

# ASX Small and Mid-Cap Conference

10 September 2020

Russell Burke, CFO



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# The world's leading family safety service.

Family love is universal, and we are all connected by the need to keep loved ones safe. That's why Life360 is trusted by over 25 million members worldwide across 13 languages—and counting.

# Life360

## Company Snapshot

**US HQ**

San Francisco-based

**360.AX**

ASX-listed  
CHESS Depository Interest (CDI)

**IPO**

May 2019

**~200**

Employees

**~A\$600m**

Market capitalisation  
4 September 2020

**\$58.4m**

Net cash at June 2020

Note : All references in this presentation to \$ are to US\$

# Life360

## Business Snapshot

**25m**

Monthly Active Users  
at June 2020

**845k**

Paying Circles  
(subscribers) at June 2020

**195    13**

countries    languages

**\$77.9m**

June 2020 Annualised Monthly  
Revenue

**\$38.7m**

Normalised CY20 H1 revenue\*  
+57% YoY

**\$(2.6)m**

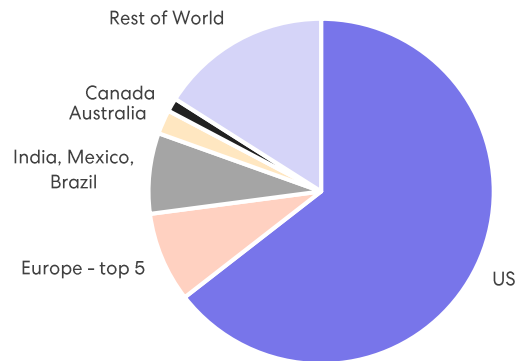
CY20 H1 underlying EBITDA loss\*\*  
+82% YoY improvement

\*Includes non-recurring adjustment of approximately \$0.9 million in relation to deferral of subscription revenue \*\* Includes non-recurring adjustment and excludes stock based compensation

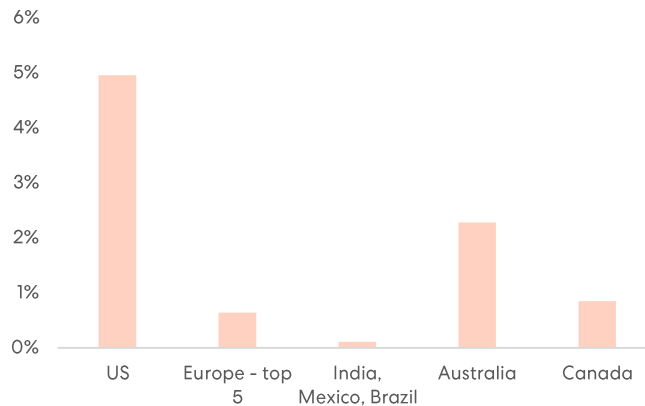
# Market opportunity

Life360 has significant growth opportunity in US and international markets

MONTHLY ACTIVE USER BASE BY GEOGRAPHY

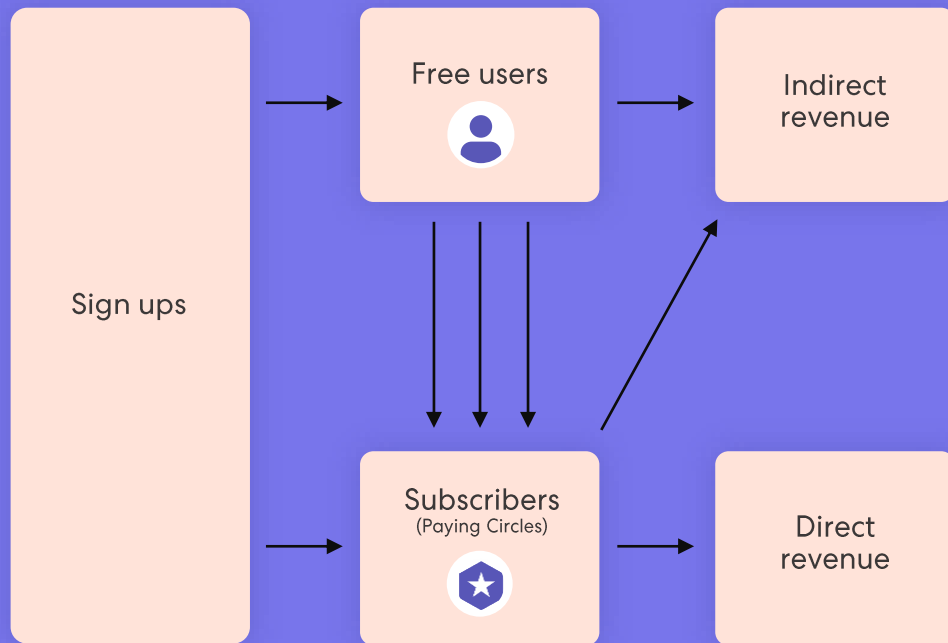


MAU PENETRATION OF POPULATION %

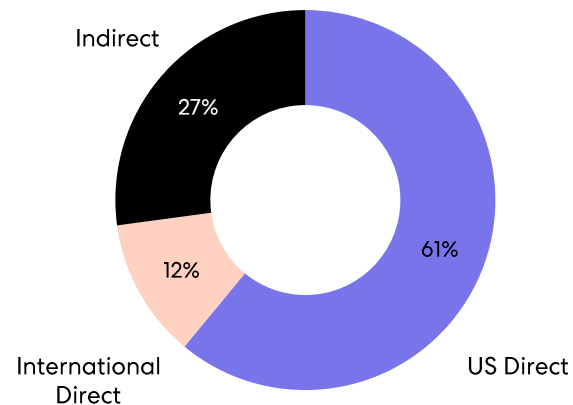


# “Freemium” model

Monetises free users and subscribers



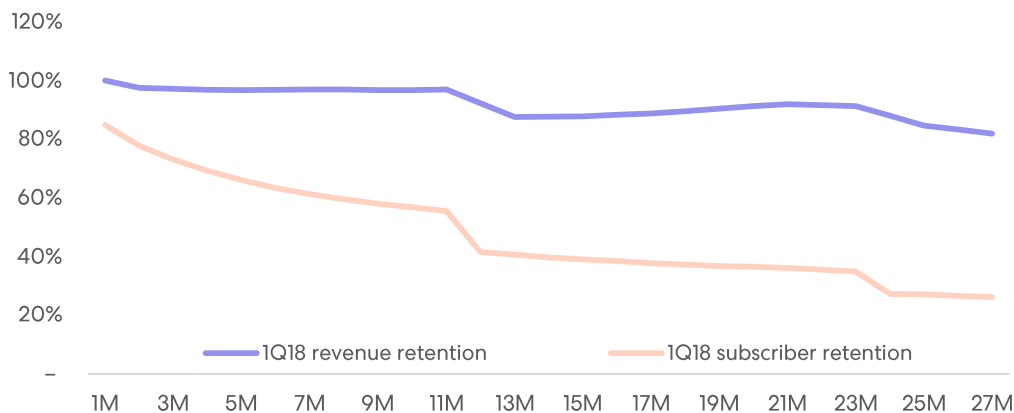
CY20 H1 REVENUE (% TOTAL)



# “Freemium” model

Users convert into subscribers over a very extended timeframe

1Q18 USER COHORT REVENUE<sup>1</sup> VS SUBSCRIBER RETENTION<sup>2</sup>



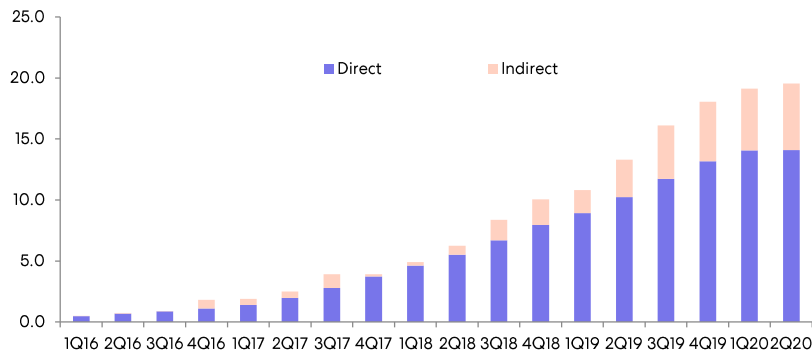
- Revenue retention compares favourably to consumer SaaS peers
- Net revenue retention is significantly higher than subscriber retention due to:
  - Increases in cohort ARPPC over time through upsell to subscription
  - Subscriber churn is offset by users converting to subscriptions over time

<sup>1</sup> Revenue retention is calculated as month X's revenue relative to the first full month's revenue after the user cohort is acquired. Includes subscription revenue only as indirect revenue was not significant in 1Q18; <sup>2</sup> Subscriber retention is based on US and international subscribers for all products

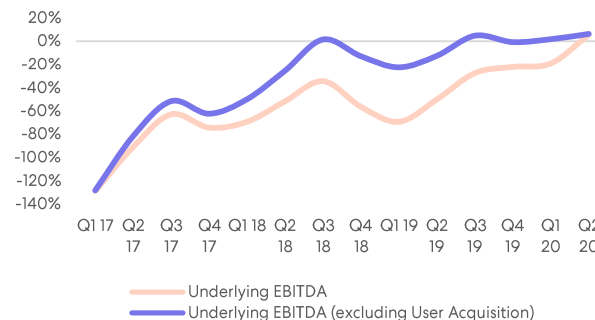


# Growing revenue in midst of COVID-19 and improving margin profile

QUARTERLY REVENUE\* (\$M)



QUARTERLY EBITDA\*\* MARGIN PROFILE (%)

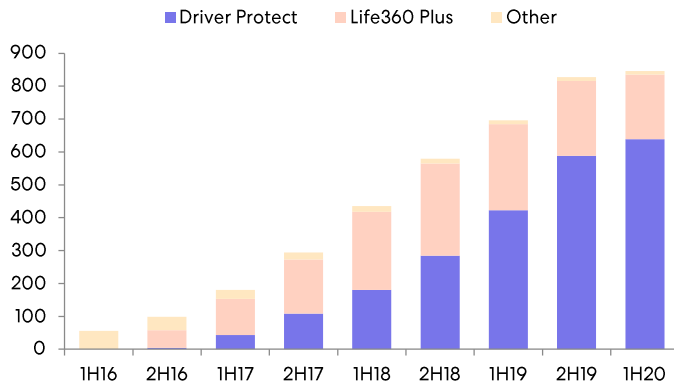


- Direct revenue comprises subscription fees paid by Paying Circles for subscription products
- Indirect revenue is revenue generated from the sale of third party products and services in partnership with companies such as Allstate, and insights into the data we collect from our user base
- Excludes ADT partnership revenue. December 2018 excludes revenue generated by the Allstate proof of concept trial

\* 2Q20 Revenue is underlying revenue including non-recurring adjustment \*\* Underlying EBITDA excludes Stock Based Compensation

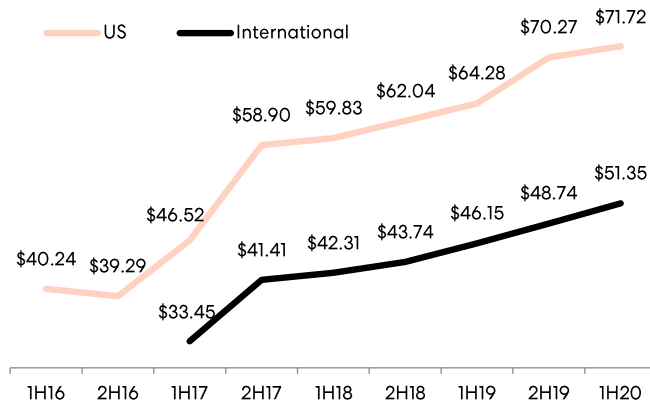
# Direct Revenue – strong subscription retention while growing ARPPC

## PAYING CIRCLES (000s)



- 21% growth in 1H 20 Paying Circles to 845K
- Impressive subscriber retention in the face of disruptions associated with COVID-19

## AVERAGE REVENUE PER PAYING CIRCLE (ARPPC)



- ~12% YoY increase in 1H20 ARPPC supported by growth in Driver Protect and higher proportion of monthly versus annual subscriptions

# Indirect Revenue – strong growth in data and lead generation

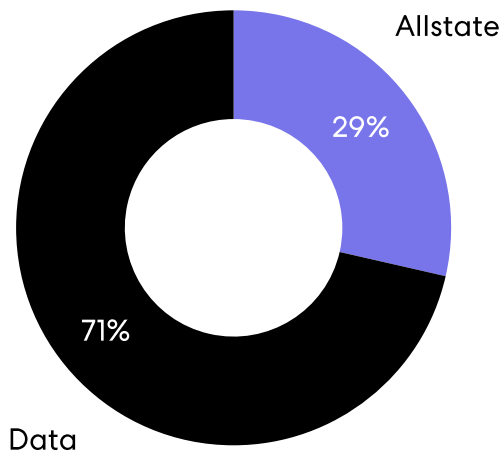
## Data

- Data revenue continued to deliver strong YoY growth reflecting Life360's expanded reach
- However COVID-19 is proving detrimental to certain data customers with slowdown expected in H2

## Lead generation

- Auto insurance lead generation with Allstate formally launched in May 2019
- Monthly contribution of \$0.5 million of high margin revenue with significant upside
- While COVID-19 has impacted the pace of expansion, this revenue opportunity continues to be developed

CONTRIBUTION TO INDIRECT REVENUE  
(CY20 H1)

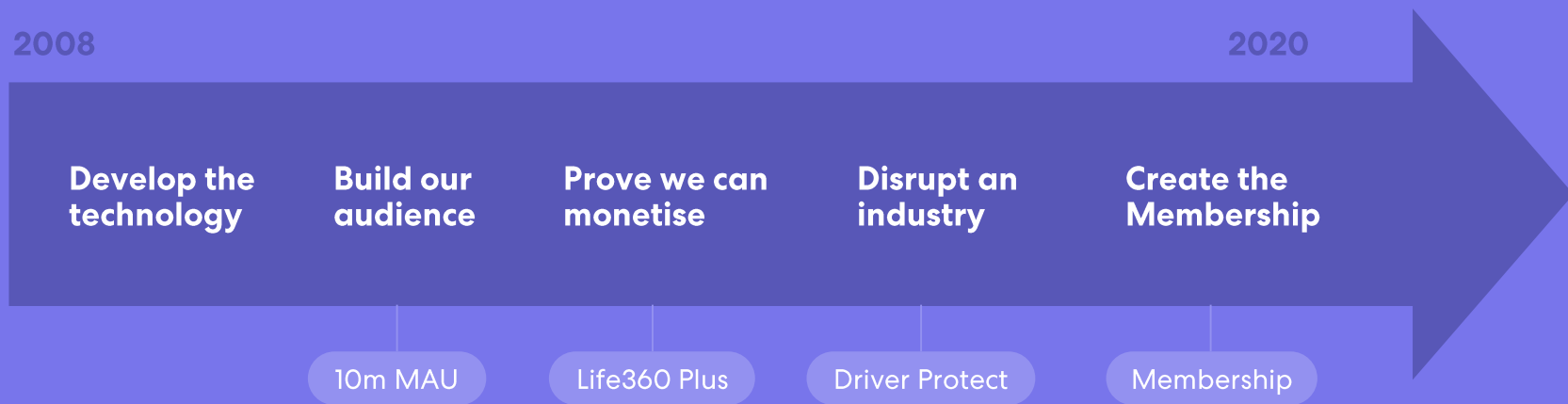


# Life360 Membership is here



# Putting the “360” into the Life360 name

Scaling from location tracking app to suite of membership services



# Membership allows us to offer services that hit the emotional triggers of every life stage



Location and Communication

Crash and Roadside Assistance

# Membership allows us to offer services that hit the emotional triggers of every life stage



**Families with  
teens**



**Families with  
college kids**

Location and Communication

Crash and Roadside Assistance

# Membership allows us to offer services that hit the emotional triggers of every life stage



Location and Communication

Crash and Roadside Assistance

Identity Protection

SOS



# Membership allows us to offer services that hit the emotional triggers of every life stage



Families with newborns



Families with young kids



Families with teens



Families with college kids



Empty nesters



Aging parents

Location and Communication

Crash and Roadside Assistance

Identity Protection





SOS

Disaster, Medical, and Travel Assistance

Ongoing Features & Services (i.e. wearables, Life360 insurance offerings, etc)

# Life360 Membership offering

## Membership tiers

 <b>Basic Life360 Account</b> Free	 <b>Silver</b> Make daily coordination a breeze \$4.99/mo	 <b>Gold</b> Protect your family on the go \$9.99/mo	 <b>Platinum</b> Be prepared for anything, anywhere \$19.99/mo
<ul style="list-style-type: none"><li>✓ Real-time Location Sharing</li><li>✓ 2 Place Alerts</li><li>✓ 2 days of Location History</li><li>✓ Unlimited Check-Ins</li><li>✓ Crash Detection</li><li>✓ Family Driving Summary</li><li>✓ SOS Alert</li></ul>	<p>All <b>basic</b> Life360 features, plus...</p> <ul style="list-style-type: none"><li>✓ 5 Place Alerts</li><li>✓ 7 days of Location History</li><li>✓ Crime Reports</li><li>✓ \$100 Stolen Phone Coverage</li></ul>	<p>All <b>Silver</b> features, plus...</p> <ul style="list-style-type: none"><li>✓ Unlimited Place Alerts</li><li>✓ 30 days of Location History</li><li>✓ Individual Driver Reports</li><li>✓ 24/7 Emergency Dispatch for Crash Detection &amp; SOS Alerts</li><li>✓ Roadside Assistance</li><li>✓ 5 miles free towing</li><li>✓ \$250 Stolen Phone Coverage</li><li>✓ \$25K in ID Theft Coverage</li><li>✓ ID Theft Restoration</li></ul>	<p>All <b>Gold</b> features, plus...</p> <ul style="list-style-type: none"><li>✓ Disaster Response</li><li>✓ Medical Assistance</li><li>✓ Travel Support</li><li>✓ Credit Monitoring</li><li>✓ 50 miles free towing</li><li>✓ \$500 Stolen Phone Coverage</li><li>✓ \$1M in ID Theft Coverage</li></ul>

**T Mobile**

Stolen Phone  
Reimbursement

\$45/month

**Teladoc**  
HEALTH

\$20/month

**LifeLock**

\$140/month



**Geozilla**  
Driver Reports

\$16/month



\$15/month

**verizon**

Smart Family™

\$5/month

**NOONLIGHT**

\$10/month

**Crime  
Report**

\$10/month

Total Cost\*

**\$256.34/month**



✓ Roadside Assistance

✓ Nurse Helpline

✓ SOS Alert

✓ Driver Reports

✓ Stolen Phone  
Reimbursement

✓ ID Theft Protection

✓ Crash Detection

✓ Disaster Assistance

✓ Travel Assistance

✓ Location Sharing  
And more...

Life360 Cost

**\$19.99/month**

\*Assuming family household of four people. Prices may vary.

# Membership Launch – First Full Month Results\*

Strong take-up and ARPPC\*\* uplift

**>40k**

New and upsell subscribers in  
the new membership tier

**~6%**

of US subscribers in the new  
membership tier

**+33%**

ARPPC\*\* increase of first  
new Membership cohort post  
launch vs CY20 H1

\*First full month is 14 July – 14 August 2020 \*\* Average Revenue Per Paying Circle

# Unit Economics

## Membership model subscription contribution margin expectations

	Estimated ARPPC	% margin	\$ margin <sup>2</sup>
Membership	\$110-115 <sup>1</sup>	85-90%	~\$98
US Legacy	\$72	85-90%	~\$63
International	\$51	90-95%	~\$47
Cost of serving free users	-	~(18-20)%	
<b>Gross margin<sup>3</sup></b>		<b>65-70%</b>	
Commissions		25%	-
<b>Contribution margin<sup>4</sup></b>		<b>40-45%</b>	-

- Estimated contribution margin is for subscription only, and does not include higher margin data and lead generation revenue streams

<sup>1</sup> Based on 10% annual / 90% monthly mix; 5-10% Platinum, 65-70% Gold and 25% Silver; <sup>2</sup> Shown at midpoint of margin and ARPPC range; <sup>3</sup> Non-GAAP gross margin includes hosting costs, membership benefits, customer support, other technology costs and allocated salaries excluding stock based compensation <sup>4</sup> Contribution margin is non-GAAP gross margin less commissions expense

# Membership will directly benefit Life360's most important financial drivers



## **Increase in total addressable market and brand reach**

New features go beyond location to relevance at all life stages

+



## **Increase in Premium conversion**

Broader offering provides more opportunities to convert

+



## **Increase in Average Revenue Per Paying Circle**

Tiered offering and segmentation supports higher pricing

+



## **Decrease in churn**

Longer relevant lifecycle and higher value will reduce churn



## **Significantly higher user Lifetime Value and company revenue**

# Thank you

**Life360 Investor Relations**

<https://investors.life360.com>



# Appendix





# Income Statement

\$M	CY19 H1	CY20 H1	% ch YoY
<b>U.S. revenue</b>			
Direct	15.7	22.7	44%
Indirect	5.4	9.0	65%
<b>International revenue</b>			
Direct	3.5	4.6	34%
Indirect	0.0	1.5	NM
<b>Total revenue</b>	<b>24.6</b>	<b>37.8</b>	<b>54%</b>
Customer support	(0.9)	(1.5)	(63)%
Research and Development	(14.0)	(16.5)	(17)%
User acquisition	(10.3)	(4.1)	60%
Sales and marketing	(5.7)	(9.6)	(70)%
General and administrative	(3.4)	(4.6)	(36)%
Technology	(4.7)	(4.9)	(3)%
Stock Based Compensation	(2.1)	(3.7)	(76)%
<b>Operating expenses</b>	<b>(41.1)</b>	<b>(44.9)</b>	<b>(9)%</b>
<b>Statutory EBITDA</b>	<b>(16.5)</b>	<b>(7.1)</b>	<b>57%</b>
Depreciation and amortisation	(0.2)	(0.3)	(99)%
<b>EBIT</b>	<b>(16.7)</b>	<b>(7.4)</b>	<b>56%</b>
Net interest	(0.2)	0.2	NM
Other	(0.2)	0.0	NM
Tax	-	-	
<b>Statutory Net Profit/(loss)</b>	<b>(17.1)</b>	<b>(7.2)</b>	<b>58%</b>
<b>Non-GAAP Adjustments:</b>			
Stock Based Compensation	2.1	3.7	76%
Non-recurring adjustment*	0.0	0.9	NM
<b>Underlying EBITDA excl. non-GAAP adjustments</b>	<b>(14.4)</b>	<b>(2.6)</b>	<b>82%</b>
<b>Underlying net profit/(loss) excl. non-GAAP adjustments</b>	<b>(15.0)</b>	<b>(2.6)</b>	<b>82%</b>
Diluted share count (period end)	48,274,415	48,294,402	
Diluted share count (period avg)	20,169,335	49,109,268	

\* Non-recurring adjustment reflects the deferral of a portion of monthly subscription sales through a channel partner

## Commentary

- Direct revenue growth of 48% (including non-recurring adjustment) supported by 21% YoY growth in Paying Circles to 845k. ~12% increase in ARPPC due to shift to Driver Protect and higher proportion of monthly vs annual subscriptions
- Indirect revenue growth of 94% resulting from strong growth in Data revenue, and the contribution from Allstate lead generation partnership
- Higher Research and Development expenses due to higher FTE to support product development
- Lower user acquisition expenses reflect deliberate pause in performance marketing investment to adapt to the COVID-19 pandemic
- Increased sales and marketing expense due to growth in commissions proportionate to subscription sales
- General and administration expense reflects disciplined overhead spend to scale the business
- Technology expenses largely relate to server costs which were stable
- Reduced EBITDA loss driven by strong revenue growth, significant reduction in user acquisition spend, and moderating growth in other expenses.

# Balance Sheet

\$M	Statutory Dec 2019	Statutory June 2020
Cash and cash equivalents	63.8	58.2
Accounts receivable	7.9	10.3
Costs capitalised to obtain revenue contracts, net	4.5	4.0
Prepaid expenses and other current assets	5.3	5.9
<b>Total current assets</b>	<b>81.5</b>	<b>78.4</b>
Property and equipment, net	0.5	0.9
Costs capitalised to obtain revenue contracts, net of current portion	1.3	1.3
Intangible assets, net	1.0	0.9
Other non-current assets	4.0	6.8
<b>Total non-current assets</b>	<b>6.8</b>	<b>9.9</b>
<b>Total assets</b>	<b>88.3</b>	<b>88.3</b>
Accounts payable and accrued expenses	3.9	5.1
Deferred revenue	11.1	11.1
<b>Total current liabilities</b>	<b>15.0</b>	<b>16.2</b>
Other non-current liabilities	1.0	3.0
<b>Total non-current liabilities</b>	<b>1.0</b>	<b>3.0</b>
<b>Total liabilities</b>	<b>16.0</b>	<b>19.2</b>
Common stock	0.1	0.1
Notes from affiliates	(0.6)	(0.6)
Additional paid-in capital	188.3	192.3
Accumulated deficit	(115.5)	(122.7)
<b>Total equity</b>	<b>72.3</b>	<b>69.1</b>
<b>Total equity &amp; liabilities</b>	<b>88.3</b>	<b>88.3</b>

Note : Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

## Commentary

- Cash and cash equivalents decreased by \$5.6m largely reflecting cash outflow from operating activities
- Accounts receivable increased by \$2.4m due to the timing of payments from a channel partner
- Other non-current assets increased by \$2.8m due to the adoption of the new lease standard
- Accounts payable and accrued expenses, and other non-current liabilities, increased by \$1.2m and \$2.0m respectively, mainly due to the adoption of the new lease standard

# Cash Flow

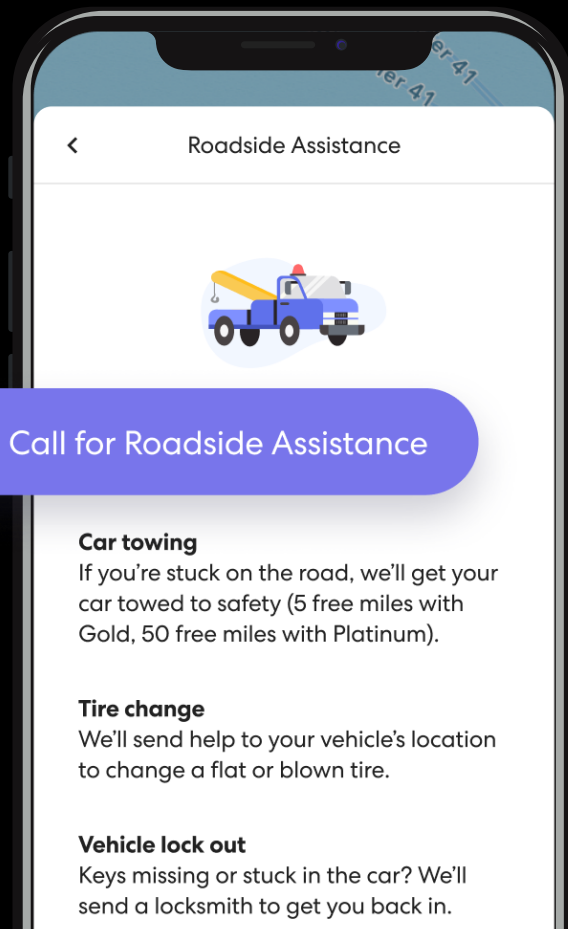
\$M	CY19 H1	CY20 H1
<b>Statutory EBITDA (pre user acquisition)</b>	(6.2)	(3.0)
User acquisition costs	(10.3)	(4.1)
<b>Statutory EBITDA</b>	(16.5)	(7.1)
Stock-based compensation	2.1	3.7
Deferred revenue	0.9	(0.1)
Costs capitalised to obtain contracts	(1.5)	(1.3)
Changes in other operating assets and liabilities	(3.1)	(2.5)
Other non cash items in EBITDA	1.4	1.8
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>(16.7)</b>	<b>(5.5)</b>
Purchases of capital assets and cash paid for acquisition, net	(0.1)	(0.5)
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(0.1)</b>	<b>(0.5)</b>
Proceeds from issuance of common stock in initial public offering, net of underwriting commissions	75.9	0.0
Payments of deferred offering costs	(1.8)	0.0
Net proceeds from the exercise of options and grant of stock awards, net of repurchase	0.3	0.3
Proceeds from borrowings	0.0	3.1
Payments on borrowings	(5.0)	(3.1)
<b>Net Cash Inflow / (Outflow) from Financing Activities</b>	<b>69.4</b>	<b>0.3</b>
Net Cash Inflow / (Outflow)	52.6	(5.7)
Cash at Beginning of Period	26.1	64.1
<b>Cash at End of Period</b>	<b>78.7</b>	<b>58.4</b>

## Commentary

- Net cash outflows from operating activities reduced by \$11.2m due to strong revenue growth and a \$6.2m reduction in user acquisition spend undertaken in response to the COVID-19 environment
- Net cash outflows from investing activities reflects minor investment in property, plant and equipment
- Net cash inflows from financing activities reflect proceeds from the exercise of options. In addition, during the period the Company received proceeds of a loan under the CARES Act and repaid the loan



Existing Service  
Location and Communication  
Crash and Roadside Assistance



#### **Car towing**

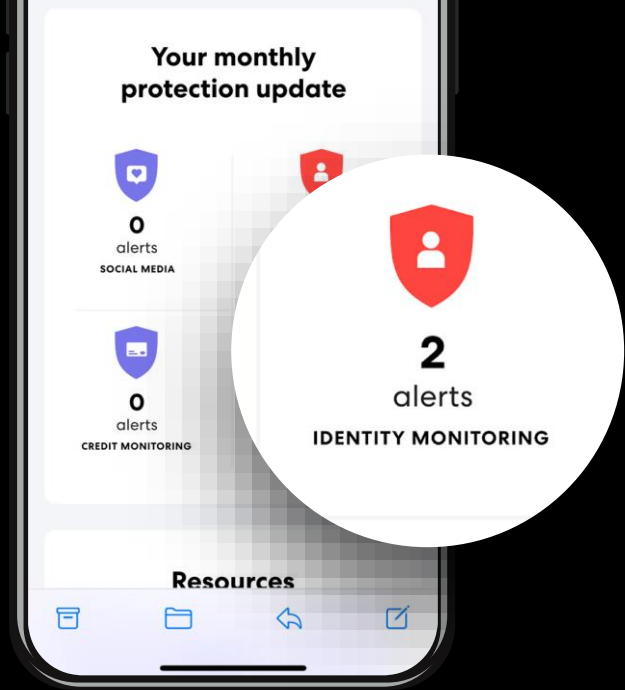
If you're stuck on the road, we'll get your car towed to safety (5 free miles with Gold, 50 free miles with Platinum).

#### **Tire change**

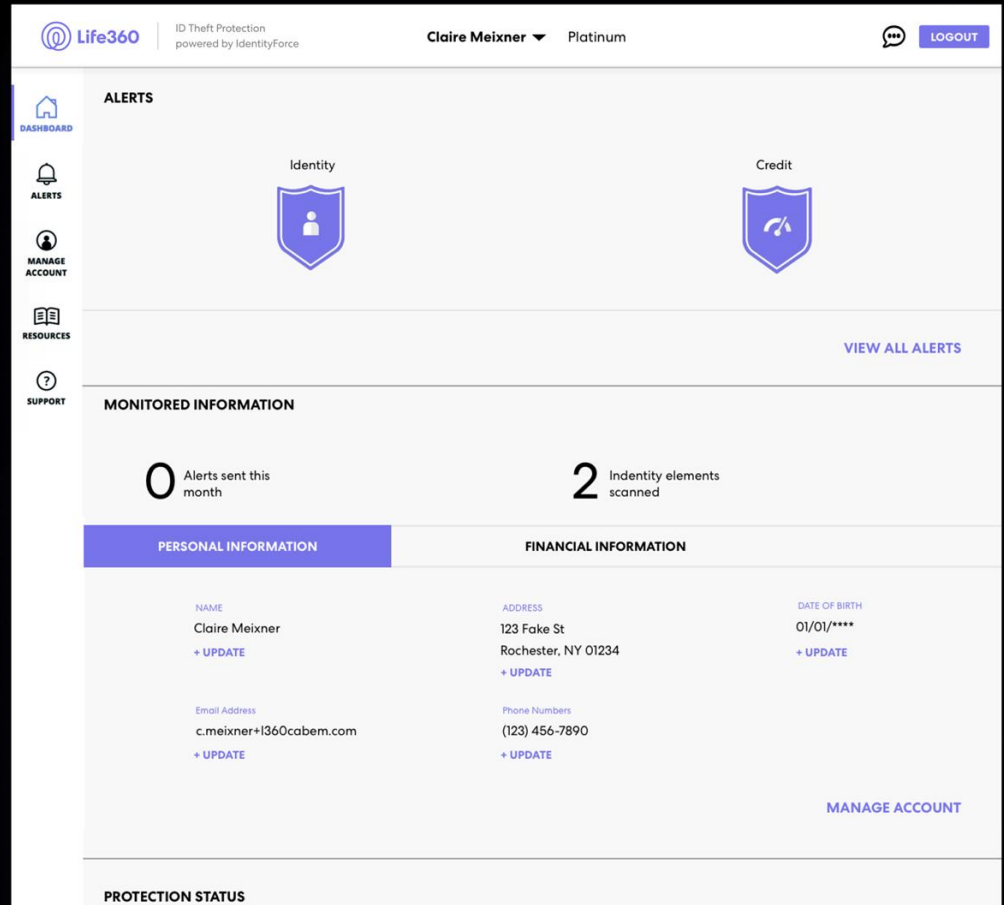
We'll send help to your vehicle's location to change a flat or blown tire.

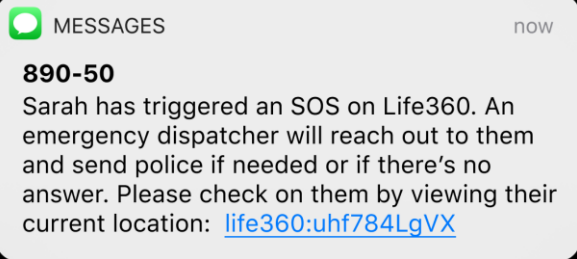
#### **Vehicle lock out**

Keys missing or stuck in the car? We'll send a locksmith to get you back in.

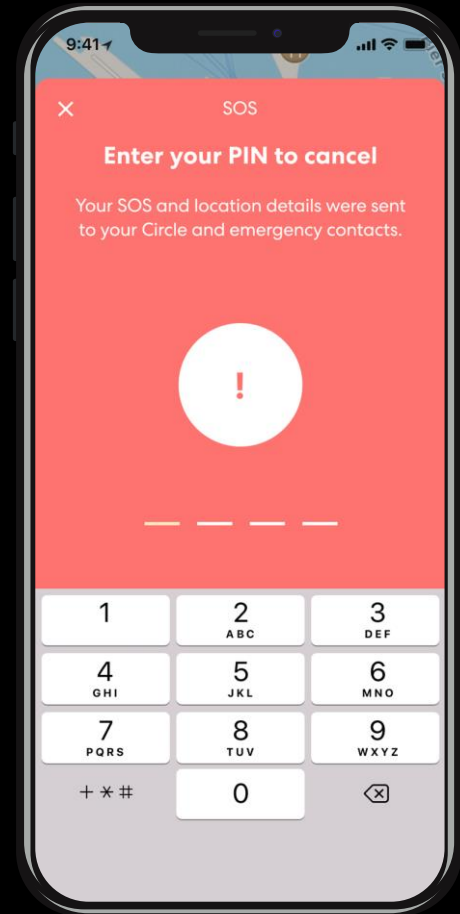
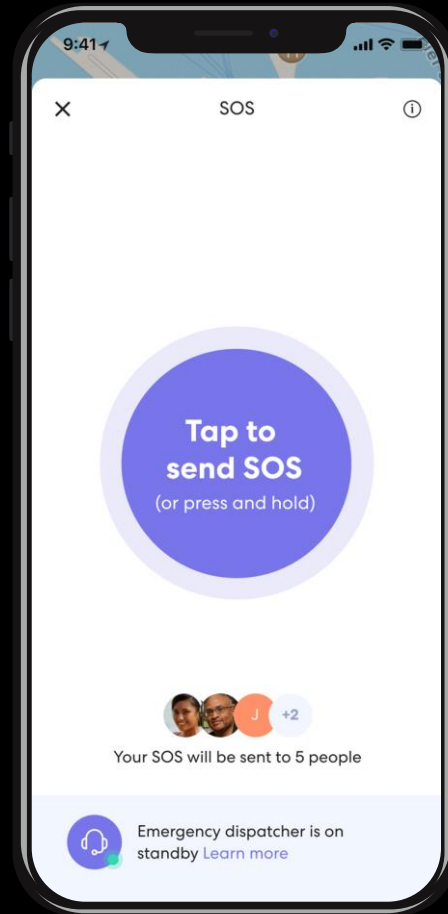


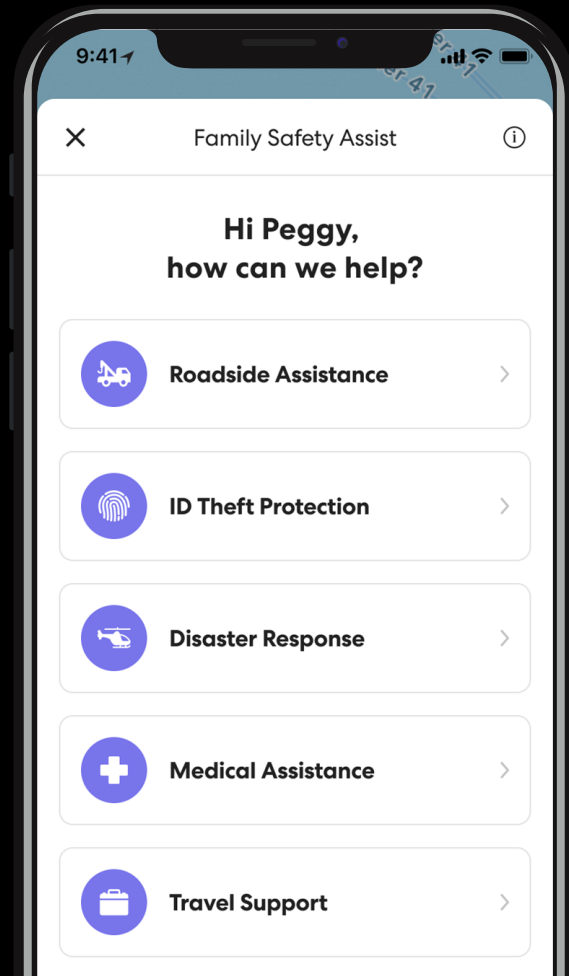
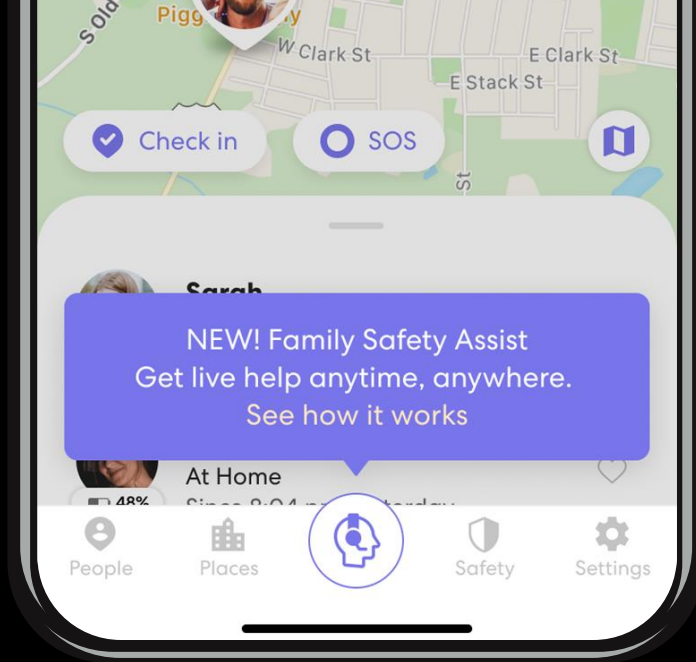
New Service  
ID Theft Protection





New Feature  
SOS with 24/7 Emergency Dispatch





Introducing  
Family Safety Assist

## Roadside Assistance

### Car towing

If you're stuck on the road, we'll get your car towed to safety (5 free miles with Gold, 50 free miles with Platinum).

### Tire change

We'll send help to your vehicle's location to change a flat or blown tire.

### Vehicle lock out

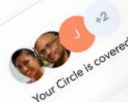
Keys missing or stuck in the car? We'll send a locksmith to get you back in.

### Jump-start

If your battery is drained, we'll get you a jump-start to power it back up.

### How our members roll

"Life360 immediately located my son and had a tow truck on the way in 3 minutes. Roadside Assistance was stress-free and super convenient!"  
- Angela



Call now

## ID Theft Protection

### ID theft restoration

Life360 ID Theft Protection safeguards your entire Circle. If you or a family member is the victim of identity theft, someone might try to use your information to make purchases, open new accounts, commit crimes in your name, and more. Our experts can help you navigate the complex process and get you back in control.

### Lost funds covered

Having your ID in more ways than one can be a service recovery fees, or more.

## Disaster Response

### Emergency assistance amid the COVID-19 outbreak

Access real-time information and resources about infectious disease outbreaks, including COVID-19. If you're a member of our medical emergency response team, you'll also get access to our medical emergency response team.

## Medical Assistance

### Medical and health advice

Access a 24-hour helpline to speak with a registered nurse for advice and referrals to appropriate medical care.

### Emergency medical evacuation

Get support coordinating medical transportation from a hospital or medical facility to another that can provide the appropriate care for serious illness, infection, or injury.

### Medical, dental, pharmacy referrals

Traveling, and need a specialist or prescriptions? Get referrals to English-speaking pharmacies and medical professionals when family members are abroad.

Please note: Medical assistance is not available in all areas. In the event of an emergency, always dial 911. If 911 isn't available, please call our helpline.

# Life360 Family Safety Assist

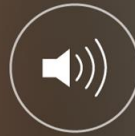
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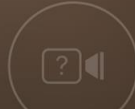
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keypad

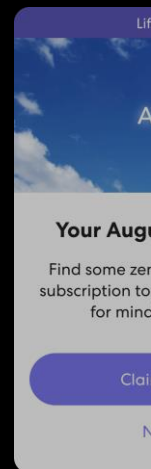
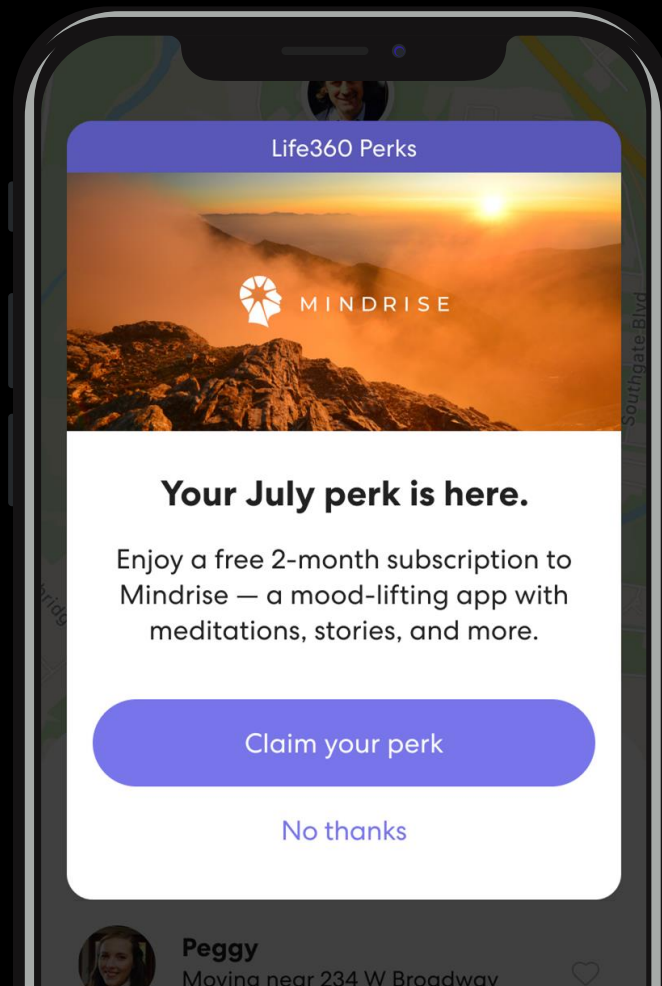
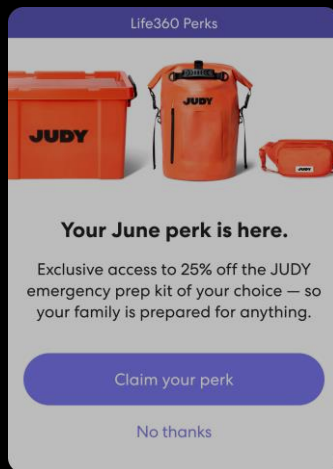
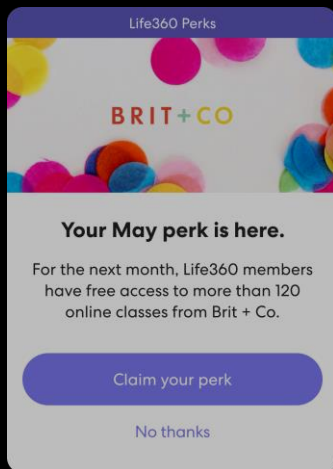


speaker



Introducing  
Family Safety Assist





## Membership Benefits

### Life360 Perks