

ASX ANNOUNCEMENT

31 July 2019

June 2019 Quarterly Business Update and Appendix 4C

Record growth in global monthly active user base with 2.5 million additions in the June 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 30 June 2019 together with a Business Update. Appendix 4C is prepared in US dollars under US GAAP and is unaudited.

Highlights

- Global Monthly Active User (MAU) base grew by a record 2.5 million in the quarter ending June 2019 to reach 23.1 million, which represented a 56% year-on-year growth rate. For the six month period ending June 2019, MAU increased by 4.6 million. The MAU increase in the month of June was the highest monthly growth in the last twelve months.
- US MAU base at June 2019 was 12.7 million (55% of total MAU) and reflected 66% year-on-year growth. US MAU net additions for the 6 month period ending June was the largest ever increase over a six month period.
- Paying Circles, (which comprises Life360 Plus (“Plus”) and Driver Protect), grew by 60% year-on-year to reach 696,000 at June 2019. While the Paying Circles result for June is running slightly below the run-rate required to achieve the Prospectus forecast of 940,000 by 2019 year end, this is primarily due to a faster-than-anticipated transition from Plus to Driver Protect, which accounted for 95% of new premium signups as of June 2019 compared to 64% in December 2018. This shift maximises Life360’s total revenue.
- Average Revenue Per Paying Circle (ARPPC) for the six months to June 2019 reflected a mid-single digit percentage increase over the six months to December 2018. The latest ARPPC result, which reflected particular improvement exiting June, currently exceeds the 2019 full-year forecasts contained in the Prospectus. The ARPPC increase is attributable to the April release of a major platform upgrade along with renewed emphasis on promoting higher value subscriptions.
- Revenue of US\$24.6 million for the six months to June 2019 reflected 114% year-on-year growth rate. Annualised Monthly Revenue (AMR) for June 2019 was US\$62.0 million, a year-on-year growth rate of 112%.
- The Company’s auto insurance lead generation partnership with Allstate (which formally launched in May) delivered revenues of in excess of \$1.0 million for the quarter to June. For its first full month of operation (June), revenue surpassed the performance of the December 2018 beta test.
- Paid acquisition spend was US\$5.0 million for the quarter to June 2019 and US\$10.3 million for the six months to June 2019. Customer Acquisition Cost (CAC) was lower than expected, demonstrating significant efficiencies and benefiting from very strong organic growth.
- Cash balance of US\$78.7 million at June 2019 reflected IPO proceeds and the repayment of term debt. Life360 is confident its strong capital position represents sufficient resources to fund future growth.

Business Update

Life360 Chief Executive Officer Chris Hulls said: “There is strong momentum in the Life360 business following the Company’s listing on the Australian Securities Exchange in May 2019. The results we are delivering validate our vision for the future, with record Monthly Active User (MAU) growth of 2.5 million in the June quarter, taking our global MAU count to 23.1 million. Growth in our US business was particularly pleasing, reaching 12.7 million MAU, with new registrations at record levels for the month of June. In our new listed home of Australia, monthly active users exceeded 400,000, which almost doubled year-on-year.

“Life360 achieved its highest ever rank of #18 in the US iTunes app store in June, a massive achievement for brand awareness among our target audience. The team has been, and remains, hard at work implementing our growth strategy and driving innovation across our products and services. Life360 is continuing to cement its position as the leading service to protect and connect families”.

Revenue of US\$24.6 million for the six months to June 2019 increased 114% year on year, benefiting from 60% year-on-year growth in Paying Circles to 696,000 and solid growth in Average Revenue Per Paying Circle (ARPPC). Annualised Monthly Revenue (AMR) for June 2019 was US\$62.0 million, a year-on-year growth rate of 112%. ARPPC increased year-on-year for the six months to June 2019 across the user base primarily due to the transition to Driver Protect. As a result of this migration, along with some modifications to developer guidelines that impacted billing, there has been a partial shift from annual towards monthly subscriptions.

“This faster than expected transition to our Driver Protect product, which also demonstrates higher historical retention than Plus, was supported by the worldwide release of our redesign which expanded the product’s functionality and improved the user experience”, said Chris Hulls.

Indirect revenue streams are being supported by the launch of the Allstate lead generation partnership, which had its first full month of operation in June. The launch of the Allstate partnership is delivering pleasing early results with revenues in excess of US\$1.0 million for the quarter to June. Noteworthy is the fact monthly revenue in June exceeded the December 2018 beta test results contained in the Prospectus.

“Life360 collected more than 18 billion miles of driving data in June, which we believe represents the largest source of consumer driving data in the world. This combination of deep data insights and the ability to make contextually relevant offers is what underpins the unique nature of our platform. Auto insurance is just one of the many verticals we believe we can monetise through partnerships over time, with our Allstate partnership proving we can monetise through both direct and indirect revenue” added Chris Hulls.

Customer Acquisition Cost (CAC), was lower than expected, reflecting a commitment to efficient spend and the benefit from very strong organic user growth. The Company is achieving promising returns on ad spend through various Paid Acquisition channels and the level of spending remains governed by the Company’s cash recovery model. CAC is an important measure of efficiency for the company and Life360 is achieving attractive returns on paid acquisition when measured against customer Lifetime Value (LTV). Over time, CAC is anticipated to increase, however the higher spend is justified based on an expectation of continued LTV growth.

Chris Hulls added “Today’s results underpin our confidence in the Company’s direction and are a testament to the strength of our products and services which provide significant value to modern families when it comes to safety. The June quarter has produced strong revenue growth, a rapidly expanding user base, and a partnership with Allstate that has validated our prospects to monetise multiple channels. We continue to invest in our product offering to improve user retention and conversion, and the team remains very focused on further penetrating the growing addressable market we serve.”

Cash flow

Life360 ended June 2019 with a cash balance of US\$78.7 million and no debt.

For the six months to June 2019, cash used in operating activities of US\$(16.7) million reflected strong growth in receipts from customers offset by increased investment in R&D and Paid Acquisition as outlined in the Prospectus. Deferred revenue was modestly lower than expected due primarily to subscriber shift toward more monthly plans versus annual plans. This shift is a consequence of an accelerated uptick in new subscribers to Driver Protect (rather than Plus), modifications to developer guidelines related to annual subscriptions by one of the larger mobile app platform providers, as well as more sophistication on Life360's part in leveraging the recently upgraded platform to more effectively steer users into particular product and pricing plans.

June 2019 quarter operating cash flow of US\$(7.2) million reflected an improvement from the March 2019 quarter operating cash flow of US\$(9.5) million. Life360 remains focused on continuing to reduce operating cash flow losses over subsequent quarters.

Cash used in investing activities reflected minor purchases of capital assets. Cash flows from financing activities reflected the receipt of IPO proceeds and the repayment of borrowings with net cash inflows from financing activities of US\$70.9 million for the June quarter.

Investor Conference Call

A conference call will be held today at 9.30am AEST, Wednesday 31 July 2019. 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/788521987>

Meeting ID : 488 521 987

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

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 23 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 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")

June 30, 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,842	23,809
1.2 Payments for		
(a) research and development	(2,734)	(5,474)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(7,662)	(15,075)
(d) leased assets	(356)	(685)
(e) staff costs	(6,424)	(12,226)
(f) administration and corporate costs	(1,905)	(3,193)
Dividends received (see note 3)	0	0
1.3 Interest received	2	4
1.4 Interest costs paid	(96)	(186)
1.5 Income taxes paid	0	0
1.6 Government grants and tax incentives	0	0
1.7 Payments for technology expenses	(1,858)	(3,710)
1.8 Net cash from / (used in) operating activities	(7,191)	(16,736)
1.9 Net cash from / (used in) operating activities	(7,191)	(16,736)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
2.	Cash flows from investing activities		
	Payments to acquire:		
2.1	(a) property, plant and equipment	(17)	(131)
	(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	(17)	(57)
2.6	Net cash from / (used in) investing activities	(17)	(57)
3.	Cash flows from financing activities		
	Proceeds from issues of shares	75,252	74,168
3.1	Proceeds from issue of convertible notes		
3.2	Proceeds from exercise of share options	195	239
3.3	Transaction costs related to issues of shares, convertible notes or options		
3.4	Proceeds from borrowings		
3.5	Repayment of borrowings	(4,584)	(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	70,863	69,407
3.10	Net cash from / (used in) financing activities	70,863	69,407

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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	15,015	26,056
4.1	Net cash from / (used in) operating activities (item 1.9 above)	(7,191)	(16,736)
4.2	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(57)
4.3	Net cash from / (used in) financing activities (item 3.10 above)	70,863	69,407
4.4	Effect of movement in exchange rates on cash held		
4.5	Cash and cash equivalents at end of quarter	78,670	78,670

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	78,427	14,772
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Rental Deposits	243	243
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	78,670	15,015

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	0
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.		

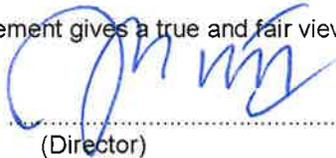
9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(1,683)
9.2 Product manufacturing and operating costs	0
9.3 Advertising and marketing	(9,982)
9.4 Leased assets	(527)
9.5 Staff costs	(7,276)
9.6 Administration and corporate costs	(1,943)
9.7 Payments for technology expenses	(1,906)
9.8 Total estimated cash outflows	(23,317)

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: July 31, 2019

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.