

ASX ANNOUNCEMENT

29 October 2019

September 2019 Quarterly Business Update and Appendix 4C

Record growth in US Monthly Active User base with 1.8 million additions in the September 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 September 2019 together with a Business Update. Appendix 4C is prepared in US dollars under US GAAP and is unaudited.

September 2019 Quarter Highlights

- Revenue of US\$16.2 million for the September quarter, a year-on-year growth rate of 79%. Annualised Monthly Revenue (AMR) exiting September 2019 was US\$79.7 million, a year-on-year growth rate of 94%.
- Global Monthly Active User (MAU) base of 24.7 million, up 44% year-on-year with an increase of 1.65 million MAU in the quarter.
- US MAU base of 14.4 million (58% of total MAU), up 64% year-on-year, reflecting a record quarterly increase of 1.8 million.
- Average Revenue Per Paying Circle (ARPPC) increased 14% year-on-year in the September 2019 quarter, benefiting from the shift to higher value Driver Protect subscriptions.
- Paying Circles (which comprise Life360 Plus and Driver Protect) of 758,000, up 47% year-on-year. Driver Protect accounted for more than 90% of new premium signups for the September quarter.
- The auto insurance lead generation partnership with Allstate delivered revenue of US\$1.5 million for the September 2019 quarter.
- Paid User Acquisition spend was US\$5.2 million for the September 2019 quarter. Customer Acquisition Cost (CAC) was below expectations, benefiting from significant efficiencies and strong organic growth.
- Cash balance of US\$70.7 million at September 2019 with no debt. Life360 remains confident its strong capital position represents sufficient resources to fund future growth.

Business Update

Life360 Chief Executive Officer Chris Hulls said: “Life360 continues to demonstrate strong momentum towards our goal of becoming the leading service to protect and connect families.

“Our global Monthly Active User base reached 24.7 million in the September quarter and in early October we surpassed the 25 million milestone. There is increasing momentum in our US business, with US Monthly Active Users reaching 14.4 million for the September quarter. This is a record quarterly increase of 1.8 million, a year-on-year growth rate of 64%.

In our listed home of Australia, Monthly Active Users exceeded 470,000, a year-on-year increase of almost 90%.

International MAU of 10.3 million for the September quarter increased 23% year-on-year, and declined 1% sequentially from the June quarter. This modest decrease is due to roll off of users from a record spike in June, and an intentional shift in focus to lower volume/higher quality users in higher income regions, which has resulted in dramatically improved Paid User Acquisition spend efficiency.

“Earlier this month, Life360 achieved its highest ever rank of #1 in the US Apple iTunes store for the Social Networking Category and #6 overall reflecting exceptional media coverage and growing brand awareness among our target audience.”

Life360 collected 24.5 billion driving miles in the month of September, a strong increase from the more than 18 billion driving miles collected in the month of June 2019.

Revenue of US\$16.2 million for the September quarter increased 79% year-on-year. Direct Revenue benefited from 47% growth in Paying Circles to 758,000 and a 14% year-on-year growth in Average Revenue Per Paying Circle (ARPPC), with more than 90% of new users choosing to subscribe to our higher priced Driver Protect. ARPPC also continues to benefit from the rebalancing of subscription packages from annual to monthly.

Indirect Revenue, which is comprised of Data revenue, our ADT partnership, as well as our Allstate lead generation partnership, also delivered solid results. The Allstate partnership, which launched in May, contributed revenue of US\$1.5 million for the quarter. The strong growth in Indirect Revenue was despite the faster than expected wind-down in legacy revenues from the ADT partnership.

Chris Hulls added “Auto insurance is one of the many verticals we believe we can monetise through partnerships over time. As a mobile-first company, we have significant structural advantages that cannot be matched by the previous generation of service providers.”

Paid User Acquisition spend of US\$5.2 million was in-line with spending levels in the previous quarter. The more modest increase in Q3 Paid User Acquisition spend reflected continued emphasis on achieving efficiencies across all channels. Life360’s Paid User Acquisition spend will continue to be governed by our cash recovery model and an expectation of continued growth in customer Lifetime Value (LTV). Paid User Acquisition spend is expected to remain relatively constant in Q4 followed by a meaningful increase beginning in Q1 CY20 as Life360 expands more aggressively into new channels.

Life360 is making continued progress against the four components of its growth strategy. New channels are being tested to drive brand and user growth. Plans to develop a membership experience are on track for launch in CY20 H1. Life360 effectively managed platform changes arising from the release of iOS 13 during the quarter with immaterial impact on users. In international markets, Premium packages have been simplified to a single tier, with pricing currently being tested in market.

Cash flow

Life360 ended September 2019 with a cash balance of US\$70.7 million and no debt.

For the September 2019 quarter, cash used in operating activities of US\$(7.1) million improved sequentially from US\$(7.2) million in the June 2019 quarter and US\$(9.5) million in the March 2019 quarter.

Cash used in investing activities of US\$(0.1) million reflected minor purchases of capital assets.

Cash flows from financing activities of US\$(0.8) million reflected costs associated with share issuance undertaken in the June 2019 quarter.

Life360 remains committed to delivering sequential improvement in operating cash flow losses in the fourth quarter.

Outlook

Life360 expects to achieve proforma prospectus forecasts of revenue of US\$58.6 million, operating expenses of US\$88.7 million, EBITDA loss of US\$(30.2) million and net loss of US\$(29.7) million for CY19. These expectations are underpinned by Monthly Active User and Average Revenue per Paying Circle performance ahead of prospectus forecasts, the successful launch of the Allstate partnership, and discipline around operating expenses. These factors are expected to offset the faster than expected wind-down of legacy revenues associated with the ADT partnership.

Investor Conference Call

A conference call will be held today at 9.30am AEDT, Tuesday 29 October. 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/6211111111>

Meeting ID : 238-158-395

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 25 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: Platform Update

Life360 provides below a summary of changes historically introduced on iOS and Android platforms and the Company's response. This information will be updated on a quarterly basis.

| Date | Version | Changes | Resolution | Potential impact | Actual impact |
|----------------|---------|--|---|------------------|--|
| iOS | | | | | |
| Sept '19 | 13 | Location permissions VoIP disabling | Work-around User education through email and in-app campaigns Change deferred to April | Minimal | Minimal |
| Sept '18 | 12 | 10 mins maximum background time limit | Worked with Apple to increase limit before release of iOS 12 | Minimal | Minimal |
| Sept '17 | 11 | Blue bar | Additional API added to remove blue bar after negotiation with Apple | Minimal | Minimal |
| Sept '16 | 10 | Decommissioned background socket | Migrated background wake up to VOIP | Significant | Minimal |
| Sept '15 | 9 | More background location sampling | Update infrastructure to handle additional location points | Medium | Medium |
| Sept '13 | 7 | iOS background task termination stopped all background location from running | Successful petition to Apple to change policy with iOS 7.1 | Significant | iOS 7.0 - Significant iOS 7.1 - Minimal |
| Android | | | | | |
| Sept '19 | Q | Always vs When in Use background location permission | Updated app to present new permissions to the users and encourage Always permission | Minimal | Minimal |
| Aug '18 | P | Limited access to sensors in the background | Display persistent notification while driving to ensure background access | Significant | Medium |
| Aug '17 | O | Notification channels Background Execution limits | Added 11 different channels that allow users to customise all notifications Display persistent notification during background location updates | Minimal | Minimal |
| Aug '16 | N | Doze Mode enhancements | Updates to ensure compatibility with Doze Mode | Minimal | Minimal |
| Oct '15 | M | Doze Mode App Permissions | Update to high priority notifications for background location Ensure we prompt the user for all permissions required | Significant | Medium |

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")

Sep 30, 2019

| Consolidated statement of cash flows | Current quarter \$US'000 | Year to date (9 months) \$US'000 |
|---|-------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 13,792 | 37,602 |
| 1.2 Payments for | | |
| (a) research and development | (1,860) | (7,334) |
| (b) product manufacturing and operating costs | | |
| (c) advertising and marketing | (8,229) | (23,305) |
| (d) leased assets | (357) | (1,042) |
| (e) staff costs | (6,952) | (19,181) |
| (f) administration and corporate costs | (1,829) | (5,021) |
| Dividends received (see note 3) | 0 | 0 |
| 1.3 Interest received | 224 | 229 |
| 1.4 Interest costs paid | 0 | (186) |
| 1.5 Income taxes paid | 0 | 0 |
| 1.6 Government grants and tax incentives | 0 | 0 |
| 1.7 Payments for technology expenses | (1,887) | (5,596) |
| 1.8 Net cash from / (used in) operating activities | (7,098) | (23,834) |
| 1.9 Net cash from / (used in) operating activities | (7,098) | (23,834) |

| Consolidated statement of cash flows | Current quarter \$US'000 | Year to date (9 months) \$US'000 |
|---|-------------------------------------|---|
| 2. Cash flows from investing activities | | |
| Payments to acquire: | | |
| 2.1 (a) property, plant and equipment | (60) | (191) |
| (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 | (60) | (117) |
| 2.6 Net cash from / (used in) investing activities | (60) | (117) |

| | | |
|---|--------------|---------------|
| 3. Cash flows from financing activities | | |
| Proceeds from issues of shares | (1,110) | 73,058 |
| 3.1 Proceeds from issue of convertible notes | | |
| 3.2 Proceeds from exercise of share options | 265 | 504 |
| 3.3 Transaction costs related to issues of shares, convertible notes or options | | |
| 3.4 Proceeds from borrowings | | |
| 3.5 Repayment of borrowings | | (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 | (845) | 68,562 |
| 3.10 Net cash from / (used in) financing activities | (845) | 68,562 |

| Consolidated statement of cash flows | Current quarter \$US'000 | Year to date (9 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 | 78,670 | 26,056 |
| 4.1 Net cash from / (used in) operating activities (item 1.9 above) | (7,098) | (23,834) |
| 4.2 Net cash from / (used in) investing activities (item 2.6 above) | (60) | (117) |
| 4.3 Net cash from / (used in) financing activities (item 3.10 above) | (845) | 68,562 |
| 4.4 Effect of movement in exchange rates on cash held | | |
| 4.5 Cash and cash equivalents at end of quarter | 70,667 | 70,667 |

| 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 | 70,416 | 78,427 |
| 5.2 Call deposits | | |
| 5.3 Bank overdrafts | | |
| 5.4 Rental Deposits | 251 | 243 |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 70,667 | 78,670 |

| 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 | (2,519) |
| 9.2 Product manufacturing and operating costs | |
| 9.3 Advertising and marketing | (9,092) |
| 9.4 Leased assets | (356) |
| 9.5 Staff costs | (7,513) |
| 9.6 Administration and corporate costs | (1,653) |
| 9.7 Payments for technology expenses | (4,021) |
| 9.8 Total estimated cash outflows | (25,154) |

| 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: October 29, 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.