

ASX ANNOUNCEMENT

22 August 2019

Life360 2019 Half-Year Results Announcement

Delivers revenue growth of 114% for the six months to June 2019

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Half-Year Results and Appendix 4D for the six months ending 30 June 2019. The Appendix 4D is prepared in US dollars under US GAAP.

- Revenue of US\$24.6 million up 114% year-on-year
- EBITDA loss of US\$16.5 million compared with a loss of US\$7.4 million for the six month period ending 30 June 2018
- Net loss of US\$17.1 million compared with a loss of US\$7.5 million in the prior period
- Net cash inflow of US\$52.6 million including IPO proceeds
- Cash balance of US\$78.7 million with no debt

Life360 Co-Founder and Chief Executive Officer Chris Hulls said: “Life360 is truly a global business which is in the early days of monetisation. Our core focus remains on building a bigger network of families who use our service through the continuous development of the most relevant products for them. Our aggressive expenditure on research and development is strategic and allows us to refine our understanding of our users’ needs, while increasing our unique brand proposition.

“Life360’s first half 2019 results underpin our confidence in the Company’s direction. Record growth of 4.6 million Monthly Active Users has taken our global count to 23.1 million. In Australia, Monthly Active Users exceeded 400,000, almost doubling year on year.

“Revenue growth of 114% to US\$24.6 million was supported by impressive growth in both Direct and Indirect Revenue. Direct Revenue has benefited from the 60% lift in Paying Circles and Average Revenue Per Paying Circle ahead of expectations. Indirect Revenue is benefiting from the launch of the Allstate lead generation partnership.

“The EBITDA loss of US\$16.5 million is a side effect of our aggressive growth strategy to build and monetise our user base through investment in Research & Development and User Acquisition. Investment in innovation and brand awareness is how we will continue to reinforce our position as the leading service to protect and connect families. In June, Life360 reached its higher ever rank of #18 in the US iTunes app store, a massive achievement for brand awareness among our target audience.

“Our outlook for activity during the second half of CY19 includes continued investment in brand and will see the launch of a ‘back to school’ strategic partnership with the National Parent Teacher Association, a trusted brand with parents across the US. Our international growth will be further supported by customised local pricing and marketing.

“We expect to meet our prospectus revenue forecasts of US\$58.6 million for CY19 given the growth in our Monthly Active User base, the performance of Average Revenue Per Paying Circle and the successful launch of the Allstate partnership.”

CY19 H1 Highlights and Achievements

- Revenue growth of 114% to US\$24.6 million. Annualised Monthly Revenue (AMR) for June 2019 was US\$62.0 million, year-on-year growth of 112%.
- Global Monthly Active User (MAU) base of 23.1 million, up 56% year-on-year, with an increase of 4.6 million MAU in the six months to June.
- US MAU base of 12.7 million, up 66% year-on-year, which was the largest ever six monthly increase.
- Paying Circles of 696,000, up 60% year-on-year.
- ARPPC of US\$64.28 for the US and US\$46.15 for International, up 7% and 9% respectively year-on-year. ARPPC accelerated in the month of June to around 13% year-on-year growth.
- Launch of auto insurance lead generation partnership with Allstate in May delivered revenues in excess of US\$1.0 million for the quarter to June.
- Cash balance of US\$78.7 million at June 2019 reflecting IPO proceeds and the repayment of term debt. Life360 is confident its strong capital position represents sufficient resources to fund future growth.

Direct Revenue

Life360's Direct Revenue increased 89% to US\$19.2 million as a result of the 60% year-on-year increase in Paying Circles and stronger than expected performance of ARPPC.

The increase in ARPPC was driven by a faster-than-anticipated shift from Life360 Plus ("Plus") to the higher priced Driver Protect. This migration was supported by the worldwide release of Life360's platform redesign which has expanded functionality and improved the user experience. Along with some modifications to developer guidelines that impacted billing, there has been a partial shift from annual towards monthly subscriptions.

ARPPC trends are ahead of forecasts contained in the IPO prospectus, with US and International CY19 H1 growth rates of 7% and 9% year-on-year respectively. In the month of June 2019 around 95% of new premium signups were for Driver Protect, lifting ARPPC growth to 13% year-on-year.

Indirect Revenue

Life360's Indirect Revenue increased 302% year-on-year to US\$5.4 million. The strong momentum is supported by the launch of the Allstate lead generation partnership, which had its first full month of operation in June. The partnership is delivering pleasing early results with revenues in excess of US\$1.0 million for the quarter to June. For the month of June, revenue exceeded the December 2018 beta test. The strong growth in Indirect Revenue was despite the faster than expected wind-down in legacy revenues from the ADT partnership.

Operating Costs

Operating costs of US\$41.1 million reflect the Company's strategy to invest in Research & Development and User Acquisition to build and monetise its user base. Customer Acquisition Costs (CAC) of US\$10.5 million were lower than expected, demonstrating significant efficiencies. The Company also benefited from very strong organic growth in MAU in the first half. CAC is achieving attractive returns when measured against customer Lifetime Value (LTV). Research & Development costs of US\$15.2 million reflect commitment to driving innovation across Life360's products and services.

CY19 H2 Initiatives

Chris Hulls said: “We are continuing to drive our strategy to build and monetise our user base with a range of initiatives underway in H2. We will continue to invest in brand and user growth including the launch of a ‘back to school’ strategic partnership with the National Parent Teacher Association, a trusted brand with parents across the US. We are looking to expand the products we offer our users with the development of a membership experience to offer higher value family services. Our commitment to innovation is reflected in continued investment in Research & Development to position our platform to support the needs of a new membership model as well as global expansion. International growth will be further supported by customised local pricing and marketing.”

Cash Flow and Balance Sheet

Cash used in operating activities of US\$(16.7) million reflected strong growth in receipts from customers offset by increased investment in Research & Development and User Acquisition. Deferred revenue was modestly lower than expected due primarily to subscriber shift toward more monthly plans versus annual 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.

Life360 finished the six months to June 2019 with net cash of US\$78.7 million and no debt reflecting the receipt of IPO proceeds in May 2019.

Outlook

Life360 expects to achieve prospectus revenue forecasts of US\$58.6 million for CY19 underpinned by Monthly Active User and Average Revenue per Paying Circle performance ahead of prospectus forecasts, and a successful launch of the Allstate partnership. These factors are expected to offset the faster than expected wind-down of legacy revenues associated with the ADT partnership.

Investor Conference Call

An Investor Conference Call with Chris Hulls (Co-Founder and CEO) and Wendell Laidley (CFO) will be held at 9.30am AEST on Thursday, 22 August 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/adlYGgX1jl>

Meeting ID: 316 284 758

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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