

ASX ANNOUNCEMENT

29 January 2020

December 2019 Quarterly Business Update and Appendix 4C

Fourth consecutive quarter of record US Monthly Active User growth - 1.9 million additions in the December 2019 quarter

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 31 December 2019 together with a Business Update. Appendix 4C is prepared in US dollars under US GAAP and is unaudited.

December 2019 Quarter Highlights

- Revenue of US\$18.2 million in the December quarter, a year-on-year growth rate of 58%. Annualised Monthly Revenue (AMR) (excluding a one-time revenue contribution) in December 2019 was US\$75.4 million, slightly above prospectus forecasts, reflecting a year-on-year growth rate of 67%. CY19 revenue of US\$59.0 million increased 84% year-on-year exceeding prospectus forecasts of US\$58.6 million.
- Global Monthly Active User (MAU) base of 27.2 million, up 47% year-on-year, ahead of prospectus forecasts of 26 million. MAU increased 2.4 million in the December quarter and 8.7 million in the 2019 year.
- US MAU base of 16.3 million (60% of total MAU), up 63% year-on-year, ahead of prospectus forecasts of 14.1 million. This reflects another record quarterly increase of 1.9 million in the December quarter and 6.3 million in the 2019 year.
- International MAU base of 10.9 million, up 28% year-on-year, an increase of 0.6 million in the December quarter and 2.4 million in the 2019 year.
- Average Revenue Per Paying Circle (ARPPC) increased 14% year-on-year in the December quarter, supported by the shift to higher value Driver Protect subscriptions and a shift from annual to monthly subscription packages. In the 2019 year ARPPC increased 10%, ahead of assumptions underpinning the prospectus for a decline of around 2%.
- Paying Circles (which comprise Life360 Plus and Driver Protect) of around 827,000, up 43% year-on-year, compared with prospectus forecasts of 940,000. This reflected a shift to higher priced Driver Protect which accounted for more than 70% of total subscriptions compared with prospectus model assumptions of less than 60%.
- The auto insurance lead generation partnership with Allstate delivered revenue of US\$1.5 million in the December 2019 quarter and more than US\$4 million since launch in May 2019
- Paid User Acquisition spend was US\$3.9 million in the December 2019 quarter and US\$19.4 million in the 2019 year. This was below prospectus forecasts of US\$25.9 million due to the achievement of significant efficiencies and strong organic growth.
- Cash balance of US\$64.1 million at December 2019 with no debt. Life360 remains confident its strong capital position represents sufficient resources to fund future growth.

Business Update

Life360 Chief Executive Officer Chris Hulls said: “Life360 has finished the 2019 year with the largest Monthly Active User growth in the company’s history, adding 8.7 million global MAU in the past twelve months. This performance validates our vision of becoming the leading service to protect and connect modern families.

“Our global Monthly Active User base reached 27.2 million at December 2019 with a particularly strong performance from the US which surpassed 16.3 million. US MAU increased 1.9 million in the December quarter and 6.3 million in the year, a year-on-year growth rate of 63%. There is pleasing momentum in our US business with every quarter of 2019 delivering record sequential MAU additions.

“On Christmas Day, a bellwether for the business, we had our highest ever single day of new US registered user growth, a 38% uplift from a year ago. We see this as a sign that we are nowhere near a saturation point as the trends that have driven our business appear to be accelerating.”

International MAU reached 10.9 million, an increase of 0.6 million in the December quarter and 2.4 million in the 2019 year. The 28% year-on-year growth was supported by a shift to higher quality users in more valuable international markets.

Chris Hulls said “In our listed home of Australia, the Monthly Active User base reached more than 570,000, with additions in the December quarter the highest in the company’s history. This reflected a year-on-year increase of almost 90% for the 2019 year and was driven primarily by word-of-mouth growth with minimal marketing.”

Revenue of US\$18.2 million in the December quarter increased 58% year-on-year. Annualised Monthly Revenue (AMR) in December 2019 excluding a one-time revenue contribution was US\$75.4 million. This was slightly ahead of prospectus forecasts, reflecting a year-on-year growth rate of 67%. CY19 revenue of US\$59.0 million increased 84% year-on-year, exceeding prospectus forecasts of US\$58.6 million.

Chris Hulls added “During CY19, Direct Revenue grew strongly, supported by the 43% growth in Paying Circles to around 827,000 and 10% growth in Average Revenue Per Paying Circle (ARPPC). While Paying Circles were lower than prospectus forecasts, this was not a miss because we intentionally shifted users to Driver Protect, which not only supports much higher pricing, but also shows better retention. By the end of 2019, Driver Protect accounted for more than 70% of total subscriptions compared with prospectus model assumptions of less than 60%. In addition there was a rebalancing of subscription packages from annual to monthly. ARPPC increased 10% compared with prospectus expectations for a decline of around 2%. We indicated earlier in the year that we were confident that this was an area where we would likely outperform, and we are confident that we will see continued ARPPC growth as we roll out our broader membership platform over the course of 2020.”

Indirect Revenue, which includes Data revenue, our Allstate lead generation partnership and legacy ADT partnership also delivered very strong growth in CY19. This was despite the faster than expected wind-down of legacy revenues from ADT which resulted in a US\$2 million shortfall versus prospectus forecasts. This shortfall was offset by revenue which is expected to be longer term and more durable. The Allstate partnership contributed revenue of US\$1.5 million in the December quarter and more than US\$4 million since its launch in May 2019.

Paid User Acquisition spend of US\$3.9 million in the December quarter and US\$19.4 million in the 2019 year was below the prospectus forecast, clearly indicating that organic growth, (with no associated cost), continues to build momentum. Life360’s Paid User Acquisition spend will continue to be governed by our cash recovery model and an expectation of continued growth in customer Lifetime Value (LTV). Paid User Acquisition spend is expected to increase beginning in Q1 CY20 as Life360 expands more aggressively into new channels with positive Return on Investment based on our cash recovery and LTV model.

Chris Hulls added “2019 has been a year of considerable progress for Life360. From the recognition of our brand to the size of our user base, we are bigger than we have ever been. 2020 is shaping up to be an even more exciting year, as we live up to the “360” in Life360 with the unveiling of our membership service which has been our primary focus since the IPO. Soon our premium products will do far more than protect you in the car, and will offer all-encompassing support ranging from protecting your physical safety, assisting you when you travel, protecting your digital identity, and providing assistance in natural disasters.”

Cash flow

Life360 ended December 2019 with a cash balance of US\$64.1 million and no debt.

For the December 2019 quarter, cash used in operating activities of US\$6.7 million improved sequentially from US\$7.1 million in the September 2019 quarter.

Cash used in investing activities of US\$0.2 million reflected minor purchases of capital assets.

Cash flows from financing activities of US\$0.3 million reflected proceeds from share issuance.

For the 2019 year, cash used in operating activities of US\$30.5 million exceeded prospectus forecasts of US\$24.6 million reflecting year-end prepayments of US\$6.0 million not included in the prospectus model. Lower than forecast deferred revenue arising from the shift in the business from annual to monthly subscriptions was offset by non-cash expenses and other items.

Life360 remains committed to delivering sequential quarterly improvement in operating cash flow losses in 2020.

Investor Conference Call

A conference call will be held today at 9.30am AEDT, Wednesday 29 January. The call will be held as a Zoom audio webinar.

Participants wishing to ask a question should register and join via their browser [here](#).

Participants joining via telephone will be in a listen only mode.

Dial in details

Australia : +61 2 8015 6011

US : +1 669 900 6833

Other countries : <https://zoom.us/j/ad1YGgX1jI>

Meeting ID : 557 338 077

A replay will be available after the call at <https://investors.life360.com>

Authorisation

Chris Hulls, Director, Co-Founder and Chief Executive Officer of Life360 authorised this announcement being given to ASX.

About Life360

Life360 operates a platform for today’s busy families, bringing them closer together by helping them better know, communicate with and protect the people they care about most. The Company’s core offering, the Life360 mobile app, is a market leading app for families, with features that range from communications to driving safety and location sharing. Life360 is based in San Francisco and has more than 27 million monthly active users (MAU) located in more than 160 countries.

Contacts

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Life360's CDIs are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers of securities which are made outside the US. Accordingly, the CDIs, have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person who is not a QIB for the foreseeable future except in very limited circumstances until after the end of the restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on ASX to US persons excluding QIBs. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person who is not a QIB. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Appendix: Platform Update

Life360 provides below a summary of changes historically introduced on iOS and Android platforms and the Company's response. This information will be updated on a quarterly basis.

Date	Version	Changes	Resolution	Potential impact	Actual impact
iOS					
Sept '19	13	Location permissions VoIP disabling	Work-around User education through email and in-app campaigns Alternative provided by Apple	Minimal Minimal	Minimal None anticipated
Sept '18	12	10 mins maximum background time limit	Worked with Apple to increase limit before release of iOS 12	Minimal	Minimal
Sept '17	11	Blue bar	Additional API added to remove blue bar after negotiation with Apple	Minimal	Minimal
Sept '16	10	Decommissioned background socket	Migrated background wake up to VOIP	Significant	Minimal
Sept '15	9	More background location sampling	Update infrastructure to handle additional location points	Medium	Medium
Sept '13	7	iOS background task termination stopped all background location from running	Successful petition to Apple to change policy with iOS 7.1	Significant	iOS 7.0 - Significant iOS 7.1 - Minimal
Android					
Sept '19	Q	Always vs When in Use background location permission	Updated app to present new permissions to the users and encourage Always permission	Minimal	Minimal
Aug '18	P	Limited access to sensors in the background	Display persistent notification while driving to ensure background access	Significant	Medium
Aug '17	O	Notification channels Background Execution limits	Added 11 different channels that allow users to customise all notifications Display persistent notification during background location updates	Minimal	Minimal
Aug '16	N	Doze Mode enhancements	Updates to ensure compatibility with Doze Mode	Minimal	Minimal
Oct '15	M	Doze Mode App Permissions	Update to high priority notifications for background location Ensure we prompt the user for all permissions required	Significant	Medium

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Life360, Inc

ARBN

629 412 942

Quarter ended ("current quarter")

Dec 31, 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	21,351	58,952
1.2 Payments for		
(a) research and development	(2,557)	(9,890)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(7,962)	(31,267)
(d) leased assets	(381)	(1,423)
(e) staff costs	(7,127)	(26,305)
(f) administration and corporate costs	(1,818)	(6,840)
Dividends received (see note 3)		
1.3 Interest received	236	464
1.4 Interest costs paid		(186)
1.5 Income taxes paid	(44)	(44)
1.6 Government grants and tax incentives		
1.7 Payments for technology expenses	(8,382)	(13,979)
1.8 Net cash from / (used in) operating activities	(6,684)	(30,518)
1.9 Net cash from / (used in) operating activities	(6,684)	(30,518)

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
2. Cash flows from investing activities		
Payments to acquire:		
2.1 (a) property, plant and equipment	(219)	(410)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
Proceeds from disposal of:		
2.2 (a) property, plant and equipment		74
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
Cash flows from loans to other entities		
2.3 Dividends received (see note 3)		
2.4 Other (provide details if material)		
2.5 Net cash from / (used in) investing activities	(219)	(336)
2.6 Net cash from / (used in) investing activities	(219)	(336)

3. Cash flows from financing activities		
Proceeds from issues of shares	112	73,170
3.1 Proceeds from issue of convertible notes		
3.2 Proceeds from exercise of share options	192	696
3.3 Transaction costs related to issues of shares, convertible notes or options		1
3.4 Proceeds from borrowings		
3.5 Repayment of borrowings		(5,000)
3.6 Transaction costs related to loans and borrowings		
3.7 Dividends paid		
3.8 Other (provide details if material)		
3.9 Net cash from / (used in) financing activities	304	68,866
3.10 Net cash from / (used in) financing activities	304	68,866

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
Cash and cash equivalents at beginning of quarter/year to date	70,667	26,056
4.1 Net cash from / (used in) operating activities (item 1.9 above)	(6,684)	(30,518)
4.2 Net cash from / (used in) investing activities (item 2.6 above)	(219)	(336)
4.3 Net cash from / (used in) financing activities (item 3.10 above)	304	68,866
4.4 Effect of movement in exchange rates on cash held		
4.5 Cash and cash equivalents at end of quarter	64,068	64,068

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	63,817	70,416
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Rental Deposits	251	251
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	64,068	70,667

6. Payments to directors of the entity and their associates	Current quarter \$'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(30)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(2,689)
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	(8,900)
9.4 Leased assets	(444)
9.5 Staff costs	(8,220)
9.6 Administration and corporate costs	(1,931)
9.7 Payments for technology expenses	(1,288)
9.8 Total estimated cash outflows	(23,472)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not Applicable	Not Applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

(Director)

Date: 29 January, 2020

Print name: John Philip Coghlan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.