FLUIDIGM CORP
Form 10-Q
August 08, 2018

false--12-31Q220182018-06-300001162194Accelerated
Filer1999-05-11FLDMP3YP1Y002007-072800000P3YP1YP60DP30DP6M0391000130002800000560000040000000.0010.00
0001162194 2018-01-01 2018-06-30 0001162194 2018-07-31 0001162194 2018-06-30 0001162194 2017-12-31
0001162194 2018-04-01 2018-06-30 0001162194 2017-01-01 2017-06-30 0001162194 2017-04-01 2017-06-30
0001162194 2016-12-31 0001162194 2017-06-30 0001162194
fldm:ExchangeConvertibleSeniorNotesDue2034Member us-gaap:ConvertibleDebtMember 2018-03-31 0001162194
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 0001162194
fldm:SeniorConvertibleNotesdue2034Member us-gaap:ConvertibleDebtMember 2014-02-28 0001162194
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-06-30 0001162194
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-06-30 0001162194
us-gaap:ConvertibleDebtSecuritiesMember fldm:SeniorConvertibleNotesdue2034Member 2018-04-01 2018-06-30
0001162194 us-gaap:ConvertibleDebtSecuritiesMember fldm:ExchangeConvertibleSeniorNotesDue2034Member
2018-01-01 2018-06-30 0001162194 us-gaap:StockCompensationPlanMember 2018-04-01 2018-06-30 0001162194
us-gaap:ConvertibleDebtSecuritiesMember fldm:ExchangeConvertibleSeniorNotesDue2034Member 2018-04-01
2018-06-30 0001162194 us-gaap:ConvertibleDebtSecuritiesMember fldm:SeniorConvertibleNotesdue2034Member
2017-04-01 2017-06-30 0001162194 us-gaap:StockCompensationPlanMember 2017-01-01 2017-06-30 0001162194
us-gaap:ConvertibleDebtSecuritiesMember fldm:ConvertibleNotesPotentialMakeWholeSharesMember 2018-01-01
2018-06-30 0001162194 us-gaap:StockCompensationPlanMember 2018-01-01 2018-06-30 0001162194
us-gaap:ConvertibleDebtSecuritiesMember fldm:ExchangeConvertibleSeniorNotesDue2034Member 2017-01-01
2017-06-30 0001162194 us-gaap:ConvertibleDebtSecuritiesMember
fldm:ConvertibleNotesPotentialMakeWholeSharesMember 2018-04-01 2018-06-30 0001162194
us-gaap:ConvertibleDebtSecuritiesMember fldm:ConvertibleNotesPotentialMakeWholeSharesMember 2017-04-01
2017-06-30 0001162194 us-gaap:ConvertibleDebtSecuritiesMember fldm:SeniorConvertibleNotesdue2034Member
2018-01-01 2018-06-30 0001162194 us-gaap:ConvertibleDebtSecuritiesMember
fldm:ConvertibleNotesPotentialMakeWholeSharesMember 2017-01-01 2017-06-30 0001162194
us-gaap:ConvertibleDebtSecuritiesMember fldm:SeniorConvertibleNotesdue2034Member 2017-01-01 2017-06-30
0001162194 us-gaap:ConvertibleDebtSecuritiesMember fldm:ExchangeConvertibleSeniorNotesDue2034Member
2017-04-01 2017-06-30 0001162194 us-gaap:StockCompensationPlanMember 2017-04-01 2017-06-30 0001162194
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0001162194
us-gaap:AccumulatedTranslationAdjustmentMember 2018-04-01 2018-06-30 0001162194
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-04-01 2018-06-30 0001162194
us-gaap:AccumulatedTranslationAdjustmentMember 2018-06-30 0001162194
us-gaap:AccumulatedTranslationAdjustmentMember 2018-03-31 0001162194
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001162194
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-03-31 0001162194
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-06-30 0001162194
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0001162194
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001162194
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-03-31 0001162194
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0001162194
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-06-30 0001162194
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-04-01 2018-06-30 0001162194
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-03-31 0001162194
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2017-12-31 0001162194 2018-01-01
0001162194 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-04-01 2018-06-30

0001162194 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-06-30 0001162194 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-04-01 2018-06-30 0001162194 us-gaap:AccountingStandardsUpdate201409Member us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-06-30 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:ConvertibleDebtMember 2018-06-30 0001162194 2018-06-30 0001162194 2018-07-01 2018-06-30 0001162194 2019-01-01 2018-06-30 0001162194 2021-01-01 2018-06-30 0001162194 2020-01-01 2018-06-30 0001162194 fldm:InstrumentsMember 2018-04-01 2018-06-30 0001162194 fldm:ConsumablesMember 2018-01-01 2018-06-30 0001162194 country:US 2018-01-01 2018-06-30 0001162194 country:US 2018-04-01 2018-06-30 0001162194 fldm:InstrumentsMember 2017-01-01 2017-06-30 0001162194 fldm:ConsumablesMember 2018-04-01 2018-06-30 0001162194 us-gaap:AsiaPacificMember 2017-04-01 2017-06-30 0001162194 us-gaap:EuropeMember 2018-04-01 2018-06-30 0001162194 fldm:LicenseMember 2018-01-01 2018-06-30 0001162194 fldm:LicenseMember 2017-04-01 2017-06-30 0001162194 fldm:TotalProductsMember 2018-04-01 2018-06-30 0001162194 us-gaap:AsiaPacificMember 2018-04-01 2018-06-30 0001162194 fldm:ConsumablesMember 2017-01-01 2017-06-30 0001162194 fldm:ServicesMember 2017-01-01 2017-06-30 0001162194 country:US 2017-01-01 2017-06-30 0001162194 fldm:TotalProductsMember 2018-01-01 2018-06-30 0001162194 fldm:ServicesMember 2017-04-01 2017-06-30 0001162194 fldm:LicenseMember 2018-04-01 2018-06-30 0001162194 us-gaap:EuropeMember 2017-04-01 2017-06-30 0001162194 fldm:ServicesMember 2018-01-01 2018-06-30 0001162194 fldm:TotalProductsMember 2017-01-01 2017-06-30 0001162194 us-gaap:EuropeMember 2018-01-01 2018-06-30 0001162194 fldm:LicenseMember 2017-01-01 2017-06-30 0001162194 us-gaap:AsiaPacificMember 2017-01-01 2017-06-30 0001162194 fldm:TotalProductsMember 2017-04-01 2017-06-30 0001162194 fldm:OtherGeographicalCountriesMember 2018-04-01 2018-06-30 0001162194 fldm:OtherGeographicalCountriesMember 2017-01-01 2017-06-30 0001162194 fldm:InstrumentsMember 2018-01-01 2018-06-30 0001162194 fldm:ServicesMember 2018-04-01 2018-06-30 0001162194 fldm:OtherGeographicalCountriesMember 2017-04-01 2017-06-30 0001162194 us-gaap:AsiaPacificMember 2018-01-01 2018-06-30 0001162194 fldm:InstrumentsMember 2017-04-01 2017-06-30 0001162194 fldm:OtherGeographicalCountriesMember 2018-01-01 2018-06-30 0001162194 country:US 2017-04-01 2017-06-30 0001162194 us-gaap:EuropeMember 2017-01-01 2017-06-30 0001162194 fldm:ConsumablesMember 2017-04-01 2017-06-30 0001162194 fldm:CommissionCostsMember 2017-12-31 0001162194 2020-01-01 2018-01-01 2018-06-30 0001162194 2021-01-01 2018-01-01 2018-06-30 0001162194 2018-07-01 2018-01-01 2018-06-30 0001162194 2019-01-01 2018-01-01 2018-06-30 0001162194 fldm:CommissionCostsMember 2018-06-30 0001162194 fldm:CommissionCostsMember us-gaap:MinimumMember 2018-01-01 2018-06-30 0001162194 fldm:CommissionCostsMember us-gaap:MaximumMember 2018-01-01 2018-06-30 0001162194 us-gaap:MaximumMember 2018-01-01 2018-06-30 0001162194 us-gaap:MinimumMember 2018-01-01 2018-06-30 0001162194 fldm:ExchangeConvertibleSeniorNotesDue2034Member us-gaap:ConvertibleDebtMember 2018-06-30 0001162194 fldm:ExchangeConvertibleSeniorNotesDue2034Member us-gaap:ConvertibleDebtMember 2017-12-31 0001162194 us-gaap:ConvertibleDebtMember 2017-12-31 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:ConvertibleDebtMember 2017-12-31 0001162194 us-gaap:ConvertibleDebtMember 2018-06-30 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:ConvertibleDebtMember 2014-02-04 0001162194 fldm:ExchangeConvertibleSeniorNotesDue2034Member us-gaap:ConvertibleDebtMember 2018-03-01 2018-03-31 0001162194 2014-02-04 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:DebtInstrumentRedemptionPeriodTwoMember us-gaap:ConvertibleDebtMember 2014-02-04 2014-02-04 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:DebtInstrumentRedemptionPeriodOneMember us-gaap:ConvertibleDebtMember 2014-02-04 2014-02-04 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:ConvertibleDebtMember 2014-02-01 2014-02-28 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:ConvertibleDebtMember 2014-02-04 2014-02-04 0001162194 fldm:SeniorConvertibleNotesdue2034Member us-gaap:DebtInstrumentRedemptionPeriodThreeMember us-gaap:ConvertibleDebtMember 2014-02-04 2014-02-04 0001162194 us-gaap:FairValueInputsLevel1Member us-gaap:USTreasurySecuritiesMember 2017-12-31 0001162194 us-gaap:FairValueInputsLevel1Member us-gaap:MoneyMarketFundsMember 2017-12-31 0001162194 us-gaap:FairValueInputsLevel1Member 2017-12-31 0001162194 us-gaap:CashMember 2017-12-31 0001162194 us-gaap:FairValueInputsLevel2Member us-gaap:USTreasuryAndGovernmentMember 2017-12-31 0001162194 us-gaap:FairValueInputsLevel2Member us-gaap:ConvertibleDebtMember 2018-06-30 0001162194 us-gaap:FairValueInputsLevel2Member us-gaap:ConvertibleDebtMember 2017-12-31 0001162194 us-gaap:FairValueInputsLevel1Member us-gaap:MoneyMarketFundsMember 2018-06-30 0001162194 us-gaap:FairValueInputsLevel1Member us-gaap:USTreasurySecuritiesMember 2018-06-30 0001162194 us-gaap:CashMember 2018-06-30 0001162194 us-gaap:FairValueInputsLevel2Member us-gaap:USTreasuryAndGovernmentMember 2018-06-30 0001162194 us-gaap:FairValueInputsLevel1Member 2018-06-30 0001162194 fldm:DVSSciencesInc.Member us-gaap:DevelopedTechnologyRightsMember 2018-04-01 2018-06-30 0001162194 fldm:DVSSciencesInc.Member us-gaap:DevelopedTechnologyRightsMember 2014-02-01 2014-02-28 0001162194 fldm:DVSSciencesInc.Member us-gaap:DevelopedTechnologyRightsMember 2018-01-01 2018-06-30 0001162194 fldm:PatentsandLicenseAgreementsMember 2018-06-30 0001162194 us-gaap:DevelopedTechnologyRightsMember 2018-06-30 0001162194 us-gaap:DevelopedTechnologyRightsMember 2018-01-01 2018-06-30 0001162194 fldm:PatentsandLicenseAgreementsMember 2018-01-01 2018-06-30 0001162194 us-gaap:DevelopedTechnologyRightsMember 2017-12-31 0001162194 fldm:PatentsandLicenseAgreementsMember 2017-12-31 0001162194 fldm:PatentsandLicenseAgreementsMember 2017-01-01 2017-12-31 0001162194 us-gaap:DevelopedTechnologyRightsMember 2017-01-01 2017-12-31 0001162194 fldm:DVSSciencesInc.Member us-gaap:DevelopedTechnologyRightsMember 2017-01-01 2017-06-30 0001162194 fldm:DVSSciencesInc.Member us-gaap:DevelopedTechnologyRightsMember 2017-04-01 2017-06-30 0001162194 2018-03-31 0001162194 2017-03-31 0001162194 fldm:ComputerEquipmentAndSoftwareMember 2017-12-31 0001162194 us-gaap:LeaseholdImprovementsMember 2018-06-30 0001162194 us-gaap:LeaseholdImprovementsMember 2017-12-31 0001162194 us-gaap:OfficeEquipmentMember 2018-06-30 0001162194 us-gaap:OfficeEquipmentMember 2017-12-31 0001162194 fldm:ComputerEquipmentAndSoftwareMember 2018-06-30 0001162194 fldm:LaboratoryAndProductionEquipmentMember 2018-06-30 0001162194 fldm:LaboratoryAndProductionEquipmentMember 2017-12-31 0001162194 fldm:ThermoMember 2017-08-01 2017-08-31 0001162194 fldm:ThermoMember 2017-07-01 2017-07-31 0001162194 us-gaap:RestrictedStockUnitsRSUMember us-gaap:MaximumMember 2018-04-01 2018-06-30 0001162194 us-gaap:PerformanceSharesMember us-gaap:MinimumMember us-gaap:ExecutiveOfficerMember 2018-01-01 2018-03-31 0001162194 us-gaap:MinimumMember 2017-08-23 0001162194 us-gaap:PerformanceSharesMember us-gaap:ExecutiveOfficerMember 2016-01-01 2016-12-31 0001162194 us-gaap:EmployeeStockOptionMember us-gaap:MaximumMember 2018-01-01 2018-06-30 0001162194 us-gaap:EmployeeStockOptionMember 2017-01-01 2017-06-30 0001162194 us-gaap:RestrictedStockUnitsRSUMember 2018-01-01 2018-06-30 0001162194 2017-09-20 0001162194 us-gaap:PerformanceSharesMember 2018-01-01 2018-06-30 0001162194 us-gaap:EmployeeStockOptionMember 2018-01-01 2018-06-30 0001162194 us-gaap:EmployeeStockOptionMember us-gaap:MinimumMember 2018-01-01 2018-06-30 0001162194 us-gaap:EmployeeStockMember fldm:TwoThousandSeventeenEmployeeStockPurchasePlanMember 2017-08-31 0001162194 us-gaap:EmployeeStockOptionMember us-gaap:MaximumMember 2018-04-01 2018-06-30 0001162194 us-gaap:PerformanceSharesMember us-gaap:ExecutiveOfficerMember 2018-01-01 2018-06-30 0001162194 us-gaap:EmployeeStockMember fldm:TwoThousandSeventeenEmployeeStockPurchasePlanMember 2017-08-01 2017-08-31 0001162194 fldm:PerformancebasedRSUsMember fldm:NonExecutiveEmployeesMember 2016-01-01 2016-12-31 0001162194 us-gaap:EmployeeStockOptionMember us-gaap:MinimumMember 2018-04-01 2018-06-30 0001162194 fldm:StockOptionExchangeProgramMember 2017-08-23 2017-09-20 0001162194 us-gaap:RestrictedStockUnitsRSUMember us-gaap:MinimumMember 2018-01-01 2018-06-30 0001162194 fldm:StockOptionExchangeProgramMember 2017-09-20 2017-09-20 0001162194 us-gaap:PerformanceSharesMember us-gaap:MinimumMember us-gaap:ExecutiveOfficerMember 2018-01-01 2018-06-30 0001162194 us-gaap:RestrictedStockUnitsRSUMember fldm:StockOptionExchangeProgramMember 2017-09-20 2017-09-20 0001162194 us-gaap:PerformanceSharesMember 2018-06-30 0001162194 us-gaap:EmployeeStockOptionMember 2018-04-01 2018-06-30 0001162194 us-gaap:EmployeeStockOptionMember fldm:StockOptionExchangeProgramMember 2017-09-20 2017-09-20 0001162194 us-gaap:RestrictedStockUnitsRSUMember 2018-04-01 2018-06-30 0001162194 us-gaap:RestrictedStockUnitsRSUMember us-gaap:MaximumMember 2018-01-01 2018-06-30 0001162194 us-gaap:PerformanceSharesMember us-gaap:ExecutiveOfficerMember 2018-01-01 2018-03-31 0001162194 us-gaap:EmployeeStockOptionMember 2018-06-30 0001162194 us-gaap:RestrictedStockUnitsRSUMember 2018-06-30 0001162194 us-gaap:PerformanceSharesMember us-gaap:MaximumMember us-gaap:ExecutiveOfficerMember 2018-01-01 2018-03-31 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:CN 2018-01-01 2018-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:GB 2017-04-01 2017-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:GB 2018-01-01 2018-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:CN 2018-04-01 2018-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:GB 2018-04-01 2018-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:CN 2017-04-01 2017-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:CN 2017-01-01 2017-06-30 0001162194 us-gaap:RevenueFromContractWithCustomerMember country:GB 2017-01-01 2017-06-30 0001162194 2017-08-31 0001162194 fldm:AtthemarketEquityOfferingProgramMember 2017-08-01 2017-08-31 0001162194 fldm:AtthemarketEquityOfferingProgramMember 2017-08-31 0001162194 us-gaap:CommonStockMember fldm:AtthemarketEquityOfferingProgramMember 2017-08-01 2017-08-31 0001162194 us-gaap:RevolvingCreditFacilityMember us-gaap:DebtInstrumentRedemptionPeriodOneMember fldm:SiliconValleyBankMember us-gaap:SecuredDebtMember us-gaap:SubsequentEventMember 2018-08-02 2018-08-02 0001162194 us-gaap:RevolvingCreditFacilityMember fldm:SiliconValleyBankMember us-gaap:SecuredDebtMember us-gaap:SubsequentEventMember 2018-08-02 0001162194 us-gaap:RevolvingCreditFacilityMember fldm:SiliconValleyBankMember us-gaap:SecuredDebtMember us-gaap:SubsequentEventMember 2018-08-02 2018-08-02 0001162194 us-gaap:RevolvingCreditFacilityMember fldm:SiliconValleyBankMember us-gaap:SecuredDebtMember us-gaap:SubsequentEventMember us-gaap:PrimeRateMember 2018-08-02 2018-08-02 0001162194 us-gaap:RevolvingCreditFacilityMember us-gaap:DebtInstrumentRedemptionPeriodTwoMember fldm:SiliconValleyBankMember us-gaap:SecuredDebtMember us-gaap:SubsequentEventMember 2018-08-02 2018-08-02 iso4217:USD xbrli:shares iso4217:USD fldm:segment xbrli:shares fldm:employee xbrli:pure

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

or

¨ **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: 001-34180

FLUIDIGM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**77-0513190**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

7000 Shoreline Court, Suite 100
South San Francisco, California 94080
(Address of principal executive offices) (Zip Code)
(650) 266-6000
(Registrant's telephone number, including area code)

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 ý 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	ý
Non-accelerated filer	¨(Do not check if a smaller reporting company)	Smaller reporting company	¨
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. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý
As of July 31, 2018, there were shares of the Registrant's common stock, $0.001 par value per share, outstanding.

1

FLUIDIGM CORPORATION
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

FLUIDIGM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$39,424	$58,056
Short-term investments	996	5,080
Accounts receivable (net of allowances of $13 at June 30, 2018 and $391 at December 31, 2017)	16,874	15,049
Inventories	15,251	15,088
Prepaid expenses and other current assets	2,702	1,528
Total current assets	75,247	94,801
Property and equipment, net	10,424	12,301
Other non-current assets	6,324	7,541
Developed technology, net	63,000	68,600
Goodwill	104,108	104,108
Total assets	$259,103	$287,351
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$6,642	$4,211
Accrued compensation and related benefits	11,880	10,535
Other accrued liabilities	7,372	8,490
Deferred revenue, current	10,756	10,238
Total current liabilities	36,650	33,474
Convertible notes, net	166,758	195,238
Deferred tax liability, net	14,068	16,919
Deferred revenue, non-current	4,790	4,960
Other non-current liabilities	2,004	5,825
Total liabilities	224,270	256,416
Commitments and contingencies (see Note 8)		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized, no shares issued and outstanding at June 30, 2018 and December 31, 2017	—	—
Common stock, $0.001 par value, 200,000 shares authorized at June 30, 2018 and December 31, 2017; 39,155 and 38,787 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	39	39
Additional paid-in capital	564,623	531,666
Accumulated other comprehensive loss	(504)	(574)
Accumulated deficit	(529,325)	(500,196)
Total stockholders' equity	34,833	30,935
Total liabilities and stockholders' equity	$259,103	$287,351

See accompanying notes.

1

FLUIDIGM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue:				
Product revenue	$21,777	$19,500	$42,254	$40,807
Service revenue	4,651	4,319	9,422	8,486
License revenue	—	93	—	152
Total revenue	26,428	23,912	51,676	49,445
Costs and expenses:				
Cost of product revenue	11,160	10,794	21,382	21,644
Cost of service revenue	1,680	1,169	3,278	2,288
Research and development	7,386	7,461	14,642	15,986
Selling, general and administrative	18,987	20,975	37,792	43,551
Total costs and expenses	39,213	40,399	77,094	83,469
Loss from operations	(12,785)	(16,487)	(25,418)	(34,024)
Interest expense	(3,916)	(1,456)	(5,805)	(2,911)
Other income, net	256	183	348	193
Loss before income taxes	(16,445)	(17,760)	(30,875)	(36,742)
Income tax benefit	204	827	1,387	2,608
Net loss	$(16,241)	$(16,933)	$(29,488)	$(34,134)
Net loss per share, basic and diluted	$(0.42)	$(0.58)	$(0.76)	$(1.17)
Shares used in computing net loss per share, basic and diluted	39,003	29,344	38,930	29,292

See accompanying notes.

FLUIDIGM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	$(16,241)	$(16,933)	$(29,488)	$(34,134)
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	26	76	69	110
Net change in unrealized gain on investments	2	1	1	2
Other comprehensive income, net of tax	28	77	70	112
Comprehensive loss	$(16,213)	$(16,856)	$(29,418)	$(34,022)

See accompanying notes.

FLUIDIGM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2018	2017
Operating activities		
Net loss	$(29,488)	$(34,134)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,015	4,088
Stock-based compensation expense	3,754	4,775
Amortization of developed technology	5,600	5,600
Other non-cash items	(41)	(417)
Changes in assets and liabilities:		
Accounts receivable, net	(1,814)	921
Inventories	(571)	1,122
Prepaid expenses and other current assets	(1,016)	(2,169)
Other non-current assets	821	1,388
Accounts payable	2,445	248
Deferred revenue	368	(416)
Other current liabilities	99	4,879
Other non-current liabilities	(6,671)	(2,663)
Net cash used in operating activities	(20,499)	(16,778)
Investing activities		
Purchases of investments	(1,451)	(1,452)
Proceeds from sales and maturities of investments	5,541	23,375
Purchases of property and equipment	(154)	(834)
Net cash provided by investing activities	3,936	21,089
Financing activities		
Payment of debt issuance costs	(2,638)	—
Net proceeds from issuance of common stock	562	—
Proceeds from exercise of stock options	24	44
Payments for taxes related to net share settlement of equity awards	(100)	(90)
Net cash used in financing activities	(2,152)	(46)
Effect of foreign exchange rate fluctuations on cash and cash equivalents	83	287
Net (decrease) / increase in cash and cash equivalents	(18,632)	4,552
Cash and cash equivalents at beginning of period	58,056	35,045
Cash and cash equivalents at end of period	$39,424	$39,597

See accompanying notes.

FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business

Fluidigm Corporation (we, our, or us) was incorporated in the State of California in May 1999, to commercialize microfluidic technology initially developed at the California Institute of Technology. In July 2007, we were reincorporated in Delaware. Our headquarters are located in South San Francisco, California.

We create, manufacture, and market innovative technologies and tools for life sciences research. We sell instruments and consumables, including integrated fluidic circuits, or IFCs, assays and reagents to academic institutions, clinical research laboratories, and biopharmaceutical, biotechnology, and agricultural biotechnology, or Ag-Bio, companies and contract research organizations, or CROs. Our technologies and tools are directed at the analysis of deoxyribonucleic acid, or DNA, ribonucleic acid, or RNA, and proteins in a variety of different sample types, from individual cells to bulk tissue.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and following the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted, and accordingly the balance sheet as of December 31, 2017, has been derived from audited consolidated financial statements at that date but does not include all disclosures required by U.S. GAAP for complete financial statements. These financial statements have been prepared on the same basis as our annual financial statements and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of our financial information. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018, or for any other interim period or for any other future year. All intercompany transactions and balances have been eliminated in consolidation.

The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions believed to be reasonable, which together form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ materially from these estimates and could have a material adverse effect on our condensed consolidated financial statements.

The accompanying condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the accompanying notes in Item 8 of Part II, "Financial Statements and Supplementary Data," for the year ended December 31, 2017, included in our Annual Report on Form 10-K.

Certain prior period amounts in the condensed consolidated statements of cash flows have been reclassified to conform to the current period presentation. These reclassifications were immaterial and did not affect prior period total assets, total liabilities, stockholders' equity, total revenue, total costs and expenses, loss from operations or net loss.

Net Loss per Share

Our basic and diluted net loss per share is calculated by dividing net loss by the weighted-average number of shares of common stock outstanding for the period. Restricted stock units, options to purchase common stock, and shares associated with the potential conversion of our convertible notes are considered to be potentially dilutive common shares but have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive for all periods presented.

Table of Contents
FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The following potentially dilutive common shares were excluded from the computation of diluted net loss per share for the three and six months ended June 30, 2018, and 2017 because including them would have been anti-dilutive (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock options, restricted stock units and performance awards	4,586	4,528	4,586	4,528
2018 Convertible Notes	19,036	—	19,036	—
2018 Convertible Notes potential make-whole shares at June 30, 2018	1,204	—	1,204	—
2014 Convertible Notes	916	3,598	916	3,598
Total	25,742	8,126	25,742	8,126

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, net of tax, for the three and six months ended June 30, 2018, are as follows (in thousands):

	Foreign Currency Translation Adjustment	Net Unrealized Gain on Securities	Accumulated Other Comprehensive Loss
Balance at December 31, 2017	$ (575)	$ 1	$ (574)
Other comprehensive income (loss)	43	(1)	42
Balance at March 31, 2018	(532)	—	(532)
Other comprehensive income	26	2	28
Balance at June 30, 2018	$ (506)	$ 2	$ (504)

Immaterial amounts of unrealized gains and losses have been reclassified into the condensed consolidated statement of operations for the three and six months ended June 30, 2018.

Goodwill, Intangible Assets, and Other Long-lived Assets

Goodwill and intangible assets with indefinite lives are not subject to amortization but are tested for impairment on an annual basis during the fourth quarter or whenever events or changes in circumstances indicate the carrying amount of these assets may not be recoverable. We first assess qualitative factors to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying amount, we then conduct a two-step test for impairment of goodwill. In the first step, we compare the fair value of our reporting unit to its carrying value. If the fair value of our reporting unit exceeds its carrying value, goodwill is not considered impaired and no further analysis is required. If the carrying value of the reporting unit exceeds its fair value, then the second step of the impairment test must be performed in order to determine the implied fair value of the goodwill. If the carrying value of the goodwill exceeds its implied fair value, then an impairment loss equal to the difference would be recorded.

We evaluate our finite-lived intangible assets and other long-lived assets for indicators of possible impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any indicator of impairment exists, we assess the recoverability of the affected asset by determining whether the carrying value of the asset can be recovered through undiscounted future operating cash flows. If impairment is indicated, we estimate the asset’s fair value using future discounted cash flows associated with the use of the asset and adjust the carrying value of the asset accordingly.

Convertible Notes

In February 2014, we closed an underwritten public offering $201.3 million aggregate principal amount of our 2.75% Senior Convertible Notes due 2034 (2014 Notes). In March 2018, we entered into separate privately negotiated transactions with certain holders of our 2014 Notes to exchange $150.0 million in aggregate principal amount of the 2014 Notes for our new 2.75% Exchange Convertible Senior Notes due 2034 (2018 Notes).

Table of Contents
FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Following the exchange, approximately $51.3 million in aggregate principal amount of the 2014 Notes remain outstanding in addition to $150.0 million in aggregate principal amount of the 2018 Notes.

See Footnote 4. Convertible Notes for the accounting treatment of the transaction and additional information about the exchange.

Recent Accounting Changes and Accounting Pronouncements

Adoption of New Accounting Guidance

In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers (Topic 606). Topic 606 and its related amendments supersede Revenue Recognition (Topic 605), issued in June 2010, and provide principles for recognizing revenue for goods and services in a manner consistent with the transfer of control of those goods and services to the customer.

We adopted Topic 606 on January 1, 2018, using the modified retrospective method applied to those contracts with unrecognized revenue on the adoption date. We recognized the effect of applying the new revenue standard by recording a cumulative catch-up adjustment that reduced the accumulated deficit component of stockholders' equity by $0.4 million and increased current assets by $0.2 million and non-current assets by $0.2 million. The adjustment capitalized certain sales commission costs that were incurred to obtain instrument service contracts. Under Topic 605, we accounted for these incremental contract acquisition costs by recognizing them as expense at the point the contract was awarded. Under Topic 606, the costs are capitalized and amortized to expense over the life of the contract, which is generally one to three years. The comparative information for periods prior to January 1, 2018, has not been restated and continues to be reported in accordance with Topic 605.

The following table summarizes the cumulative effect of adopting Topic 606 on amounts previously reported in our consolidated balance sheet at December 31, 2017 (in thousands):

	Balance at December 31, 2017	Topic 606 Transition Adjustments	Balance at January 1, 2018
Prepaid expenses and other current assets	$1,528	$ 153	$1,681
Total current assets	$94,801	$ 153	$94,954
Other non-current assets	$7,541	$ 205	$7,746
Total assets	$287,351	$ 358	$287,709
Accumulated deficit	$(500,196)	$ 358	$(499,838)
Total stockholders' equity	$30,935	$ 358	$31,293
Total liabilities and stockholders' equity	$287,351	$ 358	$287,709

The following table summarizes the impacts on our condensed consolidated statements of operations of adopting Topic 606 compared to Topic 605 for the three and six months ended June 30, 2018 (in thousands):

As Reported	As Reported

	Three Months Ended June 30, 2018	Balance Without Adoption of Topic 606	Effect of Change	Six Months Ended June 30, 2018	Balance Without Adoption of Topic 606	Effect of Change
Selling, general and administrative	$18,987	$19,004	$(17)	$37,792	$37,842	$(50)
Total costs and expenses	$39,213	$39,230	$(17)	$77,094	$77,144	$(50)
Loss from operations	$(12,785)	$(12,802)	$17	$(25,418)	$(25,468)	$50
Loss before income taxes	$(16,445)	$(16,462)	$17	$(30,875)	$(30,925)	$50
Net loss	$(16,241)	$(16,258)	$17	$(29,488)	$(29,538)	$50

FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The following table summarizes the impacts on our condensed consolidated balance sheets of adopting Topic 606 compared to Topic 605 at June 30, 2018 (in thousands):

	As Reported	Balance Without Adoption of Topic 606	Effect of Change
		June 30, 2018	
Prepaid expenses and other current assets	$2,702	$2,532	$ 170
Total current assets	$75,247	$75,077	$ 170
Other non-current assets	$6,324	$6,086	$ 238
Total assets	$259,103	$258,695	$ 408
Stockholders' equity	$34,833	$34,425	$ 408
Total liabilities and stockholders' equity	$259,103	$258,695	$ 408

In August 2016, the FASB issued ASU 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The ASU addresses eight specific cash flow issues and their presentation within the statement of cash flows. We adopted this ASU in the first quarter of 2018. The adoption of this ASU did not have a material impact on our condensed consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash, a consensus of the FASB’s Emerging Issues Task Force, amending the presentation of restricted cash within the statement of cash flows. The new guidance requires that restricted cash be included within cash and cash equivalents on the statement of cash flows. We adopted this ASU in the first quarter of 2018. The adoption of this ASU did not have a material impact on our condensed consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). This ASU requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases except short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. Lessor accounting under this ASU is similar to the current model but updated to align with certain changes to the lessee model. Lessors will continue to classify leases as operating, direct financing or sales-type leases. ASU 2016-02 will be effective for our fiscal year beginning January 1, 2019, and early adoption is permitted. We are currently evaluating the effect that the updated standard will have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The ASU eliminates the requirement for an entity to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, an entity performs its annual, or interim, goodwill impairment testing by comparing the fair value of a reporting unit with its carrying amount and recording an impairment charge for the amount by which the carrying amount exceeds the fair value. The ASU will be effective for annual and interim goodwill impairment testing performed for our fiscal year beginning January 1, 2020, with early adoption permitted. We are currently evaluating the effect that the updated standard will have on our consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02 Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. This ASU amends the reporting of comprehensive income to allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act (the Tax Act). The Tax Act was enacted in December 2017 and
reduced the U.S federal corporate income tax rate and made other changes to U.S. federal tax law. ASU 2018-02 will be effective for our fiscal year beginning January 1, 2019, and early adoption is permitted. We are currently evaluating the accounting, transition, and disclosure requirements of the standard. We are currently evaluating the effect that the updated standard will have on our consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This ASU allows SEC reporting companies to record provisional amounts in earnings for the year ended December 31, 2017, due to the complexities involved in accounting for the enactment of the Tax Act. The Company recognized the estimated income tax effects of the Tax Act in its 2017 Consolidated Financial Statements in accordance with SEC Staff Accounting Bulletin No. 118 (“SAB No. 118”). Refer to Note 10 for further information regarding the provisional amounts recorded by the Company as of December 31, 2017.

3. Revenue

We generate revenue primarily from the sale of our products and services. Product revenue is derived from the sale of instruments and consumables, including IFCs, assays and reagents. Service revenue is derived from the sale of instrument service contracts, repairs, installation, training and other specialized product support services.

Revenue is reported net of any sales, use and value-added taxes we collect from customers as required by government authorities.

We recognize revenue based on the amount of consideration we expect to receive in exchange for the goods and services we transfer to the customer. Our commercial arrangements typically include multiple distinct products and services, and we allocate revenue to these performance obligations based on their relative standalone selling prices. Standalone selling prices ("SSP") are generally determined using observable data from recent transactions. In cases where sufficient data is not available, we estimate a product’s SSP using a cost plus a margin approach or by applying a discount to the product’s list price.

Product Revenue

We recognize product revenue at the point in time when control of the goods passes to the customer and we have an enforceable right to payment. This generally occurs either when the product is shipped from one of our facilities or when it arrives at the customer’s facility, based on the contractual terms.

Customers generally do not have a unilateral right to return products after delivery. Instruments are sold with an assurance-type warranty and the estimated cost of the warranty is recognized as expense at the point when revenue is recognized. Invoices are generally issued at shipment and become due in 30 to 60 days.

We sometimes perform shipping and handling activities after control of the product passes to the customer. We have made an accounting policy election to account for these activities as product fulfillment activities rather than as separate performance obligations.

Service Revenue

We recognize revenue from repairs, installation, training and other specialized product support services at the point in time the work is completed. Installation and training services are generally billed in advance of service. Repairs and other services are generally billed at the point the work is completed.

Revenue associated with instrument service contracts is recognized ratably over the life of the agreement, which is generally one to three years. We believe this time-elapsed approach is appropriate for service contracts because we provide services on demand throughout the term of the agreement. Invoices are generally issued in advance of service on a monthly, quarterly, annual or multi-year basis. Payments made in advance of service are reported on our consolidated balance sheet as deferred revenue.

Performance Obligations

We reported $15.2 million of deferred revenue on our December 31, 2017, consolidated balance sheet. During the three months ended June 30, 2018, $3.2 million of the opening balance was recognized as revenue and $2.8 million of net additional advance payments were received from customers, primarily associated with instrument service contracts. During the six months ended June 30, 2018, $6.3 million of the opening balance was recognized as revenue and $6.6 million of net additional advance payments were received from customers, primarily associated with instrument service contracts. At June 30, 2018, we reported $15.5 million of deferred revenue.

FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The following table summarizes the expected timing of revenue recognition for unfulfilled performance obligations associated with instrument service contracts that were partially completed at June 30, 2018 (in thousands):

Fiscal Year	Expected Revenue (1)
2018 (remainder of the year)	$5,494
2019	6,973
2020	3,302
Thereafter	1,323
Total	$17,092

(1) Expected revenue includes both billed amounts included in deferred revenue and unbilled amounts that are not reflected in our consolidated financial statements and are subject to change if our customers decide to cancel or modify their contracts. Purchase orders for instrument service contracts can generally be canceled before the service period begins without penalty.

We apply the practical expedient that permits us to not disclose information about unsatisfied performance obligations that are expected to be delivered within one year.

Contract Costs

Incremental sales commission costs incurred to obtain instrument service contracts are capitalized and amortized to selling, general and administrative expense over the life of the contract, which is generally one to three years. As a practical expedient, we expense sales commissions associated with product support services that are delivered in less than one year as they are incurred. Sales commissions associated with the sale of products are expensed as they are incurred.

We reported $0.4 million of capitalized commission costs from instrument service contracts on our December 31, 2017, and June 30, 2018, condensed consolidated balance sheets. Additional costs capitalized during the three and six months ended June 30, 2018, net of amortization, was not material.

Significant Judgments

Applying the revenue recognition practices discussed above often requires significant judgment. Assessing collectability requires us to determine if the customer has the ability and intent to make payments. This requires a comprehensive review of all relevant facts, including the customer’s historical practices and current financial condition. Estimating the amount of our future warranty obligations requires judgment. If warranty claims or the cost of servicing our products under warranty exceed our estimates, our cost of revenues could be adversely affected in future periods. Judgment is required when identifying performance obligations, estimating SSP and allocating purchasing consideration in multi-element arrangements. Moreover, significant judgment is required when interpreting commercial terms and determining when control of goods and services passes to the customer. Any material changes created by errors in judgment could have a material effect on our operating results and overall financial condition.

Table of Contents

FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Disaggregation of Revenues

The following table disaggregates our revenue for the three and six months ended June 30, 2018, and 2017, respectively, by geographic area and by products and services (in thousands):

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Year Over Year Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Year Over Year Change
Geographic Markets:						
United States	$12,042	$11,674	$368	$22,158	$23,505	$(1,347)
Europe	9,109	7,748	1,361	17,582	15,384	2,198
Asia Pacific	4,799	3,866	933	10,740	8,853	1,887
Other	478	624	(146)	1,196	1,703	(507)
Total revenue	$26,428	$23,912	$2,516	$51,676	$49,445	$2,231
Products and Services:						
Instruments	$10,421	$9,928	$493	$17,941	$20,665	$(2,724)
Consumables	11,356	9,572	1,784	24,313	20,142	4,171
Product revenue	21,777	19,500	2,277	42,254	40,807	1,447
Services	4,651	4,319	332	9,422	8,486	936
License	—	93	(93)	—	152	(152)
Total revenue	$26,428	$23,912	$2,516	$51,676	$49,445	$2,231

4. Convertible Notes

2014 Senior Convertible Notes (2014 Notes)

On February 4, 2014, we closed an underwritten public offering of $201.3 million aggregate principal amount of our 2.75% Senior Convertible Notes due 2034 (2014 Notes), pursuant to an underwriting agreement, dated January 29, 2014. The 2014 Notes accrue interest at a rate of 2.75% per year, payable semi-annually in arrears on February 1 and August 1 of each year. Interest on the 2014 Notes will accrue from February 4, 2014. The 2014 Notes will mature on February 1, 2034, unless earlier converted, redeemed, or repurchased in accordance with the terms of the 2014 Notes.

The initial conversion rate of the 2014 Notes is 17.8750 shares of our common stock, par value $0.001 per share, per $1,000 principal amount of 2014 Notes (which is equivalent to an initial conversion price of approximately $55.94 per share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events, including upon a conversion in connection with a fundamental change, as defined in the indenture governing the 2014 Notes or, subject to certain conditions, redemption of the 2014 Notes by the Company.

Holders may surrender their 2014 Notes for conversion at any time prior to the stated maturity date. On or after February 6, 2018, and prior to February 6, 2021, we may redeem any or all of the 2014 Notes in cash if the closing price of our common stock exceeds 130% of the conversion price for a specified number of days, and on or after February 6, 2021, we may redeem any or all of the 2014 Notes in cash without any such condition. The redemption price of the 2014 Notes will equal 100% of the principal amount of the 2014 Notes plus accrued and unpaid interest. Holders may require us to repurchase all or a portion of their 2014 Notes on each of February 6, 2021, February 6, 2024, and February 6, 2029, at a repurchase price in cash equal to 100% of the principal amount of the 2014 Notes plus accrued and unpaid interest. If we undergo a fundamental change, as defined in the indenture governing the 2014 Notes, holders may require us to repurchase the 2014 Notes in whole or in part for cash at a repurchase price equal to 100% of the principal amount of the 2014 Notes plus accrued and unpaid interest.

In February 2014, we received $195.2 million, net of underwriting discounts, from the issuance of the 2014 Notes and incurred approximately $1.1 million in offering-related expenses. The underwriting discount of $6.0 million and the debt issuance costs of $1.1 million were recorded as offsets to the proceeds.

2018 Senior Convertible Notes (2018 Notes)

In March 2018, we entered into separate privately negotiated transactions with certain holders of our 2014 Notes to exchange $150.0 million in aggregate principal amount of the 2014 Notes for new convertible notes (the "2018 Notes"). As of the closing of the 2018 Notes on March 12, 2018, the estimated fair value was $145.5 million. The difference between the $150.0 million aggregate principal amount of the 2018 Notes and its fair value will be amortized over the expected term of the 2018 Notes using the effective interest method through the first note holder put date, of February 6, 2023.

We accounted for the exchange transaction as an extinguishment of debt due to the significance of the change in value of the embedded conversion option, resulting in a $0.1 million gain. The gain on extinguishment of debt was calculated as the difference between the reacquisition price (i.e., the fair value of the principal amount of 2018 Notes) and the net carrying value of the 2014 Notes exchanged net of unamortized debt discount and debt issuance cost write-offs.

The 2018 Notes accrue interest at a rate of 2.75%, payable semi-annually in arrears on February 1 and August 1 of each year. Interest on the 2018 Notes will accrue from February 1, 2018. The 2018 Notes will mature on February 1, 2034, unless earlier converted, redeemed, or repurchased in accordance with the terms of the indenture governing the 2018 Notes. The initial conversion rate of the 2018 Notes is 126.9438 shares of our common stock, par value $0.001 per share, per $1,000 principal amount of the 2018 Notes (which is equivalent to an initial conversion price of approximately $7.88 per share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events. Those certain specified events include Holders who convert their 2018 Notes voluntarily prior to our exercise of the Issuer's Conversion Option or in connection with a make-whole fundamental change prior to February 6, 2023, are entitled, under certain circumstances, to a make-whole premium in the form of an increase in the conversion rate determined by reference to a make-whole table set forth in the indenture governing the 2018 Notes. Any time prior to the maturity of the 2018 Notes, we may convert the 2018 Notes, in whole but not in part, into cash, shares of our common stock, or combination thereof, if the closing price of our common stock equals or exceeds 110% of the conversion price then in effect for a specified number of days (Issuer’s Conversion Option). On or after February 6, 2022, we may elect to redeem all or any portion of the 2018 Notes at a redemption price equal to 100% of the accreted principal amount of the 2018 Notes on the redemption date of the 2018 Notes, plus accrued and unpaid interest.

Holders of the 2018 Notes have the right, at their option, to require us to purchase all or a portion of the 2018 Notes (i) on February 6, 2023, February 6, 2026, and February 6, 2029, or (ii) in the event of a fundamental change, as defined in the indenture governing the 2018 Notes, in each case, at a repurchase price equal to 100% of the accreted principal amount (i.e., up to 120% of the outstanding principal amount) of the 2018 Notes on the fundamental change repurchase date, plus accrued and unpaid interest.

As the 2018 Notes are convertible, at our election, into cash, shares of our common stock, or a combination of cash and shares of our common stock, we accounted for the 2018 Notes under the cash conversion guidance in ASC 470, whereby the embedded conversion option in the 2018 Notes was separated and accounted for in equity. The embedded conversion option value was calculated as the difference between (i) the total fair value of the 2018 Notes and (ii) the fair value of a similar debt instrument excluding the embedded conversion option. We determined an embedded conversion option value of $29.3 million, which was recorded in additional paid-in-capital and reduced the carrying value of the 2018 Notes. The resulting discount on the 2018 Notes will be amortized over the expected term of the 2018 Notes, using the effective interest method through the first note holder put date, of February 6, 2023.

Offering-related costs for the 2018 Notes were approximately $2.8 million and were paid in the first and second quarters of 2018. Offering-related costs of $2.2 million were capitalized as debt issuance costs, recorded as an offset to the carrying value of the 2018 Notes, and will be amortized over the expected term of the 2018 Notes using the effective interest method through the first note holder put date of February 6, 2023. Offering-related costs of $0.6 million were accounted for as equity issuance costs, recorded as an offset to additional paid-in capital, and are not subject to amortization. Offering-related costs were allocated between debt and equity in the same proportion as the allocation of the 2018 Notes between debt and equity.

FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The carrying values of the components of the 2014 Notes and the 2018 Notes are as follows (in thousands):

	June 30, 2018	December 31, 2017
2.75% 2014 Notes due 2034		
Principal amount	$51,250	$201,250
Unamortized debt discount	(1,264)	(5,087)
Unamortized debt issuance cost	(230)	(925)
	49,756	195,238
2.75% 2018 Notes due 2034		
Principal amount	150,000	—
Premium accretion of 2018 Notes	1,363	—
Unamortized debt discount	(32,253)	—
Unamortized debt issuance cost	(2,108)	—
	117,002	—
	$166,758	$195,238

5. Fair Value Measurements

Financial Instruments

The following tables summarize our cash and available-for-sale securities by significant category within the fair value hierarchy (in thousands):

	June 30, 2018					
	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities
Assets:						
Cash	$11,826	$ —	$ —	$11,826	$11,826	$ —
Available-for-sale:						
Level I:						
Money market funds	5,195	—	—	5,195	5,195	—
U.S. treasury securities	996	—	—	996	—	996
Subtotal	6,191	—	—	6,191	5,195	996
Level II:						
U.S. government and agency securities	22,402	1	—	22,403	22,403	—
Total	$40,419	$ 1	$ —	$40,420	$39,424	$ 996

Table of Contents

FLUIDIGM CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	December 31, 2017					
	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities
Assets:						
Cash	$20,129	$ —	$ —	$20,129	$ 20,129	$ —
Available-for-sale:						
Level I:						
Money market funds	16,142	—	—	16,142	16,142	—
U.S. treasury securities	497			497		497
Subtotal	16,639	—	—	16,639	16,142	497
Level II:						
U.S. government and agency securities	26,369	—	(1)	26,368	21,785	4,583
Total	$63,137	$ —	$ (1)	$63,136	$ 58,056	$ 5,080

There were no transfers between Level I and Level II measurements during the six months ended June 30, 2018, and 2017, and there were no changes in the valuation techniques used.

The contractual maturity periods of $1.0 million of our marketable debt securities are within one year from June 30, 2018.

Convertible Notes

The estimated fair value of the 2014 Notes is based on a market approach. The estimated fair value was approximately $41.5 million and $166.2 million (par value $51.3 million and $201.3 million) as of June 30, 2018, and December 31, 2017, respectively, and represents a Level II valuation.

The estimated fair value of the 2018 Notes is based on a market approach. The estimated fair value was approximately $139.3 million (par value $150.0 million) as of June 30, 2018.