2025 Inspection

Grant Thornton LLP

(Headquartered in Chicago, Illinois)

May 21, 2026

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PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

EXECUTIVE SUMMARY

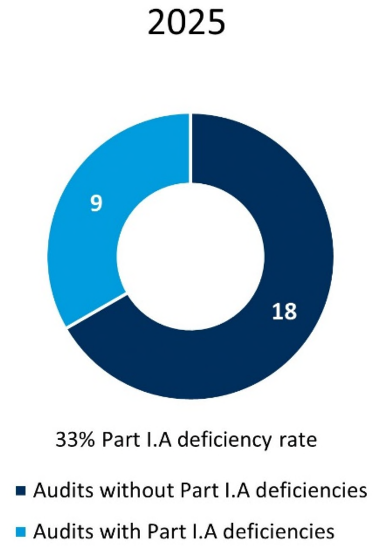
Our 2025 inspection report on Grant Thornton LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level overview of what is included in this report:

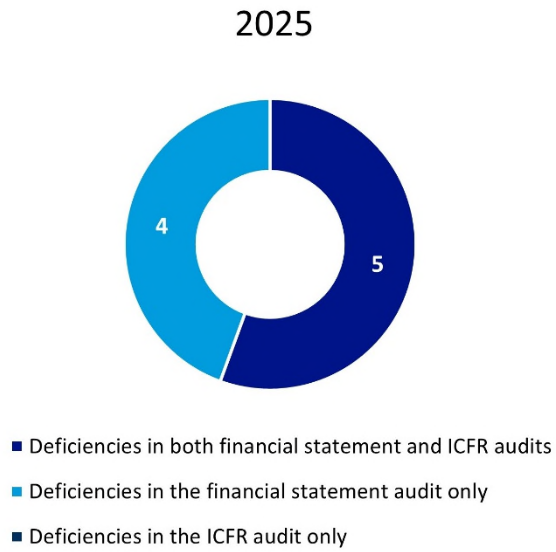
- Part I.A of the report discusses deficiencies ("Part I.A deficiencies") in certain issuer audits that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or internal control over financial reporting (ICFR).
- Part I.B of the report discusses certain deficiencies ("Part I.B 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). This section does not discuss instances of apparent non-compliance with rules related to maintaining independence.
- Part I.C of the report discusses instances of apparent non-compliance with rules related to maintaining independence ("Part I.C deficiencies").

If we include a Part I.A or Part I.B deficiency in this 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. If we include a Part I.C deficiency in this report, it does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. If we include a deficiency in Part I.A, Part I.B, or Part I.C of this report, it does not necessarily mean that the firm has not addressed the deficiency.

Overview of the 2025 Deficiencies Included in Part I

Nine of the 27 audits we reviewed in 2025 are included in Part I.A of this report due to the significance of the deficiencies identified. The identified deficiencies primarily related to the firm's testing of controls over and/or substantive testing of revenue, inventory, and investment securities.





The most common Part I.A deficiencies in 2025 related to testing data or reports used in substantive testing and testing an estimate.

The Part I.B deficiencies in 2025 related to retention of audit documentation, audit committee communications, and management communications.

The Part I.C deficiencies in 2025 related to audit committee pre-approval and non-audit services.

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2025 INSPECTION

In the 2025 inspection of Grant Thornton LLP, the PCAOB assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of issuers.

We selected for review 27 audits of issuers with fiscal years generally ending in 2024. For each issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

What's Included in this Inspection Report

This report includes the following sections:

- **Overview of the 2025 Inspection and Historical Data by Inspection Year:** Information on our inspection, historical data, and common deficiencies.
- **Part I – Inspection Observations:**
  - **Part I.A:** Deficiencies that were of such significance that we believe the firm, 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.
  - **Part I.B:** 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). This section does not discuss instances of apparent non-compliance with rules related to maintaining independence.
  - **Part I.C:** Instances of apparent non-compliance with rules 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.
- **Part II – Observations Related to Quality Control:** Criticisms of, or potential defects in, the firm's system of quality control. 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.
- **Appendix A – Firm's Response to the Draft Inspection Report:** The firm's response to a draft of this report, excluding any portion granted confidential treatment.

2025 Inspection Approach

In selecting issuer audits for review, we use both risk-based and random methods of selection. We make the majority of our 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. We also select audits randomly to provide an element of unpredictability.

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 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 nor of all of the audit procedures performed for the audits reviewed.

Our target team performs inspection procedures in areas of current audit risk and emerging topics and focuses its reviews primarily on evaluating the firm's procedures related to that risk or topic. In 2025, our target team focused primarily on audit areas in which the firm outsourced certain audit procedures to offshore shared service centers, and on the firm's procedures to test the statement of cash flows and segment reporting.

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

OVERVIEW OF THE 2025 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2025 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods 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 year to year and firm to firm. As a result of this variation, we caution that our inspection results are not necessarily comparable over time or among firms.

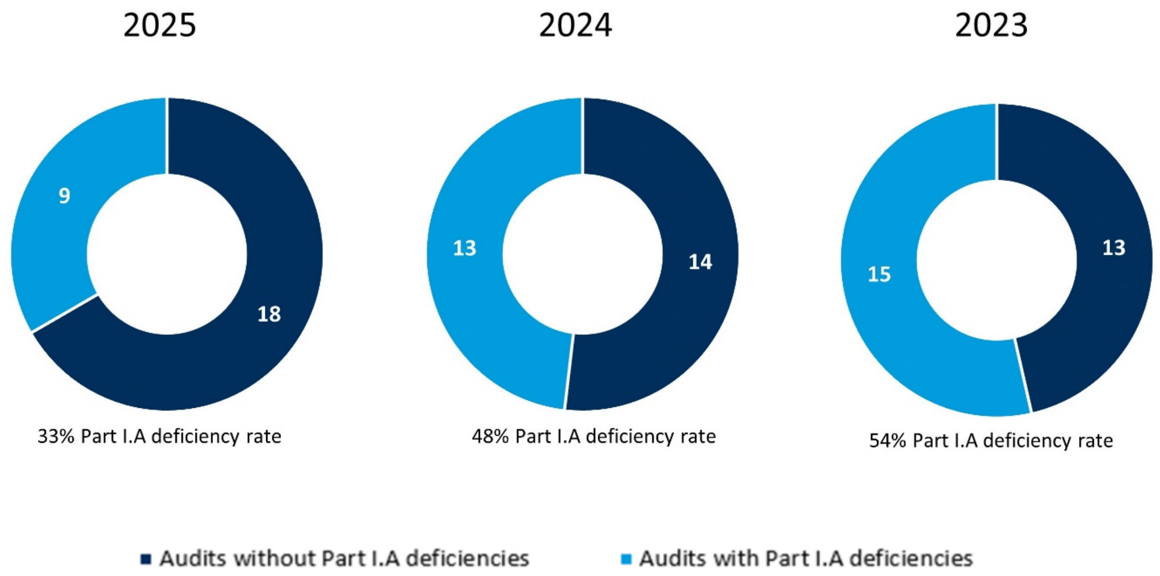
Audits Selected for Review

	2025	2024	2023
Total audits reviewed			
Total audits reviewed	27	27	28
Selection method			
Risk-based selections	20	20	20
Random selections	5	5	5
Target team selections[1]	2	2	3
Total audits reviewed	**27**	**27**	**28**
Lead/Principal auditor			
Audits in which the firm was the lead/principal auditor	27	27	28
Audits in which the firm was not the lead/principal auditor	0	0	0
Total audits reviewed	**27**	**27**	**28**
Audit type			
Integrated audits of financial statements and ICFR	23	19	20
Financial statement audits only	4	8	8
Total audits reviewed	**27**	**27**	**28**

[1] For further information on the target team's activities in 2024 and 2023, refer to those inspection reports.

Part I.A Deficiencies in Audits Reviewed

In 2025, all of the nine audits appearing in Part I.A were selected for review using risk-based criteria. In 2024, 10 of the 13 audits appearing in Part I.A were selected for review using risk-based criteria. In 2023, 13 of the 15 audits appearing in Part I.A were selected for review using risk-based criteria.

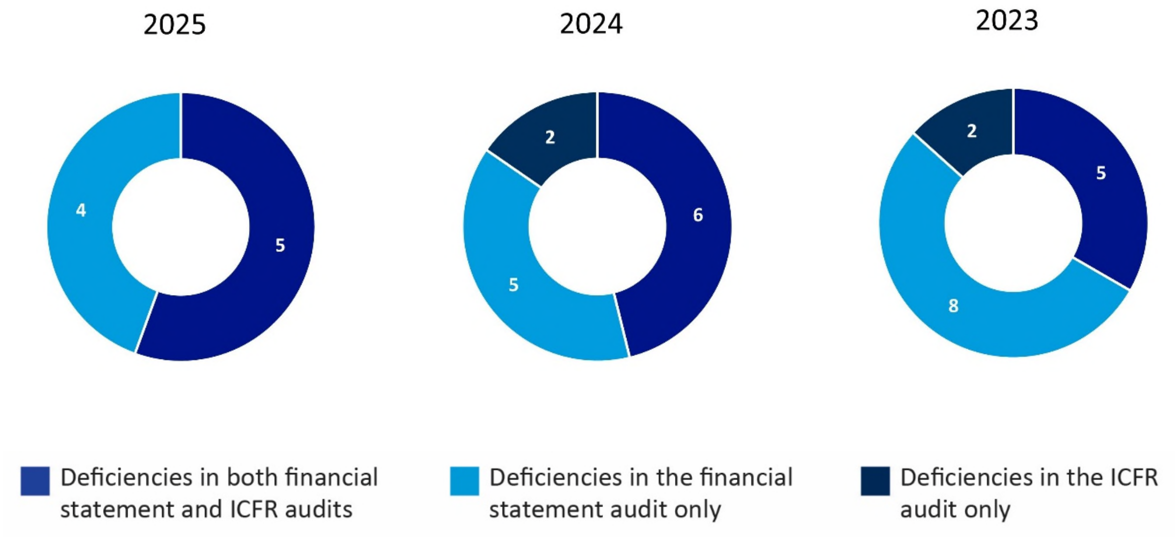


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In certain cases, the firm may have performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing 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 Part I.A or Part I.B 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.

Audits Affected by the Deficiencies Identified in Part I.A



In connection with our 2025 inspection procedures for one audit, the issuer corrected an omission of a required disclosure in a subsequent filing.

Our 2023 inspection procedures involved one audit for which the issuer, unrelated to our review, corrected a misstatement in a subsequent filing by adjusting the prior period amounts.

The following tables and graphs summarize inspection-related information, by inspection year, for 2025 and the previous two inspections. We caution against making any comparison of the data provided without reading the descriptions of the underlying deficiencies in each respective inspection report.

Most Frequently Identified Part I.A Deficiencies

Deficiencies in audits of financial statements	Audits with Part I.A deficiencies		
	2025	2024	2023
Did not perform sufficient testing of data or reports used in the firm's substantive testing	5	2	3
Did not sufficiently test an estimate	4	4	1
Did not perform sufficient testing related to a significant account or disclosure or to address an identified risk	3	5	7
Did not obtain sufficient evidence as a result of overreliance on controls (due to deficiencies in testing controls)	3	3	3

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2025	2024	2023
Did not identify and test any controls that addressed the risks related to a significant account or relevant assertion	3	3	3
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	3	5	6
Did not identify and/or sufficiently test controls over the accuracy and completeness of data or reports that the issuer used in the operation of controls	2	6	2

Audit Areas Most Frequently Reviewed

This table reflects the five audit areas we have selected most frequently for review in each inspection year (and the related Part I.A deficiencies). 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.

2025			2024			2023		
Audit area	Audits reviewed	Audits with Part I.A deficiencies	Audit area	Audits reviewed	Audits with Part I.A deficiencies	Audit area	Audits reviewed	Audits with Part I.A deficiencies
Revenue and related accounts	21	4	**Revenue and related accounts**	19	6	**Revenue and related accounts**	21	8
Inventory	11	2	**Inventory**	11	6	**Inventory**	15	4
Goodwill and intangible assets	11	0	**Business combinations**	7	0	**Business combinations**	10	1
Business combinations	6	2	**Goodwill and intangible assets**	6	2	**Goodwill and intangible assets**	4	1
Debt	5	0	**Equity and equity-related transactions**	5	0	**Debt**	3	0

Audit Areas with Frequent Part I.A Deficiencies

This table reflects the audit areas with the most frequently identified Part I.A deficiencies in each inspection year with the corresponding results for the other two years presented.

Audit area	2025		2024		2023	
	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed
Revenue and related accounts	4	21	6	19	8	21
Inventory	2	11	6	11	4	15
Investment securities	2	3	0	4	0	1
Goodwill and intangible assets	0	11	2	6	1	4
Going concern	0	2	1	2	2	2

Revenue and related accounts: The deficiencies in 2025, 2024, and 2023 primarily related to substantive testing of, and testing controls over, revenue.

Inventory: The deficiencies in 2025 related to substantive testing of inventory. The deficiencies in 2024 primarily related to substantive testing of, and testing controls over, the existence and valuation of inventory. The deficiencies in 2023 primarily related to substantive testing of, and testing controls over, inventory.

Investment securities: The deficiencies in 2025 related to substantive testing of, and/or testing controls over, investment securities.

Goodwill and intangible assets: The deficiencies in 2024 and 2023 primarily related to evaluating intangible assets for possible impairment.

Going concern: The deficiency in 2024 related to substantive testing of the issuer's evaluation of its ability to continue as a going concern. The deficiencies in 2023 primarily related to substantive testing of, and testing controls over, the issuer's evaluation of its ability to continue as a going concern.

Auditing Standards Associated with Identified Part I.A Deficiencies

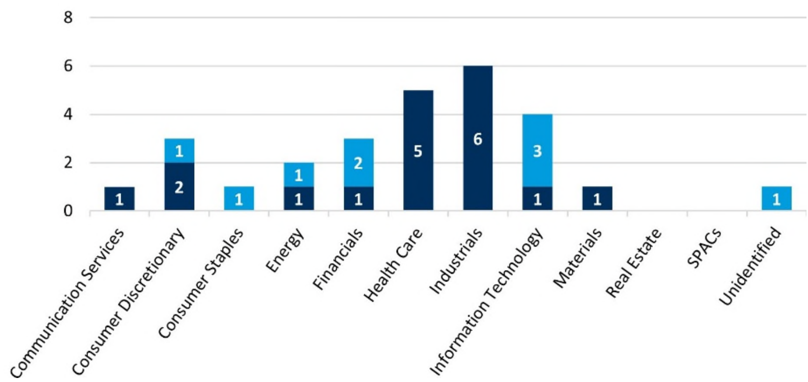
The following lists the auditing standards referenced in Part I.A of the 2025 and the previous two inspection reports, and the number of times that the standard is cited in Part I.A.

PCAOB Auditing Standards	2025	2024	2023
AS 1105, *Audit Evidence*	13	6	6
AS 2101, *Audit Planning*	0	0	1
AS 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*	16	29	23
AS 2301, *The Auditor's Responses to the Risks of Material Misstatement*	9	8	13
AS 2305, *Substantive Analytical Procedures*	2	1	0
AS 2310, *The Confirmation Process*	0	0	2
AS 2315, *Audit Sampling*	4	2	4
AS 2410, *Related Parties*	1	0	0
AS 2415, *Consideration of an Entity's Ability to Continue as a Going Concern*	0	1	2
AS 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*	7	7	2
AS 2510, *Auditing Inventories*	0	1	1
AS 2810, *Evaluating Audit Results*	1	5	5

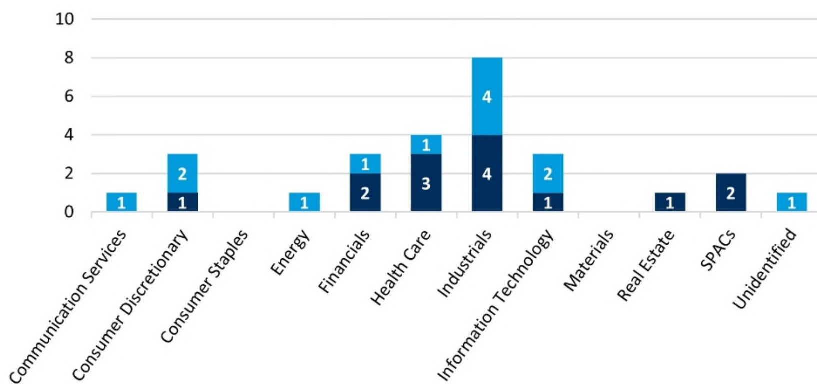
Inspection Results by Issuer Industry Sector

The majority of industry sector data is based on Global Industry Classification Standard (GICS) data obtained from Standard & Poor's (S&P). In instances where GICS data for an issuer is not available from S&P, classifications are assigned based upon North American Industry Classification System data. In instances where classifying an issuer using its industry sector could make an issuer identifiable, we have instead classified such issuer(s) as "unidentified."

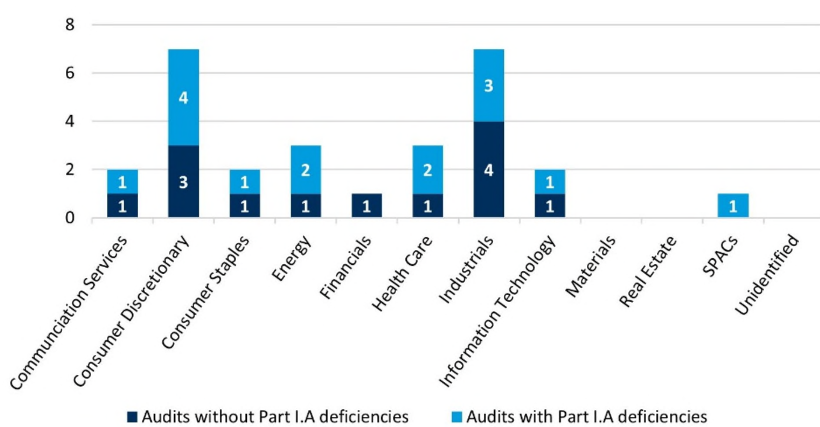
2025



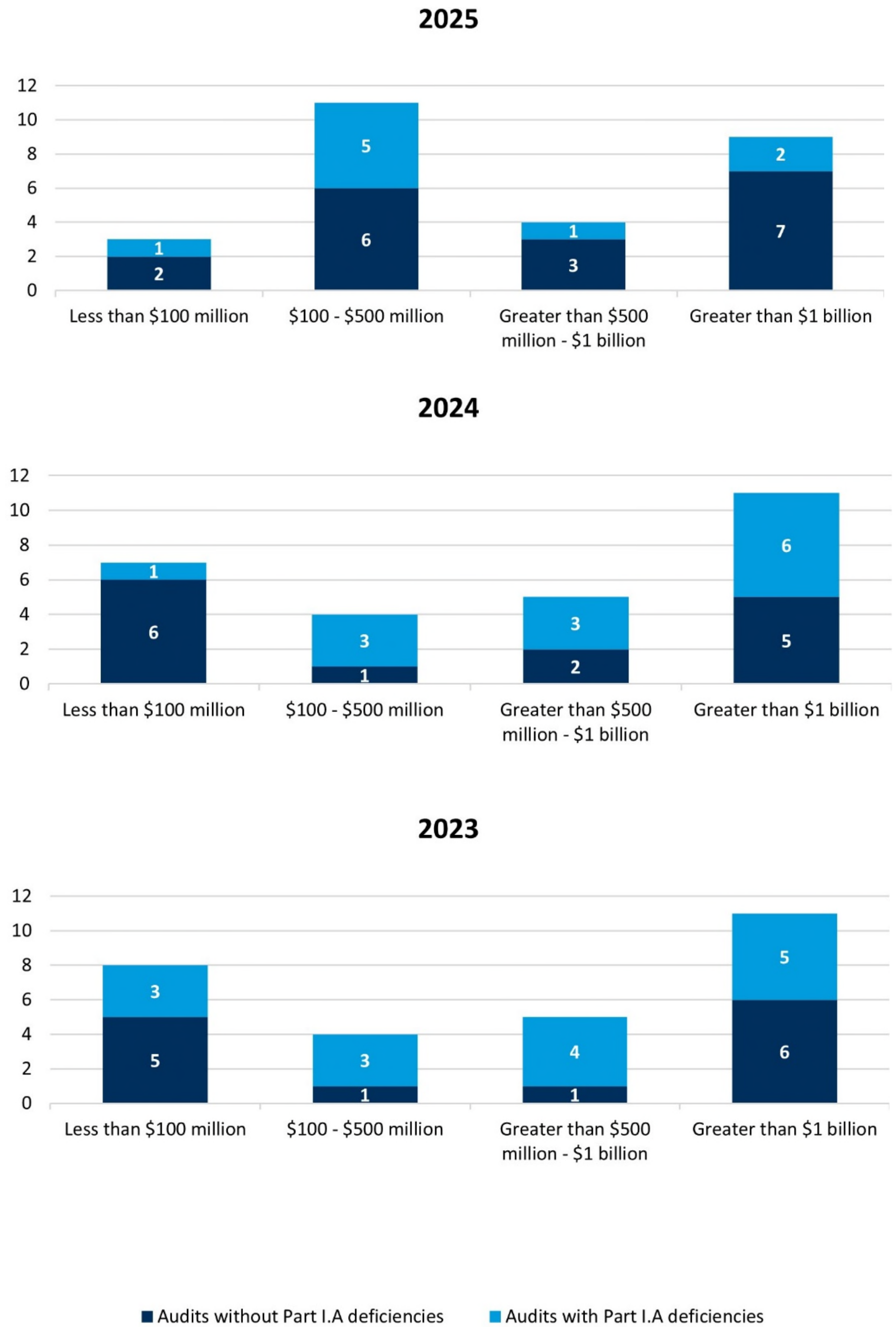
2024



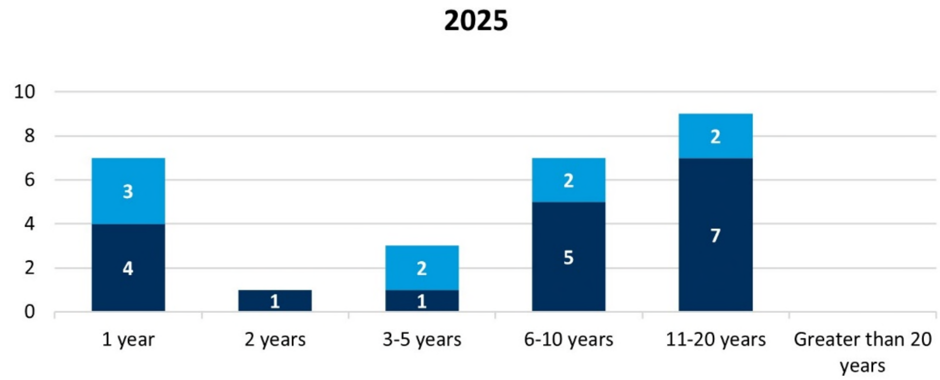
2023

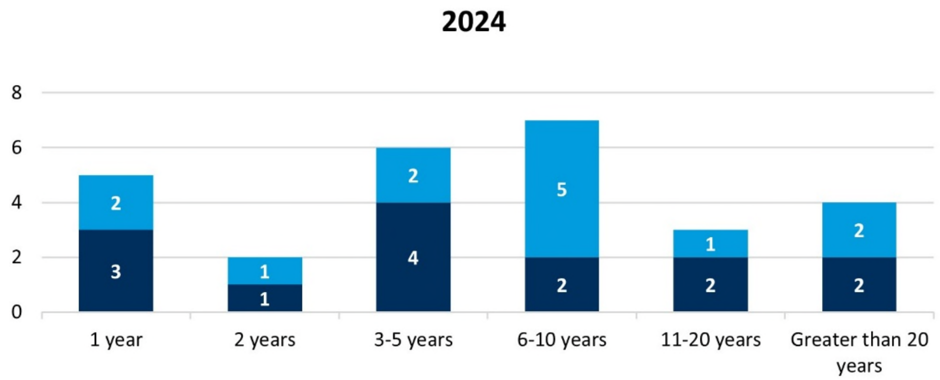


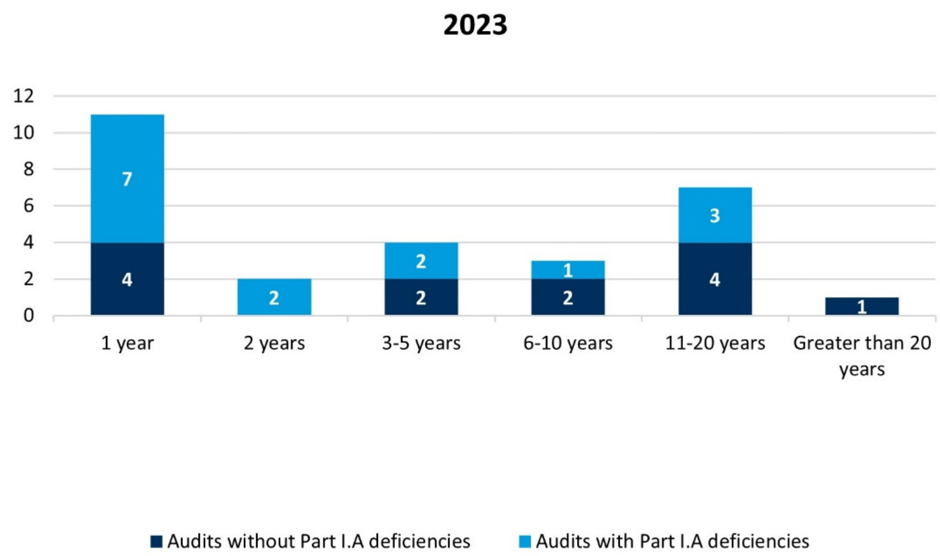
Inspection Results by Issuer Revenue Range



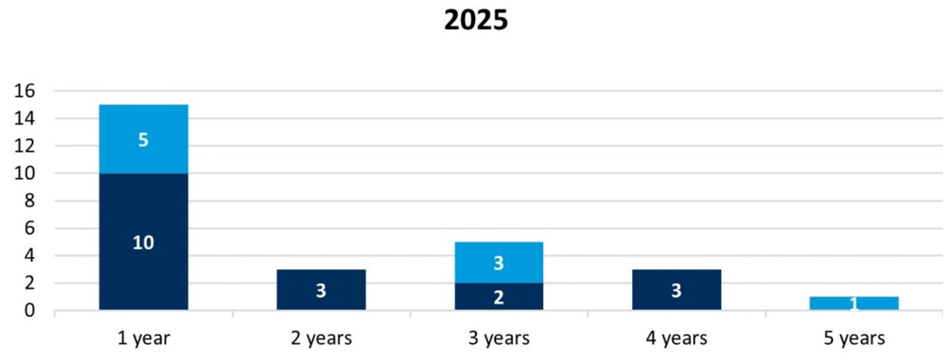
Inspection Results by the Firm's Tenure on the Issuer

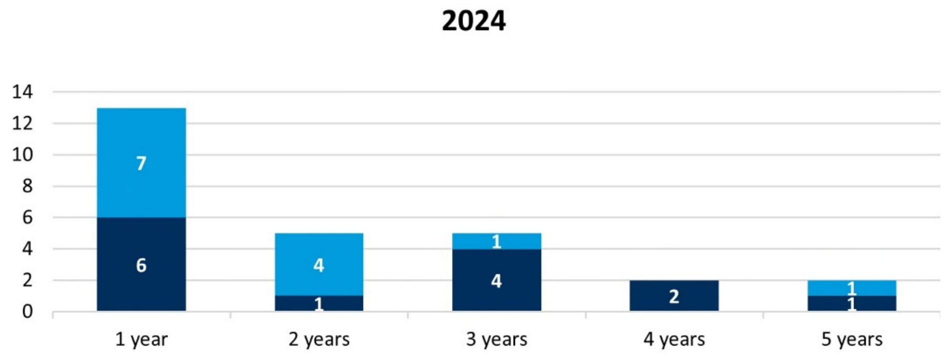


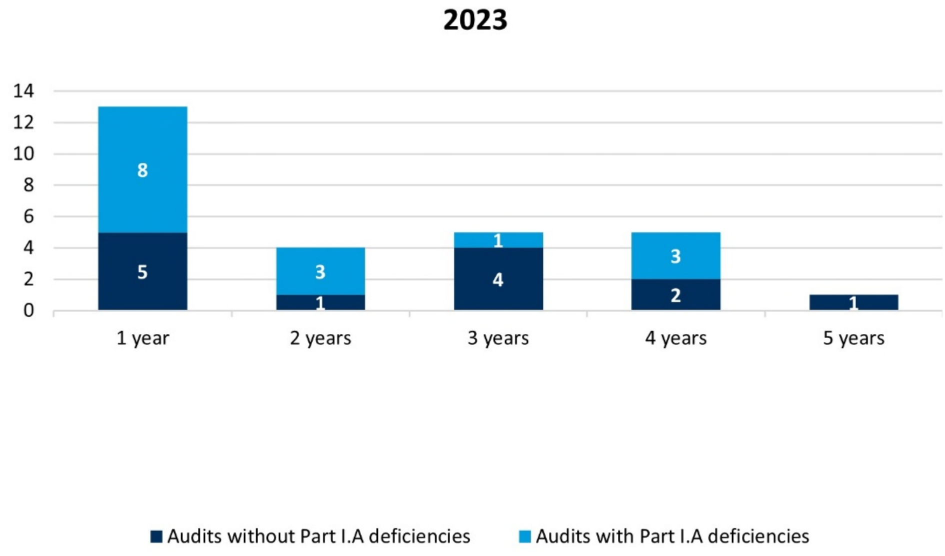




Inspection Results by the Engagement Partner’s Tenure on the Issuer







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.

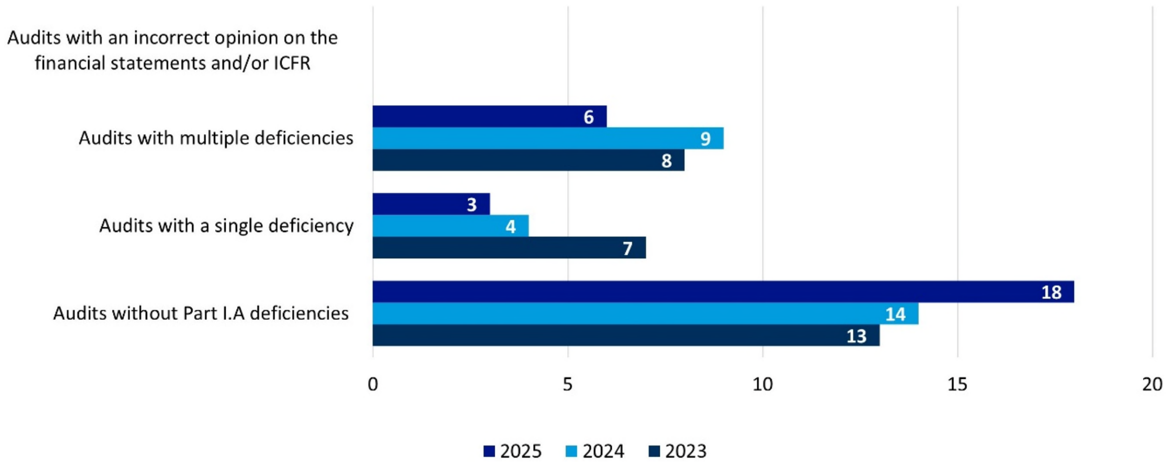
Audits with Multiple Deficiencies

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.

Number of Audits in Each Category



PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies that were of such significance that we believe the firm, 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.

Part I.B 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). This section does not discuss instances of apparent non-compliance with rules related to maintaining independence.

Part I.C discusses instances of apparent non-compliance with rules related to maintaining independence.

Consistent with the 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.

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 supporting the firm's opinion(s) on the issuer's financial statements and/or ICFR.

We identify each issuer by a letter (e.g., Issuer A). Each deficiency could relate to several auditing standards, but we reference the PCAOB standard(s) 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 – Information Technology

Type of audit and related areas affected

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

Description of the deficiencies identified

With respect to a **Business Combination**, for which the firm identified a significant risk:

During the year, the issuer acquired a business and engaged a specialist to assist it in determining the fair value of certain acquired intangible assets using cash-flow forecasts that were developed using various assumptions. The firm's approach for substantively testing the valuation of these acquired intangible assets was to test the issuer's process. The following deficiencies were identified:

- The firm selected for testing a control that included the issuer's review of the assumptions used in these cash-flow forecasts. The firm did not evaluate the specific review procedures that the control owner performed to assess the reasonableness of certain of these assumptions. (AS 2201.42 and .44)
- The firm used certain information produced by the issuer to assess the reasonableness of certain significant assumptions but did not perform any procedures to test, or test any controls over, the accuracy of this information. (AS 1105.10)
- The firm did not perform procedures, beyond inquiring of management, to evaluate the reasonableness of one of these significant assumptions that was developed by the issuer and used in the cash-flow forecasts. (AS 2501.16)
- The firm's procedures to test another of these significant assumptions that was developed by the issuer and used in the cash-flow forecasts included comparing the assumption to industry information and to certain issuer information and reading an issuer-prepared schedule. The firm did not sufficiently evaluate whether the issuer had a reasonable basis for this assumption because the firm did not evaluate a significant difference between the assumption and the industry information. (AS 2501.16) In addition, the firm did not evaluate the relevance of the issuer information used in its comparison. (AS 1105.04 and .06)
- The firm did not perform any procedures to test, or test any controls over, the accuracy and completeness of certain issuer-produced data that the company's specialist used to determine another of these significant assumptions. (AS 1105.A8a) In addition, the firm did not evaluate the reliability of certain industry data and the relevance of certain issuer information it used to evaluate the reasonableness of this assumption. (AS 1105.04 and .06)

With respect to **Revenue**, for which the firm identified a fraud risk:

Certain of the issuer's revenue arrangements included multiple performance obligations. The issuer allocated the total transaction price for each of these arrangements to the separate performance obligations based on the issuer's estimate of the relative standalone selling prices. The following deficiencies were identified:

- The firm selected for testing a control that consisted of the issuer's analysis and review of the estimated standalone selling prices. The firm did not evaluate the specific review procedures that the control owner performed to assess the reasonableness of certain assumptions that the issuer used to develop the standalone selling prices. (AS 2201.42 and .44)
- The firm's approach for substantively testing the estimated standalone selling prices was to test the issuer's process. The firm did not perform sufficient procedures to evaluate whether the issuer had a reasonable basis for the significant assumptions related to the standalone selling

prices because the firm did not evaluate whether the issuer's method to determine its standalone selling prices was in conformity with FASB ASC Topic 606, *Revenue from Contracts with Customers*. (AS 2501.16)

The issuer recognized certain product revenue based on the shipping terms with its customers. The following deficiencies were identified:

- The firm selected for testing a control that consisted of the issuer's review of revenue transactions for shipments greater than an established monetary threshold. The firm did not identify and test any controls over revenue transactions for shipments that were less than this established threshold. (AS 2201.39)
- The sample sizes the firm used in certain of its substantive procedures to test this revenue and accounts receivable were too small to provide sufficient appropriate audit evidence because these procedures were designed based on a level of control reliance that was not supported due to the deficiency in the firm's control testing discussed above. (AS 2301.16, .18, and .37; AS 2315.19, .23, and .23A)

The issuer recognized certain revenue over time and used multiple IT systems to initiate, process, and record transactions related to this revenue. The following deficiencies were identified:

- For two types of service revenue, the firm selected for testing an automated control that calculated the revenue to be recognized based on the manually entered start and end dates of the contract. The firm did not identify and test any controls over the accuracy of the dates that were input into and used by the system in the operation of this control. (AS 2201.39)
- For one of these types of revenue, the firm did not identify and test any controls that addressed whether the performance obligations had been satisfied before revenue was recognized. (AS 2201.39)
- The firm did not perform any substantive procedures to test whether the performance obligations had been satisfied before this type of revenue was recognized. (AS 2301.08 and .13)
- The sample sizes the firm used in certain of its substantive procedures to test the other type of service revenue were too small to provide sufficient appropriate audit evidence because these procedures were designed based on a level of control reliance that was not supported due to the deficiency in the firm's testing of the automated control discussed above. (AS 2301.16, .18, and .37; AS 2315.19, .23, and .23A)

The issuer recognized certain other service revenue from contracts based on the labor hours incurred that were recorded in the issuer's time systems. The following deficiencies were identified:

- The firm selected for testing a control that consisted of the issuer's review of the progress for each contract, including the labor hours incurred and estimated labor hours to complete the contract. The firm did not evaluate the specific review procedures that the control owners performed to assess the reasonableness of the labor hours incurred and estimated labor hours to complete the contracts. (AS 2201.42 and .44)
- The firm used labor hours in its substantive testing of this revenue but did not perform any procedures to test, or (as discussed above) sufficiently test controls over, the accuracy and completeness of these labor hours. (AS 1105.10)

Issuer B

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue**, **Investments**, **Operating Expenses**, and **Stock-Based Compensation**. This was the firm's initial audit of this issuer.

Description of the deficiencies identified

With respect to **Revenue**, for which the firm identified a significant risk:

The issuer's process related to revenue was highly automated, with transactions being initiated, processed, and recorded by multiple information-technology (IT) systems. The issuer identified a material weakness related to ineffective IT general controls (ITGCs) over these IT systems. The following deficiencies were identified:

- The firm's approach for substantively testing the issuer's primary type of gross revenue was to perform procedures over firm-initiated revenue transactions. The firm did not perform any substantive procedures to test the gross revenue that the issuer recognized from transactions initiated by its regular customers. (AS 2301.08 and .11)
- The firm used certain issuer-produced data and reports from these IT systems in its substantive procedures to test deductions from revenue. The firm did not perform sufficient procedures to test, or sufficiently test controls over, the accuracy and completeness of these data and reports because the firm's approach depended on ITGCs that were ineffective due to the material weakness discussed above. (AS 1105.10)

With respect to **Investments**:

The issuer held an investment in a privately held company that it recorded at cost, less impairments, and used the financial results of the underlying company to assess whether any indicators of possible impairment existed for this investment in the current year. The following deficiencies were identified:

- The firm used these financial results in its impairment assessment but did not perform any procedures to evaluate the reliability of this information. (AS 1105.04 and .06)
- The firm did not evaluate certain indicators of impairment that existed at year end. (AS 2301.08)

With respect to **Operating Expenses**:

The firm's substantive procedures to test payroll and certain other operating expenses included performing substantive analytical procedures. The firm used certain data to develop its expectations but did not evaluate the reliability of these data, beyond inquiring of management. (AS 2305.16)

With respect to **Stock-Based Compensation**:

The issuer disclosed stock-based compensation expense as a component of various operating expenses. The firm did not perform any procedures to test whether the stock-based compensation amounts the issuer included in each type of operating expense were appropriate. (AS 2301.08)

Issuer C – Information Technology

Type of audit and related areas affected

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

Description of the deficiencies identified

Certain of the issuer's revenue arrangements included multiple performance obligations. The issuer allocated the total transaction price for each of these arrangements to the separate performance obligations based on the issuer's estimate of the relative standalone selling prices. The following deficiencies were identified:

- The firm did not identify and test any controls that addressed whether changes to the standalone selling prices for this revenue were entered into the issuer's revenue system accurately and completely. (AS 2201.39)
- The firm selected for testing a control that consisted of the issuer's review and approval of estimated standalone selling prices. For certain of this revenue, the firm did not test the aspect of this control that addressed the accuracy and completeness of the transaction data that the issuer used to calculate the standalone selling prices. (AS 2201.42 and .44)
- The firm's approach for substantively testing the estimated standalone selling prices was to test the issuer's process. For certain of this revenue, the firm did not sufficiently evaluate whether the issuer had a reasonable basis for the significant assumptions the issuer used to develop the standalone selling prices because the firm's procedures were limited to reading an issuer-prepared memo and recalculating certain items. (AS 2501.16)

For certain revenue and deferred revenue, the firm did not identify and test any controls that addressed whether the performance obligations had been satisfied before revenue was recognized. (AS 2201.39)

For certain other revenue and deferred revenue, the firm selected for testing a control that included the issuer's review of whether electronic delivery had occurred. The firm did not identify and test any controls over the accuracy of the electronic delivery dates that the control owner used in the operation of this control. (AS 2201.39)

As a result of the firm's deficiencies in testing controls, the firm did not perform sufficient substantive procedures over revenue and deferred revenue, as follows:

- The firm did not perform procedures to test, or (as discussed above) sufficiently test controls over, the accuracy and/or completeness of certain data that the firm used in its substantive testing of certain revenue and deferred revenue. (AS 1105.10)
- The sample sizes the firm used in certain of its substantive procedures were too small to provide sufficient appropriate audit evidence because these procedures were designed based on a level of control reliance that was not supported. (AS 2301.16, .18, and .37; AS 2315.19, .23, and .23A)

Issuer D – Energy

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to an **Acquisition** and **Oil and Gas Properties**.

Description of the deficiencies identified

During the year, the issuer entered into an acquisition agreement. The acquired assets primarily consisted of oil and gas properties that had oil and gas reserves assigned. The issuer used company-employed specialists to estimate the issuer's oil and gas reserves that were used in the (1) valuation of the acquired oil and gas properties and (2) calculation of depletion expense for its oil and gas properties at year end.

With respect to an **Acquisition**, for which the firm identified a significant risk:

The issuer determined the fair values of the acquired oil and gas properties based on discounted cash flows it developed using various assumptions, including future production volumes. The company's specialists used financial and non-financial data produced by the issuer and assumptions developed by the issuer or the company's specialists to estimate the oil and gas reserves underlying the future production volumes. The following deficiencies were identified:

- The firm selected for testing controls that included the issuer's review of the future production volumes assumption used for the acquired oil and gas properties but did not evaluate the specific review procedures that the control owners performed to assess the reasonableness of the non-financial assumptions. (AS 2201.42 and .44) In addition, the firm did not identify and test any controls over the accuracy and completeness of certain non-financial data produced by the issuer and the relevance and reliability of certain non-financial data from external sources underlying these assumptions. (AS 2201.39)
- The firm did not perform procedures to test, or (as discussed above) test any controls over, the accuracy and completeness of certain non-financial data produced by the issuer and to evaluate the relevance and reliability of certain non-financial data from external sources that were used by the company's specialists. (AS 1105.A8a)
- The firm did not evaluate the reasonableness of the non-financial assumptions that appeared to the inspection team to be significant that were developed and used by the company's specialists to develop the future production volumes for the acquired oil and gas properties. (AS 1105.A8b; AS 2501.16)

With respect to **Oil and Gas Properties**, for which the firm identified a significant risk:

The issuer recorded depletion expense for its oil and gas properties using the oil and gas reserves that the company's specialists estimated using financial and non-financial data produced by the issuer and assumptions developed by the issuer or the company's specialists. The following deficiencies were identified:

- The firm selected for testing controls that included the issuer's review of the future production volumes assumption used for the issuer's oil and gas properties but did not evaluate the specific review procedures that the control owners performed to assess the reasonableness of the non-financial assumptions used to determine the future production volumes. (AS 2201.42 and .44) In addition, the firm did not identify and test any controls over the accuracy and completeness of certain non-financial data produced by the issuer and the relevance and reliability of certain non-financial data from external sources underlying these assumptions. (AS 2201.39)

- The firm did not perform procedures to test, or (as discussed above) test any controls over, the accuracy and completeness of certain non-financial data produced by the issuer and to evaluate the relevance and reliability of certain non-financial data from external sources that were used by the company's specialists. (AS 1105.A8a)

- The firm did not evaluate the reasonableness of the non-financial assumptions that appeared to the inspection team to be significant that were developed and used by the company's specialists to develop the future production volumes. (AS 1105.A8b; AS 2501.16)

Issuer E – Consumer Discretionary

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Inventory** and **Accounts Payable**.

Description of the deficiencies identified

With respect to **Inventory**:

The firm did not perform substantive procedures, beyond inquiring of management, to test the issuer's reserve for excess and obsolete inventory. (AS 2501.07) In addition, the firm did not perform any other substantive procedures to test whether inventory was recorded at the lower of cost or net realizable value. (AS 2301.08)

With respect to **Accounts Payable**:

The firm identified two control deficiencies related to segregation of duties conflicts that affected the initiation, processing, and recording of accounts payable transactions and concluded that these deficiencies, when aggregated with other control deficiencies, represented a significant deficiency. The firm identified and tested four compensating controls that it believed would mitigate these accounts payable deficiencies but did not sufficiently evaluate the mitigating effect of these controls because it (1) determined that two of these controls were ineffective, (2) did not identify that the third control involved an individual who had segregation of duties conflicts, and (3) did not identify that the last control did not address the risk of material misstatement related to disbursements since not all disbursements were subject to this control. (AS 2201.68)

Issuer F – Financials

Type of audit and related area affected

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

Description of the deficiencies identified

The issuer held certain investment securities that were categorized as level 3 within the fair value hierarchy as set forth in FASB ASC Topic 820, *Fair Value Measurement*, and recorded them at fair value based on cash-flow models that used various assumptions. The following deficiencies were identified:

- The firm selected for testing a control over the valuation of these securities that included the issuer's review of the cash-flow model assumptions and the resulting fair values determined by the models. The firm did not evaluate the specific review procedures that the control owner performed to assess the reasonableness of certain of these assumptions and the resulting fair values. (AS 2201.42 and .44)
- The sample size the firm used in its substantive procedures to test the valuation of these investment securities was too small to provide sufficient appropriate audit evidence because these procedures were designed based on a level of control reliance that was not supported due to the deficiency in the firm's control testing discussed above. (AS 2301.16, .18, and .37; AS 2315.19, .23, and .23A)

Audits with a Single Deficiency

Issuer G – Financials

Type of audit and related area affected

In our review, we identified a deficiency in the financial statement audit related to a **Contingent Liability**.

Description of the deficiency identified

The firm did not identify and evaluate the issuer's omission of disclosures related to amounts due to related parties for a contingent liability that were required by FASB ASC Topic 850, *Related Party Disclosures*. (AS 2410.17; AS 2810.30 and .31)

In connection with our review, the issuer reevaluated its related party disclosures and determined that certain disclosures were omitted. The issuer did not file an amended Form 10-K or a Form 8-K indicating that its previously issued financial statements should not be relied on. Instead, the issuer corrected these omissions in a subsequent filing.

Issuer H – Information Technology

Type of audit and related area affected

In our review, we identified a deficiency in the financial statement audit related to **Revenue**.

Description of the deficiency identified

The issuer recognized certain revenue from contracts based on labor hours recorded in the issuer's time system. The firm used these labor hours in its substantive testing of this revenue but did not test, or test any controls over, the accuracy and completeness of these labor hours. (AS 1105.10)

Issuer I – Consumer Staples

Type of audit and related area affected

In our review, we identified a deficiency in the financial statement audit related to **Inventory**. This was the firm's initial audit of this issuer.

Description of the deficiency identified

The firm's substantive procedures to test labor and overhead costs that the issuer capitalized to inventory included performing a substantive analytical procedure. The firm did not determine whether the expectation it used in this substantive analytical procedure was based on predictable relationships. (AS 2305.13 and .14)

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). This section does not discuss instances of apparent non-compliance with 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 one of 27 audits reviewed, the firm did not assemble a complete and final set of audit documentation for retention by the required documentation completion date. In this instance, the firm was non-compliant with AS 1215, *Audit Documentation*.
- In one of 27 audits reviewed, the firm did not make a required communication to the audit committee related to the name, location, and planned responsibilities of other accounting firms that performed audit procedures in the audit. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In one of 27 audits reviewed, the firm did not communicate to the audit committee all of the uncorrected misstatements that it identified. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In one of 23 audits reviewed, the firm did not communicate to management, in writing, all control deficiencies identified during the audit. In one additional audit reviewed, the firm did not inform the audit committee when such communication had been made. 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 27 audits reviewed, the firm did not make a required communication to management related to an identified misstatement. In this instance, the firm was non-compliant with AS 2810, *Evaluating Audit Results*.

PART I.C: INDEPENDENCE

PCAOB Rule 3520, *Auditor Independence*, requires a firm and its personnel to be independent of the firm's audit clients. This requirement encompasses not only an obligation to satisfy the independence criteria set out in PCAOB rules and standards but also an obligation to satisfy all other independence criteria applicable to an engagement, including the independence criteria set out by the SEC in Regulation S-X, 17 C.F.R. § 210.2-01, *Qualifications of Accountants* ("Rule 2-01").

This section of our report discusses identified instances of apparent non-compliance with PCAOB Rule 3520. An instance of apparent non-compliance with PCAOB Rule 3520 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 apparent non-compliance with PCAOB Rule 3520 that the firm brought to our attention, there may be other instances of non-compliance with 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 apparent non-compliance with PCAOB Rule 3520.

Firm-Identified

During the inspection, the firm brought to our attention that it had identified, through its independence monitoring activities, for a 12-month period, 19 instances across 14 issuers,[2] representing approximately 2% of the firm's total reported issuer audits, in which the firm may not have complied with Rule 2-01(c) related to maintaining independence. Approximately 79% of these instances of apparent non-compliance involved non-U.S. associated firms.

While we have not evaluated the underlying reasons for the instances of apparent non-compliance with PCAOB Rule 3520, the number, large or small, of firm-identified instances of apparent non-compliance may be reflective of the size of the firm, including the number of non-U.S. associated firms in the global network; 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 apparent non-compliance across firms.

The instances of apparent non-compliance related to audit committee pre-approval requirements and non-audit services:

- The firm reported 16 instances of apparent non-compliance with Rule 2-01(c)(7) regarding audit committee pre-approval. Twelve of these instances related to services provided by non-U.S. associated firms without those engagements having been pre-approved by the audit committee.

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

- The firm reported three instances of apparent non-compliance with Rule 2-01(c)(4) regarding non-audit services. All of these instances related to services provided by non-U.S. associated firms that the firm determined to be prohibited, such as performing management functions, bookkeeping, or legal services, for companies that became affiliates of an issuer as a result of the issuer's acquisition of a non-U.S. company.

The firm has reported to us that it has evaluated these instances of apparent non-compliance 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.

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.

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February 11, 2026

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

Re: Response to Part I of the Draft Report on the 2025 Inspection of Grant Thornton LLP

Dear Ms. Gunia:

On behalf of Grant Thornton LLP, we are pleased to provide our response to the Public Company Accounting Oversight Board's ("PCAOB") Draft Report on the 2025 Inspection of Grant Thornton LLP, principally related to the firm's 2024 audits (the "Draft Report").

Quality is the foundation of all that we do at Grant Thornton, and we remain deeply committed to its ongoing advancement. Our strong service-delivery systems, quality controls and risk-management tools form the framework that enables us to uphold the high quality standards of the firm and the profession, as outlined in our 2024 Audit Quality and Transparency Report. Additionally, we regularly address and challenge our existing processes and continuously monitor our audit engagements to enhance our execution, evaluate underlying causal factors and implement solutions that drive improvements in audit quality.

In our pursuit of excellence, we are acutely focused on the need to invest in our people, our processes, and our technology. As such, we regularly look for ways to strengthen quality monitoring, improve our processes, and improve our training programs with greater rigor, practical application and deeper curriculum. We also continually invest in advanced technologies to elevate audit effectiveness. Moreover, we regularly engage Grant Thornton's independent Audit Quality Advisory Council for guidance on programs and strategies that help us provide high-quality audits and safeguard the capital markets.

We have carefully considered each of the matters identified in Part I of the Draft Report. Accordingly, we took all steps necessary to fulfil our responsibilities under AS 2901, *Consideration of Omitted Procedures after the Report Date* and AS 2905, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report*.

Integrity, trust and quality will continue to be the bedrock on which our strategy is built, and we fully support the PCAOB's mission to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB inspection report and our dialogue with the inspections staff remain an integral component of our commitment to achieving the highest levels of quality. We look forward to continuing our discussions on improving audit quality, both at our firm and across the profession.

Respectfully submitted,

By: Ron Messenger

Ron Messenger
Chief Executive Officer
Grant Thornton LLP

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd.