

Life360, Inc.
Appendix 4D
Half year report

1. Company details

Name of entity:	Life360, Inc.
ARBN:	629 412 942
Reporting period:	For the half year ended 30 June 2019
Previous period:	For the half year ended 30 June 2018

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	up	114%	to		24,597
Loss from ordinary activities after tax attributable to the owners of Life360, Inc.	up	128%	to		(17,102)
Loss attributable to the owners of Life360, Inc.	up	128%	to		(17,102)

Dividends

No dividends were paid or declared.

3. Net tangible assets

	30 June 2019 (US\$)	30 June 2018 (US\$)
Net tangible assets per ordinary security	0.55	0.36

Comment

The Net tangible assets per ordinary security is defined as the stockholders' Equity (Deficit) per CDI issued. The common stock; CDI ratio is 1:3. Although no CDI's were issued in 2018, the ratio was calculated by dividing the stockholders' equity by the common shares issued. Preferred stock was excluded and common shares were multiplied by 3 to get the CDI equivalent.

4. Details of entities over which control has been gained during the period

On March 4, 2019, Life360 Inc. entered into a Merger and Reorganization Agreement to acquire Zen Labs, Inc. The company issued 130,000 shares of common stock for total consideration of approximately \$1,015,000. Revenue from Zen Labs for the half year period ending June 30, 2019 was not material.

5. Audit review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half year report.

6. Attachments

The Half year report of Life360, Inc. for the half year ended 30 June 2019 is attached. The unaudited consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").

Life360, Inc.

**Unaudited Half-Year Condensed
Consolidated Financial Statements**
For the Six Months Ended June 30, 2019 and
2018

Life360, Inc.

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Life360, Inc.
Director's report
August 22, 2019

The Directors present their report, together with the unaudited condensed consolidated financial statements, on Life360, Inc. (referred to hereafter as the "Life360") for the half year ended June 30, 2019. All amounts are stated in United States dollars, unless otherwise stated.

Directors

The following persons were Directors of Life360 during the whole of the financial half year and up to the date of this report, unless otherwise stated:

John Philip Coghlan - Chairman
Chris Hulls
Alex Haro
Brit Morin
Mark Goines (appointed May 10, 2019)
James Synge (appointed May 10, 2019)
David Wiadrowski (appointed May 10, 2019)
Chris Cheever (resigned April 16, 2019)
Ryan Swagar (resigned April 16, 2019)

Principal activities

During the period the principal continuing activities of Life360 consisted of operating 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.

Review of operations

The net loss for Life360 for the half year ended June 30, 2019 amounted to \$17,102,000 versus a net loss for the half year ended June 30, 2018 of \$7,513,000.

A review of operations of Life360 is set out in a market release lodged with the Australian Stock Exchange (ASX) on August 22, 2019.

Significant changes in the state of affairs

Life360 listed on the ASX on May 10, 2019 through an Initial Public Offering of CHESS Depository Interests (CDIs). Under the offer, 30.4 million (equivalent to 10.1 million shares representing a ratio of 3 CDIs to 1 share) were issued. Other than the above matter, there were no significant changes in the state of affairs during the financial half year period ended June 30, 2019.

Rounding of amounts

The unaudited consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") While these statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The amounts in the unaudited condensed consolidated financial statements and director's report have been rounded off to the nearest thousand United States dollar, unless otherwise stated.

Events after the reporting period

No matter or circumstance has arisen since June 30, 2019 that has significantly affected, or may significantly affect Life360 operations, the results of those operations, or Life360 state of affairs in future financial years.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



John Philip Coghlan
Chairman

August 22, 2019

Life360, Inc.

Balance Sheets (Unaudited) (Dollars in U.S. \$, in thousands, except share data)

	June 30, 2019	December 31, 2018
Assets		
Current Assets:		
Cash and cash equivalents	\$ 78,427	\$ 25,813
Accounts receivable, net	7,445	5,721
Capitalized costs to obtain revenue contracts, net	1,797	1,202
Prepaid expenses and other current assets	2,803	2,381
Total current assets	90,472	35,117
Restricted cash	243	243
Property and equipment, net	344	276
Capitalized costs to obtain revenue contracts, net of current portion	786	532
Goodwill	764	-
Intangible assets, net	339	152
Notes due from affiliates	271	260
Other assets, noncurrent	47	1,109
Total Assets	\$ 93,266	\$ 37,689
Liabilities, Convertible Preferred Stock, and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	\$ 1,252	\$ 2,925
Accrued expenses and other liabilities	3,548	2,100
Deferred revenue	7,079	6,142
Notes payable, current portion and net of discount	-	1,638
Total current liabilities	11,879	12,805
Notes payable, net of current portion and discount	-	3,310
Preferred stock warrant liability	-	800
Deferred rent	255	295
Other noncurrent liabilities	827	838
Total Liabilities	\$ 12,961	\$ 18,048
Convertible Preferred Stock		
Convertible Preferred Stock, \$0.001 par value; 0 and 31,889,663 shares authorized as of June 30, 2019 and December 31, 2018; and 0 and 30,405,056 issued and outstanding at June 30, 2019 and December 31, 2018, respectively (aggregate liquidation preferences of \$0 and \$123,632 June 30, 2019 and December 31, 2018, respectively)		
	-	115,641
Stockholders' Equity (Deficit)		
Common Stock, \$0.001 par value; 55,000,000 shares authorized as of June 30, 2019 and December 31, 2018, respectively; 48,274,415 and 9,457,862 issued and outstanding at June 30, 2019 and December 31, 2018, respectively		
	48	9
Additional paid-in capital	184,479	(8,889)
Notes due from affiliates	(621)	(621)
Accumulated deficit	(103,601)	(86,499)
Total stockholders' equity (deficit)	80,305	(96,000)
Total Liabilities, Convertible Preferred Stock, and Stockholders' Equity (Deficit)	\$ 93,266	\$ 37,689

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Statements of Operations and Comprehensive Loss (Unaudited) (Dollars in U.S. \$, in thousands except share and per share data)

	Six Months Ended	
	June 30, 2019	June 30, 2018
Subscription revenue	\$ 19,158	\$ 10,155
Partnership revenue	1,482	344
Data revenue	3,957	1,010
Total revenue	24,597	11,509
Cost and expenses:		
Customer support, crash and roadside assistance	934	411
Research and development	15,234	7,062
Sales and marketing	16,117	6,169
General and administrative	4,171	2,783
Technology expenses	4,813	2,568
Total cost and expenses	41,269	18,993
Loss from operations	(16,672)	(7,484)
Interest expense	192	160
Change in fair value of preferred stock warrant liability	609	(4)
Other Income	(371)	(127)
Loss before income taxes	(17,102)	(7,513)
Benefit from (provision for) income taxes	-	-
Net Loss and Comprehensive Loss	\$ (17,102)	\$ (7,513)
Net loss per share attributable to common shareholders	\$ (0.85)	\$ (0.72)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted	20,169,335	10,470,053

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit) (Unaudited) (Dollars in U.S. \$, in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Notes Due from Affiliates	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	26,640,926	82,374	10,312,066	10	2,487	(621)	(67,142)	(65,266)
Issuance of Series C-1 convertible preferred stock , net of issuance costs of \$0.1 million	131,208	1,181	-	-	-	-	-	-
Exercise of stock options	-	-	296,377	1	95	-	-	96
Issuance of common stock for services	-	-	6,278	-	81	-	-	81
Issuance of common stock warrant in connection with debt facility	-	-	-	-	60	-	-	60
Stock-based compensation expense	-	-	-	-	533	-	-	533
Net loss	-	-	-	-	-	-	(7,513)	(7,513)
Balance at June 30, 2018	26,772,134	\$ 83,555	10,614,721	\$ 11	\$ 3,256	\$ (621)	\$ (74,655)	\$ (72,009)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Notes Due from Affiliates	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	30,405,056	115,641	9,457,862	9	(8,889)	(621)	(86,499)	(96,000)
Conversion of convertible preferred stock to common stock in connection with initial public offering	-	-	-	-	-	-	-	-
	(30,405,056)	(115,641)	30,405,056	30	115,611	-	-	115,641
Conversion of preferred stock warrants to common stock warrants	-	-	-	-	1,409	-	-	1,409
Issuance of common stock upon net exercise of warrant	-	-	50,835	-	-	-	-	-
Exercise of stock options	-	-	394,800	1	319	-	-	320
Issuance of common stock in connection with initial public offering, net of underwriting discounts and issuance costs	-	-	-	-	-	-	-	-
	-	-	7,841,062	8	72,918	-	-	72,926
Issuance of common stock in connection with an acquisition	-	-	124,800	-	1,015	-	-	1,015
Stock-based compensation expense	-	-	-	-	2,096	-	-	2,096
Net loss	-	-	-	-	-	-	(17,102)	(17,102)
Balance at June 30, 2019	-	\$ -	48,274,415	\$ 48	\$ 184,479	\$ (621)	\$ (103,601)	\$ 80,305

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Statements of Cash Flows (Unaudited) (Dollars in U.S. \$, in thousands)

	Six Months Ended	
	June 30, 2019	June 30, 2018
Cash Flows from Operating Activities:		
Net loss	\$ (17,102)	\$ (7,513)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	131	74
Amortization of costs capitalized to obtain contracts	608	209
Amortization of debt issuance costs and discount on debt	13	18
Unamortized debt issuance costs and discount on debt written-off	39	-
Stock-based compensation expense	2,096	533
Change in fair value of preferred stock warrant liability	609	(4)
Change in fair value of options to purchase company stock	-	(62)
Interest due under notes from affiliates	(11)	(85)
Changes in operating assets and liabilities:		
Accounts receivable	(1,724)	(691)
Prepaid expenses and other current assets	(341)	(411)
Costs capitalized to obtain contracts, net	(1,457)	(643)
Accounts payable	(1,511)	617
Accrued expenses	1,028	107
Deferred revenue	937	1,577
Noncurrent liabilities	(51)	27
Net cash used in operating activities	(16,736)	(6,247)
Cash Flows from Investing Activities:		
Cash acquired in acquisition	74	-
Purchases of capital assets	(131)	(19)
Net cash used in investing activities	(57)	(19)
Cash Flows from Financing Activities:		
Proceeds from the issuance of preferred stock, net of issuance costs	-	1,181
Proceeds from issuance of common stock in initial public offering, net of underwriting commissions	75,946	-
Payments of deferred offering costs	(1,778)	-
Proceeds from the exercise of options and grant of stock awards, net of repurchase	239	176
Proceeds from borrowings	-	5,000
Payments on borrowings	(5,000)	(5,000)
Net cash provided by financing activities	69,407	1,357
Net Increase (Decrease) in Cash and Cash Equivalents	52,614	(4,909)
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	26,056	15,657
Cash, Cash Equivalents, and Restricted Cash at the End of the Period	\$ 78,670	\$ 10,748
Supplemental disclosure:		
Cash paid during the period for interest	\$ 219	\$ 160
Non-cash investing and financing activities:		
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	\$ 115,641	\$ -
Conversion of preferred stock warrant to common stock warrant in connection with initial public offering	1,409	-
Issuance of common stock in connection with acquisition	1,015	-
Fair value of warrants issued in connection with debt facility	-	60
Issue of common stock for services	-	80

The following table provides a table of cash, cash equivalents, and restricted cash reported within the balance sheets to the total of the same such amounts shown above (in thousands):

	June 30, 2019 (unaudited)	June 30, 2018 (unaudited)
Cash and cash equivalents	\$ 78,427	\$ 10,514
Restricted cash	243	234
Total cash, cash equivalents, and restricted cash	\$ 78,670	\$ 10,748

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Notes to Consolidated Financial Statements

1. The Company

Life360, Inc. (the “Company”) is 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 was incorporated in the State of Delaware on April 17, 2007. The Company’s core offering, the Life360 mobile application, is now the market leading mobile application for families, with features that range from communications to driving safety and location sharing. The Company operates under a “freemium” model where its core offering is available to users at no charge, with two premium subscription options that are available but not required.

2. Reclassification of Expenses in Prior Period

The Company has reclassified the following costs, in the June 30, 2018 statement of operations and comprehensive loss to conform to current period presentation: (1) customer, crash and support costs that were previously included in general and administrative are now presented separately, (2) indirect costs such as rent and office expense were previously included in general and administrative have now been allocated to research and development, selling and marketing and technology expenses based on the headcount of the respective departments, (3) technology expenses relating to ongoing product development have been reclassified from technology expenses to research and development.

For the 6 months Ended June '18

Dollars in U.S. \$, in thousands

	2018 Financials as per Previous Allocation Methodology	2018 Financials as per Revised Allocation Methodology	Variance
Cost and expenses:			
Customer support, crash and roadside assistance		411	411
Research and development	6,895	7,062	167
Sales and marketing	6,052	6,169	117
General and administrative	3,326	2,783	-543
Technology expenses	2,631	2,568	-63
Total cost and expenses	\$18,904	\$18,993	\$89

Such reclassifications had no impact on the financial position of the Company, or to operating cash flows, and no impact on the net loss or net loss per share attributable to common stockholders.

3. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States, or (“GAAP”).

In the opinion of the Company, the accompanying unaudited Condensed Consolidated Financial Statements included in this report reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of its financial position as of June 30, 2019, its results of operations and comprehensive loss, consolidated statements of changes in equity (deficit) for the six months ended June 30, 2019 and 2018, and cash flows for the six months ended June 30, 2019

Life360, Inc.

Notes to Consolidated Financial Statements

and 2018. These general purpose consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these consolidated financial statements are to be read in conjunction with the Life360, Inc prospectus annual report for the year ended December 31, 2018 and any public announcements made by Life360, Inc. during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Significant estimates made by management include, but are not limited to, the determination of revenue recognition, accounts receivable allowance, the fair value of preferred and common stock warrants and other equity-related instruments, the fair value of common stock and related stock-based compensation expense, legal contingencies, valuation of intangible assets and amortization period, depreciable lives, income taxes including valuation allowances on deferred tax assets and average customer life of two years. The Company bases its estimates and judgments on historical experience and on various assumptions that it believes are reasonable under the circumstances. Actual results could differ significantly from those estimates.

Fair Value Measurements

ASC 820 "Fair Value Measurements," defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities including pricing models, discounted cash flow methodologies and similar techniques.

Life360, Inc.

Notes to Consolidated Financial Statements

The following table presents information about the Company's derivative, conversion option and warrant liabilities that were measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018 and indicated the fair value hierarchy of the valuation:

		June 30, 2019			
		Dollars in U.S. \$, in thousands			
		Level 1	Level 2	Level 3	Total
Warrant liability		\$ -	\$ -	\$ -	\$ -
Total fair value		\$ -	\$ -	\$ -	\$ -

		December 31, 2018			
		Dollars in U.S. \$, in thousands			
		Level 1	Level 2	Level 3	Total
Warrant liability		-	-	\$800	\$800
Total fair value		\$ -	\$ -	\$800	\$800

Change in the estimated fair value of level 3 liabilities is summarized below:

		For the Six Months Ended June 30, 2019			
		Dollars in U.S. \$, in thousands			
		Level 1	Level 2	Level 3	Total
Beginning value of liability		\$ -	\$ -	\$800	\$800
Change in fair value of liability		-	-	609	609
Conversion		-	-	(1,409)	(1,409)
Ending fair value of level 3 liability		\$ -	\$ -	\$ -	\$ -

4. Business Combination

On March 4, 2019, the Company completed the acquisition of Zen Labs, Inc. Zen Labs has a screen time management application that will be further developed and integrated into the Company's application. Pursuant to the Merger and Reorganization Agreement, ("the Acquisition"), the assets related to Zen Labs, including its technology and intellectual property and certain key employees, were acquired through the issuance of 130,000 share of common stock for total consideration of approximately \$1,015,000. Of the 130,000 shares of common stock, 5,200 shares have not yet been issued as of June 30, 2019. The company is planning on issuing these shares in Q3 of 2019.

The acquisition was accounted for as a business combination in accordance with ASC 805 - Business Combinations. This method requires, among other things, that assets acquired, and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The Company incurred \$26,000 of costs associated with the acquisition, which have been expensed to general and administrative costs.

The net purchase price was allocated to the assets and liabilities as follows (in thousands):

Cash	\$	74
Developed technology		255
Liabilities		(78)
Goodwill		764
Total purchase consideration		\$ 1,015

Life360, Inc.

Notes to Consolidated Financial Statements

Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized such as assembled workforce and future expansion opportunities.

Developed technology was recorded at fair value on the acquisition date and assigned a useful life of 3 years.

The results of operations of Zen Labs are included in the accompanying consolidated statements of operations from the date of acquisition. The pro forma financial information has not been presented because it is not material to the consolidated financial statements.

5. Common Stock

Common stockholders are entitled to dividends when and if declared by the Board of Directors subject to the prior rights of the holders of all classes of stock at the time outstanding. The holder of each share of common stock is entitled to one vote. The common stockholders voting as a class are entitled to elect three members to the Company's Board of Directors. No dividends have been declared since the inception of the Company.

During the six months ended June 30, 2019, the Company issued 23,523,186 CDIs of the Company, representing 7,841,062 shares of common stock, resulting in gross proceeds of approximately \$78,455 and related issuance costs of \$5,529. Of the \$5,529 in costs, the company had capitalized \$1,061 as per December 31, 2018 in its balance sheet statement.

6. Convertible Preferred Stock

Immediately prior to the closing of the Company's Initial Public Offering ("IPO"), all of the 30,405,056 shares of convertible preferred stock converted into an equivalent number of shares of Class A common stock.

7. Warrants

Preferred Stock Warrants

The convertible preferred stock warrants are recorded at fair value upon issuance and are subject to remeasurement to fair value at each balance sheet date, with any change in fair value recognized as a separate line item on the consolidated statements of operations. We recognized a remeasurement loss of \$609 and a remeasurement gain of \$4 for the six months ended June 30, 2019 and 2018, respectively. Warrants to purchase convertible preferred stock converted to warrants to purchase common stock upon the closing of the Company's IPO on May 10, 2019. The fair value of the convertible preferred stock warrants as of the conversion date of \$1,409 was reclassified to additional paid-in capital as of that date.

Life360, Inc.
Notes to Consolidated Financial Statements

Common Stock Warrants

As of June 30, 2019, and 2018, the Company had warrants to purchase 149,545 and 53,969 shares, respectively, of Company common stock with exercise prices ranging from \$0.91 to \$2.15.

8. Subsequent Events

The Company evaluated subsequent events through August 22, 2019 the date the reviewed financial statements were issued. In the period between the end of the half year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Life360, to affect the operations of Life360, the results of those operations, or the state of affairs of Life360 in the future financial years.



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Independent Accountant's Review Report

Board of Directors
Life360, Inc.
San Francisco, California

We have reviewed the accompanying condensed consolidated financial statements of Life360, Inc. (the "Company"), which comprise the consolidated balance sheets as of June 30, 2019 and December 31, 2018, the related consolidated statements of operations and comprehensive loss for the six months ended June 30, 2019 and June 30, 2018, changes in convertible preferred stock and stockholders' equity (deficit), and cash flows for the six month periods then ended, the related notes to the consolidated financial statements and the director's report. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the condensed consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated financial statements, which, as described in Note 3 to the condensed consolidated financial statements, have been prepared in accordance with generally accepted accounting principles in the United States.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants and in accordance with generally accepted accounting principles in the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the condensed consolidated financial statements for them to be in accordance with generally accepted accounting principles in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements in order for them to be in accordance with generally accepted accounting principles in the United States.

BDO USA, LLC?

August 22, 2019