Life360, Inc.
Appendix 4E
Financial Report

1. Company details

Name of entity:	Life360, Inc.
ARBN:	629 412 942
Reporting period:	For the year ended 31 December 2021
Previous period:	For the year ended 31 December 2020

2. Results for announcement to the market (US$000's)

Revenues from ordinary activities	up	40%	to	112,643
Loss from ordinary activities after tax attributable to the owners of Life360, Inc.	up	105%	to	(33,557)
Loss attributable to the owners of Life360, Inc.	up	105%	to	(33,557)
Underlying loss from ordinary activities after tax*	up	107%	to	(15,275)

Dividends
No dividends were paid or declared.

** The presentation of underlying loss from ordinary activities after tax excludes stock-based compensation and non-recurring adjustments as it provides the best measure to assess the performance of the Company.*

3. Net tangible assets	**31 December 2021 (US$)**	**31 December 2020 (US$)**
Net tangible assets per ordinary security	$ 1.39	$ 0.43

The Net tangible assets per ordinary security is defined as the stockholders' Equity per CHESS Depository Interests (CDIs) issued. The common stock; CDI ratio is 1:3.

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

On September 1, 2021, the Company acquired Jio, Inc ("Jiobit"), provider of wearable location devices for young children, pets, and seniors.

5. Other

The Unaudited Consolidated Financial Statements for the year ended 31 December 2021 has been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) and is in the process of being audited. At the date of this Unaudited Consolidated Financial Statements, the Company is not aware of any material matter that would impact the reported results or that would lead to the independent audit report being subject to modified opinion, emphasis of matter or other matter paragraph.

5. Other (continued)

Review of operations and financial results

Revenue for the financial year ended 31 December 2021 increased 40% to $112.6 million as a result of growth in paying accounts, referred to as Paying Circles and Data Revenue that had a lower than initially expected impact from the iOS Identifier for Advertisers (IFDA) changes. The Company's net loss for the year ended December 31, 2021 increased 105% to $33.6 million.

Total operating expenses for the year increased by 49% to $122.1 million. The increase is due to higher commissions to channel partners, brand and TV spend, legal spend, and headcount and Cost of Revenue/Research and Development expenses as the Company scales.

	December 31, 2021	December 31, 2020
Net Loss	**$ (33,557)**	**$ (16,334)**
Convertible notes fair value adjustment	511	-
Derivative liability fair value adjustment	733	-
Income taxes	(127)	-
Depreciation and amortization	876	657
Other (income)/expense	178	(317)
EBITDA	**(31,386)**	**(15,994)**
Stock based compensation	11,938	8,091
Non-recurring adjustment to reflect the deferral of a portion of monthly subscription sales through a channel partner	-	862
Transaction costs incurred for acquisitions	2,744	-
Loss on revaluation of contingent consideration	3,600	-
Underlying EBITDA	**(13,104)**	**(7,041)**
Underlying Loss from ordinary activities after tax	**$ (15,275)**	**$ (7,381)**

A review of operations of Life360 is set out in a market release lodged with the Australian Stock Exchange (ASX) on February 24, 2022.

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Life360, Inc.

Unaudited Consolidated Financial Statements

As of and for the Years Ended
December 31, 2021 and 2020

Life360, Inc.

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Life360, Inc.

Unaudited Consolidated Balance Sheets

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

	December 31, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 230,990	$ 56,413
Accounts receivable	11,772	9,042
Costs capitalized to obtain revenue contracts, net	1,319	3,381
Inventory	2,009	-
Notes due from affiliates	330	-
Prepaid expenses and other current assets	10,590	10,017
Total current assets	257,010	78,853
Restricted cash	355	198
Property and equipment, net	580	801
Costs capitalized to obtain revenue contracts, net of current portion	330	569
Intangible assets, net	7,986	-
Goodwill	31,527	764
Right of use asset	1,627	2,638
Notes due from affiliates	-	306
Prepaid expenses and other assets, noncurrent	3,691	2,184
Total Assets	$ 303,106	$ 86,313
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 3,248	$ 2,420
Accrued expenses and other liabilities	10,547	5,235
Contingent consideration	9,900	-
Convertible notes, current	4,222	-
Deferred revenue	13,929	11,855
Total current liabilities	41,846	19,510
Convertible notes, noncurrent	8,284	-
Derivative liability, noncurrent	1,396	-
Other noncurrent liabilities	1,205	2,308
Total Liabilities	$ 52,731	$ 21,818
Commitments and Contingencies (Note 10)		
Stockholders' Equity		
Common Stock, $0.001 par value; 100,000,000 shares authorized as of December 31, 2021 and December 31, 2020; 60,221,799 and 50,035,408 issued and outstanding as at December 31, 2021 and December 31, 2020, respectively	61	50
Additional paid-in capital	416,278	196,852
Notes due from affiliates	(621)	(621)
Accumulated deficit	(165,343)	(131,786)
Total stockholders' equity	250,375	64,495
Total Liabilities and Stockholders' Equity	$ 303,106	$ 86,313

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

Life360, Inc.

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

		Year ended		
		December 31, 2021		December 31, 2020
Subscription revenue	$	86,551		58,472
Data and other revenue (including related party revenue of $0 and $195, respectively)		26,092		22,183
Total revenue		112,643	$	80,655
Cost of subscription revenue		17,807		13,582
Cost of data and other revenue		4,961		1,813
Total cost of revenue		22,768		15,395
Gross Profit		89,875		65,260
Operating expenses:				
Research and development		50,994		39,643
Sales and marketing		47,473		30,190
General and administrative		23,670		12,078
Total operating expenses		122,137		81,911
Loss from operations		(32,262)		(16,651)
Other (Income)/ Expense:				
Convertible notes fair value adjustment		511		-
Derivative liability fair value adjustment		733		-
Other (income)/expense, net		178		(317)
Total Other (Income)/ Expense		1,422		(317)
Loss, before Benefit from for income taxes		(33,684)		(16,334)
Benefit from income taxes		127		-
Net Loss and Comprehensive Loss	$	(33,557)	$	(16,334)
Net loss per share attributable to common shareholders, basic and diluted	$	(0.65)	$	(0.33)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted		51,611,726		49,346,050

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

Life360, Inc.

Unaudited Consolidated Statements of Stockholders' Equity
(Dollars in U.S. $, in thousands, except share data)

	Common Stock		Additional	Notes Due	Accumulated	Total Stockholders'
	Shares	Amount	Paid-In Capital	from Affiliates	Deficit	Equity
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**
Exercise of stock options	1,056,352	$ 1	$ 3,542	$ -	$ -	$ 3,543
Exercise of warrants	37,410	-	-	-	-	-
Vesting of restricted stock units	547,882	1	(1)	-	-	-
Taxes paid related to net settlement of equity awards	-	-	(4,725)	-	-	(4,725)
Issuance of warrants with convertible note (Note 8)	-	-	844	-	-	844
Beneficial conversion feature associated with convertible note (Note 8)	-	-	603	-	-	603
Issuance of common stock in connection with an acquisition	765,733	1	13,820	-	-	13,821
Issuance of common stock net of issuance costs of $5,757	7,779,014	8	193,056	-	-	193,064
Vested option awards assumed in connection with an acquisition	-	-	533	-	-	533
Stock-based compensation expense	-	-	11,754	-	-	11,754
Net loss	-	-	-	-	(33,557)	(33,557)
Balance at December 31, 2021	**60,221,799**	**$ 61**	**$ 416,278**	**$ (621)**	**$ (165,343)**	**$ 250,375**

Life360, Inc.

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

	Year Ended	
	December 31, 2021	December 31, 2020
Cash Flows from Operating Activities:		
Net loss	$ (33,557)	$ (16,334)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	876	656
Amortization of costs capitalized to obtain contracts	4,014	7,021
Stock-based compensation expense	11,754	8,091
Compensation expense in connection with revesting notes (Note 6)	184	-
Interest expense related to the amortization of debt discount	213	-
Interest income	(47)	(23)
Convertible notes fair value adjustment	511	-
Derivative liability fair value adjustment	733	
Loss on revaluation of contingent consideration	3,600	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,689)	(1,149)
Prepaid expenses and other current assets	(340)	(4,717)
Inventory	(859)	-
Costs capitalized to obtain contracts, net	(1,713)	(5,240)
Other noncurrent assets	(603)	2,498
Accounts payable	559	1,925
Accrued expenses	4,720	438
Deferred revenue	1,671	770
Noncurrent liabilities	(1,180)	(1,186)
Net cash used in operating activities	(12,153)	(7,250)
Cash Flows from Investing Activities:		
Purchases of capital assets	(81)	(653)
Cash paid for acquisition, net of cash acquired	(2,983)	-
Cash advance on convertible note receivable in connection with an acquisition	(4,000)	-
Net cash provided used in investing activities	(7,064)	(653)
Cash Flows from Financing Activities:		
Proceeds from the exercise of options and grant of stock awards, net of repurchase	3,543	1,594
Taxes paid related to net settlement of equity awards	(4,725)	(1,149)
Proceeds from borrowings	-	3,115
Payments on borrowings	(41)	(3,115)
Proceeds from capital raise in connection with an acquisition, net of $5,757 of transaction costs	193,064	-
Cash received in connection with issuance of convertible notes	2,110	-
Net cash provided by financing activities	193,951	445
Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash	174,734	(7,458)
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	56,611	64,069
Cash, Cash Equivalents, and Restricted Cash at the End of the Period	$ 231,345	$ 56,611
Supplemental disclosure:		
Cash paid during the period for interest	$ (24)	$ -
Cash paid during the period for taxes	(33)	-
Non-cash investing and financing activities:		
Fair value of stock issued in connection with an acquisition	13,821	-
Fair value of convertible debt issued in connection with an acquisition	11,597	-
Fair value of contingent consideration issued in connection with an acquisition	6,300	-
Fair value of vested options assumed in connection with an acquisition	533	-
Forgiveness of convertible note receivable in connection an acquisition	4,023	-
Relative fair value of warrants issued with convertible debt	844	-
Beneficial conversion feature related to convertible debt	603	-
Fair value of bifurcated derivative related to convertible debt	663	-
Total non-cash investing and financing activities:	38,384	-

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, 2021	December 31, 2020
Cash and cash equivalents	$ 230,990	$ 56,413
Restricted cash	$ 355	198
Total cash, cash equivalents, and restricted cash	$ 231,345	$ 56,611

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

1. Nature of Business

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. On September 1, 2021, the Company acquired all the ownership interests of Jio, Inc ("Jiobit"). Jiobit is a provider of wearable location devices for young children, pets, and seniors.

2. Summary of Significant Accounting Policies

Basis of Presentation

In the opinion of the Company, the accompanying unaudited consolidated financial statements included in this report reflect all adjustments for a fair statement of its financial position as of December 31, 2021, its results of operations and comprehensive loss, consolidated statements of changes in equity and cash flows for the years ended December 31, 2021 and 2020. These unaudited consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these consolidated financial statements are to be read in conjunction with the Life360, Inc. Annual Report for the year ended December 31, 2020 and any public announcements made by Life360, Inc. during the 2021 reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The unaudited 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.

Use of Estimates

The preparation of unaudited 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 unaudited 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 and, accounts receivable allowance, average useful customer life, stock-based compensation, legal contingencies, assessment of possible impairment of long-lived assets and goodwill, valuation of contingent consideration, convertible notes and embedded derivatives, 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 October 2021, the FASB issued ASU 2021-08, *Business Combinations* (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires contract assets and contract liabilities (i.e., deferred revenue) acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*. The guidance should be applied prospectively to acquisitions occurring on or after the effective date. The guidance is effective for the Company beginning January 1, 2024, and interim periods therein. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. The Company elected to early adopt ASU 2021-08 on September 1, 2021, and the adoption had no material impact on the unaudited consolidated financial statements and related disclosures.

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 unaudited 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 unaudited consolidated financial statements.

3. Revenue

Subscription Revenue

The Company’s subscription revenue includes related support and is comprised of Life360 mobile application subscription as well as subscription service plans for the Jiobit hardware tracking device. The Company provides its customers with technical support along with specified unspecified updates and upgrades to the platform on an if and when available basis.

Subscription revenue is recognized on a straight-line basis over the non-cancellable contractual term of the agreement, generally beginning on the date that the Company’s service is made available to the customer. Subscription revenue for the years ended December 31, 2021 and 2020 was $86.6 million and $58.5 million, respectively.

Data and Other Revenue

Data Revenue

The Company’s data revenue is comprised of Life360 data monetization arrangements with certain third parties. These 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, 2021 and 2020 was $18.7 million and $16.0 million, respectively.

Other Revenue

Partnership 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.

Partnership revenue with Allstate for the years ended December 31, 2021 and 2020 was $6.4 million and $6.0 million, respectively.

Hardware Revenue

The Company derives hardware revenue from sale of the Jiobit hardware tracking devices and related accessories. For hardware and accessories, revenue is recognized at the time products are delivered. The Company offers limited rights of return and estimates reserves based on historical experience and records the reserves as a reduction of revenue and an accrued liability. Amounts billed to customers for shipping and handling are classified as revenue, and the Company's related shipping and handling costs incurred are classified as cost of revenue. Sales taxes collected from customers and remitted to respective governmental authorities are recorded as liabilities and are not included in revenue.

The Company offers extended warranties and hardware protection plans that are recognized over the contractual service period (typically 1 to 2 years).

Hardware revenue for the year ended December 31, 2021 was $1.0 million.

4. 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.

Renewal contracts are considered non-commensurate with new contracts as the Company pays a different commission rate for renewals. 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, 2021	December 31, 2020
Beginning Balance	$ 3,950	$ 5,731
Additions to deferred commissions	1,713	3,210
Amortization of deferred commissions	(4,014)	(4,991)
Ending Balance	$ 1,649	$ 3,950
Costs Capitalized to Obtain Contracts, current	1,319	3,381
Costs Capitalized to Obtain Contracts, net of current	330	569
Total Costs Capitalized to Obtain Contracts	$ 1,649	$ 3,950

5. Fair Value Measurements

The Company measures and reports certain financial instruments as assets and liabilities at fair value on a recurring basis. These liabilities, consisting of convertible notes to purchase shares of the Company's common stock and contingent consideration, are considered Level 3 instruments.

The fair value of these instruments as of December 31, 2021 is classified as follows (in thousands):

	As of December 31, 2021		
	Level 1	Level 2	Level 3
Liabilities:			
Derivative liability	$ -	$ -	$ 1,396
Convertible notes (Note 6)	-	-	12,293
Contingent consideration	-	-	9,900
Total	$ -	$ -	$ **23,589**

The Company had no instruments classified at fair value as of December 31, 2020.

The change in fair value of the convertible notes and contingent liability were as follows (in thousands):

	As of December 31, 2021		
	Derivative liability	Convertible notes (Note 6)	Contingent consideration
Fair value, beginning of the year	$ -	$ -	$ -
Issuance of derivative liability	663	-	-
Issuances of convertible notes	-	11,597	-
Issuance of revesting notes	-	186	-
Issuance of contingent consideration	-	-	6,300
Changes in fair value	733	510	3,600
Fair value, end of year	**$ 1,396**	**$ 12,293**	**$ 9,900**

The Company has recorded a loss associated with the change in fair value of the derivative liability and convertible notes of $0.7 million and $0.5 million, respectively which has been recorded in other (income)/expense of the unaudited consolidated statement of operations.

The Company has recorded a loss associated with the change in fair value of the contingent consideration of $3.6 million in the general and administrative expense of the unaudited consolidated statement of operations.

6. Business Combination

On September 1, 2021, the Company completed the acquisition of Jiobit, a privately held consumer electronics company that specializes in the production of low powered sensors and wearables. The company is based in Chicago, Illinois with an additional development center in Silicon Valley, California and was founded in 2015. Jiobit has developed a small and long lasting tracking solution. The mobile app, which is run through a wireless subscription service, offers a comprehensive set of monitoring and notification features. The addition of Jiobit is expected to strengthen and extend the Company's market leadership position by leveraging Jiobit's developed technology and customer relationships to accelerate the Company's own product development and augment the Company with a critical mass of talent with strong tracking/wearables experience. The aggregate purchase consideration was $43.6 million, of which $7.3 million was paid in cash, $6.3 million of contingent consideration was promised upon reaching certain operational goals for 2021 and 2022, $11.6 million comprising the fair value of convertible notes issued to stockholders (the "September 2021 Convertible Notes"), $4.0 million of Jiobit's convertible debt held by the Company was forgiven, $0.6 million was comprised of 25,245 vested common stock options issued to Jiobit employees ("replacement awards"), and $13.8 million was comprised of 674,516 shares of the Company's common stock on the date of acquisition. Of the consideration transferred, $0.2 million in cash was placed in an indemnity escrow fund to be held for 18 months after the acquisition date for general representations and warranties.

The September 2021 Convertible Notes issued as part of the purchase consideration can be converted to common stock at any time subsequent to the acquisition at a fixed conversion price of $22.50 per share. On each of the first three annual anniversaries of the issuance date of the Notes, the Company will repay 1/3rd of the unconverted principal plus accrued interest to the holders of such notes. Upon a change of control, the holder may elect to either convert at the fixed conversion price of $22.50 per share or be repaid in full. The Company has elected the fair value option and will remeasure the convertible debt instruments at its fair value on each reporting date and reflect the changes in fair value in earnings. The estimated fair value of the convertible notes is determined using a combination of the present value of the Notes cash flows and the Black-Scholes Merton option pricing model using assumptions as follows:

	September 1, 2021	December 31, 2021
Principal	$ 11,206	$ 11,206
Interest rate	4.5%	4.5%
Common stock fair value per share	20.49	21.16
Conversion price per share	22.50	22.50
Risk-free interest rate	0.45%	0.88%
Time to exercise (in years)	3	2.7
Volatility	37%	43%
Annual dividend yield	0%	0%

The estimated fair value of the convertible notes upon issuance was $11.6 million. The Company recorded $1,876 as interest expense related to the change in the fair value of Notes during the year ended December 31, 2021.

A total of $6.2 million was excluded from purchase consideration which consists of $1.9 million comprised of 91,217 shares of the Company's common stock ("Revesting Stock") and $1.6 million comprised of convertible notes ("Revesting Notes") issued to key employees, retention bonuses of $1.0 million, $0.5 million comprised of 43,083 unvested common stock options issued to Jiobit employees ("Unvested Replacement Awards). The Company incurred transaction related expenses of $1.0 million, which were recorded under general and administrative expenses in the unaudited consolidated statements of operations.

The Revesting Stock and Revesting Notes are restricted and vest with continuous employment of certain key employees over a 3-year period subsequent to the acquisition. The Revesting Stock is recognized in general and administrative expense as the Revesting Stock vests. The Company recorded $0.2 million as stock-based compensation included in general and administrative expense related to the vesting of the Revesting Stock for the year ended December 31, 2021.

The Company has elected the fair value option for the Revesting Notes and will remeasure the Revesting Notes at fair value on each reporting date. The Revesting Notes are recognized in general and administrative expense as the Revesting Notes vest with changes in fair value recorded as other (income)/expense. The estimated fair value of the Revesting Notes is determined using a combination of the present value of the Revesting Notes cash flows and the Black-Scholes Merton option pricing model using assumptions consistent with the Notes referenced above. The Company recorded $0.2 million as general and administrative expense as a result of Revesting Notes. There was no material change in the fair value of Revesting Notes during the year ended December 31, 2021.

The retention bonuses vest monthly over a period of 24 months and require continuous employment. The Unvested Replacement Awards are recognized ratably over the remaining service period and the transaction expenses were expensed as incurred.

The 2021 and 2022 contingent consideration is based on the achievement of a Qualifying Units Sold Target for the period January 1, 2021 through December 31, 2021 (“2021 Contingent Consideration”) and for the period January 1, 2022 through December 31, 2022 (“2022 Contingent Consideration”, collectively, “Contingent Consideration”). The Contingent Consideration consists of 301,261 and 451,891 shares for 2021 and 2022, respectively, with the amount paid equal to the attainment relative to target in each year and settled in shares of the Company’s common stock. The Contingent Consideration shares payable is determined based on the percentage achievement relative to the target in each period, respectively, with greater than 100% attainment resulting in 100% payment, 90% to 100% attainment resulting in the number of shares equal to the percentage attainment, and less than 90% attainment equal to no consideration. The Contingent Consideration is held at fair value with changes in fair value recognized in earnings. The estimated fair value of the Contingent Consideration is determined by using a Monte Carlo Simulation scenario-based analysis that estimates the fair value of the Contingent Consideration based on the probability-weighted present value of the expected future cash flows, considering possible outcomes based on actual and forecasted results. The estimated fair value of the 2021 and 2022 Contingent Consideration upon issuance was $1.2 million and $5.1 million, respectively. The Company recorded $3.6 million as general and administrative expense related to the change in the fair value of the Contingent Consideration during the year ended December 31, 2021.

The acquisition was accounted for as a business combination and the total purchase consideration was allocated to the net tangible and intangible assets and liabilities based on their fair values on the acquisition date and the excess was recorded to goodwill. The values assigned to the assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of these financial statements and may be adjusted during the measurement period of up to 12 months from the date of acquisition as further information becomes available. Any changes in the fair values of the assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill.

The assets acquired and liabilities assumed in connection with the acquisition were recorded at their fair value on the date of acquisition as follows (in thousands):

	September 1, 2021
Net tangible assets	$ 5,986
Intangible assets	8,400
Goodwill	30,763
Liabilities assumed	(1,551)
Total acquisition consideration	**$ 43,598**

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

	September 1, 2021	
	Total	Useful life (in years)
Developed technology	$ 4,030	5
Trade name	3,380	10
Customer relationship	990	10
Intangible assets	**$ 8,400**	

Goodwill represents the future economic benefits arising from other assets that could not be individually identified and separately recognized, such as the acquired assembled workforce of Jiobit. In addition, goodwill represents the future benefits as a result of the acquisition that will enhance the Company's product available to both new and existing customers and increase the Company's competitive position. The goodwill is not deductible for tax purposes.

The Company estimated and recorded a net deferred tax liability of $0.1 million after offsetting the acquired available tax attributes with the intangible assets shown in the table above. Refer to Note 13 "Income Taxes" for discussion of the partial release of the Company's valuation allowance relating to the deferred tax liability.

The results of operations of Jiobit are included in the accompanying unaudited consolidated statements of operations and consolidated loss from the date of acquisition.

7. 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 and Chicago, Illinois. 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 Right of Use ("ROU") assets, short term and long term lease liabilities of $1.6 million, $1.6 million and $0.3 million in "Prepaid expenses and other assets, noncurrent", "Accrued expenses and other liabilities" and "other noncurrent liabilities", respectively, on the Company's unaudited consolidated balance sheet as of December 31, 2021. As of December 31, 2021, the Company did not have any finance leases.

Operating lease costs were as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Operating lease cost [(1)]	$ 1,470	$ 1,422

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

As of December 31, 2021, the weighted-average remaining term of the Company's operating leases was 1.3 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, 2021.

Maturities of the Company's operating lease liabilities, which do not include short-term leases, as of December 31, 2021 were as follows (in thousands):

	Operating leases
2022	$ 1,628
2023	237
2024	61
Total future minimum lease payments	1,926
Less imputed interest	(63)
Total liability	**$ 1,863**

Payments for operating leases included in cash from operating activities were $1.6 million for the year ended December 31, 2021.

Property and Equipment, net

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

	December 31, 2021	December 31, 2020
Computer equipment	$ 479	$ 461
Leasehold improvements	923	921
Production manufacturing equipmer	378	-
Furniture and fixtures	422	423
Total Property and equipment	2,202	1,805
Less accumulated depreciation	(1,622)	(1,004)
Property and equipment, net	**$ 580**	**$ 801**

Depreciation expense was $0.5 million and $0.5 million for the years ended December 31, 2021 and 2020, respectively.

Intangible Assets, net

Intangible Assets, net consists of the following (in thousands):

	December 31, 2021	December 31, 2020
Intellectual property	$ 225	$ 225
Licenses	237	237
Developed technologies	255	255
Trade name	3,380	-
Technology	4,030	-
Customer relationships	990	-
Total Intangible assets	9,117	717
Less accumulated amortization	(1,131)	(717)
Intangible assets, net	**$ 7,986**	**$ -**

Amortization expense was $0.4 million and $0.2 million for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, estimated remaining amortization expense for intangible assets by fiscal year is as follows (in thousands):

		Amount
2022	$	1,243
2023		1,243
2024		1,243
2025 and beyond		4,257
Total	**$**	**7,986**

The detail of intangible assets, net is as follows (in thousands):

As of December 31, 2021		Intellectual property		Licenses		Developed technologies		Trade name		Technology		Customer relationships
Total intangible assets	$	225	$	237	$	255	$	3,380	$	4,030	$	990
Less accumulated amortization		(225)		(237)		(255)		(113)		(268)		(33)
Intangible assets, net	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**3,267**	**$**	**3,762**	**$**	**957**

As of December 31, 2020		Intellectual property		Licenses		Developed technologies
Total intangible assets	$	225	$	237	$	255
Less accumulated amortization		(225)		(237)		(255)
Intangible assets, net	$	-	$	-	$	-

Prepaid Expenses and Other Current Assets

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

		December 31, 2021		December 31, 2020
Prepaid expenses	$	9,798	$	9,997
Other receivables		792		20
Total	**$**	**10,590**	**$**	**10,017**

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

Inventory

Inventory consists of the following (in thousands):

		December 31, 2021		December 31, 2020
Raw materials	$	1,298	$	-
Finished goods		711		-
Total	**$**	**2,009**	**$**	**-**

Prepaid Expenses and Other Assets, noncurrent

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

	December 31, 2021	December 31, 2020
Prepaid expenses	$ 3,324	$ 2,154
Other assets	367	30
Total	**$ 3,691**	**$ 2,184**

Prepaid expenses primarily consist of cloud platform costs.

Accruals and Other Current Liabilities

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

	December 31, 2021	December 31, 2020
Accrued vendor expenses	$ 7,478	$ 1,950
Accrued compensation	1,324	1,825
Other current liabilities	171	-
Lease liability	1,574	1,460
Total	**$ 10,547**	**$ 5,235**

Other Non-Current Liabilities

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

	December 31, 2021	December 31, 2020
Other deposit liabilities	$ 916	$ 701
Lease liability	289	1,607
Total	**$ 1,205**	**$ 2,308**

8. Convertible Notes

In July 2021, the Company issued convertible notes ("July 2021 Convertible Notes") to investors with an underlying principal amount of $2.1 million. The convertible notes accrue simple interest at an annual rate of 4%, and mature on July 1, 2026. The convertible notes may be settled under the following scenarios at the option of the holder of the convertible notes: (i) into common shares equal to the conversion amount of outstanding principal and any accrued but unpaid interest divided by the conversion price of $11.96; (ii) at the option of the holder upon a liquidation event a) paid in cash equal to the outstanding principal and any accrued but unpaid interest or b) into common shares equal to the conversion amount of outstanding principal and any accrued but unpaid interest divided by the conversion price of $11.96; or (iii) upon maturity of the convertible notes, settlement in cash at the outstanding accrued interest and principal amount.

Certain conversion and redemption features of the convertible notes were determined to not be clearly and closely associated with the risk of the debt-type host instrument and were required to be separately accounted for as derivative financial instruments. The Company bifurcated these embedded conversion and redemption ("embedded derivatives") features from the convertible notes and classified these embedded derivatives as liabilities measured at fair value. The fair value of the derivative liability of $0.7 million was recorded separate from the convertible notes with an offsetting amount recorded as a debt discount. The debt discount is amortized over the estimated life of the debt using the straight-line method, as the value attributable to the convertible note was zero upon issuance.

In connection with the July 2021 Convertible Notes, the Company issued warrants to purchase 88,213 shares of the Company's common stock with an exercise price of $0.01 per share and a term of one year (Warrant Tranche 1), 44,106 shares of the Company's common stock with an exercise price of $11.96 per share and a term of 5 years (Warrant Trance 2), and 44,106 shares of the Company's common stock which is exercisable starting twelve months from the convertible note issuance date with an exercise price of $11.96 per share and a term of 5 years (Warrant Tranche 3).

The fair value of the warrants was determined using the Black-Scholes option-pricing method, with the following assumptions:

	Warrants Tranche 1	Warrants Tranche 2	Warrants Tranche 3
Fair market value of common stock	$15.36	$15.36	$15.36
Expected dividend yield	-%	-%	-%
Risk-free interest rate	0.09%	0.89%	0.89%
Expected volatility	52.0%	47.4%	47.4%
Expected term (in years)	1	5	5

The relative fair value of the warrants issued in connection with the convertible notes was $0.8 million, and was recorded as a debt discount that is being amortized to interest expense under the straight-line method over the term of respective convertible notes.

As a result of the beneficial conversion feature associated with the convertible notes, $0.6 million was added to additional paid-in capital during the year ended December 31, 2021. The beneficial conversion feature was recorded as a debt discount and is being amortized to interest expense under the straight-line method over the term of the respective notes.

The Company recognized a total of $0.2 million in non-cash interest expense related to the convertible notes during the year ended December 31, 2021.

The Company has also issued convertible notes, September 2021 Convertible Notes, in connection with an acquisition. Refer to Note 6 “Business Combinations” for further details.

Convertible notes, current and noncurrent consist of the following (in thousands):

	December 31, 2021	December 31, 2020
Convertible notes, current:		
September 2021 Convertible Notes	$ 4,222	$ -
Convertible notes, noncurrent:		
July 2021 Convertible Notes	213	-
September 2021 Convertible Notes	8,071	-
Total	**$ 12,506**	**$ -**

9. Derivative Liability

The Company’s derivative liability represents embedded share-settled redemption features bifurcated from its September 2021 Convertible Notes and is carried at fair value. The changes in the fair value of the derivative liability are recorded in other (income)/expense of the Company’s unaudited consolidated statements of operations.

Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. Since derivative financial instruments are initially and subsequently carried at fair value, the Company’s income will reflect the volatility in these estimate and assumption changes.

The features embedded in the convertible notes are combined into one compound embedded derivative. The fair value of the share-settled redemption derivative liability was estimated based on the present value of the redemption discount applied to the principal amount of the convertible promissory notes, adjusted to reflect the weighted probability of exercise. The discount rate was based on the risk-free interest rate.

Upon the issuance of the convertible notes, the Company recorded a derivative liability of $0.7 million at fair value using inputs classified as Level 3 in the fair value hierarchy. Refer to Note 5 for further details.

10. 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 $11.0 million and $21.0 million for the years ended December 2021 and 2020, 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.

11. Common Stock

As of December 31, 2021 and 2020, 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, 2021 and 2020, the Company had 108,592 shares of common stock subject to the Company’s right to repurchase.

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.

In December 2021, the Company undertook a fully underwritten capital raising of 7,779,014 shares which is equivalent to $198.7 million.

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

As of December 31,	2021	2020
Issuances under stock incentive plan	6,972,376	7,794,313
Issuances upon exercise of common stock warrants	272,001	140,576
Issuances upon vesting of restricted stock units	2,523,122	2,299,417
Issuances of convertible notes	686,926	-
Shares reserved for shares available to be granted but not granted yet	4,071,403	2,507,307
	14,525,828	**12,741,613**

12. Stock-Based Compensation

Stock-based compensation expense was allocated as follows during the years ended December 31, 2021 and 2020 (in thousands):

		2021		2020
Cost of revenue	$	522	$	371
Research and development		7,457		5,504
General and administrative		3,207		1,792
Sales and marketing		752		424
Total stock based compensation expense	**$**	**11,938**	**$**	**8,091**

As of December 31, 2021, there was total unrecognized compensation cost for outstanding stock options of $7.0 million to be recognized over a period of approximately 2.6 years. 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, 2021, there was unrecognized compensation cost for outstanding restricted stock units of $26.6 million to be recognized over a period of approximately 3.2 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.

There were no capitalized stock-based compensation costs or recognized stock-based compensation tax benefits during the years ended December 31, 2021 and 2020.

Equity Awards Issued in Connection with Business Combination

In connection with the Jiobit transaction in September 2021, the Company issued 91,217 shares of restricted common stock with an aggregate fair value of $1.9 million to be recognized as post combination stock-based compensation ratably with continuous employment of certain employees over a 3-year period

As of December 31, 2021, there was $1.7 million of unrecognized compensation expense related to this restricted common stock which is expected to be recognized over the remaining weighted average life of 2.7 years.

Additionally, the Company granted 43,083 service-based stock options under the Plan to certain Jiobit employees with an aggregate fair value of $0.5 million which vests ratably over the requisite service period. As of December 31, 2021, there was $0.5 million of unrecognized compensation expense related to unvested assumed stock options, which is expected to be recognized over the remaining weighted average life of 2.0 years.

13. Income Taxes

An income tax benefit of $0.1 million was recorded for the year ended December 31, 2021, and no provision or benefit for income taxes was recorded for the year ended December 31, 2020. In accordance with ASC 805, a change in the acquirer's valuation allowance that stems from a business combination should be recognized as an element of the acquirer's income tax expense or benefit in the period of the acquisition. Accordingly, for the year ended December 31, 2021, the Company recorded a $0.2 million partial release of its valuation allowance and a corresponding income tax benefit stemming from the Jiobit acquisition. No provision or benefit for income taxes was recorded for the year ended December 31, 2020, as it had incurred net losses in the year and the net deferred tax assets generated from net operating losses are fully offset by a valuation allowance.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. The Company has established a full valuation allowance for all periods presented due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The Company believes it is not more likely than not that the benefit of its deferred tax assets will be realized.

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 unaudited Balance Sheets.

As of December 31, 2021 and 2020, 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, 2021 and 2020 of $0.03 million and $0.03 million, respectively, and are included within Other Assets on the unaudited 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 ("partially secured loan") to the Chief Executive Officer, Non-Executive Director (Previously President), Chief Operating Officer and an officer of the Company.

The Company accounted for the 2016 partially secured loan 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 partially secured loan, 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, 2021 and 2020, the Company had deposit liability balances of $0.9 million, in connection with the 2016 partially secured loan and other early exercises of equity awards. Principal amounts due under the 2016 partially secured loan, or $0.6 million, are included in Notes Due From Affiliates as a reduction in stockholders' equity on the unaudited balance sheets.

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,	
	2021	2020	2021	2020
ADT	$ -	$ 195	$ -	$ 1

Other Related Party Transactions

Non-executive director, James Synge, is a Principal and Partner of Carthona Capital. During the year ended December 31, 2021 and 2020 a payment of $31,000 and $30,063 were paid to Carthona Capital for the directors' fees for a non-executive director. During the year ended December 31, 2021, the Company entered into a consultancy agreement with Carthona Capital. Under this agreement, Carthona Capital agreed to provide consultancy services to the Company in relation to capital raising matters. For the year ended December 31, 2021, Carthona Capital has received consideration of $100,000.

During the year ended December 31, 2021, a payment of $61,343 was paid to Pathzero for carbon emissions reporting. Non-executive director, James Synge, is a Principal and Partner of Carthona Capital which is a venture fund that has invested in Pathzero.

Annika Hulls is the spouse of the CEO and Executive Director, Chris Hulls. During the year ended December 31, 2021, a payment of $20,150 was paid to Annika Hulls for services relating to a marketing campaign.

15. 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, 2021 and 2020 (in thousands):

	As of	
	December 31, 2021	December 31, 2020
Net loss attributable to common shareholders	$ (33,557)	$ (16,334)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted	51,612	49,346
Net loss per share attributable to common shareholders, basic and diluted	**$ (0.65)**	**$ (0.33)**

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, 2021 and 2020 are as follows:

As of December 31,	**2021**	**2020**
Issuances under stock incentive plan	6,972,376	7,794,313
Issuances upon exercise of common stock warrants	272,001	140,576
Issuances upon vesting of restricted stock units	2,523,122	2,299,417
Issuances of convertible notes	686,926	-
Shares reserved for shares available to be granted but not granted yet	4,071,403	2,507,307
	14,525,828	**12,741,613**

16. Subsequent Events

The Company evaluated subsequent events through February 24, 2022.

Tile Acquisition

On January 5, 2022, the Company acquired all the ownership interests of Tile for a total consideration of up to $205.0 million. Tile is the provider of Bluetooth enabled devices that enable its customers to locate Tiled objects. The total consideration of up to $205.0 million is comprised of i) $132.4 million of cash, subject to customary adjustments ii) up to $37.6 million of new shares issued to the shareholders of Tile, conditional, in part, on Tile achieving certain financial hurdles and iii) up to $35.0 million in retention awards for Tile employees, subject to performance requirements.

Placer.ai Agreement

In January 2022, the Company executed a new partnership agreement with Placer.ai ("Placer"), a prominent provider of anonymized aggregated analytics for the retail ecosystem. As part of this partnership, Placer will have the right to commercialize aggregated data related to place visits during the term of the agreement. The Company has begun terminating existing relationship with certain existing Data Partners. This agreement includes a minimum revenue guarantee based on the size of the Life360's active user base for the duration of the three-year agreement.