



Exploring an IPO: the top ten questions to ask

Taking a company public is a monumental endeavour. It requires confidence, decisiveness and the right foundations to build on. For businesses considering an IPO, management and the board of directors play a pivotal role in leading the organisation through the complex landscape of risks and rewards. Market volatility and geopolitical uncertainty, among many other factors, continue to impact the world of IPOs. What worked yesterday might not suffice today, so it's crucial to address these challenges head-on.

Here are some key questions that corporate decision-makers and directors should ask before embarking on this exciting but potentially daunting journey.

01 How do we tell our equity story?

The equity story is the narrative that explains why a company is a compelling investment. It should highlight your unique value proposition, market opportunities, competitive advantages and growth strategy. ESG is becoming increasingly important in equity stories, as investors are looking for sustainable and responsible business practices. Management and directors are key to drafting and refining this story, ensuring it resonates with investors and aligns with your company's strategic goals.

02 Which KPIs and non-GAAP metrics are relevant?

KPIs and non-GAAP metrics provide insights into your operational efficiency and financial health. They should be aligned with industry standards and regulatory guidelines. But more importantly, they need to support your equity story and allow investors to gain a deeper understanding of your company's strategic and operational success. Management and directors need to ensure that these metrics accurately reflect the company's performance and are communicated promptly and reliably to investors.

03 How good are we at projecting and meeting the numbers?

Financial forecasting is crucial to gain investor trust and ensure market stability. You therefore need to demonstrate a strong track record in financial planning and analysis, showing that you can reliably meet or exceed your projections. Together with the board of directors, management should ensure that the company has the necessary tools, processes and expertise in place for accurate and reliable forecasting – this helps to set realistic expectations for investors.



07 How will our communications strategy change?

Private companies engage with customers, employees and partners that provide funding. Public companies, however, have a much broader group of stakeholders working on different timescales with different goals and priorities. They also face additional scrutiny from the media, regulators and research analysts. You therefore need to establish a clear and consistent communications strategy, designating spokespeople and preparing to handle enquiries and public announcements promptly. This transparency helps build investor confidence and protect your reputation.

04 How prepared are we to be a public company – not just to go public?

The transition to a public company requires robust systems for financial reporting, compliance and risk management. This means investing in technology, talent and processes to meet regulatory requirements and stakeholder expectations. Management and the board should identify any gaps in these areas and address them before your IPO to ensure a smooth transition.

05 What are the main risks that we face?

Understanding and prioritising risks is essential for strategic planning. In an IPO, risk factors form part of the prospectus so that potential investors can understand the most significant risks to your company. Management and the board need to identify the most significant risks – such as market volatility, regulatory changes or operational challenges – and put them at the top of the list. You should also discuss how to address these risks to manage or minimise their impact on the business. Don't forget that it is the board's responsibility to monitor how management identifies and addresses key risks.

06 How are we handling cybersecurity, privacy and data protection threats

Cybersecurity threats pose significant risks to companies, with the potential to cause severe financial and reputational impacts. Constant cyber threats are common to both public and private companies, but public companies must also consider how disclosure could impact investor trust and their share price. Management and the board should therefore ensure that robust security measures are in place and that there is a clear plan for responding to breaches. This includes regular audits, employee training and a crisis management strategy.

08 Is our executive team ready to lead a public company?

The demands on executives increase significantly after an IPO. Your board should assess whether the current leadership team has the requisite experience and skills to manage these challenges. If not, they should consider bringing in additional talent to strengthen the executive team's capabilities.

09 Is our board ready to be part of a public company?

Most exchanges mandate that boards of directors must have a majority of independent members shortly after listing. Audit and compensation committees must also be entirely independent. But even beyond these requirements, it is crucial for boards to have directors with the right mix of skills, experience and diversity to provide effective oversight. Companies must disclose their directors' backgrounds, qualifications and diversity considerations, so it's essential to think carefully about the composition of your board when going public.

10 Are we ready to take on the legal risks of going public?

The legal environment for public companies is complex, with potential liabilities related to securities regulations, shareholder lawsuits and compliance issues. Public companies and their directors face risks such as reputational damage, media criticism and lawsuits related to their decisions. Directors should therefore be prepared, working with legal advisors to understand the implications of these challenges and ensuring that robust compliance frameworks are in place.



In conclusion, while the path to going public is fraught with challenges, the right partners and advisors can make all the difference. Thorough preparation and addressing these critical questions will enable you to navigate the complexities of an IPO with confidence, ensuring a successful transition to public ownership. With the right guidance, every challenge becomes an opportunity to strengthen your foundations as a public company.

A good starting point: PwC's IPO Readiness Assessment

Are you considering an IPO to secure your company's future? Our team of industry specialists is here to help you through every phase of the IPO process. We start with an IPO Readiness Assessment to help you evaluate the pros and cons of going public, before guiding you through the listing process and preparing your company for life as a public entity – in whichever market you choose. Along the way, we'll provide support with all structural, operational and regulatory issues that may arise, ensuring a smooth and successful journey towards going public.



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