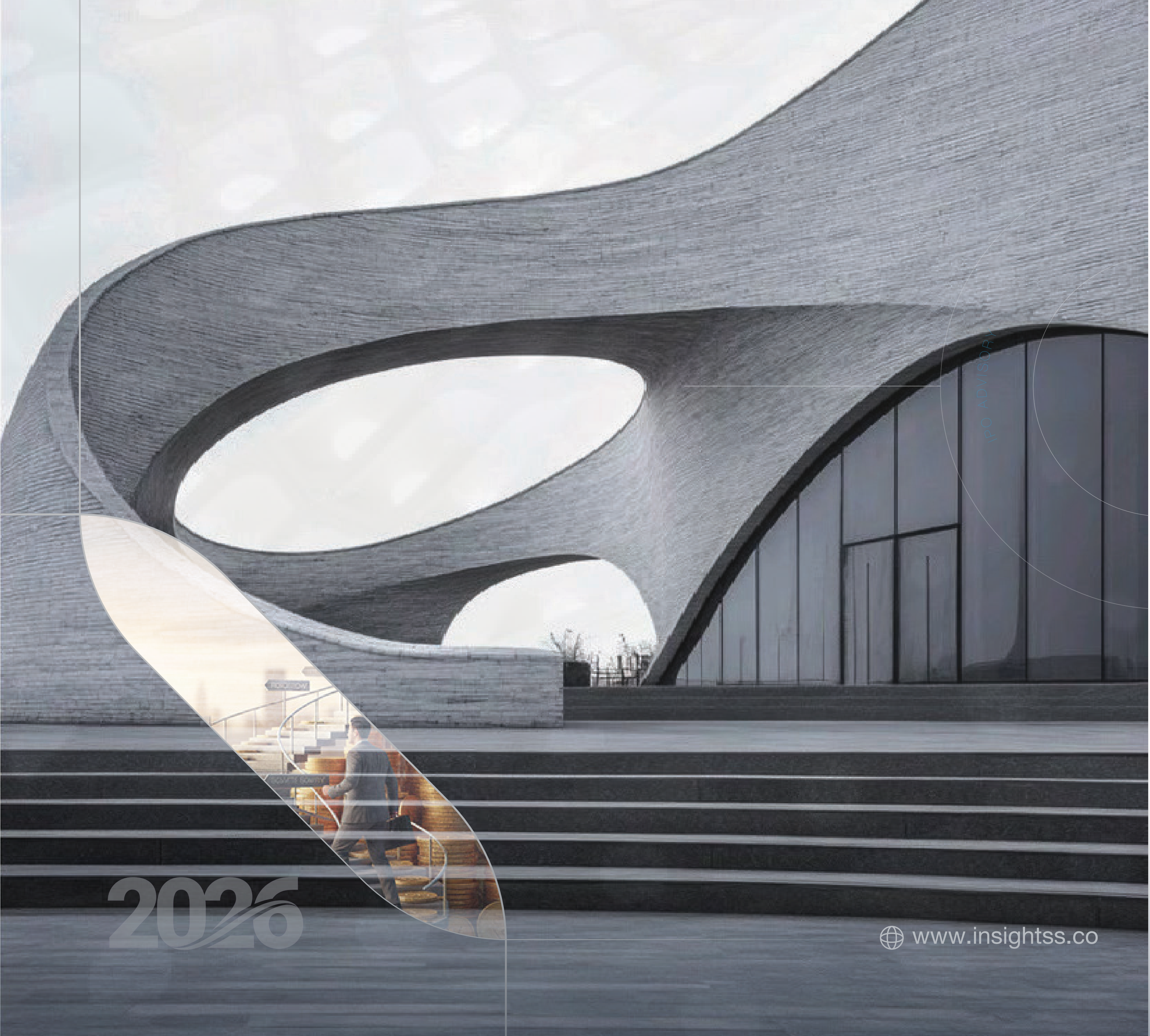
insights

INITIAL PUBLIC OFFERING (IPO) ADVISORY

Preparing Saudi and Gulf Cooperation Council (GCC) companies for the public markets: readiness, cost, timing and the decision to list



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Preparing Saudi and Gulf Cooperation Council (GCC) companies for the public markets: readiness, cost, timing and the decision to list

Inside this publication

- What an IPO actually is and who it suits
- The Saudi and GCC listing market in six key numbers
- The listing journey and the readiness gap
- Market activity, Nomu and the cost of going public
- Eligibility criteria, the cost table and priority focus areas
- Eight rules for boards and the outlook to 2030

All figures are approximate (approx.) estimates compiled from public sources, attributed with links beneath each passage and rounded for easy reading.

Foundation What Going Public Actually Involves

An Initial Public Offering (IPO) is the first sale of a company's shares to public investors, after which the shares trade on an exchange and the company becomes subject to continuous disclosure and governance obligations.

- **What a company gains:** permanent capital, a traded currency for acquisitions, liquidity for shareholders and a step change in profile.
- **What a company gives up:** disclosure of results, board and governance obligations, ongoing scrutiny and a share price that can be read as a public verdict.

Key abbreviations used in this publication

IPO = Initial Public Offering | CMA = Capital Market Authority | Nomu = the parallel market for growth companies | IFRS = International Financial Reporting Standards | GCC = Gulf Cooperation Council | SAR = Saudi Riyals | mos. = months | approx. = approximate | est. = estimated

Listing route	Typical company size	Free float requirement	Best suited to
Main market (Tadawul)	Market value SAR 300 M+	Minimum 30%	Established, profitable companies
Nomu parallel market	Market value SAR 10 M+	Minimum 15%	Growth companies and smaller businesses
Direct listing	Varies	No new capital raised	Liquidity for existing shareholders

Source: listing routes and requirements, Saudi Exchange and CMA. Thresholds are indicative and subject to regulatory change; confirm current rules before planning.

The Listing Market in Six Key Numbers

Before the process and the cost, here is the scale of the opportunity.

Listing route	Free float requirement
53	GCC IPOs completed in 2024, the busiest year on record by deal count
USD 12-13 B	Proceeds raised through those listings, in United States Dollars, Billions
SAR 10 M	Minimum market value to list on Nomu, against SAR 300 M for the main market
18-24 mos.	Typical preparation time from readiness assessment to listing day
~ 5-7%	Indicative all-in cost of an IPO as a share of proceeds
30% / 15%	Minimum free float on the main market and on Nomu respectively

Sources: IPO activity and proceeds, EY MENA IPO Eye and PwC Middle East; listing thresholds and free float rules, Saudi Exchange and CMA; timing and cost ranges reflect standard advisory practice. All figures approx. and rounded.

The Listing Journey, Step by Step

A listing runs as six phases in which readiness decides whether the first three take months or years.

Assess	Readiness review and route selection
Restructure	Financials, group structure and governance
Appoint	Advisors, auditors and legal counsel
File	Prospectus and CMA application
Market	Roadshow, book-building and pricing
List	Allocation, admission and life as a public company

The readiness test before the journey begins

Signals a company is ready (+)

- Three years of audited IFRS financial statements.
- Predictable earnings and a credible growth story.
- Independent directors and a functioning audit committee.
- Clean group structure with related-party dealings resolved.

Signals it is not yet ready (-)

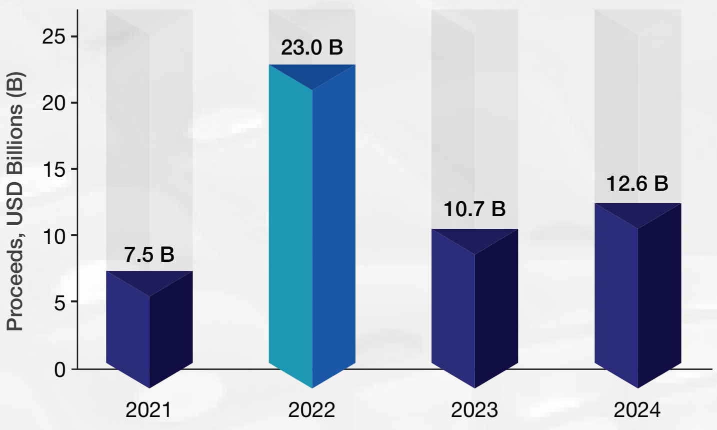
- Financials prepared for tax rather than for investors.
- Revenue concentrated in one or two customers.
- Owner and company finances not fully separated.
- No reporting capability to meet quarterly deadlines.

Sources: eligibility and governance requirements, CMA and Saudi Exchange. Readiness signals are our analysis, drawn from standard practice.

A Listing Window That Has Stayed Open

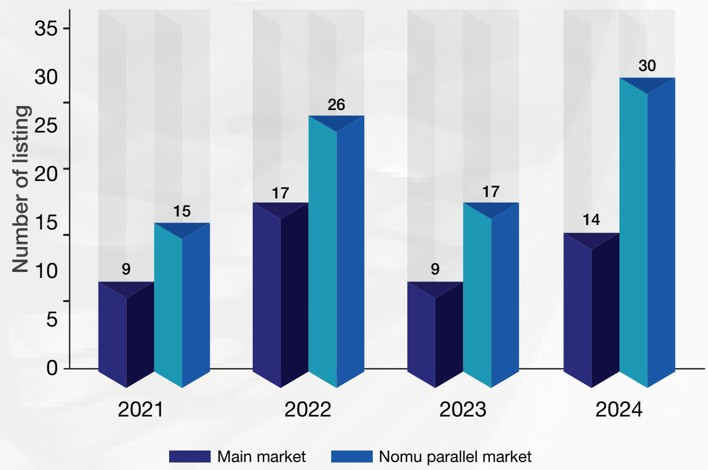
Headline numbers (nos.) every founder should know before raising.

GCC IPO Proceeds and Deal Count (approx.)



Deal count has held above 45 a year even as proceeds normalised.

Saudi Listing: Main Market vs Nomu (approx.)

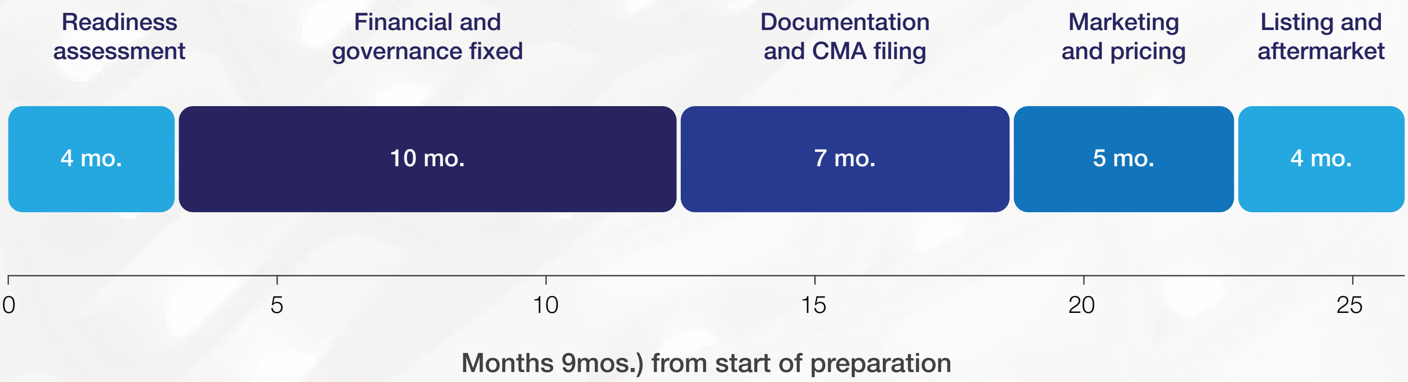


Nomu now carries roughly two thirds of Saudi listings by number.

Sources: regional IPO proceeds and counts, EY MENA IPO Eye and PwC Middle East; Saudi listing split between the main market and Nomu, Saudi Exchange. Figures approx.; 2022 proceeds were inflated by a small number of very large listings.

What Preparation Costs in Time

Indicative IPO Preparation Timeline: 18-24 Month (mos.)



- The heavy work sits in phase two: audit history, governance and group restructuring routinely take 9-12 months (mos.).
- Companies that begin only when the market looks attractive have already missed the window they were aiming for.

Source: regulatory filing and review stages, CMA. Phase durations are our estimates (est.) based on standard practice and vary by company.

The Cost of Going Public

Table 1: Indicative IPO cost breakdown

Cost component	Indicative range	Paid to	When incurred
Underwriting and placement	approx. 2-4% of proceeds	Lead managers and banks	On completion
Legal and advisory	approx. 0.5-1.5%	Counsel and financial advisors	Through the process
Audit and reporting	approx. 0.3-1.0%	Auditors and reporting accountants	Largely before filing
Marketing and listing fees	approx. 0.3-0.7%	Exchange, registrar and agencies	At admission
Total, indicative	**approx. 5-7% of proceeds**	Plus ongoing listed-company costs	Across 18-24 mos.

Sources: cost ranges reflect regional market practice reported by EY MENA IPO Eye and PwC Middle East; listing fees, Saudi Exchange. Actual costs vary materially by deal size and complexity.

Table 2: Listing against the alternatives

Consideration	IPO	Private equity sale	Debt or sukuk
Capital available	Large and repeatable	Large, single event	Limited by cash flow
Control	Retained, with public scrutiny	Often ceded	Retained
Disclosure	Continuous and public	Private to the buyer	Private to lenders
Preparation time	18-24 mos.	6-12 mos.	3-6 mos.

Our analysis. Comparative timings draw on regional transaction practice and Preqin private capital data.

Four Areas That Decide the Outcome

These four determine whether a listing happens on schedule and at the intended price.

Audit history is the binding constraint
Three years of audited IFRS statements cannot be created retrospectively, which is why this single item sets the earliest possible listing date.
Typically 9-12 mos. of remediation where records are not investor-grade.

Governance is priced, not just required
Independent directors, a functioning audit committee and credible disclosure are read by investors as a proxy for management quality.
A prerequisite for admission on both markets.

Equity story before valuation
Investors fund a clear, evidenced growth narrative; valuation follows the story rather than leading it.
Concentrated revenue is the most common discount trigger.

Life after listing
Quarterly reporting, investor relations and continuous disclosure become permanent operating obligations from day one.
Ongoing listed-company costs sit outside the headline IPO fee.

Sources: admission and continuing obligations, CMA and Saudi Exchange. Remediation timings and valuation observations are our analysis.

Eight Rules for Boards Considering a Listing

What the numbers and market practice actually suggest.

- **Start 24 months out:** the audit trail, not the market window, sets your earliest listing date.
- **Choose the route deliberately:** Nomu at SAR 10 M opens the market to companies the main board would not accept.
- **Budget 5-7% all-in:** and treat ongoing listed-company costs as a separate, permanent line.
- **Fix concentration early:** revenue dependent on one or two customers is the most common valuation discount.
- **Build the reporting function first:** quarterly deadlines are unforgiving and cannot be outsourced indefinitely.
- **Separate owner and company:** related-party dealings must be resolved before diligence, not during it.
- **Free float is a strategy decision:** 30% on the main market against 15% on Nomu changes both control and liquidity.
- **Keep a parallel option open:** a private sale or pre-IPO placement preserves leverage if the window narrows.

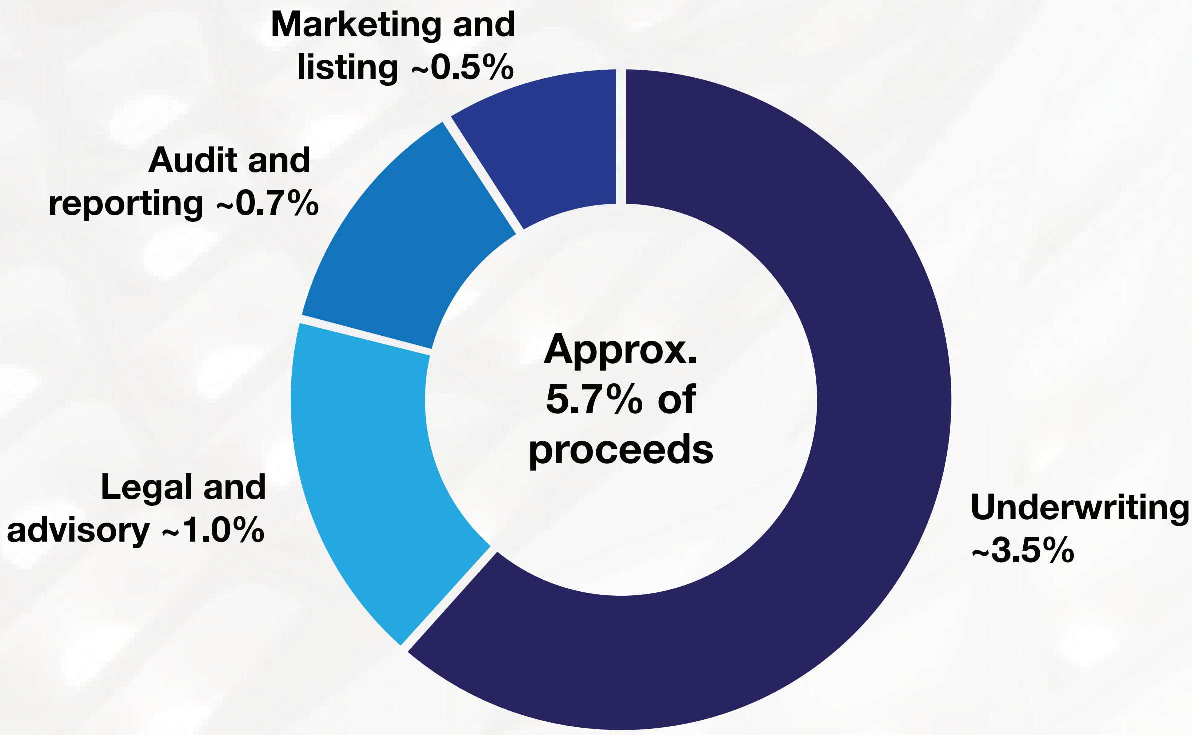
Bottom line: an IPO is not a fundraising event but a permanent change in how the company is owned, governed and reported.

Sources: figures as attributed on Slides 3 to 8, principally CMA, Saudi Exchange, EY MENA IPO Eye and PwC Middle East.

What 2026-2030 Is Likely to Bring

- Nomu becomes the main pipeline: the parallel market continues to supply most listings by number and feeds later transfers to the main board.
- Privatisation adds supply: state and semi-state assets earmarked under Vision 2030 are a structural source of future offerings.
- Foreign participation deepens: continued opening to qualified foreign investors broadens the buyer base and supports pricing.
- Sector mix widens: beyond financials and industrials toward healthcare, logistics, tourism and technology.
- Scrutiny rises with supply: as choice increases, aftermarket performance and governance quality separate the successful listings from the rest.

Indicative IPO Cost Breakdown



Indicative cost of listing, approx. 5-7% of proceeds.

Sources: privatisation and market development programmes, **Vision 2030** and PIF (the Public Investment Fund); foreign investor access and listing frameworks, **CMA** and **Saudi Exchange**. Forward-looking statements are our estimates (est.) based on current trends, not guarantees.

Contact **Us**

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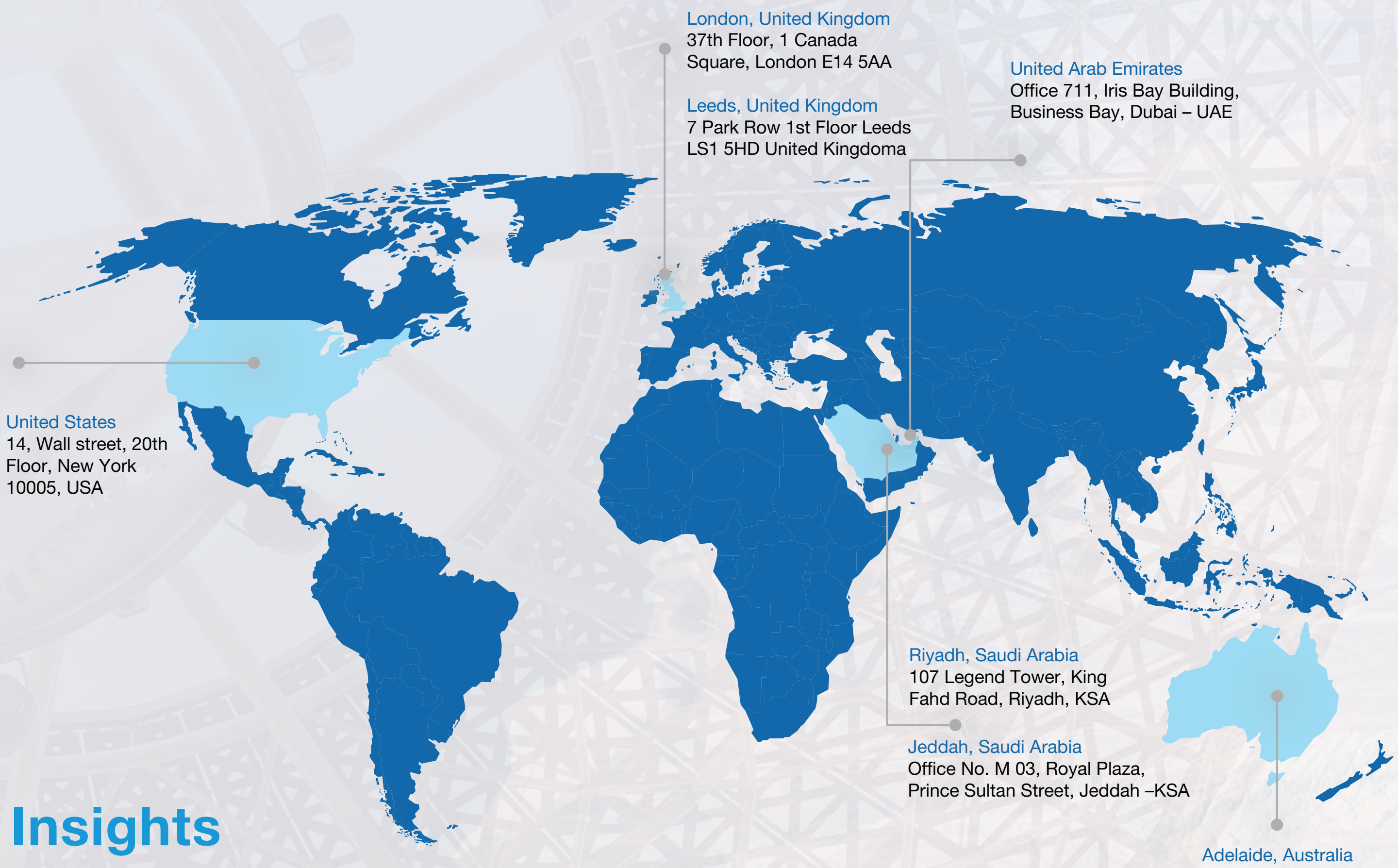

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