IPO process

Figure 2: An overview of the IPO process

Businesses often begin their preparations for becoming public companies well before they launch the IPO process. A typical IPO execution process generally takes between 6 and 12 months. Advance preparation is a key success factor that allows for a smooth and efficient execution process.



IPO readiness

A focused review of the organisation, processes and systems, as well as preparedness for IPO and to operate as a public company. Emphasis on prioritisation of longer lead time and '**no regrets' activities**.
It is becoming increasingly common for "early-look" investor engagement to be undertaken at this stage to test the waters with select, large institutional investors to gauge investment interest in the company.

Going public (IPO execution and due diligence)

Activities focused on preparing for and successfully delivering the IPO execution process – i.e. '**going public**'.

- Listing documentation e.g. prospectus and supporting diligence / verification processes
- Analyst presentation.
- Pre-deal investor education.
- Intention to float announcement.
- Management road show.
- Bookbuilding / Pricing.

Being public (Ready for life as a public company)

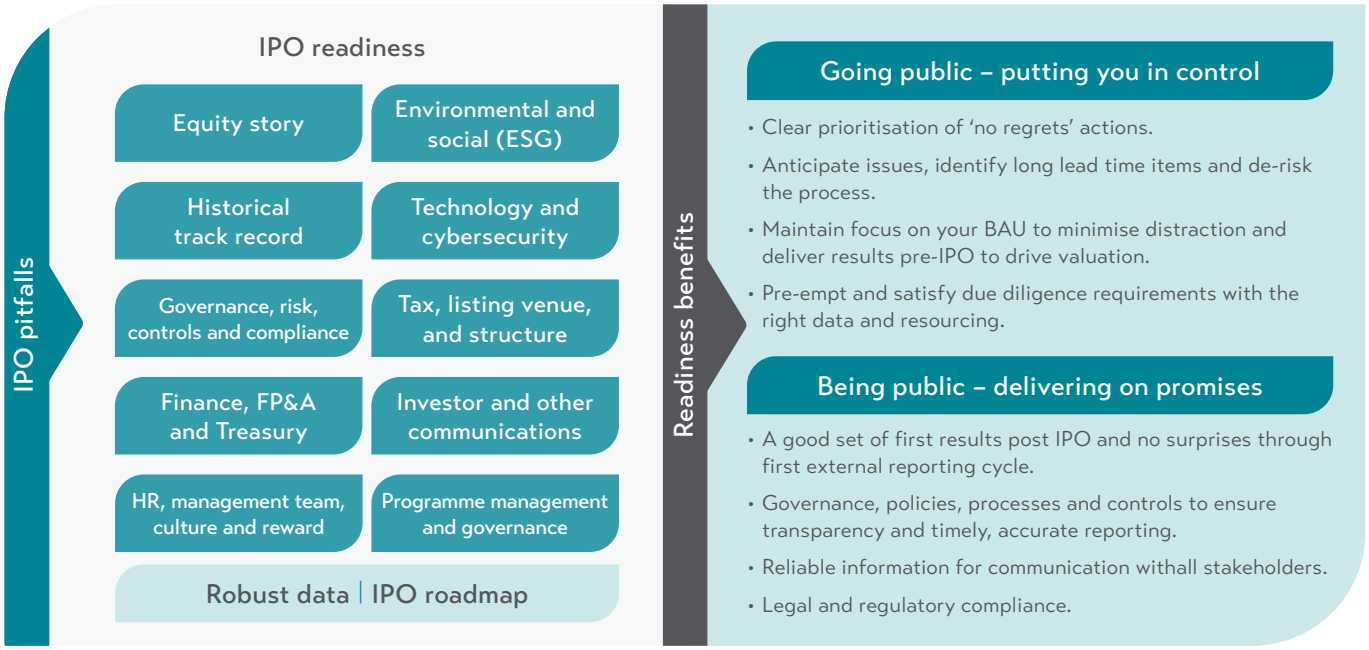
Activities focused on the items needed to prepare the business to operate successfully post IPO as a public company – i.e. '**being public**'.

- Understand your reporting obligations.
- Preparation of an investor calendar.
- Regulatory compliance.
- Timely disclosure of material information.

Process underpinned by a clear project roadmap and accountabilities

Figure 3: An IPO readiness framework

Joined-up planning and preparation are key to mitigating execution risk, phasing effort and investment, and optimising value on exit:



The IPO process

An IPO is a transformational event for any business, and it is essential to be prepared to manage the additional demands and scrutiny that come with becoming a public company. The most successful IPOs are launched by businesses that operate as if they were public companies well in advance of their actual IPO. This preparation enables businesses to smoothly transition to life as a public company. IPO readiness is an invaluable tool for management teams to identify key issues early and plan remediation actions to address them, thereby minimising the risk of unforeseen issues arising during the execution process, potentially saving both time and money, and de-risking the IPO process.

Kat Kravtsov
Director, Capital Markets, PwC UK

- **Management team** – Do you have the right team not only for your business but also from an investor standpoint? Key management should have the right credentials, know the business and possess depth of experience and expertise.

- **Investment bank syndicate and other advisers** – Successfully completing an IPO depends to a great extent on the quality, commitment and expertise of the investment bank syndicate and other financial advisers who will be leading the transaction. Whilst you will very likely have existing relationships and contacts, it is advisable to run a careful selection process to ensure that you have the best possible team on board. In selecting your bank syndicate, there are a number of factors which need to be considered: experience in successfully executing similar IPOs, the breadth of the distribution franchise and quality of investor access, and the quality and impact of the research analysts who will be writing about your business. Choose all your advisers carefully – credentials are important but choose those who understand your business drivers and priorities and those who you can trust and get on with.

- **Financial track record** – Do you have financial statements? Are consolidated financial statements already prepared and audited, and do they follow IFRS? Have you considered acquisitions and disposals in the three-year track record period? Is your segment presentation optimal in comparison to your peers and complementary to your equity story?

  While these are questions that concern external reporting, they can also be as easily applied to internal management reporting.

  The board and management will need to get the information they need to run the business and report to the market on a timely basis. Often this can lead to the redesign of internal reporting packages to ensure all key performance indicators are being reported up through the business.

The IPO process

- **Governance** – Working out what you have in place against the applicable corporate governance code is a relatively simple exercise. Working out how to effectively remediate gaps is more involved as no one solution fits all.
- **Executive compensation** – There continues to be deep focus on executive compensation. Therefore, a sensible plan should be put in place which both attracts and retains key management but also rewards them for increasing shareholder value. These plans should be comparable to the industry norm and take into account the tax consequences for the individual.
- **Related party transactions** – Related party dealings will be reported publicly and therefore all arrangements and transactions with affiliates such as officers, directors or major shareholders should be captured, assessed and documented. This can involve lawyers, underwriters and accountants who will assess existing relationships for any terms which may delay regulatory approval or indeed dilute value.
- **Tax and structuring** – Determining who the issuer will be, where it is incorporated, the appropriate tax jurisdiction and the capital structure at IPO are fundamental points to be discussed at the planning stage so you can understand the options available.
- **Sustainability / ESG** – While market expectations and regulation continue to evolve, the business will need to provide investors with a clearly articulated view of the risks and opportunities. The business will need to have a firm grip over key targets/metrics and how they impact financial performance.
- **Investor relations** – Investor relations is the face of your company and this function should be embedded as early on as possible. In this digital age there are many methods of communication which can be used for establishing your presence with potential investors.

A successful IPO requires a three-step readiness plan – assessing readiness, planning to be ready and remediating any gaps. The considerations above may not all be relevant in all circumstances and there may be other areas which can come to prominence during the process. But what is important is that change is embedded quickly so that functioning as a publicly listed company is as smooth as possible.

> The six months leading up to an IPO are all-consuming for the business. Senior leaders are pulled into diligence, drafting and investor engagement, leaving limited time to run the very business they are asking investors to buy into. From my experience, the most successful teams front-load preparation and key decisions before kick-off, then assign strong senior resource to run the day-to-day and put clear structures in place to keep the business and IPO programme tightly connected throughout.

Chris Ersser
Partner, Capital Markets, PwC UK

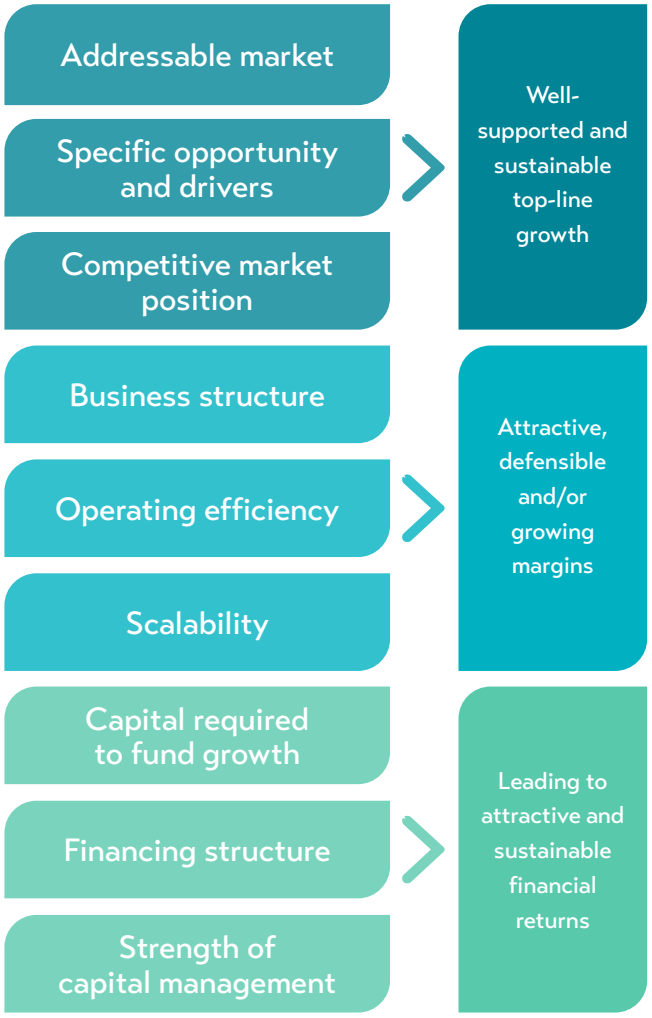
Maximising value at IPO – The equity story

Your IPO is an opportunity for you to define how your company is positioned in the market. Even if you already enjoy a high public profile and may have raised debt in the public market, the IPO represents a different level of disclosure, with a very clear focus on the future prospects of your business. It sets the tone for all subsequent market interactions by your company and provides the criteria against which future performance will be judged.

The basis for this positioning in the marketplace is your equity story – which is, in essence, a very clear and cogent explanation as to why investors should buy the stock.

There is no set formula as to how this should be laid out, but in every case the key is to take the core facts about the business and translate these into a well-substantiated rationale for why your equity story will reliably exhibit certain attractive financial characteristics.

Figure 4: Framework for equity story



Know your investors

- Those who need to understand and buy into your equity story could be generalist investors or sector specialists.
- Portfolio managers who will be evaluating each IPO consider it as one potential financial instrument to buy versus all the other investment opportunities available to them. This has important implications.
- The business description and investment highlights need to translate clearly into profit, growth and returns. Potential investors are buying a financial instrument with certain defined characteristics, and the equity story is all about substantiating those.
- The total package needs to be attractive in its own right – it is not just about being strong in a given sector but having a compelling returns profile.
- The equity story should follow the three C's: the equity story needs to be crisp, comprehensible and compelling.

> Crafting an attractive equity story is more art than science.
>
> As IPO markets recover, investors are increasingly focused on unique and high-quality companies that can demonstrate a strong equity story underpinned by a solid track record and readiness to operate as a public company.

Kat Kravtsov
Director, Capital Markets, PwC UK

Maximising value at IPO – The equity story

Components of the equity story and investor focus areas

There is no one right answer as to what makes an attractive equity story given the very broad variety of business models and sector dynamics. An illustrative framework for translating a business plan into an equity story is shown in figure 4.

How and when to develop your story

Once the syndicate has been appointed and the IPO process has been formally kicked off, the management team will be expected to provide a detailed presentation on the business to the banks and other advisers.

This presentation is critical as it sets the tone for how the equity story will be laid out in all subsequent disclosure – for example, in the prospectus and the analyst and investor presentations. Businesses and their owners should ensure their equity story is in a good state and well substantiated, ready for this presentation.

Some key preparatory steps could include:

- Thorough testing of the business plan, including downside sensitivities, with management and stakeholders fully 'bought in'.
- Reviewing financial disclosure and segmentation and ensuring that there is alignment between this and the drivers to be laid out in the equity story for the market.
- Ensuring the business plan is sufficiently sophisticated to be able to respond to detailed potential bank queries as to operational performance.
- Assessing the need for third-party validation (market and other experts' reports) and commencing discussions with providers as appropriate.
- Starting to build a working draft equity story, with the assistance of external advisers as required.
- Creating a working Q&A document, including identification of risks and weaknesses and how those are mitigated.
- Building a 'research model' to establish the forecasts that would likely be generated by analysts on the basis of the information to be provided – to ensure that the company will be well positioned to achieve or beat estimates.
- Working with legal counsel to minimise liability issues by ensuring the equity story developed is not considered misleading or untrue.
- Ensuring disclosure is consistent in any refinancing being run concurrently, or just prior to, the IPO.

And lastly, the equity story will endure into listed company life. The management team will continue to be measured against and monitored on how they deliver against the strategic priorities, beat the financial forecasts established by analysts in their deal research, and show progress against non-financial KPIs disclosed at IPO.



Key takeaways – Developing a strong equity story:

- A powerful equity story translates into profit, growth and returns.
- Adhere to the 3 C's – be crisp, comprehensible and compelling.
- There is no one right answer as to what makes an optimal equity story – just make sure it is the right message for you.
- Test your business plan thoroughly and know and understand the risks and mitigations.
- Early preparation is key in order to be ready to test with potential investors as part of early investor engagement.
- Walk the talk – you will be measured against the equity story once public.

The offer structure of your IPO

When preparing for an IPO, sponsors will need to carefully consider their overall exit strategy and underlying offer structure, which will need to be communicated to investors and fully aligned with the equity story.

Over the last couple of years, sponsors' monetisation strategies have evolved, moving away from a full exit at IPO to adopting a more staged sell-down approach over several years post-listing, often with a smaller secondary sale component at the outset. Recently we have seen several sponsors successfully executing such strategies.



Key offer structuring considerations:

- **IPO size and free float.** Investors will require sufficient liquidity in the aftermarket, so both the absolute value and percentage free float will need to be taken into account.
- **Secondary and primary proceeds.** The size of the secondary sell-down and any primary proceeds raised in the IPO will need to reflect the target capital structure post IPO, underpinned by a credible use of primary proceeds, and shareholder exit strategy.
- **Listing location.** Various listing locations will need to be weighted given company specific considerations (sector, size, strategy, ability to meet ongoing reporting obligations etc) and broader market and investor considerations.
- **Over-allotment option.** Size and source of the over-allotment option (greenshoe) will need to be agreed, with typical size being 10-15% of the offer size, provided by the shareholder(s).
- **Lock-up.** The lock-up provision will need to be agreed for the company, shareholders and key management.
- **IPO distribution.** Considerations around institutional offering (e.g. U.S. securities laws considerations under Rule 144A and Regulation S) and potential inclusion of cornerstone investors and retail investors.

Running an effective dual-track process

With a growing pipeline of private equity assets seeking viable public market exits, dual-track processes are set to re-emerge as an important playbook. Running IPO and sale paths in parallel preserves optionality, helps maximise exit value and mitigates the reality that IPO windows can be short and fragile.

A dual-track approach can offer clear benefits: increased valuation tension, broader market interest, and the opportunity to raise the company's profile among investors and potential acquirers. However, it also introduces additional complexity – running two processes in tandem demands significant management effort, and the objectives of an IPO versus a sale can at times diverge. The length of time that the two processes can be run in tandem varies, but ultimately the initial IPO public announcement would typically serve as the key decision point for an IPO.

Both IPO and trade sale paths share a number of important areas of focus that management should address:

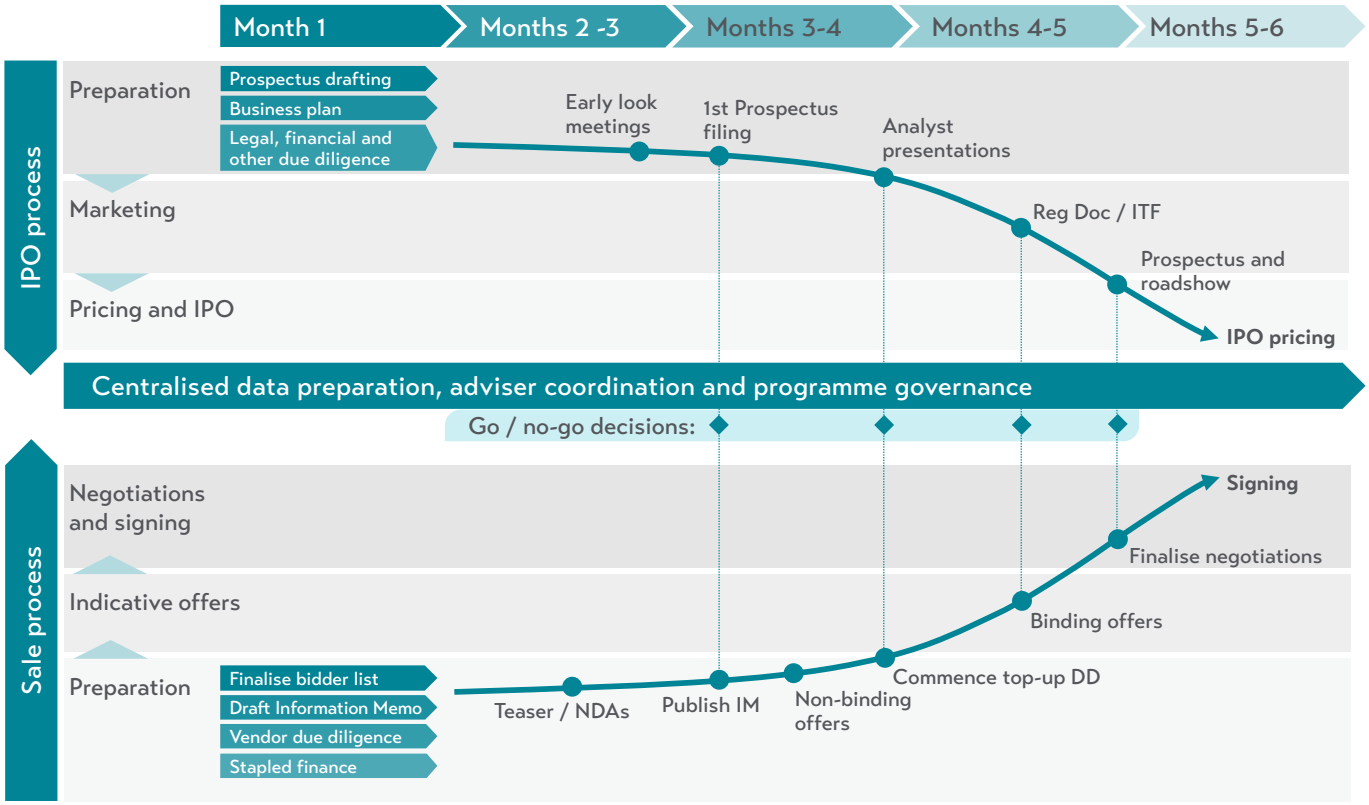
- **Performance metrics:** Both routes will involve scrutiny of earnings quality and key performance indicators. Management will typically present an adjusted EBITDA (or similar) that excludes one-off, non-cash, or exceptional items to demonstrate underlying performance. It is vital to maintain one central source of financial information for both potential buyers and public investors to preserve credibility. Adjustments should be applied consistently; where they diverge, a clear and credible explanation should be documented. Likewise, if using non-financial KPIs to support the equity story, ensure the data is robust and verifiable for public disclosure.

- **Liquidity and working capital:** Both exit routes demand a clear view of the company's working capital needs and its debt profile. In an IPO, investors will closely scrutinise the company's cash headroom and leverage to understand the post-listing capital structure. In a sale, buyers will similarly assess net debt and debt-like items (and often negotiate a working capital adjustment as part of the deal).



Running an effective dual-track process

Figure 5: Running the transaction phase – Example of a 'dual-track' process



An IPO process is public and often results in expressions of interest, whether running as a formal dual track or not –it's therefore key to plan how to accommodate buyer interest and whether to run a full dual track.

Success in a dual-track process requires management focus, clear governance and defined decision points to drive momentum, whilst also maintaining the flexibility to pivot as conditions change.

Chris Holden
Partner, Transaction Services, PwC

- **Forecasting:** In a private sale process, buyers typically expect a detailed three to five-year business plan. By contrast, disclosure of forward-looking information in IPOs is much more limited: management will usually provide broader guidance to analysts and investors on the company's prospects, while avoiding profit forecasts. Both routes should be underpinned by consistent assumptions and data. Any differences – such as more conservative short-term assumptions used in IPO guidance – should be clearly explained and reconciled to maintain a coherent story across both paths.

- **Offering Materials** – Whilst IPO disclosures are more extensive, much of the content aligns with a sale process information memorandum. The core business narrative– its market, strategy, historical track record, and growth trends – can be drafted early to underpin both documents

Running an effective dual-track process

While much of the preparation overlaps between an IPO and a sale, there are certain IPO requirements that must be considered early to maintain optionality across both routes. Three stand out as especially important:

- **Financial track record:** Most listing routes in the UK require three years of historical financial information prepared under IFRS with full public company disclosures. Note that in a US listing, currently foreign private issuers are permitted to use IFRS while US domestic filers must use US GAAP. Interim financial information may also be required. Segment disclosures should align with and support the core equity story.

- **Governance:** Whilst a foundation of strong governance, robust internal controls and reliable reporting are good disciplines for any business, and an IPO process will bring greater scrutiny and regulatory requirements in these areas. Board composition is another critical dimension – IPO readiness requires experienced independent directors to be in place in advance of listing. It's important to strike the right balance by bringing in the right experience without overcommitting too soon.

- **Planning the optimal company structure for IPO:** Transitioning from a typical private equity-owned structure to a public-company model often involves significant changes to the capital structure. The business will likely need to de-leverage and may need to simplify and align corporate structures to the chosen listing venue. These changes can have major tax and accounting implications, so early planning is essential.



Key takeaways – Running an effective dual-track process:

- Careful planning and resourcing are key to managing the demands of two concurrent, and sometimes competing, workstreams.
- Optionality can bring additional cost: running both paths in parallel requires discipline and clear decision points to avoid wasted effort.
- Appoint a strong project lead who can coordinate across IPO and M&A advisers and keep workstreams aligned.
- If refinancing during the process, ensure terms are flexible enough to accommodate an IPO or a sale.
- Build linked financial models and definitions so updates flow consistently through both tracks and preserve credibility with all stakeholders.

Increased market volatility has made IPO windows short and unpredictable. In that environment, a carefully planned dual-track process gives companies the flexibility to adapt — maintaining optionality, protecting value and ensuring they can achieve the best possible outcome within the window available.

Chris Ersser
Partner, Capital Markets, PwC UK

Structuring your IPO

Getting the right listing vehicle and underlying group structure as part of the IPO process is critical to driving value and efficiency. Accounting, tax and legal considerations interact here and should be considered together

New company or existing parent entity?

While both options may be possible, it is more common for a new company to be incorporated as the issuer of the securities. As well as providing a 'clean' company for investors to invest in, additional considerations in deciding whether to form a new issuer include:

- whether the existing top company can legally re-register as a PLC for IPO (as required under the UK Companies Act 2006);
- the marketability of the issuer's jurisdiction of incorporation; and
- the ability to create distributable reserves (typically more flexibility with a new company).

Distributable reserves and dividend policy

When planning for an IPO consideration should be given to ensuring that the issuer has a buffer of distributable profits (in the PLC itself, or easily accessible to it) in order to make distributions in the future. In our experience directors prefer three-to-five-year dividend cover to provide the board with certainty that, subject to available cash, they can pay dividends in the short to medium term.

The IPO process offers a unique opportunity to create a buffer of distributable reserves. Where groups do not do this, doing it post IPO is typically much more complex and expensive. In addition, consideration should be given to how to protect the PLC entity from impairments as these erode distributable reserves.

Cash flow in the chain

Whilst a buffer of reserves may have been created at or close to the PLC level, groups are likely to want the ability flow cash from trading subsidiaries to the PLC. As such, it is preferable to:

- eliminate surplus holding companies which no longer serve a purpose; and
- clear any dividend blocks in the holding chain – whilst it may be possible to make upstream loans, this is not a sustainable long-term solution.

Accounting framework

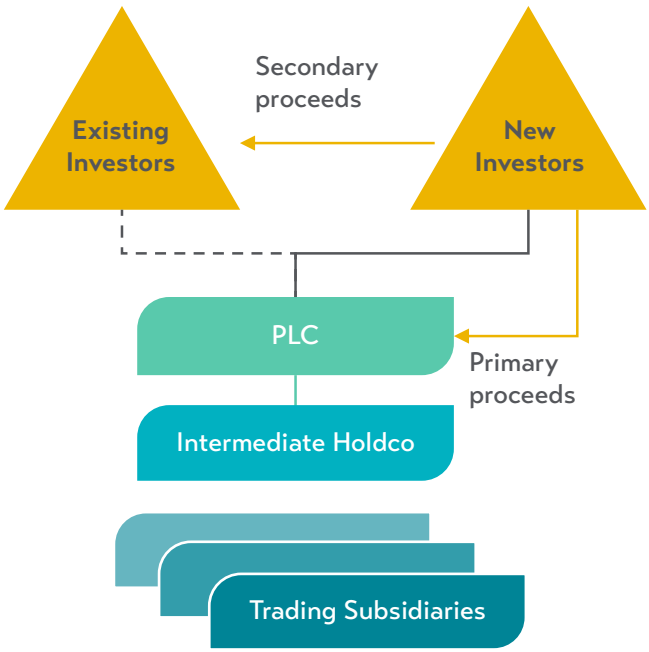
Listed groups in the UK are required to prepare consolidated accounts in accordance with IFRS. However, from an entity perspective, PLC can prepare its entity accounts in accordance with IFRS or UK GAAP (FRS 101 or FRS 102).

FRS 102 provides more flexibility than IFRS and FRS 101 in certain respects which can be beneficial in terms of distributable reserves creation and impairment protection.

Share classes and number of shares

In the UK, historically most issuers have had one class of ordinary shares. Following the recent changes to the UK Listing Rules, dual-class share structures are now permitted, with certain restrictions. Moving from multiple share classes to either one class or dual-class shares, together with setting appropriate nominal values, needs careful planning. This planning will also interact with the tax structuring as well as the broader aspects of investor perspectives.

Figure 6: Group structure and cash flow



Structuring your IPO

Key takeaways – Structuring your IPO:

- Consider whether an existing group company or a new company is the best listing vehicle for you.
- Assess and plan for distributable reserves early on to ensure there is capacity to sustain the publicised dividend policy and to provide flexibility in the future should you want to do a more material return of value to shareholders.
- Ensure PLC is protected from impairments of underlying individual trading entities.
- Structure for a sustainable route for cash to flow from the trading companies to PLC – are there surplus holding companies and / or dividend blocks in the holding chain?
- Consider if the existing number and class of shares can be listed or if these need to be restructured.
- Consider how existing debt will be repaid and the use of IPO proceeds.



Taking time to design the right structural solutions as part of the IPO journey will help you reach an optimal group structure for your company that will ultimately drive operational efficiency and value at IPO and beyond.

Caroline Cook
Partner, Structuring and Accounting Advisory, PwC UK

Developing an effective tax strategy

The transition from private to public company status creates a number of challenges from a direct taxation perspective.

Jurisdiction of the listing vehicle

One of the key questions for most companies seeking a public listing will be what is the most appropriate issuer and its jurisdiction. Typically, this means that a new parent company is inserted. This provides the perfect opportunity to consider the broader holding company structure and ensure tax efficiency across financing, intellectual property holdings and cash repatriation.

For a UK headquartered group, a UK parent company would be a natural choice. The UK continues to be a good holding company location as it typically allows profits to be repatriated from subsidiaries to investors without tax costs, sales of trading subsidiaries are not taxed and financing costs are not typically subject to withholding taxes.

Tax strategy

As you move into the listed environment, the scrutiny on tax becomes heightened. Ensuring the Board and business are following an appropriate tax strategy is important. Your tax strategy will be public and you should be prepared to demonstrate your adherence.

Furthermore, once listed you move from a focus on EBITDA to earnings. In short, tax now directly impacts share price. It becomes even more important to deliver a sensible, consistent effective tax rate (ETR) in line with your market peers.

An understanding of your market peers' ETR is a helpful guide to what is expected. As is modelling what you expect your ETR is once you are listed. To the extent there is a gap this should be explored and understood. This may lead to further considerations such as:

- Are the profits recognised in each territory arising from your transfer pricing policy correct?
- Are the financing arrangements within the group optimal, aligning interest costs with profits?
- Are you optimising tax incentives available to you?

Tax compliance

Once public the market will generally expect more time to be devoted to tax management, compliance, transfer pricing and effective tax rate reporting.

In the interests of being well prepared, many groups will spend time revisiting the size and capability of their tax function, the tax governance, controls and processes and their tax reporting processes so that they can meet the accelerated reporting deadlines of a listed business.



Key takeaways – Tax strategy:

- When considering a listing venue, assess tax, legal and accounting considerations and the perception of investors.
- Define dividend policy and funding requirements and how to route the cash tax efficiently.
- Understand the impact of the IPO on the tax profile of the group (e.g. less debt).
- Ensure robust transfer pricing policy.
- Identify impact/effect of any significant M&A transactions.

Corporate governance in a listed context

Going public will bring with it significantly more focus on corporate governance and your reporting on how you adhere to regulation.

Often seen as an administrative burden, corporate governance can be the critical element in ensuring the long-term success of an organisation. Going public may bring more requirements but it provides a company's board with a greater level of oversight, assurance and confidence needed to meet their strategic, performance and regulatory expectations. The listing venue, the country of incorporation of your issuer and investor expectations will drive which corporate governance standards are applied.

A time of transition

Different companies take different approaches to corporate governance whilst private – in some cases there will already be a developed and formal approach to governance, in others, particularly businesses which have grown quickly, governance procedures may be more informal. In each case, there will likely be a transition to be undertaken, in order to meet the Board and Corporate Governance standards required for being public. This will include, in the UK, the formation of new (or adaptation of existing) board committees covering audit and risk, remuneration and director nomination. The key to managing this transition is ensuring that the resulting board is both acceptable to public market investors and – importantly – provides an environment of constructive challenge, scrutiny and support which allows the business to achieve its full potential.

Strike the right balance

Achieving the right board involves striking a balance between the demands of the regulatory regime and the needs of the business.

For developed markets, such as the Main Market of the London Stock Exchange, there is a strong focus on independence in order to safeguard the interests of the new minority shareholders. In London, the companies in the ESCC (Equity Shares - Commercial Companies) segment are required to have an independent Chair of the Board and an overall majority of independent directors. There will also be specific and specialist board roles to be filled, including the Chair of the Audit Committee and the Chair of the Remuneration Committee.

In most cases there will be a desire to appoint a Chair of the Board, Senior Independent Director and an Audit Committee Chair who are suitably senior and recognisable to public market investors. At the same time consideration should be given to ensuring there is a suitable balance of relevant skills, experience and insight among the independent directors to be able to bring real value to the table in boardroom discussions and decision making.



Corporate governance in a listed context

Understanding the requirements

Newly listed companies on the ESCC segment must report on how they meet the UK Corporate Governance Code (2024) (the "2024 Code") on a comply or explain basis, setting out clear, meaningful explanations where they do not comply. Board composition, succession planning, governance structures and disclosures all need early consideration. The 2024 Code also strengthens expectations on risk management and internal controls: boards should monitor and review the framework more rigorously and describe in the annual report how this has been done. In addition, boards will be expected to make an explicit declaration on the effectiveness of material controls and the basis for that assessment in their annual report. After listing, continuous governance discipline is essential as annual governance reporting becomes more formal and more visible to investors. In particular, Provision 29 of the revised UK Corporate Governance Code, effective from 1 January 2026, requires boards of companies listed in the ESCC segment to make an annual declaration regarding the effectiveness of their material internal controls, covering financial, operational, and compliance controls. It therefore moves beyond just financial reporting to cover all material risks that the business faces.

Allow sufficient time to get it right

Building the right board takes time and should start early in the IPO timetable. Independent directors – especially the Chair and Committee Chairs – need time to understand the business, undertake due diligence and establish effective working relationships with the executive team. In parallel, companies should design and implement a comprehensive risk and internal controls framework and an assurance plan that enables the Board to disclose effectiveness with confidence. Where arrangements are immature, remediation, documentation and testing can be a significant undertaking – plan the work early so it does not crowd out execution.

Setting the governance framework early establishes the foundations for robust reporting and disclosure, prepares the company for future regulatory requirements, and builds business resilience.

> Organisations need effective corporate governance to ensure their long-term success.
>
> It is encompassed by the systems, principles, processes and culture by which companies are directed and controlled. With the right planning and a careful approach Boards can move beyond compliance and focus on value creation opportunities - using corporate governance as a business enabler.
>
> It is vital to invest the time required to get this right, including accessing specialist advice and support as required.

Matt Timmons
Partner, Entity Governance and Compliance, PwC UK

Incentivising management

Prior to an IPO we often see companies both winding up and resolving legacy issues in pre-IPO remuneration plans (most often connected to the management equity plans) while designing and implementing a new post IPO remuneration policy and plans.

Legacy plans and legacy issues

It can be common for management remuneration packages in private equity-owned companies to be biased towards the expected value of the equity at the expense of immediate cash in the form of salary and bonus. The sponsor will want to achieve the right balance in terms of incentivising management and permitting them to sell in the IPO and keeping them invested and aligned with the future performance of the business. Management will typically be subject to post IPO lock-ups which are also an important marketing message in relation to their confidence in the business.

Issues may arise where, for a variety of reasons, the equity value held by management has been eroded or in some cases wiped out.

Where, due to underperforming incentive schemes, additional compensation is provided it is often in the form of equity, sometimes earned on the basis of the satisfaction of additional performance conditions and which is normally earned over the period of two years post IPO based on continued employment.

There is no real 'market practice' as the amounts are very specific to the company. More often than not this additional compensation is not linked to the post IPO executive remuneration policy, and is instead a one-off expense paid for by the current owners of the business rather than pushed into the post IPO world of institutional shareholders, corporate governance and regulation.

Remuneration policy post IPO

A key element of executive pay post IPO is ensuring that the remuneration policy is appropriately designed and implemented for the listed company environment. Once public, companies face a wide range of external influences such as guidelines from institutional shareholders, recommendations from proxy advisory firms like Institutional Shareholder Services (ISS) and Glass Lewis, as well as corporate governance codes. Views on what constitutes the "right" pay model differ significantly across investors. For example, remuneration structures that may seem acceptable to portfolio managers participating in the IPO can later be challenged by governance teams of the same institutions when the pay framework is put to a shareholder vote at the AGM.

In addition, the growing demand for transparency around executive compensation—both in absolute terms and relative to the wider workforce—means that more stakeholders must be taken into account. These now include not just shareholders, but also employees, regulators, government, media, and even suppliers.

When developing a new remuneration framework post IPO, companies typically need to consider the following:
How each element of pay should be benchmarked against relevant market data.

- The balance between fixed and variable compensation, and the proportion of short-term vs long-term incentives and the provision of equity.
- The structure of equity awards, including the use of market-priced options, restricted shares, and/or performance shares as well as the level of equity made available for employee share schemes.
- The business KPIs that will determine incentive payouts.
- The Board's willingness to adopt pay structures that diverge from market norms or best practice standards.
- Protections for shareholders, such as measures to prevent misalignment of "pay for performance" and clawback for unjustified incentive payments.

Incentivising management

Key takeaways – Incentivising management:

- Do not assume that the existing incentive arrangements will be effective or attractive on IPO, and it is difficult and not customary to retain preferred share structures post IPO, so it is important to review these early.
- Executive pay in the PLC environment is very much in the public eye with many stakeholders being involved both on IPO and in the future.
- Do not forget the value of corporate tax deductions – in some jurisdictions with high corporate tax rates, the difference between income and capital treatment may be minimal once corporate tax relief is included.
- Remember to assess how the accounting for options will impact results and earnings per share.
- Take advice on tax reporting and withholding tax impacts early – errors are often costly to rectify.
- Remuneration structures tend to be aligned with market and governance practice on IPO to avoid the pay of the Executive Directors being a distractor on the IPO itself.



Interacting with the regulator

Dealing with regulators has become an ever more important feature of a successful listing and each exchange has a regulator which operates in a slightly different way. The regulators continue to focus on items such as compliance with Prospectus and Listing Rules in the UK, but in addition to this they are focusing on eligibility and reputational concerns.

Each regulator has its own requirements and methods of ensuring that its rules are being met. For instance, in London, the Financial Conduct Authority (FCA) requires companies in the ESCC category to appoint a sponsor bank who will provide expert guidance and will be responsible for carrying out an independent assessment on how the issuer complies with key parts of the relevant listing rules. The FCA continues to focus on how to enhance its sponsor bank regime with the aim of continued investor protection.

In the US, an issuer is not required to appoint a sponsor bank. The Securities and Exchange Commission (SEC) reviews and comments on each filing in the run up to a listing. The SEC focuses not only on how the disclosures meet the rules and requirements, but also specifically on financial reporting and disclosure in the audited financial statements. Issuer's counsel plays a key role in reviewing and responding to the SEC's comments and providing advice on the disclosure, along with the accountants, to limit the number of review rounds.

It is essential for companies seeking to list to get their communications with the regulators right. Decisions by regulators can have a huge impact on a company: increasing costs, potential for extending the timetable, altering key elements of the company's business model and strategy, affecting reputation. This is particularly important for issuers with a complex financial history, notably as the FCA have issued updated guidance on the topic encouraging early engagement where there is judgement in the track record to be presented (FCA technical note 638-2).



Key takeaways – Interacting with the regulator:

- Precedents are an incredibly useful tool when navigating your way through complex rules and regulations.
- The regulator can comment on all public information whether in your filing documents or on your website or in the press – it is important that there are no contradictions or omissions.
- Use your advisers to your best advantage to guide you through interpreting complex regulatory requirements.

In the current era of regulatory change, the need to plan for the interactions with the FCA early in the process is key, particularly where matters regarding eligibility and complex financial histories are concerned, which require an FCA pre-approval.

Making sure there is enough time in the process to address any potential issues is crucial and will prevent the process being held up.

John Reilly
Director, Capital Markets, PwC

Managing investor communications and delivering your message

Communication with potential investors is important not just in the run-up to an IPO but also remains a key area of focus once you are a listed company. Employing a specialist agency or setting up an internal investor relations function early in the process can save valuable time. And importantly it will help you establish a two-way communication path between you and the financial markets.

Communication can take many forms, from meetings with potential investors, news releases, annual reports and setting up and maintaining your company website.

The messaging across all channels should be the same and the goal is to inform stakeholders about the company so that they can gain a better understanding about the business, the strategy, governance, financial performance and prospects.

During an IPO this is often the first time the business has been in communication with the investor community, going through the investor education process. This change in culture to one of an increased transparency can be challenging.



Key takeaways – Managing communication and delivering your message:

- Get to know your new investor base very well – make time for regular CEO and CFO conversations and listen to their concerns.
- Develop a plan to broaden understanding of your equity story, including among sell-side analysts and investors who did not buy in the IPO.
- Select your communication tools – with increasing use of social media by companies, there are many communication channels available to help you maximise success.
- Set your financial reporting calendar – taking into account regulatory and compliance requirements. You will also need to be mindful of relevant regulatory restrictions on selective disclosure to investors e.g. wall-crossing on a proposed significant acquisition.
- Secure board commitment for adherence to this dialogue.

Life as a listed company

Whilst the IPO process can at times be all-consuming for companies and their management teams, it is important to remember that becoming listed is only the beginning, and that the business will need to adjust to life as a public company.

Setting and beating expectations

It is important to understand that, as part of the IPO process, research will be published which will establish consensus expectations as to what the business will deliver – from revenue through to earnings per share, plus dividends where they are paid. It is imperative that correct expectations are set during the IPO and that the company can meet or, preferably, slightly exceed them with its first set of results and beyond. To achieve this requires transparent and very detailed modelling work with the banks to ensure that appropriate guidance is provided to research analysts and, in turn, to investors.

Living with KPIs

For most businesses there will be a set of KPIs established with analysts and investors at the time of the IPO which will give a fuller picture on the drivers of the business – these will also help them to model future performance. It is important to spend time early in ensuring that KPIs are chosen which authentically reflect how the business is managed, and which you will be happy to continue to provide once listed.

The rhythm of corporate reporting

For many companies there will be a degree of adjustment to the pattern of regular public corporate reporting – which in the UK means preliminary results at the year end, and interim results after six months. These will need to be carefully drafted, usually with the advice of corporate brokers and financial PR advisers, and will generally be supported by a management presentation or conference call. You may need to consider any enhancements which may be required in order to meet the demands of the reporting calendar.

Investor relations

As well as results announcements, thought needs to be given to managing and developing the new public investor base which has bought shares in the IPO. The banks' equity research analysts will also need to be kept up to speed on developments, including ensuring that their expectations are managed. With these aspects in mind, many companies hire a dedicated investor relations officer, sometimes in advance of going public. After listing it is also typical for companies in the UK to retain one or two corporate brokers, usually from among the bank syndicate.



Conclusion

In summary, whilst the macro-economic environment which influences whether the IPO market is open cannot be controlled, there are many eventualities that you can take control of and plan for to maximise your chances for a successful IPO.

The most successful IPOs are typically seen with companies that have already been acting as though they were a public company in the year ahead of listing. By doing this you are able to ensure that any issues or challenges have been successfully addressed before listing and you will be ready for life in the public eye as a publicly traded company.

You can start to do this by:

- Working with your advisers to engage with investors early so that they are familiar with the business and the management team.
- Evolving management and public reporting towards public company standards.
- Forming a clear view of what additional procedures would need to be put in place for you to operate as a listed company and how long this will take.

In this way the workload during the transaction phase itself is reduced and the IPO can be achieved in a shorter timeframe. The quicker the company can complete the process the more chance it has to take advantage of a favourable market.

Going public requires sound business reporting, adherence to strict regulation and listing rules and the involvement of numerous trusted advisers to ensure a successful outcome.

An IPO is a transformational event for any company. While it may be viewed as the end of a journey, it really is the beginning of the next stage of a company's

Thoughts for stakeholders

- Consistent and clear public communication starting from the very first engagement with investors.
- Appoint the right IPO leader – this will be person in the management team who will bring the project together.
- Choose the right advisers for you – they should have relevant experience and credentials but more importantly understand your drivers and priorities.
- Consider additional resource to support key management through the transaction.
- If you are considering a concurrent trade sale and IPO process (dual-track) it is important to weigh up potential value benefits versus additional costs and timetable risk.

Thoughts for portfolio company management

- Make an honest assessment of your readiness well in advance of the process starting. This will help you understand what you need to do to get ready, set a realistic timeline and ensure you have a crisp story to tell investors.
- Map out how long it would take you to address all the issues and who would do it.
- Brainstorm up front all the difficult questions and what could go wrong.
- Put a project structure in place to create the plan for how the transaction will be delivered, monitor progress and communicate with the working group.
- Choose advisers with care – credentials are important, and remember you will be spending a lot of time with them.

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About PwC

PwC Capital Markets

At PwC, we have a dedicated capital markets team of over 100 professionals who have extensive experience, market intelligence and tools to support you through every stage of the IPO process, from preparation to execution.

In addition to overseeing the substantial documentation and administration required, we can accelerate the process by working with you throughout all aspects of the transaction, from early strategic planning to carrying out a comprehensive IPO readiness assessment for your organisation.

We can highlight potential deal breakers, unforeseen issues and other critical areas where your current processes and structures might fall short of regulatory requirements and best practice.

We'll then help you prioritise the key areas that need remediation—so that when you are ready to set your IPO in motion you can be confident that your processes are in line with the latest market requirements and stakeholder expectations for a listed company.



About UK Private Capital

UK Private Capital is the association of the UK private capital industry. We represent 600 firms including the wider ecosystem of professional advisers and investors.

Private capital consists of private equity and venture capital which make long-term investments to grow British businesses and build a better economy. Private credit and venture debt provide active and engaged debt finance to businesses.

The private capital industry backs 13,000 UK businesses, nine in 10 of which are small or medium-sized enterprises. Businesses backed by the industry employ 2.5 million people across the UK and contribute 7% to GDP.

In 2025, £25.0bn was invested by private capital into UK businesses in sectors across the UK economy, ranging from consumer products to emerging technology.

This increased investment has fuelled the growth of businesses across the UK, with six in ten (57%) of the businesses backed in 2025, located outside of the capital. These investments are long term, with an average investment period of six years, in contrast to less than a year in public markets.

UK-based private capital specialists have raised £207bn of funds, known as dry powder, which is expected to be invested over the next three to five years.

The industry invests for a better future by backing some of the UK's best loved businesses, developing the companies of the future and delivering solutions to global problems.

- **Backing the UK's best loved businesses:** Private capital has grown much loved UK businesses like Merlin Entertainments and backed tech successes like Visma.
- **Developing the companies of the future:** The UK is the third largest venture capital hub in the world, while four in ten of the UK's 100 fastest growing companies were backed by private capital.
- **Delivering solutions to global problems:** Private capital investors are key to backing the innovative UK firms developing sustainable solutions to the challenge of net zero and climate, with investment for the long-term in companies like biofuel tech company Nova Pangaea Technologies and leading environmental services firm Cura Terrae who provide a range of environmental consultancy services.
- **Driving productivity throughout portfolios:** Analysis shows that private capital's active ownership model helps the businesses it backs become more productive. Private capital owners boost exporting, help to embed better management practices, provide accesses to technical expertise, business strategies and knowledge of supply chains.

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