EXTREME NETWORKS INC
Form 10-Q
May 10, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 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 000-25711

EXTREME NETWORKS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	77-0430270
[State or other jurisdiction of incorporation or organization]	[I.R.S Employer Identification No.]

6480 Via Del Oro,	
San Jose, California	95119
[Address of principal executive office]	[Zip Code]

Registrant's telephone number, including area code: (408) 579-2800

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 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 (§ 229.405 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 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 or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" and "an emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
Emerging growth company		

If an emerging growth company, indicate by checkmark 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.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the Registrant's Common Stock, $.001 par value, outstanding at May 4, 2018, was 115,892,565

EXTREME NETWORKS, INC.

FORM 10-Q

QUARTERLY PERIOD ENDED 2018

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EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	March 31, 2018	June 30, 2017 (As adjusted)
ASSETS		
Current assets:		
Cash and cash equivalents	$103,177	$130,450
Accounts receivable, net of allowance for doubtful accounts of $1,796 at March 31, 2018 and $1,190 at June 30, 2017	188,408	93,115
Inventories	77,756	47,410
Prepaid expenses and other current assets	26,659	27,867
Total current assets	396,000	298,842
Property and equipment, net	86,487	30,240
Intangible assets, net	85,406	25,337
Goodwill	129,244	80,216
Other assets	43,348	25,065
Total assets	$740,485	$459,700
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$24,720	$12,280
Accounts payable	90,800	31,587
Accrued compensation and benefits	40,591	42,662
Accrued warranty	12,812	10,584
Deferred revenue	117,741	79,048
Other accrued liabilities	77,042	37,044
Total current liabilities	363,706	213,205
Deferred revenue, less current portion	38,828	25,293
Long-term debt, less current portion	153,958	80,422
Deferred income taxes	5,628	6,576
Other long-term liabilities	65,440	8,526
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Convertible preferred stock, $.001 par value, issuable in series, 2,000,000 shares authorized; none issued	—	—
Common stock, $.001 par value, 750,000,000 shares authorized; 115,752,827 shares issued and outstanding at March 31, 2018 and 110,924,508 shares issued and	116	111

outstanding at June 30, 2017		
Additional paid-in-capital	935,726	909,155
Accumulated other comprehensive loss	(471)	(2,302)
Accumulated deficit	(822,446)	(781,286)
Total stockholders' equity	112,925	125,678
Total liabilities and stockholders' equity	$740,485	$459,700

See accompanying notes to condensed consolidated financial statements.

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EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2018	March 31, 2017 (As adjusted)	March 31, 2018	March 31, 2017 (As adjusted)
Net revenues:				
Product	$203,527	$111,321	$543,151	$319,469
Service	58,477	37,875	161,691	108,708
Total net revenues	262,004	149,196	704,842	428,177
Cost of revenues:				
Product	94,485	52,275	253,002	159,151
Service	24,536	14,117	67,490	40,684
Total cost of revenues	119,021	66,392	320,492	199,835
Gross profit:				
Product	109,042	59,046	290,149	160,318
Service	33,941	23,758	94,201	68,024
Total gross profit	142,983	82,804	384,350	228,342
Operating expenses:				
Research and development	50,920	24,691	131,112	67,003
Sales and marketing	72,240	38,790	193,460	116,674
General and administrative	11,707	9,612	35,561	27,296
Acquisition and integration costs, net of bargain purchase gain	9,316	3,418	47,675	9,908
Restructuring and related charges, net of reversals	4,920	7,719	4,920	9,572
Amortization of intangibles	2,101	1,193	6,461	7,510
Total operating expenses	151,204	85,423	419,189	237,963
Operating loss	(8,221)	(2,619)	(34,839)	(9,621)
Interest income	740	236	2,104	374
Interest expense	(4,044)	(1,177)	(8,763)	(3,000)
Other income (expense), net	(359)	(251)	2,125	551
Loss before income taxes	(11,884)	(3,811)	(39,373)	(11,696)
Provision for income taxes	1,729	1,166	1,787	3,252
Net loss	$(13,613)	$(4,977)	$(41,160)	$(14,948)
Basic and diluted net loss per share:				
Net loss per share - basic	$(0.12)	$(0.05)	$(0.36)	$(0.14)
Net loss per share - diluted	$(0.12)	$(0.05)	$(0.36)	$(0.14)
Shares used in per share calculation - basic	115,059	109,213	113,641	107,531
Shares used in per share calculation - diluted	115,059	109,213	113,641	107,531

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2018	March 31, 2017 (As adjusted)	March 31, 2018	March 31, 2017 (As adjusted)
Net loss:	$(13,613)	$ (4,977)	$(41,160)	$ (14,948)
Other comprehensive income (loss), net of tax:				
Available for sale securities:				
Change in unrealized gains on available for sale securities	503	—	740	—
Net change in foreign currency translation adjustments	304	749	1,091	(225)
Other comprehensive income (loss), net of tax:	807	749	1,831	(225)
Total comprehensive loss	$(12,806)	$ (4,228)	$(39,329)	$ (15,173)

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended March 31, 2018	March 31, 2017 (As adjusted)
Cash flows from operating activities:		
Net loss	$(41,160)	$(14,948)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	15,417	7,716
Amortization of intangible assets	17,771	13,781
Provision for doubtful accounts	1,566	21
Stock-based compensation	19,646	9,328
Deferred income taxes	(1,900)	1,507
Non-cash restructuring and related charges	—	2,578
Realized gain on sale of non-marketable equity investment	(3,757)	—
Realized gain on bargain purchase	(5,030)	—
Other non-cash items	2,441	457
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(45,376)	7,232
Inventories	5,122	4,724
Prepaid expenses and other assets	(3,711)	8,031
Accounts payable	28,912	4,907
Accrued compensation and benefits	(4,779)	(1,322)
Deferred revenue	10,365	(6,245)
Other current and long-term liabilities	2,743	6,194
Net cash (used in) provided by operating activities	(1,730)	43,961
Cash flows from investing activities:		
Capital expenditures	(21,999)	(7,832)
Business acquisitions	(97,581)	(51,088)
Proceeds from sale of non-marketable equity investment	4,922	—
Deposit related to an acquisition	—	(10,239)
Net cash used in investing activities	(114,658)	(69,159)
Cash flows from financing activities:		
Borrowings under Term Loan	100,000	48,250
Repayments of debt	(13,278)	(7,775)
Loan fees on borrowings	(1,494)	(1,327)
Proceeds from issuance of common stock, net of tax withholding	4,657	9,180
Payments of contingent consideration	(671)	—

Net cash provided by financing activities	89,214	48,328
Foreign currency effect on cash	(99)	28
Net (decrease) increase in cash and cash equivalents	(27,273)	23,158
Cash and cash equivalents at beginning of period	130,450	94,122
Cash and cash equivalents at end of period	$ 103,177	$ 117,280
Non-cash investing activities:		
Unpaid capital expenditures	$ 12,608	$ 963

See accompanying notes to the condensed consolidated financial statements.

EXTREME NETWORKS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Extreme Networks, Inc., together with its subsidiaries (collectively referred to as “Extreme” or the “Company”), is a leader in providing software-driven networking solutions for enterprise customers. The Company conducts its sales and marketing activities on a worldwide basis through distributors, resellers and the Company’s field sales organization. Extreme was incorporated in California in 1996 and reincorporated in Delaware in 1999.

The unaudited condensed consolidated financial statements of Extreme included herein have been prepared under the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted under such rules and regulations. The condensed consolidated balance sheet at June 30, 2017 was derived from audited financial statements as of that date but does not include all disclosures required by generally accepted accounting principles for complete financial statements. These interim financial statements and notes should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2017.

The unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations and cash flows for the interim periods presented and the financial condition of Extreme at March 31, 2018. The results of operations for the three and nine months ended March 31, 2018 are not necessarily indicative of the results that may be expected for fiscal 2018 or any future periods.

Effective July 1, 2017, the Company adopted the requirements of Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). All amounts and disclosures set forth in this Form 10-Q have been updated to comply with the new standards, as indicated by the “as adjusted” footnote.

Fiscal Year

The Company uses a fiscal calendar year ending on June 30. All references herein to “fiscal 2018” or “2018” represent the fiscal year ending June 30, 2018. All references herein to “fiscal 2017” or “2017” represent the fiscal year ended June 30, 2017.

Principles of Consolidation

The consolidated financial statements include the accounts of Extreme and its wholly-owned subsidiaries. All inter-company accounts and transactions have been eliminated.

The Company predominantly uses the United States Dollar as its functional currency. The functional currency for certain of its foreign subsidiaries is the local currency. For those subsidiaries that operate in a local currency functional environment, all assets and liabilities are translated to United States Dollars at current month end rates of exchange; and revenue and expenses are translated using the monthly average rate.

Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used for, but are not limited to, the accounting for the allowances for doubtful accounts and sales returns, determining the fair value of acquired assets and assumed liabilities, estimated selling prices, inventory valuation and purchase commitments, depreciation and amortization, impairment of long-lived assets including goodwill, warranty accruals, restructuring liabilities, measurement of share-based compensation costs, measurements of contingent consideration and income taxes. Actual results could differ from these estimates.

2. Business Combinations

The Company completed three acquisitions during the nine months ended March 31, 2018. The acquisitions have been accounted for using the acquisition method of accounting. The purchase price has been allocated on a preliminary basis to tangible and identifiable intangible assets acquired and liabilities assumed. The fair value of working capital related items, such as other current assets and accrued liabilities, approximated their book values at the date of acquisition. Inventories were valued at fair value using the net realizable value approach. The fair value of property and equipment was determined using a cost approach. The fair value of the acquired deferred revenue was estimated using the cost build-up approach. The cost build-up approach determines fair value using estimates of the costs required to provide the contracted deliverables plus an assumed profit. The total costs including the assumed profit were adjusted to present value using a discount rate considered appropriate. The resulting fair value approximates the amount that the Company would be required to pay to a third party to assume the obligation. Valuations of the intangible assets were valued using income approaches based on management projections, which we consider to be Level 3 inputs. The Company also continues to analyze the tax implications of the acquisition of the intangible assets which may ultimately impact the overall level of goodwill associated with the acquisition.

The final purchase price allocation for all assets acquired and liabilities assumed is pending the finalization of valuations as additional information is gathered surrounding events that existed as of the acquisition date, which may result in an adjustment to the preliminary purchase price allocation. Also, additional information which existed as of the acquisition dates, but was unknown to the Company at that time, may become known to the Company during the remainder of the measurement period (up to one year from the acquisition dates), and may result in a change in the purchase price allocation. While management believes that its preliminary estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill. Results of operations of the acquired entities are included in the Company's operations beginning with the closing date of each acquisition.

Fiscal 2018 Acquisitions

Data Center Business

The Company completed its acquisition of the data center business (the "Data Center Business") of Brocade Communication Systems, Inc.'s ("Brocade") on October 27, 2017 (the "Data Center Closing Date"), pursuant to an Asset Purchase Agreement (the "Data Center Business APA") dated as of October 3, 2017, by and between the Company and Brocade. Under the terms and conditions of the Data Center Business APA, the Company acquired customers, employees, technology and other assets of the Data Center Business as well as assumed certain contracts and other liabilities of the Data Center Business.

The fair value of consideration transferred on the Data Center Business Closing Date includes:

- upfront cash closing payment equal to $23.0 million,
- deferred payments of $1.0 million per quarter for the next twenty full fiscal quarters of the Company following the acquisition date discounted to their present value,
- contingent consideration in the form of quarterly earnout payments equal to 50% of the profits of the Data Center Business for the five-year period commencing at the end of the first full fiscal quarter of the Company following the acquisition of the Data Center Business discounted to their present value,
- an amount payable due to the excess working capital acquired over the target working capital agreed upon in the Data Center Business APA, and,
- portion of the fair value of replacement stock awards granted to employees assumed from Brocade for which their services were provided prior to the Data Center Business Closing Date.

The components of aggregate estimated purchase consideration are as follows (in thousands):

Estimated purchase consideration	October 27, 2017
Cash paid to sellers at closing	$23,000
Deferred payments	18,430

Contingent consideration	34,100
Working capital adjustment	6,534
Replacement of stock-based awards	2,273
Aggregate estimated purchase consideration	$84,337

The following table below summarizes the preliminary allocation as of March 31, 2018 of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands):

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	Preliminary Allocation as of December 31, 2017	Change during three months ended March 31, 2018		Preliminary Allocation as of March 31, 2018
Accounts receivables	$ 33,488	$—		$ 33,488
Inventories	19,973	(39)	(a)	19,934
Prepaid expenses and other current assets	988	—		988
Property and equipment	29,160	—		29,160
Other assets	4,734	—		4,734
Accounts payable and accrued expenses	(15,850)	113	(b)	(15,737)
Deferred revenue	(33,519)	494	(c)	(33,025)
Net tangible assets acquired	38,974	568		39,542
Identifiable intangible assets	28,600	3,600	(d)	32,200
Goodwill	16,763	(4,168)		12,595
Total intangible assets acquired	45,363	(568)		44,795
Total net assets acquired	$ 84,337	$—		$ 84,337

The changes during the period in the table above include: a) additional information regarding the existence of inventories and unpaid invoices as of the acquisition date, b) additional information on unpaid invoices as of the acquisition date, c) an adjustment of the fair value of deferred maintenance revenue and d) revised fair value based on adjustments to discount rate used in the models for usefulness of identifiable intangible assets.

The following table presents details of the identifiable intangible assets acquired as part of the acquisition (dollars in thousands):

Intangible Assets	Estimated Useful Life (in years)	Amount
Developed technology	2 - 5	$25,400
Customer relationships	5	5,400
Trade names	4	1,400
Total identifiable intangible assets		$32,200

The amortization for the developed technology is recorded in “Cost of revenues” for product and the amortization for the remaining intangibles is recorded in “Amortization of intangibles” in the accompanying condensed consolidated statements of operations. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of the Data Center Business. The Company anticipates both the goodwill and intangible assets to be fully deductible for income tax purposes.

The results of operations of the Data Center Business are included with those of the Company beginning October 28, 2017. The Data Center Business revenue for the nine months ended March 31, 2018 was $90.2 million and has been incorporated into the revenue of the Company. The associated expenses of the Data Center Business have been incorporated with the results of operations of the Company as a product line and, therefore, stand-alone operating results are not available. In the three and nine months ended March 31, 2018 the Company incurred $5.0 million and $38.8 million, respectively, of acquisition and integration related expenses associated with the acquisition of the Data Center Business, including a $25.0 million consent fee paid to terminate a previous asset purchase agreement entered into by the Company to purchase the Data Center Business from Broadcom Corporation, in anticipation of Broadcom’s proposed acquisition of Brocade. The fee was paid to allow the Company to buy the Data Center Business directly from Brocade. Such acquisition-related costs are included in “Acquisition and integration costs, net of bargain purchase gain” in the accompanying condensed consolidated statements of operations. The costs, which the Company expensed as incurred, consist primarily of professional fees to financial and legal advisors and IT consultants.

Campus Fabric Business

The Company completed its acquisition of Avaya Inc.’s. (“Avaya”) fabric-based secure networking solutions and network security solutions business (the “Campus Fabric Business”) on July 14, 2017, (the “Campus Fabric Business Closing Date”) pursuant to an Asset Purchase Agreement (the “Campus Fabric Business APA”) dated March 7, 2017. Under the terms and conditions of the Campus Fabric Business APA, the Company acquired the customers, employees, technology and other assets of the Campus Fabric Business, as well as assumed certain contracts and other liabilities of the Campus Fabric Business, for total provisional consideration of $79.8 million, calculated as $100.0 million, less adjustments set forth in the Campus Fabric Business APA related to net working capital, deferred revenue, certain assumed lease obligations and certain assumed pension obligations for transferring employees of the Campus Fabric Business. Pursuant to certain ancillary agreements, Avaya will also provide the Company with transition services for a period of time following the Campus Fabric Business Closing Date.

The following table below summarizes the preliminary allocation as of March 31, 2018 of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands):

	Preliminary Allocation as of December 31, 2017	Change during three months ended March 31, 2018		Preliminary Allocation as of March 31, 2018
Accounts receivables	$ 18,295	$417	(a)	$ 18,712
Inventories	15,545	—		15,545
Prepaid expenses and other current assets	673	(24)	(b)	649
Property and equipment	3,768	1,638	(c)	5,406
Other assets	5,311	(517)	(d)	4,794
Accounts payable and accrued expenses	(31,919)	(395)	(c)	(32,314)
Deferred revenue	(10,051)	1,057	(e)	(8,994)
Other long-term liabilities	(5,205)	—		(5,205)
Net tangible assets acquired	(3,583)	2,176		(1,407)
Identifiable intangible assets	46,900	(4,700)	(f)	42,200
In-process research and development	2,500	100	(f)	2,600
Goodwill	34,009	2,424		36,433
Total intangible assets acquired	83,409	(2,176)		81,233
Total net assets acquired	$ 79,826	$—		$ 79,826

The changes during the period in the table above include: a) additional information on accounts receivable as of the acquisition date, b) additional information on prepaid expenses as of the acquisition date, c) update on preliminary estimate of the fair value of property and equipment which led to an increase, d) an adjustment of the fair value of deferred maintenance revenue and associated deferred cost of revenue, e) additional information on unpaid invoices as of the acquisition date, and f) revised fair value based on revisions to estimated useful life of identifiable intangible assets and in-process research and development acquired.

The following table presents details of the identifiable intangible assets acquired as part of the acquisition (dollars in thousands):

Intangible Assets	Estimated Useful Life (in years)	Amount
Developed technology	2 - 4	$32,700
Customer relationships	4	5,100
Trade names	4 - 5	2,600
Backlog	1	1,800
Total identifiable intangible assets		$42,200

The amortization for the developed technology is recorded in “Cost of revenues” for product and the amortization for the remaining intangibles is recorded in “Amortization of intangibles” in the accompanying condensed consolidated statement of operations. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of the Campus Fabric Business. The Company anticipates both the goodwill and intangible assets to be fully deductible for income tax purposes.

The Company also acquired an indefinite lived asset of $2.6 million which represents the fair value of in-process research and development activities. During the three months ended March 31, 2018, the related research and development efforts were completed and the Company reclassified the in-process research and development of $2.6 million to developed technology and began recognizing amortization expense over its estimated useful life.

The results of operations of the Campus Fabric Business are included in the accompanying condensed consolidated results of operations beginning July 14, 2017. The Campus Fabric Business revenue for the nine months ended March 31, 2018 was $127.7 million and has been incorporated into the revenue of the Company. The associated expenses of the Campus Fabric Business have been incorporated with the results of operations of the Company as a product line and, therefore, stand-alone operating results are not available. In the three and nine months ended March 31, 2018, the Company incurred $4.4 million and $13.9 million, respectively, of acquisition and integration related expenses associated with the acquisition of the Campus Fabric Business. Such acquisition-related costs are included in "Acquisition and integration costs, net of bargain purchase gain" in the accompanying condensed consolidated statements of operations. The costs, which the Company expensed as incurred, consist primarily of professional fees to financial and legal advisors and IT consultants and companies.

Capital Financing Business

On December 1, 2017, Company completed its acquisition of a capital financing business (the “CF Business”), pursuant to a Bill of Sale and Assignment and Assumption Agreement (the “Assumption Agreement”) between the Company and Broadcom. Under the terms and conditions of the Assumption Agreement, the Company acquired customers, employees, contracts and lease equipment of the CF Business equal to the earn out payments to Broadcom of 90% of acquired financing receivables to be collected commencing at the closing date.

Net assets acquired included financing receivables of $13.7 million, lease equipment of $3.5 million and identifiable intangible assets of $0.8 million, and the fair value of the contingent consideration was $13.0 million. As the preliminary fair value of the net assets acquired exceeded the fair value of the purchase consideration, the Company recorded a bargain purchase gain of $5.0 million which is included in “Acquisition and integration costs, net of bargain purchase gain” in the accompanying condensed consolidated statements of operations. Acquisition and integration related expenses associated with the acquisition of the CF Business were immaterial.

Fiscal 2017 Acquisition

On October 28, 2016, the Company completed its acquisition of the wireless local area network business (“WLAN Business”) from Zebra Technologies Corporation. Under the terms of the WLAN Asset Purchase Agreement, the Company acquired customers, employees, technology and other assets as well as assumed certain contracts and other liabilities of the WLAN Business, for a net cash consideration to $49.5 million. The following table below summarizes the final allocation of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands):

	Final Allocation as of October 28, 2016
Accounts receivables, net	$ 14,636
Inventories	13,593
Other current assets	808
Property and equipment	3,159
Other assets	7,634
Deferred revenue	(14,159)
Other liabilities	(7,201)
Total tangible assets acquired and liabilities assumed	18,470
Identifiable intangible assets	20,300
In-process research and development	1,400
Goodwill	9,339
Total intangible assets acquired	31,039
Total net assets acquired	$ 49,509

Pro forma financial information

The following unaudited pro forma results of operations are presented as though the acquisitions of the Data Center Business, CF Business, Campus Fabric Business and WLAN Businesses had occurred as of the beginning of the earliest period presented after giving effect to purchase accounting adjustments relating to inventories, deferred revenue, depreciation and amortization on acquired property and equipment and intangibles, acquisition costs, interest income and expense and related tax effects.

The pro forma results of operations are not necessarily indicative of the combined results that would have occurred had the acquisition been consummated as of the earliest period presented, nor are they necessarily indicative of future operating results. The unaudited pro forma results do not include the impact of synergies, nor any potential impacts on current or future market conditions which could alter the unaudited pro forma results.

The unaudited pro forma financial information for the three and nine months ended March 31, 2018, combines the results for Extreme for the three and nine months ended March 31, 2018, which include the results of the Data Center Business, CF Business and Campus Fabric Business subsequent to their acquisition dates and their historical results up to the acquisition date.

The unaudited pro forma financial information for the three and nine months ended March 31, 2017, combines the historical results for Extreme for those periods, as adjusted for the adoption of Topic 606, with the historical results of the Data Center Business, CF Business and Campus Fabric Business for the three and nine months ended March 31, 2017, as well as the historical results of the WLAN Business prior to the WLAN Business acquisition date.

Pro forma results of operations from the Data Center Business, CF Business, Campus Fabric Business and WLAN Business acquisitions included in the pro forma results of operations for the three and nine months ended March 31, 2017 have not been adjusted for the adoption of Topic 606 because the Company determined that it is impractical to estimate the impact of the adoption.

The following table summarizes the unaudited pro forma financial information (in thousands, except per share amounts):

	Three Months Ended		Nine Months Ended	
	March 31, 2018	March 31, 2017 (As adjusted)	March 31, 2018	March 31, 2017 (As adjusted)
Net revenues	$262,004	$267,176		