

ASX ANNOUNCEMENT

27 February 2020

Life360 2019 Full-Year Results Announcement

Revenue growth of 84% for the twelve months to December 2019

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Full-Year Results and Appendix 4E for the twelve months ending 31 December 2019. The Appendix 4E is prepared in US dollars under US GAAP.

- Revenue of US\$58.9 million up 84% year-on-year
- Statutory EBITDA loss of US\$28.7 million, better than prospectus forecasts of \$30.4 million loss
- Underlying EBITDA loss (before Stock Based Compensation) of US\$22.9 million compared with prospectus forecasts of US\$26.1 million loss
- Statutory net loss of US\$29.0 million compared with prospectus forecasts for US\$29.7 million loss
- Underlying net loss (before Stock Based Compensation) of US\$23.2 million
- Cash used in operating activities of US\$(30.5) million, above prospectus forecasts of US\$(24.6) million due to year-end prepayments of US\$6m not included in the prospectus model
- Cash balance of US\$64.1 million with no debt.

Life360 Co-Founder and Chief Executive Officer Chris Hulls said: “2019 has been a year of considerable progress for Life360 and underpins our confidence in the strategy we are pursuing to be the leading service to protect and connect families. We achieved the largest Monthly Active User (MAU) growth in the company’s history with the addition of 8.7 million MAU. Our performance in the US was particularly strong with each quarter of 2019 setting a new record for MAU additions. In our listed home of Australia, our MAU base reached more than 570,000, with word-of-mouth powering an almost 90% year-on-year uplift.

“Revenue growth of 84% was underpinned by strong growth in both Direct and Indirect Revenue. Direct Revenue has benefited from the 43% growth in Paying Circles and 10% growth in Average Revenue Per Paying Circle (ARPPC). Indirect Revenue was supported by strong growth in Data revenue and the launch of our lead generation partnership with Allstate which contributed more than US\$4 million since its launch in May 2019. The performance of these businesses more than offset the revenue shortfall from the faster than expected wind-down of legacy revenues from ADT.

“The underlying EBITDA loss (before Stock Based Compensation) of US\$22.9 million outperformed prospectus forecasts of US\$26.1 million, and Statutory EBITDA loss of US\$28.7 million improved on prospectus forecasts of US\$30.4 million. The EBITDA loss reflects our strategy to aggressively build and monetise our user base. Investment in innovation and brand awareness are reinforcing the value we can provide to families. The upcoming launch of our new membership platform will significantly broaden Life360’s appeal with features and services relevant to families at all different life stages”.

CY19 Highlights and Achievements

- Revenue growth of 84% to US\$58.9 million. Annualised Monthly Revenue (AMR) for December 2019 was US\$75.4 million, year-on-year growth of 67%.
- Global Monthly Active User (MAU) base of 27.2 million, up 8.7 million or 47% year-on-year, ahead of prospectus forecasts of 26 million.

- US MAU base of 16.3 million, up 6.3 million or 63% year-on-year, the largest ever annual increase.
- International MAU base of 10.9 million, up 2.4 million or 28% year-on-year.
- Paying Circles of around 827,000, up 43% year-on-year. While below prospectus forecasts of 940,000, we intentionally shifted users to the higher priced Driver Protect supporting revenue outperformance versus prospectus estimates.
- Average Revenue Per Paying Customer (ARPPC) of US\$67.30 for the US and US\$47.16 for International, up 11% and 8% respectively year-on-year. This was ahead of prospectus forecasts of US\$59.42 and US\$42.86 respectively.
- Launch of auto insurance lead generation partnership with Allstate in May delivered revenues of more than US\$4 million.
- Cash balance of US\$64.1 million at December 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 78% to US\$44.1 million as a result of the 43% year-on-year increase in Paying Circles and ARPPC outperformance versus prospectus expectations. The growth in Paying Circles reflected Life360's strategic initiatives to shift users to Driver Protect which supports much higher pricing and better retention. By the end of 2019, Driver Protect accounted for more than 70% of total subscriptions compared with prospectus model assumptions of less than 60%. In addition there was a rebalancing of subscription packages from annual to monthly. As a result, ARPPC increased 10% compared with prospectus expectations for a decline of around 2%

Indirect Revenue

Life360's Indirect Revenue, which includes Data, our Allstate lead generation partnership and legacy ADT partnership, increased 105% year-on-year to US\$14.8 million. This was despite the faster than expected wind-down of legacy revenues from ADT versus prospectus expectations. The Allstate partnership contributed revenue of more than US\$4 million since its launch in May. The growth in Data revenue was underpinned by new partnerships reflecting Life360's expanded scale and higher revenue per customer.

Operating Expenses

Operating expenses of US\$87.7 million (excluding depreciation and amortisation) reflect the Company's strategy to invest in Research & Development and User Acquisition to build and monetise its user base. User acquisition expenses increased significantly, however was below prospectus forecasts reflecting significant efficiencies and strong organic growth. Investment in user acquisition is achieving attractive returns when measured against customer Lifetime Value (LTV). Research & Development costs also increased largely in line with prospectus forecasts, and reflects Life360's commitment to driving innovation across its products and services. Non-cash Stock Based Compensation expenses increased to US\$5.8 million, ahead of prospectus forecasts.

2020 Initiatives

Chris Hulls said: "2020 is shaping up as an exciting year with the unveiling of our membership service which has been our primary focus since the IPO. Our premium products will move far beyond our current Driver Protect offering to offer all-encompassing support for every life stage.

Our pipeline of new products includes identity protection, premium SOS services and disaster, medical and travel assistance significantly increasing Life360's total addressable market".

Cash Flow and Balance Sheet

Cash used in operating activities of US\$(30.5) million reflected strong growth in receipts from customers offset by increased investment in Research & Development and User Acquisition. Operating cash flow losses exceeded prospectus forecasts of US\$(24.6) million reflecting year-end prepayments of US\$6.0 million not included in the prospectus model. Lower than forecast deferred revenue arising from the shift in the business from annual to monthly subscriptions was offset by non-cash expenses and other items.

Life360 delivered sequential quarterly improvement in operating cash flow losses in 2019 and remains committed to further sequential improvement in 2020.

Life360 finished the year with net cash of US\$64.1 million and no debt reflecting the receipt of IPO proceeds in May 2019.

Outlook

The 2020 calendar year is expected to be one of transition and transformation for Life360 with the launch of the new membership experience by the end of the first half. The benefits through increased Average Revenue per Paying Circle are expected to begin to contribute in the second half.

For the 2020 year, Life360 expects to deliver:

- Monthly Active User base of at least 35 million, an annual increase of around 8 million or around 30%
- Revenue of at least US\$90 million which reflects a year-on-year growth rate of more than 50%
- Underlying EBITDA loss (excluding non-cash Stock Based Compensation) below US\$(20) million
- A step-up in Stock Based Compensation from the 2019 base of US\$5.8 million, primarily reflecting the impact of the post-IPO capital structure on the fair value of new employee grants
- Operating cash outflow below US\$(20) million.

Investor Conference Call

An Investor Conference Call with Chris Hulls (Co-Founder and CEO) and David Wiadrowski (Non-Executive Director and Chairman of the Audit & Risk Committee) will be held at 9.30am AEDT today (Thursday, 27 February 2020). 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: 764 966 477

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 27 million monthly active users (MAU) located in more than 160 countries.

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