Life360 Q1 26 Earnings Call Prepared Remarks

Raymond Jones — VP of Investor Relations

Greetings everyone and welcome to our first quarter 2026 earnings conference call. This call is being conducted as a Zoom audio webinar. All participants will be in listen-only mode until the Q&A session. To ask a question, please raise your hand using the icon at the bottom of your screen.

We will make forward-looking statements during this call which are subject to risks and uncertainties. A summary of these risks can be found in the risk factors section of our Form 10-K filing with the SEC dated March 2, 2026. These statements are based on assumptions we believe reasonable as of today May 11, 2026, and we have no obligation to update them except as required by law. We will also present both GAAP and non-GAAP financial measures. Reconciliations are included in our earnings press release on our investor relations website. This is an audio-only call with no slides. Our updated investor deck is available as a reference on our IR website, along with our new quarterly shareholder letter from our CEO and CFO. The letter goes into additional detail beyond our prepared remarks on this call, with the intent to open up more time for Q&A.

We will begin with a business update from CEO Lauren Antonoff, then CFO Russell Burke will review financials and outlook, followed by Q&A. Please limit questions to one per participant to start. I will now turn the call over to Lauren.

Lauren Antonoff — Chief Executive Officer

Good afternoon to everyone in the US, and good morning to those joining from Australia. Thank you for joining the call. We're doing something a little different this quarter with shorter remarks, so we can get to more Q&A. The letter we shared provided a lot of detail and I want to take a couple of minutes to reinforce a few key points.

I want to talk about what's propelling our strong financial results and why I'm confident in our trajectory. I also want to spotlight our advertising business, which has long been a glimmer in our eye and is finally at a scale where it's becoming a significant part of our business. And I want to touch on our progress and learning on AI.

First, our strong revenue growth is a clear reflection of what makes Life360 so special. Life360 is in a rare position. We've become a meaningful part of everyday family life for more than 97 million people who use Life360 to keep their families safe and connected. The trust families place in us is a genuinely differentiated asset — one that grows and compounds day after day because of the real value we deliver around safety, coordination, and connection. It's the foundation and fuel for every part of our business—the momentum we have in subscriptions, advertising, and partnerships all flows from it. Every quarter, we ask ourselves: Are we increasing the value we deliver to families and are we seeing that value compound in our results? The answer to both questions in Q1 is yes.

This trust and value translated into outstanding Q1 revenue growth of 38 percent to $143 million. We delivered the most quarterly subscription net adds ever, bringing us to 3 million Paying Circles. ARPPC is at an all-time high. These aren't one-quarter anomalies. They're the result of a flywheel that's continually getting stronger: better product drives higher conversion and retention, those improved economics fund more investment, and more investment makes the product better. The value we deliver to our members powers our monetization engine.

Now, let me spend a moment on Monthly Active Users. Q1 MAU growth came in at 17 percent year over year. This is solid growth, but below where we planned to be due to a series of technical issues that temporarily suppressed registration volume during the peak of Q1 marketing. After fixing a widespread issue that impacted new signups, we uncovered additional Android-specific problems disproportionately affecting lower-end devices. The latter took longer to resolve, but was largely concentrated in populations that don't materially impact revenue today. We've implemented the major fixes, put systems in place to quickly catch problems in that part of the funnel should they ever arise again, and we're still finding opportunities for improvement. Recovery won't happen in a single quarter, but even with pressure on registration, our monetization through the funnel has remained strong.

What I really want to convey is that demand never faded and engagement continues to deepen. When we look at the underlying data, the story is clear. Google Trends searches for Life360 were up over 40 percent during the affected period. Our most penetrated US states continued to increase that penetration consistent with previous years. Our iOS segments — which drive the vast majority of revenue — recovered and are growing well. The UK is growing at 25 percent. Canada at 32 percent. And Australia and New Zealand at 24 percent, all bolstered by strong and improving member retention. The signals we are seeing now give us confidence that the fixes are taking hold, and we expect to be back on our planned glideslope by Q3.

The impact delays, but does not fundamentally change, our MAU growth trajectory. This brings our expectation for MAU growth to between 17 and 20 percent for the year. Our top-line growth remains strong and we've raised our outlook for revenue.

Next, I want to highlight our newly scaled Life360 Ads business. What makes our advertising business different isn't just real-time location data — it's that the same trust that families place in Life360 is exactly what advertisers are attracted to. And our real-world, first-party family data is unique, impossible to replace with a synthetic model, and it's what turns relevant reach into measurable results.

With the completion of the Nativo acquisition, advertising revenue has reached critical scale, and the promise we've seen for some time has become real. We broke out advertising revenue for the first time with nearly $20 million in Q1, and we expect a steep ramp over the next few quarters as we enter peak advertising season. Over the long term, we continue to expect advertising to rival the scale of our subscription business, powered by our unique audience and real-time, real-world data.

Now that we've integrated Nativo, our location data activates not just inside Life360, but across over 20,000 publisher sites and connected TV, extending our reach from under 20 percent of ad-eligible US adults to over 95 percent. With world-class buy-side tools, sell-side infrastructure, and data intelligence, we can reach relevant audiences in the moments that matter and allow advertisers to clearly see when a campaign drives real-world behavior: from store visits to test drives, all while keeping the data private within our walled garden.

What that means in practice is that a brand like Starbucks can reach families in a real moment — near a store, on a Saturday morning — and then close the loop to see whether that impression drove a visit. Uber likes our results enough to deepen their product integration with us and parents will soon be able to call an Uber for their teen and see the trip live, all inside Life360. Brands like these want to work with us because of the trust we've built with the families they serve and because we can close the loop between ad targeting and customer behavior. And experiences like these enrich the value we deliver our members, and propel the flywheel that drives member value and monetization. That's why we see so much potential in our ads business.

Finally, I want to touch on AI. I want to address this directly because it doesn't yet show up in the financials, but it will shape how we'll operate and compete for years to come. We see AI as a critical opportunity to accelerate our path and deepen our moat.

The vision for Life360 has always been bigger than location sharing. We're working to become the go to app for everyday family life across every life stage. AI empowers us to take insights based on real relationships, location history, and behavioral patterns across our enormous membership base and make that vision a reality. Our real-time, continuous data becomes even more valuable in an AI-first world.

In April, we restructured our R&D organization as a first step toward becoming an AI-native company — where AI handles more of the execution work and our people direct, decide, and are accountable for outcomes.

What we see clearly now is that AI doesn't just help work get done faster; it fundamentally changes how work gets done. Becoming AI native demands deeper changes in how roles and organizations are defined and aligned. We believe that companies that go AI-native will compound that advantage over time.

We're still early in our AI journey, but strong adoption across our engineering organization has increased developer productivity by over 50 percent from last year. That velocity lets us do more, and unlocks high-value features that would have previously required unrealistic levels of manual effort. As our AI implementation matures, Life360 becomes the easiest way to orchestrate everyday family life, compounding value for our members and our business.

Those were the points I wanted to highlight for Q1. Looking forward, the setup into the back half of the year is strong. Revenue acceleration, margin expansion, and MAU growth all point in the same direction. We've got some exciting updates and product innovations in store for H2, including an action packed back to school and the next phase of our push into families with Pets and aging parents. We continue on the path to exceed 150 million MAU, a billion in revenue, and over 35 percent Adjusted EBITDA margins. Q1 reinforced our confidence in that path. The MAU headwinds slowed us a bit, but the trajectory remains unchanged.

With that, I'll ask Russell to share a bit more detail on our performance and outlook.

Russell Burke — Chief Financial Officer

Thanks Lauren. Q1 delivered strong financial results across our core business, and there are some important cost structure dynamics that are worth walking through. All figures are unaudited and in US dollars.

Total revenue grew 38 percent to a record $143.1 million. Subscription revenue grew 32 percent to $108.2 million, with core subscription up 36 percent, driven by 27 percent Paying Circles growth and 7 percent higher ARPPC. US subscription revenue grew 28 percent and international grew 58 percent. Advertising revenue was $19.7 million, up 329 percent boosted by the Nativo acquisition, and this revenue stream is now disclosed as a separate line. Hardware revenue was $4.5 million, down as expected given our strategic exit from brick-and-mortar retail for Tile. Other revenue grew 30 percent to $10.7 million. March AMR reached a record $517.9 million, up 32 percent year over year.

Gross margin was 77 percent, versus 81 percent in Q1 last year. The difference reflects three distinct dynamics across our revenue lines. Subscription gross margin held at 87 percent, in line with last quarter. Advertising gross margin was 60 percent. As the Life360 Advertising business broadens following the Nativo acquisition, we are introducing a wider suite of products that carry higher costs than pure digital advertising. Advertising gross margin will improve as the platform scales and should normalize toward 70 percent as revenue scales in the higher-margin back half. Lastly, hardware margin was negative as we priced Pet GPS for adoption and absorbed brick and mortar retail exit costs.

Operating expenses were $118.6 million, up 46 percent. R&D grew 29 percent, reflecting Nativo headcount and platform investments, as well as AI investments that are already accelerating our delivery pace. Sales and marketing grew 62 percent, driven by the increase in growth media spend, higher app store commissions, and personnel costs associated with our newly enlarged sales organization. Our upper funnel investment, such as streaming Super Bowl and Winter Olympics commercials, is oriented toward brand awareness, which offers longer-term payoffs. Even with these investments we expect to resume our march to increasing operating leverage by Q4.

The April organizational reshaping affected a small group of employees. Rather than backfilling certain roles, we are reallocating that investment toward AI-native capabilities and workflow redesign. The net financial impact should be neutral to 2026 and is fully reflected in our guidance. We expect operating leverage from AI to then begin to impact and compound thereafter.

GAAP net income was $2.8 million, with basic and diluted EPS at $0.03. Adjusted EBITDA was $17.1 million at 12 percent margin, reflecting the front-loading of our investment cycle as discussed last quarter. Operating cash flow was $17.2 million, positive for the twelfth consecutive quarter.

We ended the quarter with $459.0 million in cash, cash equivalents, restricted cash and short-term investments, and total assets exceeding $1 billion.

On guidance, we are updating our full-year financial outlook. We are raising total revenue guidance to $650 to $685 million, up from $640 to $680 million. This is driven by subscription revenue, which we now expect to be between $470 and $475 million, up from $460 to $470 million. Full year guidance for the rest of the business is unchanged, with advertising revenue now disclosed separately and expected to be $98 to $115 million; hardware revenue of $40 to $50 million; and other revenue of $42 to $45 million; Finally, we are raising Adjusted EBITDA guidance to $130 to $140 million, up from $128 to $138 million, representing approximately 20 percent margin.

A few modeling points worth noting for our 2026 outlook. Revenue and margin are back-half weighted, driven by advertising seasonality concentrating in the second half, integration costs and brand investment front-loaded in the first half, and lower hardware revenue as we complete the retail exit. Q1 advertising revenue accounts for approximately 18 percent of our expected full-year total, with Q4 representing approximately double that of Q1. Operating costs for the advertising platform are largely fixed. Beginning in Q1, we took on incremental quarterly operating costs from adding nearly 125 personnel and new ad tech operations related to the acquisition, while revenue and profit contribution are back-half weighted. This is the primary driver of first half to second half margin progression, and it is why Q4 2026 Adjusted EBITDA margin is expected to exceed the 22 percent we delivered in Q4 2025.

The financial setup into the back half is strong. Revenue acceleration, margin expansion, and MAU trends are all pointed in the same direction. We look forward to demonstrating that in the quarters ahead.

RJ, back to you for Q&A.