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WEBINAR

IPO Friction Points: What Can Make or Break the Deal

September 10, 2026

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WEBINAR

Welcome!

The webinar will begin in a moment.

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WEBINAR

A quick reminder:

You will need to answer all four polling questions and watch this live-cast webinar for at least 50-min to receive CPE credit.

Welcome and Objectives for today's webinar:

IPO Friction Points: What Can Make or Break the Deal

— Gain perspective on the current **IPO market environment** and what it means for companies considering a transaction in the next 24 months

— Understand **tax considerations** that can impact IPO timing and financial reporting

— Discuss the evolving **SOX landscape and implications** for controls readiness

— Identify common **material weakness and reporting challenges** that warrant early attention

— **Highlight priorities and actions finance leaders can take now** to prepare for a potential IPO

Webinar Reminders

— During this session, 4 polling questions must be answered and attend for at least 50 minutes to obtain CPE

— Feel free to ask questions using Zoom Q&A

— On-demand video is not eligible for CPE

A follow-up email will include:

— CPE certificate & webinar evaluation form

— Access to today's recording and slides; An opt-in to receive future webinar invites; Presenter contact info

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Capital Markets: The Window Is Historic

$114.1B
H1 2026 traditional IPO proceeds
Second-highest H1 on record

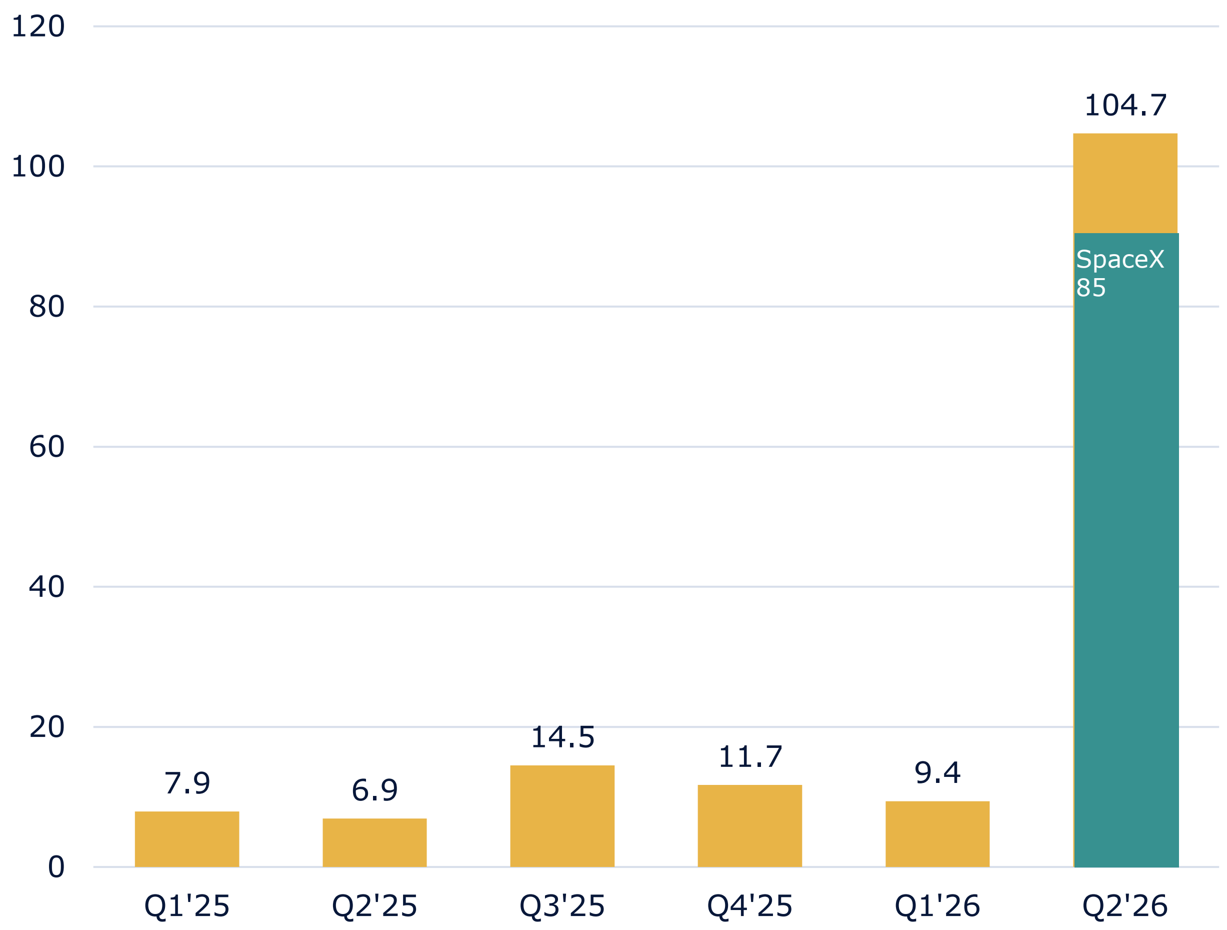
99
Q1 2026 IPOs filed SEC published statistics
+86% proceeds YoY

7×
Increase vs. H1 2025 in traditional IPO proceeds
$14.8B prior-year baseline

BUT: The Market Is Episodic, Not Continuous.

Experts warn that execution windows are brief and shaped by mega-IPOs and geopolitical volatility. Companies that aren't ready during this open window may miss their opportunity and the next window is not guaranteed.

IPO PROCEEDS — Q1'25 TO Q2'26



Source: Stout IPO Trends: A Strong First Half Sets the Stage for 2H 2026

The Mega-IPO Shadow

SpaceX + Anthropic + OpenAI

> SpaceX's $85+ billion offering reshaped the IPO calendar, and with OpenAI and Anthropic still in the pipeline, the competition for SEC reviewer bandwidth and institutional investor attention isn't going away. Every company targeting H2 2026 needs to be ahead of them in the queue, or prepared to wait for the next window. – Russell Investments

New Rules on the Horizon

On **May 19, 2026**, the SEC proposed significant reforms to the public-company reporting framework. These changes are **proposed only and have not been finalized**.

01

Filer Status

Five categories collapse to two; $2B LAF threshold

02

Reporting Timing

Extended deadlines; broader scaled disclosure

03

SOX 404(b) Scope

Fewer companies subject to auditor attestation

What doesn't change: management remains responsible for establishing, evaluating, and certifying effective internal control over financial reporting.

POLLING QUESTION

1

What is your single biggest concern about the current IPO window?

A. Timing; We aren’t ready yet
B. Regulatory complexity; The rules keep changing
C. Bandwidth; We don’t have the internal resources
D. Competition for investor attention from mega-IPOs
E. Other – Type it in the Q&A

Defining Trends: Carve-out IPO’s

One Trend, Three Different Structures

Separations creating standalone public companies

01

MiniMed

Carve-out IPO. Medtronic initially retained approximately 90% ownership.

02

FedEx Freight

Became a public company through a direct spin-off rather than an IPO.

03

McKesson

Medical-Surgical Solutions: planned IPO after Apollo came in as a minority investor.

Each path creates a standalone company, but the sequencing, capital raised, ownership structure, and reporting requirements can be very different.

What is Driving Separations Now

Portfolio Focus

Investors place greater value on businesses with a clear strategy and operating model, pushing companies to reconsider whether certain divisions still belong together.

Capital Allocation

Separating a business lets the parent redirect capital toward higher-priority areas while giving the separated company its own access to funding.

An Open, but Selective, IPO Market

The IPO market is available again but remains selective. It is a viable path for businesses that can support a credible standalone valuation and investor story.

Structural Flexibility

Parents can sell a minority interest through an IPO, distribute the business directly to shareholders, or stage a transaction that begins with an IPO and leads to a later separation.

What is Driving Separations Now

1	**The "As-If Standalone" Fiction**	Three years of audited financials for an entity that *never legally existed*
2	**Standard Cost Realism**	Historical allocations understate what it costs to run IT, treasury, legal, and HR as a stand-alone entity
3	**The TSA Trap**	A TSA does not build infrastructure
4	**Cash and Working Capital**	Most divisions ran on centralized cash pooling and parent-wide vendor terms; the standalone balance sheet has to be rebuilt from the ground up
5	**Day-1 Non-Cash Charges**	Goodwill can fail an impairment test, and parent equity awards converting under ASC 718 create a comp expense

POLLING QUESTION

2

If your organization pursued a carve-out today, where would the biggest gap be?

A. Standalone financial statements and allocation methodology

B. Transition services agreement and Day 1 infrastructure

C. Working capital and cash management

D. We haven’t assessed this yet

E. A carve-out is not on the horizon

Tax: Provisions and Structures

IPO Tax Four Phase Approach: Key issues to address in each phase

1 Assess	2 Plan	3 Execute	4 Sustain
— Internal tax hires vs. outsourced tax department — build the right operating model — Tax provision software and data needs to support quarterly close — Current legal entity structure, capital structure, and §382 / NOL exposure	— Design and implement the target legal entity and tax structure — Build the quarterly close calendar and timing of tax provision entries — Define roles, responsibilities, and interdependencies with finance and IT	— Complete pre-filing structural changes and equity compensation adjustments — Draft tax footnote, MD&A tax discussion, and prospectus tax disclosures — Vet unique tax positions and support due diligence	— Stand up the ongoing tax compliance and reporting calendar — Mature internal controls over tax to meet SOX 404 expectations — Train and continually assess the tax function for public company reporting cadence

6-12 Months Recommended lead time before S-1 Filing.

Bottom line: Sequence matters – each phase depends on the one before it.

SOX Readiness

SEC Proposes Materially Changing Filer Status Rules

Filer Status Today

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

If the SEC proposal goes through:

Large Accelerated Filer (LAF)

Non-Accelerated Filer (NAF)

Eliminates Accelerated Filer and Smaller Reporting Company statuses; EGC status remains, but many of its practical benefits would be extended to all NAF's

Public-float threshold for LAF status

$700M → **$2B**

Current *Proposed*

SEC estimate: ~81% of reporting companies would be NAFs; roughly ~60% of currently attested issuers would move out of 404(b)

Min. SEC reporting history before LAF Status

60 *Months*

Proposed – 5-year runway to 404(b) attestation

SOX Readiness Still Matters

(Even if 404(b) Requirements Change)

404(a) remains: management's own control assessment is unaffected

- 404(b) remains exempt for five years until LAF tests are met
- Control investment **should not shrink** just because attestation is removed
- Some companies will still choose voluntary 404(b) for investor confidence

Treat the five-year NAF window as a runway to control environment maturity

Material Weaknesses

Leading Causes of Year-1 Material Weaknesses & Disclosures

1	**IT General Controls (ITGC)**	Gaps in access, change-management, and security controls over financially significant systems are the number one cause of MW's.
2	**Insufficient Accounting Resources**	Too few personnel with technical accounting and SEC reporting expertise to meet public documentation demands. Conflicting access and duties in lean finance teams, without compensating controls to offset the risk.
3	**Financial Close/ Management Review Controls**	Reviews that aren't sufficiently precise, incomplete evidence, ineffective reconciliations, and weak journal-entry or consolidation controls.
4	**Risk Assessment/ Control Design**	Failure to identify relevant risks, design controls at sufficient precision, or maintain adequate control documentation.
5	**Complex/Non-Routine Accounting**	Business combinations, revenue recognition, stock comp, debt/equity, income taxes, leases, impairment, and valuation.

POLLING QUESTION

3

Which of the following control gaps would be most difficult for your organization to remediate before an IPO?

A. IT general controls and system access

B. Insufficient technical accounting resources

C. Financial close and management review precision

D. Complex non-routine accounting (revenue, stock comp, taxes)

E. Other – Type it in the Q&A

New Standards Summary & Impact

Standards at-a-Glance

Effective Now

ASU 2023-09	Income Tax Disclosures	*Annual Periods after Dec. 15, 2024*
ASU 2023-07	Segment Reporting	*Annual Periods after Dec. 15, 2023*

Effective on the Horizon

ASU 2024-03	Disaggregation of Income Statement Expenses	*Annual Periods after Dec. 15, 2026*
ASU 2025-06	Internal-use Software Capitalization	*Annual Periods after Dec. 15, 2027*

POLLING QUESTION

4

Which of the new accounting standards discussed today is creating the most urgency for your team?

A. DISE (ASU 2024-03) — we haven't started data capture yet

B. Segment reporting (ASU 2023-07) — our CODM story needs work

C. Income tax disclosures (ASU 2023-09) — our rate reconciliation isn't ready

D. Internal Use Software Capitalization (ASU 2025-06)

Q&A and Key Takeaways from Today's Session

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Thank you for joining us today.

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