

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **December 7, 2017**

INTERNATIONAL STEM CELL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

000-51891

(Commission File Number)

20-4494098

(IRS Employer Identification
Number)

5950 Priestly Drive, Carlsbad, California 92008

(Address of principal executive offices, including zip code)

(760) 940-6383

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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

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

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

Emerging growth company



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



Item 1.01 Entry into a Material Definitive Agreement.

On December 7, 2017, to obtain funding for working capital purposes and to satisfy the indebtedness incurred on September 1, 2017, International Stem Cell Corporation (the "Company") entered into a Note Conversion and Stock Purchase Agreement (the "Agreement") with Dr. Andrey Semechkin. Pursuant to the Agreement, the Company agreed to issue Dr. Semechkin a total of 1,860,810 shares of Common Stock at a conversion price and a purchase price of \$1.75 per share in return for (i) cancellation and surrender of the note issued to him by the Company on September 1, 2017 with a principal amount of \$2,700,000 and all accrued and unpaid interest on the note of \$56,418 and (ii) payment of an additional \$500,000 by Dr. Semechkin to the Company. Dr. Semechkin is the Company's Co-Chairman and Chief Executive Officer.

The foregoing summary of the Agreement is qualified in its entirety by reference to the full text of the Agreement filed as Exhibit 10.1 to this Current Report on Form 8-K.

Item 3.02 Unregistered Sales of Equity Securities.

The 1,860,810 shares of common stock issued pursuant to the Agreement, as described above, have not been registered under the Securities Act of 1933, as amended. The issuance and sale of those shares by the Company under the Agreement is exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The information contained above in Item 1.01 is hereby incorporated by reference into this Item 3.02.

As reported on the cover of the most recent Quarterly Report on Form 10-Q filed by the Company, there were 4,151,147 shares of common stock outstanding as of November 13, 2017. Since that date, the Company has issued a total of 20,000 shares of common stock to holders of its Series I-1 Convertible Preferred Stock upon conversion of a portion of their shares of Series I-1 Convertible Preferred Stock. The shares of common stock issued upon conversion of shares of Series I-1 Convertible Preferred Stock were issued in reliance upon the exemption from registration in Section 3(a)(9) of the Securities Act of 1933, as amended.

As a result of the issuance of shares under the Agreement and the conversion of a portion of the shares of Series I-1 Convertible Preferred Stock, there were 6,031,957 shares of common stock outstanding as of December 13, 2017.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

Exhibit Number	Description
10.1	<u>Note Conversion and Stock Purchase Agreement dated December 7, 2017</u>

Signature(s)

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

INTERNATIONAL STEM CELL CORPORATION

Date: December 13, 2017

By: /s/ Jennifer Stephens
Jennifer Stephens
Acting Chief Financial Officer

NOTE CONVERSION AND STOCK PURCHASE AGREEMENT

THIS NOTE CONVERSION AND STOCK PURCHASE AGREEMENT (~~Agreement~~) is made as of December 7, 2017, by and among International Stem Cell Corporation, a Delaware corporation (the "**Company**"), and Andrey Semechkin (the "**Holder**").

RECITALS

A. Holder is the Co-Chairman and Chief Executive Officer of the Company, and fully understands the present condition, opportunities and risks of the Company.

B. The Company previously issued a promissory note to the Holder on September 1, 2017 in the principal amount of \$2,700,000 (the "**Note**"). Through the date of this Agreement, the accrued and unpaid interest on the Note (together with all predecessor notes replaced by the Note) is \$56,418.

C. The Company and the Holder have agreed (i) to convert (the "**Conversion**") the outstanding principal amount of, and all accrued and unpaid interest under (collectively, the "**Outstanding Amount**"), the Note into shares of the Company's common stock (the "**Common Stock**"), and (ii) for Holder to purchase an additional \$500,000 of common stock (the "**Purchase**"), at a conversion price and purchase price of \$1.75 per share.

D. The Company and the Holder desire to enter into this Agreement to confirm their agreement regarding the Conversion and the Purchase.

AGREEMENT

In consideration of the foregoing and the mutual covenants contained herein, the parties hereto agree as follows:

1. On or before December 7, 2017, Holder shall deliver a check to the Company in the amount of \$500,000 (the "**Cash Payment**"). Effective as of December 7, 2017, the Outstanding Amount of the Note (representing a total of \$3,256,418) shall be converted into shares of Common Stock. In consideration for the Cash Payment and the Conversion of the Outstanding Amount of the Note, Holder shall receive a total of 1,860,810 shares of Common Stock (the "**Shares**"). Upon issuance of the shares of Common Stock to the Holder pursuant to this Agreement, all obligations of the Company to the Holder pursuant to the Note shall immediately terminate and the Note shall be canceled and have no further force and effect.

2. Immediately following the Conversion and the Purchase, the Holder shall deliver the Note to the Company for cancellation and the Company shall issue and deliver to the Holder a certificate representing the Shares. Notwithstanding the foregoing or anything to the contrary contained herein, the full amount of the Note shall automatically convert as described herein on December 7, 2017, without any further action required by Holder, with the delivery of the Note for cancellation being only a matter of administrative maintenance.

3. Holder understands that the Shares received upon the Conversion and the Purchase have not been registered under federal or state securities laws and, as such, cannot be sold unless so registered or an exemption from such registration becomes available in the future. The certificate representing the Shares shall bear the legends required by applicable state and federal corporate and securities laws. Holder is acquiring the Shares for investment for his own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act. Holder further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and requirements relating to the Company.

4. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof.

5. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

6. This Agreement may be executed electronically and in counterparts by the parties hereto, all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the undersigned have executed this Note Conversion and Stock Purchase Agreement as the date first written above.

COMPANY:

INTERNATIONAL STEM CELL CORPORATION

By: /s/Sophia D. Garnette

Name: Sophia D. Garnette

Title: VP Legal Affairs and Operations

HOLDER:

/s/ Andrey Semechkin

Andrey Semechkin