KPMG

Exit optionality:
Strategic agility for private companies

KPMG. Make the Difference.

Private-market exit success was once about finding the right window. Today, it's about being prepared when one opens.

In unpredictable markets, companies can no longer assume a single exit path will remain available on their preferred timeline. The organizations best positioned to create value are those that build the capabilities to pursue multiple capital pathways and adapt as conditions change.



Erika Whitmore
KPMG Private Emerging Growth Audit and Assurance Leader
elommen@kpmg.com



Alex Hanhan
KPMG Private Tax Emerging Growth Leader, KPMG LLP
ahanhan@kpmg.com



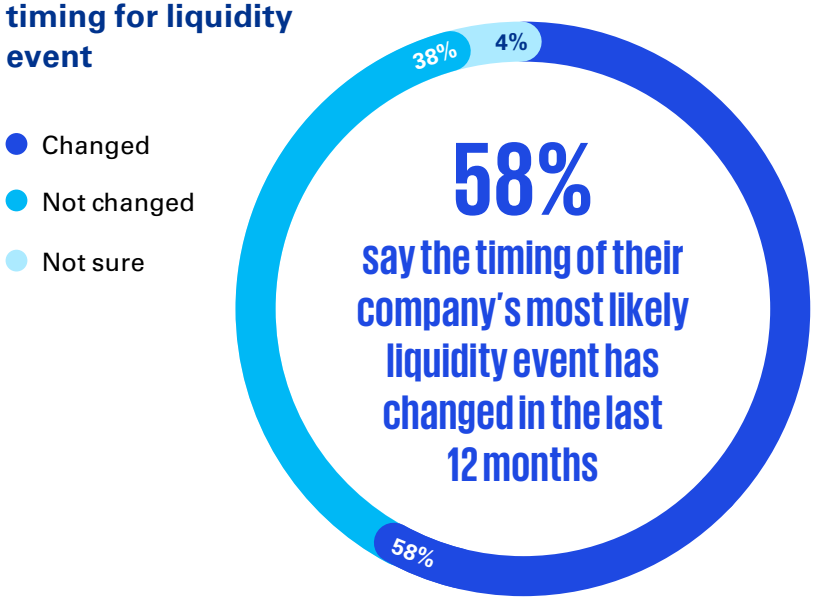
Shari Mager
KPMG Private Emerging Growth Advisory Leader, KPMG US, and Global Capital Markets Readiness Leader
smager@kpmg.com

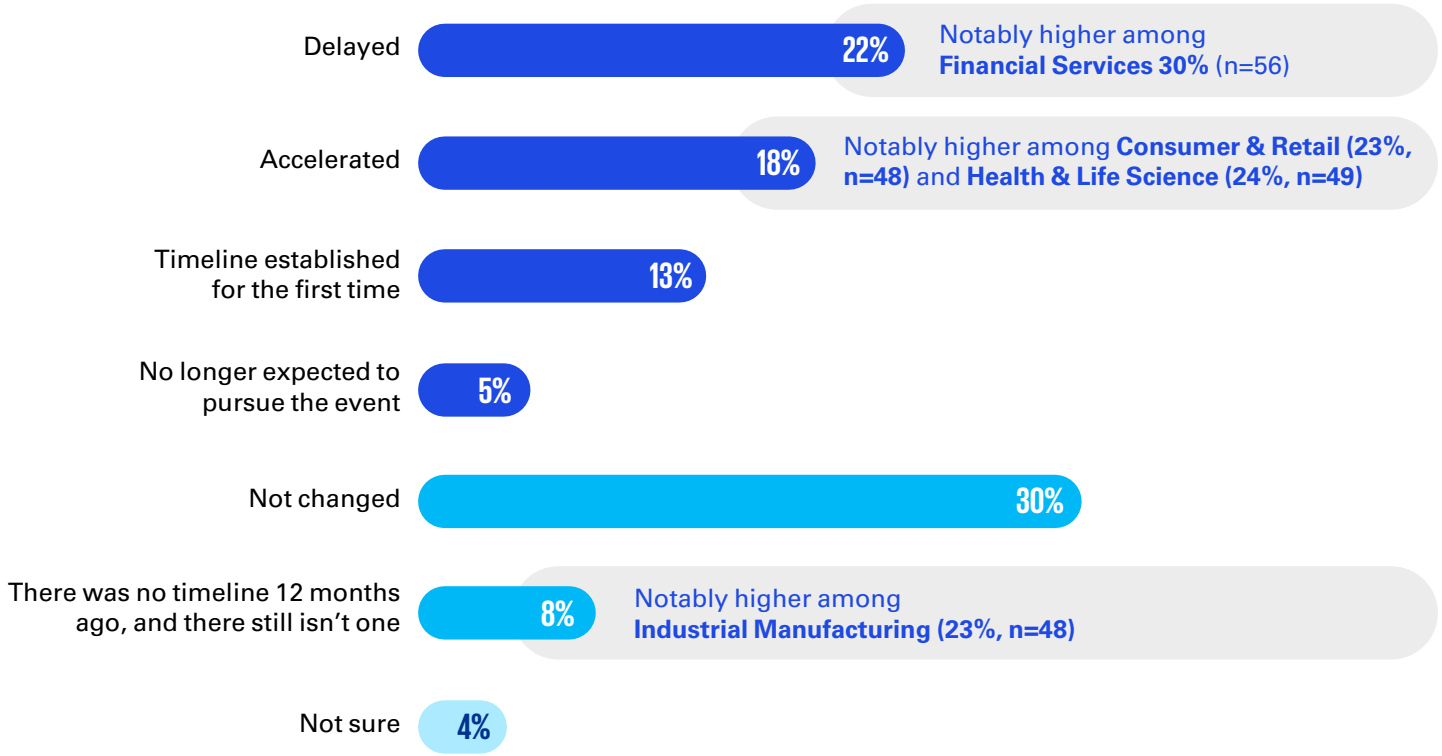
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Our survey reveals a significant execution gap. While 53 percent of leaders believe their companies could achieve an attractive valuation within the next 24 months, only 43 percent say they are prepared to execute a transaction today.

Meanwhile, 58 percent have seen the timing of their most likely liquidity event change during the past year, and only 48 percent are confident they could shift to another exit path without meaningful delay, additional cost, or valuation erosion.

Change in expected timing for liquidity event



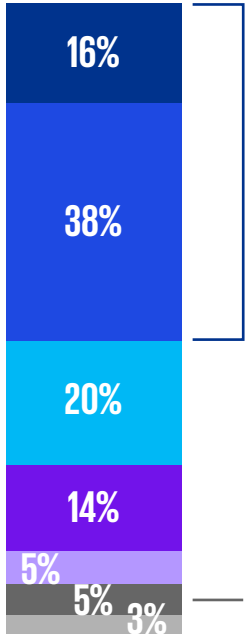


Q4. Compared to 12 months ago, how has the expected timing of your company's most likely liquidity event changed? Select one. (Base: Total, n=301)

Numbers may not foot due to rounding.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Confidence in liquidity valuation



53%

of decision-makers feel confident they can achieve an attractive valuation in the next 24 months

Notably higher among

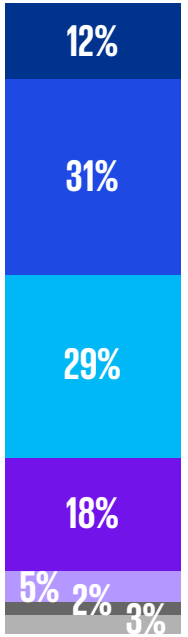
Consumer & Retail (n=48)	Industrial Manufacturing (n=48)	Tech, Telecom & Media (n=50)	Health & Life Science (n=49)	Finacial Services (n=56)	Energy & Resources (n=50)
65%	50%	56%	57%	38%	46%

54% projected revenue <$250M (n=164) vs. 46% projected revenue $250M+ (n=137)

Very confident · Somewhat confident · Neither confident nor unconfident · Somewhat unconfident · Very unconfident · Not applicable/no event under consideration · Not sure

Q8. How confident are you that your company could achieve an attractive valuation if it pursued its most likely liquidity event within the next 24 months? (Base: Total, n=301)

Numbers may not foot due to rounding.



43%

of decision-makers feel their company is ready to execute a liquidity event in the next 24 months

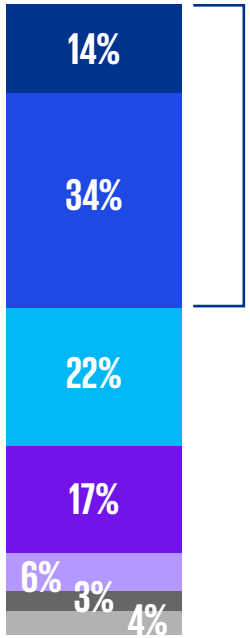
Fully ready · Mostly ready · Partially ready · In the early stages of readiness · Not at all ready · Not applicable/no event under consideration · Not sure

Q10. Overall, how ready is your company today to execute its most likely IPO, sale, recapitalization, or other major ownership transaction? (Base: Total, n=301)

Numbers may not foot due to rounding.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Ability to pivot to different exit pathway



48%

of decision-makers feel confident they could pivot to an alternative exit pathway without material delay, additional cost, or valuation loss

- Very confident
- Somewhat confident
- Neither confident nor unconfident
- Somewhat unconfident
- Very unconfident
- Not applicable/no event under consideration
- Not sure

Q15. How confident are you that your company could switch from its preferred IPO, sale, recapitalization, or other major ownership transaction to an alternative pathway without material delay, additional cost, or valuation loss? (Base: Total, n=301)

Numbers may not foot due to rounding.



© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.



© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

That flexibility is not created when a deal begins. It's built over time through investment in finance, tax, operations, governance, and leadership. Yet only 21% of companies are preparing for multiple pathways, while another 21% are pursuing one path with a defined contingency plan.

Status of exit preparation strategy

37%
say they are not actively preparing

Notably higher among
Industrial Manufacturing 44% (n=48)

59%
say they are in some stage of preparation for a liquidity event

4% unsure

Preparing multiple exit pathways
21%

Notably higher among
Financial Services 30% (n=56)

Preparing one pathway with defined contingency plan
21%

Preparing one specific pathway
18%

Notably higher among
Energy Resources 30% (n=50)

Q6. Which statement best describes your company's current exit preparation strategy? (Base: Total, n=301)

Numbers may not foot due to rounding.

Leading private companies increasingly create liquidity through a sequence of capital decisions, including recapitalizations, secondary transactions, and continuation vehicles, rather than waiting for a single exit window. Their advantage is not certainty about timing. It is the ability to preserve value, change course, and act when the right opportunity emerges.

Preparation is a critical operating asset that gives companies two of their most important competitive advantages in an unpredictable market: **flexibility and choice.**

Liquidity is no longer a single moment

A liquidity event does not always arrive as one decisive transaction. It can take shape over time through a recapitalization, secondary transaction, new financing structures, or deliberate extensions of the holding period while the company strengthens the business.

A strategic sale remains the most widely considered exit path, cited by 43% of respondents, followed by a sale to a private equity investor at 34%. An initial public offering is part of the consideration for 16%.

These pathways require different structures, disclosures, and operating capabilities, but they also share a common foundation. Reliable financial reporting, defensible tax positions, clean data, effective controls, scalable operations, and experienced leadership support nearly every credible transaction.

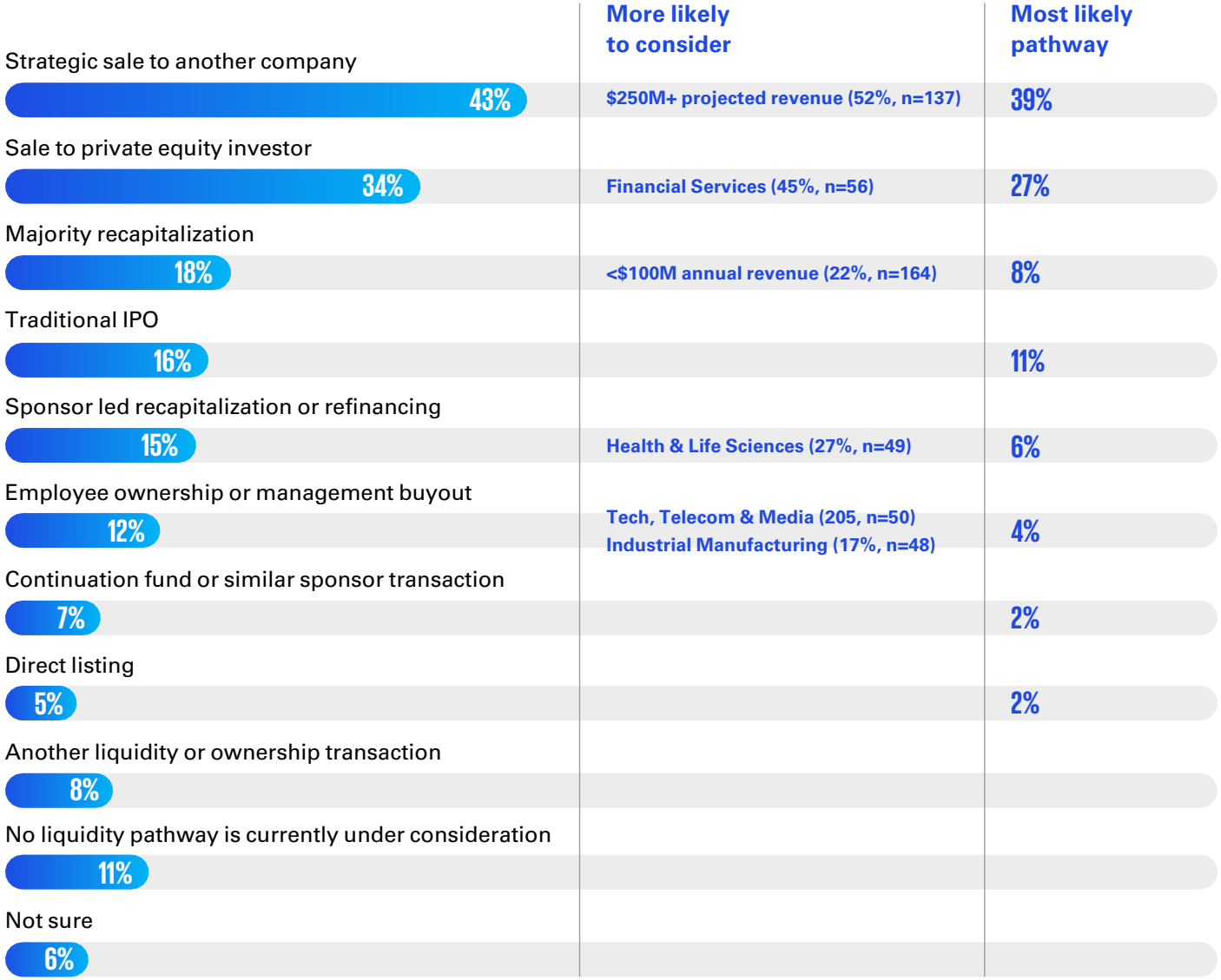
The risk of a single-path plan is not only that the preferred market may close. A company can also begin optimizing for one outcome in ways that make alternatives more difficult or costly. Systems, reporting, governance, and talent designed around one buyer profile or due diligence model may take significant time to adjust if conditions change.

Q1. Which of the following pathways is your company currently considering, even if only as a secondary or contingency option? Select all that apply. (Base: Total, n=301)

Q2. Which pathway is currently the most likely for your company? (Base: Total asked, n=250)

Numbers may not foot due to rounding.

Liquidity pathways under consideration



© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The execution gap has a measurable cost

The survey shows that confidence in future valuations is running ahead of companies' ability to transact. While 54 percent of leaders expect attractive valuation potential within the next 24 months, only 43 percent say their organizations are mostly or fully prepared to execute today.

That gap has real consequences. Twenty-six percent of companies have experienced a liquidity process that was delayed, restructured or canceled because of an unexpected preparation gap.

Respondents also reported consequences including lower valuations, extended holding periods, and higher transaction costs.

A transaction can become a stress test of the entire enterprise. Issues that are manageable during ordinary operations may become material under buyer, investor, or regulatory scrutiny. An unreliable forecast can weaken the value story. A tax exposure can affect price or structure. Poor-quality data can slow diligence. A cybersecurity weakness can alter the buyer's risk assessment. Not having the right strategy, people, processes, systems, or plan for how the organization will use artificial intelligence (AI) all can have a significant impact.

The strategic response is to remain prepared across market conditions, preserving the ability to move, pause, or change course without losing momentum.

Transaction delayed, restructured, or canceled due to readiness gaps

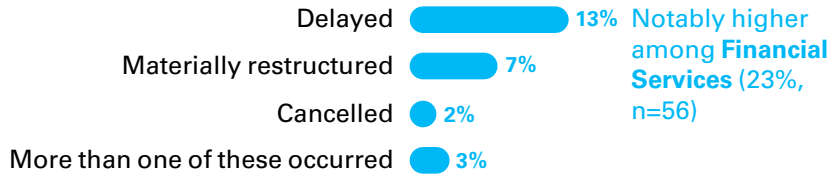
66%
say they have not had a transaction delayed, restructured, or canceled

8% unsure

26%
say they have had a transaction delayed, restructured, or canceled due to readiness



Notably higher among **Industrial Manufacturing** (44%, n=48)



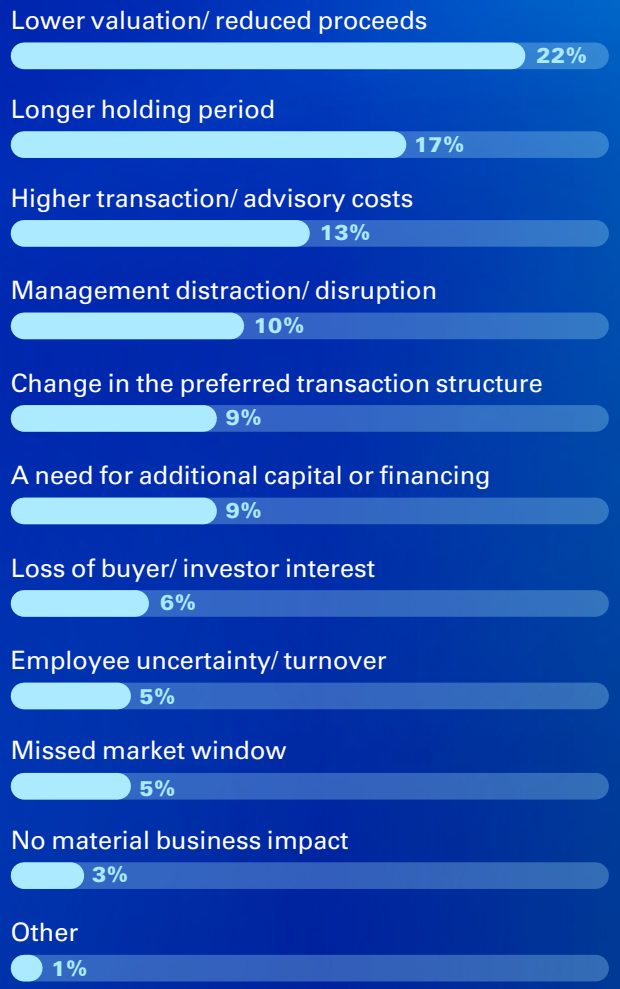
Notably higher among **Financial Services** (23%, n=56)

Q28. In the past five years, has your company had an IPO, sale, recapitalization, financing, or other liquidity process delayed, materially restructured, or canceled because of an unexpected readiness gap? (Base: Total, n=301)

Numbers may not foot due to rounding.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Impact of delay, restructure, cancellation



Q30. What was the primary business impact of that delay, restructuring, or cancellation? (Base: Total asked, n=78)

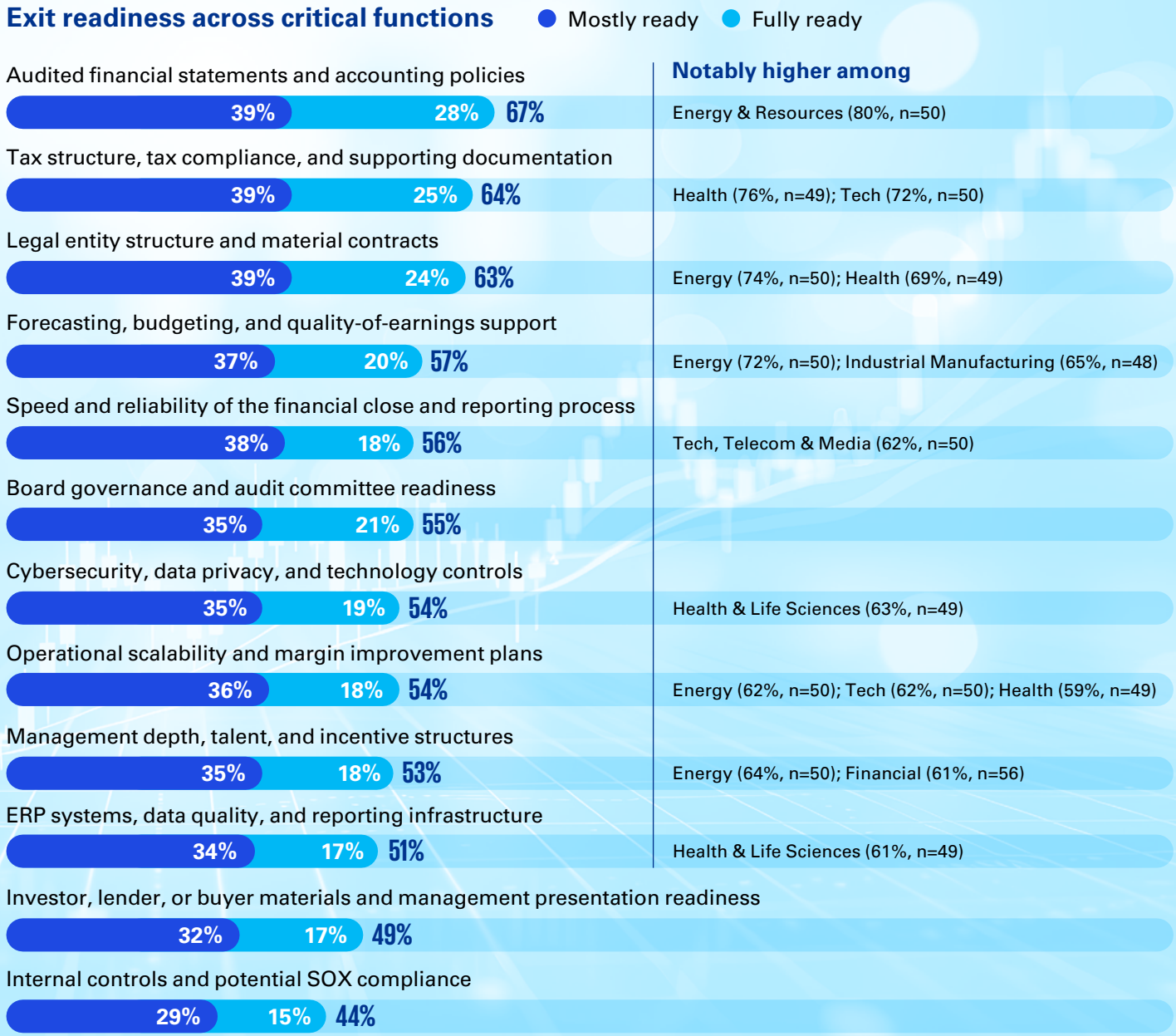
Numbers may not foot due to rounding.

Transaction capability extends across the enterprise

Sixty-seven percent of respondents describe their companies as mostly or fully prepared with respect to audited financial statements and accounting policies. Confidence is lower in areas that become critical during a transaction, including forecasting, budgeting, and quality-of-earnings support; the financial close and reporting process; and internal controls or potential SOX compliance.

Q11. How prepared is your company today in each of the following areas to execute its most likely IPO, sale, recapitalization, or other major ownership transaction? (Base: Total, n=301)

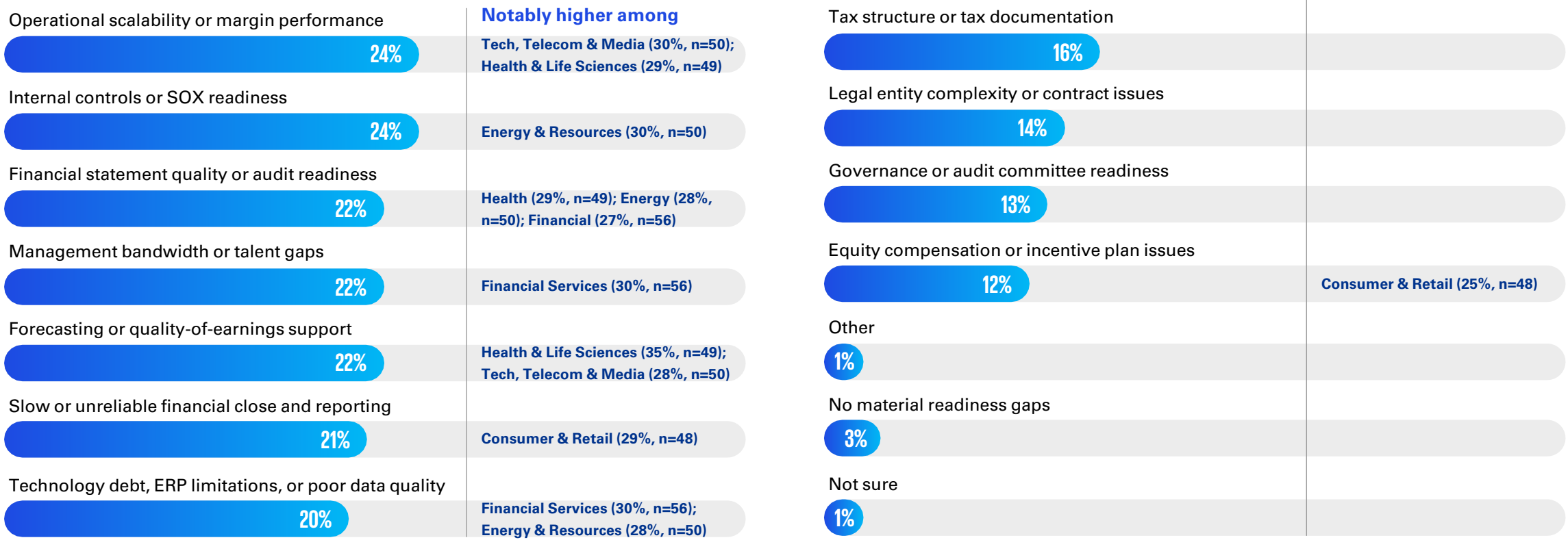
Numbers may not foot due to rounding.



© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The same pattern appears beyond finance. Companies report lower levels of preparedness in investor and buyer materials, Enterprise Resource Planning (ERP) systems, data and reporting infrastructure, management depth, and operational scalability. These are not secondary concerns. They shape whether the business can support its valuation story and withstand sustained diligence.

Readiness gaps that risk transactional delay



Q14. Which readiness gaps create the greatest risk of delaying a transaction, reducing valuation, or forcing your company to change its preferred pathway? Select up to three. (Base: Total, n=301)

Numbers may not foot due to rounding.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The execution gap has a measurable cost

Tax is often treated as one workstream within diligence. In practice, unresolved tax issues can influence transaction timing, valuation, structure and proceeds.

Although 64 percent of leaders report that their companies are prepared in basic tax compliance and supporting documentation, routine filing compliance is different from having a defensible tax position for a transaction.

State and local tax nexus obligations, transfer pricing arrangements, entity structures, indirect tax exposures, and incomplete documentation may not become visible to leadership until diligence is underway. At that point, the company has less time and leverage to address them. For founders and early investors, planning related to Qualified Small Business Stock may also have a significant effect on after-tax proceeds and needs to occur well before an exit is imminent.

The goal is not simply to have tax returns filed. It is to understand potential exposures, document material positions, and evaluate how tax considerations could affect different capital pathways before a buyer or investor raises the question.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Integration remains uneven

Only 44 percent of companies report some level of integration across their transaction workstreams, and just 15 percent say those efforts are fully integrated from the beginning under a single plan.

In many organizations, finance, tax, technology, operations, legal, human resources, and communications prepare in parallel but not against the same assumptions, milestones, or decision points. This can allow dependencies and gaps to remain hidden until late in the process.

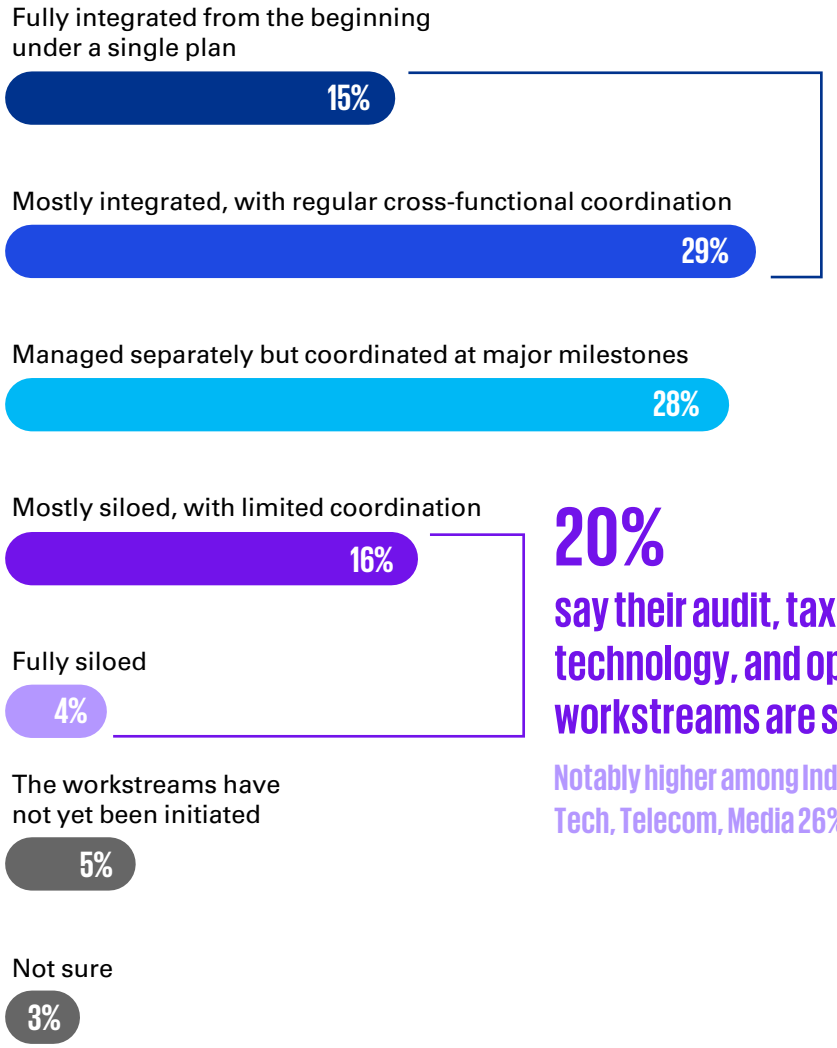
A change to the transaction structure may affect tax planning. A financial reporting issue may alter investor materials. A technology weakness may require unexpected investment. A talent or operating-model concern may undermine confidence in the company's ability to scale.

Bringing these disciplines together does not require every function to work on every issue. It requires shared assumptions, clear ownership, and a single view of the risks that could affect value or execution.

Q12. How integrated are your audit, tax, legal, finance, technology, and operational readiness workstreams? (Base: Total, n=301)

Numbers may not foot due to rounding.

Workstream integration



44%

say their audit, tax, legal, finance, technology, and operational readiness workstreams are integrated

Notably higher among Consumer & Retail 54% (n=48); Health & Life Science 49% (n=49)

20%

say their audit, tax, legal, finance, technology, and operational readiness workstreams are siloed

Notably higher among Industrial Manufacturing 31% (n=48); Tech, Telecom, Media 26% (n=50)

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Technology, data, and cyber are valuation issues

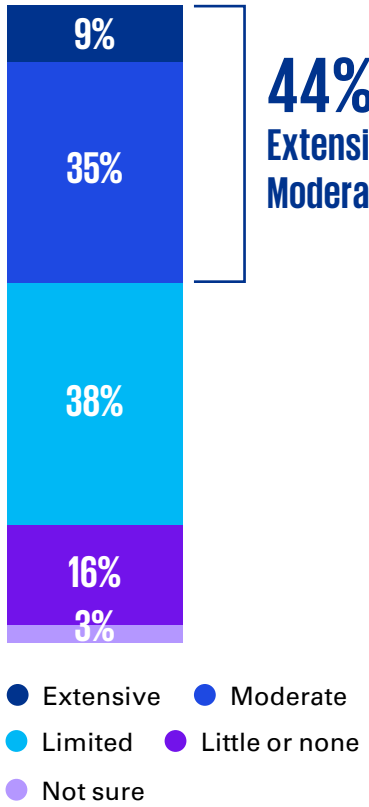
Technology debt is no longer only an operational concern. Forty-four percent of companies report moderate or extensive technical debt, 33 percent say technical debt has been raised as a concern during diligence discussions, and 37 percent report heavy cybersecurity scrutiny in liquidity discussions.

Under transaction pressure, the questions are practical: Can the company produce reliable data? Can it demonstrate control over access and privacy? Can its systems support integration or scale? Can leadership clearly explain known risks and the investment required to address them?

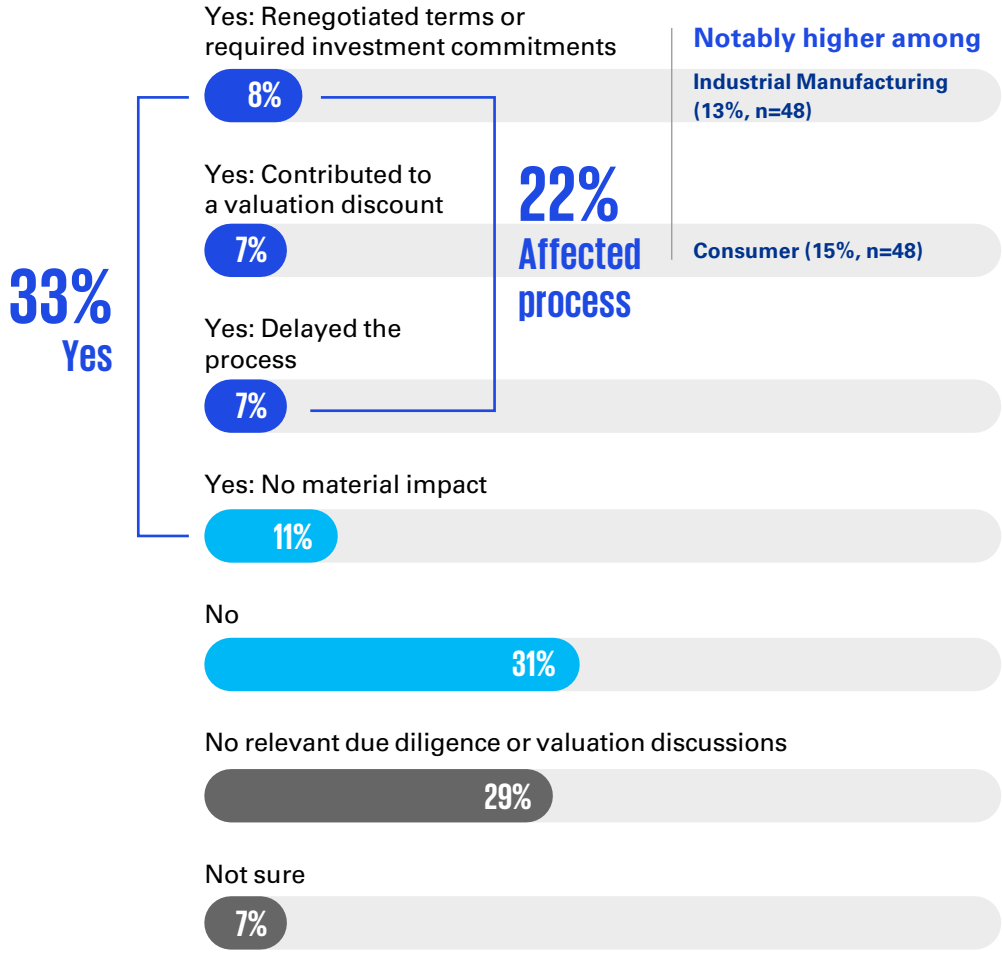
Buyers and investors evaluate whether technology weaknesses could interrupt growth, require unplanned capital, create regulatory exposure, or complicate integration. Technology leaders therefore need to make risk legible, governed, and connected to the company's value story.

AI may help accelerate elements of analysis and preparation, but it cannot make fragmented data pipelines reliable or resolve unclear ownership of controls. The test is not whether a company can add an AI layer. It is whether the underlying records, systems, processes, and governance can withstand rigorous diligence.

Amount of technical debt



Technical debt raised as concern



Q22. How much technical debt exists within your company's finance and reporting environment? (Base: Total, n=301)

Q23. During due diligence or valuation discussions, has a buyer, investor, lender, or adviser cited technical debt as a concern? (Base: Total, n=301)

Numbers may not foot due to rounding.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

A practical agenda for preserving strategic choice

Exit optionality is built through repeatable management discipline.

Leadership teams can focus on four priorities before a transaction is imminent:

1. Map the multi-track option set

Identify the pathways that could plausibly fit the company, including a strategic sale, private equity transaction, IPO, recapitalization, secondary transaction, or another structure relevant to the business. This is not a commitment to pursue several deals at once. It is a shared view of which choices should remain viable, what each would require, and what developments could make one path more attractive than another. Leadership should revisit the option set as valuation expectations, buyer demand, capital availability, operating performance, and strategic priorities change.

2. Unify the operational foundation

Identify the capabilities that support every credible pathway. Move away from parallel, isolated preparation and bring all critical workstreams into a single cross-functional plan. Establish clear owners, dependencies, milestones, and decision rights across finance, tax, technology, cyber, and legal. A common risk register can connect these teams without requiring each function to manage the same deliverables. The objective is not to create another layer of planning. It is to ensure that individual workstreams reinforce the same transaction assumptions and strategic goals.

3. Stress-test the pivot

Use scenario exercises to examine what would happen if:

- Valuation expectations changed
- A buyer withdrew
- Financing conditions tightened
- A material diligence issue emerged
- The preferred timing shifted
- Leadership chose a different capital pathway

Testing should assess not only whether an alternative exists, but also the likely effect on timing, cost, management capacity, and valuation. A nominal Plan B has limited value if it would require extensive remediation before it could be pursued.

4. Operationalize progress for the board

Boards need evidence of capability, not simply statements of intent. Shift board reporting from high-level progress updates to specific, measurable capability indicators. Useful metrics include the integration of critical workstreams, unresolved diligence risks, forecasting and quality-of-earnings capabilities, control remediation, material tax exposures, technology debt, cyber risk, management coverage, and the time required to shift from one pathway to another. Objective reporting allows the board to distinguish between confidence in a strategy and the company's ability to execute it.



© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Conclusion

The lesson from this research is not that companies should prepare earlier. It is that preparation itself has become a strategic asset.

In an unpredictable market, the companies with the most freedom are not necessarily those with the best valuation or the clearest exit plan. They are the ones that have built the operational, financial, tax, and technology capabilities to pursue multiple pathways without losing momentum.

Strategic optionality is not about timing the market. It is about preserving the ability to shape outcomes on your own terms.

To evaluate your organization's transaction readiness and explore multi-track capital strategies, reach out to the KPMG Private team.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Methodology

An online survey was fielded in the third quarter of 2026, among 301 decision-makers currently working at privately held, for-profit companies in the United States. Respondents held C-suite, controller, head of Financial Reporting, or EVP/SVP/VP roles in Audit, Accounting, or Finance. The sample included companies across Financial Services; Consumer & Retail; Industrial Manufacturing; Healthcare & Life Sciences; Technology, Telecommunications & Media; and Energy, Natural Resources & Chemicals. Companies with less than $100 million in revenue were required to indicate that they were likely to pursue a major ownership transaction within the next three years.

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

Learn about us: **kpmg.com**

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide timely and accurate information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.