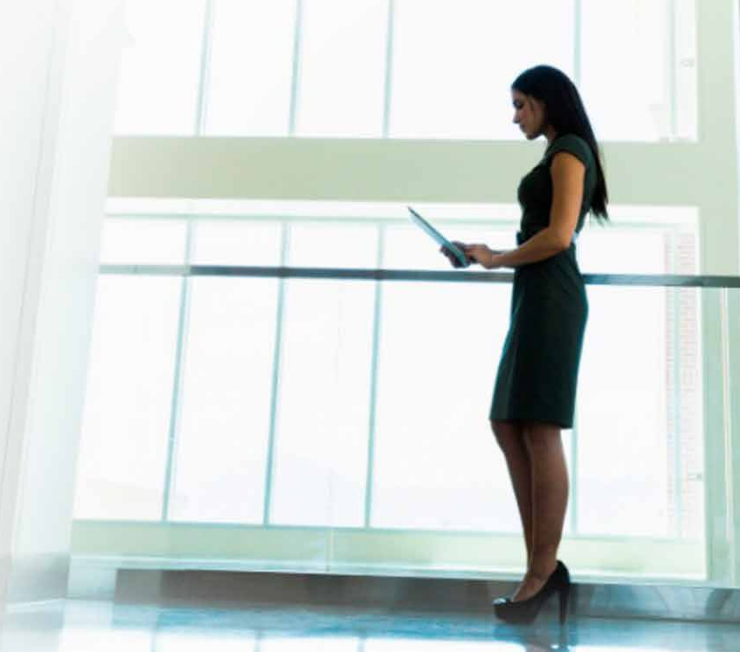




Executing a successful IPO

If you've decided to go public, it's time to start planning.

March 2022



The execution phase of an IPO provides an important opportunity to maximize investor confidence and increase your company's potential valuation. Engaging the right advisors can signal to potential investors that the IPO will be handled successfully.

The journey from initially documenting your company's 'equity story' in a preliminary prospectus to the final closing meeting can be a tumultuous and overwhelming process. Early planning, project management and access to a team of experienced advisors that have navigated the process is key to a smooth IPO and securing the best valuation of your business.

Key activities in executing an IPO

Preparing the preliminary prospectus

This legal document will include information about your company, details of the securities to be issued and the intended use of the proceeds of the offering. Underwriters also use this document to assess the extent of public interest in the securities. Preparing the preliminary prospectus is a detailed and time-consuming process that requires consideration of various complex regulatory requirements. It is critical to engage experienced legal and financial advisors to guide you through this process.

Underwriters' due diligence

Your underwriters and their legal counsel will conduct an in-depth review of your company, its operations, financial information, and material agreements. They will issue a certificate that is filed with the prospectus.

The due diligence is a demanding process that probes deeply into your company and its affairs. Management can expect to devote considerable time and resources to this process.

Applying for a stock exchange listing

Your company must complete the appropriate stock exchange listing application and provide any additional information as required by the exchange.

Regulatory review

Securities commissions will review your preliminary prospectus and provide a letter describing any deficiencies (comment letter). Once the securities regulators receive satisfactory responses, you will be in a position to file your final prospectus.

Few first-time prospectuses complete the regulatory review process without any comments. Engaging experienced external advisors can help you identify sensitive areas and anticipate potential issues.

Marketing

Showcasing your company to potential investors begins after the preliminary prospectus is filed. Typically, the prospectus is supported by two other sources of information – a green sheet that is prepared by the underwriters and a road show presentation.

Many companies hire an investor relations firm to help develop the message, prepare the presentation, coach the presenters and also handle the logistics of the road show.

Pricing

Final pricing typically occurs 1 or 2 days before the final prospectus is filed. Although you may have developed the desired price range for your shares, market conditions and the level of interest in your company may change over time.

Pricing is subjective. Stay tuned to market conditions. There is a fine line between overpricing your offering and leaving too much on the table.

Finalizing documents

After comments from regulators have been cleared, final terms of the offering have been received and you are satisfied that there are no material undisclosed developments since the preliminary prospectus was filed, the final prospectus can be filed. The underwriters may begin to sell the securities.

Other legal documents for your offering (such as amalgamation of entities, share redemptions, employee share option agreements) also need to be carefully planned and executed.

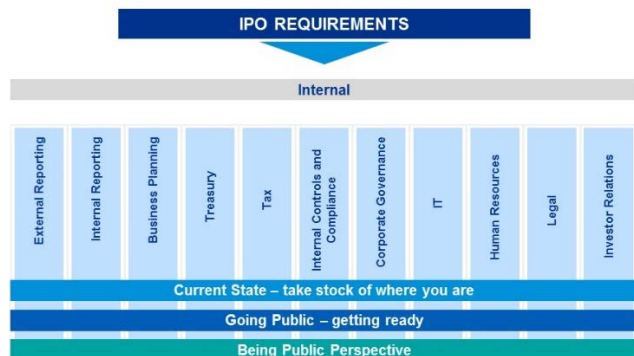
The closing

This signals the successful completion of your IPO; you receive the proceeds of the offering and begin life as a public company.

The transition to being a public company is immediate. Be prepared to face the challenges and increased accountabilities that come with being in the public domain.

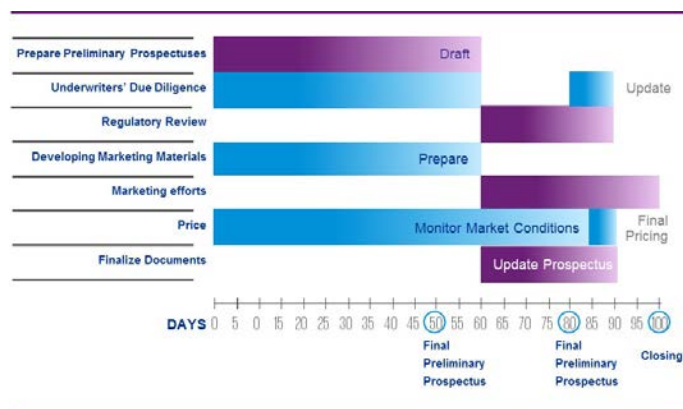
Which business functions will be impacted by the IPO?

Preparing for an IPO – are you ready?



Illustrative timeline for executing an IPO

The following diagram shows the timeline to execute the major activities of an IPO. The timeline is illustrative and the entire execution phase typically takes two to three months to complete.



KPMG can help guide you on your IPO journey

KPMG in Canada's IPO Advisory team provides a full range of services* to assist with your public offering or alternative strategies. We provide assistance in all aspects of IPO readiness including financial reporting, human resources, IT readiness, internal controls, governance and tax.

We perform a comprehensive IPO readiness assessment to identify your needs and any gaps, and provide actionable recommendations to support the IPO process efficiently and cost effectively.

KPMG can help you address the cross-functional implications of structural changes that may arise through the registration process and new requirements for internal controls, human resources, corporate governance, tax and financial reporting.

We will guide you throughout the offering process to implement the necessary requirements to build a sustainable approach to meet the needs of a public company.

Our specialized team is well-positioned to serve companies globally and brings a wealth of experience preparing businesses like yours to go public. KPMG member firms can serve companies across borders and work comprehensively to help them prepare for Canadian public offerings, and can also assist Canadian firms interested in listing on international exchanges.

To learn more about how we can help you on your IPO journey, contact one of our KPMG in Canada IPO Advisory professionals.

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*Some of the services described herein may not be permissible for KPMG in Canada audit clients and their affiliates or related entities.