COOL TECHNOLOGIES, INC.
Form 10-Q
May 21, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

¨ 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)

Nevada	**75-3076597**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8875 Hidden River Parkway, Suite 300	
Tampa, FL	**33637**
(Address of principal executive offices)	(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	¨	Accelerated filer	¨
Non-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 May 15, 2018, there were 193,412,240 shares of common stock, $0.001 par value, issued and outstanding.

COOL TECHNOLOGIES, INC.

Table of Contents

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek, “might,” “will,” “expect,” “anticipate,” “predict,” “project,” “forecast,” “potential,” “continue” negatives thereof or similar exp Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Quarterly Report on Form 10-Q and include information concerning possible or assumed future results of our operations, including statements about potential sales and revenues; acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the Quarterly Report on Form 10-Q. All subsequent written and oral forward-looking statements concerning other matters addressed in this Quarterly Report on Form 10-Q and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Quarterly Report on Form 10-Q.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

3

Table of Contents

PART I. Financial Information

Item 1. ***Condensed Consolidated Financial Statements***

Cool Technologies, Inc. and subsidiary

Condensed Consolidated Balance Sheets

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 136,146	$ 173,343
Prepaid expenses and other assets	32,000	10,000
Total current assets	168,146	183,343
Intangibles	183,804	183,488
Equipment, net	39,244	45,728
Total assets	$ 391,194	$ 412,559
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 1,333,681	$ 1,222,775
Accrued liabilities – related party	811,531	991,714
Customer deposits – related party	400,000	400,000
Accrued payroll taxes	56,917	56,917
Debt, current portion	1,078,816	659,312
Derivative liability	5,973	7,504
Total current liabilities	3,686,918	3,338,222
Debt, long-term portion, net of debt discount	12,913	97,009
Total liabilities	3,699,831	3,435,231
Commitments and contingencies (Note 5)	--	--
Stockholders' equity (deficit):		
Preferred stock Series A, $.001 par value; 15,000,000 shares authorized; 33 and 33 issued and outstanding at March 31, 2018 and December 31, 2017, respectively	2,727	2,727

Preferred stock Series B, $.001 par value; 15,000,000 shares authorized; 2,727,270 and 2,727,270 issued and outstanding at March 31, 2018 and December 31, 2017, respectively		
Common stock, $.001 par value; 350,000,000 shares authorized; 188,076,129 and 152,836,983 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	188,076	152,837
Preferred stock payable	--	--
Common stock payable	123,670	
Additional paid-in capital	42,858,172	41,401,330
Common stock issuable	0	712,000
Common stock held in escrow	8,441	8,441
Accumulated deficit	(46,436,551)	(45,247,740)
Non controlling interest	(53,172)	(52,267)
Total stockholders' deficit	(3,308,637)	(3,022,672)
Total liabilities and stockholders' deficit	$ 391,194	$ 412,559

See accompanying notes to condensed consolidated financial statements.

4

Table of Contents

Cool Technologies, Inc. and subsidiary

Condensed Consolidated Statements of Operations

(Unaudited)

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenues	$ --	$ --
Cost of revenues	--	--
Gross profit	--	--
Operating expenses		
Payroll and related expenses	136,493	138,403
Consulting	106,882	120,418
Professional fees	145,041	48,706
Research and development	232,931	79,828
General and administrative	61,494	69,486
Total operating expenses	682,841	456,841
Operating loss	(682,841)	(456,841)
Other income (expense):		
Interest expense, net	(508,406)	(215,021)
Change in fair value of derivative liability	1,531	(1,664,487)
Net loss	(1,189,716)	(2,336,349)
Less: Noncontrolling interest in net loss	(905)	(3,403)
Net loss to shareholders	$ (1,188,811)	$ (2,332,946)
Net loss per common share:		
Basic and diluted	$ (0.01)	$ (0.02)
Weighted average common shares outstanding:		
Basic and diluted	163,346,083	112,944,212

See accompanying notes to condensed consolidated financial statements

Table of Contents

Cool Technologies, Inc. and subsidiary

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Three months ended March 31, 2018	Three months ended March 31, 2017
Operating Activities:		
Net loss	$ (1,189,716)	$ (2,336,349)
Adjustments to reconcile net loss to net cash used in operating activities:		
Warrants issued for services	25,882	4,314
Non-cash interest expense	--	43,172
Change in fair value of derivative liability	(1,531)	1,664,487
Amortization of debt discount	503,295	160,822
Depreciation expense	6,484	6,484
Changes in operating assets and liabilities:		
Prepaid assets	(22,000)	--
Accounts payable	110,906	74,537
Accrued liabilities – related party	(50,183)	64,098
Net cash used in operating activities	(616,863)	(318,435)
Investing Activities:		
Intangible assets	(316)	(7,488)
Net cash used in investing activities	(316)	(7,488)
Financing Activities:		
Proceeds from sale of common stock	45,010	--
Proceeds from debt	550,000	274,985
Payments on debt	(15,028)	(7,926)
Net cash provided by financing activities	579,982	267,059
Net (decrease) increase in cash	(37,197)	(58,864)
Cash, beginning of period	173,343	62,291
Cash, end of period	$ 136,146	$ 3,427
Cash paid for:		
Interest	$ 6,425	$ 7,481
Income taxes	--	--
Non-cash investing and financing activities:		
Derivative liability offset by debt discount	$ --	$ 54,985
Reduction of common stock issuable by issuing Stock	600,000	--

Debt and interest settled for common stock	317,950	1,925
Stock issued with debt	145,669	58,500
Stock issued for accrued liabilities – related party	130,000	--
Reclassification of common share equivalents to additional paid-in capital	--	(6,364,224)
Reclassification of derivative liability due to conversion of debt	--	2,257

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Cool Technologies, Inc. and subsidiary

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 1 – Description of Business and Summary of Significant Accounting Policies

Description of Business

Cool Technologies, Inc. and subsidiary, (we, us, our, the "Company" or "Cool Technologies") was incorporated in the State of Nevada in July 2002. In April 2014, we formed Ultimate Power Truck, LLC ("Ultimate Power Truck" or "UPT"), of which we own 95% and a shareholder of Cool Technologies owns 5%. We were formerly known as Bibb Corporation, as Z3 Enterprises, and as HPEV Inc. On August 20, 2015, we changed our name to Cool Technologies, Inc.

We have developed and intend to commercialize heat dispersion technologies in various product platforms, and have developed and are commercializing a parallel power gearing system around which we have designed a mobile power generation system that retrofits onto Class 3 to 7 work trucks. In preparation, we have applied for trademarks for one of our technologies and its acronym. We currently own one trademark: TEHPC. We believe that our proprietary technologies, including our patent portfolio and trade secrets, can help increase the efficiency and positively affect manufacturing cost structure in several large industries beginning with motors/generators and fleet vehicles. The markets for products utilizing our technology include consumer, industrial and military markets, both in the U.S. and worldwide.

Our technologies are divided into two distinct but complementary categories: a) mobile power generation and b) heat dispersion technology. As of March 31, 2018, we have seven US patents, one granted Mexican patent, four pending applications (2 in Canada, 1 in Brazil, 1 US) and one US filed provisional application 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 vehicle power platform. We intend to commercialize our patents by licensing our thermal technologies and applications to electric motor, pump and vehicle component manufacturers; by licensing a plug-in hybrid conversion system for heavy duty trucks, buses and tractor trailers to fleet owners and service centers; and by licensing a mobile electric power system powered by our proprietary gearing system to commercial vehicle and fleet owners. On May 25, 2017, the company received its first order: 10 mobile power generation systems. On April 11, 2018, the company received its second order: 10 Ford F-350 trucks retrofitted with mobile power generation systems.

Basis of Presentation

The accompanying condensed consolidated balance sheet as of March 31, 2018, has been derived from unaudited financial statements. They include the accounts of Cool Technologies, Inc. and Ultimate Power Truck, LLC. Intercompany accounts and transactions have been eliminated. The accompanying unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual audited financial statements and in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. In the opinion of management, such unaudited information includes all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of this interim information. All intercompany transactions have been eliminated in consolidation. Noncontrolling interest represents the 5% third party ownership of our subsidiary, UPT. There are no restrictions on the transfer of funds or net assets from UPT to Cool Technologies. Operating results and cash flows for interim periods are not necessarily indicative of results that can be expected for the entire year. The information included in this report should be read in conjunction with our audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming we will continue as a going concern. We have incurred net losses of $46,436,551 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 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. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

Table of Contents

Recently Adopted Accounting Guidance

In May 2014, the FASB issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The standard's core principle (issued as ASU 2014-09 by the FASB), is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU 2014-09 by one year, and would allow entities the option to early adopt the new revenue standard as of the original effective date. This ASU is effective for public reporting companies for interim and annual periods beginning after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The adoption of ASU 2014-15 did not materially impact our consolidated financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." ASU 2014-15 provides guidance on management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company has elected to adopt the methodologies prescribed by ASU 2014-15. The adoption of ASU 2014-15 had no material effect on its financial position or results of operations.

In March 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the amendments is permitted for financial statements that have not been previously issued. The amendments should be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. Upon transition, an entity is required to comply with the applicable disclosures for a change in an accounting principle. These disclosures include the nature of and reason for the change in accounting principle, the transition method, a description of the prior-period information that has been retrospectively adjusted, and the effect of the change on the financial statement line items (i.e., debt issuance cost asset and the debt liability). The Company adopted ASU 2015-03 during the year ended December 31, 2016. The adoption of ASU 2015-03 had no material effect on its financial position or results of operations or cash flows.

In April 2016, the FASB issued ASU No. 2016-09, “Compensation – Stock Compensation” (topic 718). The FASB issued this update to improve the accounting for employee share-based payments and affect all organizations that issue share-based payment awards to their employees. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The updated guidance is effective for annual periods beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption of the update is permitted. The adoption of ASU 2016-09 had no material effect on its financial position or results of operations or cash flows.

In April 2016, the FASB issued ASU No. 2016-10, “*Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*” (topic 606). In March 2016, the FASB issued ASU No. 2016-08, “*Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)”* (topic 606). These amendments provide additional clarification and implementation guidance on the previously issued ASU 2014-09, “Revenue from Contracts with Customers”. The amendments in ASU 2016-10 provide clarifying guidance on materiality of performance obligations; evaluating distinct performance obligations; treatment of shipping and handling costs; and determining whether an entity’s promise to grant a license provides a customer with either a right to use an entity’s intellectual property or a right to access an entity’s intellectual property. The amendments in ASU 2016-08 clarify how an entity should identify the specified good or service for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. The adoption of ASU 2016-10 and ASU 2016-08 is to coincide with an entity’s adoption of ASU 2014-09, which we have adopted for interim and annual reporting periods beginning after December 15, 2017. The adoption of ASU 2016-10 and 2016-8 did not materially impact our consolidated financial position, results of operations or cash flows.

Table of Contents

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments"* ("ASU 2016-15"). ASU 2016-15 will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case it would be required to apply the amendments prospectively as of the earliest date practicable. The adoption of ASU 2016-15 did not materially impact our consolidated financial position, results of operations or cash flows.

In November 2016, the FASB issued ASU 2016-18, *"Statement of Cash Flows (Topic 230)"*, requiring that the statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This guidance is effective for fiscal years, and interim reporting periods therein, beginning after December 15, 2017 with early adoption permitted. The provisions of this guidance are to be applied using a retrospective approach which requires application of the guidance for all periods presented. The adoption of ASU 2016-18 did not materially impact our consolidated financial position, results of operations or cash flows.

Recent Accounting Guidance Not Yet Adopted

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying condensed consolidated financial statements.

Note 2 – Customer deposits – Related party

These represent advance payments of $400,000 received on orders that have not yet been fulfilled, with companies controlled by the individual who is the 5% owner of UPT and a shareholder of Cool Technologies.

Note 3 – Debt

Debt consists of the following:

	March 31,	December 31,

	2018	2017
Convertible notes payable	$ 1,101,003	$ 795,803
Test vehicle financing	37,416	42,444
Note payable – related party	7,490	7,490
Note payable – UPT minority owner	240,000	250,000
	1,385,909	1,095,737
Debt discount	(294,180)	(339,416)
	1,091,729	756,321
Less: current portion	(1,078,816)	(659,312)
Long-term portion	$ 12,913	$ 97,009

Convertible notes payable

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.

On April 18, 2017, KHIC was issued 1,132,000 shares of common stock after converting $28,300 in debt at $0.025 per share.

On May 30, 2017, the Company signed an amendment to the securities purchase agreement originally signed with KHIC on August 24, 2016. In exchange for $100,000, KHIC extended the KHIC's 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 until June 7, 2017. The right was originally due to expire on May 31, 2017. On June 7, 2017, KHIC exercised the right and was issued the requisite shares and warrants.

On April 8, 2018, KHIC was issued 2,025,000 shares of common stock after converting $50,625 in debt at $0.025 per share.

February Convertible Note – On February 13, 2017, the Company entered into a convertible note agreement with Black Mountain Equities, Inc. We 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 13, 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.

Lucas Hoppel purchased the Note from Black Mountain Equities, Inc. on November 1, 2017. The Note had a current outstanding balance of $141,625, consisting of $110,000 of principal, $3,300 of accrued and unpaid interest and $28,325 of additional charges.

An amendment was signed on November 1, 2017 which extended the maturity date of the note to December 31, 2017. In exchange the conversion price was reduced to $0.05 per share. On December 29, 2017, the note was amended again and the maturity date was extended to February 16, 2018. In exchange, the conversion price was reduced to $0.04 per share. Another amendment on February 19, 2018 extended the maturity date to March 31, 2018. In exchange, the conversion price was reduced from $0.04 to $0.025 per share.

From November 8, 2017 to February 21, 2018, the company issued 3,000,000 shares on conversion of $102,5000 in debt. On March 5, 2018, we issued 1,565,000 shares on conversion of $39,125 and the note was retired.

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.

On February 19th, 2018, the convertible note agreement was amended and the maturity date was extended until April 30, 2018. In exchange, the holder's debt conversion share price was reduced from $0.05 to $0.025 per share.

Subsequent to the signing of the amendment, from March 23 to April 19, 2018, a total of $82,500 were converted into 3,500,000 shares of common stock.

January Convertible Note – On January 26, 2018, the Company entered into a convertible note agreement. We issued 800,000 inducement shares of restricted common stock and received $200,000, with an original issue discount of $20,000 in lieu of interest, for a total amount of $220,000 due on August 26, 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 $0.05 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.

Table of Contents

On September 30, 2016, the Company issued Gemini Master Fund, Ltd., a 5% stockholder, a secured promissory note in the original principal amount of $180,000. The note accrues interest at 5% (18% in the event of an event of default) and matures on June 30, 2017. On November 10, 2016, we issued 800,000 shares of our common stock as partial consideration for the note to Gemini Master Fund, Ltd.

September 2016 Promissory Notes – On September 30, 2016, the Company issued Gemini Master Fund, Ltd., a 5% stockholder, a secured promissory note in the original principal amount of $180,000. The note accrues interest at 5% (18% in the event of an event of default) and matures on June 30, 2017. In connection with the issuance of the note, Gemini Master Fund was issued 200,000 shares of common stock on November 10, 2016.

On June 30, 2017, the promissory note holder signed an extension agreement that extended the maturity date of the promissory notes to September 30, 2017 and then again until November 30, 2017. The terms and conditions remained the same.

On November 13, 2017, Lucas Hoppel purchased the note for $226,325 which included accrued and unpaid interest as well as additional charges.

On November 20, 2017, Lucas Hoppel signed an amendment to the note which extended the maturity date to December 31, 2017. In addition, the note was changed from promissory to convertible with a a conversion price of $0.05 per share. On December 29, 2017 the note was amended and the maturity date was extended to February 16, 2017. In exchange the conversion price was reduced to $0.04.

On February 19, 2018, the Company signed an amendment to a convertible note for $226,325 originally issued on September 3, 2017. The amendment extended the maturity dated extended to March 31, 2018. In exchange, the conversion price was reduced from $0.04 to $0.025.

From December 7, 2017 to February 20, 2018, a total of $185,000 were converted into 4,750,000 shares of common stock. On March 5, 2018, the buyer converted $41,325 into 1,653,000 shares of common stock and the $226,325 note was retired.

February Convertible Note – On February 19, 2018, the Company entered into a convertible note agreement. We issued 2,000,000 inducement shares of restricted common stock and received $350,000, with an original issue discount of $35,000 in lieu of interest, for a total amount of $385,000 due on September 19, 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 $0.05 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.

Test Vehicle Financing

In October 2014, the Company entered into financing agreements for the purchase of test vehicles, bearing interest at 5.99% payable monthly over five years, collateralized by the vehicles.

Note payable – related party

Incidental expenses of $7,490 paid by two officers over the past two years will be reimbursed as soon as funds are available.

Note payable – UPT minority owner

Held by the 5% minority owner of UPT. The terms of the note have not been finalized.

Table of Contents

Warrants Issued with Debt

When we issue notes payable, we may also be required to issue warrants.

	Number of Warrants	Weighted-average Exercise Price	Weighted-average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2017	14,421,379	0.02	1.5	$ 725,950
Granted	--	--		
Forfeited or expired	--	--		
Exercised	(13,603,662)	0.02		
Outstanding, March 31, 2018	817,717	0.15	1.3	$ 3,596
Exercisable, March 31, 2018	817,717	0.15	1.3	$ 3,596

Future contractual maturities of debt are as follows:

Year ending December 31,	
2018	1,078,816
2019	12,913
2020	--
	$ 1,091,729

Note 4 – Derivative Liability

Under the terms of the warrants issued with the September 2015 convertible note, we identified derivative instruments.

The following summarizes the Black-Scholes assumptions used to estimate the fair value of the derivative liability at the dates of issuance and the revaluation dates:

	Three Months Ended March 31, 2018
Volatility	119.4%
Risk-free interest rate	1.7–2.%
Expected life (years)	0.2–0.7
Dividend yield	--

Changes in the derivative liability were as follows:

	Three Months Ended March 31, 2018		
	Level 1	Level 2	Level 3
Convertible debt and other derivative liabilities at December 31, 2017	--	--	$ 7,504
Change in fair value	--	--	(1,531)
Convertible debt and other derivative liabilities at March 31, 2018	$ --	$ --	$ 5,973

Note 5 -- Commitments and Contingencies

On October 7, 2016, the Company received a complaint, Wang et al v. Cool Technologies, Inc. et al, filed on July 28, 2016 in the U.S. District Court for the Eastern District of New York (Brooklyn) Civil docket #1:16CV04101RRMPK alleging damages of $1,100,000 for inter alia breach of contract for failing to register shares sold to the Plaintiffs in February and March 2014. On March 30, 2017, the Company and Timothy Hassett, the Company’s Chief Executive Officer, requested leave of the court to move to dismiss the matter, on both Substantive and Jurisdictional grounds. On April 13, 2017, the Honorable Roslynn R. Mauskopf granted leave to renew our March 30, 2017 request for a pre-motion conference after the initial conference before Magistrate Judge Kuo. At the initial conference, Corporate counsel informed the court that the Company, in fact, filed a registration statement for said shares in July 2014 and the Warrants were in the possession of Plaintiff Gary Zse Kong J.D. and located on his computer and printed at his office in the Law Offices of Gary Park. Magistrate Judge Peggy Kuo directed plaintiff to file an amended complaint and directed plaintiff Gary Sze Kong to preserve all computer and other records which may still be at the Law Offices of Gary Park. Defendants were also granted leave to subpoena such records if they are no longer under the control of Plaintiff Kong. On June 30th Plaintiff filed an “attorney verified” amended complaint inter alia admitting that the company registered the shares. On August 7, 2017, Corporate Counsel requested leave for a pre-motion conference to move to dismiss the matter. On October 10, 2017, the Honorable Magistrate Judge Roslynn R. Mauskopf issued an order that by October 17, 2017, plaintiffs shall file a letter with the Court setting forth the legal and factual bases on which they intend to oppose the defendants' proposed motion to dismiss. As of October 17, 2017, the Plaintiff has not complied with the Court’s order.

From time to time, the Company may be a party to other legal proceedings. Management currently believes that the ultimate resolution of these other matters, if any, and after consideration of amounts accrued, will not have a material adverse effect on our consolidated results of operations, financial position, or cash flow.

Table of Contents

Note 6 – Equity

Preferred Stock

The Company has 15,000,000 preferred shares authorized and 33 Series A and 2,727,270 Series B preferred shares issued and outstanding as of March 31, 2018.

On August 12, 2016, the Company entered into a Securities Purchase Agreement with four accredited investors pursuant to which it sold 3,636,360 shares of the Company's Series B Convertible Preferred Stock. Each share of the preferred stock is convertible into one share of company's common stock. The conversion price of the preferred stock is equal to the $0.055.

In addition to the preferred stock, the Securities Purchase Agreement included warrants to purchase (i) 3,636,360 shares of the Company's common stock at an exercise price of $0.07 per share. The aggregate purchase price of the preferred stock and warrants was $200,000, of which $150,000 was paid in cash and $50,000 was paid in services.

In connection with the sale of the Preferred Stock, on October 20, 2016, the Company filed with the Secretary of the State of Nevada, an amended Certificate of Designations of the Rights, Preferences, Privileges and Restrictions, which have not been set forth in the Certificate of Designation of the Series B Convertible Preferred Stock nor the first Amendment to Certificate of Designation filed on August 12, 2016.

The preferred stock has the same rights as if each share of Series B Convertible Preferred Stock were converted into one share of common stock. For so long as the Series B Convertible Preferred Stock is issued and outstanding, the holders of such Series B Convertible Preferred Stock vote together as a single class with the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock, with the holders of Series B Stock being entitled to 66 2/3% of the total votes on all such matters.

In the event of the death of a holder of the Class B Preferred Stock, or a liquidation, winding up or bankruptcy of a holder which is an entity, all voting rights of the Class B Preferred Stock shall cease.

The holder of any shares of Class B Preferred Stock have the right to convert their shares into common stock at any time, in a conversion ratio of one share of common stock for each share of Class B Preferred. If the Corporation's common stock trades or is quoted at a price per share in excess of $2.25 for any twenty consecutive day trading period, the Class B Preferred Stock will automatically be convertible into the common stock of the Corporation in a conversion ratio of one share of Common Stock for each share of Class B Preferred.

The holders of Class B Preferred Stock are not entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Corporation.

The warrants cannot be exercised on a cashless basis.

On October 31 and November 1, 2016, three of the accredited investors provided $51,000 to the company. Pursuant to signed approval from the investors, on July 25, 2017, we issued 309,090 shares of common stock to each of the investors.

On May 8, 2017, Inverom Corporation converted its 909,090 Series B preferred shares into 909,090 shares of common stock. The represented all of the shares of Series B stock held by Inverom Corporation.

Preferred stock issuable on the consolidated balance sheet represents preferred stock to be issued for either cash received or services performed. As of March 31, 2018 and 2017, the number of shares of preferred stock to be issued was 0.

Table of Contents

Spirit Bear, a related party, holds 30 shares of our Series A preferred stock and KHIC, Inc., a related party, holds the remaining 3 shares of our Series A preferred stock. Each share of Series A Preferred Stock ("Preferred Stock") is convertible into 50,000 shares of common stock. Each share of Preferred Stock has voting rights as if they were converted into 50,000 shares of common stock. The holders of each share of Preferred Stock then outstanding shall be entitled to be paid out of the Available Funds and Assets (as defined in the "Certificate of Designation"), and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on any shares of common stock, an amount per preferred share equal to the Preferred Stock Liquidation Price ($2,500 per share).

Common Stock

On August 19, 2015, the stockholders voted to increase the number of authorized shares of common stock from 100,000,000 shares to 140,000,000 shares. On February 10, 2017, the board of directors and the holders of Series B Preferred shares voted to amend the Articles of Incorporation and increase the number of authorized shares to 350,000,000. Amending the Articles of Incorporation requires an affirmative vote from the holders holding at least a majority of the voting rights of the outstanding common stock. As per an amended and restated Certificate of Designation filed with the state of Nevada on October 31, 2016, the holders of Series B Preferred shares are entitled to sixty-six and two-thirds percent (66 2/3%) of the total votes on all such matters that shareholders are allowed to vote on.

Common stock issuable on the condensed consolidated balance sheet represents common stock to be issued for either cash received or services performed. As of March 31, 2018 and December 31, 2017, the number of shares of common stock to be issued was 1,144,697 and 9,320,635 shares, respectively.

Common stock warrants issued with the sale of our common stock

When we sell shares of our common stock the buyer also typically receives fully-vested common stock warrants with a maximum contractual term of 3-5 years. A summary of common stock warrants issued with the sale of our common stock as of March 31, 2018, and changes during the period then ended is presented below:

	Number of Warrants	Weighted-average Exercise Price	Weighted-average Remaining Life (Years)	Aggregate Intrinsic Value

Outstanding, December 31, 2017	47,437,548	$	0.19			
Granted	4,044,445		0.06			
Forfeited or cancelled	(75,454)		0.63			
Outstanding, March 31, 2018	51,406,579		0.18	2.0	$	142,889
Exercisable, March 31, 2018	51,406,579		0.18	2.0	$	142,889

Included in the warrants granted and cancelled above are 3,729,164 warrants for which the life was extended by one year, for which the Company recorded expense of $660,000.

Table of Contents

Note 7 – Share-based payments

Amounts recognized as expense in the consolidated statements of operations related to share-based payments are as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Nonemployee warrants – fully-vested upon issuance	$ 25,882	$ --
Nonemployee warrants – service and performance conditions	--	4,314
Total share-based expense charged against income	$ 25,882	$ 4,314
Impact on net loss per common share:		
Basic and diluted	$ (0.00)	$ (0.00)

Nonemployee common stock

Investor relations agreement

In January, 2016, we entered into a 2 month agreement with a company, which subsequently became a shareholder, to provide corporate consulting, communications and market outreach services. Under the terms of this agreement we agreed to pay $25,000 in fees and agreed to issue a total of 300,000 warrants with an exercise price of $0.18 per share through February 2016.

In March 2016, we renewed the agreement for a period ending December 31, 2016. Under the terms of this renewal, we agreed to pay a total of $102,000 in fees and agreed to issue a total of 425,000 shares of restricted common stock per and 575,000 warrants with an exercise price of $0.40 per share. We recognized expense of $70,151 during the year ended December 31, 2016. The agreement was not renewed for a second time.

Other

During the quarters ended March 31, 2018 and 2017, the Company issued no other shares of common stock in exchange for services. A consulting expense of $80,000 accrued in accordance with our contract with Summit Management Consulting, Inc. for the services of our CFO, Quentin Ponder, was exchanged for 1,600,000 shares of common stock.

Nonemployee common stock warrants -- Fully-vested upon issuance

We may issue fully-vested common stock warrants with a maximum contractual term of 5 years to non-employees in return for services or to satisfy liabilities, such as accrued interest. The following summarizes the activity for common stock warrants that were fully-vested upon issuance:

	Number of Warrants	Weighted-average Exercise Price	Weighted-average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2017	12,945,836	0.29		
Granted	500,000	0.05		
Forfeited or expired	--	--		
Outstanding, March 31, 2018	13,445,836	0.27	2.1	$ 168,500
Exercisable, March 31, 2018	13,445,836	0.27	2.1	$ 168,500

The following summarizes the Black-Scholes assumptions used to estimate the fair value of fully-vested common stock warrants:

	3 Months Ended March 31, 2018
Volatility	143.4%
Risk-free interest rate	2.6%
Expected life (years)	5.0
Dividend yield	--

Nonemployee common stock warrants -- Service and performance conditions

The Company granted no additional fully-vested options during the three months ended March 31, 2018.

Employee stock options – Fully-vested

The Company granted no additional fully-vested options during the three months ended March 31, 2018.

Table of Contents

Note 8 – Net Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the reporting period. Diluted net loss per share is computed similarly to basic loss per share, except that it includes the potential dilution that could occur if dilutive securities are exercised.

The following table presents a reconciliation of the denominators used in the computation of net loss per share – basic and diluted:

	Three months ended March 31,	
	2018	**2017**
Net loss available for shareholders	$ (1,188,811)	$ (2,332,946)
Weighted average outstanding shares of common stock	163,346,083	112,944,212
Dilutive effect of stock options and warrants	--	--
Common stock and equivalents	163,346,083	112,944,212
Net loss per share – Basic and diluted	$ (0.01)	$ (0.02)

Outstanding stock options and common stock warrants are considered anti-dilutive because we are in a net loss position.

	March 31	
	2018	**2017**
Stock options	4,000,000	4,000,000
Common stock warrants	66,210,132	55,547,086
Common stock issuable	1,144,697	971,364
Convertible notes	33,080,280	23,054,067
Convertible preferred stock	4,377,270	8,186,090
Convertible preferred stock issuable	--	927,270
Total	108,812,379	92,685,877
Total exercisable at March 31	107,667,682	90,787,243

Note 9 – Subsequent Events

On March 28, 2018, we sold a total of 1,111,111 shares of common stock and a five-year warrant to purchase 1,111,111 shares of our common stock at an exercise price of $0.10 per share to an accredited investor in a private offering. We received $50,000 as consideration for the sale of such securities. The funds were received on April 2, 2018 and the shares were issued on the same day.

On April 4, 2018, we sold a total of 200,000 shares of common stock and a three-year warrant to purchase 100,000 shares of our common stock at an exercise price of $0.05 per share to an accredited investor in a private offering. We received $10,000 as consideration for the sale of such securities.

On April 9, 2018, we received a purchase order from Jatropha Inc for 10 Ford F-350's with 80 kVA mobile generation (MG) systems installed. The order is the first part of the purchase commitment for 234 units that Jatropha has with the Company. The total value of the order is in excess of $1 million.

On April 10, 2018, we issued 2,025,000 shares of our common stock upon partial conversion of $50,625 on convertible debt of $374,872 by KHIC, LLC.

On April 19, 2018, a total of $50,000 were converted into 2,000,000 shares of common stock on convertible debt of $165,000 by Lucas Hoppel.

On April 26, 2018, the Company entered into a convertible note agreement. We received $128,000 with an original issue discount of $12,800 in lieu of interest, for a total amount of $140,800 due on July 25, 2019. After 180 days, 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 a 29% discount to the average of the three lowest Volume Weighted Average Prices (VWAP) during the 10 trading days preceding the conversion date. 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.

16

Table of Contents

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. 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 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 March 31, 2018, 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 (PPIG) 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.

17

Table of Contents

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 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. In November 2017, we received a purchase commitment for 234 MG systems from the National Union of Producers of Jatropha in Mexico (Jatropha). That was followed by a purchase commitment for 24 to 50 MG units from the National Union of Producers in Mexico for the state of Veracruz in December 2017. On April 9, 2018, Jatropha executed a purchase order with the Company for 10 Ford F-350s with MG80 kVA systems installed.

Management, along with key directors and members of the Board of Advisors utilized 2017 to establish production centers, sign supplier agreements, interview prospective customers and generate 269 sales commitments which confirmed revenues for the Company. They also increased electrical output for the MG, added new technical capabilities, finalized data packs, models and schematics to enable third party up-fitting, and defined the steps of the purchase cycle which will based upon the Six Sigma innovation sales process. With the completion of the development of the MG80 system in the first quarter of 2018, our focus is now on completing the MG125.

A software upgrade intended to enhance the MG’s flexibility by allowing quick adaption to different vehicle platforms and Human Machine Interfaces as well as enabling future Bluetooth and Wi-Fi applications was completed in 2017. The enhancements should increase the MG’s appeal to the OEMs, government agencies and corporate conglomerates the company has been in contact with.

In 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 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. A May 2018 demonstration of an MG80 system in Fort Collins, Colorado before Mexican representatives from a variety of government and industry sectors has generated interest for several applications in the country including water purification and deep well pumping.

The Company is working to turn the interest into orders by acquiring and retrofitting Class 3 to 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.

In addition, the system's packaging has been simplified to speed and ease the conversion process. 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. Enabling conversions to occur in Mexico is also a possibility that's being considered.

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. Equally, we can not assure that we will be able to complete development of a 125 kVA system. We generally incur expenses to commercialize our products, which include costs for research and development, professional fees and general operations.

Table of Contents

Recent Developments

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.

On May 8, 2017, Inverom Corporation converted its 909,090 Series B preferred shares into 909,090 shares of common stock. The represented all of the shares of Series B stock held by Inverom Corporation. As a result, there are 2,727,270 shares outstanding.

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.

Table of Contents

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 acceptance by Craftsmen’s customer. As Craftsmen specializes in custom vehicles, each customer order is a stand-alone, dependent on an individual application that is vehicle specific. As of May 15, 2018, no orders have been placed yet.

Furthermore, Craftsmen has been chosen to produce the MG systems for the company’s initial orders from Jatropha and Veracruz (See below).

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.

Table of Contents

National Union of Jatropha Producers

In November 2017, the Company received a purchase commitment for 234 MG systems from the National Union of Producers of Jatropha in Mexico (Jatropha).

Jatropha has established a center for processing oil from Jatropha seeds for biofuel production. Through their union of producers, Jatropha plans to introduce the MG and promote the product to their supplier network.

The purchase commitment stipulates that CoolTech will furnish Jatropha with an MG80 retro-fitted onto a Ford F-350 truck within 60 business days. To ensure the system is optimized to meet Jatropha's needs, CoolTech set the terms of the agreement to allow both teams to gather data and provide performance feedback another 30 to 60 days. Upon completion of this period, Jatropha will release the balance of the order for 233 units and production should start no later than the second quarter of 2018. Payment terms require 50% down and 50% at time of shipment, FOB (Freight on Board) from Cool Technologies' dock.

On February 6th, the 60th business day after the initial agreement, Jatropha signed an agreement to amend their previous purchase agreement. It eliminates the 60 business day deadline for the truck to be shipped to Mexico. Under the new agreement, representatives from Jatropha will come to Colorado for an inspection and live performance demonstration. If approved, the generator-equipped trucks will go into production as specified in the original purchase agreement.

On April 9, 2018, Jatropha executed a purchase order with the Company for 10 Ford F-350s with MG80 kVA systems installed. The value of the initial order is in excess of one million dollars. The next step in the process is receipt of the down payment.

It's too early to tell whether the NAFTA renegotiations will impact the company or the production and delivery of its products to Jatropha. In April 2017, Donald Trump threaten to exit NAFTA if it wasn't renegotiated. Since then seven rounds of negotiations have occurred. Major sections such as rules of origin on vehicles and major market access rules have yet to be decided. More negotiations are scheduled, but upcoming elections in both Mexico and the US could change the political calculus and slow the process as a new administration (Mexico) and a new Congress (US) are sworn in.

National Union of Producers in Mexico for the state of Veracruz

In December 2017, the Company received a purchase commitment for 24 to 50 MG units from the National Union of Producers in Mexico for the state of Veracruz. Depending on the respective numbers of MG55 and MG80 kVA systems ordered, the company expects the value of the commitment to range between $1,200,000 and $3,900,000.

The union represents farmers who grow labor and energy intensive crops such as sugar cane, tobacco, bananas, coffee, rice and vanilla. It expects that the MG systems will increase yields, exports and incomes for its members and their communities.

According to the contract, the company will deliver an MG 80 retro-fitted onto a Ford F-350 truck within 60 business days. Then, to ensure the system fully addresses the application requirements, CoolTech, as a best practice of Six Sigma quality, will gather data and performance feedback. When CoolTech is satisfied that optimal performance has been achieved, the union will release the balance of the order and production begins.

On February 23rd, Veracruz signed an agreement to amend their previous purchase agreement. It eliminates the 60 business day deadline for the truck to be shipped to Mexico. Under the new agreement, representatives from Veracruz will come to Colorado for an inspection and live performance demonstration. If approved, the generator-equipped trucks will go into production as specified in the original purchase agreement. The details and timing of the release of a purchase order are

currently being worked out.

Payment terms require 50% down and 50% at time of shipment, each payable with a bank letter of credit. Product delivery will be considered FOB (Freight on Board) from Cool Technologies' shipping dock. As to whether the NAFTA renegotiations will impact the Veracruz agreement, see the National Union of Jatropha Producers section above.

Table of Contents

Panasonic System Communications Company of North America.

In January 2018, the Company announced that its Mobile Generation systems will incorporate Panasonic Toughpad tablets to run CoolTech's software.

The association between the two companies dates back to April 2017 when Cool Technologies demonstrated its Mobile Generation (MG) system at Craftsman Industries in St. Louis. In attendance was the Executive Director-Product Planning Strategy and Innovation, Silicon Valley Center for Panasonic Corporation of North America. He received a demonstration of the MG technology as well as an overview of CoolTech's thermal dispersion technologies. That led to several conversations and meetings regarding the ways in which the two companies could pursue joint initiatives and opportunities.

The first initiative resulted in the resulted in CoolTech's use of the Panasonic Toughpad tablet to provide a rugged touchscreen interface for field technicians to control and calibrate the Mobile Generation systems. The Toughpad will be deployed in the trucks' cabs and will enable remote control of the vehicle within a 300 foot radius.

Aon Risk Services Central, Inc and Lee and Hayes, PLLC

In January 18, 2018, the company signed an agreement with Aon Risk Services Central, Inc. and Lee and Hayes, PLLC, through its operating unit, 601West, which provides intellectual property (IP) analytics, to assess the value of CoolTech's Intellectual Property (IP). As set forth in the agreement, the assessment will be founded on historically demonstrated or contractually committed profit-earning capacities of our IP and may be used to obtain financing, including but not limited to, non-dilutive financing

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 March 31,

	2018	2017	Change	%
Revenues	$ --	$ --	N/A	N/A
Operating expenses				
Payroll and related expenses	136,493	138,403	(1,910)	-1.4%
Consulting	106,882	120,418	(13,536)	-11.2%
Professional fees	145,041	48,706	96,335	197.8%
Research and development	232,931	79,828	153,103	191.8%
General and administrative	61,494	69,486	(7,992)	-11.5%
Total operating expenses	682,841	456,841	226,000	49.5%
Interest expense, net	(508,406)	(215,021)	(293,385)	136.4%
Change in fair value of derivative liability	1,531	(1,664,487)	1,666,018	-100.1%
Net loss	1,189,716	(2,336,349)	1,146,633	-49.1%
Less: Noncontrolling interest	(905)	(3,403)	2,498	-73.4%
Net loss to shareholders	$ (1,188,811)	$ (2,332,946)	$ 1,144,135	-49.0%

Revenues

During the three months ended March 31, 2018, we have not generated any revenues.

Table of Contents

Operating Expenses

Payroll and related expenses decreased slightly during the three months ended March 31, 2018 compared to the three months ended March 31, 2017.

Consulting expense decreased during the three months ended March 31 from $120,418 in 2017 to $106,882 in 2018 primarily due to the expiration of the contract in July 2017 with PGC Investments, LLC which provided the services of Dennis Campbell to manage and develop the company's UPT subsidiary.

Professional fees increased during the three months ended March 31 from $48,706 in 2017 to $145,041 in 2018 due to (a) the preparation of a Registration Statement on Form S-1 and (b) the overlapping fees from two accounting firms as one was terminated and the other was hired.

Research and development expenses increased during the three months ended March 31 from $79,828 in 2017 to $232,931 in 2018 due to the hiring of two new engineering firms.

General and administrative expense decreased during the three months ended March 31 from $69,486 in 2017 to $61,494 in 2018 due to less spending on travel.

Other Income and Expense

Interest expense increased during the three months ended March 31, 2018 compared to the three months ended March 31, 2017 due to accelerated debt discount amortization upon the conversion of convertible notes.

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 March 31, 2018, we had cash of $136,146.

Working capital is the amount by which current assets exceed current liabilities. We had negative working capital of $3,518,772 and $3,154,879, respectively, at March 31, 2018 and December 31, 2017. The decrease in working capital was due to an increase in 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 $400,0000, 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.

Table of Contents

September 2016 Promissory Notes – On September 30, 2016, we sold a promissory note in the principal amount of $180,000. The note bears the 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 November 10, 2016, we issued 800,000 shares of our common stock as partial consideration for the note to Gemini Master Fund, Ltd.

On June 30, 2017, the promissory note holder signed an extension agreement that extended the maturity date of the promissory notes to September 30, 2017 and then again until November 30, 2017. The terms and conditions remain the same.

On November 13, 2017, Lucas Hoppel purchased the note for $226,325 which included accrued and unpaid interest as well as additional charges.

On November 20, 2017, Lucas Hoppel signed an amendment to the note which extended the maturity date to December 31, 2017. In addition, the note was changed from promissory to convertible with a a conversion price of $0.05 per share. On December 29, 2017 the note was amended and the maturity date was extended to February 16, 2017. In exchange the conversion price was reduced to $0.04.

On February 19, 2018, the Company signed an amendment to a convertible note for $226,325 originally issued on September 3, 2017. The amendment extended the maturity dated extended to March 31, 2018. In exchange, the conversion price was reduced from $0.04 to $0.025.

From December 7, 2017 to February 20, 2018, a total of $185,000 were converted into 4,750,000 shares of common stock. On March 5, 2018, the buyer converted $41,325 into 1,653,000 shares of common stock and the $226,325 note was retired.

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.

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.

On February 19, 2018, the Company signed an amendment to a convertible note for $165,000. The amendment extended the maturity dated extended to April 30, 2018. In exchange, the conversion price was reduced from $0.05 to $0.025.

Subsequent to the signing of the amendment, on March 23, 2018, $37,500 was converted into 1,500,000 shares of common stock. On April 18, 2018, $50,000 was converted into 2,000,000 shares of common stock.

Table of Contents

January Convertible Note – On January 26, 2018, the Company entered into a convertible note agreement. We issued 800,000 inducement shares of restricted common stock and received $200,000, with an original issue discount of $20,000 in lieu of interest, for a total amount of $220,000 due on August 26, 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 $0.05 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.

February Convertible Note – On February 19, 2018, the Company entered into a convertible note agreement. We issued 2,000,000 inducement shares of restricted common stock and received $350,000, with an original issue discount of $35,000 in lieu of interest, for a total amount of $385,000 due on September 19, 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 $0.05 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:

	Three months ended March 31,	
	2018	**2017**
Net cash used in operating activities	$ (616,863)	$ (318,435)
Net cash used in investing activities	(316)	(7,488)
Net cash provided by financing activities	579,982	267,059

Net cash used in operating activities increased as a result of higher spending on research and development. Our investing activity relates to the development of patents in both years. Cash provided by financing activities included sale of common stock for $45,010 during the first three months of 2018, and debt borrowings of $550,000 and $274,985, respectively, during 2018 and 2017.

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 $46,436,551 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, 2017 in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Table of Contents

Item 4. Controls and Procedures

Our management does not expect that our internal controls over financial reporting will prevent all errors and all fraud. Control systems, no matter how well conceived and managed, can provide only reasonable assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake.

Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, as of March 31, 2018, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, based on the material weaknesses discussed below, our disclosure controls and procedures were not effective as of such date to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act were recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Act Commission’s rules and forms and that our disclosure controls are not effectively designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our internal controls are not effective for the following reasons, (1) there are no entity level controls, because of the limited time and abilities of the Company’s five officers, (2) there is no separate audit committee, and (3) we have not implemented adequate system and manual controls. As a result, the Company’s internal controls have inherent weaknesses, which may increase the risks of errors in financial reporting under current operations and accordingly are not effective as evaluated against the criteria set forth in the Internal Control – Integrated Framework issued by the committee of Sponsoring Organizations of the Treadway Commission (1992 version). Based on our evaluation, our management concluded that our internal controls over financial reporting were not effective as of March 31, 2018.

Going forward, we intend to evaluate our processes and procedures and, where practicable, implement changes in order to have more effective controls over financial reporting.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the last quarterly period covered by this report that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

Table of Contents

Part II. Other Information

Item 1. ***Legal Proceedings***

U.S. District Court, Eastern District of New York

On October 7, 2016, the Company received a complaint, Wang et al v. Cool Technologies, Inc. et al, filed on July 28, 2016 in the U.S. District Court for the Eastern District of New York (Brooklyn) Civil docket #1:16-CV-04101-RRM-PK against the Company and Timothy Hassett, the Company's Chief Executive Office alleging damages of $1,100,000 for breach of contract for failing to register shares sold to the Plaintiffs in February and March 2014. On March 30, 2017, the Company and Timothy Hassett, the Company's Chief Executive Officer, requested leave of the court to move to dismiss the matter, on both substantive and jurisdictional grounds. On April 13, 2017, the Honorable Roslynn R. Mauskopf granted leave to renew the Company's March 30, 2017 request for a pre-motion conference after the initial conference before Magistrate Judge Kuo. At the initial conference, the court was informed the court that the Company, in fact, filed a registration statement for said shares in July 2014 and the warrants were in the possession of Plaintiff Gary Zse Kong J.D. and located on his computer and printed at his office in the Law Offices of Gary Park. Magistrate Judge Peggy Kuo directed plaintiff to file an amended complaint and directed plaintiff Gary Sze Kong to preserve all computer and other records which may still be at the Law Offices of Gary Park. Defendants were also granted leave to subpoena such records if they are no longer under the control of Plaintiff Kong. On June 30, 2017 the Plaintiff filed an "attorney verified" amended complaint inter alia admitting that the Company registered the shares. On August 7, 2017, leave for a pre-motion conference to move to dismiss the matter was requested.

On March 27, 2018, a Subpoena has been issued and served upon the Law Offices of Gary S. Park P.C. On April 3, 2018 counsel for Plaintiffs withdrew and were replaced by Mr. Sang Joon Sim, Esq. of Sim & Record, LLP.

Item 1A. ***Risk Factors***

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

The securities above were offered and sold pursuant to an exemption from the registration requirements under Section 4(a)(2) of the Securities Act since, among other things, the transactions did not involve a public offering.

On January 2, 2018, we issued 500,000 shares of our common stock upon the partial conversion of $25,000 on convertible debt of $226,325 by Lucas Hoppel.

On January 5, 2018, we issued 1,500,000 shares of our common stock upon the partial conversion of $60,000 on convertible debt of $226,325 by Lucas Hoppel.

On January 8, 2018, we issued 1,000,000 shares of our common stock upon partial conversion of $40,000 on convertible debt of $141,625 by Lucas Hoppel.

On February 20, 2018, we issued 1,500,000 shares of our common stock upon the partial conversion of $37,500 on convertible debt of $226,325 by Lucas Hoppel.

On February 21, 2018, we issued 1,500,000 shares of our common stock upon the partial conversion of $37,500 on convertible debt of $226,325 by Lucas Hoppel.

On March 2, 2018, we sold a total of 200,000 shares of common stock and a three-year warrant to purchase 100,000 shares of our common stock at an exercise price of $0.05 per share to an accredited investor in a private offering. We received $10,000 as consideration for the sale of such securities.

On March 5, 2018, we issued 1,653,000 shares of our common stock upon the final conversion of $41,325 on convertible debt of $226,325 by Lucas Hoppel.

On March 5, 2018, we issued 1,565,000 shares of our common stock upon final conversion of $39,125 on convertible debt of $141,625 by Lucas Hoppel.

On March 23, 2018, we issued 1,500,000 shares of our common stock upon partial conversion of $37,500 on convertible debt of $169,950 by Lucas Hoppel.

On March 29, 2018, we issued 9,603,662 shares of our common stock to Gemini Special Opportunities Fund as a result of the cashless exercise of a warrant to purchase 13,671,379 shares. Gemini has no more warrants outstanding.

Table of Contents

On April 2, 2018, we sold a total of 1,111,111 shares of common stock and a five-year warrant to purchase 1,111,111 shares of our common stock at an exercise price of $0.10 per share to an accredited investor in a private offering. We received $50,000 as consideration for the sale of such securities.

On April 5, 2018, we sold a total of 200,000 shares of common stock and a three-year warrant to purchase 100,000 shares of our common stock at an exercise price of $0.05 per share to an accredited investor in a private offering. We received $10,000 as consideration for the sale of such securities.

On April 10, 2018, KHIC LLC, we issued 2,025,000 shares of our common stock upon partial conversion of $50,625 on convertible debt of $374,882.84 by KHIC, LLC.

On April 19, 2018, we issued 2,000,000 shares of our common stock upon partial conversion of $50,000 on convertible debt of $169,950 by Lucas Hoppel.

None of the above issuances involved any underwriters, underwriting discounts or commissions, or any public offering and we believe we are exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof and/or Regulation D promulgated thereunder.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

None.

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.
101	Interactive data files pursuant to Rule 405 of Regulation S-T

Table of Contents

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: May 21, 2018	By: */s/ Timothy Hassett* Timothy Hassett Chief Executive Officer (Principal Executive Officer)
Dated: May 21, 2018	By: */s/ Quentin Ponder* Quentin Ponder Chief Financial Officer (Principal Financial and Accounting Officer)