

Characteristics of Emerging Growth Companies and Their Audit Firms

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This white paper was prepared by PCAOB staff and provides general information about certain characteristics of emerging growth companies and their audit firms. This white paper benefited from helpful comments on presentation and review by Michael Gurbutt, John Cook, Patrick Kastein, Nick Galunic, Tian Liang, Min Ren, Wei Shih (Office of Economic and Risk Analysis), Elena Bozhkova and Karen Wiedemann (Office of the Chief Auditor), and Christopher Nee, Keisha Patrick, and Annie Yan (Office of the General Counsel). The views expressed herein are those of the authors and do not necessarily reflect the views of the Board, individual Board members, or other PCAOB staff.

SUMMARY

This white paper provides general information about certain characteristics of emerging growth companies (EGCs) and the registered public accounting firms (“firms”) that audit them. The information is derived from the most recent available U.S. Securities and Exchange Commission (SEC) filings and data from third-party vendors through this white paper’s measurement date of November 15, 2022.

The white paper includes the following key observations at November 15, 2022:

- There were 3,031 companies that self-identified as EGCs and filed audited financial statements with the SEC between May 16, 2021, and November 15, 2022, that included an audit report signed by a firm.
 - This represents a 2% decrease in the EGC population compared to the 3,092 EGCs in the November 2021 white paper.
- There were 1,868 EGCs (or 62%) with common equity securities listed on a U.S. national securities exchange (“exchange-listed”).
 - The 1,868 exchange-listed EGCs had a total U.S. market capitalization of \$787 billion, a 65% decrease in market capitalization from the prior measurement date.
 - These EGCs represented only 1.5% of total market capitalization even though they represented 31% of the 6,038 exchange-listed companies.
- Audit reports for the 3,031 EGCs were issued by 263 firms headquartered in 37 jurisdictions, including the United States.
- 1,539 EGCs (or 51%) reported no revenue or self-identified as shell companies in periodic filings or both.
- 227 of the firms that audited EGCs (or 86%) audited both EGC and non-EGC issuer clients while 36 firms (or 14%) did not audit issuers other than EGCs.
- 215 (or 82%) of the firms that audited EGCs have been registered with the PCAOB for 10 years or more.
- Among the 1,372 EGCs providing management reports on internal control over financial reporting (ICFR), 779 (or 57%) reported at least one material weakness.
- Non-listed EGCs received an audit report with a going concern paragraph at a significantly higher rate (63%) than exchange-listed EGCs (33%).

CONTENTS

I. BACKGROUND & OUTLINE OF ANALYSIS.....	3
Background	3
Analysis for this Paper.....	4
II. NOVEMBER 2022 EGC POPULATION	6
III. CHARACTERISTICS OF EGCS	8
Periodic Reporting	8
Market Capitalization.....	9
Industry	12
Assets and Revenue	14
IV. SHELL COMPANIES AND LIMITED OPERATIONS AMONG EGCS	15
V. CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS THAT AUDIT EGCS	17
VI. ICFR AND AUDIT-RELATED INFORMATION.....	20
Internal Control over Financial Reporting.....	20
Going Concern Paragraphs in Audit Reports of EGCS	21
Audit Firm Inspection Frequency	22
Auditor Tenure.....	22
Audit Fees	23
APPENDIX A: Methodology.....	24
Current Methodology	24
APPENDIX B: Characteristics of EGCS.....	26
APPENDIX C: Characteristics of Firms that Audit EGCS.....	31
APPENDIX D: SPACs in the EGC Population	32

I. BACKGROUND & OUTLINE OF ANALYSIS

Background

Title I of the Jumpstart Our Business Startups Act (“JOBS Act”) focuses on reducing regulatory burdens on emerging growth companies (EGCs) in order to facilitate capital raising through public markets.¹ The JOBS Act generally provides that new PCAOB standards will not apply to the audits of EGCs unless the SEC determines that applying such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors, and whether the action will promote efficiency, competition, and capital formation.² To implement this provision, upon adoption of a rule subject to this determination, the PCAOB recommends to the SEC whether the rule should apply to audits of EGCs, and submits information and analysis in its adopting release to assist the SEC in making a determination.

This white paper provides general data about EGCs and the firms that audit their financial statements to inform the analysis contained in PCAOB rulemaking releases regarding the impact of applying new standards to the audits of EGCs. Generally, a company qualifies as an EGC if it had annual revenues in its most recently completed fiscal year that were less than a specified limit³ and had not sold common equity securities on or before December 8, 2011, pursuant to an effective registration statement under the Securities Act of 1933 (“Securities Act”).⁴

Unless the context requires otherwise, references in this white paper to “the measurement date” mean the most recent measurement date, November 15, 2022.⁵

¹ Pub. L. No. 112-106 (April 5, 2012). See Section 103(a)(3)(C) of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”), 15 U.S.C. 7213(a)(3), as added by Section 104 of the JOBS Act.

² See Section 103(a)(3)(C) of the Sarbanes-Oxley Act, as added by Section 104 of the JOBS Act, which provides:

Any rules of the Board requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer (auditor discussion and analysis) shall not apply to an audit of an emerging growth company, as defined in section 3 of the Securities Exchange Act of 1934. Any additional rules adopted by the Board after [April 5, 2012] shall not apply to an audit of an emerging growth company, unless the Commission determines that the application of such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors, and whether the action will promote efficiency, competition, and capital formation.

This white paper uses the term “issuer” as defined in Sarbanes-Oxley Act Section 2(a)(7): “an issuer (as defined in Section 3 of the Securities Exchange Act of 1934), the securities of which are registered under section 12 of that Act, or that is required to file reports under section 15(d), or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn.” 15 U.S.C. 7201(a)(7) (internal citations omitted).

³ The SEC is required every five years to index for inflation the annual gross revenue amount used to determine EGC status to reflect the change in the Consumer Price Index published by the Bureau of Labor Statistics. The annual revenue limit at the measurement date of this paper was \$1.235 billion. See SEC Release 33-11098, *Inflation Adjustments Under Titles I and III of the JOBS Act* (Sep. 9, 2022).

⁴ See Section 3(a)(80) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 101(d) of the JOBS Act.

⁵ PCAOB staff have published a periodic white paper on EGCs since November 30, 2015, and other references to “measurement date” refer to the measurement date(s) for one or more previous white papers. EGC data at any measurement date reflects the revenue limit in effect on that date.

A company retains its EGC status until the earliest of:

- (i) the last day of the fiscal year during which it had total annual gross revenues that equal or exceed the revenue limit;
- (ii) the date on which it is deemed to be a “large accelerated filer” under the Exchange Act (generally, a company with a public float of \$700 million or more that has been subject to Exchange Act periodic reporting requirements for at least one year and has filed at least one annual report);⁶
- (iii) the date on which it has, during the previous 3-year period, issued more than \$1 billion in non-convertible debt; or
- (iv) the last day of the fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement under the Securities Act.

We refer to criteria (i), (ii), and (iii) above as “EGC eligibility limits” and criterion (iv) as the “five-year cut-off.”

In April 2017, the SEC modified the cover page of Exchange Act annual reports and registration statements (*e.g.*, Forms 10-K, 20-F, 40-F) and Securities Act registration statements (*e.g.*, Forms S-1, S-3) to include a check box for a company to indicate whether, at the time of the filing, the company is an EGC. PCAOB staff relied exclusively on the checkboxes to determine EGC status and did not attempt to determine EGC status independently.

The objective of this white paper is to describe the activity and characteristics of the population of EGCs as of the measurement date of November 15, 2022. We describe the methodology for this white paper in Appendix A. Each percentage in this document is rounded to the nearest percentage point and therefore, for some Figures, the total may not sum to 100% due to rounding.

Analysis for this Paper

We identified 3,031 companies that self-identified as EGCs and filed audited financial statements with the SEC between May 16, 2021, and November 15, 2022.⁷

In various cross-sectional analyses in this white paper, the population of EGCs is further divided between companies that have at least one class of common equity securities listed on a U.S. national securities exchange (“exchange-listed” EGCs)⁸ and those that do not (“non-listed” EGCs).⁹

⁶ See Exchange Act Rule 12b-2, 17 CFR 240.12b-2; *see also* note 38 *infra*.

⁷ Please see Appendix A for details.

⁸ Exchange-listed company information at the measurement date is derived from Standard & Poor’s Xpressfeed data on all active issue types of “common-ordinary,” “units with a common share component,” and “depository receipts” where the exchange is a U.S. national securities exchange with available market capitalization data. At November 15, 2022, EGCs had primary listings of common equity securities on the following U.S. national securities exchanges: the New York Stock Exchange LLC, Nasdaq Stock Market LLC, and NYSE American.

⁹ Non-listed EGCs include companies whose securities are traded over the counter or have no public market.

To compare the exchange-listed EGCs with the broader public equity market, the white paper also presents a benchmark derived from commercial vendor data on other exchange-listed companies (Figure B.1 of Appendix B). This benchmark population is limited to exchange-listed companies that are not registered investment companies or EGCs and have filed audited financial statements with the SEC, including an audit report signed by a firm in the 18 months preceding the measurement date.¹⁰ From a total population of 6,038 exchange-listed companies, the 1,868 exchange-listed EGCs have been excluded to allow for comparison of companies that are EGCs relative to those that are not. Using this methodology, we identified 4,170 exchange-listed companies in the benchmark population (“other exchange-listed companies”).¹¹ These other exchange-listed companies tend to be larger and generally have a longer reporting history than exchange-listed EGCs.

The white paper does not present analysis on a similar benchmark population or data on market capitalization for non-listed EGCs.¹² Market data may not be reliable or even regularly available with respect to companies whose securities are quoted on the over-the-counter market or are otherwise illiquid. These inherent limitations on available data reduce our ability to make useful comparisons between non-listed EGCs and non-listed non-EGCs.

The remainder of this white paper is organized as follows: Section II provides a brief reconciliation between the EGC populations in the November 2021 white paper and this white paper. Sections III and IV provide characteristics of EGCs. Section V provides characteristics of the firms that issued audit reports on EGCs. Section VI includes information related to ICFR and audit-related information of EGCs. Appendix A provides additional information on the methodology used to identify EGCs. Appendix B provides additional information about the population of EGCs. Appendix C provides additional information about the firms that audit EGCs. Appendix D provides additional information about special purpose acquisition companies (SPACs) in the EGC population.

¹⁰ Registered investment companies (other than business development companies) do not qualify as emerging growth companies. See SEC Division of Corporation Finance, *Jumpstart Our Business Startups Act, FAQs of Generally Applicable Questions on Title I of the JOBS Act* (Dec. 21, 2015, revised), Qs. 20 and 21.

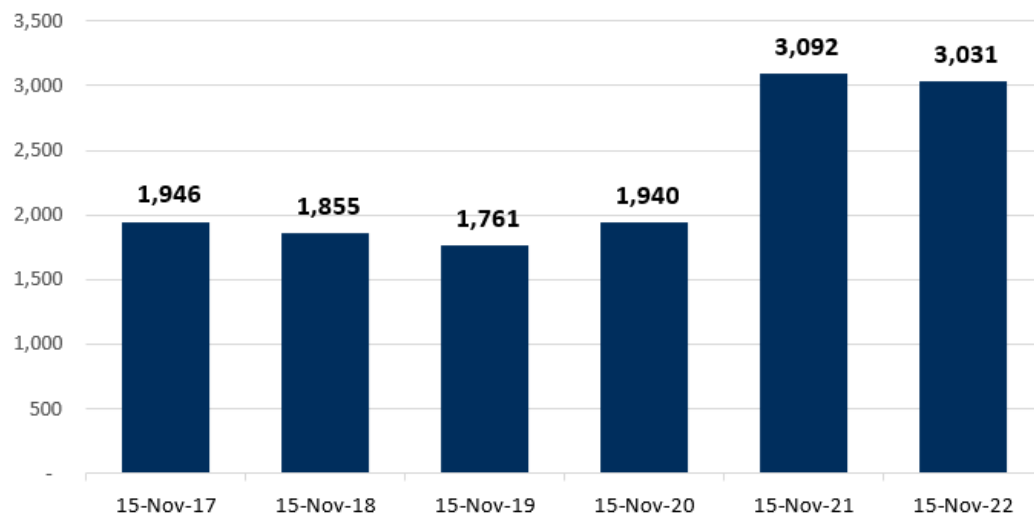
¹¹ Companies whose only publicly traded securities are debt securities are excluded from this benchmark population.

¹² We identified a total count of 1,710 companies that are not EGCs and are not listed. To derive this population we identified all Form AP filings between May 16, 2021, and November 15, 2022, and removed companies identified in the white paper as EGCs (exchange-listed and non-listed), other exchange-listed companies, and companies that identified as an “Investment Company” or an “Employee Benefit Plan” in the Form AP filing. Delays or errors in Form AP filings would result in this population being overstated or understated.

II. NOVEMBER 2022 EGC POPULATION

We identified 3,031 EGCs using the methodology described in Appendix A. Figure 1 displays the number of EGCs identified in this and each of the prior white papers, beginning in 2017.¹³

FIGURE 1
Number of EGCs



Sources: SEC Filings, Audit Analytics

¹³ Counts for the 2017 to 2019 populations are based on prior methodologies. Please refer to the [respective white papers](#) for details of the methodologies.

Figure 2 provides a reconciliation between the population of EGCs identified in the white papers as of November 15, 2021, and November 15, 2022.

FIGURE 2

Comparison of the November 2021 EGC Population to November 2022 Population

EGCs in November 2021 white paper		3,092
- SEC filing with an audit report in the 18 months preceding the measurement date, but issuer did not check EGC check box ¹⁴	(386)	
- No SEC filing with an audit report in the 18 months preceding the measurement date	(280)	
Continue to self-identify		2,426
+ Newly identified EGCs ¹⁵	605	
EGCs in November 2022 white paper		3,031

Source: SEC Filings

There was a net decrease in EGCs of 2% compared to the previous white paper. Among the 3,031 EGCs, 605 (or 20%) were not in the prior year's population. These EGCs were identified through check boxes in Securities Act registration statements (346), Exchange Act registration statements (50) and Exchange Act periodic reports (209).¹⁶

¹⁴ Of the 386 companies that did not check the EGC box, 229 exceeded one or more of the EGC eligibility limits; 35 disclosed in the text of the filing that they were no longer an EGC, but were not large accelerated filers and did not exceed the revenue threshold; and 122 did not exceed any EGC eligibility limits or state they were no longer EGCs.

¹⁵ The 605 newly identified EGCs included 566 companies that self-identified as an EGC for the first time during the current measurement period, as well as 39 companies that self-identified as an EGC during one or more previous measurement periods, but were not included in the count of EGCs for the prior measurement date as they had (i) not filed a periodic report, or (ii) not self-identified as an EGC in a periodic report within the prior measurement period.

¹⁶ The EGCs identified through check boxes in registration statements (Securities Act or Exchange Act) include companies that subsequently filed periodic reports, and companies that filed periodic reports before they self-identified in a registration statement.

III. CHARACTERISTICS OF EGCS

This section provides descriptive statistics regarding selected characteristics of EGCS.

Similar to last year’s white paper, EGCS in this white paper exhibit greater-than-usual variation in certain characteristics when compared to earlier white papers (2017-2020). We believe that much of this variation is attributable to market activity surrounding SPACs.¹⁷ Consistent with prior white papers, we present information in this section about the entire population of EGCS, including any SPACs that are EGCS. Information that separates out the impact of SPACs on certain characteristics of the overall EGC population is provided in Appendix D.

Periodic Reporting

The population of EGCS includes both: (i) EGCS that filed periodic reports with the SEC; and (ii) EGCS that filed registration statements but had not yet filed periodic reports. As shown in Figure 3, at November 15, 2022, approximately 85% (or 2,562) of the 3,031 EGCS had filed periodic reports during the measurement period. The remaining 15% (or 469) only filed audited financial statements in registration statements during the measurement period.

EGCS that filed only registration statements decreased from 23% for the November 15, 2021, measurement period, to 15% for the current measurement period. Correspondingly, EGCS that filed periodic reports increased from 77% to 85% for those measurement periods, respectively.

FIGURE 3
Filing Activity

	November 15, 2022		November 15, 2021	
	EGCs	%	EGCs	%
EGCs that filed periodic reports in the last 18 months	2,562	85%	2,386	77%
EGCs that filed only registration statements in the last 18 months	469	15%	706	23%
Total EGCs	3,031	100%	3,092	100%

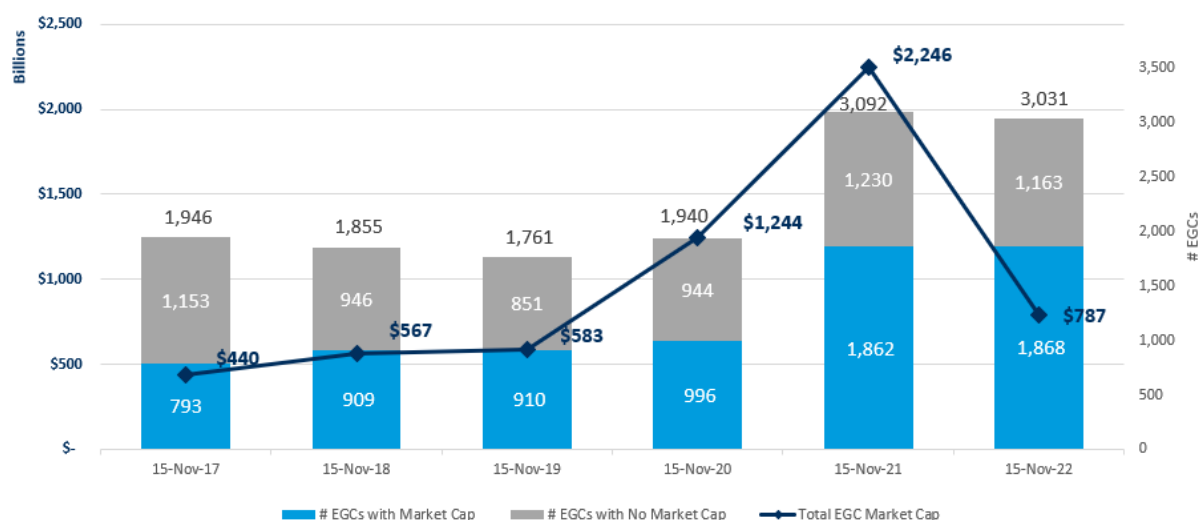
Sources: Audit Analytics, Strategic Insight

¹⁷ A SPAC is a company with no operations that conducts an offering of securities, then places the proceeds in trust while the SPAC’s sponsor identifies an operating company to acquire; following the acquisition (a so-called “de-SPAC transaction”), the combined company is a public company that carries on the operating company’s business. See SEC Division of Corporation Finance, *CF Disclosure Guidance: Topic No. 11, Special Purpose Acquisition Companies* (Dec. 22, 2020). The number of SPAC IPOs increased from 59 in calendar year 2019 to 613 in 2021 before decreasing to 86 in 2022. See SPAC and US IPO Activity, at <https://spacanalytics.com>.

Market Capitalization

As seen in Figure 4, we identified 1,868 exchange-listed EGCs (62% of the total EGC population) and 1,163 non-listed EGCs at the measurement date. The exchange-listed EGCs had a combined market capitalization of approximately \$787.0 billion at the measurement date.¹⁸

FIGURE 4
Total EGCs and Market Capitalization



Sources: SEC Filings, Standard & Poor's

This market capitalization represented a 65% decrease from the total EGC market capitalization at November 15, 2021.¹⁹ The average decreased 65% from \$1.207 billion to \$421 million and the median market capitalization of an EGC decreased 37% from \$326 million to \$204 million, as seen in Figure 5. There was a corresponding drop in the number of EGCs with a market capitalization of \$700 million or more and we will address this change later in this section in Figure 8.

¹⁸ EGCs are grouped by market capitalization and not public float. Market capitalization is calculated based on total shares outstanding, whereas public float, used to determine filer status, is calculated based on total shares less the shares held by company affiliates. As a result, a company is likely to have a market capitalization greater than its public float.

¹⁹ The 666 EGCs included in the November 2021 white paper that are not counted as EGCs in the current paper (see Figure 2) accounted for 76% of the total decrease in EGC market capitalization. Newly identified EGCs in the current paper represented 12% of the total EGC market capitalization at the measurement date while newly identified EGCs in the November 2021 white paper represented 48% of the total EGC market capitalization.

FIGURE 5
Market Capitalization (Millions USD)

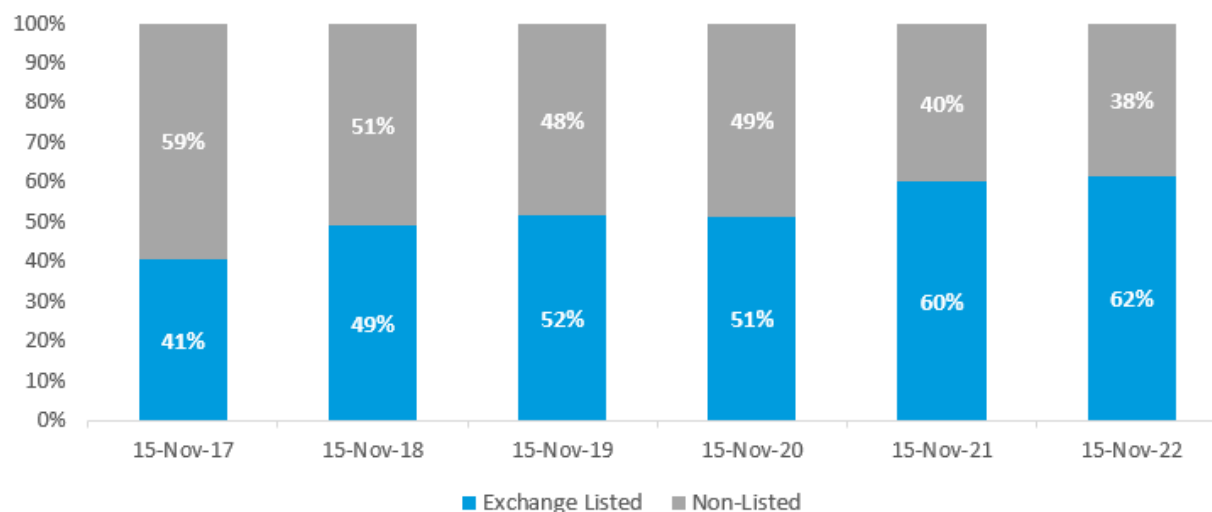
	2017	2018	2019	2020	2021	2022
Minimum	\$6	\$3	\$1	\$6	\$13	\$2
Maximum	\$15,030	\$11,805	\$15,668	\$114,021	\$118,464	\$11,649
Average	\$554	\$624	\$641	\$1,249	\$1,207	\$421
Median	\$261	\$269	\$227	\$299	\$326	\$204

Note: All years at November 15 measurement date.

Source: Standard & Poor's

Figure 6 displays the division between exchange-listed EGCs and non-listed EGCs at each measurement date since 2017. The percentage of EGCs that are exchange-listed has increased over time as Exchange-listed EGCs represented 62% of the EGC population at November 15, 2022, compared to 60% at November 15, 2021, and 41% at November 15, 2017.²⁰

FIGURE 6
Exchange-listed v. Non-Listed EGCs



Sources: SEC Filings, Standard & Poor's

²⁰ Counts for the 2017 to 2019 populations are based on prior methodologies. Please refer to the [respective white papers](#) for details of the methodologies.

As seen in Figure 7, the market capitalization of the exchange-listed EGCs was only 1.5% of the \$52.7 trillion market capitalization of all exchange-listed companies. At the measurement date, 244 (13%) of the 1,868 exchange-listed EGCs were new to the EGC population, compared to 50% at November 15, 2021.

FIGURE 7
Market Capitalization of Exchange-listed Companies

	Companies	Market Cap (Trillions USD)	%
Exchange-listed EGCs	1,868	\$0.8	1.5%
Other exchange-listed companies	4,170	\$52.0	98.5%
Total	6,038	\$52.7	100%

Source: Standard & Poor's

Market capitalization for individual EGCs ranged from \$1.8 million to \$11.6 billion.²¹ As shown in Figure 8, 72% of the exchange-listed EGCs had a market capitalization of \$75 million or more at the measurement date. There were 250 EGCs with a market capitalization of \$700 million or more, compared to 539 at November 15, 2021. This decrease contributed to the decline in overall market capitalization presented in Figure 4.

FIGURE 8
Market Capitalization

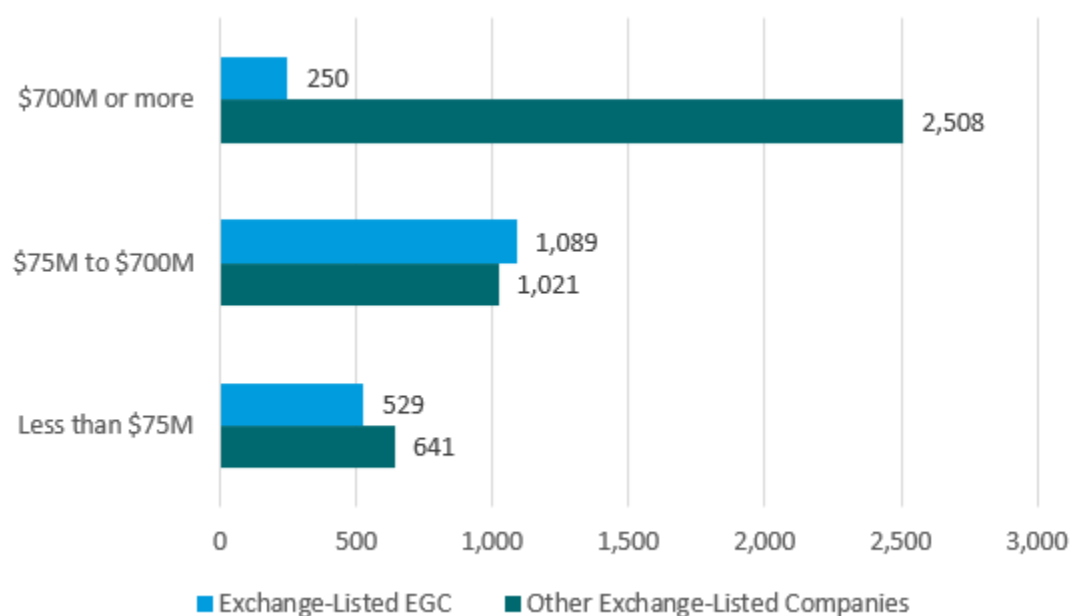
Category	# of EGCs	Max Market Cap (Millions USD)	Min Market Cap (Millions USD)	Average Market Cap (Millions USD)	Median Market Cap (Millions USD)	Total Market Cap (Millions USD)
\$700M or more	250 (13%)	\$11,649	\$702	\$1,907	\$1,284	\$476,845
\$75M to \$700M	1,089 (58%)	\$699	\$75	\$270	\$241	\$294,209
Less than \$75M	529 (28%)	\$75	\$2	\$30	\$25	\$15,950
EGCs with market capitalization	1,868 (100%)					\$787,004

Source: Standard & Poor's

²¹ Of the 1,868 exchange-listed EGCs, only one EGC had a market capitalization greater than \$10 billion.

As seen in Figure 9, most exchange-listed EGCs had market capitalization between \$75 million and \$700 million, while most of the other exchange-listed companies had market capitalization of \$700 million or more. Some exchange-listed EGCs, however, had market capitalization of \$700 million or more.

FIGURE 9
Distribution of Number of Exchange-Listed EGCs and Other Exchange-Listed Companies by Market Capitalization



Industry

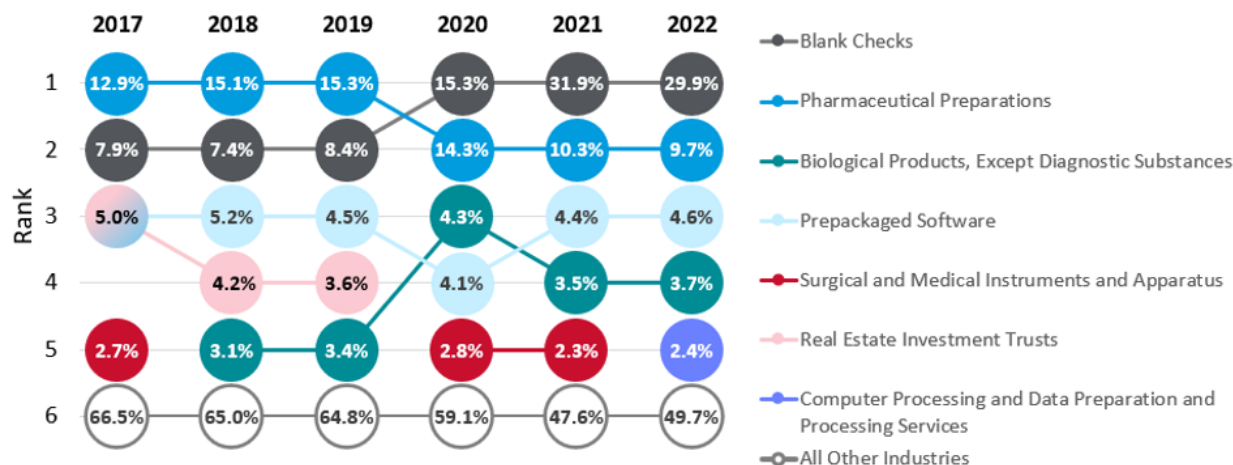
EGCs operated in 260 industries based on Standard Industrial Classification (SIC) codes in SEC filings. Overall, the greatest number of EGCs were in the following five SIC codes: (i) blank check companies;²² (ii) pharmaceutical preparations; (iii) prepackaged software; (iv) biological products (not including diagnostic substances); and (v) computer processing and data preparation and processing services. The proportion of EGCs reporting the five most common SIC codes is summarized in Figure 10. Fifty percent of EGCs did not report being in these top five industries, including 46% of EGCs that reported other SIC codes and 3% that did not report a SIC code in their SEC filings.

The percentage of EGCs that were blank check companies decreased slightly from 32% of the EGC population in the November 2021 white paper to 30% of the EGC population in this white paper. There was an increase in EGCs that were blank check companies beginning in the November 2021 white paper due to the higher number of registrations by SPACs. All SPACs are initially blank check companies (but

²² The classification of “blank check company” requires, among other things, that the company be a development stage company that has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entity or person. See Securities Act Rule 419, 17 CFR 230.419.

not all blank check companies are SPACs).²³ The percentage of the EGC population outside the top five industries increased from 48% to 50%.

FIGURE 10
Top Five Industries, by Number, Reported by EGCs at the Measurement Date



Source: SEC Filings, Audit Analytics

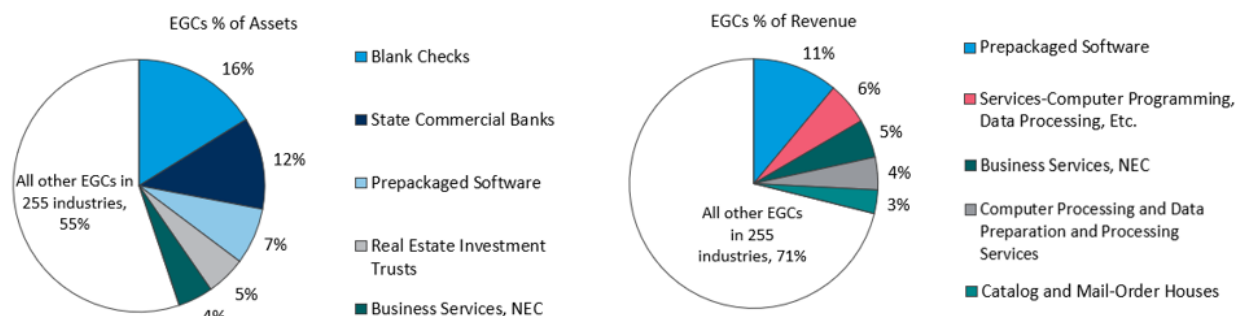
Figure B.2 in Appendix B provides more detailed industry data on exchange-listed EGCs, non-listed EGCs, and other exchange-listed companies for the current white paper. Exchange-listed EGCs had a higher concentration in pharmaceutical preparations (13%), compared to other non-listed EGCs (4%) and other exchange-listed companies (9%). Exchange-listed EGCs had a higher concentration in blank check companies (33%) compared to non-listed EGCs (26%).

The five SIC codes with the highest total assets as a percentage of the total assets for the EGC population were: (i) blank checks; (ii) state commercial banks; (iii) prepackaged software; (iv) real estate investment trusts; and (v) business services, not elsewhere classified. Four of the top five SIC codes reporting the highest total assets were also in the top five in the prior white paper.

Total assets of EGCs reporting these five SIC codes represented approximately 45% of the total assets of EGCs for the current white paper. Figure 11 provides a summary of this information as well as an analogous summary by revenue. Figure B.3 and Figure B.4 in Appendix B provide more detailed industry data for EGCs, exchange-listed EGCs, non-listed EGCs, and other exchange-listed companies.

²³ More than 94% of EGCs with the SIC code for blank check companies were SPACs.

FIGURE 11
Top Five Industries, by Assets and Revenue, Reported by EGCs at the Measurement Date



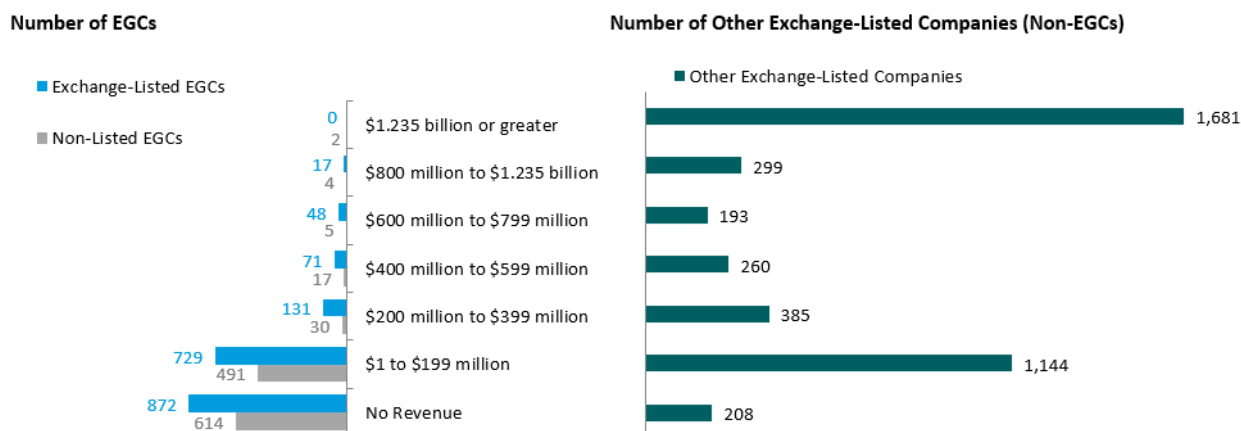
Sources: SEC Filings, Audit Analytics, Standard & Poor's

Assets and Revenue

The assets reported by EGCs ranged from zero to \$20 billion. The average assets were \$325 million, while the median was \$117.1 million.

The annual revenue reported by EGCs ranged from -\$9.8 million to \$1.7 billion. The average revenue was \$64.4 million, while the median was zero revenue. The distribution of revenue among EGCs and exchange-listed companies is shown in Figure 12 which has been updated to reflect the new revenue threshold established by the SEC in September 2022 (see Footnote 3).

FIGURE 12
Distribution of Revenue Reported by EGCs and Exchange-listed Companies



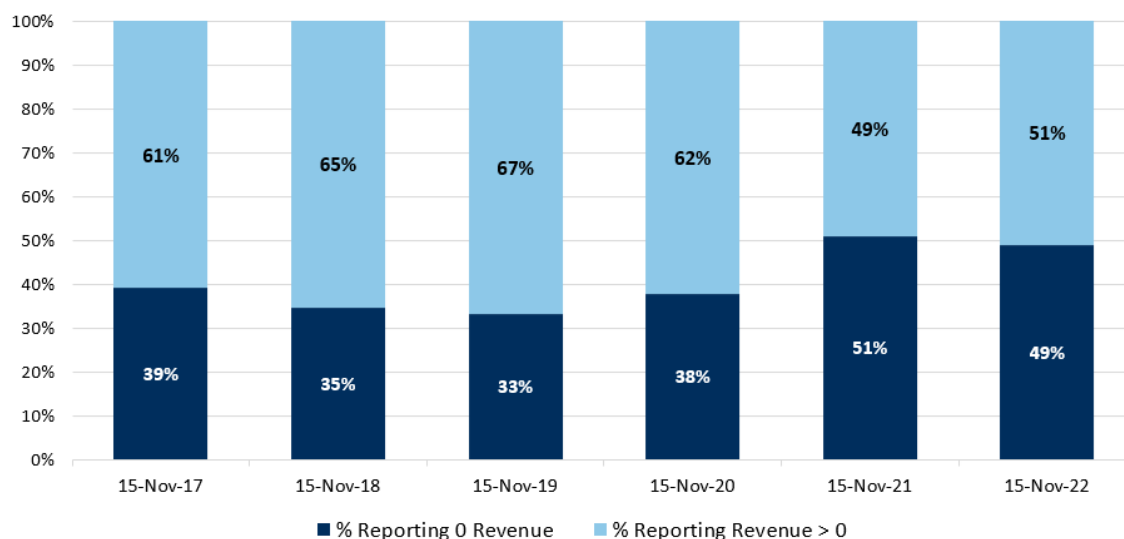
Source: Standard & Poor's

Additional information summarizing the distribution of revenue and assets reported by all EGCs, exchange-listed EGCs, non-listed EGCs, and other exchange-listed companies is presented in Figure B.5 and Figure B.6 in Appendix B.

IV. SHELL COMPANIES AND LIMITED OPERATIONS AMONG EGCs

The proportion of EGCs reporting no revenue increased to 51% at the November 15, 2021, measurement date and decreased to 49% at the current measurement date. Despite the decrease from the November 15, 2021, measurement date, the percent of EGCs reporting no revenue at November 15, 2022, is larger than earlier measurement dates due in large part to SPACs, which accounted for 60% of EGCs reporting no revenue.

FIGURE 13
EGCs With and Without Revenue



Source: Standard & Poor's

Figure 14 presents data on the proportion of companies that reported no revenue in their most recent annual audited financial statements included in SEC filings, which include Securities Act registration statements, Exchange Act registration statements, and Exchange Act periodic reports. The number of EGCs reporting no revenue decreased to 49% of the population from 51% in the November 2021 white paper.

A total of 1,539 EGCs reported no revenue, self-identified as shell companies in periodic filings, or both in their most recently filed financial statements.²⁴ Figure 14 shows EGCs reporting no revenue was less common among exchange-listed EGCs (47%) compared to non-listed EGCs (53%).

²⁴ Generally, a company is a shell company if it has no or nominal operations and assets consisting of no more than cash and cash equivalents and nominal other assets. See Exchange Act Rule 12b-2, 17 C.F.R. 240.12b-2. Blank check companies (discussed in Section III) would generally be considered shell companies until they acquire an operating business or more than nominal assets. See SEC Release 33-8407, *Use of Form S-8 and Form 8-K by Shell Companies* (Apr. 15, 2004) at n. 20.

FIGURE 14
Reporting of No Revenue

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange- Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
# of companies	3,031	1,163	1,868	4,170
# reporting no revenue	1,486	614	872	208
% reporting no revenue	49%	53%	47%	5%

Sources: Audit Analytics, Standard & Poor's

Figure 15 presents shell company disclosure by companies that have filed periodic reports in the measurement period, some of which also reported no revenue.²⁵ The number of EGCs disclosing shell company status increased to 31% of the population from 29% in the November 2021 white paper. Shell company disclosure was more common among exchange-listed EGCs (34%) compared to non-listed EGCs (23%).

FIGURE 15
Shell Company Disclosure in Periodic Reports

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange- Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
Total # of companies that filed periodic reports	2,562	724	1,838	4,167
# with shell company disclosure in periodic reports	787	165	622	3
% with shell company disclosure in periodic reports	31%	23%	34%	0%

Source: Audit Analytics

Figure 14 and Figure 15 also show that reporting no revenue and shell company disclosure were significantly less common among other exchange-listed companies.

²⁵ EGCs that have not filed a periodic report with audited financial statements are excluded from the shell company determination as registration statements do not include a check box for shell company status.

V. CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS THAT AUDIT EGCs

This section provides summary information about the firms that audited the financial statements of the 3,031 EGCs during the measurement period. As shown in Figure 16, the audit reports for the EGCs in this white paper were issued by 263 firms, of which 86% (227) performed audits for both EGC and non-EGC issuers while 14% (36) performed issuer audits only for EGCs during the measurement period.²⁶ These 36 firms audited only 2% of the EGC population while firms that audit both EGCs and non-EGCs audited the remaining 98% of the population.

FIGURE 16
Firms that Audited Only EGC Issuers and Firms that Audited Both EGCs and Non-EGC Issuers

Firm Category	# of Firms	% of Firms	EGCs	% of EGCs
Audited EGCs only	36	14%	69	2%
Audited EGCs and non-EGCs	227	86%	2,962	98%
Total	263	100%	3,031	100%

Source: Audit Analytics

These 263 firms had headquarters in 37 jurisdictions. Approximately 54% (141) of the firms that audited EGCs were headquartered in the United States. Figure 17 displays the jurisdictions where four or more firms that audit EGCs were headquartered and the market capitalization of their exchange-listed EGC audit clients. Firms with headquarters in the United States accounted for almost 80% of the total market capitalization of EGCs. See Figure C.1 in Appendix C for a list of all jurisdictions where the headquarters of firms that audit EGCs were located.

²⁶ Of the 264 firms auditing EGCs in the previous white paper, 6 withdrew their registration with the PCAOB and 27 firms did not audit EGCs as of the current measurement date. Of the 32 firms entering during the current white paper, 1 firm was newly registered and 31 previously registered firms did not audit EGCs in the prior white paper.

FIGURE 17
Headquarters Jurisdictions of Firms that Audit EGCs

Jurisdiction	# of Firms	# of EGCs	# of Exchange-Listed EGCs	Market Capitalization of Exchange-Listed EGCs (Billions USD)
United States	141	2,548	1,547	\$634.7
Canada	20	126	86	\$21.5
Israel	9	77	53	\$20.5
Mainland China	8	59	44	\$25.9
Australia	8	16	11	\$3.0
Singapore	7	31	19	\$13.7
United Kingdom	7	28	26	\$9.8
India	6	15	2	\$0.4
Switzerland	5	12	11	\$11.1
Germany	4	10	10	\$4.8
All other countries	48	109	59	\$41.7
Total	263	3,031	1,868	\$787.0

Sources: PCAOB Form 2, Audit Analytics, Standard & Poor's

The majority of firms that audited EGCs (82%) have been registered with the PCAOB for more than 10 years, as shown in Figure 18.

FIGURE 18
Number of Years Firms Have Been Registered with the PCAOB

# Years Registered with the PCAOB	# of Firms	% of Firms
Less than 4 years	25	10%
At least 4 years and less than 7 years	11	4%
At least 7 years and less than 10 years	12	5%
At least 10 years	215	82%
Total Firms	263	100%

Source: PCAOB Form 1

As shown in Figure 19, 83% (217) of the firms that audited EGCs had been inspected by the PCAOB at least once and 17% (46) of the firms subject to inspection at least once every three years had not yet been inspected at the measurement date.

FIGURE 19
PCAOB Inspections

PCAOB Inspections	All EGC Auditors	% of Total Firms	Audit EGCs Only	% of Total Firms	Audit EGCs and Non-EGCs	% of Total Firms
Not yet inspected	46	17%	20	56%	26	11%
Previously inspected	217	83%	16	44%	201	89%
Total Firms	263	100%	36	100%	227	100%

Sources: PCAOB, Audit Analytics

During the measurement period, there were 2,778 Form AP filings with the PCAOB for the audits of EGCs.²⁷ As shown in Figure 20, 311 of the Form AP filings indicated that at least one other accounting firm participated in the audit. The number of other accounting firms participating in audits ranged from 1 to 13. In 85 of the Form AP filings, other accounting firms participating in audits accounted for at least 20% of the total audit hours.²⁸

FIGURE 20
Disclosure of Other Independent Accounting Firm(s) in Form AP Filings

Indicated Other Audit Participant	# of EGCs
Yes	311
20% or More of Total Audit Hours	85
Less than 20% of Total Audit Hours	226
No	2,467
Total EGCs Filing Form AP	2,778

Source: PCAOB Form AP

²⁷ Firms are required to file Form AP for each issuer audit report disclosing, among other things, if one or more other accounting firms participated in the audit. The difference between the number of EGCs and Form AP Filings is due to delays or errors in Form AP filings. More information on PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*, and Form AP can be found at <https://pcaobus.org/Rules/Pages/Rule-3210-3211.aspx>.

²⁸ In Form AP, Part IV, Item 4.1., firms may disclose the percentage of total audit hours of the other accounting firm participants as a single measure or within a range. In instances where a firm disclosed total audit hours within a range (e.g., 5% to less than 10% of total audit hours), the lower end of the range is presented in Figure 20.

VI. ICFR AND AUDIT-RELATED INFORMATION

This section includes information related to internal control over financial reporting and the most recent audits of the EGCs.

Internal Control over Financial Reporting

Management of SEC reporting companies, including EGCs, is generally required to report on the effectiveness of internal control over financial reporting starting with the second annual report filed by the company.²⁹ Among the 3,031 EGCs, 85% (2,562) filed a periodic report in the last 18 months, and 45% (1,372) provided a management report on ICFR in that report. Of those companies that provided a management report on ICFR, 57% reported at least one material weakness. Non-listed EGCs reported material weaknesses at higher rates (73%) than exchange-listed EGCs (47%). Figure 21 shows that other exchange-listed companies reported material weaknesses at significantly lower rates (9%) than the exchange-listed EGCs.

FIGURE 21
Material Weakness in ICFR

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange-Listed (Non-EGCs)
Total # of companies that filed periodic reports	2,562	724	1,838	4,167
# with management reports on ICFR	1,372	512	860	4,065
# with material weakness reported by management	779	373	406	374
% of ICFR reports with material weakness	57%	73%	47%	9%

Source: Audit Analytics

While auditor attestation on the effectiveness of ICFR is not required for EGCs, 4 EGCs voluntarily provided an audit report on ICFR. None of the audit reports on ICFR disclosed a material weakness. Among the 4 EGCs:

- 4 were exchange-listed, and
- 3 were audited by firms required to be inspected on an annual basis by the PCAOB.

²⁹ See Instruction 1 to Item 308(a) of Regulation S-K. EGCs that have not yet filed at least one annual report are not required to provide a management report on ICFR. EGCs are exempt from the requirement for auditor attestation of ICFR. See Section 404(b) of the Sarbanes-Oxley Act, as amended by Section 103 of the JOBS Act.

Going Concern Paragraphs in Audit Reports of EGCs

The most recent audit reports of 1,349 EGCs included explanatory paragraphs expressing substantial doubt about the company's ability to continue as a going concern ("going concern paragraph"). As shown in Figure 22, non-listed EGCs received an audit report with a going concern paragraph at a substantially higher rate (63%) than exchange-listed EGCs (33%).

FIGURE 22
Rate of Going Concern Paragraphs

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
# without going concern paragraphs	1,682	432	1,250	3,952
# with going concern paragraphs	1,349	731	618	218
% with going concern paragraphs	45%	63%	33%	5%

Source: Audit Analytics

The data in Figure 23 shows that 70% of the EGCs with going concern paragraphs in their audit report reported no revenue. Only 20% of other exchange-listed companies with going concern paragraphs reported no revenue.

FIGURE 23
Going Concern Paragraphs and Revenue Information

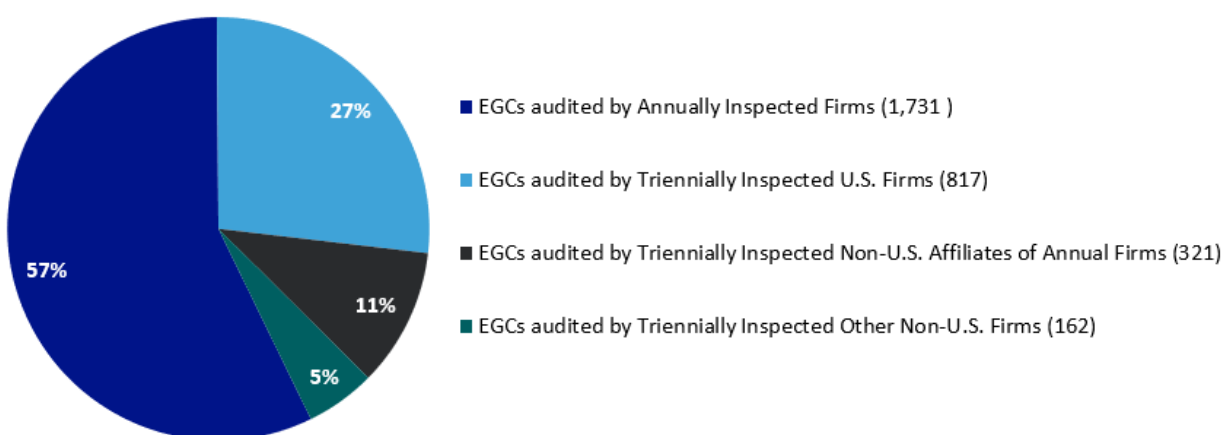
	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
# with no revenue with going concern paragraphs	939 (70%)	474 (65%)	465 (75%)	43 (20%)
# with revenue >0 with going concern paragraphs	410 (30%)	257 (35%)	153 (25%)	175 (80%)
# of companies with going concern paragraphs	1,349 (100%)	731 (100%)	618 (100%)	218 (100%)

Source: Audit Analytics

Audit Firm Inspection Frequency

As seen in Figure 24, U.S. firms audited 2,548 EGCs, with 57% of all EGCs (or 1,731) audited by firms required to be inspected on an annual basis by the PCAOB³⁰ and 27% (or 817) audited by U.S. firms required to be inspected at least once every three years.³¹ Of the remaining 483 EGCs audited by non-U.S. firms, 11% (321) were audited by affiliates of annually inspected and 5% (162) were audited by other non-U.S. firms.

FIGURE 24
EGCs Audited by Annually and Triennially Inspected Firms



Source: PCAOB

Auditor Tenure

FIGURE 25 presents auditor tenure as disclosed in the most recent audit report included in the relevant SEC filings of the EGCs. Seventy-nine percent of the EGCs have been with their current auditor for five years or less and five percent of the EGCs have been audited by the same firm for 11 or more years.³²

³⁰ These are firms that have issued audit reports for more than 100 issuer audit clients in a given year and therefore are required to be inspected annually by the PCAOB. At the measurement date, all annually inspected firms were headquartered in the U.S. Of the 1,731 EGCs audited by annually inspected firms, 750 were audited by U.S. global network firms. Global network firms (“GNFs”) are the member firms of the six global accounting firm networks that include BDO International Ltd., Deloitte Touche Tohmatsu Ltd., Ernst & Young Global Ltd., Grant Thornton International Ltd., KPMG International Cooperative, and PricewaterhouseCoopers International Ltd. “U.S. GNF” refers to a GNF member firm based in the United States. Annually inspected firms comprise both U.S. GNFs and U.S. non-affiliate firms (“NAFs”).

³¹ These are firms that have issued audit reports for 100 or fewer issuer audit clients in a given year and therefore are required to be inspected at least once every three years by the PCAOB. All triennially inspected U.S. Firms are considered U.S. NAFs.

³² Under AS 3101, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, the auditor’s relationship with the company, for the purpose of determining auditor tenure, is not affected by the company’s status as a public company. As a result, the company’s relationship with the auditor may predate its SEC reporting history.

FIGURE 25
Auditor Tenure

Auditor Tenure	# of EGCs	%
1 to 5 Years	2,399	79%
6 to 10 Years	459	15%
11+ Years	147	5%
Disclosed auditor tenure	3,005	99%
Tenure not disclosed in auditor's report	26	1%
Total	3,031	100%

Source: Audit Analytics

Audit Fees

As seen in Figure 26, 83% (2,510) of EGCs disclosed audit fees in an SEC filing.³³ Audit fees disclosed by EGCs for their most recent fiscal year end ranged from \$1,762 to \$6 million. The median fees reported by exchange-listed EGCs (\$225,956) were significantly greater than the median fees reported by non-listed EGCs (\$65,000).

FIGURE 26
Audit Fees (USD)

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange-Listed (Non-EGCs)
# of companies that disclosed audit fees	2,510	705	1,805	4,119
Minimum	\$1,762	\$2,000	\$1,762	\$10,300
Maximum	\$6,000,000	\$4,011,495	\$6,000,000	\$122,696,431
Average	\$493,289	\$204,282	\$606,169	\$3,424,286
Median	\$155,589	\$65,000	\$225,956	\$1,453,086

Source: Audit Analytics

³³ Audit fees were included only if they were for the same fiscal year as the most recent audit report. Companies that had not disclosed audit fees at the measurement date are excluded.

APPENDIX A: METHODOLOGY

Our methodology is designed to capture the population of self-identified EGCs filing audited financial statements with the SEC during the 18 months preceding the measurement date (“measurement period”). Our methodology for doing so has evolved over time, in response to changes that the SEC has made to its forms. Refer to previous white papers for details of the methodology used for each of them. There have been no significant changes to the methodology from the previous white paper.

Current Methodology

Beginning with the white paper covering the measurement period ended November 15, 2020, and continuing in this white paper, we include in the EGC population only those companies that self-identified as an EGC by selecting the applicable check box on an Exchange Act annual report or registration statement, or on a Securities Act registration statement, or both.

We compiled this population by identifying companies that filed at least one of the filings referenced in the paragraph above during the measurement period and selected the EGC check box. In instances where a company had more than one such filing during the period, the most recent annual report was selected. If no annual report was filed in the period, the most recent registration statement was selected. If no annual reports or registration statements were filed in the measurement period, then the company was not included.³⁴

Because we rely solely on the issuers’ self-identification as EGCs on the relevant SEC form, we do not exclude companies that, during the measurement period and subsequent to their last filing:

- (i) Terminate their SEC registration after filing the most recent periodic report or registration statement in which they self-identified as an EGC;
- (ii) Cease to be EGCs because they exceeded one or more of the EGC eligibility limits; or
- (iii) Exceed the five-year cut-off after the date of the filing in which they self-identified.

We obtained information on the EGC filing status directly from SEC filings. The financial information, audit report data, and filer status other than EGC status was derived from information on SEC filings obtained from commercial vendors. We supplemented the vendor information with manually collected data from SEC filings, when necessary. Information on the audit firms was obtained from Form 2 and Form AP filings with the PCAOB.

Limitations of the Current Methodology

Self-identification data may understate or overstate the population of EGCs if companies fail to self-identify or self-identify erroneously. For example, the population could be overstated if a company exceeded one of the EGC eligibility limits or the five-year cut-off but erroneously self-identified as an EGC. The actual population of companies that meet the statutory definition of “emerging growth

³⁴ Consistent with previous white papers, we removed companies whose annual reports or registration statements did not include an audit report signed by a firm in the measurement period (*e.g.*, companies whose filings included unaudited financial statements or audit reports signed more than 18 months before the measurement date) from the initial population.

company” at a specific measurement date may be larger or smaller than the population analyzed in this white paper.

APPENDIX B: CHARACTERISTICS OF EGCS

FIGURE B.1
Filer Status from Periodic Reports³⁵

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange- Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
Large accelerated filer	0	0	0	2,453
Accelerated filer	163	13	150	570
Non-accelerated filers	2,399	711	1,688	1,144
Total companies that filed periodic reports in the 18 months preceding the measurement date	2,562	724	1,838	4,167
Companies that did not file periodic reports in the 18 months preceding the measurement date	469	439	30	3
Total companies	3,031	1,163	1,868	4,170

Source: Audit Analytics

³⁵ The data on large accelerated filer, accelerated filer, and non-accelerated filer status is derived from periodic reports, primarily Form 10-K, Form 10-Q, and Form 20-F. In general, a “large accelerated filer” means a company with a public float of \$700 million or more that has been subject to Exchange Act periodic reporting requirements for at least one year and has filed at least one annual report and “accelerated filer” meant a company with a public float of \$75 million or more, but less than \$700 million, that has been subject to Exchange Act periodic reporting requirements for at least one year and has filed at least one annual report, excluding companies that are eligible to be “smaller reporting companies” and had annual revenue of less than \$100 million in the most recent fiscal year for which audited financial statements are available. See Exchange Act Rule 12b-2, 17 CFR 240.12b-2. The subset of companies summarized in Figure B.1 as “non-accelerated filers” are those that filed periodic reports and did not identify themselves as “large accelerated filers” or “accelerated filers.”

FIGURE B.2

Top Five Industries Reported by EGCs and Exchange-listed Companies by Number

(Numbers of only the top five in each noted population are displayed)

SIC industry description (code)	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange- Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
Blank Checks (6770)	905 (30%)	297 (26%)	608 (33%)	
Pharmaceutical Preparations (2834)	294 (10%)	52 (4%)	242 (13%)	375 (9%)
Prepackaged Software (7372)	138 (5%)	50 (4%)	88 (5%)	159 (4%)
Biological Products, Except Diagnostic Substances (2836)	113 (4%)		98 (5%)	100 (2%)
Computer Processing and Data Preparation and Processing Services (7374)	74 (2%)	39 (3%)		
Real Estate Investment Trusts (6798)		28 (2%)		184 (4%)
Surgical and Medical Instruments and Apparatus (3841)			45 (2%)	
State Commercial Banks (6022)				153 (4%)
Total in Top 5 (for each column presented)	1,524 (50%)	466 (40%)	1,081 (58%)	971 (23%)
Not in Top 5	1,507 (50%)	697 (60%)	787 (42%)	3,199 (77%)
Total Companies	3,031 (100%)	1,163 (100%)	1,868 (100%)	4,170 (100%)

Sources: SEC Filings, Audit Analytics

FIGURE B.3

Top Five Industries Reported by EGCs and Exchange-listed Companies by % of Assets

(Amounts for only the top five in each noted population are displayed)

SIC industry description (code)	(1) All EGCs	(2) Non- listed EGCs	(3) Exchange- Listed EGCs	(4) Other Exchange- Listed (Non-EGCs)
Blank Checks (6770)	16%	12%	17%	
State Commercial Banks (6022)	12%	6%	13%	6%
Prepackaged Software (7372)	7%		9%	
Real Estate Investment Trusts (6798)	5%	18%		
Business Services, NEC (7389)	4%		6%	
Medicinal Chemicals and Botanical Products (2833)		5%		
Agricultural production- crops (100)		3%		
Pharmaceutical Preparations (2834)			5%	
Commercial Banks, NEC (6029)				20%
National Commercial Banks (6021)				18%
Life Insurance (6311)				6%
Security Brokers, Dealers, and Flotation Companies (6211)				5%
Total in Top 5 (for each column presented)	45%	43%	50%	56%
Not in Top 5	55%	57%	50%	44%
Total Companies	100%	100%	100%	100%

Sources: SEC Filings, Audit Analytics, Standard & Poor's

FIGURE B.4

Top Five Industries Reported by EGCs and Exchange-listed Companies by % of Revenue

(Amounts for only the top five in each noted population are displayed)

SIC industry description (code)	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange-Listed (Non-EGCs)
Prepackaged Software (7372)	11%		13%	
Services-Computer Programming, Data Processing, Etc. (7370)	6%		6%	
Business Services, NEC (7389)	5%		6%	
Computer Processing and Data Preparation and Processing Services (7374)	4%	5%	4%	
Catalog and Mail-Order Houses (5961)	3%		3%	
Medicinal Chemicals and Botanical Products (2833)		9%		
Agricultural production- crops (100)		5%		
Sporting and Athletic Goods, NEC (3949)		5%		
Retail-Miscellaneous Retail (5900)		4%		
Petroleum Refining (2911)				5%
Variety Stores (5331)				4%
Motor Vehicles and Passenger Car Bodies (3711)				4%
Crude Petroleum and Natural Gas (1311)				4%
Hospital and Medical Service Plans (6324)				3%
Total in Top 5 (for each column presented)	29%	27%	33%	19%
Not in Top 5	71%	73%	67%	81%
Total Companies	100%	100%	100%	100%

Sources: SEC Filings, Audit Analytics, Standard & Poor's

FIGURE B.5

Reported Assets (Millions USD)

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange-Listed (Non-EGCs)
Minimum	\$0.0	\$0.0	\$0.0	\$1.0
Maximum	\$19,971.4	\$19,971.4	\$11,278.6	\$3,743,567.0
Average	\$324.9	\$175.0	\$418.2	\$24,626.3
Median	\$117.1	\$1.5	\$206.8	\$1,879.7

Source: Standard & Poor's

FIGURE B.6

Reported Revenue (Millions USD)

	(1) All EGCs	(2) Non-listed EGCs	(3) Exchange-Listed EGCs	(4) Other Exchange-Listed (Non-EGCs)
Minimum	-\$9.8	-\$9.8	\$0.0	-\$69.3
Maximum	\$1,745.1	\$1,745.1	\$1,069.9	\$569,962.0
Average	\$64.4	\$33.7	\$83.5	\$6,186.1
Median	\$0.0	\$0.0	\$0.6	\$707.8

Source: Standard & Poor's

APPENDIX C: CHARACTERISTICS OF FIRMS THAT AUDIT EGCS

FIGURE C.1

Count of Firms and EGC Market Capitalization by Jurisdiction

Jurisdiction	# of Firms	# of EGCs	# of Exchange-Listed EGCs	Market Capitalization of Exchange-Listed EGCs (Billions USD)
United States	141	2,548	1,547	\$634.7
Canada	20	126	86	\$21.5
Israel	9	77	53	\$20.5
Mainland China	8	59	44	\$25.9
Australia	8	16	11	\$3.0
Singapore	7	31	19	\$13.7
United Kingdom	7	28	26	\$9.8
India	6	15	2	\$0.4
Switzerland	5	12	11	\$11.1
Germany	4	10	10	\$4.8
Hong Kong	3	11	3	\$0.1
Brazil	3	10	10	\$7.6
France	3	7	6	\$1.8
Norway	3	4	4	\$4.2
Ireland	3	4	4	\$2.9
Belgium	3	4	4	\$2.0
Malaysia	2	21	-	-
Greece	2	5	5	\$0.4
Argentina	2	5	3	\$7.9
Pakistan	2	5	-	-
Taiwan	2	4	2	\$1.7
Netherlands	2	3	2	\$0.2
Sweden	2	2	2	\$3.8
South Africa	2	2	1	\$0.1
Russia	2	2	-	-
Denmark	1	5	4	\$2.4
Nigeria	1	4	-	-
Italy	1	2	2	\$4.0
Mexico	1	1	1	\$1.2
Colombia	1	1	1	\$0.8
Turkey	1	1	1	\$0.2
Spain	1	1	1	\$0.1
Bahrain	1	1	1	\$0.1
Austria	1	1	1	\$0.1
United Arab Emirates	1	1	1	\$0.1
Peru	1	1	-	-
Luxembourg	1	1	-	-
Total	263	3,031	1,868	\$787.0

Sources: PCAOB Form 2, Standard & Poor's

APPENDIX D: SPACS IN THE EGC POPULATION

The 3,031 EGCs identified in this white paper included 908 SPACs, representing 30% of the EGC population. Data in this appendix provides information about certain EGC characteristics that is differentiated between two segments of the EGC population at the measurement date: SPACs and “non-SPACs”.³⁶

Of the 605 newly identified EGCs, 137 (23%) were SPACs at the measurement date and 21 of the new EGCs (3%) were companies that were previously SPACs but had engaged in a de-SPAC transaction prior to the measurement date (“Former SPACs”), as seen in Figure D.1.³⁷ While SPACs still comprise 30% of the total EGC population, the number of SPACs among newly identified EGCs (23%) has decreased significantly compared to the newly identified EGCs (44%) at November 15, 2021.

Figure D.1
Newly Identified EGCs

	New EGCs at November 15, 2022	%	New EGCs at November 15, 2021	%
SPACs	137	23%	694	44%
Former SPACs	21	3%	47	3%
Non-SPACs	447	74%	836	53%
Total	605	100%	1,577	100%

Sources: SPAC Research, Audit Analytics, SEC Filings

Of the 1,868 exchange-listed EGCs, 34% (632) were SPACs, as shown in Figure D.2.

Figure D.2
Exchange-listed

	# of Exchange-Listed EGCs at November 15, 2022	%	# of Exchange-Listed EGCs at November 15, 2021	%
SPAC	632	34%	610	33%
Non-SPAC	1,236	66%	1,252	67%
Total	1,868	100%	1,862	100%

Sources: SPAC Research, Audit Analytics, SEC Filings

³⁶ SPACs within the EGC population were identified using data from SEC filings and Audit Analytics.

³⁷ PCAOB staff reviewed SEC filings to identify SPACs that reported having completed a business combination before the measurement date; these companies were classified as Former SPACs. The actual population of companies that would be considered a SPAC at a specific measurement date may be larger or smaller than the population identified by third-party vendors.

EGCs that are SPACs tend to have fewer assets, based on average, than non-SPAC EGCs. As shown in Figure D.3, SPACs had an average of \$187.5 million in assets compared to \$383.7 million for non-SPACs. SPACs, however, had median assets of \$185.5 million compared to \$79.2 million for non-SPACs.

Figure D.3
Assets

	November 15, 2022			November 15, 2021		
	# of EGCs	Average Assets (Millions USD)	Median Assets (Millions USD)	# of EGCs	Average Assets (Millions USD)	Median Assets (Millions USD)
SPAC	908	\$187.5	\$185.5	847	\$62.7	\$0.1
Non-SPAC	2,123	\$383.7	\$79.2	2,245	\$362.5	\$63.6
Total	3,031	\$324.9	\$117.1	3,092	\$280.4	\$20.9

Sources: SPAC Research, Audit Analytics, Standard & Poor's

There were 1,483 EGCs reporting no revenue, including 891 SPACs as shown in Figure D.4.

Figure D.4
No Revenue

	# of EGCs Reporting No Revenue at November 15, 2022	%	# of EGCs Reporting No Revenue at November 15, 2021	%
SPAC	892	60%	847	54%
Non-SPAC	594	40%	730	46%
Total	1,486	100%	1,577	100%

Sources: SPAC Research, Audit Analytics, Standard & Poor's

Among the 787 EGCs disclosing shell company status, 86% (or 675) were SPACs as seen in Figure D.5. Of the 908 SPACs, 181 had no periodic filings during the measurement period.

Figure D.5
Shell Company Status

	# of EGCs Disclosing Shell Status at November 15, 2022	%	# of EGCs Disclosing Shell Status at November 15, 2021	%
SPAC	675	86%	590	84%
Non-SPAC	112	14%	109	16%
Total	787	100%	699	100%

Sources: SPAC Research, Audit Analytics

Among the 905 EGCs with the SIC code for blank check companies, 94% (or 852) were SPACs, as shown in Figure D.6.

Figure D.6
Industry

	# of EGCs with Blank Check SIC Code at November 15, 2022	%	# of EGCs with Blank Check SIC Code at November 15, 2021	%
SPAC	852	94%	796	81%
Non-SPAC	53	6%	191	19%
Total	905	100%	987	100%

Sources: SPAC Research, Audit Analytics