

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 22, 2023

AULT ALLIANCE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-12711
(Commission File Number)

94-1721931
(I.R.S. Employer Identification No.)

1141 Southern Highlands Parkway, Suite 240, Las Vegas, NV 89141
(Address of principal executive offices) (Zip Code)

(949) 444-5464
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	AULT	NYSE American
13.00% Series D Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	AULT PRD	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 4.02 Non-reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

- (a) On May 22, 2023, the management of Ault Alliance, Inc. (the “**Company**”) concluded that the Company’s previously issued financial statements for the year ended December 31, 2022, which were filed as part of the Company’s Annual Report on Form 10-K (the “**Original Form 10-K**”) with the Securities and Exchange Commission (“**SEC**”) on April 17, 2023 (the “**Restated Period**”), should no longer be relied upon because of errors in classification with respect to the redeemable noncontrolling interests in equity of subsidiaries, 11,500,000 shares of Ault Disruptive common stock (the “**Redeemable Interests**”) and the corresponding asset, cash and marketable securities held in trust account (“**Cash**”). The Redeemable Interests were erroneously recorded in temporary equity and have been reclassified to correct for the error within current liabilities and Cash has been reclassified within current assets to correspond with the current liability classification of the Redeemable Interests. Additionally, the Company’s earnings and press releases and similar communications should no longer be relied upon to the extent that they relate to our financial statements for the Restated Period. The errors described above resulted in the restatement of our financial statements for the Restated Period.

The restated financial statements for the year ended December 31, 2022, included in Amendment No. 1 to the Original Form 10-K (the “**Amended Form 10-K**”), differ from the amounts reported in the original filings. The previously reported amounts have been corrected for the Restated Period. No correction was needed for the consolidated statements of operations and comprehensive loss, consolidated statements of changes in stockholders’ equity or consolidated statements of cash flows for the year ended December 31, 2022 and therefore no changes to the foregoing sections were made in the Amended Form 10-K. The restated amounts in the consolidated balance sheet as of December 31, 2022 are attached hereto as **Exhibit 99.1**.

Due to the restatement described above, the Company’s management and Audit Committee reevaluated its Controls and Procedures in the original filings and concluded that the Company’s disclosure controls and procedures and internal control over financial reporting were not properly designed to analyze financial instruments for proper classification in the consolidated financial statements. The Company has been actively engaged in developing a remediation plan to address the identified ineffective controls that existed during the Restated Period. Implementation of the remediation plan is in process.

The audit committee of the board of directors has discussed the matters disclosed herein with Marcum, LLP, the Company’s independent registered public accounting firm.

Item 9.01 Exhibits and Financial Statements.

- (b) **Pro forma financial information**

The restated consolidated balance sheet of the Company as of December 31, 2022 is attached hereto as **Exhibit 99.1**.

- (c) Exhibits:

Exhibit No.	Description
99.1	<u>Consolidated balance sheet as of December 31, 2022</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 22, 2023

AULT ALLIANCE, INC.

/s/ Kenneth S. Cragun

Kenneth S. Cragun
Chief Financial Officer

AULT ALLIANCE, INC. AND SUBSIDIARIES
RESTATED CONSOLIDATED BALANCE SHEET

	For the Year Ended December 31, 2022		
	As Reported	Adjustment	As Restated
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,492,000		\$ 10,492,000
Restricted cash	3,563,000		3,563,000
Cash and marketable securities held in trust account	-	118,193,000	118,193,000
Marketable equity securities	6,590,000		6,590,000
Digital currencies	554,000		554,000
Accounts receivable	19,586,000		19,586,000
Accrued revenue	2,479,000		2,479,000
Inventories	22,080,000		22,080,000
Investment in promissory notes and other, related party	2,868,000		2,868,000
Loans receivable, current	7,385,000		7,385,000
Prepaid expenses and other current assets	11,711,000		11,711,000
TOTAL CURRENT ASSETS	87,308,000	118,193,000	205,501,000
Cash and marketable securities held in trust account	118,193,000	(118,193,000)	-
Intangible assets, net	34,786,000		34,786,000
Goodwill	27,902,000		27,902,000
Property and equipment, net	229,914,000		229,914,000
Right-of-use assets	8,419,000		8,419,000
Investments in common stock, related parties	6,449,000		6,449,000
Investments in other equity securities	42,494,000		42,494,000
Investment in unconsolidated entity	-		-
Loans receivable, non-current	208,000		208,000
Other assets	5,841,000		5,841,000
TOTAL ASSETS	\$ 561,514,000	\$ -	\$ 561,514,000
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 62,644,000		\$ 62,644,000
Investment margin accounts payable	767,000		767,000
Operating lease liability, current	2,975,000		2,975,000
Notes payable, net	39,621,000		39,621,000
Convertible notes payable, current	1,325,000		1,325,000
Redeemable noncontrolling interests in equity of subsidiaries, 11,500,000 shares of Ault Disruptive common stock at redemption value	-	117,993,000	117,993,000
TOTAL CURRENT LIABILITIES	107,332,000	117,993,000	225,325,000

AULT ALLIANCE, INC. AND SUBSIDIARIES
RESTATED CONSOLIDATED BALANCE SHEET (continued)

	For the Year Ended December 31, 2022		
	As Reported	Adjustment	As Restated
LONG TERM LIABILITIES			
Operating lease liability, non-current	5,836,000		5,836,000
Notes payable	91,464,000		91,464,000
Convertible notes payable	11,451,000		11,451,000
Deferred underwriting commissions of Ault Disruptive subsidiary	3,450,000		3,450,000
TOTAL LIABILITIES	219,533,000	117,993,000	337,526,000
COMMITMENTS AND CONTINGENCIES			
Redeemable noncontrolling interests in equity of subsidiaries, 11,500,000 shares of Ault Disruptive common stock at redemption value	117,993,000	(117,993,000)	-
STOCKHOLDERS' EQUITY			
Series A Convertible Preferred Stock, \$25 stated value per share, \$0.001 par value – 1,000,000 shares authorized; 7,040 shares issued and outstanding at December 31, 2022 and 2021 (liquidation preference of \$176,000 as of December 31, 2022 and 2021)	-		-
Series B Convertible Preferred Stock, \$10 stated value per share, \$0.001 par value – 500,000 shares authorized; 125,000 shares issued and outstanding at December 31, 2022 and 2021 (liquidation preference of \$1,190,000 at December 31, 2022 and 2021)	-		-
Series D Cumulative Redeemable Perpetual Preferred Stock, \$25 stated value per share, \$0.001 par value – 2,000,000 shares authorized; 172,838 shares and 0 shares issued and outstanding at December 31, 2022 and 2021, respectively (liquidation preference of \$4,321,000 and \$0 as of December 31, 2022 and 2021, respectively)	-		-
Class A Common Stock, \$0.001 par value – 500,000,000 shares authorized; 382,247,203 and 84,344,607 shares issued and outstanding at December 31, 2022 and 2021, respectively	382,000		382,000
Class B Common Stock, \$0.001 par value – 25,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2022 and 2021	-		-
Additional paid-in capital	565,523,000		565,523,000
Accumulated deficit	(329,078,000)		(329,078,000)
Accumulated other comprehensive loss	(1,100,000)		(1,100,000)
Treasury stock, at cost	(29,235,000)		(29,235,000)
TOTAL AULT ALLIANCE STOCKHOLDERS' EQUITY	206,492,000	-	206,492,000
Non-controlling interest	17,496,000	-	17,496,000
TOTAL STOCKHOLDERS' EQUITY	223,988,000	-	223,988,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 561,514,000</u>	<u>\$ -</u>	<u>\$ 561,514,000</u>