Q3 2026 CEO & CFO Prepared Remarks

CEO Prepared Remarks

Good afternoon to everyone in the U.S., and good morning to those in Australia. Thank you for joining us today to discuss our Q3 results and outlook.

We're pleased with how our third quarter landed. Total GAAP revenue grew 40%, driven by subscription revenue growth of 29% and a boost from our advertising acquisition in Q1. Operating leverage in our core subscription business is helping to fund investments in future growth. You can find more detail on these strong third quarter results in our shareholder letter and investor presentation on our IR website. Russell and I are going to touch on the highlights here and then get to your questions.

Starting with monthly active users (or MAU), Q3 continued to show healthy growth. We added 5.3 million MAU, reaching over 107 million globally, with International markets crossing the 50 million active user mark for the first time and the U.S. rising to nearly 56 million. MAU is growing the fastest in our Anglo markets, where our retention and conversion to paid is among our highest.

We also drove strong momentum in Paying Circles, with 188,000 net adds, bringing the total to 3.4 million. This is an increase of 26%, fueled by strong growth in both the U.S. and International markets. Average Revenue per Paying Circle rose 4% with U.S. growth primarily from members shifting toward our higher-priced offerings as a result of our AI-driven optimization, which I'll come back to in a moment. This momentum is reassuring as we extend the pricing change to all members in Q4. That rollout is going smoothly with churn on the lower side of what we expected.

Our work to optimize onboarding and engagement in international markets was an important driver in the third quarter. We're doing more marketing with key local influencers, establishing distribution partnerships, driving increased media interest and coverage, and tuning performance for local app stores and devices.

One of our campaigns in Anglo markets in Q3 drove a brand moment worth highlighting both for its specific impact on our results and for the broader cultural conversation it sparked in the UK. We partnered with celebrity chef Jamie Oliver on a short-form mini-series that showcased the Life360 family connection in a fun and unexpected way. The campaign generated nearly **100 million** social views, driving a lift in Life360-related searches and double-digit registration increases in the UK and Canada. The series drove conversations about the benefits of location sharing in major outlets including Forbes, the BBC, Ad Age, and many more.

The U.S. and our major international markets continue to grow nicely, and in Q3 we made strides in understanding newer international markets. These learnings are informing our product and marketing strategy in Q4 and into 2027. For example, in Germany, we had success with both acquisition and retention and we're putting more marketing to work there. As we've spent more time with customers in Latin America, we've made a strategic decision to focus our efforts on

localizing our product capabilities ahead of scaling marketing further. Our core value props around connection and safety resonate around the world, but what safety means to customers in different markets varies. Getting the local experience right first, provides the foundation to scale marketing efficiently and build a healthier and more profitable business over time.

Turning to Advertising, Q3 GAAP revenue was over $25 million, making ads our second largest revenue line just two years after launch. This is more than triple last year's third quarter as a result of the acquisition. With the technical integration behind us, we've been tailoring our sales efforts and extending our capabilities both on and off the Life360 app.

Getting the sales motion and the ad experience right took a bit longer than we expected, so revenue is on the lower end of our range. We're encouraged that big brands in autos, finance, retail, consumer goods, and more are investing with us and seeing good ROI **and uplift results**. New high-value formats like video are showing promise as well, and while 2026 budgets are largely committed, early signals for 2027 look good.

To set us up to scale advertising further, we were thrilled to welcome Donna Sharp to lead Life360 Ads. Donna is widely recognized in the ad industry, and knows Life360 well having been an advisor to us as we built out our ads business. She understands the deep value of the trust and connection that we've built with families, and has the industry track record and vision to land that message with advertisers.

Before I turn the call to Russell, I'd like to highlight two areas that will make increasingly meaningful contributions over time, Pets and AI.

Pets is our first market extension beyond our traditional core family audience. We estimate that more than 60% of our 107 million members have pets, and we're impressed that our members have already created over 10 million pet profiles on Life360. Following on the heels of our first offerings in Pet GPS and Tags, we are building experiences to help every pet owner keep their pets happy and healthy, even if they don't have a Life360 device. Building out new verticals like this one takes time, and the progress we're seeing reinforces our belief that pets will become a key element of our family ecosystem and a meaningful contributor to our business that helps extend our TAM and support long term MAU growth and monetization. We're already seeing early retention benefits from the Pet GPS bundle.

Turning to AI, we're seeing a fundamental shift in how work gets done and ultimately how consumers engage with technology. Our shareholder letter highlighted two examples where we see AI delivering benefits both in the short-term and the long term.

First, there's a lot of excitement in the market around emerging personal AI assistants. Last week, we opened our family intelligence platform to third-party agents such as Muse that help our members manage daily life, giving families new insights for everyday decisions, like who can pick up the kids soonest. An agent ordering dinner can calculate when everyone will arrive home, and soon, an agent reading incoming school emails will be able to surface an upcoming soccer game

on the Life360 family map, so everyone in the family can see where and when to show up and cheer.

We're excited about the connection we've built for AI assistants to work with Life360, but it's just the start of how AI will enhance our product experience. While the proliferation of agentic personal assistants promises to take over all sorts of tasks, what will continue to differentiate Life360 is that our unique real-world, real-time data lets us craft experiences that keep members coming back to the app not just because they're are useful, but because it feels good to stay connected. Consumer adoption of AI is a meaningful opportunity for Life360 to increase the value we deliver.

Separate from these product use cases, we've shared over many quarters that AI has been helping us lift productivity and focus our efforts on higher value opportunities. We also continue to see benefits to our financials. Our AI monetization engine, powered by Life360's family intelligence, is doing more for us all the time. Where it started optimizing conversion, it's now also driving a shift to both web-based billing and higher priced tiers, helping our top and bottom lines.

Summary

Overall, we had a strong Q3, and we're excited about our revenue momentum going into Q4 and 2027. We're seeing evidence that advertisers value what we offer. The Pets business is promising, and we see many more opportunities to extend our reach over time. The trust families place in us gives us a durable place in everyday family life. And in an AI-driven world, the human connection we're built around only becomes more valuable. Most importantly, the core of Life360 is strong. Our subscription engine is humming, our global user base is growing, and we still have a long runway ahead.

Behind all the numbers is something quite simple: families want to stay connected and safe, and more than 100 million people around the world are trusting us to help them do that. That trust compounds, and it underpins our confidence in our objectives of crossing 150 million MAU and $1 billion in revenue, on a path to 35% Adjusted EBITDA margins.

Thank you for your time and I'll now turn the call over to Russell for more on our results and full year outlook.

1422 words = 11 minutes

Q3'26 CFO Prepared Remarks

Thanks Lauren.

During our Q2 call, I outlined our expectations for a strong financial setup in the back half of the year, and I'm pleased to report that this is reflected in our Q3 results. As Lauren highlighted, we delivered impressive operating metrics, with momentum in MAU and Paying Circles, and continuing strong growth in the core business. I'll detail how this is translating into our financial performance, with all financials referenced here unaudited and denominated in US dollars.

Total Q3 Revenue was $174.1 million, with growth accelerating to a 40% increase year-over-year.

As Lauren noted, subscription revenue was up 29% YoY to $124.2 million, and core subscription grew even faster, up 32% YoY. This was largely driven by volume, with a 26% uplift in Paying Circles. ARPPC was 4% higher, which primarily reflected a shift in product mix to higher priced offerings, and the early impact of recent U.S. price increases. U.S. subscription revenue increased 27% YoY, supported by Paying Circles growth which benefited from improved conversion metrics. International subscription revenue increased 40% YoY, with an outstanding performance from the core territories of the UK, Australia, New Zealand, and Canada.

Hardware revenue decreased 20% YoY to $9.0 million, primarily driven by lower hardware units shipped, with a larger than expected impact following our strategic exit from brick-and-mortar retail channels.

Advertising revenue of $25.4 million more than tripled in size year-over-year, reflecting the acquisition of Nativo and continuing ramp of the business. While this was good momentum, it was lower than we anticipated, as we made adjustments to the sales motion and the ad experience for members.

Other revenue increased 61% YoY to $15.5 million, including partnership revenue recognized during the quarter.

Annualized Monthly Revenue reached $578.0 million, an increase of 29% YoY, underpinned by continued subscriber growth and other recurring revenue.

Third quarter gross margin was 77%, driven by the distinct margin profiles of our four revenue streams. Subscription gross margin increased to 87% from 85% YoY, benefiting from the shift toward higher-priced offerings.

As expected, hardware gross margin declined to (19)% from (3)% year-over-year, reflecting the ramp in Pet GPS, partially offset by lower tariff costs. As we've said before, we are using hardware as an acquisition tool for paid subscriptions, with further benefits from improved retention.

Advertising gross margin of 55% was lower than the same quarter last year as we scaled the business and delivered incremental revenue that has higher direct costs. These are mainly traffic acquisition and hosting costs associated with building a full stack digital advertising platform with the Nativo acquisition.

Other gross margin of 89% increased from 88% year-over-year due to higher margin partnership revenue.

Operating expenses as a percentage of revenue decreased to 72% in the current quarter from 80% in Q2 as we continue to drive operating leverage. Operating expenses increased 38% year-over-year, primarily reflecting higher personnel-related costs due to Company growth, the acquisition of Nativo, higher app store commissions and growth media spend.

Lauren spoke earlier about the benefits of our emerging AI-native operating model. We are encouraged to see this beginning to translate into improved financial metrics, with Q3 delivering an early revenue impact from increased conversion to our highest Platinum tier. We're also starting to see our AI tools enable a managed flow of new subscribers into web-based billing. In addition, we are actively managing AI costs to support operating leverage, through a combination of model selection, optimization of token usage, and the benefit of ongoing market-wide reductions in model pricing. We expect these efforts to deliver meaningful benefits from 2027 onwards.

GAAP net income was $22.5 million which includes a $17.8 million gain from the increase in value of our investment in Hubble.

Basic EPS was $0.28 and Diluted EPS was $0.26.

Adjusted EBITDA of $34.6 million increased 41% from $24.5 million in Q3'25, driven by continued strong high margin revenue growth, and the scaling of the business.

The Q3 Adjusted EBITDA margin of 20% outperformed our guide of 18%, reflecting the earlier than expected contribution of high margin partnership revenue.

We ended Q3'26 with $465.0 million in cashand short-term investments, and we generated operating cash flows of $27.2 million, up 3% year-over-year.

Following the announcement of our share repurchase program in May 2026, we have repurchased shares of common stock for an aggregate purchase consideration of $44.4 million through to the end of Q3. This leaves approximately $180.6 million available for future repurchases under the program.Our repurchase activity is in line with our commitment to return value to our shareholders, and reflects the disciplined approach we outlined when the Board authorized the program. We plan to offset dilution measured by stock-based compensation expense on a rolling 12 month basis from the launch of the program, and we've exceeded that target to the end of Q3. We will remain opportunistic and retain the flexibility to adjust the pace and timing to market conditions.

Our full year guidance reflects our long-term commitment to balance investment to drive future growth with sustainable profitability underpinned by expanding margins.

We've lifted our full-year revenue outlook to a range of $665 to $681 million compared with $650 to $685 million previously. Within that overall guidance, we're raising subscription revenue to $483 to $488 million. We've lowered the high-end of the range for both hardware and advertising revenue. We now expect hardware revenue in the range of $35 to $40 million, and Advertising revenue in the range of $98 to $102 million versus $98 to $115 million previously. Our Other revenue outlook has increased to $49 to $51 million. Our full year Adjusted EBITDA outlook has narrowed to $132 to $138 million compared with $130 to $140 million previously.

Our full year guidance implies a significant uplift in Q4 revenue and Adjusted EBITDA consistent with the trends that we are seeing in the business. Following a strong performance in Q3, subscription revenue growth is expected to accelerate due to the momentum in Paying Circle additions through Q3, the shift to higher priced tiers, and the recent U.S. price increases across the existing subscriber base. We expect those price increases to soften the rate of U.S. Paying Circle additions in Q4'26, with churn to date in line with our estimates. Advertising revenue is expected to reflect a seasonal uplift in Q4, although somewhat less than we previously forecast.

We expect Q4 Adjusted EBITDA margin to lift as Q4 operating expenses as a percentage of revenue decline versus Q4'25, consistent with prior guidance. We expect this margin expansion to be underpinned by revenue scale, cost efficiencies and investment in new growth initiatives undertaken in the first half of the year. Looking forward, our operating leverage allows us to invest in future growth while continuing to expand margins over time

Thanks for your attention, and I'll hand over to Jolanta to manage the Q&A.

1143 words = 9 mins