

COOL TECHNOLOGIES, INC.
Form 10-Q/A
November 30, 2017

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

FORM 10-Q/A
(Amendment No. 1)

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 000-53443

COOL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Edgar Filing: COOL TECHNOLOGIES, INC. - Form 10-Q/A

Nevada
(State or other jurisdiction of
incorporation or organization)

75-3076597
(I.R.S. Employer
Identification No.)

8875 Hidden River Parkway, Suite 300

Tampa, FL
(Address of principal executive offices)

33637
(Zip Code)

Registrant's telephone number, including area code: **(813) 975-7467**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company x
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.

As of November 28, 2017, there were 152,586,983 shares of common stock, \$0.001 par value, issued and outstanding.

EXPLANATORY NOTE

This Form 10-Q/A (Amendment No. 1) (the "Amended Filing") is being filed solely to correct a clerical error in the Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, initially filed with the Securities and Exchange Commission on November 20, 2017 (the "Original Filing").

We have determined that Item 2 of Part I, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the sub-heading "Results of Operations," the table comparing the nine months ended September 30, 2016 and 2017 contained a clerical error wherein the amount for Loss on Extinguishment of Debt for the nine months ended September 30, 2016 was inadvertently repeated for the nine months ended September 30, 2017. The financial impact of this clerical error shows a loss on extinguishment of debt of (\$628,510) for the specified period when in fact there was no loss. Despite being a non-cash item that was not included in the financial statements nor incorporated in any other table in the filing, an amended filing is necessary because the clerical error is material.

In connection with the filing of this Amendment and pursuant to the rules of the Securities and Exchange Commission, we are including with this Amendment new certifications by our principal executive and principal financial officer as required by Rule 12b-15.

Except for the correction described above, this Amendment No. 1 to Form 10-Q does not modify, amend or update in any way any other item or disclosure in the Original Filing. The Original Filing continues to speak as of the date of the Original Filing and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing other than as expressly indicated in this Amendment. Accordingly, this Form 10-Q/A should be read in conjunction with the Original Filing.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Cool Technologies, Inc., (we, us, our, the "Company" or "Cool Technologies") was incorporated in the State of Nevada on July 22, 2002. We were formerly known as Bibb Corporation, Z3 Enterprises and HPEV, Inc. On August 20, 2015, we changed our name to Cool Technologies, Inc. We have developed and intend to commercialize thermal dispersion technologies in various product platforms and a parallel power input gearbox, around which we have designed a mobile generator system that can be retrofit onto new and existing trucks. In preparation, we have applied for trademarks for one of our technologies and its acronym.

Our technologies are divided into two distinct but complementary categories: heat dispersion technology and mobile power generation (MG).

We plan to commercialize thermal dispersion technologies based on proprietary composite heat structures and heat pipe architecture in various product platforms such as electric motors, pumps, turbines, bearings and vehicle components. We believe that our technologies can help increase the efficiency and lifespan as well as help meet regulatory emissions standards for heat producing equipment and components. We believe that the simplicity of the heat pipe architecture as well as the fact that it provides effective new applications for existing manufacturing processes should enhance the cost structure in several large industries including motor/generator and engine manufacturing.

We also plan to commercialize an integrated parallel power input system that can be retrofit onto new and existing American trucks. The integrated system enables work trucks to run an on-board generator to deliver mobile electric power. When the generator is enhanced by our thermal technology, we believe it should be able to output more power than any other generator of its size on the market.

The markets we intend to serve with our mobile generation system include consumer, industrial and military markets, both in the U.S. and worldwide.

As of September 30, 2017, we have seven US patents, one granted Mexican patent, four pending applications (2 Canadian, 1 Brazilian, 1 US) and one US provisional application pending, all in the area of composite heat structures, motors, and related structures, heat pipe architecture, applications (commonly referred to as "thermal" or "heat

dispersion technology") and a parallel power vehicle platform system. We also have a Patent Cooperation Treaty ("PCT") applications filed for a heat pipe cooled brake system, a parallel power input gearing system (PIIG) and radial vent thermal technology.

We intend to commercialize our patents by integrating our technology with Original Equipment Manufacturer (OEM) partners, by licensing our thermal technologies and applications to electric motor, generator, pump and vehicle component (brake, resistor, caliper) manufacturers; and by licensing or marketing a mobile electric power system powered by our proprietary gearing system to commercial vehicle and fleet owners. Third party representatives and our UPT subsidiary are also taking pre-orders for new retrofitted work trucks.

We opened our UPT headquarters in Largo, Florida in May 2014. We use the facility to perform research and development for our mobile generator business and it will serve as a sales showroom in the future.

We have developed and intend to commercialize thermal dispersion technologies in various product platforms, a parallel power input gearbox, around which we have designed a mobile generator system and an electric load assist around which we have designed a vehicle retrofit system. As part of our commercialization efforts, we have applied for and received a trademark for our Totally Enclosed Heat Pipe Cooled technology or 'TEHPC'.

We have not generated any revenues to date. We generated our first Mobile Generation (MG) order during the quarter ended June 30, 2014, and received a partial deposit in advance of completing the sale. Subsequently, we received an order for 10 MG systems from Craftsmen Industries during the quarter ended June 30, 2017. There can be no assurances that we will be able to fulfill the order, however, a software upgrade is being completed on an 80 kVA truck and conversion is under way on a larger truck with a 125 kVA system. We generally incur expenses to commercialize our products, which include costs for research and development, professional fees and general operations.

Company management, along with key directors and members of the Board of Advisors utilized 2016 to do extensive market research, interview prospective customers, hold up-fitter meetings and perform channel-to market evaluation. They have put the plans in place for coverage for upfront sales, specification influence, full up-fitting capabilities with aftermarket parts and service. In the fourth quarter of 2016, we demonstrated the Mobile Generation system to associates of the Company and potential customers.

Our primary focus is on the mobile generation systems from MG 30 to MG 125. In the first quarter of 2017, we provided the first public demonstration of a 30 kilovolt amp (kVA) MG system at the North American International Auto Show in Detroit, Michigan. Subsequent appearances at public events such as the Kentucky Derby parade as well as presentations at private events such as Craftsmen Industries' 35th Anniversary Party have generated interest from potential customers including truck manufacturers, distributors and up-fitters, trailer manufacturers, the US military and military vehicle providers, disaster relief agencies, and a global conglomerate. That interest has been magnified as attendees introduced CoolTech to their customers, procurement officers and C-level management.

The Company is working to turn the interest into orders by acquiring and retrofitting Class 4 and 7 trucks to address the specific needs of interested customers and by writing quotes as well as arranging additional demonstrations for target industries and decision-makers.

There can be no assurances that we will be able to generate new orders nor fulfill the existing ones nor address all the requirements of all the interested parties, however, a software upgrade is nearly complete on an 80 kVA truck and conversion is under way on a larger truck with a 125 kVA system.

The software upgrade is intended to enhance the MG's flexibility by allowing quick adaption to different vehicle platforms and enabling future Bluetooth and Wi-Fi applications. It also increases the number of Human Machine Interfaces (HMIs) the system can work with. The enhancements should also increase the MG's appeal to the OEMs, government agencies and corporate conglomerates the company has been in contact with.

In addition, the system's packaging has been simplified to speed and ease the conversion process. Testing has been arranged at high altitude to stress the vehicle in cold temperatures and measure the robustness of the design and refinements. And current plans call for the initial up-fitting of trucks to occur in at least three locations, each in a different region of the country.

Recent Developments

PGC Investments

On July 1, 2014, we entered into a 36-month independent contractor agreement ("PGC Agreement"), with PGC Investments LLC, a Florida limited liability company ("PGC") to provide the full-time services of Dennis Campbell to manage the day-to-day operations of our subsidiary, UPT. Under the PGC Agreement, PGC and Mr. Campbell may not solicit or hire any of the Company's current or former (within one year) employees, consultants or contractors for six months following the termination of the PGC Agreement. Either party to the PGC Agreement may terminate the PGC Agreement upon 30 days' notice to the other party. The Company may immediately terminate the PGC Agreement for "cause" (as defined in the PGC Agreement), subject to a 10-day cure period. We also issued PGC three-year warrants as a sign-on bonus to purchase an aggregate of 350,000 shares of our common stock at an exercise price of \$1.00 per share exercisable upon the Company receiving revenues in excess of \$1,000,000. Until the sign-on warrants become exercisable, upon termination, PGC is entitled to a severance payment equal to three months of consulting fees and any earned bonuses, warrants and shares. As consideration for such consulting services, PGC will be paid monthly consulting fees (payable at the end of each month) of \$10,000 during the first year, with a \$10,000 bonus to be paid upon the opening of the Tampa Bay store; \$12,000 in the second year with a \$10,000 bonus payable in the last month of the second year upon satisfactory performance; and \$13,500 in the third year with a \$10,000 bonus payable in the last month of the third year upon satisfactory performance.

PGC will be entitled to (i) a three-year (commencing upon vesting) cashless warrant to purchase an aggregate of 1,530,000 shares of common stock exercisable at \$1.00 per share that vests ratably upon reaching incremental revenues of \$3,000,000 (from MG product sales which result from the efforts of Dennis Campbell and PGC) with a total target revenue of \$100,000,000 and (ii) a three-year cashless warrant to purchase an aggregate of 720,000 shares of common stock at an exercise price of \$1.00 that vests ratably on a quarterly basis; and (iii) 500,000 shares of our common stock that vest upon reaching revenues of \$100,000,000 or upon sale of the Company. PGC will also be entitled to a \$25,000 cash bonus at sales milestones for every \$5,000,000 in new revenue.

On July 30, 2014, we reached preliminary terms on a LLC Agreement (the "Preliminary LLC Agreement") with Alfred A. Cullere ("Cullere") concerning the governance and operations of UPT. Under the terms of the Preliminary LLC Agreement, we would own 95% of the membership interests and Cullere would own 5%. Cullere's interest cannot be diluted, even if additional membership interests are issued. These terms may change upon formalizing the final agreement.

The Company's current operations include product development with MJ Engineering and Quality Castings and other companies developing products that include the Company's intellectual property.

Amendment of Series B Preferred Stock

On October 31, 2016, the Company filed an amended and restated Series B Preferred Stock Certificate of Designation (which was originally filed with the Secretary of State of Nevada on April 19, 2016, and amended on August 12, 2016) to designate 3,636,360 shares as Series B Preferred Stock and to provide for supermajority 66 2/3% voting rights for the Series B Preferred Stock. The Series B Preferred Stock will not bear dividends, will not be entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Company, and will have no other preferences, rights, restrictions, or qualifications, except as otherwise provided by law or the articles of incorporation of the Company. The holders of Class B Stock shall have the right, at such holder's option, at any time to convert such shares into common stock, in a conversion ratio of one share of common stock for each share of Class B Stock. If the common stock trades or is quoted at a price per share in excess of \$2.25 for any twenty consecutive day trading period, (subject to appropriate adjustment for forward or reverse stock splits, recapitalizations, stock dividends and the like), the Series B Stock will automatically be convertible into the common stock in a conversion ratio of one share of common stock for each share of Series B Stock. The Series B Stock may not be sold, hypothecated, transferred, assigned or disposed without the prior written consent of the Company and the holders of the outstanding Series B Preferred Stock.

Bellridge Capital, LP

On December 6, 2016, we entered into an Equity Purchase Agreement and a registration rights agreement (the “Registration Rights Agreement”) with Bellridge, pursuant to which Bellridge has agreed to purchase from us up to \$5,000,000 in shares of our common stock, subject to certain limitations from time to time over a 36-month period commencing on the date of effectiveness of a registration statement which provides for the resale of such shares pursuant to the Registration Agreement. The shares issuable to Bellridge under the Equity Purchase Agreement are being offered pursuant to this prospectus. The likelihood that the Company will receive the full amount of proceeds available under the Agreement and its reliance on Bellridge as a source of funding will depend on a number of factors, including the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. At a price per share of \$0.19, the Company would have to issue 26,315,790 shares to access the full \$5,000,000 available under the agreement with Bellridge. No fees or commissions are required to be paid upon the sale to Bellridge of these shares.

Upon the effectiveness of a registration statement which provides for the resale of the shares, we may direct Bellridge, subject to certain conditions, to purchase a minimum of \$25,000 and a maximum of \$500,000 of shares (each a “Draw Down”) that is no more than 300% of the average trading volume of our common stock during the 10-day period immediately prior to the Draw Down. In addition, we may direct Bellridge to purchase shares only if during the fifteen consecutive days following a Draw Down request by us, the common stock equals or exceeds \$0.06 per share. The purchase price of the shares under the Equity Purchase Agreement is the average of the lowest trade price of our common stock during the ten trading days immediately prior to each Draw Down notice plus a 20% discount.

We will control the timing and amount of any sales of common stock to Bellridge but we may not request a Draw Down less than ten business days apart.

The proceeds received by us under the Equity Purchase Agreement are expected to be used for general corporate purposes. The Equity Purchase Agreement limits our sales of shares of common stock to Bellridge to no more than the number of shares that would result in the beneficial ownership by Bellridge, at any single point in time, of more than 4.99% of the then outstanding shares of our common stock. However, the 4.99% limitation may be increased by Bellridge up to 9.99% upon at least 61 days' prior notice to us. These ownership limitations do not prevent Bellridge from selling some of its shares and then receiving additional shares in a Draw Down.

As consideration for its commitment to purchase shares of common stock pursuant to the Equity Purchase Agreement, we agreed to issue to Bellridge 1,317,176 shares of common stock. On October 24, 2017, the Company filed an amendment to a Form S-1 Registration Statement with the Securities and Exchange Commission to register 50,000,000 shares of common stock which may be issued pursuant to purchases of shares made under the Equity Purchase Agreement.

Amended Articles of Incorporation

We filed an amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada increasing our authorized shares of common stock, from 140,000,000 shares to 350,000,000 shares, effective March 22, 2017. We currently believe that the increase in authorized share capital eliminates the need for any other type of corporate action such as a reverse stock split.

Craftsmen Industries, Inc.

As a consequence of the first public demonstration of the MG 30 kilovolt amp ("kVA") system at the North America International Auto Show in Detroit in January 2017, the Company entered into an agreement in principle, dated February 21, 2017, with Craftsmen Industries, Inc. ("Craftsmen"), a company engaged in the design, engineering and production of mobile marketing vehicles, experiential marketing platforms and industrial mobile solutions.

On April 25, 2017, we delivered to Craftsmen Industries, a Class III Vehicle (Ford F-350 dually) up-fitted with a production-ready MG 30 kVA (single phase/three phase) system.

Subsequently, Craftsmen invited the Company to demonstrate its mobile generation technology and the potential benefits for Craftsmen products at Craftsmen's 35th Anniversary Party on April 27, 2017. Over 100 current and prospective Craftsmen customers were in the audience for the demonstrations.

On June 9, 2017, the Company received a purchase order for 10 MG systems from Craftsmen, each in the amount of \$29,500 with 50% paid as a down payment at the time of customer acceptance.

After conducting internal design reviews, the Company decided to enhance the MG's control and software system to accommodate class 6-8 trucks with accelerator pedal sensors (APP) and Fords with special idle controls (SEIC).

The Company currently expects to have its 80 and 125 kVA MGs ready for production by the end of 2017.

Veteran Technology Group

On May 26, 2017, the Company entered into a five-year strategic alliance agreement with Veteran Technology Group LLC ("Vet Tech"), a developer of artificial intelligence ("AI") software for advanced troubleshooting of complex systems. The agreement automatically renews for successive one-year terms unless terminated by either party 30 days prior to its expiration. The agreement may be earlier terminated by either party upon 60 days prior notice. The parties agreed not to solicit the other parties' employees or contractors for six months after the expiration or termination of the agreement.

The agreement provides that the Company market and provide its MG product and services to customers referred by Vet Tech and Vet Tech will market and provide GAIT software and other AI services for clients referred by the Company.

Cornerstone Growth Partners

On June 5, 2017, the Company entered into a Master Retainer Agreement (“Cornerstone Retainer Agreement”) with Cornerstone Growth Advisors (“Cornerstone”) to retain the advisory and business development services in the commercial vehicle industry of its managing partner, David Gerrard. The term of the Agreement is until April 20, 2019 and may be terminated by either party upon three months prior notice. The Company will pay Cornerstone \$4,000 per month for its services. In addition, Cornerstone is entitled to a commission of 5% of gross revenues on all new business generated by it for the Company, payable monthly and continuing for five years. Under the Cornerstone Retainer Agreement, Cornerstone is also entitled to the award of from 5,000 to 20,000 warrants upon the acquisition of certain customers. On July 3, 2017, the Company issued Cornerstone, a three-year warrant to purchase 100,000 shares of Common Stock at an exercise price of \$0.07, in lieu of cash payments due under the Agreement for the months of May and June 2017. The warrant includes a provision for cashless exercise.

We believe that Mr. Gerrard will help position the Company, and nurture client relationships to help secure new customers and manage sales with Fortune 500 companies for Class 3 to 7 work trucks with applications ranging from disaster relief units, mobile kitchens and command centers, utility and telecom vehicles, digger derricks, crane trucks, bucket trucks, refrigerated trucks, electric vehicle chargers and mobile power platforms.

Results of Operations

The following table sets forth, for the periods indicated, condensed consolidated statements of operations data. The table and the discussion below should be read in conjunction with the accompanying condensed consolidated financial statements and the notes thereto, appearing elsewhere in this report.

	Three months ended			
	September 30,		Change	%
	2017	2016		
Revenues	\$ --	\$ --	N/A	N/A
Operating expenses				
Payroll and related expenses	132,754	129,668	3,086	2.4%
Consulting	309,968	157,500	152,468	96.8%
Professional fees	72,210	33,113	39,097	118.1%
Research and development	77,034	156,484	(79,450)	-50.8%
General and administrative	92,152	63,130	29,022	46.0%
Total operating expenses	684,118	539,895	144,223	26.7%

Edgar Filing: COOL TECHNOLOGIES, INC. - Form 10-Q/A

Interest expense, net	(295,064)	(207,087)	(87,977)	-42.5%
Change in fair value of derivative liability	(5,148)	409,994	(415,142)	-101.3%
Loss on extinguishment of debt	--	(56,221)	(56,221)	100%
Net loss	(984,330)	(393,209)	(591,121)	-150.3%
Less: Noncontrolling interest	(3,276)	(3,389)	113	3.3%
Net loss to shareholders	\$ (981,054)	\$ (389,820)	\$ (591,234)	-151.7%

7

Nine months ended

	September 30,			
	2017	2016	Change	%
Revenues	\$ --	\$ --	N/A	N/A
Operating expenses				
Payroll and related expenses	397,702	540,320	(142,618)	-26.4%
Consulting	641,997	1,523,041	(881,044)	57.8%
Professional fees	176,493	241,488	(64,995)	-26.9%
Research and development	188,832	175,739	13,093	7.5%
General and administrative	235,190	661,420	(426,230)	-64.4%
Total operating expenses	1,640,214	3,142,008	(1,501,794)	-47.8%
Interest expense, net	(861,409)	(1,023,818)	(162,409)	15.9%
Change in fair value of derivative liability	(1,542,548)	1,164,806	1,119,450	-232.4%
Loss on extinguishment of debt	--	(628,510)	(628,510)	100%
Net loss	(4,044,171)	(3,629,530)	(414,641)	-11.4%
Less: Noncontrolling interest	(9,665)	(9,134)	(531)	-5.8%
Net loss to shareholders	\$ (4,034,506)	\$ (3,620,396)	\$ (414,110)	-11.4%

Revenues

During the three and nine months ended September 30, 2017, we have not generated any revenues.

Operating Expenses

Payroll and related expenses increased slightly during the three months ended September 30, 2017 compared to the three months ended September 30, 2016. A more significant reduction in payroll and related expenses from the nine month period ended September 30, 2016 to September 30, 2017 occurred because of a resignation of an officer.

Consulting expense increased during the three months ended September 30 from \$157,500 in 2016 to \$309,968 in 2017 due to (a) the issuance of service warrants, (b) an increase in the cost of raising funds and (c) the compensation associated with an advisory and business development agreement. For the nine months ended September 30, consulting expense decreased from \$1,523,041 in 2016 to \$641,997 in 2017 due to a reduction in share-based

payments for financing advisory services and for our board of advisors.

Professional fees increased during the three months ended September 30 from \$33,113 in 2016 to \$72,210 in 2017 due to (a) the filing of a Registration Statement on Form S-1 and (b) the compilation of a response to an SEC comment letter. Professional fees decreased for the nine months ended September 30 from \$241,488 in 2016 to \$176,493 in 2017 due to a settlement of a lawsuit with Peak Finance in October 2016.

Research and development expenses decreased during the three months ended September 30 from \$156,484 in 2016 to \$77,034 in 2017 due to a change in software developers and increased for the nine months ended September 30 from \$175,739 in 2016 to \$188,832 in 2017.

General and administrative expense increased during the three months ended September 30 from \$63,130 in 2016 to \$92,152 in 2017 due to additional spending on sales and promotion and decreased for the nine months ended September 30 from \$661,420 in 2016 to \$235,190 due to the reduction of \$327,000 in stock-based compensation in 2017.

Other Income and Expense

Interest expense increased during the three months ended September 30, 2017 compared to the three months ended September 30, 2016 due to accelerated debt discount amortization upon the conversion of convertible notes.

Interest expense decreased during the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 due to (a) fewer borrowings, and (b) recording fewer debt-related derivatives as interest expense.

Net Loss and Noncontrolling interest

Since we have incurred losses since inception, we have not recorded any income tax expense or benefit. Accordingly, our net loss is driven by our operating and other expenses. Noncontrolling interest represents the 5% third-party ownership in UPT, which is subtracted to calculate Net loss to shareholders.

Liquidity and Capital Resources

We have historically met our liquidity requirements primarily through the public sale and private placement of equity securities, debt financing, and exchanging common stock warrants and options for professional and consulting services. At September 30, 2017, we had cash of \$456,545.

Working capital is the amount by which current assets exceed current liabilities. We had negative working capital of \$3,349,038 and \$8,257,987, respectively, at September 30, 2017 and December 31, 2016. The decrease in working capital was due to an increase in prepaid expense, accounts payable, and a significant decrease in derivative liability as a result of a reclassification of derivative liabilities to common share equivalents.

August 2016 Convertible Note – In August 2016, the Company entered into a senior convertible note agreement. We received \$400,000, bearing interest at 3%, with principal and interest payable on August 24, 2018. In addition, the Company received the right to require the buyer to purchase from the company four million restricted shares of common stock at a purchase price of \$0.05 per share and a warrant to purchase four million shares of common stock with an exercise price of \$0.06 per share. At the same time, the Company granted the buyer the right to require the company to sell to the buyer four million restricted shares of common stock at a purchase price of \$0.05 per share and a warrant to purchase four million shares of common stock with an exercise price of \$0.06 per share. In the event of default, the interest rate will be 18% per annum, require the Company to (i) redeem all or any portion of the note at a premium of 150% or (ii) convert any portion of this note then held by noteholder into shares of common stock at the conversion price of \$0.025, equal to a number of shares of common stock equal to the principal amount outstanding on the note (divided by 0.025) and multiplied by the premium of 150%.

The note may be converted at any time into shares of the common stock at the conversion price pursuant to the terms of the note. The buyer may not, however, convert more than 50% of the note's purchase price prior to September 30, 2016. We determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the condensed consolidated balance sheet.

September 2016 Promissory Notes – In September 2016, we sold two promissory notes in the aggregate principal amount of \$225,000. The notes totaled \$180,000 and \$45,000, respectively. Each note bears the same terms: 5% interest per annum with a maturity date of June 30, 2017. In the event of a default, the interest rate will increase to 18%.

On June 30, 2017, the two promissory note holders signed an extension agreement that extended the maturity date of the promissory notes to September 30, 2017. The terms and conditions remain the same.

December 2016 Equity Line of Credit -- On December 6, 2016, we entered into a securities purchase agreement and a registration rights agreement with Bellridge Capital, LP, pursuant to which Bellridge has agreed to purchase from us up to \$5,000,000 in shares of our common stock, subject to certain limitations including an effective registration statement registering the shares issuable to Bellridge under the line of credit, which registration statement has not yet been declared effective by the Securities and Exchange Commission, from time to time over a 36 month period commencing on the date of effectiveness of the registration statement which provides for the resale of such shares pursuant to the Registration Rights Agreement. We may direct Bellridge, at our sole discretion and subject to certain conditions, to purchase a minimum of \$25,000 and a maximum of \$500,000 of shares that is no more than 300% of the average trading volume of our common stock during the 10 day period immediately prior to the Draw Down. In addition, we may direct Bellridge to purchase shares only if during the fifteen consecutive days following a Draw Down request by us, the common stock equals or exceeds \$0.06 per share. We will control the timing and amount of any sales of common stock to Bellridge but we may not request a Draw Down less than ten business days apart. The proceeds received by us are expected to be used for general corporate purposes. The securities purchase agreement limits our sales of shares of common stock to Bellridge to no more than the number of shares that would result in the beneficial ownership by Bellridge, at any single point in time, of more than 4.99% of the then outstanding shares of our common stock. However, the 4.99% limitation may be increased by Bellridge up to 9.99% upon at least 61 days' prior notice to us. As consideration for its commitment to purchase shares of common stock pursuant to the securities purchase agreement, we issued to Bellridge 1,250,000 shares of common stock on February 16, 2017. On October 24, 2017, the Company filed an amendment to a Form S-1 Registration Statement with the Securities and Exchange Commission to register 50,000,000 shares of common stock which may be issued pursuant to purchases of shares made under the Equity Line of Credit.

February Convertible Note – On February 7, 2017, the Company entered into a convertible note agreement. We issued 200,000 inducement shares of restricted common stock and received \$100,000, with an original issue discount of \$10,000 in lieu of interest, for a total amount of \$115,000 due on September 7, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.08 per share. In the event of default, the outstanding balance will increase by 25% and a daily penalty of \$100 will accrue until the default is remedied. Shares reserved for future conversions must equal to at least 100% of the full number of shares of common stock issuable upon conversion of all outstanding amounts under this note.

On August 15, 2017, we issued 186,643 shares of our common stock pursuant to the terms of a securities purchase agreement entered into on February 7, 2017, which required the issuance of additional inducement shares if the price of our common stock decreased six months from the date of the agreement so that the aggregate value of the shares issued on the closing date would equal the aggregate value of the shares after six months.

On August 24, 2017, the company signed an amendment to the convertible promissory note which extended the maturity date until September 30, 2017 and reduced the conversion price from \$0.08 to \$0.05 per share.

Subsequent to the signing of the amendment, from August 25 to September 20, 2017, a total of \$72,500 were converted into 1,450,000 shares of common stock. On September 27, 2017, the buyer converted \$25,000 into 816,000 shares of common stock and the note was retired.

March 2017 Convertible Note. On March 14, 2017, the Company entered into a note purchase agreement with Bellridge which provides for the purchase of a \$78,750 convertible promissory note on the same terms as the December 6, and December 28, 2016 Notes. The note has a 5% original issue discount and bears interest at 5% per annum. The maturity date is March 14, 2018. On March 14, 2017, we also issued 200,000 shares of common stock to Bellridge for agreeing to enter into such agreement.

The Note may be prepaid in whole or in part at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Note is convertible into common stock at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than \$0.06 per share.

After 180 days the conversion floor of \$0.06 expired. The Note was converted in full and 1,382,889 shares and 434,836 shares of common stock were issued to Bellridge on September 14, 2017 and September 26, 2017, respectively.

April Convertible Note – On April 5, 2017, the Company entered into a convertible note agreement. We issued 300,000 inducement shares of restricted common stock and received \$150,000, with an original issue discount of \$15,000 in lieu of interest, for a total amount of \$165,000 due on November 5, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.10 per share. In the event of default, the outstanding balance will increase by 25% and a daily penalty of \$100 will accrue until the default is remedied. Shares reserved for future conversions must equal to at least 100% of the full number of shares of common stock issuable upon conversion of all outstanding amounts under this note.

On October 16, 2017, the company signed an amendment to the convertible promissory note which extended the maturity date until December 31, 2017 and reduced the conversion price from \$0.10 to \$0.05 per share.

Subsequent to the signing of the amendment, on October 25, 2017, \$25,000 was converted into 500,000 shares of common stock.

August Convertible Note – On August 25, 2017, the Company entered into a convertible note agreement. We issued 300,000 inducement shares of restricted common stock and received \$150,000, with an original issue discount of \$15,000 in lieu of interest, for a total amount of \$165,000 due on March 25, 2018. At the holder’s option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.10 per share. In the event of default, the outstanding balance will increase by 25% and a daily penalty of \$100 will accrue until the default is remedied.

We currently have no off-balance sheet arrangements.

Cash Flows

Our cash flows from operating, investing and financing activities were as follows:

	Nine months ended September	
	30,	
	2017	2016
Net cash used in operating activities	\$ (1,316,637)	\$ (832,703)
Net cash used in investing activities	(15,680)	(7,736)
Net cash provided by financing activities	1,726,571	830,284

Net cash used in operating activities decreased primarily due to deferring payment to vendors and management. Our investing activity relates to purchasing equipment in 2015 and the development of patents in both years. Cash provided by financing activities included sale of common stock for \$1,166,000 and \$555,500, respectively, and debt borrowings of \$574,985 and \$643,347, respectively, during 2017 and 2016.

Management believes the Company’s funds are insufficient to provide for its projected needs for operations for the next 12 months. We will need additional funding to support product development and working capital needs. We hope to raise additional funds by selling our equity securities; however, there can be no assurance that we will be able to raise such additional financing.

Going Concern

We have incurred net losses of \$44,222,918 since inception and have not fully commenced operations, raising substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise capital, generate revenue, achieve profitable operations and repay our obligations when they come due. We will have to obtain additional debt and / or equity financing; however, we cannot provide investors with assurance that we will be able to raise sufficient capital to fund our operations.

Critical Accounting Estimates

Our condensed consolidated financial statements and the accompanying notes have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect reported amounts of assets, liabilities, and expenses. We continually evaluate the accounting policies and estimates used to prepare the condensed consolidated financial statements. The estimates are based on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations and financial position are discussed in our Annual Report on Form 10-K for the year ended December 31, 2016 in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 6. Exhibits

31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

32.1 Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

12

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 thereunto duly authorized.

Cool Technologies, Inc.

Dated: November 30, 2017

By: */s/ Timothy Hassett*
Timothy Hassett
Chief Executive Officer

(Principal Executive Officer)

Dated: November 30, 2017

By: */s/ Quentin Ponder*
Quentin Ponder
Chief Financial Officer

(Principal Financial and Accounting
Officer)