



GLOBAL TRANSACTION ADVISORY GROUP

# THE NEXT IPO WAVE: WHAT IS THE COST OF WAITING



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**With** IPO markets currently subdued and investor sentiment marked by prudence, many companies remain on the sidelines, waiting for greater clarity amid ongoing uncertainty. But **seasoned executives know that the best time to prepare for an IPO isn't when the window opens — it's well before.** The cost of waiting could be missed opportunities later.

This is your opportunity to strengthen your operations, enhance your governance, and build the financial discipline investors expect. **When the window opens — and it will — those who prepared in advance will be able to move first.** And those who waited? They will find themselves racing against the clock.

## Unlocking Success: The Competitive Advantage of Being IPO-Ready

### Not IPO-ready?

A readiness assessment **is a smart strategic move.** It provides **a clear view of gaps** in governance, financial reporting, and compliance, enabling leadership to **take corrective action early.** By strengthening your internal controls, enhancing financial systems and improving transparency, you're not just preparing for an IPO — you're building a stronger, more resilient business positioned for long-term success. A readiness assessment also **mitigates risk, manages costs and ensures the organization is prepared to move decisively when market conditions align.**

Even if an IPO isn't in your immediate plan, investing in readiness today can deliver **significant benefits.** Strengthening your financial reporting, governance and operational capabilities not only prepares you to act quickly when market conditions shift, but also strengthens core functions like budgeting, forecasting and tax planning — key drivers of sustainable growth. Enhanced readiness can also boost credibility with lenders and investors, **improving your access to private capital, venture funding or debt financing.**

**Even if an IPO isn't on your immediate roadmap, readiness still delivers value, improves trust with investors and unlocks funding options.**

**An IPO Impacts Every Area of Your Business:**



**A successful IPO requires robust project management to coordinate complex initiatives across business functions.**

**A&M combines expertise and experience with a bias toward action to work in close partnership with management to deliver results.**

**Given the complexity of IPO readiness, experienced advisors are essential. They will provide guidance on compliance, financial reporting, and strategy, ensuring a smooth IPO process and positioning your company for long-term success.**

## Choosing the Right Listing Destination

When deciding where to list, companies must weigh a variety of factors, including market dynamics, regulatory requirements, investor expectations and long-term strategic objectives. **Both the U.S. and European markets offer distinct advantages**, depending on a company’s strategic goals, sector and growth stage. Below is a comparison of key factors to help guide your decision-making process:

	U.S. (e.g., NASDAQ, NYSE)	Europe
<b>Investor Base</b>	Large, global, growth-focused	Regional, long-term, value-oriented
<b>Valuation Potential</b>	Generally higher, especially for tech and high-growth sectors	Typically more conservative valuations
<b>Regulatory Environment</b>	Stringent (e.g., SEC, SOX compliance)	Varies by country, often more flexible
<b>Disclosure Requirements</b>	Extensive, especially post-SOX	Less burdensome, depending on jurisdiction
<b>Liquidity</b>	Deep and active markets	Adequate, but often thinner than U.S. exchanges
<b>Cost of Listing and Compliance</b>	Higher, with significant ongoing compliance costs	Often lower, especially in non-premium segments
<b>Brand Visibility</b>	Strong global visibility, especially for tech	Stronger local/regional recognition

## Regulatory considerations for CFOs and audit committees when choosing a listing market:

When evaluating whether to list in the U.S. or Europe, CFOs and audit committees should carefully consider the accounting and financial reporting implications of each market. Here are the key points to guide decision-making:

**Each market comes with distinct challenges — understanding the accounting, compliance and reporting implications is crucial to making an informed, strategic listing decision.**

<p><b>1 Accounting Standards</b></p> <p>U.S. domestic listings require compliance with U.S. GAAP, which is more prescriptive. However, Foreign Private Issuers (FPIs) have the option to use either U.S. GAAP or IFRS, with the latter offering more flexibility but requiring greater judgment. In European markets and for some jurisdictions, companies can also choose between U.S. GAAP or EU-IFRS, although most companies elect EU-IFRS.</p>	<p><b>2 SOX Compliance</b></p> <p>U.S. listings mandate strict internal control assessments under SOX, which increases compliance costs, although certain temporary reliefs are available for some companies. Europe has less stringent control requirements.</p>	<p><b>3 Reporting Frequency</b></p> <p>U.S. companies must report quarterly (10-Q) and annually (10-K), while Foreign Private Issuers (FPIs) are only required to file annually (20-F), with no quarterly filing requirement. European companies typically report semiannually.</p>
<p><b>4 Audit and Scrutiny</b></p> <p>U.S. audits are heavily regulated under PCAOB standards, with greater scrutiny as compared with European audits.</p>		
<p><b>5 Non-GAAP Disclosure</b></p> <p>U.S. firms must adhere to strict SEC guidelines for non-GAAP measures, while Europe offers more flexibility but still requires transparency.</p>	<p><b>6 Significant acquisitions and divestitures</b></p> <p>In the U.S., SEC Rule 3-05 imposes more extensive requirements than the EU Prospectus Regulation, mandating detailed historical financial statements for significant acquisitions and more comprehensive pro forma financial information, with lower significance thresholds and stricter audit and presentation standards.</p>	<p><b>7 Regulatory Oversight</b></p> <p>U.S. listings are subject to rigorous regulatory oversight, including SEC comment letters, which are issued as part of the SEC's review of filings. These letters can lead to further disclosures or revisions to financial statements. In Europe, while regulatory oversight is present, it is generally less intensive, and comment letters or similar interactions with regulators are less common.</p>
<p><b>8 Restatements</b></p> <p>Restatements in the U.S. market can significantly affect stock prices, while Europe is generally more lenient but still values accuracy.</p>	<p><b>9 MD&amp;A requirements</b></p> <p>U.S. listings require a detailed MD&amp;A section as part of SEC filings, offering narrative analysis of financial results, risks and outlook. European requirements are generally less prescriptive and vary by jurisdiction.</p>	

## Spotlight

**Middle East IPO Momentum** - The Middle East, led by Saudi Arabia and the UAE, has emerged as a vibrant IPO hub. The region is attracting both regional and international investors with high-profile listings, strong government backing, and a push to diversify economies. Listings on exchanges like Tadawul and ADX have seen significant oversubscription and robust post-IPO performance. With streamlined regulatory processes and growing investor appetite, the Middle East is becoming a compelling alternative for companies seeking capital, visibility and access to emerging market growth.

### Recent Notable IPOs:

**Talabat Holding (UAE)<sup>1</sup>:** In December 2024, food delivery platform Talabat raised **\$2 billion** in its IPO on the Dubai Financial Market, marking the largest Gulf IPO of the year and reflecting strong investor demand in the tech sector.

**OQ Exploration & Production (Oman)<sup>2</sup>:** Oman's state-backed energy firm raised **\$2 billion** in October 2024, achieving the largest IPO in the country's history and attracting significant international interest.

**Lulu Retail (UAE)<sup>3</sup>:** The prominent hypermarket chain launched a **\$1.72 billion IPO** on the Abu Dhabi Securities Exchange in November 2024, which was oversubscribed by over **25 times**, reflecting robust investor appetite in the retail sector.

**Dr. Soliman Abdel Kader Fakeeh Hospital Company (Saudi Arabia)<sup>4</sup>:** In June 2024, this healthcare provider raised **\$764 million** on Tadawul, highlighting the growing interest in the region's healthcare sector.

**Alef Education Holding (UAE)<sup>5</sup>:** This education technology company secured **AED 1.89 billion (c. \$514 million USD)** in its June 2024 IPO on ADX, indicating strong investor confidence in the education sector.

<sup>1</sup>Dubai Media Office, "Talabat Debuts on Dubai Financial Market," December 10, 2024.

<https://mediaoffice.ae/en/news/2024/december/10-12/talabat-debuts-on-dubai-financial-market>

<sup>2</sup>World Oil, "Oman Raises Record \$2B from Exploration and Production IPO," October 17, 2024.

<https://worldoil.com/news/2024/10/17/oman-raises-record-2b-from-exploration-and-production-ipo/>

<sup>3</sup>Emirates 24|7, "Lulu's IPO Raises AED 6.32 Billion, Share Price Set at AED 2.04," November 6, 2024.

<https://www.emirates247.com/business/corporate/lulu-s-ipo-raises-aed6-32-billion-share-price-set-at-aed2-04-2024-11-06-1.735193>

<sup>4</sup>Fakeeh Care Group, "Listing Announcement," June 5, 2024.

<https://en.fakeeh.care/news/listing-announcement>

<sup>5</sup>Abu Dhabi Securities Exchange, "ADX Welcomes the Listing of Alef Education on Its Main Market," June 12, 2024.

<https://www.adx.ae/about-adx/media/adx-news/abu-dhabi-securities-exchange-welcomes-the-listing-of-alef-education-on-its-main-market>





## How Can A&M Help in Your IPO Journey?

Our **Capital Markets and Accounting Advisory (CMAA)** team specializes in helping businesses navigate the IPO journey. When choosing **the right advisor for your IPO journey**, it's essential to partner with a firm that combines expertise, experience and a global reach to guide you through every phase of the process.

Alvarez & Marsal (A&M) is a **trusted and free-of-audit-conflicts advisor** for companies looking to go public. With deep industry knowledge, extensive capital markets experience and a tailored approach, A&M meets the unique needs of each client. We support companies in overcoming challenges before, during and after the IPO, ensuring a smooth transition to the public markets:



### IPO Workshop

A focused and cross-functional session designed to educate key stakeholders on the IPO process, and highlight potential gaps and align on strategic priorities for going public



### IPO Readiness Assessment

A structured evaluation that identifies gaps across financial reporting, governance, internal controls, FP&A, tax, human resources, technology and the equity story to ensure a company is prepared to meet public market regulatory requirements



### Gap Remediation

A tailored approach to assist a company in identifying, addressing and closing critical deficiencies with respect to becoming a public company, and to ensure the company meets public company standards

Support at every stage of the IPO process and beyond — we help companies overcome barriers before, during and after an IPO:

### Step 1 – Preparation

6 – 24 months prior to an IPO



A&M assist with preparations required to execute on business strategy and be IPO ready

- GAP analysis & action plan (i.e. readiness assessment)
- Project management and assistance
- Strategy & business plan
- Organization & competences, including finance transformation
- Risk management
- Governance & internal control.
- IT and information security.
- Financial management.
- Financial reporting.
- ESG.
- Structuring & TAX optimization
- Audit readiness

### Step 2 – Execution (Going Public)

1 – 6 months prior to an IPO



In the IPO process, A&M continues to support in the journey towards successful execution

- Pre-IPO review and report
- Project management and assistance
- Fine-tuning governance, risk and compliance
- Financial statements and financial information to the market (incl. marketing materials and prospectus)
- Due diligence assistance & support
- Tax due diligence
- Financial due diligence
- Operational and commercial due diligence
- Net working capital analysis
- Tax structuring
- Other reports as applicable depending on local requirements

### Step 3 – Being public

Post IPO



Once transitioned from private to public A&M supports the client in the process of delivering on expectations

- Governance risk and compliance
- Internal control
- Financial reporting
- Stock Exchange reporting
- Transaction accounting
- Transaction support for post-IPO financing and business combinations.
- Accounting and reporting system implementations
- Technical accounting assessments and adoption of new standards
- Tax compliance
- Internal control readiness and compliance
- ESG governance and reporting

## Final Thoughts: Act Now, Benefit Later

Strategic IPO preparation isn't just about getting listed—it's about ensuring your company is positioned to thrive post-IPO. Preparing early offers your company the flexibility to respond quickly when market conditions shift. Whether you're looking to access global capital or raise your profile, the right preparation and guidance **will set you apart from competitors. Now is the moment to act. Let A&M guide you on the path to a successful IPO journey.**



## PATRICIA ALONSO DE LA FUENTE

MANAGING DIRECTOR, CAPITAL MARKETS & ACCOUNTING ADVISORY

- 22+ years of financial reporting and transactions experience across a variety of sectors and financial reporting frameworks
- Extensive experience leading complex IPO preparations across USA, LATAM, and EMEA, including readiness assessments, financial statement preparation, and technical accounting guidance

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## ABOUT ALVAREZ & MARSAL

Founded in 1983, Alvarez & Marsal is a leading global professional services firm. Renowned for its leadership, action and results, Alvarez & Marsal provides advisory, business performance improvement and turnaround management services, delivering practical solutions to address clients' unique challenges. With a world-wide network of experienced operators, world-class consultants, former regulators and industry authorities, Alvarez & Marsal helps corporates, boards, private equity firms, law firms and government agencies drive transformation, mitigate risk and unlock value at every stage of growth.

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