

ASX ANNOUNCEMENT

28 April 2021

March 2021 Quarterly Activities Report and Appendix 4C

Accelerating growth momentum as COVID subsides, with new records set for US MAU, revenue and Paying Circles

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 March 2021 together with a Business Activities Report. Appendix 4C is prepared in US dollars under US GAAP and is unaudited.

Life360 Chief Executive Officer Chris Hulls said: “We are excited by Life360’s accelerating growth momentum in the March quarter, particularly in the US where the benefits of the vaccine rollout are beginning to be felt. We are encouraged that the early signs of recovery in Australia are now being replicated in our largest market, the US. Globally, new registrations are at their highest level since March 2020, prior to the onset of COVID. In the US, organic registrations increased 13% versus the December quarter; additionally, the month of March delivered the strongest growth in Paying Circle additions since November 2019 and this is with our much higher priced Membership plans. It is very encouraging to see that as COVID infections and restrictions reduce, we see a corresponding positive impact on our growth rates. This reinforces our confidence that COVID is turning from a headwind in 2020 to a tailwind in 2021.

“Yesterday we announced that we had entered into a non-binding term sheet for the acquisition of Jibit, provider of wearable location devices for young children, pets, and seniors. The proposed acquisition represents the first stage of the strategic review previously announced in February 2021.

“We’re excited about Jibit for a number of reasons. A key pillar of Membership has been to expand our product line to all life stages, and Jibit very naturally fills that need. Jibit’s primary customers are parents with young kids, who will age into our core demographic as their families mature. It should be noted that these new parents are largely digitally native millennials, who we see as our ultimate core audience. While Jibit is primarily focused on younger kids today, they are already having success with pets, which is also a natural fit with our user base. The shift to seniors is something in the works, and a great addition to keep our members engaged at the other end of the age spectrum”.

March 2021 Quarter Highlights

- Revenue growth of 20% year-on-year to US\$23.0 million. Annualised Monthly Revenue (AMR) in March 2021 was US\$95.8 million, a year-on-year increase of 26%.
- Cash used in operating activities of US\$(3.0) million compared with US\$(2.7) million for the December 2020 quarter and US\$(6.2) million in the March 2020 quarter.
- Underlying EBITDA loss (excluding Stock Based Compensation) of US\$(1.5) million.
- Global Monthly Active User (MAU) base of 28.0 million, matching March 2020, prior to the impact of COVID-19. Global MAU increased 1.5 million from the December 2020 quarter or 6%.

- US MAU base of 18.1 million, a new record, increasing 8% year-on-year and 1.0 million from the December 2020 quarter.
- International MAU base of 10.0 million, an increase of 0.4 million, or 5%, from the December 2020 quarter.
- Global Paying Circles of 916,000, up 6% year-on-year and 3% for the quarter. US Paying Circles increased 11% year-on-year, benefiting from the launch of the new Membership offering in July 2020.
- New and upsell subscribers in the Membership plans of more than 226,000, comprising Silver (15%), Gold (75%) and Platinum (10%). Membership now makes up 30% of US Paying Circles.
- Average Revenue Per Paying Circle (ARPPC) increased 14% year-on-year, and 4% versus the December 2020 quarter. ARPPC for new cohort Membership subscribers was a 36% uplift from the first half of 2020.
- Paid User Acquisition spend of US\$1.2 million compared with US\$1.7 million in the December 2020 quarter and US\$4.0 million in the March 2020 quarter. Investment in Paid User Acquisition, together with TV channels, amounted to US\$2.2 million in the March 2021 quarter, in line with US\$2.3 million in the December 2020 quarter.
- Data revenue was down 14% versus the December 2020 quarter, but up 26% year-on-year, reflecting overall increased volumes, but with adjustments in the quarter ahead of the IDFA changes introduced this week.
- Cash balance of US\$53.5 million at March 2021 with no debt, compared with US\$56.6 million at December 2020. Life360 remains confident its strong capital position represents sufficient resources to fund future growth.

Business Activities Update

Life360 Chief Executive Officer Chris Hulls said: “We are very encouraged by the strength of the metrics the business delivered in the March quarter, and the foundation this provides to drive future growth. We are progressing against the strategic roadmap we outlined with our 2020 full year results. We are building our user base by expanding marketing beyond pure performance channels. We have built on our early positive results in streaming TV, and are now scaling spend in the channel, which not only is resulting in accelerating user growth, but also the development of our mainstream brand centred around Membership. Our goal to leverage the success of the Membership launch is being supported by the development of new features such as free dark web monitoring to encourage upsell to premium tiers. And later this year we will undertake the first international launch of Membership in Canada. We are also testing new verticals to expand reach and revenue. For example, we ran a test for Coin, a debit card for teens, and project to have over one hundred thousand customers on the waiting list. While we have not decided when to bring this to market, we believe the test’s success demonstrates our ability to move our users into new products and services.”

At March 2021, Life360’s global Monthly Active User base was 28.0 million, an increase of 1.5 million for the quarter. US MAU of 18.1 million increased 8% year-on-year, and 6% or 1.0 million from December 2020. International MAU of 10.0 million increased 0.4 million from December 2020. In our listed home of Australia, the MAU base of 705,000 increased 7% from December 2020, and 17% year-on-year.

Revenue in the March quarter increased 20% year-on-year to US\$23.0 million. For the month of March, Annualised Monthly Revenue (AMR) was US\$95.8 million, a 26% year-on-year increase, and 7% ahead of December 2020 AMR of US\$89.7 million.

Chris Hulls added “Direct revenue grew strongly, benefiting from a 6% year-on-year increase in Paying Circles to 916,000 and a 14% uplift in ARPPC. The success of our Membership model is reflected in 226,000 new and upsell subscribers, accounting for 30% of US Paying Circles. While legacy subscribers are grandfathered on their previous plans, the new Membership cohort is delivering an ARPPC uplift of 36% versus the first half of 2020. Just as importantly, I’m excited by the material uplift in the top-of-funnel registrations that we are seeing in the last few weeks. This reinforces our confidence for accelerated growth as the US continues its recovery from COVID.”

Indirect Revenue, (which includes Data revenue and our lead generation partnership), delivered year-on-year growth. Lead gen contributed revenue of US\$1.5 million, consistent with the December 2020 and March 2020 quarters. Data revenue growth remained strong year-on-year, but reduced quarter-on-quarter as expected, primarily due to platform changes that we are making in anticipation of iOS IDFA. We expect a further impact to this business line in Q2 as the IDFA changes rollout, albeit at a lower level than originally anticipated, and as an important emphasis, our more strategic revenue lines won’t be materially impacted by the change.

During the March quarter, the majority of Paid User Acquisition spend remained paused, with investment of US\$1.2 million compared with US\$1.7 million in the December 2020 quarter, and US\$4.0 million in the March 2020 quarter. While the performance of traditional user acquisition channels remains challenging, new channels such as streaming TV are working well, with the additional benefit of building brand. Total investment in Paid User Acquisition and TV channels was US\$2.2 million in the March 2021 quarter, in line with US\$2.3 million in the December 2020 quarter. As we see increased activity and return on investment, we are reactivating marketing spend earlier than initially planned.

“Our continued disciplined spending approach delivered an underlying EBITDA loss (excluding Stock Based Compensation) of \$1.5 million” Chris Hulls said.

Cash flow

Life360 ended March 2021 with a cash balance of US\$53.5 million and with no debt.

Receipts from customers of US\$15.8 million decreased from US\$21.7 million in the December 2020 quarter, reflecting the timing of subscription receipts – with a consequent increase in receivables at period end.

Payments in the March 2021 quarter increased 2% year-on-year, while decreasing 23% versus the December 2020 quarter which included a number of year-end prepayments. Individual cost category comparisons versus the previous corresponding and prior quarters have been impacted by the Company’s introduction of a new income statement presentation which separates out cost of revenue, consistent with general practice.

Staff payments of US\$9.5 million increased from US\$8.2 million in the December 2020 quarter due to timing of bonus payments. Advertising and Marketing payments (which include Paid User Acquisition) of US\$2.9 million reduced from US\$4.2 million in the December 2020 quarter and US\$5.0 million in the March 2020 quarter. Research and development payments of US\$2.4 million reduced from US\$2.8 million in the December 2020 quarter as a result of the new cost of revenue presentation. Cost of revenue of US\$2.0 million reflects the new cost of revenue presentation. Administration and corporate payments of US\$1.6 million reduced from US\$2.7 million in the December 2020 quarter due to the new cost of revenue presentation.

Cash used in operating activities of US\$(3.0) million increased slightly from US\$(2.7) million in the December 2020 quarter and decreased versus US\$(6.2) million in the March 2020 quarter.

No cash was used in investing activities.

Cash used in financing activities of US\$(0.09) million reflects exercise of options and settlement of RSUs.

Outlook

- We are encouraged by the recovery in top-of-funnel, MAU and Paying Circles as COVID conditions improve, particularly in the US. These trends reinforce our confidence in Life360's ability to take full advantage of the key "back to school" period in the US from August, and to achieve the guidance provided to the market in February. We continue to expect that by December 2021, Life360 will be delivering Annualised Monthly Revenue in the range of US\$110-120 million, a 23% to 34% YoY growth rate.
- Based on the planned investment in growth, in CY21 we expect an underlying EBITDA loss (excluding Stock Based Compensation) of no greater than US\$(15) million.
- This guidance excludes any impact from the proposed Jiojobit acquisition.

Strategic Review

As announced on 25th February 2021, the Board has determined to conduct a review of strategic alternatives given current valuations in the US for high growth technology companies, and inbound interest received.

While Jiojobit marks the first step in our strategic review, it is not complete. We are continuing to look at additional assets that will accelerate our vision, including larger acquisitions that could be funded with vehicles that would simultaneously result in our dual listing on a US exchange. We've specifically honed in our search on companies in the insurance vertical, which is a sector that is currently getting significant attention from investors in our home market of the US.

There is no certainty that the review will result in any transaction or any changes to current listing arrangements. We remain committed to our existing strategic plan, and will only consider complementary pathways that result in a significant increase in shareholder value.

Related party

A related party payment of US\$5,312.50 was paid to Carthona Capital for the quarterly directors' fees for a non-executive director.

Investor Conference Call

A conference call will be held today at 9.30am AEST, Wednesday 28 April. 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://life360.zoom.us/j/axj1N209>

Meeting ID : 913 0138 3167

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 had more than 28 million monthly active users (MAU) as at March 2021, located in more than 195 countries.

Contacts

For investor enquiries:
Jolanta Masojada, +61 417 261 367
jmasojada@life360.com

For media enquiries:
Giles Rafferty, +61 481 467 903
grafferty@firstadvisers.com.au

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.

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.

Appendix: Platform Update - iOS

Date	Version	Changes	Resolution	Potential impact	Actual impact
Sept '20	14	Identifier for Advertisers (IDFA) update, now per app opt-in Users can switch off precise location VoIP disabling (not yet enforced in iOS14)	Apple delayed to 2021. Options being discussed and prototyped Messaging Alternatives being tested	Potentially significant on Data business Low Medium	Still to be determined Low Still to be determined
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

Appendix: Platform Update - Android

Date	Version	Changes	Resolution	Potential impact	Actual impact
Sept '20	11	Minor	Incorporated and shipped	Minimal	Minimal
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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Life360, Inc

ABN

629 412 942

Quarter ended ("current quarter")

March 31, 2021

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15,825	15,825
1.2 Payments for		
(a) research and development	(2,358)	(2,358)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(2,910)	(2,910)
(d) leased assets	(429)	(429)
(e) staff costs	(9,536)	(9,536)
(f) administration and corporate costs	(1,564)	(1,564)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Payments for cost of revenue	(2,027)	(2,027)
1.9 Net cash from / (used in) operating activities	(2,993)	(2,993)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	0	0
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	0	0

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options and settlement of RSUs	(87)	(87)
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(87)	(87)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	56,611	56,611
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,993)	(2,993)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(87)	(87)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	53,531	53,531

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	53,334	56,413
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	197	198
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	53,531	56,611

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	5 ²
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

² Related party payment of \$5,312.50 was paid to Carthona Capital for the quarterly directors' fees for a non-executive director.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	0	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	0	0
7.5 Unused financing facilities available at quarter end		0
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,993)
8.2 Cash and cash equivalents at quarter end (item 4.6)	53,531
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	53,531
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	18
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date:April 28, 2021.....

Authorised by: 
(Audit and Risk Committee Chair)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.