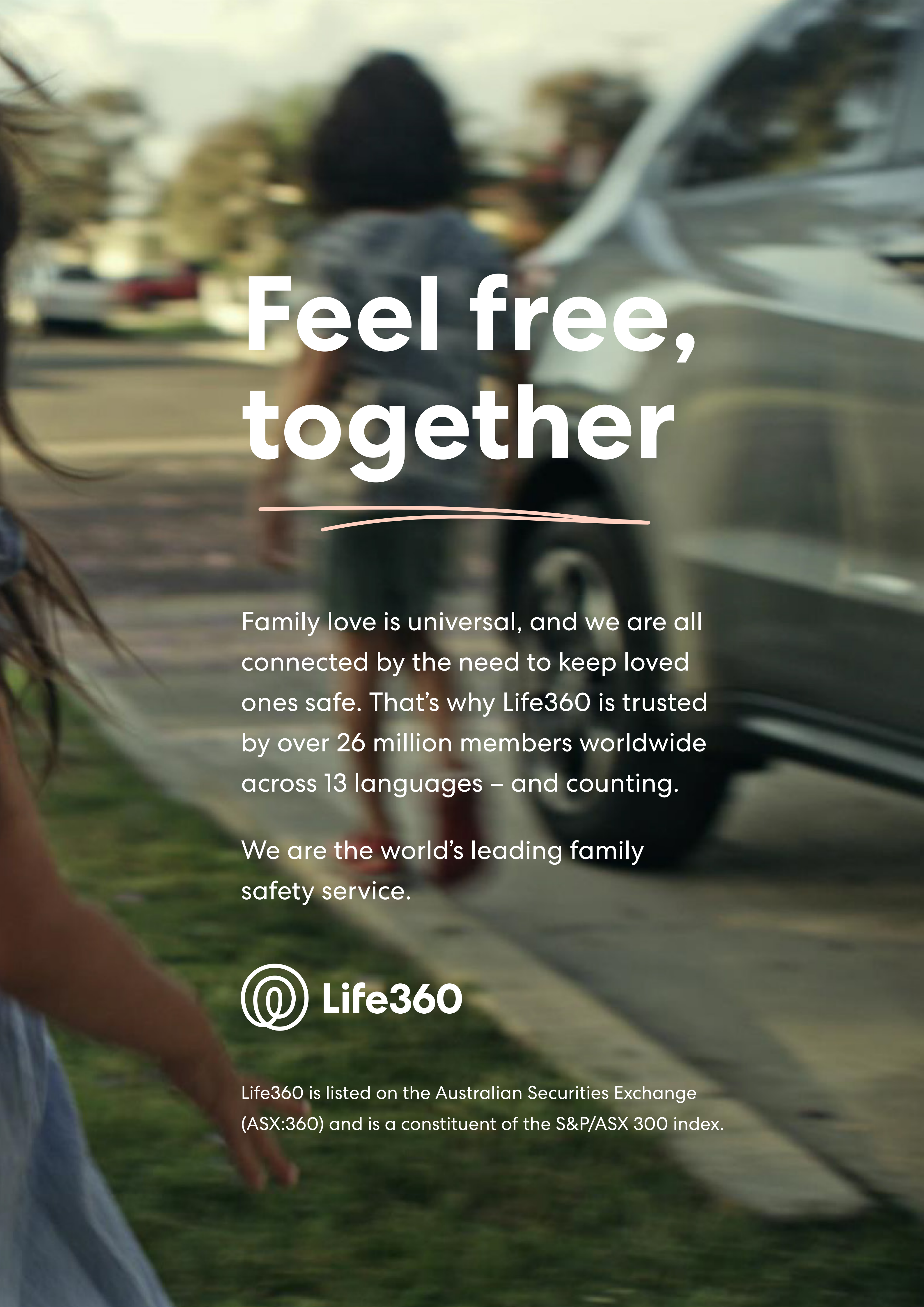
Annual Report

2020

Life360

Contents



Feel free, together

Family love is universal, and we are all connected by the need to keep loved ones safe. That's why Life360 is trusted by over 26 million members worldwide across 13 languages – and counting.

We are the world's leading family safety service.

Life360

Life360 is listed on the Australian Securities Exchange (ASX:360) and is a constituent of the S&P/ASX 300 index.

CY20 User Highlights

Connecting families and saving lives

2,038,768
Help alerts sent

52,957,392,571
Miles driven with Life360 crash detection

14,209
Ambulances dispatched

11,269,693,552
Safe arrival notifications

CY20 Financial Highlights

Building and monetising our user base

+39%
YoY increase in normalised revenue* to $81.6 million

+69%
Improvement in underlying EBITDA loss* to $(7.0) million

+68%
Improvement in underlying net loss** to $(7.3) million

$56.6m
cash balance with no debt

* includes non-recurring adjustment of approximately $0.9 million in relation to deferral of subscription revenue
** excluding Stock Based Compensation and non-recurring adjustment

Letter from the Chairman

John Philip Coghlan

2020 was a uniquely challenging year for Life360 and the world, and we appreciate the continued support of our shareholders. Despite the worsening impact of COVID-19 over the course of the year, the business exhibited remarkable resilience. Revenue growth remained strong, and the next important step in our strategy - the launch of our Membership model - was implemented without missing a beat.

2020 Performance

Life360 delivered 2020 statutory revenue of $80.7 million, a 37% year-on-year uplift. This was a tremendous outcome given the backdrop of COVID-19.

Underlying EBITDA loss (excluding Stock Based Compensation) of $(7.0) million improved significantly from $(22.9) million in 2019. Statutory EBITDA loss of $(16.0) million and statutory net loss of $(16.3) million both improved 44% year-on-year.

Life360 finished 2020 with a cash balance of $56.6 million and no debt. The strength of our balance sheet and the flexibility of our discretionary expense model have been particularly important in the context of the rapid change in the operating environment brought on by the pandemic.

Our financial performance was supported by resilient operational metrics. US Monthly Active Users (MAU) increased 4% year-on-year; international MAU returned to growth in the second half following COVID-related declines in the first half. Australia was a stand-out performer with MAU of 658,000, up 15% year-on-year.

Worldwide Paying Circles increased 8% year-on-year, with a 12% uplift in the US benefiting from the launch of the Membership offering.

Strategy

The mid-year launch of our family safety Membership model significantly expands the value Life360 can provide to families at every life stage. This important step in our growth strategy was achieved with the entire team working remotely.

We are optimistic that the additional features will expand the relevance of our services to a wider range of families, and drive long term growth in revenue and value.

Following the successful launch of the Membership model, the company is focused on delivering the three strands of our growth strategy:

- Build a large base of engaged mobile users
- Grow Membership to disrupt legacy incumbents
- Expand reach and revenue through launch of additional lead gen and new services.

Additional detail is contained in the CEO's report.

Strategic Review

The Board has announced that it is conducting a review of strategic alternatives to significantly increase shareholder value. This has been undertaken in response to current valuations in the US for high growth technology companies, and inbound interest received for Life360's business. There is no certainty that the review will result in any transaction or any changes to current listing arrangements.

Your Company

Life360 recognises the importance of progressing our Environmental, Social and Governance (ESG) practices to reflect our responsibility to the communities we serve. The Corporate Social Responsibility section of the Annual Report provides details of initiatives already in place and planned for the future.

Life360's most powerful contribution to the community is to bring families closer, by ensuring that loved ones are safe and secure. Our premium services quite literally save lives, and during 2020 we dispatched more than 14,000 ambulances.

I would like to thank my fellow Board members for the contribution they make to Life360. Shareholders greatly benefit from their expertise and wise counsel, particularly through turbulent times such as 2020. I'd like to welcome our newest Director, Ms Randi Zuckerberg, who joined the Board in January. Randi brings a depth of experience to the company, including her work growing Facebook in its early days from an intimate community to the global social network it is today, and for creating Facebook Live. Randi's expertise will prove invaluable as we scale the business for its next phase of growth.

On behalf of the Board I would like to thank our talented colleagues for their dedication and hard work, particularly in the challenging circumstances brought about by COVID-19. I'd like to acknowledge the astute leadership of Chris Hulls who steered the company through uncharted territory, delivering the Membership model on time, and positioning the company for the growth opportunities ahead.

Life360 is well placed to deliver on our mission to bring families closer, with smart features designed to protect and connect the people who matter most.

John Philip Coghlan
Chairman

"Australia was a stand-out performer with Monthly Active Users of 658,000, up 15% year-on-year. Worldwide Paying Circles increased 8% year-on-year, with a 12% uplift in the US benefiting from the launch of the Membership offering."

Letter from the CEO

Chris Hulls

A global pandemic in 2020 was certainly not anything we planned for, and while the operating environment was challenging, we're extremely proud of the results we achieved. We maintained growth, proved our ability to generate positive cash flow, and delivered on our strategy roadmap. We believe Life360 is well positioned to accelerate our performance in the back half of 2021 when the world returns to normalcy.

Key Achievements

Our Membership launch was our marquee new product development of 2020. Our ability to leverage our user base and advantageous mobile economics allows us to provide access to a set of safety and security features at a far lower cost than our competitors. And we have now moved beyond location sharing and driving, to a much broader feature set that includes identity protection, travel, disaster, and medical assistance, to name just a few of the new benefits we offer. We provide this offering at a considerably lower cost than purchasing individual subscriptions. As consumers recognise the substantial value we provide, we will prove to be highly disruptive to legacy incumbents.

The impact of COVID-19 saw a meaningful decline in new global registrations in the early days of the pandemic. Despite this, US Monthly Active Users (MAU) held stable in the first half of 2020, with growth returning in the second half. The impact on international users was more significant, with an MAU decline in Q2, although this impact was concentrated in developing markets which make an insignificant contribution to revenue. Interestingly, countries like Australia that managed the COVID crisis well, saw significant outperformance during Q2. Total international MAU returned to growth in the second half, with even better performance in countries which managed COVID more successfully. This bodes well for our return to faster growth later in the year as the vaccine rolls out globally. Throughout the crisis, we saw a very positive performance from our returning users or RMAU, testament to the value we provide to families.

“...we maintained net subscriber revenue retention above 100%, reflecting the strength of Life360’s freemium model, and our success in driving free users to paid subscriptions, and paid subscribers into higher price point plans.”

Our business exhibited impressive resilience, with an 8% year-on-year growth in Paying Circles, and 39% year-on-year normalised revenue growth. Remarkably, we maintained net subscriber revenue retention above 100%, reflecting the strength of Life360’s freemium model, and our success in driving free users to paid subscriptions, and paid subscribers into higher price point plans. Our disciplined spending approach during the pandemic underpinned a higher gross margin, and a substantial improvement in underlying EBITDA loss, which outperformed our guidance.

During the year we announced a collaboration with Google to bring family coordination features to Google Assistant devices. Although screen-based voice assistants are in their infancy, we are excited that Google recognised our leadership in the category by making us the default provider to power family location features. Exclusive partnerships like these will increase barriers to entry as voice platforms gain mainstream momentum.

2020 was also a year when we continued to develop our profile, and solidify our position as a mainstream brand. We achieved significant levels of media coverage, and our aided brand awareness among all US parents increased by 36%. Our engagement with teens on TikTok yielded some very impressive results, and a resetting of teens’ views on Life360; our current iTunes app store rating is at 4.5, a near all-time high.

Revenue Performance

Subscription revenue (“direct revenue”) increased 35% year-on-year to a normalised $59.4 million, contributing 73% of total revenue. Performance in the US was particularly strong, supported by the Membership launch. Paying Circles increased 8% year-on-year to 889,000, an impressive performance in the context of very low levels of paid acquisition spend.

Average Revenue Per Paying Circle (ARPPC) increased around 11% in the US, benefiting from the higher priced new Membership plans. New cohort Membership subscribers delivered a 34% ARPPC uplift versus the first half, above the top end of our forecasts. The performance of all key Membership metrics met or exceeded our expectations, despite the significant deterioration of COVID conditions over the course of the second half of 2020. As of December, we had new and upsell subscribers in the Membership plans of more than 152,000, 21% of our US Paying Circles. We’re also seeing improved retention among our grandfathered subscribers given the additional features of the Membership offering.

Data and other revenue (“indirect revenue”) increased 50% year-on-year to $22.2 million, contributing 27% of total revenue. Indirect includes Data revenue and our Allstate lead generation partnership. Data continued to deliver strong growth despite COVID impacts. While data makes a valuable contribution, it is not our core focus. Performance was assisted by the deferral to 2021 of any potential changes to the Identifier for Advertisers (or IDFA) previously considered for iOS 14. However we do expect some level of negative impact when the changes are implemented.

Our auto insurance lead generation partnership with Allstate made a steady contribution, with COVID-19 impacting the pace of expansion. While we would have liked to have made more progress on the user experience, we see significant upside opportunity from this vertical.

Our strategy roadmap

The ultimate opportunity for Life360 extends well beyond our current product range to encompass any business that protects families. Our mobile-first approach provides us with a significant advantage over industries built on 1990s technology which do not meet the needs of digitally native families. Legacy models have high acquisition and infrastructure costs which lead to overpriced products. With Life360 we leverage our users’ technology, and are able to deliver a superior product at a lower cost. With our new Membership offering, we are now truly living this vision and have expanded beyond the point solutions we offered earlier in our history.

As John outlined in the Chairman’s letter, there are three strands to our growth strategy.

The first strand is to build a large base of engaged mobile users. We've already delivered more than 26 million MAU, achieved impressive growth in brand recognition, and saved thousands of lives. We believe this number can continue to grow, and we are investing heavily in the free user experience. We've broadened our focus to successfully engage with teens by offering features that specifically cater to their needs. We are evolving from a "where are you" to a "how are you" approach, to deliver a more emotional connection within the Life360 experience. We're also expanding our marketing beyond pure performance to a broader array of channels, including streaming TV and outdoor. We plan to launch a brand refresh that is centred around the concept of independence, rather than tracking, and are incorporating the new Membership offering into campaigns to build awareness of the broader suite of services it provides.

The second strand is to grow Membership and disrupt legacy incumbents. We disrupted roadside and crash assistance with Driver Protect, and the new Membership plan opens up many more options. The Membership offering is still in its very early days, with the first version largely a self-contained experience that is not deeply incorporated into the app. Our long term plans, which we are executing on now, will bring many Membership features more front and centre into the experience.

“We are evolving from a “where are you” to a “how are you” approach, to deliver a more emotional connection within the Life360 experience.”

Another initiative is the development of Membership sign-up via the web which will allow us to acquire premium members directly before they download Life360 from the app store. The development of a web dashboard will also open up Life360 to members who may not use all the location features. This initiative is still in its early stages, and we don’t expect a significant portion of our paid customers to immediately come through these channels. However we do expect direct-to-premium to become an integral part of our acquisition mix over time.

With the Membership model now operating successfully in the US market, we’re looking to begin our international expansion in 2021. The first stage is the launch of the Membership experience in Canada in the second half. Results there will serve as a playbook for further expansion into other regions in 2022 and beyond. Our primary focus will be on the Anglosphere and EU, regions which have a strong cultural overlap with the US. In parallel, we will be undertaking additional investment to improve the free app experience for all global users over the course of 2021.

The third strand of our strategy is to expand reach and revenue with additional lead generation and new services. To date we’ve achieved 27% of revenue from indirect monetisation, with significant room to grow into new verticals. While COVID hampered the execution of lead-gen during 2020, we plan to accelerate our efforts in this area in 2021. We also plan to launch early testing to explore new verticals to enter in 2022 and beyond. Options include hardware devices for kids and pets, elder care and the broad suite of family financial services.

Delivering our values

In a challenging year, Life360 was able to deliver growth, and the next step on our strategy roadmap, with the launch of our Membership model. This is testament to the quality of the Life360 team who upheld our core value that “users come first”. I’d like to thank my talented colleagues for their hard work and commitment.

I’d like to thank the Board members led by John Coghlan for their expertise and guidance during the unprecedented circumstances of 2020. I’d also like to express my appreciation to our shareholders for their ongoing support of the company.

In a year when Life360 was tested as never before, our results demonstrate the quality and resilience of our business model. We look forward to accelerating our performance as the world returns to normalcy in 2021.

Chris Hulls
Co-Founder and CEO

CY20 Operational highlights

Strong metrics in the face of COVID-19 impacts

889,000
Paying Circles

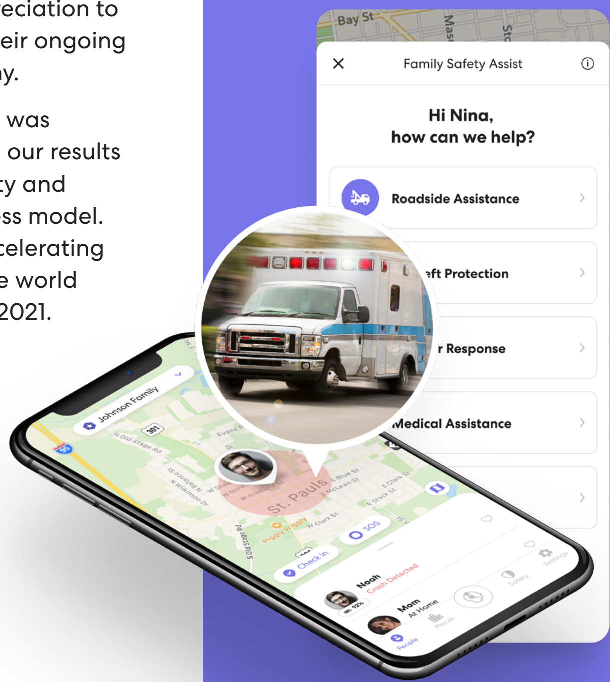
~152,000
subscribers on the new Membership tier

26.5m
Monthly Active Users

+12%
increase in US Paying Circles

+10%
Increase in Average Revenue Per Paying Circle

+34%
ARPPC* uplift for new cohort Membership subscribers



*Average Revenue Per Paying Circle

Corporate Social Responsibility

Life360 is committed to progressing our Environmental, Social and Governance (ESG) practices to reflect our responsibility to the communities we serve.

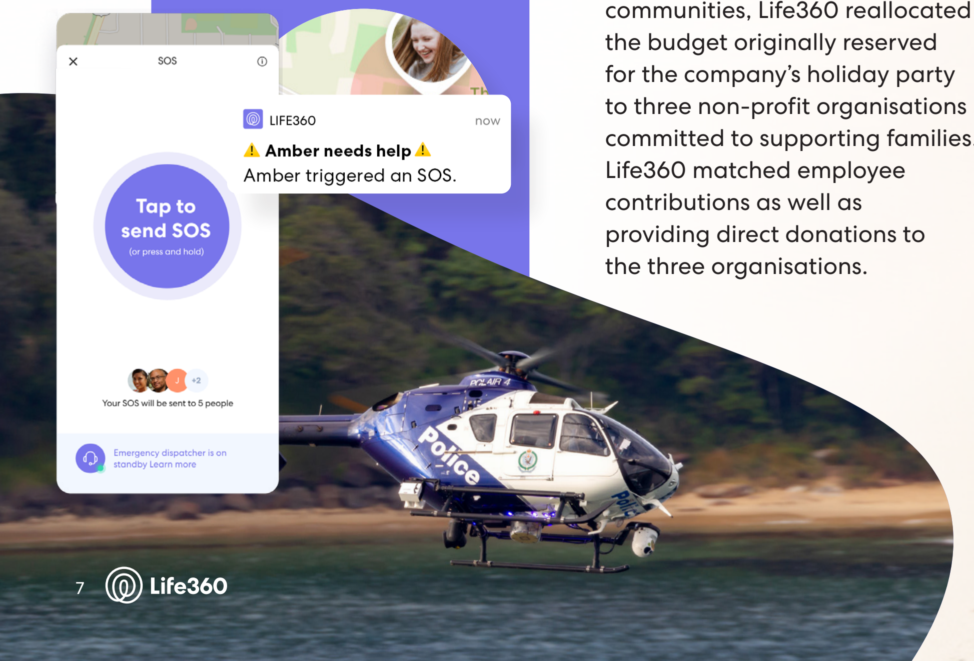
Our Community

The inspiration for Life360 came from CEO Chris Hulls witnessing Hurricane Katrina, and the difficulty families had reconnecting after the disaster. Chris realised that technology could be used to better help families in times of need.

"Life360 saved my life yesterday... I'm an ecologist and I was working remotely in Queensland alone, when I succumbed to heat stroke and ended up being passed out in dense vegetation for two hours before I was found.

PolAir couldn't find me as well as ground search crew because of the dense vegetation I was in. But before I passed out I triggered the help alert on Life360 and my family and partner used the app to find me. Feeling very grateful!"

- Amber (Life360 user), Australia



Our products and services

Life360's most powerful contribution to the community is our mission to bring families closer - and that starts with ensuring that loved ones are safe and secure. Our products and services provide tools to remove uncertainty from modern life, and deliver security features that allow families to feel free, together.

- Real-time location sharing
- Smart notifications
- Roadside assistance
- Crash detection
- Ambulance dispatch
- SOS alerts
- ID theft protection
- Family safety assist

Community outreach

Life360 Season of Giving

In recognition of the negative impact of COVID-19 on many communities, Life360 reallocated the budget originally reserved for the company's holiday party to three non-profit organisations committed to supporting families. Life360 matched employee contributions as well as providing direct donations to the three organisations.

Habitat for Humanity is a global nonprofit housing organization working in local communities across all 50 states in the U.S. and in approximately 70 countries. Habitat's vision is of a world where everyone has a decent place to live.

Feeding America is the nation's largest domestic hunger-relief organization – a powerful and efficient network of 200 food banks across the country. As food insecurity rates hold steady at the highest levels ever, the Feeding America network of food banks has risen to meet the need.

Our products and services provide tools to deliver security features that allow families to feel free, together.

The mission of the Marine **Toys for Tots** Foundation is to assist the U. S. Marine Corps in providing a tangible sign of hope to economically disadvantaged children at Christmas.

Volunteering

Life360 provides opportunities for our people to contribute to the community through hands-on activities.

Prior to COVID-19 lockdowns, staff participated in a Burrito Project, making and distributing burritos to the homeless and hungry in San Francisco.

Other initiatives included partnering with Little Brothers and Friends of the Elderly, an organisation matching volunteers with the elderly for a friendly chat over holiday periods, and participation in a blood donation drive.

Corporate Social Responsibility

cont'd

Our People

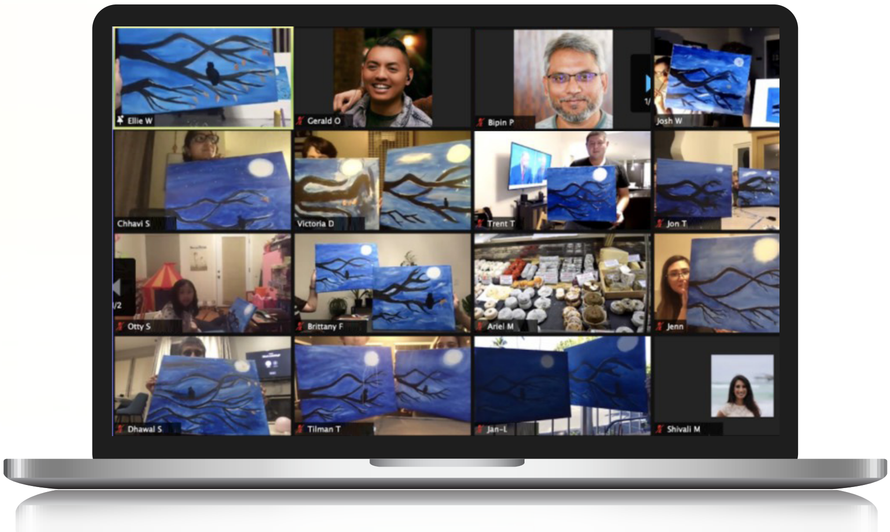
Our Values

Life360's Core values are designed to create a culture that supports our vision of an ambitious, professionally driven organisation that can deliver our mission of bringing families closer together.

- **User Experience Comes First** Having the best UX is our long-term strategic differentiator
- **Know "Peggy"** We are building for families; learn their needs
- **Take Big Swings** Don't settle for easy wins. Take risks that can 10x our business
- **Be 100% Dependable** We value flexibility. This only works if we can count on each other
- **Be a Good Person** Everyone at Life360 is a well-intentioned human being

Policies

Life360 aims to provide a work environment in which all its people can excel regardless of race, religion, age, disability, gender, sexual preference or marital status. The company's Diversity and Inclusion Policy reflects a strong commitment to diversity, and a recognition of the value of attracting people with different backgrounds, knowledge, experience and abilities. We believe that diversity contributes to our business success, and benefits all of our stakeholders. As at 31st December 2020, 28% of Life360 employees were female and 47% were people of colour. We are committed to implementing further initiatives to increase the diversity of our workforce.



Life360 employees participating in company-wide virtual entertainment

Other policies implemented to support our workplace culture are Anti-bribery and corruption, and Whistleblowing policies. Additionally, work is underway on our Modern Slavery Report.

Learning and Development

We view the quality of our products and services as our key long-term strategic differentiator, and as such we are committed to providing ongoing learning and development opportunities for our people.

- Peer training: our long-standing Thursday "deep-dives" provide training opportunities for our employees to benefit from the internal expertise of their colleagues. In addition, full day and full week courses in "best practice" have been provided.
- LinkedIn Learning: provides access to an extensive array of broad and specialist business training.

COVID-19 support

In response to the pandemic, Life360's entire workforce moved to a working from home regime which remains in place.

The health, safety and wellbeing of our people has been a top priority through this transition, and support measures from the company have included:

- An allowance for every staff member to purchase home office equipment
- A monthly quality of life perk allowance added to employee paychecks
- The provision of online Pilates classes, and kids entertainment for families in lockdown
- Online social events
- A weekly gift card to purchase food from a local business.

Our Environment

Life360 recognises that climate change will have an increasingly significant impact on all aspects of society and we are committed to improving the sustainability of our operations.

Recycling

Environmentally-friendly practices have been incorporated into everyday office activities, with recycling programs in place for waste, and the deployment of energy efficient appliances.

A program to recycle redundant laptop computers to educational institutions has been established, and will be implemented once staff are able to return to the office. Prior to lockdowns, Life360 utilised a lunch service that donated daily leftover food to nonprofits in need. During the pandemic, all office food and beverages were donated through the nonprofit Food Runners.

Electricity consumption

Life360 is committed to efficient energy management, and therefore does not deploy any on-premise servers. Data requirements are outsourced to Amazon Web Services (AWS) which has committed to running its business in the most environmentally friendly manner possible. AWS has established a target of 100% renewable energy usage by 2025, and net zero carbon emissions by 2040. We work closely with AWS to optimise our usage and consume only what we require.

Employee initiatives

Prior to COVID-19 lockdowns, Life360 provided a commuter benefit to our employees to promote the use of Mass Transit and to help reduce greenhouse gas emissions from automobiles. Through the program, employees could make pre-tax contributions to pay for qualifying transportation related expenses incurred between their residence and Life360's premises. The commuter benefit could be used to purchase transit passes, tokens, fare-cards, vouchers or similar items entitling a person to transportation on subways, buses, trains, ferries, and vanpools.

Our Governance

Financial sustainability

Life360 is committed to the financial sustainability of the company for all stakeholders - shareholders, employees, customers and suppliers.

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves applying a disciplined process to risk identification, risk assessment and analysis, risk treatment and monitoring and reporting.

The Company does not consider that it has any material exposure to economic, environmental and social sustainability risks.


"Burrito Project" - San Francisco

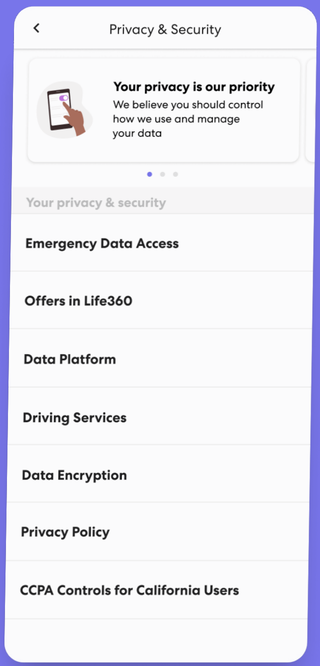
Data and Privacy

Life360's user centric approach underpins our focus on security, privacy, quality, reliability and usability in our products and services.

We are committed to achieving a high level of digital trust with our users, and have introduced a Privacy Centre to provide users control of how their data is used.

We have a dedicated, cross-functional data protection team to evaluate privacy and security procedures, support product development and align company practices with applicable data protection legislation, including the General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA).

Life360's Privacy Policy can be found at https://www.life360.com/privacy_policy/



We have introduced a Privacy Centre to provide users control of how their data is used.

Directors' Report

Directors' Report

The directors present their report, together with the audited consolidated financial statements, on Life360, Inc (referred to hereafter as "the Company" or "Life360") for the financial year ended December 31, 2020. 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 year and up to the date of this report, unless otherwise stated:

John Philip Coghlan – Chairman
Chris Hulls
Alex Haro
Brit Morin
Mark Goines
James Synge
David Wiadrowski
Randi Zuckerberg (appointed on January 19, 2021)

Principal activities

During the year, 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. No significant change in the nature of these activities occurred during the financial year.

Review of operations and financial results

Revenue for the financial year ended 31 December 2020 increased 37% to $80.7 million as a result of growth in paying accounts, referred to as Paying Circles and Data Revenue. The Company's net loss for the year ended December 31, 2020 decreased 44% to $16.3 million.

Total operating expenses for the year increased by 8% to $81.9 million. This increase is largely due to the investment in research and development and increase in customer support costs from growth in the user and subscriber base coupled with the launch of a new membership model in June 2020.

	Year ended			
	December 31, 2020		December 31, 2019	
Net loss	$	**(16,334)**	$	**(28,953)**
Interest & Dividend Income		(324)		(464)
Warrant Fee Amortization		-		13
Interest Expense		-		178
Stock Warrant Liability Revaluation		-		609
Depreciation and Amortization		657		305
Foreign Currency Gain/Loss		7		(399)
EBITDA		(15,994)		(28,711)
Stock based Compensation		8,091		5,795
Non-recurring adjustment to reflect the deferral of a portion of monthly subscription sales through a channel partner		862		-
Underlying EBITDA		**(7,041)**		**(22,916)**
Underlying Loss from ordinary activities after tax	$	**(7,381)**	$	**(23,158)**

A review of operations of Life360 is set out in a market release lodged with the Australian Stock Exchange (ASX) on February 25, 2021.

Directors' Report

Significant changes in the state of affairs

In March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The COVID-19 pandemic has had significant adverse impacts on the U.S. and global economies. The Company has conducted business with substantial modifications to employee work locations, and a significant amount of paid user acquisition spend was deliberately paused to adapt to the COVID-19 environment and to scale back spending. The impact from the COVID-19 pandemic had slowed down subscription revenue growth as the Company saw a decline in new registrations as a result of the lockdowns and the Company significantly reduced paid acquisition spend.

In June 2020, the Company launched a new Membership model, providing a number of safety services for families at every life stage which are expected to continue to rapidly grow the business.

Other than the above matters, there were no significant changes in the state of affairs during year ended December 31, 2020.

Dividends

No dividends were paid during the year ended December 31, 2020.

Presentation currency

The functional and presentation currency of Life360 is United States Dollar (US Dollars). The financial report is presented in US Dollars with all references to dollars, cents or $ in these consolidated financial statements presented in US currency, unless otherwise stated.

Rounding of amounts

Unless otherwise stated, amounts in this report have been rounded to the nearest thousand United States Dollars.

Jurisdiction of incorporation

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

Delaware Law, Certificate of Incorporation and Bylaws

As a foreign company registered in Australia, the Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (including substantial shareholdings and takeovers).

Under the provisions of Delaware General Corporation Law ("DGCL"), shares are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares at issuance. The Company's amended and restated certificate of incorporation and bylaws do not impose any specific restrictions on transfer. However, provisions of the DGCL, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company. These provisions could discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board.

The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

The Chess Depositary Interests ("CDIs") are issued in reliance on the exemption from registration contained in Regulation S of the U.S. Securities Act of 1933 (Securities Act) for offers of securities which are made outside the U.S. 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 U.S. 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 the CDIs cannot be sold into the U.S. or to a U.S. person who is not a Qualified Institutional Buyer (as defined under Rule 144A under the Securities Act, 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 transfer restrictions, all CDIs issued bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on the ASX to U.S persons excluding QIBs. CDIs may be transferred on ASX to any person other than a U.S. person who is not a QIB. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Matters subsequent to the end of the financial year

On January 19, 2021, the Company appointed Randi Zuckerberg as an independent Non-Executive Director.

No other matter or circumstance has arisen since December 31, 2020 that has significantly affected, or may significantly affect Life360 operations, the results of those operations, or Life360 state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Corporate governance

The Company, as a US incorporated corporation, seeks to achieve substantive compliance with the governance recommendations set out in the 'Corporate Governance Principles and Recommendations 4th Edition', published by the ASX Corporate Governance Council (the ASX Principles). The Company's Corporate Governance Statement can be viewed at https://investors.life360.com/investor-relations/?page=corporate-governance. The Corporate Governance Statement sets out the extent to which Life360 has followed the ASX Corporate Governance Council's Recommendations during the year ended December 31, 2020.

Risk management

Risk management has always been critical in the Company's ability to execute strategic and operational priorities. For the year ended December 31, 2020, the Board and the Audit Risk Committee have been closely monitoring the Company's risk management activities, particularly in light of COVID-19.

The Company has a risk management framework that is managed by the Chief Financial Officer and overseen by the Audit and Risk Management Committee. During the year ended December 31, 2020, the Audit and Risk Committee reviewed the Company's overall risk management framework for the year ended December 31, 2020 and considered that it is sound.

A key component of the Company's risk management framework is the regular review of key risks and opportunities by the Company's leadership team. An assessment of areas of potential risks to the business, estimated likelihoods and mitigation strategies are performed and the identified risks are included in a risk register according to the key risk categories which include cyber security, brand, business continuity, talent and financial risks.

During the year ended December 31, 2020, the risk register was reviewed twice with each member of the Company's leadership team and the Audit and Risk Management Committee to ensure oversight of status and key changes.

Directors’ Report

Information on Directors

John Philip Coghlan

Independent Non-executive Chair

John is the Independent Non-executive Chair of Life360, having joined the Board in 2009.

John is the Founder and a board member at Rivet School (a non-profit start-up focused on providing debt-free college degree attainment) and previously, a board member at GLIDE (a non-profit organisation that aids the homeless).

John was previously the board Chair at KIPP Bay Area Schools, served as President and Chief Executive Officer of Visa USA, and as Vice Chairman of the Charles Schwab Corporation.

John holds a Bachelor of Arts in Psychology from Stanford, a Master of Arts in Economics and Public Policy from Princeton University, and a Master of Business Administration from Harvard Business School.

Special responsibilities:
Chairman of the Board,
Member of the Audit and Risk Management Committee,
Member of the Remuneration and Nomination Committee

Other directorships:
Rivet School (formerly Concourse Education)

Chris Hulls

Executive director, Co-founder and Chief Executive Officer

Chris is a Co-founder and the Chief Executive Officer of Life360.

Chris was previously an angel investor in, or an advisor to, a number of technology companies including Tile, Credible, Ring, Automatic, Honk and Zendrive. He is also an Air Force veteran and served in Afghanistan.

Chris holds a Bachelor of Science in Business Administration with Highest Honors from the University of California, Berkeley.

Special responsibilities:
None

Other directorships:
None

Alex Haro

Executive director, Co-founder and President[1]

Alex is a Co-founder and the President of Life360.

Alex previously worked on Orbited, a popular open source project that allows real-time communication in the browser.

Alex studied Computer Science at Pomona College/Harvey Mudd.

Alex was honored as one of the 2015 Forbes 30 Under 30 in the Consumer Technology category.

Special responsibilities:
None

Other directorships:
None

1 On January 1, 2021, Alex Haro transitioned from his executive responsibilities as President of the Company to a non-executive director. His executive responsibilities have been assumed by other Company officers.

Brit Morin

Independent
Non-executive director

Brit joined the Board in 2018.

Brit is the Founder and Chief Executive Officer of Brit + Co, a digital media and commerce brand, and a board member to the Girl Scouts. Brit has been awarded various accolades including Ad Age's 40 under 40, Forbes 30 Under 30 and Fortune's Most Promising Entrepreneurs.

Brit previously worked in product and marketing roles at Google and Apple.

Brit holds a Bachelor of Science from the University of Texas Austin.

Special responsibilities:
Member of the Remuneration and Nomination Committee

Other directorships:
Brit Media, Inc and Girl Scouts of the United States of America

James Synge

Independent
Non-executive director

James joined the Board in 2019.

James is a Partner at Carthona Capital, a leading Australian venture capital firm which specialises in technology companies.

James is a very early investor in the Company having invested more than 10 years ago and has been instrumental in bringing the Company to the Australian market for capital raising.

Prior to the establishment of Carthona Capital, James held senior positions at Bankers Trust Australia, Deutsche Bank (Frankfurt) and UBS (Zurich).

James holds a Master of Tax from the University of Sydney and Bachelor of Business from the University of Technology (Sydney).

Special responsibilities:
Member of the Audit and Risk Management Committee

Other directorships:
Paratus Clinical Pty Ltd, Ramp Holdings Pty Ltd, Responsight Pty Ltd, Daedalean AG, Carthona Capital Pty Ltd, Bianco Sydney Pty Ltd, Carthona Capital FS Pty Ltd, Carthona Capital Point Pty Ltd, Local Ventures Pty Ltd, Carthona BAP Australia Pty Ltd, CC ESIF No. 1 General Partner Pty Ltd, CCVF1(HP) Services Pty Ltd, CC Sponsor Services Pty Ltd, CCESIF Sponsor Services Pty ltd, CCVF1 (HP) Sponsor Services Pty Ltd, Stynge Pty Ltd , The Valhalla Fund, The Valhalla Foundation, Peptcell Limited, Etcontingam Pty Ltd, CCVF2 (HP) Services Pty Ltd, TAHC Pty Limited

Mark Goines

Independent
Non-executive director

Mark joined the Board in 2019.

Mark is the Vice Chairman of Personal Capital, an online financial advisor and personal wealth management company.

Mark currently also sits on the boards of BillFloat, Odeka and Credit Interlink.

Mark holds a Bachelor of Science and a Master of Business Administration from University of California, Berkeley.

Special responsibilities:
Chairman of the Remuneration and Nomination Committee

Other directorships:
BillFloat, Odeka and Credit Interlink

Directors' Report

Information on Directors

David Wiadrowski
Independent
Non-executive Director

David joined the Board in 2019.

David is an experienced Non-executive director and currently is on the board of four ASX listed entities.

David was a senior Assurance partner at Pricewaterhouse Coopers (PwC) for more than 25 years.

David led the National Technology, Media and Telco practice at PwC for 8 years and was also the Chief Operating Officer of the PwC Assurance business for 5 years.

David holds a Bachelor of Commerce from the University of NSW, is a Fellow of the Chartered Accountants of Australia and New Zealand and is a Graduate of the Australian Institute of Company Directors.

Special responsibilities:
Chairman of the Audit and Risk Management Committee

Other directorships:
Vocus Group Limited, carsales.com Limited, oOh Media Limited, Cambodian Children's Fund

Randi Zuckerberg
Independent
Non-executive Director

Randi joined the Board in 2021.

Randi currently works with more than 20 early and mid-stage companies as an investor and advisor and is on the board of The Motley Fool.

Randi is passionate about helping families navigate our digital world. Through her company, Zuckerberg Media, she has created award-winning content and experiences around digital literacy and safety.

Randi has been recognized with an Emmy nomination, two Tony awards, a Drama Desk Award, and a Kidscreen Award.

Prior to founding her own company, Randi was an early employee at Facebook, where she is best known for creating Facebook Live, now used by more than two billion people around the globe.

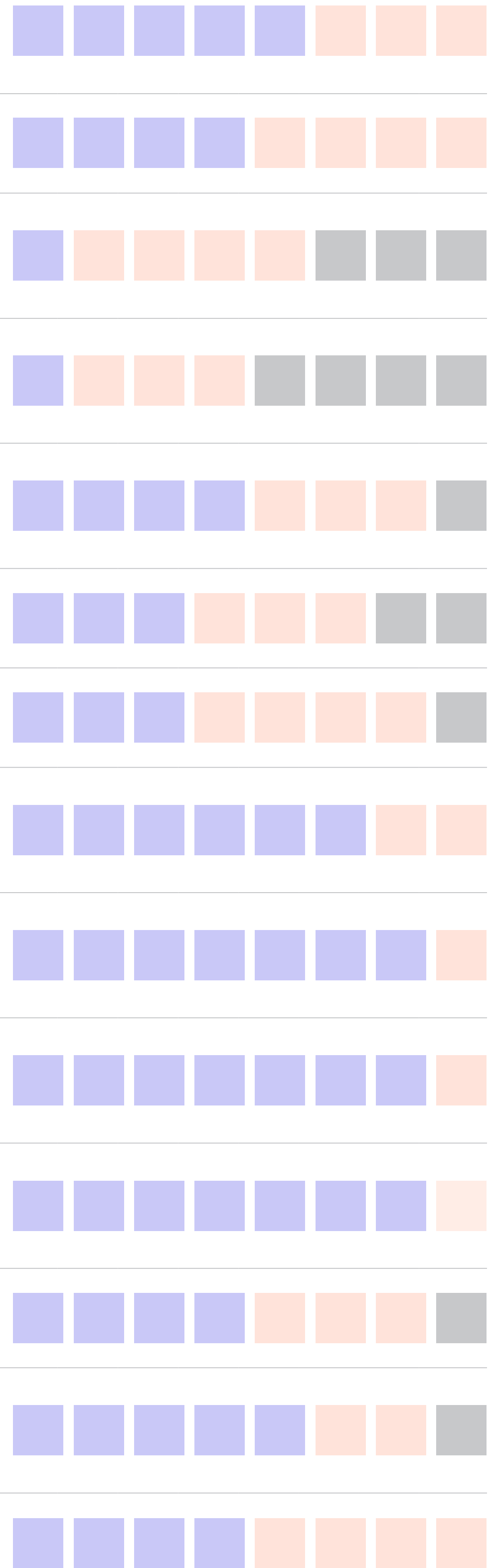
Randi holds a Bachelor of Arts in Psychology from Harvard University.

Special responsibilities:
Member of the Audit and Risk Management Committee

Other directorships:
The Motley Fool

Life360 Board Skills Matrix

Experience	Number of Directors with the experience
Executive Management, Leadership & Strategy Experience at a Board or executive level, with an ability to evaluate the performance of the CEO and senior executive managers and oversee strategic organisational and human resources initiatives.	
Governance/Risk Management Ability to identify, assess and monitor key risks in the company in a wide range of areas.	
ASX Experience Experience on the Board or as a senior executive for an ASX Listed company, resulting in familiarity with the ASX rules, including the requirement for continuous disclosure.	
Listed Company Experience Experience on the Board or as a senior executive for a Listed company other than on the ASX, resulting in familiarity with the Listing rules, including the requirement for continuous disclosure.	
Finance/Accounting Qualification/experience in accounting and/or finance and the ability to analyse and critically assess financial statements, viability and performance; contribute to strategic financial planning and oversee budgets and funding arrangements.	
Legal Qualification/experience in law and the ability to contribute to the assessment of the legal risk profile of the company.	
Marketing Knowledge and experience in the strategic use of marketing and its inter-relationship with sales and product.	
IT/Product Knowledge and experience in the strategic use of information technology and design of product, particularly in relation to online businesses.	
Business Development/M & A Knowledge and experience in identifying and assessing business development opportunities, in particular experience in negotiating, assessing commercial terms and completing mergers/acquisitions.	
Industry: Emerging Technology Knowledge, experience and networks in the emerging technology industry, either through direct involvement or through the provision of services to the businesses in early stage development.	
Industry: Online Knowledge, experience and networks in the online industry, with a keen understanding of current trends and the ability to think forward to upcoming developments.	
International Experience Knowledge and experience in markets outside of the U.S., with a preference for experience in the geographical areas in which the company has active users.	
People & Culture Experience in managing people, including the ability to evaluate the CEO and senior executive performance, oversee strategic human resource management, workplace culture and the promotion of diversity and inclusion.	
Remuneration Experience in developing, setting and assessing remuneration arrangements for the CEO and senior executives resulting in a high performance culture.	



Extensive Experience Moderate Experience No Experience

Directors' Report

Remuneration Report

The Directors of Life360 present the Remuneration Report (the Report) for the Company for the year ended December 31, 2020. Life360 was listed on the Australian Securities Exchange ('ASX') on May 10, 2019. Life360 is a US domiciled company that is listed on the ASX and as such it is subject to remuneration disclosure requirements that are suitable for reporting in both Australia and the United States.

This Report forms part of the Directors' Report and has been prepared using the requirements of section 300A of the Australian Corporations Act 2001 as a proxy to determine the contents that we have chosen to report. The Report details the remuneration arrangements for Life360's key management personnel ("KMP"). KMPs are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company. KMPs include the following:

- Non-executive directors (NEDs)
- Executive directors and certain senior executives (collectively "the Executives").

Remuneration governance

This section describes the role of the Board and Remuneration and Nomination Committee when making remuneration decisions and sets out an overview of the principles and policies that underpin the Company's remuneration framework.

Role of Board and Remuneration and Nomination Committee

The Board is responsible for ensuring that the Company's remuneration structures are equitable, will attract and retain skilled executives, and are aligned with the long-term interests of the Company and its shareholders. Consistent with this responsibility, the Board has established a Remuneration and Nomination Committee, whose role is to:

- Establish, amend, review and approve the compensation and equity incentive plans with respect to senior management and employees of the Company including determining individual elements of total compensation of the Chief Executive Officer and other members of senior management.
- Review the performance of the Company's executives with respect to these elements of compensation.
- Establish, amend, review and approve the compensation and equity incentive plans with respect to Non-executive directors of the Company.
- Ensure that Non-executive directors and senior management remuneration are competitive within the market place and appropriate to attract and retain talented and effective Non-executive directors, and senior management so as to encourage enhanced performance of the Company and to create value for shareholders.

The Remuneration and Nomination Committee comprises three Non-executive directors:

- Mark Goines, Chair
- John Philip Coghlan
- Brit Morin

The Remuneration and Nomination Committee has a formal charter, which sets out its roles and responsibilities, composition structure and membership requirements. A copy of this charter can be viewed on Life360's website https://investors.life360.com/investor-relations/?page=corporate-governance. Further information regarding the Remuneration and Nomination Committee's role, responsibilities and membership is set out in the Company's Corporate Governance Statement.

Key management personnel compensation

This section discusses the principles underlying our policies and decisions with respect to the compensation of our KMPs, and all material factors relevant to an analysis of these policies and decisions. Our KMPs for the year ended December 31, 2020 were all non-executive directors and the following executives:

Chris Hulls	Executive director, Co-founder and Chief Executive Officer
Alex Haro	Executive director, Co-founder and President (Transitioned in December 2020)
Wendell Laidley	Chief Financial Officer (Departed in February 2020)
Russell Burke	Chief Financial Officer (Appointed in May 2020)
David Rice	Chief Operating Officer

Components of executive compensation

The principal components of our executive compensation are base salary, cash bonuses and long-term incentives. Our Remuneration and Nomination Committee considers that each component of executive compensation must be evaluated and determined with reference to competitive market data, individual and corporate performance, our recruiting and retention goals and other information we deem relevant.

The terms of each KMP's compensation are derived from the employment agreements the Company has entered into with them.

The components of the executive compensation packages for our KMPs for the year ended December 31, 2020 are as follows:

Chris Hulls	**Executive director, Co-founder and Chief Executive Officer**
Base Salary:	US$360,000 per annum
Benefits:	Certain other benefits are available and payable to Mr Hulls such as health insurance, business travel expenses and other expenses consistent with the Company's expense policy. Termination: Mr Hulls' employment may be terminated (i) at any time upon mutual written agreement of the parties; (ii) by the Company immediately and without prior notice, for cause; (iii) immediately upon Mr Hulls' death or disability; (iv) by the Company other than for cause with advance written notice of at least six months; or (v) by Mr Hulls other than due to Mr Hulls' death or disability with advance written notice of at least six months. Mr Hulls entered into a retention agreement with the Company in 2016 (Retention Agreement). Under the Retention Agreement the Company will pay a cash bonus to Mr Hulls of US$304,000 if: • Mr Hulls remains employed by the Company until December 31, 2022; or • Mr Hulls employment is terminated without cause before December 31, 2022; or • A change in control of the Company occurs before December 31, 2022. Payment of the cash bonus upon termination is subject to satisfaction of certain conditions, including Mr Hulls' execution of a full and complete general release of all claims against the Company and its affiliates.
Incentives:	Mr Hulls is eligible to participate in the Company's 2011 Stock Incentive Plan and Stock Bonus Program and has been granted 1,708,373 currently outstanding Options (Existing Options) as at December 31, 2020. If a change of control of the Company occurs and Mr Hulls' service to the Company is involuntarily terminated by the Company or its successor in connection with or within 36 months following a change of control, all of the unvested Existing Options then held by Mr Hulls will vest. Mr Hulls is eligible to participate in the Cash Bonus Plan, and is eligible to receive a target cash bonus of US$97,500 for the year ended December 31, 2020. The performance milestones for the year ended December 31, 2020 are: • Business performance – objectives related to business performance including MAU growth, Paying Circle growth, revenue, and the Company's net promoter score (NPS); and • Individual management – objectives related to competencies and capabilities specific to Mr Hulls that the Board has identified as critical to Mr Hulls' development. The business performance objectives and the individual management objectives are weighted equally.
Other:	On 26 February 2016, the Company provided a loan of US$253,004 to Mr Hulls for the exercise of options to purchase Shares, which is partially secured by 1,405,575 Shares owned by Mr Hulls. The loan remains outstanding and the key terms of the loan are: • An interest rate of 2.61% per annum compounding annually, with a maturity date of seven years from the loan date (25 February 2023). • The loan is a partial recourse loan, secured by 1,405,575 Shares. • If, after the maturity date, Mr Hulls fails to repay the loan, the Company can collect the collateral (the pledged Shares).

The maturity date of the loan automatically accelerates upon certain events, including the termination by the Company of Mr Hulls' employment.

Alex Haro	**Executive director, Co-founder and President**
Base Salary:	US$43,141 per annum
Benefits:	Certain other benefits are available and payable to Mr Haro such as health insurance, business travel expenses and other expenses consistent with the Company's expense policy.
Incentives:	Mr Haro is eligible to participate in the Company's 2011 Stock Incentive Plan and Stock Bonus Program and has 370,966 currently outstanding Options (Existing Options) as at December 31, 2020. If a change of control of the Company occurs and Mr Haro's service to the Company is involuntarily terminated by the Company or its successor in connection with or within 36 months following a change of control, all of the unvested Existing Options then held by Mr Haro will vest.
Other:	On 26 February 2016, the Company provided a loan of US$220,321 to Mr Haro for the exercise of options to purchase Shares, which is partially secured by 1,224,007 Shares owned by Mr Haro. This loan remains outstanding and the key terms of the loan are: • An interest rate of 2.61% per annum and compounding annually, with a maturity date of seven years from the loan date (25 February 2023). • The loan is a partial recourse loan, secured by 1,224,007 Shares. • If, after the maturity date, Mr Haro fails to repay the loan, the Company can collect the collateral (the pledged Shares). The maturity date of the loan automatically accelerates upon certain events, including the termination by the Company of Mr Haro's employment.

Russell Burke	**Chief Financial Officer, Treasurer**
Base Salary:	US$300,000 per annum
Benefits:	Certain other benefits are available and payable to Mr Burke such as health insurance, business travel expenses and other expenses consistent with the Company's expense policy.
Termination:	Mr Burke's employment may be terminated (i) at any time upon mutual written agreement of the parties; (ii) by the Company immediately and without prior notice, for cause; (iii) immediately upon Mr Burke's death or disability; (iv) by the Company other than for cause with advance written notice of at least six months; or (v) by Mr Burke other than due to Mr Burke's death or disability with advance written notice of at least six months.
Incentives:	Mr Burke is eligible to participate in the Company's 2011 Stock Incentive Plan and Stock Bonus Program and has been granted 530,514 currently outstanding Options (Existing Options) as at December 31, 2020. Mr Burke has 265,257 options granted that are subject to time-based vesting requirements and for the balance, vesting is contingent upon the Company's achievement of certain market performance goals. Mr Burke is eligible to participate in the Cash Bonus Plan, and is eligible to receive a target cash bonus of up to US$58,333 for the year ended December 31, 2020. The performance milestones for the year ended December 31, 2020 are: • Business performance – objectives related to business performance including MAU growth, Paying Circle growth, revenue, and the Company's net promoter score (NPS); and • Individual management – objectives related to competencies and capabilities specific to Mr Burke The business performance objectives and the individual management objectives are weighted equally.

Directors' Report

David Rice	**Chief Operating Officer**
Base Salary:	US$350,000 per annum
Benefits:	Certain other benefits are available and payable to Mr Rice such as health insurance, business travel expenses and other expenses consistent with the Company's expense policy.
Termination:	Mr Rice's employment may be terminated (i) at any time upon mutual written agreement of the parties; (ii) by the Company immediately and without prior notice, for cause; (iii) immediately upon Mr Rice's death or disability; (iv) by the Company other than for cause with advance written notice of at least six months; or (v) by Mr Rice other than due to Mr Rice's death or disability with advance written notice of at least six months. Mr Rice entered into a retention agreement with the Company in 2016 (Retention Agreement). Under the Retention Agreement the Company will pay a cash bonus to Mr Rice of US$100,000 if: • Mr Rice remains employed by the Company until December 31, 2022; or • Mr Rice's employment is terminated without cause before December 31, 2022; or • A change in control of the Company occurs before December 31, 2022. Payment of the cash bonus upon termination is subject to satisfaction of certain conditions, including Mr Rice's execution of a full and complete general release of all claims against the Company and its affiliates.
Incentives:	Mr Rice is eligible to participate in the Company's 2011 Stock Incentive Plan and Stock Bonus Program and has been granted 345,402 currently outstanding Options (Existing Options) as at December 31, 2020. Mr Rice is eligible to participate in the Cash Bonus Plan, and is eligible to receive a target cash bonus of US$90,000 for the year ended December 31, 2020. The performance milestones for the year ended December 31, 2020 are: • Business performance – objectives related to business performance including MAU growth, Paying Circle growth, revenue, and the Company's net promoter score (NPS); and • Individual management – objectives related to competencies and capabilities specific to Mr Rice The business performance objectives and the individual management objectives are weighted equally.
Other:	On 26 February 2016, the Company provided a loan of US$83,023 to Mr Rice for the exercise of options to purchase Shares, which is partially secured by 461,238 Shares owned by Mr Rice. This loan remains outstanding and the key terms of the loan are: • An interest rate of 2.61% per annum and compounding annually, with a maturity date of seven years from the loan date (25 February 2023). • The loan is a partial recourse loan, secured by 461,238 Shares. • If, after the maturity date, Mr Rice fails to repay the loan, the Company can collect the collateral (the pledged Shares). The maturity date of the loan automatically accelerates upon certain events, including the termination by the Company of Mr Rice's employment.

Non-Executive Director compensation

The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for each Non-executive director. The Non-executive directors for the year ended December 31, 2020 were as follows:

John Philip Coghlan
Brit Morin
Mark Goines
James Synge
David Wiadrowski

The directors' fees currently agreed to be paid by the Company for the year ended December 31, 2020 are as set out below:

Director	Annual cash Director's fees	RSUs granted over shares[1]
John Philip Coghlan	US$30,000	US$83,907 in RSUs
Brit Morin	US$20,000	US$82,500 in RSUs
James Synge	US$20,000	US$60,000 in RSUs
Mark Goines	US$20,000	US$60,000 in RSUs
David Wiadrowski	US$20,000	US$60,000 in RSUs

1 The number of RSUs to be issued will be calculated based on the U.S. Dollar value amount set forth in the table above divided by the product of the US$ equivalent of the Fair Market Value on the 2020 Annual General Meeting date. The RSU grants will vest quarterly over the year following their grant provided that the Director remains a Director of the Company as at the applicable vesting date and are automatically settled in Shares for nil consideration. Unvested RSUs automatically lapse upon a termination of service unless otherwise determined by the Board. The RSUs will be granted under the 2011 Stock Incentive Plan.

In addition, the following annual fees are payable to directors for membership of Board committees:

Committee	Chair		Members	
	Cash	RSUs granted over shares	Cash	RSUs granted over shares
Audit and Risk Management Committee	US$5,000	US$15,000 in RSUs	US$1,250	US$3,750 in RSUs
Remuneration and Nomination Committee	US$1,000	US$1,250 in RSUs	Nil	Nil

Remuneration table

Remuneration earned by directors and KMPs during the year is summarized as follows:

2020	Salary and fees US$	Cash bonus US$	Stock based compensation US$	Total US$
Directors				
John Philip Coghlan	31,250	-	160,463	191,713
Chris Hulls	360,000	97,500	815,918	1,273,418
Alex Haro	43,141	-	153,518	196,659
Brit Morin	20,000	-	88,150	108,150
Mark Goines	21,000	-	60,125	81,125
James Synge	21,250	-	62,581	83,831
David Wiadrowski	25,000	-	73,620	98,620
KMPs				
Wendell Laidley	122,212	-	79,875	202,087
Russell Burke	193,182	58,333	64,176	315,691
David Rice	350,000	90,000	76,532	516,532

2019	Salary and fees US$	Cash bonus US$	Stock based compensation US$	Total US$
Directors				
John Philip Coghlan	1,250	-	132,467	133,717
Chris Hulls	300,000	75,000	580,177	955,177
Alex Haro	250,000	-	229,647	479,647
Brit Morin	-	-	36,970	36,970
Mark Goines	13,650	-	42,535	56,185
James Synge	13,813	-	44,271	58,084
David Wiadrowski	16,250	-	52,084	68,334
KMPs				
Wendell Laidley	241,124	25,961	417,819	684,904
David Rice	350,000	100,000	46,765	496,765

Securities held by Directors and KMP

The directors and KMPs of the Company are shown together with their holdings of common stock, options and RSUs, held directly or indirectly:

2020	Direct			Indirect		
	Common Stock	Options	RSUs	Common Stock	Options	RSUs
Directors						
John Philip Coghlan	40,029	240,110	4,378	40,131[1]	-	-
Chris Hulls	2,897,424	1,708,373	32,971	29,960[2]	-	-
Alex Haro	1,784,054	370,966	-	403,477[2,3]	-	-
Brit Morin	7,210	93,947	4,121	-	-	-
Mark Goines	10,211	32,000	4,207	187,589	-	-
James Synge	490,975	-	4,378	98,286[2,4]	-	-
David Wiadrowski	19,171	-	5,151	-	-	-
KMPs						
Wendell Laidley	-	124,708	-	-	-	-
Russell Burke	-	530,514	-	-	-	-
David Rice	417,570	345,402	-	-	-	-

1. 34,893 Shares are held by John Coghlan as trustee for the John Coghlan Living Trust and 5,238 are held through Seraph Partners Fund III and co-investments with Seraph.

2. Chris Hulls, Alex Haro, and Carthona Capital FS Pty Ltd. (an affiliate of James Synge) are members of ICCA Labs, LLC, an entity that holds 133,408 Shares. The number of Shares attributable to Chris Hulls by reason of his membership interest in ICCA Labs, LLC is 29,960. The number of Shares attributable to Alex Haro by reason of his membership interest in ICCA Labs, LLC is 30,635. The number of Shares attributable to Carthona Capital FS Pty Ltd. (an affiliate of James Synge) by reason of this membership interest in ICCA Labs, LLC is 64,379.

3. Alex Haro is a member of AJS Life360 Holdings 2 LLC, an entity that holds 686,930 Shares of Life360. The number of Shares attributable to Alex Haro by reason of his membership interest in AJS Life360 Holdings 2 LLC is 372,842.

4. 33,907 shares are held by James Synge through Stynge Pty Ltd ATF Sandy Bay Trust.

2019	Direct			Indirect		
	Common Stock	Options	RSUs	Common Stock	Options	RSUs
Directors						
John Philip Coghlan	32,184	240,110	184	104,609[1]	-	-
Chris Hulls	2,886,552	1,478,383	-	29,960[2]	-	-
Alex Haro	1,784,054	620,551	-	403,4772[2,3]	-	-
Brit Morin	-	93,947	-	-	-	-
Mark Goines	3,002	32,000	3,003	187,589	-	-
James Synge	483,471	-	3,126	64,379[2]	-	-
David Wiadrowski	3,676	-	3,677	-	-	-
KMPs						
Wendell Laidley	-	498,834	-	-	-	-
David Rice	417,570	225,402	-	-	-	-

1 34,893 Shares are held by John Coghlan as trustee for the John Coghlan Living Trust and 69,716 are held through Seraph Partners Fund III and co-investments with Seraph.

2 Chris Hulls, Alex Haro, and Carthona Capital FS Pty Ltd. (an affiliate of James Synge) are members of ICCA Labs, LLC, an entity that holds 133,408 Shares. The number of Shares attributable to Chris Hulls by reason of his membership interest in ICCA Labs, LLC is 29,960. The number of Shares attributable to Alex Haro by reason of his membership interest in ICCA Labs, LLC is 30,635. The number of Shares attributable to Carthona Capital FS Pty Ltd. (an affiliate of James Synge) by reason of this membership interest in ICCA Labs, LLC is 64,379.

3 Alex Haro is a member of AJS Life360 Holdings 2 LLC, an entity that holds 686,930 Shares of Life360. The number of Shares attributable to Alex Haro by reason of his membership interest in AJS Life360 Holdings 2 LLC is 372,842.

Movements in options and rights over equity instruments held by Directors and KMPs

The movement during the reporting period in the number of equity instruments in the Company held, directly, indirectly or beneficially, by each Non-executive director and each executive KMP, including their related parties is as follows:

2020	Instrument	Balance as at January 1, 2020	Granted	Vested during the year	Exercised/ Settled	Cancelled	Balance as at December 31, 2020	Vested and exercisable at December 31, 2020
John Philip Coghlan	Options	240,110	-	40,186	-	-	240,110	219,715
	RSUs	184	12,039	7,845	7,845	-	4,378	-
Chris Hulls	Options	1,478,373		407,925	-	-	1,708,373	975,064
	RSUs	-	49,453	16,482	16,482	-	32,971	-
Alex Haro	Options	620,551	-	116,351	-	249,585	370,966	370,966
Brit Morin	Options	93,947	-	31,316	-	-	93,947	91,337
	RSUs	-	11,331	7,210	7,210	-	4,121	-
Mark Goines	Options	32,000	-	-	-	-	32,000	32,000
	RSUs	3,003	8,413	7,209	7,209	-	4,207	-
James Synge	RSUs	3,126	8,756	7,503	7,504	-	4,378	-
David Wiadrowski	RSUs	3,677	10,302	8,828	8,828	-	5,151	-
Wendell Laidley	Options	498,834	-	124,708	-	374,126	124,708	124,708
Russell Burke	Options	-	530,514	-	-	-	530,514	-
David Rice	Options	225,402	120,000	72,598	-	-	345,402	224,391

2019	Instrument	Balance as at appointment date	Granted	Vested during the year	Exercised	Balance as at December 31, 2019	Vested and exercisable at December 31, 2019
John Philip Coghlan	Options	-	240,110	61,338	-	240,110	179,529
	RSUs	-	368	184	-	184	184
Chris Hulls	Options	-	1,478,373	369,594	-	1,478,373	567,139
Alex Haro	Options	-	620,551	155,135	-	620,551	254,615
Brit Morin	Options	-	93,947	28,706	-	93,947	60,021
Mark Goines	Options	-	32,000	-	-	32,000	32,000
	RSUs	-	6,005	3,002	-	3,003	3,002
James Synge	RSUs	-	6,250	3,124	-	3,126	3,124
David Wiadrowski	RSUs	-	7,353	3,676	-	3,677	3,676
Wendell Laidley	Options	-	498,834	-	-	498,834	-
David Rice	Options	-	225,402	56,348	-	225,402	151,793

Meetings attended by Board

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance
John Philip Coghlan	9	9	9	9	2	2
Chris Hulls	9	9	9	7	2	2
Alex Haro	9	9	-	-	-	-
Brit Morin	9	9	-	-	2	2
Mark Goines	9	9	-	-	2	2
James Synge	9	9	9	8	-	-
David Wiadrowski	9	9	9	9	-	-

Indemnity and insurance of Directors and Officers

The Company has indemnified directors and executives of the Company for costs incurred in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company.

This report is made in accordance with a resolution of the directors.

On behalf of the directors

John Philip Coghlan
February 25, 2021
San Francisco, USA

Consolidated Financial Statements

As of and for the Years Ended
December 31, 2020 and 2019

Contents

Independent Auditor's Report

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300 Park Avenue
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Independent Auditor's Report

Board of Directors
Life360, Inc.
San Francisco, California

Opinion

We have audited the consolidated financial statements of Life360, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ BDO USA, LLP

San Jose, California
February 25, 2021

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Consolidated Balance Sheets

(Dollars in U.S. $, in thousands, except share and per share data)

		December 31, 2020		December 31, 2019
Assets				
Current Assets:				
Cash and cash equivalents	$	56,413	$	63,818
Accounts receivable		9,042		7,893
Costs capitalized to obtain revenue contracts, net		3,381		4,453
Prepaid expenses and other current assets		10,017		5,282
Total current assets		78,853		81,446
Restricted cash		198		251
Property and equipment, net		801		547
Costs capitalized to obtain revenue contracts, net of current portion		569		1,278
Goodwill		764		764
Intangible assets, net		-		257
Notes due from affiliates		306		283
Right of use asset		2,638		-
Prepaid expenses and other assets, noncurrent		2,184		3,478
Total assets	**$**	**86,313**	**$**	**88,304**
Liabilities and Stockholders Equity				
Current Liabilities:				
Accounts payable	$	2,420	$	495
Accrued expenses and other liabilities		5,235		3,398
Deferred revenue		11,855		11,084
Total current liabilities		19,510		14,977
Deferred rent		-		234
Other noncurrent liabilities		2,308		817
Total Liabilities	**$**	**21,818**	**$**	**16,028**
Commitments and Contingencies (Note 9)				
Stockholders' Equity				
Common Stock, $0.001 par value; 100,000,000 shares authorized as of December 31, 2020 and December 31, 2019; 50,035,408 and 48,840,675 issued and outstanding as at December 31, 2020 and December 31, 2019, respectively		50		49
Additional paid-in capital		196,852		188,300
Notes due from affiliates		(621)		(621)
Accumulated deficit		(131,786)		(115,452)
Total stockholders' equity		64,495		72,276
Total Liabilities and Stockholders' Equity	**$**	**86,313**	**$**	**88,304**

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

Consolidated Statements of Operations and Comprehensive Loss

(Dollars in U.S. $, in thousands, except share and per share data)

	Year ended	
	December 31, 2020	**December 31, 2019**
Revenue	$ 80,655	$ 58,944
Cost of Revenue	15,395	11,869
Gross Profit	65,260	47,075
Operating expenses:		
Research and development	39,643	32,892
Sales and marketing	30,190	33,906
General and administrative	12,078	9,292
Total Operating expenses	81,911	76,090
Loss from operations	(16,651)	(29,015)
Interest expense	-	192
Change in fair value of preferred stock warrant liability	-	609
Other income	(317)	(863)
Loss before income taxes	(16,334)	(28,953)
Benefit from (provision for) income taxes	-	-
Net Loss and Comprehensive Loss	**$ (16,334)**	**$ (28,953)**
Net loss per share attributable to common shareholders	$ (0.33)	$ (0.84)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted	49,346,050	34,533,237

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

Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity

(Dollars in U.S. $, in thousands, except share data)

	Convertible Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Notes Due from Affiliates	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2018	30,405,056	$ 115,641	9,457,862	$ 9	$ (8,889)	$ (621)	$ (86,499)	$ (95,999)
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	-	-	58,738	-	-	-	-	-
Purchase of common stock	-	-	26,244	-	-	-	-	-
Exercise of stock options	-	-	911,727	2	777	-	-	779
Vesting of Restricted Stock Units	-	-	9,986	-	(0)	-	-	(0)
Prior Year adjustment for Tax liability recorded to APIC	-	-	-	-	(85)	-	-	(85)
Issuance of common stock in connection with initial public offering, net of underwriting discounts and issuance costs	-	-	7,841,062	8	72,666	-	-	72,674
Issuance of common stock in connection with an acquisition	-	-	130,000	-	1,015	-	-	1,015
Stock-based compensation expense	-	-	-	-	5,795	-	-	5,795
Net Loss	-	-	-	-	-	-	(28,953)	(28,953)
Balance at December 31, 2019	-	-	48,840,675	49	188,300	(621)	(115,452)	72,276
Exercise of stock options	-	-	895,430	1	1,612	-	-	1,613
Repurchase of common stock	-	-	(4,554)	-	(1)	-	-	(1)
Issuance of Common Stock for services rendered	-	-	1,250	-	-	-	-	-
Vesting of Restricted Stock Units	-	-	302,607	-	-	-	-	-
Taxes paid related to net settlement of equity awards	-	-	-	-	(1,150)	-	-	(1,150)
Stock-based compensation expense	-	-	-	-	8,091	-	-	8,091
Net Loss	-	-	-	-	-	-	(16,334)	(16,334)
Balance at December 31, 2020	-	$ -	50,035,408	$ 50	$ 196,852	$ (621)	$ (131,786)	$ 64,495

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

Consolidated Statements of Cash Flows

(Dollars in U.S. $, in thousands)

	Year Ended	
	December 31, 2020	December 31, 2019
Cash Flows from Operating Activities:		
Net loss	$ (16,334)	$ (28,953)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	656	289
Write-off of long-lived assets	-	17
Amortization of costs capitalized to obtain contracts	7,021	1,836
Amortization of debt issuance costs and discount on debt	-	13
Unamortized debt issuance costs and discount on debt written-off	-	39
Stock-based compensation expense	8,091	5,795
Change in fair value of preferred stock warrant liability	-	609
Interest due under notes from affiliates	(23)	(23)
Changes in operating assets and liabilities:		
Accounts receivable	(1,149)	(2,172)
Prepaid expenses and other current assets	(4,717)	(6,367)
Costs capitalized to obtain contracts, net	(5,240)	(3,070)
Other Noncurrent Assets	2,498	-
Accounts payable	1,925	(2,193)
Accrued expenses	438	1,566
Deferred revenue	770	2,179
Noncurrent liabilities	(1,186)	(82)
Net cash used in operating activities	(7,250)	(30,517)
Cash Flows from Investing Activities:		
Purchases of capital assets	(653)	(410)
Cash paid for acquisition, net of cash acquired	-	74
Net cash provided used in investing activities	(653)	(336)
Cash Flows from Financing Activities:		
Proceeds from initial public offering, net of issuance cost	-	75,536
Payments of deferred offering costs	-	(2,365)
Proceeds from the exercise of options and grant of stock awards, net of repurchase	1,594	695
Taxes paid related to net settlement of equity awards	(1,149)	-
Proceeds from borrowings (Note 3)	3,115	-
Payments on borrowings (Note 3)	(3,115)	(5,000)
Net cash provided by financing activities	445	68,866
Net Increase in Cash and Cash Equivalents	(7,458)	38,013
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	64,069	26,056
Cash, Cash Equivalents, and Restricted Cash at the End of the Period	$ 56,611	$ 64,069

Consolidated Statements of Cash Flows

	Year Ended	
	December 31, 2020	December 31, 2019
Supplemental disclosure:		
Cash paid during the period for interest	$ -	$ 219
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

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:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 56,413	$ 63,818
Restricted cash	198	251
Total cash, cash equivalents, and restricted cash	$ 56,611	$ 64,069

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

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 in April 2007. The Company's core offering, the Life360 mobile application, is now a 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 three membership subscriptions options that are available but not required. The Company also generates revenue through data monetization arrangements with certain third parties ("Data Revenue Customers") through data acquisition and license agreements and anonymized insights into the data collected from the Company's user base in partnership with third parties.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States, or ("GAAP") and are presented in US dollars, unless otherwise stated.

Reclassification of Expenses in Prior Period

During the year ended December 31, 2020, the Company has changed the format of the Consolidated Statements of Operations and Comprehensive Loss to include Cost of Revenue and Gross Profit and reclassification of certain expenses in connection with the revised presentation. The Company believes this will improve and enhance the presentation of our financial statements and related disclosures for users of our financial statements. Refer to Note 5 for further disclosures on Cost of Revenue.

The Company has reclassified the following costs, in the December 31, 2019 statement of operations and comprehensive loss to conform to current period presentation (in thousands): (1) customer support crash and roadside assistance costs have been reclassified to cost of revenue, (2) technology expenses have been reclassified to cost of revenue, ongoing product development that was previously included in technology expense has been reclassified to research and development and certain costs relating to IT security function that were previously included in technology expense has been reclassed to general and administrative, (3) certain sales and marketing costs have been reclassified to cost of revenue.

Notes to Consolidated Financial Statements

	Year Ended December 31, 2019 As reported	Reclassification Adjustment	Year Ended December 31, 2019 Revised
Revenue:			
Subscription revenue	$ 44,054	$ (44,054)	$ -
Partnership revenue (including related party revenue of $654 and $4,004, respectively)	4,658	(4,658)	-
Data Revenue	10,232	(10,232)	-
Total Revenue	58,944	(58,944)	-
Revenue	-	58,944	58,944
Cost of Revenue	-	11,869	11,869
Gross Profit	-	47,075	47,075
Operating expenses:			
Customer support, crash and roadside assistance	2,253	(2,253)	-
Research and development	32,143	749	32,892
Sales and marketing	33,919	(13)	33,906
General and administrative	9,264	28	9,292
Technology expenses	10,380	(10,380)	-
Total operating expense	87,959	(11,869)	76,090
Loss from operations	$ (29,015)	$ -	$ (29,015)

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

Use of Estimates

The preparation of consolidated financial statements in conformity with 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 consolidated 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, average useful customer life, stock-based compensation, legal contingencies, useful lives of long lived assets and income taxes including valuation allowances on deferred tax assets. 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.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting and Standards Board ("FASB") issued authoritative guidance under Accounting Standard Update ("ASU") No. 2016-02, Leases (Topic 842). Most prominent among the changes in the standard is the recognition of right-of-use assets ("ROU assets") and lease liabilities by lessees for certain leases classified as operating leases under current GAAP. The Company has made the policy election to not recognize a lease liability or ROU asset for short-term leases, defined as lease term of 1 year or less. The Company adopted this standard as of January 1, 2020, using the modified retrospective transition approach and has elected to use the optional transition method which allows the Company to apply guidance of ASC 840, including disclosure requirements, in the comparative periods presented. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification related to agreements entered prior to adoption.

The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The adoption of the new standard resulted in the recording of additional operating ROU assets and lease liabilities of approximately $4.1 million and $4.5 million, respectively, as of January 1, 2020.

Lease and non-lease components will be accounted for as a single lease component if the non-lease component is determined to be insignificant to the total agreement. The cumulative impact of transition to retained earnings, recorded as of the adoption date, was not material. The standard did not materially impact consolidated net earnings and had no impact on cash flows.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This guidance adds, modifies and removes several disclosure requirements relative to the three levels of inputs used to measure fair value in accordance with Topic 820, Fair Value Measurement. The Company adopted this standard on January 1, 2020 and determined it did not have a material impact on the audited consolidated financial statements.

Accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments, which changes the existing incurred loss impairment model for financial assets held at amortized cost. The new model uses a forward-looking expected loss method to calculate credit loss estimates. These changes will result in earlier recognition of credit losses. This guidance is effective for the Company on January 1, 2023 with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and related disclosures and does not expect a material impact.

In August 2020, the FASB issued ASU No. 2020-06, Debt- Debt with Conversion and Other Options (Subtopic 470-20) which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Among other changes, ASU 2020-06 removes from U.S. GAAP the liability and equity separation model for convertible instruments with a cash conversion feature, and as a result, after adoption, entities will no longer separately present in equity an embedded conversion feature for such debt. Similarly, the embedded conversion feature will no longer be amortized into income as interest expense over the life of the instrument. Instead, entities will account for a convertible debt instrument wholly as debt unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC Topic 815, Derivatives and Hedging, or (2) a convertible debt instrument was issued at a substantial premium. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share, which will result in increased dilutive securities as the assumption of cash settlement of the notes will not be available for the purpose of calculating earnings per share. The provisions of ASU 2020-06 are effective for reporting periods beginning after December 15, 2023, with early adoption permitted for reporting periods beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. The Company is currently evaluating the timing, method of adoption, and overall impact of this standard on its consolidated financial statements.

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policy

Revenue Recognition

Pursuant to Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers (ASC 606), the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the products or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Cost of Revenue

Cost of revenue includes all direct costs to deliver the Company's product including third-party hosting fees related to the Company's cloud services, salaries, benefits, share-based compensation, IT and allocated overhead. The Company recognizes these expenses as they are incurred.

Costs Capitalized to Obtain Contracts

Costs capitalized to obtain contracts comprise of revenue-share payments to Apple Inc. and Google Inc. in connection with annual subscription sales of the Company's mobile application on each respective mobile application store platform. Costs that are incremental and directly related to new customer sales contracts in which revenue is deferred are accrued and capitalized upon execution of a non-cancelable customer contract, and subsequently expensed over the average life of the customer relationship, which is currently estimated to be two years.

Allowance for Doubtful Accounts

The Company makes judgments as to its ability to collect outstanding accounts receivable and provide allowances for accounts receivable when and if collection becomes doubtful. To date, the Company has not recorded any significant credit losses on customer accounts and it had no allowance for doubtful accounts as of December 31, 2020 and 2019.

Significant Risks and Uncertainties

The Company is subject to certain risks and uncertainties that could have a material and adverse effect on its future financial position or results of operations. The Company's customers are primarily individuals with smart phones, who subscribe to the Company's product offerings through market exchanges operated by channel partners and Data Revenue Customers. Any changes in customer preferences and trends or changes in terms of use of channel partners' platforms could have an adverse impact on its results of operations and financial condition.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. The Company limits its exposure to credit loss by placing cash and cash equivalents with a financial institution of high credit standing. Deposits of cash and cash equivalents may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation ("FDIC") on these deposits.

The Company depends on the constant real-time performance, reliability and availability of our technology system and access to our partners networks. The Company relies on a single technology partner for its cloud platform. Any adverse impacts to the platform could negatively impact our relationships with our partners or Users and may adversely impact our business, financial performance and reputation.

The Company derives its accounts receivable from revenue earned from customers located in the United States and internationally. The Company does not perform ongoing credit evaluations of its customers' financial condition and does not require collateral from its customers. Historically, credit losses have been insignificant. Channel partners account for the majority of the Company's revenue and accounts receivable for all periods presented. Accounts receivable contains $1.4 million and $3.0 million of unbilled receivables as at December 31, 2020 and 2019, respectively.

The following table sets forth the information about our channel partners and customers who represented greater than 10% of our revenue or accounts receivable, respectively:

	Percentage of Revenue		Percentage of Gross Accounts Receivable	
	Year Ended December 31,		As of December 31,	
	2020	2019	2020	2019
Channel Partner A	54%	54%	37%	32%
Channel Partner B	18%	19%	11%	11%
Data Revenue Customer A	*	*	*	19%
Data Revenue Customer B	*	*	17%	*

* Represents less than 10%.

Research and Development Costs

The Company charges costs related to research, design and development of products to research and development expense as incurred. These costs consist of payroll related expenses, contractor fees, outside third party vendors, and allocated facilities costs.

Advertising Expense

Advertising expense was $6.7 million and $19.4 million for the year ended December 31, 2020 and 2019. Advertising expenses are recorded in the period in which cost is incurred.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents include deposit and money market funds.

Restricted Cash

Deposits of $0.2 million and $0.3 million, were restricted from withdrawal as of December 31, 2020 and 2019. The restriction is related to securing the Company's facility leases which expire in 2022 and 2024 in accordance with the operating lease agreements, as amended. The restrictions on these balances will be released in accordance with the operating lease agreements, as amended. These balances are included in Restricted Cash on the accompanying consolidated Balance Sheets.

Notes to Consolidated Financial Statements

Fair Value of Financial Instruments

The Company uses fair value measurements to record fair value adjustments to certain financial and non-financial assets and liabilities to determine fair value disclosures. The accounting standards define fair value, establish a framework for measuring fair value, and require disclosures about fair value measurements. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the principal or most advantageous market in which the Company would transact are considered along with assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The accounting standard for fair value establishes a fair value hierarchy based on three levels of inputs, the first two of which are considered observable and the last unobservable, that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1 - Observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Valuations based on unobservable inputs to the valuation methodology and including data about assumptions market participants would use in pricing the asset or liability, based on the best information available under the circumstances.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Equipment, computer software and furniture have estimated useful lives ranging from three to ten years. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life or the term of the lease with expected renewals.

Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reported in cost and expenses, net in the period realized.

Software Development Costs

For development costs related to internal use software projects, such as those used in the Company's services and network excluding product development, the Company capitalizes costs incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Amortization of the costs of software developed for internal use begins when the assets are placed in productive use and are generally amortized over a period of ten years. The Company did not capitalize internal use software costs during the years ended December 31, 2020 and 2019 as the capitalizable costs were not material.

Lease Obligations

Operating lease right-of-use assets and lease liabilities are recognized at the present value of the future lease payments at commencement date. The interest rate implicit in the Company's operating leases is not readily determinable, and therefore an incremental borrowing rate is estimated to determine the present value of future payments. The estimated incremental borrowing rate factors in a hypothetical interest rate on a collateralized basis with similar terms, payments, and economic environments. Operating lease right-of-use assets also include any prepaid lease payments and lease incentives.

Certain of the operating lease agreements contain rent concession, rent escalation, and option to renew provisions. Rent concession and rent escalation provisions are considered in determining the straight-line single lease cost to be recorded over the lease term. Single lease cost is recognized on a straight-line basis over the lease term commencing on the date the Company has the right to use the leased property. The lease terms may include options to extend or terminate the lease. The Company generally uses the base, non-cancellable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the renewal option will be exercised.

In addition, certain of the Company's operating lease agreements contain tenant improvement allowances from its landlords. These allowances are accounted for as lease incentives and decrease the Company's right-of-use asset and reduce single lease cost over the lease term. Refer to Note 8 for Leases disclosure.

Business Combinations

The Company uses best estimates and assumptions to assign a fair value to the tangible and intangible assets acquired and liabilities assumed in business combinations as of the acquisition date. These estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations and comprehensive loss.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill amounts are not amortized but tested for impairment on an annual basis. There was no impairment of goodwill as of December 31, 2020.

Intangible Assets

Intangible assets, including acquired patents, trademarks, customer relationships, and acquired developed technology, are carried at cost and amortized on a straight-line basis over their estimated useful lives. The Company determines the appropriate useful life of the Company's intangible assets by measuring the expected cash flows of acquired assets.

Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets, such as property and equipment subject to depreciation and acquired intangibles subject to amortization, when events or changes in circumstances indicate that their carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The Company reviews goodwill for impairment at least annually, or more frequently if events or changes in circumstances would more likely than not reduce the fair value of its single reporting unit below its carry value.

Common Stock Warrants

The Company has issued freestanding warrants to purchase shares of common stock in connection with certain debt financing transactions. The warrants are recorded as equity instruments at the grant date fair value using the Black-Scholes option pricing model and are not subject to revaluation at each balance sheet date.

Stock-Based Compensation

The Company has an equity incentive plan under which various types of equity-based awards including, but not limited to, incentive stock options, non-qualified stock options, restricted stock units, and restricted stock awards, may be granted to employees, nonemployee directors, and nonemployee consultants.

The Company had an Executive Stock Bonus program in 2019 under which shares and restricted stock units may be granted to executives if certain performance criteria are satisfied. In 2020, the Company granted market performance awards to an executive that are subject to time-based vesting requirements and for the balance, vesting is contingent upon the Company's achievement of certain market performance goals. The fair value of such performance awards was determined using a Monte Carlo simulation and will be recognized under the accelerated attribution method over a four year period.

For both plans when equity awards are granted to employees, nonemployees and directors, the Company recognizes compensation expense based on the grant-date estimated fair values. The fair value of stock options is determined using the Black-Scholes option pricing model. For restricted stock units and restricted stock awards, the fair value is based on the grant date fair value of the award. The Company recognizes compensation expense for stock option awards, restricted stock units, and restricted stock awards on a straight-line basis over the requisite service period of the award, generally three to four years. Forfeitures are recorded as they occur.

Income Taxes

The Company accounts for income taxes under the asset and liability method. The Company estimates actual current tax exposure together with assessing temporary differences resulting from differences in accounting for reporting purposes and tax purposes for certain items, such as accruals and allowances not currently deductible for tax purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's balance sheets. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the Company's statements of operations and comprehensive loss become deductible expenses under applicable income tax laws or when net operating loss or credit carryforwards are utilized. Accordingly, realization of the Company's deferred tax assets is dependent on future taxable income against which these deductions, losses and credits can be utilized.

The Company must assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income, and to the extent the Company believes that recovery is not likely, the Company establishes a valuation allowance. The assessment of whether or not a valuation allowance is required often requires significant judgment including current and historical operating results, the forecast of future taxable income and on-going prudent and feasible tax planning initiatives.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the years ended December 31, 2020 and 2019, the Company did not accrue any interest or penalties related to income tax positions.

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business. The Company evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party and records a loss contingency on an undiscounted basis when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These judgments are subjective and based on the status of such legal proceedings, the merits of the Company's defenses, and consultation with legal counsel. Actual outcomes of these legal proceedings may differ materially from the Company's estimates. The Company estimates accruals for legal expenses when incurred as of each balance sheet date based on the facts and circumstances known to the Company at that time.

Segment Information

Management has determined that the Company operates as one reportable segment. The Chief Executive Officer, who is the Company's chief operating decision maker, reviews financial information on an aggregate basis for purposes of allocating resources and evaluating financial performance. The majority of the Company's revenue has been sourced in the United States and all of the Company's long-lived assets are maintained in the United States. Also, the Company manages its operations as a single operating segment.

Net Loss per Share

The Company computes basic and diluted net loss per share attributable to common stockholders in conformity with ASC 260, "Earnings per Share." Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period without consideration for potentially dilutive securities as they do not share in losses. The diluted net loss per share attributable to common stockholders is computed giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, options to purchase common stock, common stock warrants, and unvested restricted stock units are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as the effect is antidilutive.

3. Impact of the COVID-19 Pandemic

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The COVID-19 pandemic and related adverse public health developments have caused and will continue to cause disruption to the economy and our business operations resulting from shelter-at-home orders, quarantines, self-isolations, or other restrictions on the ability of our employees to perform their jobs.

To adapt to the COVID-19 impact, the Company paused the majority of paid user acquisition spend and implemented other expense management initiatives. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume, all of which are uncertain and we cannot predict. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no material adverse impacts on the consolidated financial statements for the year ended December 31, 2020. As events continue to evolve and additional information becomes available, the Company's assumptions and estimates may change materially in future periods.

Paycheck Protection Program

The Company determined that the original eligibility requirements per the guidelines originally established by the U.S. federal government as part of the CARES Act for the Paycheck Protection Program (the "PPP") were met. As such, on April 22, 2020, the Company received $3.1 million in loans from the PPP. Because the U.S. government subsequently changed its position and guidelines related to the PPP and publicly traded companies, the Company repaid the loans on May 18, 2020.

Notes to Consolidated Financial Statements

4. Revenue

The following table presents revenue (in thousands):

	Year Ended December 31,	
	2020	**2019**
Revenue:		
Subscription Revenue	$ 58,472	$ 44,054
Data and Other Revenue	22,183	14,890
Total Revenue	**$ 80,655**	**$ 58,944**

Revenue by geography is generally based on the address of the customer as defined in the Company's agreement. The following table sets forth revenue by geographic area (in thousands):

	Year Ended December 31,	
	2020	**2019**
United States	$ 69,776	$ 50,861
International	10,879	8,083
Total Revenue	**$ 80,655**	**$ 58,944**

Subscription Revenue

The Company's contracts with customers for its mobile application offering are established at the point of mobile application download and purchase as indicated through acceptance of the Company's Standard Service Terms. The Company's Standard Service Terms specifically outline terms and conditions, which include promises of each party under contract and payment terms, which include monthly or annual subscription fees for purchase of the mobile application. The Company determined that termination for convenience clauses and renewal options pursuant to the Company's Standard Service Terms were deemed to have no impact to the amount and pattern of revenue recognition.

The Company's mobile application subscription service includes multiple features that form a combined output that is effectively bundled together and consumed by the customer using the same measure of consumption (i.e., days of access). Additionally, the Company provides its customers with technical support along with unspecified updates and upgrades to the platform on an if and when available basis. The core mobile application is a single combined performance obligation, consisting of multiple features that can be purchased separately, but which are bundled together and delivered to the customer as combined output. Additionally, the core application offering has been defined as a series of distinct services (days of service), together with updates, upgrades, and technical support, which will be transferred to the customer over the respective obligation's term.

The Company recognizes subscription fees ratably over the subscription period. Subscription revenue for the years ended December 31, 2020 and 2019, was $58.5 million and $44.1 million, respectively. Deferred subscription revenue as of December 31, 2020 and 2019 was $11.5 million and $10.9 million, respectively. For the years ended December 31, 2020 and 2019, the Company recognized $57.9 million and $43.2 million of subscription revenue, respectively that was included in the deferred subscription revenue balance as of December 31, 2019 and 2018.

Data and Other Revenue

Data Revenue

The Company's data monetization arrangements with certain third parties are established through Data Master Service Agreements (collectively, "Data MSAs"), which outline specific terms governing the access and use of data and related fees. The Company determines a contract to exist upon the mutual execution of a Data MSA.

The Company's Data MSAs specifically outline terms and conditions, which include promises of each party under contract and payment terms, which include monthly or annual subscription fees in connection with the provision and access of data. In addition, certain contracts are one-time in nature. The Company determined that termination for convenience clauses and renewal options pursuant to the Company's Data MSAs were deemed to have no impact to the amount and pattern of revenue recognition. Also, the Data MSAs generally do not include any other contractual promises above and beyond the provisioning of access to certain data. The Company identified its provisioning of access to data as a material promise capable of being distinct within the context of the contract.

The Company recognizes revenue based on its estimate of the total amount of variable consideration estimated without constraint using the expected value method. As the expected amount of data revenue is not a binary outcome, but rather one of many possible outcomes, the Company determined the expected value approach to be appropriate. The Company believes that this results in the inclusion of a variable consideration amount where it is probable that a significant revenue reversal will not occur. The Company relies primarily on the review of historical fees collected in developing an estimate of fees to be collected at contract inception and updates its estimates at each reporting date. Data revenue for the years ended December 31, 2020 and 2019 was $16.0 million and $10.2 million, respectively. Deferred data revenue as of December 31, 2020 and 2019 was $0.2 million and $0.1 million, respectively. For the years ended December 31, 2020 and 2019, the Company recognized $0.3 million and $0.3 million of data revenue, respectively that was included in the deferred data revenue balance as of December 31, 2019 and 2018.

Other Revenue

The Company has entered into two arrangements with The Allstate Corporation (Allstate) through its indirectly wholly-owned subsidiaries to use the Life360 App to analyze anonymized driving data and present vehicle insurance offers to Users.

The Company has entered into a Master Services and License Agreement ("MSLA") with Arity, LLC ("Arity"), an entity indirectly wholly-owned by Allstate, under which Arity licenses to Life360 on a non-exclusive basis access to and use of its technology platform in exchange for the integration into its website, App and other systems to enable its Users to collect, process and analyze certain driving behavior data.

The Company has also entered into a publishing agreement with Answer Marketplace, LLC ("Answer"), another entity indirectly wholly-owned by Allstate. Answer operates a platform that digitally advertises auto insurance on third party websites, applications and platforms. Under this publishing agreement, Answer provides the Company with a limited nonexclusive license to use its software and advertising platform to place auto insurance advertising on the Life360 Platform. The specific advertising that appears for each User is based on the driving behavior data collected as a result of the technology licensed under the MSLA with Arity described above. In return for placing this advertising, Answer has agreed to pay the Company a percentage of the revenue generated by Answer from clicks on advertisements placed by the Company.

The Company has considered the combined contracts as a single arrangement. The Company has identified that the combined contracts represent a single performance obligation for the Company to provide Publishing Services to display Allstate's ads on the Company's mobile platform. The Company has identified that we act as an agent in the arrangement to allow for Allstate to present ads to potential end users and the variable amounts earned under the revenue share are allocable to the month in which the revenue share is earned which is reset on a monthly basis. As such, the Company will recognize revenue monthly based on the revenue share earned.

For any shortfalls in the monthly minimum impression numbers of users clicking through the published Ads ("Quarterly Average Click Amount"), Allstate will remit a quarterly payment under the same payment terms.

Partnership revenue with Allstate for the years ended December 31, 2020 and 2019 was $6.0 million and $4.0 million, respectively.

5. Cost of Revenue

The following table presents cost of revenue (in thousands):

	Year Ended December 31,	
	2020	2019
Cost of Revenues:		
Cost of Subscription Revenue	$ 13,582	$ 11,060
Cost of Data and Other Revenue	1,813	809
Total Cost of Revenues	**$ 15,395**	**$ 11,869**

6. Costs Capitalized to Obtain Contracts

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The Company determined that its costs to obtain contracts were both direct and incremental. These costs are attributable to the Company's largest channel partners.

The Company generally pays a non-commensurate renewal commission, and accordingly, renewal contracts are considered non-commensurate with new contracts. Accordingly, the guidance requires that specifically anticipated renewal periods should be taken into consideration in determining the required amortization period. Specifically, under the guidance of ASC 340-40, the Company is required to estimate the specifically anticipated renewals after the initial contract to which the initial commission asset relates. The total amortization period is then equal to the initial contractual term plus all specifically anticipated renewals that relate to the initial commission asset. Based upon its assessment of historical data and other factors, the Company concluded that its average customer life was approximately two years, which is used as the amortization period for all capitalized contract acquisition costs.

The following table represents a rollforward of the Company's Costs Capitalized to Obtain Contracts, net (in thousands):

	December 31, 2020	December 31, 2019
Beginning Balance:	$ 5,731	$ 4.055
Additions to deferred commissions	3,210	5,417
Amortization of deferred commissions	(4,991)	(3,741)
Ending balance	**$ 3,950**	**$ 5,731**
Costs Capitalized to Obtain Contracts, current	3,381	4,453
Costs Capitalized to Obtain Contracts, net of current	569	1,278
Total Costs Capitalized to Obtain Contracts	**$ 3,950**	**$ 5,731**

7. 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.

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**

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. 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.

8. Balance Sheet Components

Leases

The Company currently leases real estate space under non-cancelable operating lease agreements for its corporate headquarters in San Francisco and San Diego, California. The operating leases have remaining lease terms ranging from 1 to 4 years, some of which include the option to extend the lease.

The Company has recognized operating ROU assets, short term and long term lease liabilities of $2.6 million, $1.5 million and $1.6 million in "Prepaid expenses and other assets, noncurrent", "Accrued expenses and other liabilities" and "other noncurrent liabilities", respectively, on the Company's consolidated balance sheet as of December 31, 2020. As of December 31, 2020, the Company did not have any finance leases.

Operating lease costs were as follows (in thousands):

	Years Ended December 31,	
	2020	**2019**
Operating Lease Cost[1]	$ 1,422	$ 1,423

(1) Amounts include short-term leases, which are immaterial.

As of December 31, 2020, the weighted-average remaining term of the Company's operating leases was 2.1 years and the weighted-average discount rate used to measure the present value of the operating lease liabilities was 4.75% as of adoption date of January 1, 2020.

Maturities of the Company's operating lease liabilities, which do not include short-term leases, as of December 31, 2020 were as follows (in thousands):

		Operating Leases
2021	$	1,574
2022		1,494
2023		102
2024		61
Total future minimum lease payments		3,231
Less imputed interest		(164)
Total liability	**$**	**3,067**

Payments for operating leases included in cash from operating activities was $1.6 million for the year ended December 31, 2020.

Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

		December 31, 2020		December 31, 2019
Computer equipment	$	395	$	395
Leasehold improvements		921		267
Wireless devices		66		67
Furniture and fixtures		423		423
Total Property and equipment		1,805		1,152
Less accumulated depreciation		(1,004)		(605)
Property and equipment, net	**$**	**801**	**$**	**547**

Depreciation expense was $0.5 million and $0.2 million for the years ended December 31, 2020 and 2019, respectively.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

		December 31, 2020		December 31, 2019
Prepaid expenses	$	9,997	$	5,193
Other receivables		20		89
Total	**$**	**10.017**	**$**	**5,282**

Prepaid expenses primarily consist of certain cloud platform and customer service program costs.

Prepaid Expenses and Other Assets, noncurrent

Prepaid expenses and other assets, noncurrent consist of the following (in thousands):

		December 31, 2020		December 31, 2019
Prepaid expenses	$	2,154	$	3,448
Other receivables		30		30
Total	**$**	**2,184**	**$**	**3,478**

Accruals and Other Current Liabilities

Accruals and other current liabilities consist of the following (in thousands):

		December 31, 2020		December 31, 2019
Accrued vendor expenses	$	1,950	$	1,729
Accrued compensation		1,825		1,669
Lease liability		1,460		-
Total	**$**	**5,235**	**$**	**3,398**

Other Non-Current Liabilities

Other non-current liabilities consist of the following (in thousands):

		December 31, 2020		December 31, 2019
Stock option and award deposit liability	$	701	$	708
Lease incentive liability		-		109
Lease liability		1,607		-
Total	**$**	**2,308**	**$**	**817**

9. Commitments and Contingencies

Purchase Commitments

The Company has certain commitments from outstanding purchase orders primarily related to technology support, facilities, marketing and branding and professional services. These agreements, which total $21.0 million and $30.0 million for the years ended December 2020 and 2019, respectively, are cancellable at any time with the Company required to pay all costs incurred through the cancellation date.

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated. The Company is not subject to any current pending legal matters or claims that would have a material adverse effect on its financial position, results of operations or cash flows.

Indemnification

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable because it involves claims that may be made against the Company in the future but have not yet been made. The Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of the individual. No amounts associated with such indemnifications have been recorded to date.

10. Common Stock

As of December 31, 2020 and 2019, the Company was authorized to issue up to 100,000,000 shares of par value $0.001 per share common stock.

As of December 31, 2020 and 2019, the Company had 108,592 shares of common stock subject to the Company's right to repurchase, respectively.

The Company has also issued shares of common stock as a result of stock option exercises throughout its existence. Common stockholders are entitled to dividends when and if declared by the Board of Directors subject to the prior rights of the preferred stockholders. 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 in the Company's existence.

The Company had reserved shares of common stock, on an as if converted basis, for issuance as follows:

	As of December 31,	
	2020	**2019**
Issuances under stock incentive plan	7,794,313	8,580,697
Issuances upon exercise of common stock warrants	140,576	140,576
Issuances upon vesting of restricted stock units	2,299,417	618,115
Shares reserved for shares available to be granted but not granted yet	2,507,307	906,976
	12,741,613	**10,246,364**

11. Warrants

The convertible stock 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. The Company recognized a remeasurement loss of $0.6 million for the years ended December 31, 2019.

Warrants to purchase convertible preferred stock converted to warrants to common stock upon the closing of the Company's IPO on May 10, 2019.

As of December 31, 2020, and 2019, the Company had issued warrants to purchase 140,576 shares of Company common stock with exercise prices ranging from $0.91 to $2.15 and expiry dates ranging from 2022 to 2028.

On June 13, 2019, a warrant to purchase 70,019 shares of common stock was exercised on a net basis. The Company withheld 19,184 warrant shares to pay the exercise price of $1.52 per share and issued the remaining 50,835 shares of common stock to the warrant holder.

On August 13, 2019, a warrant to purchase 8,969 shares of common stock was exercised on a net basis. The Company withheld 1,066 warrant shares to pay the exercise price of $0.91 per share and issued the remaining 7,903 shares of common stock to the warrant holder.

12. Equity Incentive Plan

2011 Equity Incentive Plan

The Company's 2011 Stock Plan was originally adopted by our Board of Directors on July 27, 2011 and our stockholders on October 11, 2011, and most recently amended by our Board on September 7, 2018 and our stockholders (as restated, the "Plan"). The Plan allows us to grant restricted stock units, restricted stock and stock options to employees and consultants of the Company and any of the Company's parent, subsidiaries or affiliates, and to the members of our Board of Directors. Options granted under the Plan may be either incentive stock options or nonqualified stock options. Incentive stock options, or ISOs, may be granted only to employees of the Company or any of the Company's parent or subsidiaries (including officers and directors who are also employees). Nonqualified stock options, or NSOs, may be granted to any person eligible for grants under our Plan.

Under the Plan, the Board of Directors determines the per share exercise price of each stock option, which for ISOs shall not be less than 100% of the fair market value of a share on the date of grant; provided that the exercise price of an ISO granted to a stockholder who at the time of grant owns stock representing more than 10% of the voting power of all classes of stock (a "10% stockholder") shall not be less than 110% of the fair market value of a share on the date of grant.

The Board of Directors determines the period over which options vest and become exercisable. Options granted to new employees generally vest over a 4-year period: 25% of the shares vest on the first anniversary from the vesting commencement date of the option and an additional 1/48th of the shares vest on each monthly anniversary thereafter, subject to the employee's continuous service through each vesting date. Options granted to continuing employees generally vest monthly over a 4-year period.

The Board of Directors also determines the term of options, provided the maximum term for ISOs granted to a 10% stockholder must be no longer than 5 years from date of grant and the maximum term for all other options must be no longer than 10 years from date of grant. If an option holder's service terminates, options generally terminate 3 months from the date of termination except under certain circumstances such as death or disability.

The following summary of stock option activity for the periods presented is as follows:

	Number of Shares Underlying Outstanding Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Balance as of December 2018	6,961,441	$ 2.49	8.63	$ 26,418
Options granted	3,068,511	6.68		
Options exercised	(911,727)	0.86		5,126
Options cancelled/forfeited	(537,528)	4.15		
Balance as of December 31 , 2019	8,580,697	4.06	8.38	24,567
Options granted	2,119,428	5.52		
Options exercised	(889,321)	1.66		4,772
Options cancelled/forfeited	(2,016,491)	5.71		
Balance as of December 31, 2020	7,794,313	4.30	8.00	34,869
Exercisable as of December 31, 2020	3,990,767	$ 3.08	7.35	$ 20,948

As of December 31, 2020 and 2019, the Company had 21,781,589 and 18,118,548 shares authorized for issuance under the Plan. As of December 31, 2020 and 2019, the Company had 2,507,307 shares and 906,976 shares available for issuance under the Plan. Stock options granted during the twelve months ended December 31, 2020 and 2019 had a weighted average grant date fair value of $4.91 and $3.81 per share, respectively.

The intrinsic values of outstanding, vested and exercisable options were determined by multiplying the number of shares by the difference in exercise price of the options and the fair value of the common stock as of December 31, 2020 of $8.77 per share. The intrinsic value of the options exercised represents the difference between the exercise price and the fair market value on the date of exercise.

The following summary of Restricted Stock Units (RSU) activity for the periods presented is as follows:

	Number of Shares	Weighted average grant date fair value
Balance as of December 31, 2018	-	$ -
RSU granted	642,851	7.27
RSU vested and settled	(9,986)	11.15
RSU cancelled/forfeited	(14,750)	7.23
Balance as of December 31, 2019	618,115	7.20
RSU granted	2,398,274	6.31
RSU vested and settled	(440,883)	7.67
RSU cancelled/forfeited	(276,089)	6.24
Balance as of December 31, 2020	2,299,417	$ 6.52

The number of RSU vested and settled includes shares of common stock that the Company withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements.

Stock Options Granted to Employees

The fair value of the employee stock options granted is estimated using the Black-Scholes option-pricing model. The following weighted-average assumptions were used during the years ended December 31, 2020, and 2019:

	2020	2019
Expected terms (in years)	5.68	6.02
Expected volatility	43%	42%
Risk-free interest rate	0.60%	2.29%
Expected dividend rate	0%	0%

Fair Value of Common Stock: As the Company's stock is traded on the public market, the fair value on the date of the grant is used.

Expected Term: The expected term for employees is based on the simplified method, as the Company's stock options have the following characteristics: (i) granted at-the-money; (ii) exercisability is conditioned upon service through the vesting date; (iii) termination of service prior to vesting results in forfeiture; (iv) limited exercise period following termination of service; and (v) options are non-transferable and non-hedgeable, or "plain vanilla" options, and the Company has limited history of exercise data. The expected term for non-employees is based on the remaining contractual term.

Expected Volatility: As the Company has limited historical trading data regarding the volatility of its common stock, the expected volatility is based on volatility of a group of similar entities and the Company's trading data since IPO. In evaluating similarity, the Company considered factors such as industry, stage of life cycle and size. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company's common stock becomes available.

Risk-Free Interest Rate: The risk-free interest rate is based on U.S. Treasury constant maturity rates with remaining terms similar to the expected term of the options.

Expected Dividend Rate: The Company has never paid any dividends and does not plan to pay dividends in the foreseeable future, and, therefore, an expected dividend rate of zero is used in the valuation model.

Forfeitures: The Company accounts for forfeitures as they occur.

Stock-Based Compensation

Stock-based compensation expense was allocated as follows during the years ended December 31, 2020 and 2019 (in thousands):

	2020	2019
Cost of Revenue	$ 371	$ 195
Research and Development	5,504	3,567
General and administrative	1,792	1,686
Sales and marketing	424	347
Total stock based compensation expense	**$ 8,091**	**$ 5,795**

As of December 31, 2020, there was total unrecognized compensation cost for outstanding stock options of $10.2 million to be recognized over a period of approximately 2.3 years. As of December 31, 2019, there was total unrecognized compensation cost for outstanding stock options of $14.0 million to be recognized over a period of approximately 2.8 years.

As of December 31, 2020, there was unrecognized compensation cost for outstanding restricted stock units of $16.2 million to be recognized over a period of approximately 3.2 years. As of December 31, 2019, there was unrecognized compensation cost for outstanding restricted stock units of $4.1 million to be recognized over a period of approximately 3.6 years.

There were no capitalized stock-based compensation costs or recognized stock-based compensation tax benefits during the years ended December 31, 2020 and 2019.

13. Income Taxes

The Company has incurred net operating losses only in the United States since its inception.

The Company did not record any income tax expense or benefit as the Company incurred losses in all periods presented.

The reconciliation of our effective tax rate to the U.S. statutory federal income tax rate was as follows:

	Year Ended December 31,	
	2020 (%)	**2019 (%)**
Statutory federal income tax rate	21	21
Research and development tax credits	4	4
Stock based compensation	3	(3)
Other	-	(2)
Change in valuation allowance	(28)	(20)
Effective tax rate	-	-

The significant components of net deferred income tax assets were as follows (in thousands):

	Year Ended December 31,	
	2020	**2019**
Deferred tax assets:		
Reserves and allowances	$ 410	$ 410
Depreciable assets	147	64
Net operating loss carryforward	25,589	22,553
Stock-based compensation	1,805	335
Credits carryforward	6,035	4,413
Total deferred tax assets	33,986	27,505
Less: Valuation allowance and other reserves	(33,986)	(27,505)
Net deferred tax asset	$ -	$ -

The Company have provided a full valuation allowance on the net deferred tax assets. The valuation allowance increased by $6.5 million during 2020 and $4.2 million during 2019. For the year ended December 31, 2020, the Company increased its stock-based compensation deferred tax assets by $1.5 million primarily for Non-qualified stock options that were recorded as Incentive Stock Options grants in prior years. There was no impact to the Company's net deferred tax assets resulting from such reclassification due to the full valuation allowance.

At December 31, 2020, the Company had approximately $112.2 million and $30.7 million of federal and state net operating loss carryforwards respectively, available to offset future taxable income. Such carryforwards expire in varying amounts beginning in 2032. The federal net operating loss carryforwards of $51.0 million arising after December 31, 2017 do not expire.

The Company also had federal and state research and development credit carryforwards of $5.6 million and $4.6 million, respectively. The federal tax credits expire in varying amounts beginning in 2034. The state tax credits do not expire.

The Tax Reform Act of 1986 limits the use of net operating loss carryforwards in certain situations where changes occur in the stock ownership of a company. The annual limitation may result in the expiration of net operating losses and credits before utilization. The Company performed a Section 382 analysis through December 31, 2020. We do not expect any previous ownership changes (as defined under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended) to result in a limitation that will materially reduce the total amount of net operating loss carryforwards and credits that can be utilized. Subsequent ownership changes may affect the limitation in future years.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities through the nation. The Company is not currently under audit by the Internal Revenue Service or other similar state and local authorities. All tax years remain open to examination by major taxing jurisdictions to which the Company is subject.

As at December 31, 2020 and 2019, the Company had $3.6 million and $2.5 million of gross unrecognized tax benefits related to federal and state research credits. As of December 31, 2020 all unrecognized tax benefits, if recognized, will not affect the Company's effective tax rate. The Company does not anticipate any unrecognized tax benefits in the next 12 months that would result in a material change to our financial position.

The aggregate changes in the balance of gross unrecognized tax benefits were as follows (in thousands):

Balance as of December 31, 2019	$	2,456
Additions based on tax positions related to 2020		1,128
Balance as of December 31, 2020	**$**	**3,584**

In March and December 2020, in response to the COVID-19 pandemic, the CARES Act and the Consolidated Appropriations Act, 2021, were passed into law and provide additional economic stimulus to address the impact of the COVID-19 pandemic. We do not expect any significant benefit to our income tax provision as a result of this legislation.

14. Related-Party Transactions

The Company has entered into secondary financing transactions with certain executive officers and Board members of the Company. A summary of the transactions is detailed in below:

Notes Due From Affiliates (Asset-Classified)

The Company accounted for secured partial recourse promissory notes in 2017 as related party notes and included the principal amounts due from such notes under Notes Due From Affiliates on the Balance Sheets.

As of December 31, 2020 and 2019, the Company had options to purchase 24,444 shares of common stock. The Company determined the fair value of such options for each period using a lattice option-pricing model using expected volatility ranging from 67.2% to 76.1%, risk-free interest rates ranging from 1.4% to 2.6% and an expected dividend rate of 0%. The options had an estimated fair value as of December 31, 2020 and 2019 of $0.03 million and $0.03 million, respectively, and are included within Other Assets on the Balance Sheets.

Notes Due From Affiliates (Contra Equity)

In February 2016, the Company issued an aggregate of $0.6 million in secured partial recourse promissory notes to the Chief Executive Officer, President, Chief Operating Officer and an officer of the Company.

The Company accounted for the 2016 non-recourse notes as consideration received for the exercise of the related equity award, because even after the original options are exercised or the shares are purchased, an employee could decide not to repay the loan if the value of the shares declines below the outstanding loan amount and could instead choose to return the shares in satisfaction of the loan. The result would be similar to an employee electing not to exercise an option whose exercise price exceeds the current share price. When shares are exchanged for a non-recourse note, the principal and interest are viewed as part of the exercise price of the “option” and no interest income is recognized. Additionally, compensation cost is recognized over any requisite service period, with an offsetting credit to additional paid-in capital.

Periodic principal and interest payments, if any, are treated as deposit liabilities until the note is paid off, at which time the note balance is settled and the deposit liability balance is transferred to additional paid-in capital. As of December 31, 2020 and 2019, the Company had deposit liability balances of $0.7 million in connection with the 2016 non-recourse notes and other early exercises of equity awards. Principal amounts due under the 2016 non-recourse notes, or $0.6 million, are included in Notes Due From Affiliates as a reduction in stockholders’ equity on the balance sheets.

Notes to Consolidated Financial Statements

Related Party Revenue

On July 11, 2017, the Company and ADT LLC ("ADT") which is a related party pursuant to ADT's ownership of shares of the Company's common stock, entered into the Master Services and Licensing Agreement under which ADT will receive a license to the Company's technology through an integrated mobile application offered by ADT to its end customers. Pursuant to the agreement, the Company and ADT will contribute their proprietary mobile application technology to develop ADT Anywhere Basic and ADT Anywhere Premium. The Company was entitled to receive fees based on the number of active users on each mobile application platform.

The following table represents revenue and accounts receivable received from ADT (in thousands):

	Revenue		Accounts Receivable	
	Year Ended December 31,		As of December 31,	
	2020	2019	2020	2019
ADT	$ 195	$ 654	$ 1	$ 93

Other Related Party Transactions

Non-executive director, James Synge, is a Principal and Partner of Carthona Capital. During the year ended December 31, 2020 a cash payment of $30,063 was paid to Carthona Capital for the directors' fees for a non-executive director. During the year ended December 31, 2019, the Company paid Carthona Capital an aggregate amount of $186,436 for consultancy services.

15. Defined Contribution Plan

The Company sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code covering substantially all employees over the age of 21 years. Contributions made by the Company are voluntary and are determined annually by the Board of Directors on an individual basis subject to the maximum allowable amount under federal tax regulations. The Company has made no contributions to the plan since its inception.

16. Net Loss Per Share Attributable to Common Shareholders

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders as of December 31, 2020 and 2019 (in thousands):

	As of	
	December 31, 2020	December 31, 2019
Net loss attributable to common shareholders	$ (16,334)	$ (28,953)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted	49,346	34,533
Net loss per share attributable to common shareholders, basic and diluted	**$ (0.33)**	**$ (0.84)**

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive as of December 31, 2020 and 2019 are as follows:

	As of	
	December 31, 2020	December 31, 2019
Issuances under stock incentive plan	7,794,313	8,580,697
Issuances upon exercise of common stock warrants	140,576	140,576
Issuances upon vesting of restricted stock units	2,299,417	618,115
Shares reserved for shares available to be granted but not granted yet	2,507,307	906,976
	12,741,613	**10,246,364**

17. Remuneration of Auditors

During the year, the following amounts were paid or payable for services provided by the auditor of the Company (in thousands):

	Years Ended December 31,	
	2020	2019
Audit and review of financial statements	$ 249	$ 295
Other assurance services	50	-
Total remuneration of auditors	**$ 299**	**$ 295**

18. Subsequent Events

The Company evaluated subsequent events through February 25, 2021, the date the audited consolidated financial statements were issued.

On January 19, 2021, the Company appointed Randi Zuckerberg as an independent Non-Executive Director.

Shareholder Information

Shareholder Information

As at 31 January 2021

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules is set out below.

In accordance with the 4th edition ASX Corporate Governance Council's Principles and Recommendations, the 2020 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: https://investors.life360.com/investor-relations/?page=corporate-governance. The Corporate Governance Statement sets out the extent to which Life360 has followed the ASX Corporate Governance Council's Recommendations during the 2020 financial year.

The Company has issued a total of 50,073,882 fully paid shares of common stock (Shares). In accordance with the Company's Prospectus dated 29 April 2019, where 3 CDIs represent 1 Share, this equates to 150,221,646 Chess Depository Receipts (CDIs).

However, not all Shares have been converted to CDIs. As at 31 January 2021, 139,972,482 CDIs are on issue and held by 2,139 CDI holders (which represents 46,657,494 Shares). 3,416,388 Shares are held by 130 shareholders who have not elected to hold Company securities in the form of CDIs.

1. Substantial shareholders

The number of securities held by substantial shareholders and their associates as notified to the Company are set out below:

Name	Notification Date	Number of CDIs	%
Regal Funds Management Pty Ltd	November 27, 2020	17,806,583	11.37%
Paradice Investment Management Pty Ltd	October 30, 2020	9,382,028	6.08%
Christopher Hulls	May 9, 2020	8,659,656	6.02%

2. Number of security holders and securities on issue

Life360 has issued the following securities:

(a) 139,972,482 CDIs held by 2,139 CDI holders;
(b) 3,416,338 Shares held by 130 shareholders;
(c) 7,842,505 unlisted options held by 124 option holders;
(d) 2,286,715 Restricted Stock Units held by 151 holders; and
(e) 140,576 Warrants over shares held by 3 holders

Details of the Top 20 holders of quoted CDIs are set out in section 5 below.

3. Voting rights

Ordinary shares

At a meeting of the Company's stockholders, every stockholder present, in person or by proxy is entitled to one vote for each share held on the record date for the meeting on all matters submitted to a vote of stockholders.

CDIs

CDI holders are entitled to one vote for every three CDI they hold.

Options

Option holders do not have any voting rights on the options held by them.

Restricted Stock Units

Restricted Stock Units holders do not have any voting rights on the Restricted Stock Units held by them.

Warrants

Warrant holders do not have any voting rights on the warrants held by them.

Shareholder Information

As at 31 January 2021

Distribution of security holders

Category	CDIs		
	Total Shareholders	Number of CDIs	%
1-1,000	757	348,417	0.2%
1,001-5000	839	2,198,697	1.6%
5,001-10,000	249	1,849,319	1.3%
10,001-100,000	224	6,558,705	4.7%
100,000 and over	70	129,017,344	92.2%
Total	**2,139**	**139,972,482**	**100.0%**

Category	Shares		
	Total Shareholders	Number of Shares	%
1-1,000	36	18,176	0.5%
1,001-5000	56	135,690	4.0%
5,001-10,000	15	116,581	3.4%
10,001-100,000	20	562,032	16.5%
100,000 and over	3	2,583,909	75.6%
Total	**130**	**3,416,388**	**100.0%**

Category	Unquoted Options		
	Total Holders	Number of Options	%
1-1,000	1	1,000	0.0%
1,001-5000	7	29,302	0.4%
5,001-10,000	19	149,919	1.9%
10,001-100,000	82	2,176,631	27.8%
100,000 and over	15	5,485,653	69.9%
Total	**124**	**7,842,505**	**100.0%**

Note that the Unquoted Options as stated above have various exercise prices and expiry dates.

Category	Restricted Stock Units (RSUs)		
	Total Holders	Number of RSUs	%
1-1,000	5	2,320	0.1%
1,001-5000	35	134,462	5.9%
5,001-10,000	32	245,815	10.7%
10,001-100,000	79	1,904,118	83.3%
100,000 and over	-	-	0.0%
Total	**151**	**2,286,715**	**100.0%**

Category	Warrants over Shares		
	Total Holders	Number of Warrants	%
1-1,000	-	-	0.0%
1,001-5000	-	-	0.0%
5,001-10,000	1	7,761	5.5%
10,001-100,000	2	132,815	94.5%
100,000 and over	-	-	0.0%
Total	**3**	**140,576**	**100.0%**

4. Unmarketable parcel of shares

The number of CDI Holders holding less than a marketable parcel of CDIs (being A$500) is 71 based on the Company's closing CDI price of A$3.87, on 31 January 2021.

5. Twenty largest shareholders of quoted equity securities

Details of the 20 largest CDI Holders by registered CDI holding are as follows.

	Name	Number of CDIs	%
1	CITICORP NOMINEES PTY LIMITED <DOMESTIC HIN A/C>	15,678,505	11.20%
2	UBS NOMINEES PTY LTD	13,855,279	9.90%
3	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	12,881,791	9.20%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,313,053	7.37%
5	CHRISTOPHER HULLS	8,659,656	6.19%
6	NATIONAL NOMINEES LIMITED	7,350,167	5.25%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,687,936	4.78%
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,622,880	4.02%
9	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	4,623,412	3.30%
10	VERIZON VENTURES LLC\C	4,616,820	3.30%
11	A-FUND LP\C	4,485,495	3.20%
12	QIFEI INTERNATIONAL DEVELOPMENT CO LTD	3,875,817	2.77%
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,354,829	2.40%
14	KENNETT CAPITAL INC\C	3,049,125	2.18%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,489,160	1.78%
16	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,470,825	1.77%
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,086,199	1.49%
18	JAMES STEELE SYNGE	1,441,041	1.03%
19	ITAMAR NOVICK	1,216,617	0.87%
20	RADIATA SUPER PTY LTD <R & E SYPKES FAMILY SF A/C>	944,415	0.67%
	Total	**115,703,022**	**82.66%**
	Balance of register	**24,269,460**	**17.34%**
	Grand total	**139,972,482**	**100.00%**

6. The name of the entity's secretary (in the case of a trust, the name of the responsible entity and its secretary).

The Company has appointed Jeremy Liegl, General Counsel as the Company Secretary as of February 25, 2020.

The Company has engaged Company Matters Pty Ltd to act as its ASX Representative under Listing Rule 12.6. Graeme Blackett has been appointed as the Company's ASX Listing rule 12.6 Representative responsible for communication with the ASX in relation to listing rule matters.

Shareholder Information

As at 31 January 2021

7. The address and telephone number of the Company's registered office in Australia; and of its principal administrative office.

The Company is incorporated in the State of Delaware, United States of America.

The address of the Corporation's registered office in the State of Delaware is 160 Greentree Drive, Suite 101, in the City of Dover, County of Kent, Zip Code 19904. The name of its registered agent at such address is national Registered Agents, Inc.

The Company's Principal place of business is:

Suite 402,
539 Bryant Street,
San Francisco, CA 94107 USA.
T: +1 (209) 581 1772

The Company's registered Australian office is:

Company Matters Pty Ltd
Level 12, 680 George Street, Sydney NSW 2000
T: +61 (02) 8280 7355

8. The address and telephone number of each office at which a register of securities, register of depositary receipts or other facilities for registration of transfers is kept.

Computershare Investor Services Pty Limited,
Yarra Falls,
452 Johnston Street,
Abbotsford, VIC 3067
T: +61 1300 787 272

9. The Company's securities are not traded on any other exchange other than the ASX.

10. The Company, currently, have no shares under escrow.

11. A detailed review of operations and activities is reported in the 2020 Financial Report.

12. There is no current on market buy-back.

13. Statement regarding use of cash and assets.

During the period between 1 January 2020 and 31 December 2020, the Company has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives set out in the Prospectus dated 29 April 2019.

14. Other

Life360 is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of its shares (including substantial holdings and takeovers).

Anti-takeover provisions of Delaware Law, Certificate of Incorporation and Bylaws

Provisions of the Delaware General Corporation Law, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company. These provisions (summarized below) could discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board. The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

The Company's bylaws do not contain any limitations on the acquisition of securities, except that clause 9 of Article XI, Section 11.1. of the bylaws provides as follows:

"The Corporation may refuse to acknowledge or register any transfer of shares of the Corporation's capital stock (including shares in the form of CDIs) held or acquired by a stockholder (including shares of the Corporation's capital stock that may be acquired upon exercise of a stock option, warrant or other right) or shares of the Corporation's capital stock which attach to or arise from such shares which are not made:

a. in accordance with the provisions of Regulation S of the Securities Act of 1933 (U.S.), as amended to date and the rules and regulations promulgated thereunder (the "U.S. Securities Act") (Rule 901 through Rule 905 and preliminary notes);

b. pursuant to registration under the U.S. Securities Act; or

c. pursuant to an available exemption from registration."

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Family love is universal.

We are all connected by the need to keep loved ones safe.

Life360

Life360