2024 Inspection PricewaterhouseCoopers LLP

(Headquartered in Toronto, Canada)

September 25, 2025

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PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

TABLE OF CONTENTS

2024 INSPECTION

In the 2024 inspection of PricewaterhouseCoopers LLP, the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies. Our inspection was conducted in cooperation with the Canadian Public Accountability Board.

We selected for review seven audits of issuers with fiscal years generally ending in 2023. For each issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2024 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not necessarily constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work or of all of the audit procedures performed for the audits reviewed.

View the details on the scope of our inspections and our inspections procedures.

OVERVIEW OF THE 2024 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2024 inspection as well as data from the previous inspection. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2024	2022
Firm data		
Total issuer audit clients in which the firm was the principal auditor	58	71
Total issuer audits in which the firm was not the principal auditor	25	27
Total engagement partners on issuer audit work[1]	49	58
Audits reviewed		
Total audits reviewed[2]	7	8
Audits in which the firm was the principal auditor	6	7
Audits in which the firm was not the principal auditor	1	1
Integrated audits of financial statements and internal control over financial reporting (ICFR)	6	6
Audits with Part I.A deficiencies	3	5
Percentage of audits with Part I.A deficiencies	43%	63%

[1] The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) or for the firm's role in an issuer audit during the twelve-month period preceding the outset of the inspection.

[2] The population from which audits are selected for review includes both audits for which the firm was the principal auditor and those where the firm was not the principal auditor but played a role in the audit.

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2024 inspection and the previous inspection. For the issuer audits selected for review, we selected these areas because they were generally significant to the issuer's financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2024		2022	
Audit area	**Audits reviewed**	**Audit area**	**Audits reviewed**
Revenue and related accounts	5	**Revenue and related accounts**	5
Inventory	2	**Business combinations**	4
Long-lived assets	2	**Long-lived assets**	2
Goodwill and intangible assets	2	**Goodwill and intangible assets**	2
Business combinations	1	**Inventory**	1

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, (1) at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR or (2) in audit(s) in which it was not the principal auditor, had not obtained sufficient appropriate audit evidence to fulfill the objectives of its role in the audit.

Part I.B discusses certain deficiencies, if any, that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s) or fulfill the objectives of its role in the audit(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Part I.C discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules, if any, related to maintaining independence.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR.

This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work (1) supporting the firm's opinion(s) on the issuer's financial statements and/or ICFR and (2) in audit(s) in which it was not the principal auditor, to fulfill the objectives of its role in the audit.

We identify each issuer by a letter (e.g., Issuer A) and industry sector. Each deficiency could relate to several auditing standards, but we reference the PCAOB standard that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A – Materials

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Business Combinations**.

Description of the deficiencies identified

During the year, the issuer completed a business combination and used various significant assumptions, including reserves and resources estimates from a report ("technical report") prepared by external specialists engaged by the acquired company, to estimate and record the fair value of an acquired asset and assumed liability. The issuer utilized internal specialists (the "company's employed specialists") to assess the reasonableness of the reserves and resources estimates reflected in the technical report by remodeling the estimates and comparing the results to the estimates reflected in the technical report.

The firm selected for testing a control that consisted of the issuer's review of the financial and non-financial assumptions, including the reserves and resources estimates reflected in the technical report, that were used by the issuer to estimate the fair value of the acquired asset and assumed liability. This control used the remodeled reserves and resources estimates developed by the company's employed specialists. The following deficiencies were identified:

- The firm did not identify and test any controls over the accuracy and completeness of the reserves and resources estimates remodeled by the company's employed specialists that were used in the operation of this control, including the (1) accuracy and completeness of issuer-produced non-financial data and (2) relevance and reliability of external data, all of which were utilized by the company's employed specialists to remodel the reserves and resources estimates. (AS 2201.39)

- The firm did not identify that the control owners did not (1) evaluate the reasonableness of the financial and non-financial assumptions developed by the issuer and/or the company's employed specialists and used by the company's employed specialists to remodel the reserves and resources estimates and (2) evaluate the appropriateness of the methods used by company's employed specialists to remodel the reserves and resources estimates. (AS 2201.42 and .44)

The firm's approach for substantively testing the fair value of the acquired asset and assumed liability from the business combination was to test the issuer's process. The following deficiencies were identified:

- The firm did not evaluate the reasonableness of the reserves and resources estimates, as reflected in the technical report, which were considered by the firm to be significant assumptions used by the issuer to estimate the fair value of the acquired asset and assumed liability, beyond obtaining and reading the technical report prepared by the acquired company's external specialists. Further, the firm did not perform procedures to evaluate the work of the company's employed specialists. (AS 1105.A6 -.A10; AS 2501.16)

- The firm did not sufficiently evaluate the reasonableness of certain other significant assumptions used by the issuer to estimate the fair value of the acquired asset because it limited its procedures to comparing the assumptions to those of similar companies or external vendor quotes. (AS 2501.16)

Issuer B – Energy

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Long-Lived Assets**.

Description of the deficiencies identified

The issuer engaged specialists to estimate its oil and gas reserves ("reserve estimates"), which were then used in the (1) calculation of depreciation, depletion, and amortization and (2) impairment analysis of long-lived assets. The company's specialists used financial and non-financial data and assumptions, deemed significant by the firm, to develop the reserve estimates in the reserve report.

The firm selected for testing a control that consisted of the issuer's review and approval of the final reserve estimates provided by the company's specialists. The firm did not identify, when testing the design of this control, that the control owners did not (1) evaluate the reasonableness of the non-financial assumptions developed by the issuer and/or the company's specialists and used by the company's specialists to develop the reserve estimates and (2) evaluate the appropriateness of the methods used by company's specialists to develop the reserve estimates. (AS 2201.42)

The firm's approach for substantively testing the reserve estimates was to test the issuer's process. The following deficiencies were identified:

- The firm did not evaluate the reasonableness of the significant non-financial assumptions developed by the issuer and/or the company's specialists and used by the company's specialists to develop the reserve estimates. (AS 1105.A8b; AS 2501.16)

- The firm did not evaluate whether the methods used by the company's specialists to develop the reserve estimates were appropriate under the circumstances, taking into account the requirements of the applicable financial reporting framework, beyond inquiry of the methods used with the company's specialists. (AS 1105.A8c)

Audits with a Single Deficiency

Issuer C – Consumer Staples

Type of audit and related area affected

In our review of an audit in which the firm played a role but was not the principal auditor, we identified a deficiency in connection with the firm's role in the financial statement audit related to **Revenue**.

Description of the deficiency identified

The firm selected for testing a control over revenue recognition that consisted of the issuer's review of customer contracts. The firm did not perform procedures to test, or test any controls over, the completeness of an issuer-prepared report of new and modified contracts from which it made its selections for testing. (AS 1105.10)

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s) or fulfill the objectives of its role in the audit(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

When we review an audit, we do not review every aspect of the audit. As a result, the areas below were not necessarily reviewed on every audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In three of six audits reviewed, the firm did not perform procedures to determine whether all individuals who participated in the audit were in compliance with independence requirements. In these instances, the firm was non-compliant with AS 2101, *Audit Planning*.

- In two of six audits reviewed, the firm reported in writing to the audit committee that no significant deficiencies were identified during the audit, even though an ICFR audit does not provide assurance that all deficiencies less severe than a material weakness have been identified. In these instances, the firm was non-compliant with AS 2201*, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements.*

- In one of five audits reviewed, the firm did not inform the audit committee that it had communicated to management, in writing, all control deficiencies identified during the audit. In this instance, the firm was non-compliant with AS 2201*, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*.

- In one of six audits reviewed, the firm's report on Form AP included inaccurate information related to the participation in the audit by other accounting firms. In this instance, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

PART I.C: INDEPENDENCE

This section of our report discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. An instance of potential non-compliance with SEC rules or an instance of non-compliance with PCAOB rules does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. Although this section includes instances of potential non-compliance that the firm brought to our attention, there may be other instances of non-compliance with SEC or PCAOB rules related to independence that were not identified through our procedures or the firm's monitoring activities.

PCAOB-Identified

We did not identify any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Firm-Identified

During the inspection, the firm brought to our attention that it had identified, through its independence monitoring activities, 11 instances across eight issuers,[3] in which the firm or its personnel appeared to have impaired the firm's independence because it may not have complied with Rule 2-01(b) and/or Rule 2-01(c) of Regulation S-X related to maintaining independence. Approximately 45% of these instances of potential non-compliance involved associated firms.

While we have not evaluated the underlying reasons for the instances of potential non-compliance, the number, large or small, of firm-identified instances of potential non-compliance may be reflective of the size of the firm, including any associated firms; the design and effectiveness of the firm's independence monitoring activities; and the size and/or complexity of the issuers it audits, including the number of affiliates of those issuers. Therefore, we caution against making any comparison of these firm-identified instances of potential non-compliance across firms.

The most common instances of potential non-compliance related to financial relationships and employment relationships:

- The firm reported four instances of potential non-compliance with Rule 2-01(c)(1) of Regulation S-X regarding financial relationships, which occurred at the firm or involved its personnel. Of these instances, two related to investments in audit clients and two related to other financial relationships with audit clients. Two of these financial relationships were instances where a partner in the same office as the engagement partner for an issuer had a financial relationship with that issuer. Two of these instances related to a member of an audit engagement team.

[3] The firm-identified instances of potential non-compliance do not necessarily relate to the issuer audits that we selected for review.

- The firm reported three instances of potential non-compliance with Rule 2-01(c)(2) of Regulation S-X regarding employment relationships, which involved an employee of the firm and employees of associated firms.

The firm has reported to us that it has evaluated the instances of potential non-compliance for issuer audit clients in which the firm was the principal auditor and determined in all instances that its objectivity and impartiality were not impaired. The firm also reported to us that it communicated these instances to the issuers' audit committees as required by PCAOB Rule 3526. In addition, the firm reported to us that it has communicated the remaining instance of potential non-compliance to the principal auditor for the principal auditor to evaluate its objectivity and impartiality.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

July 25, 2025

Ms. Christine Gunia, Director
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street N.W.
Washington, D.C. 20006-2803
U.S.A.

Dear Ms. Gunia:

Response to the Draft Report on the 2024 Inspection of PricewaterhouseCoopers LLP Canada

On behalf of PricewaterhouseCoopers LLP (the firm), we are pleased to provide our response to the Public Company Accounting Oversight Board's (the PCAOB) Draft Report dated June 27, 2025 on the 2024 Inspection of our Firm's 2023 audits (the report). We recognize the inspection process provides a valuable opportunity to further enhance audit quality.

Consistently performing high-quality audits remains the top priority of the Firm and our partners, in order to continue to serve the investing community and bring value to the capital markets. We have evaluated the observations set forth in Part 1: Inspection Observations and are taking appropriate responsive actions to comply with PCAOB standards and our own policies and procedures. We recognize it is important to acknowledge and address the matters in the Report in a thorough and thoughtful manner.

We continue to support the PCAOB in its mission and are committed to furthering the public interest through the preparation of informative, accurate and independent audit reports. We look forward to continuing our dialogue with the PCAOB and would be pleased to discuss any aspect of this response or any other questions you may have.

Sincerely,

Nicolas Marcoux
Chief Executive Officer and Senior Partner

Anita McOuat
Canadian National Assurance Leader

PricewaterhouseCoopers LLP, PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada, M5J 0B2
+1 416 863 1133