

ASX ANNOUNCEMENT

24 February 2022

Life360 2021 Full-Year Results Announcement

2021 delivers accelerating operational metrics and transformational strategic transactions

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Full-Year Results and Appendix 4E for the twelve months ending 31 December 2021. The Appendix 4E is prepared in US dollars under US GAAP.

- Revenue of US\$112.6 million increased 40% YoY.
- Statutory EBITDA loss of US\$(31.4) million compared with US\$(16.0) million in the prior year reflecting investment in growth.
- Underlying EBITDA loss (excluding Stock Based Compensation, acquisition transaction costs and revaluation of fair value instrument) of US\$(13.1) million compared with US\$(7.0) million in the prior year.
- Statutory net loss of US\$(33.6) million compared with US\$(16.3) million in the prior year.
- Underlying net loss of US\$(15.3) million compared with US\$(7.3) million in the prior year.
- Cash used in operating activities of US\$(12.2) million compared with US\$(7.3) million in the prior year.
- Cash balance of US\$231.3 million and debt of US\$12.5 million related to convertible notes at December 2021. Following the close of the Tile transaction in January, Life360 has cash and cash equivalents of approximately US\$94 million.

Life360 Co-Founder and Chief Executive Officer Chris Hulls said: “2021 was a landmark year for Life360. We achieved accelerating operational metrics across the business, with three consecutive quarters of record subscriber additions. We finished the year with Annualised Monthly Revenue of US\$135.7 million, a year-on-year increase of 51% and a strong leading indicator of the growth opportunity ahead. We delivered two transformational acquisitions, with the acquisitions of Tile and Jiobit, and started 2022 with a new key data partnership with Placer.ai. Together with Tile and Jiobit, Life360 has taken a fundamental step forward in our vision of being the dominant platform for a much broader suite of family services. We will be the only vertically integrated, cross-platform solution of scale that brings people, pets and things together in a unified app. And our data agreement with Placer will enable us to spend less time navigating the rapidly evolving regulatory environment, and Apple and Google platform changes, allowing us to focus on our core while simultaneously reducing business risk.

“Importantly Life360 is in a very strong financial position to deliver on our growth aspirations for the company, with cash and cash equivalents of approximately US\$94 million following the close of the Tile transaction.

“Despite the continued disruption from COVID-19 in the US and other countries, Global Monthly Active Users increased 34% year-on-year, with the US delivering growth of 39%. Retention and engagement from our users continue to grow, with the proportion of Returning Monthly Active Users (RMAU) reaching a new record. Our Membership model benefited from improving conversion to paid, with a 97% year-on-year increase in conversion rates, reflecting the investment we have undertaken in the user experience”.

Revenue growth of 40% YoY to US\$112.6 million resulted from growth in both Direct and Indirect revenue and the contribution of Jiobit from the time of acquisition. The underlying EBITDA loss (excluding Stock Based Compensation, acquisition transaction costs and revaluation of fair value instrument) of US\$(13.1) million and Statutory EBITDA loss of US\$(31.4) million increased from the prior period, reflecting investment in growth initiatives.

Chris Hulls added: “We are also watching developments around the privacy concerns relating to Apple AirTags and stalking risks. The scrutiny Apple is facing in the press is moderating growth of the category overall. While this does not change our ability to drive subscription growth through integration with Life360, it may be a headwind for standalone hardware sales until the situation resolves and the category is able to more fully emerge.”

CY21 Highlights and Achievements

- Consolidated revenue growth (including Jiobit) of 40% YoY to US\$112.6 million, at the upper end of guidance of US\$109-113 million.
- Annualised Monthly Revenue (AMR) in December 2021 (excluding Jiobit) was US\$135.7 million, a year-on-year increase of 51%. The AMR performance was ahead of guidance of US\$125-130 million for the core business (excluding Jiobit).
- Global Monthly Active User (MAU) base of 35.5 million, up 34% YoY. US MAU of 23.7 million and international MAU of 11.8 million, up 39% and 24% YoY respectively.
- Global Paying Circles of 1.2 million, an increase of 39% year-on-year. US Paying Circles of 1.0 million increased 41% year-on-year. Cumulative new and upsell subscribers in the Membership plans of 564,000, comprising Silver (11%), Gold (83%) and Platinum (6%). Membership now makes up 56% of US Paying Circles.
- CY21 H2 Average Revenue Per Paying Customer (ARPPC) of US\$96 for the US and US\$50 for International, both up 20% YoY.
- Net subscriber revenue retention remains above 100% across the cohort of users who had signed up by the end of the previous period.
- Acquisition of Tile in November 2021 with the transaction closing on 6 January 2022. Following the acquisition, Life360 will be the only vertically integrated, cross-platform solution of scale that brings people, pets and things together into a unified app.
- Acquisition of Jiobit, provider of wearable location devices for young children, pets and seniors in April 2021 with the transaction closing on 2 September, to support the expansion of Life360’s product lines to all family life stages.
- New partnership agreement with Placer.ai, a prominent provider of anonymised aggregated analytics for the retail ecosystem that marks the beginning of Life360’s exit from the traditional data brokerage business, and transition solely to sales of aggregated insights.

Direct Revenue

Life360’s Direct Revenue increased 48% to US\$86.5 million. This performance was underpinned by a 39% year-on-year increase in Paying Circles to 1.2 million, 16% higher ARPPC and the contribution from Jiobit’s subscription revenue from the time of acquisition. Paying Circles increased 347,000 year-on-year, with three consecutive quarters of record subscriber growth in the second, third and four quarters. Momentum in our Membership model has accelerated with cumulative 564,000 new and upsell subscribers, now accounting for 56% of US Paying Circles. While legacy subscribers are grandfathered on their previous plans, the new Membership cohort is delivering an ARPPC uplift of 38% versus the first half of 2020.

Indirect Revenue

Life360’s Indirect Revenue (which includes data revenue and lead generation partnership) increased 13% year-on-year to \$25.1 million. Data revenue increased year-on-year, ahead of expectations that had been moderated in anticipation of changes to iOS IDFA usage guidelines. The contribution from lead gen was consistent with the prior year.

Hardware

Jiobit contributed hardware revenue of US\$1.0 million from the time of acquisition.

Gross Margin

Gross Profit increased 38% to US\$89.9 million, with gross margin of 80%.

Operating Expenses

Operating expenses of US\$121.3 million (excluding depreciation and amortization) increased 49% year-on-year. Research and Development costs increased by 28% to US\$43.5 million, while user acquisition costs of US\$7.1 million increased 6% YoY. User acquisition remained at low levels due to a shift away from traditional performance marketing to new channels including TV. Overall investment in paid search and TV was a slight YoY increase. Sales and marketing expenses were 71% higher YoY due to increased commissions and investment in the television channels. General and administrative expense growth of 104% reflecting scaling of headcount to support growth in the business, insurance, facilities, public company requirements and costs incurred for acquisitions. Non-cash Stock Based Compensation expenses increased to US\$11.4 million, a 48% YoY increase, largely due to new hires.

Cash Flow and Balance Sheet

Cash used in operating activities of US\$(12.2) million increased from US\$(7.3) million in the prior year. This reflected investment to grow the business. The net cash inflow of US\$174.7 million compared with outflows of US\$(7.5) million in the prior year, reflecting proceeds from the capital raise in connection with the acquisition of Tile. Life360 ended December 2021 with a cash balance of US\$231.3 million and with debt of US\$12.5 million related to convertible notes. Following the close of the Tile transaction in January, Life360 had cash and cash equivalents of approximately US\$94 million.

Outlook

Due to potential implications under U.S. federal securities laws, we are not currently able to provide specific guidance for CY22.

After a strong CY21 performance, we are confident in our ability to drive continued growth, in particular in our core Life360 subscription business.

We anticipate that we will return to providing guidance as soon as we can do so in ways that do not potentially raise US securities law implications.

Investor Conference Call

An Investor Conference Call with Co-Founder and CEO Chris Hulls, and CFO Russell Burke will be held at 9.30am AEST today (Thursday, 24 February 2022). The call will be held as a Zoom audio webinar.

Participants wishing to join the webinar should register and join via their browser [here](#)

Participants joining via telephone will be in a listen only mode.

Dial in details

Australia : +61 2 8015 6011

US : +1 669 900 6833

Other countries : details available [here](#)

Meeting ID : 993 6945 8558

A replay will be available after the call at <https://investors.life360.com>

Authorisation

Chris Hulls, Director, Co-Founder and Chief Executive Officer of Life360 authorised this announcement being given to ASX.

About Life360

Life360 operates a platform for today's busy families, bringing them closer together by helping them better know, communicate with and protect the people they care about most. The Company's core offering, the Life360 mobile app, is a market leading app for families, with features that range from communications to driving safety and location sharing. Life360 is based in San Francisco and had more than 35 million monthly active users (MAU) as at December 2021, located in 195 countries.

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