CY23 H1 Results

Investor Presentation

15 August 2023

Life360

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This document contains unaudited financial information for the Company that has been prepared by the Company's management. The Company's results are reported under US-GAAP. Investors should be aware that certain financial data included in this presentation including average revenue per paying circle (ARPPC), and average revenue per User (ARPU) is "non-IFRS information" under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by ASIC or "non-GAAP financial measures" within the meaning of Regulation G of the Exchange Act.

All values are stated in US dollars unless otherwise stated.

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Russell Burke, CFO

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01

Business Update

Chris Hulls, Co-Founder and CEO
Russell Burke, CFO

WHY WE EXIST

The Life360 mission is to keep people close to the ones they love

Life360 aims to build on our foundation of location and family safety to disrupt billion dollar categories by creating mobile experiences that make life safer, easier and more satisfying

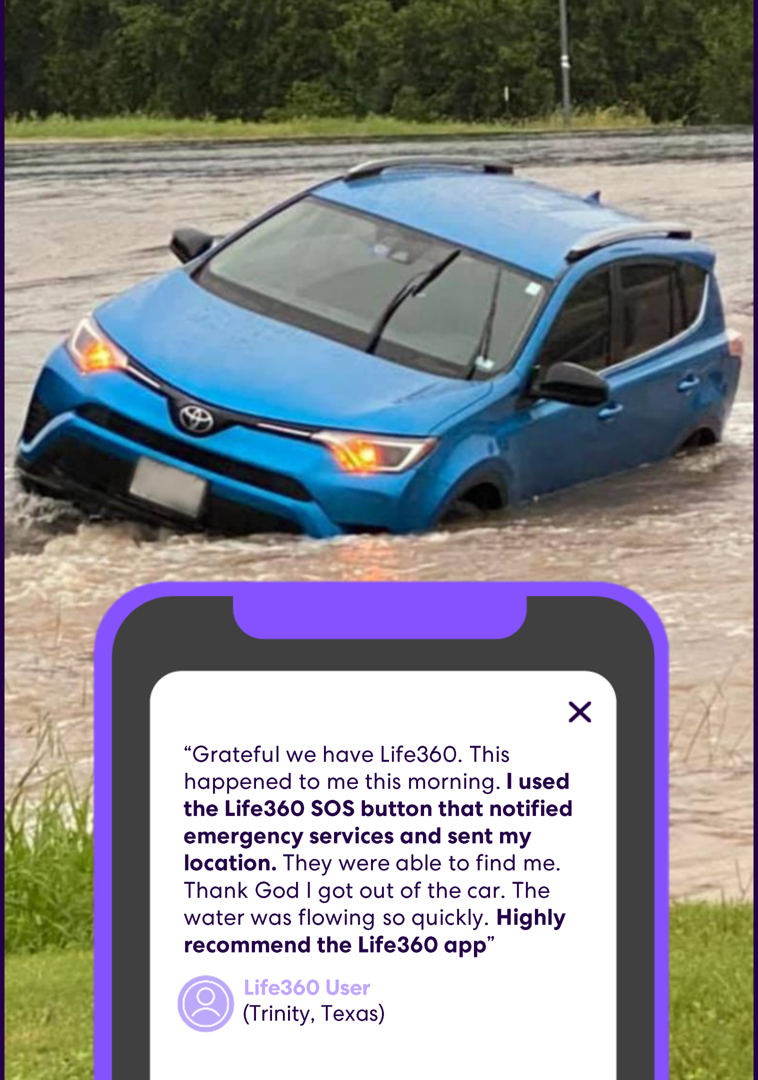
CY23 H1 USER HIGHLIGHTS

Connecting families and saving lives

921,138
Help alerts sent

18,645
Ambulances dispatched

144 billion
Miles driven with Life360 Crash Detection



16 billion
Safe arrival notifications

9.5M+
Monthly active Tile devices

19.7M
Tile "Items Left Behind" smart alerts

One of the Highest DAUs Across All Apps

US App Rankings by DAU[1]

Rank	App	Publisher	Rank	App	Publisher	Rank	App	Publisher
1	YouTube	Google	11	WhatsApp Messenger	WhatsApp	21	Discord	Discord
2	Facebook	Meta	12	Amazon	Amazon	22	Microsoft Outlook	Microsoft
3	TikTok	ByteDance	13	BeReal	BeReal	23	Google Photos	Google
4	Snapchat	Snap	14	Netflix	Netflix	24	Pandora Music	Pandora
5	Instagram	Instagram	15	Twitter	Twitter	25	LinkedIn	Linkedin
6	Facebook Messenger	Meta	16	**Life360 Family Locator**	**Life360**	26	NewsBreak	Particle Media
7	Gmail	Google	17	Chrome Browser	Google	27	Cash App	Block Inc
8	Spotify	Spotify	18	Pinterest	Pinterest	28	Waze	Waze
9	Google Maps	Google	19	ROBLOX	Roblox	29	Temu	Temu
10	Google	Google	20	The Weather Channel	The Weather Company	30	SHEIN	Shein

US iOS Social Networking App Rankings by DAU[1]

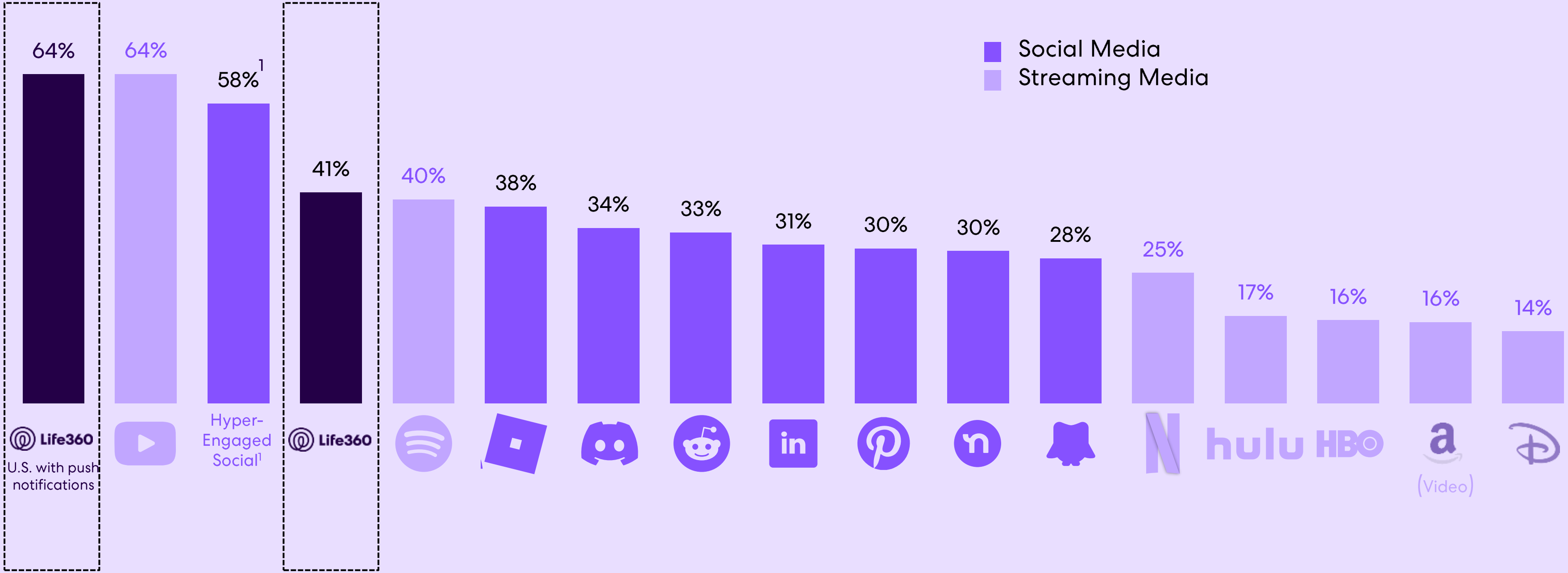
Rank	App	Publisher	Rank	App	Publisher	Rank	App	Publisher
1	Facebook	Meta	11	WeChat	Tencent	21	Messenger Kids	Meta
2	Facebook Messenger	Meta	12	TextNow	TextNow	22	Signal Private Messenger	Open Whisper Systems
3	WhatsApp Messenger	WhatsApp	13	Telegram	Telegram	23	Grindr	Grindr
4	BeReal	BeReal	14	sendit	Iconic Hearts	24	BAND	NAVER
5	**Life360 Family Locator**	**Life360**	15	Wizz	VLB	25	HoYoLAB	miHoYo
6	Discord	Discord	16	Locket Widget	Locket Labs	26	IMVU Mobile	Together Labs
7	Threads	Instagram	17	Marco Polo Video Walkie	Joya Communications	27	KakaoTalk	Kakao
8	Google Duo	Google	18	Tumblr	Tumblr	28	Kik Messenger	Kik
9	GroupMe	Skype	19	Viber	Viber Media	29	POF Online Dating	Match Group
10	LINE	LINE	20	Skype	Skype	30	Timehop	Timehop

[1] In June 2023; data.ai.

BEST IN CLASS ENGAGEMENT

Rivals the biggest names in social and streaming media

Global Daily Active Users (DAU)/Monthly Active Users (MAU) Ratio (%)



Source: data.ai

1. Hyper-Engaged Social represents the average DAU/MAU of Facebook, Instagram, Snapchat, TikTok, and Twitter.

Cementing our position as the market-leading family safety membership service

Growing our audience

~54m
Global Monthly Active Users
+ 29% YoY

41%
Daily Active Users as % Monthly Active Users*

Driving Membership

~1.6m
Global Paying Circles
+ 17% YoY

42%
YoY lift in CY23 Q2 U.S. ARPPC reflecting price increase

Expanding Internationally

~400k
International Paying Circles
+ 44% YoY

On track for UK triple tier membership launch in H2

Maintaining financial discipline

~$249m
Annualized Monthly Revenue**
+43% YoY

~$6.2m
Adjusted H1 EBITDA, second consecutive quarter of positive AEBITDA

*For month of June 2023. **June 2023 Annualized Monthly Revenue (AMR)

CY23 H1 RESULTS SUMMARY

Delivering on growth

$M	CY22 H1	CY23 H1	% ch YoY	CY23 Full Year Guidance
Revenue				
Subscription	69.1	104.4	*+51%*	
Hardware	16.5	21.6	*+31%*	
Other	14.3	13.0	*(9)%*	
Total revenue	**99.8**	**138.9**	***+39%***	**300-310**
Annualized Monthly Revenue (AMR) (excluding Hardware)	174.4	248.7	*+43%*	
Non-GAAP Operating Expenses	99.8	99.6	0%	
Adjusted* EBITDA	**(32.3)**	**6.2**		**9-14**
Net loss	**(58.2)**	**(18.5)**		
Cash and cash equivalents**	**79.3**	**64.2**		

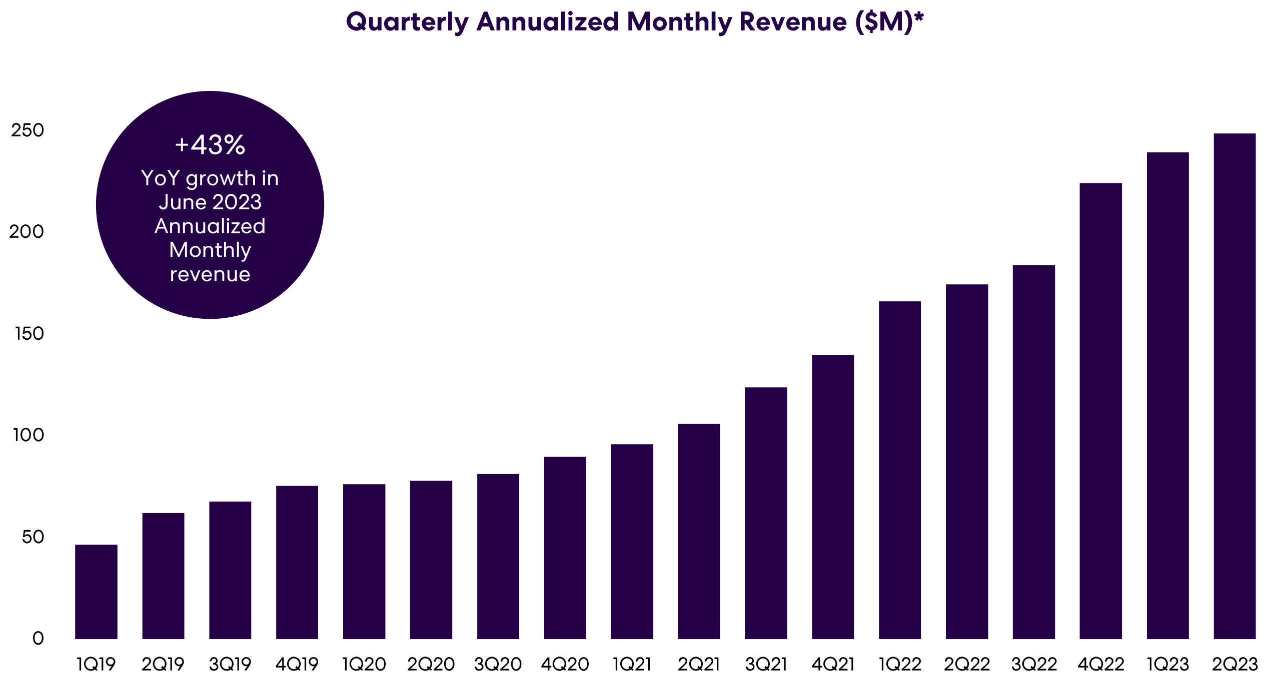
Note: Tables may not add due to rounding.
*Adjusted EBITDA was previously referred to as Underlying EBITDA. For definitions of EBITDA and Adjusted EBITDA and the use of these non-GAAP measures, as well as a reconciliation of Net Loss to EBITDA and Adjusted EBITDA see Appendix 3
** Cash and cash equivalents includes Restricted Cash.

Commentary

- Strong subscription revenue momentum, up 51% including hardware subscriptions, and 61% for Life360 subscriptions
- Hardware revenue benefited from higher unit sales and increased Average Sale Price (ASP) reflecting previous strategic initiatives to clear channel inventory and prioritize higher margin sales channels
- Annualized Monthly Revenue up 43% to $248.7 million
- Stable non-GAAP operating expenses
- Positive Adjusted EBITDA for the second consecutive quarter, in line with prior guidance

ACCELERATING SUBSCRIPTION REVENUE GROWTH

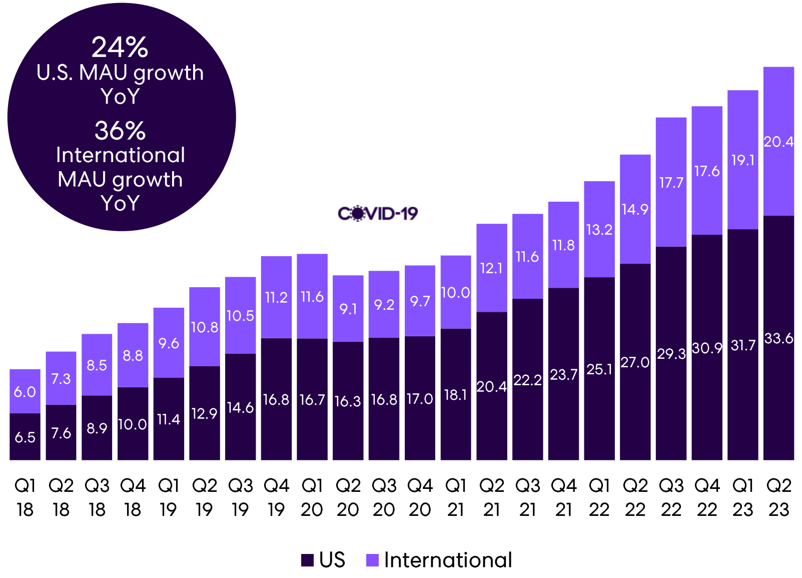
Quarterly AMR has more than tripled since our IPO in May 2019



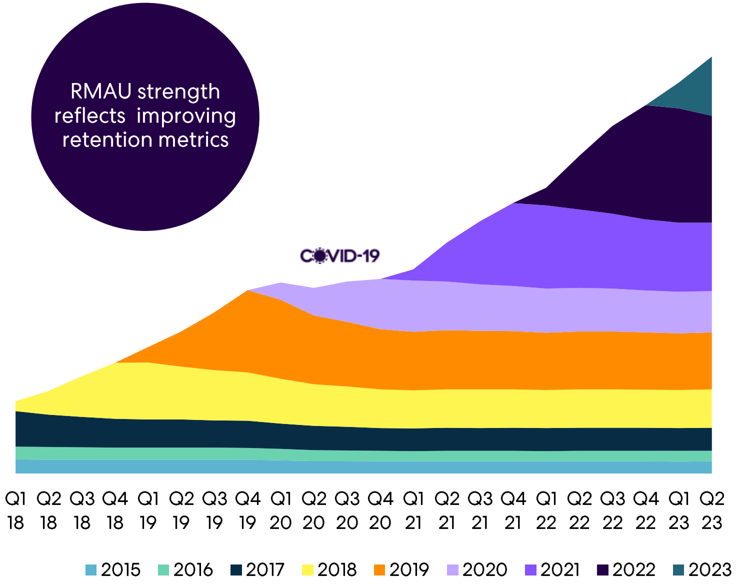
*Annualized Monthly Revenue (AMR) is a financial measure used by the Company to identify the annualized monthly value of active customer agreements at the end of a reporting period.

MAU year-on-year growth of 29%

Life360 Core Monthly Active Users (MAU)(M)



Life360 Core Returning Monthly Active Users by cohort (RMAU)*(M)



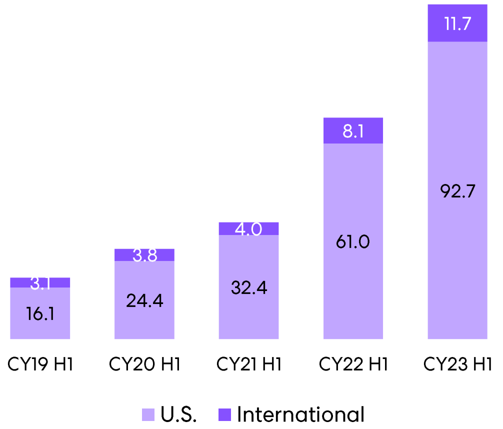
*Returning Monthly Active Users are defined as users that are active in a given month who have registered more than 30 days ago

SUBSCRIPTION REVENUE

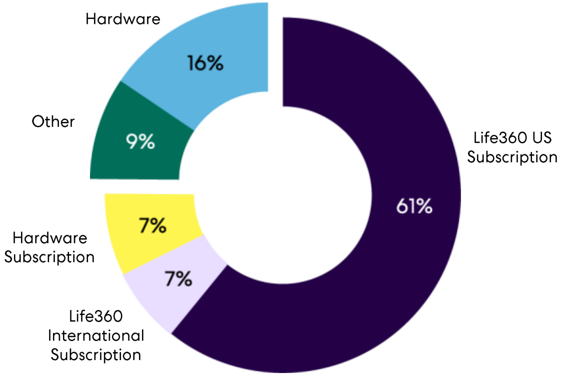
YoY increase of 61% for Life360 core subscription

- Strong subscription growth across U.S. and international, with consolidated revenue uplift of 51% including the contribution of hardware subscriptions
- Core Life360 subscription revenue growth of 61%, benefiting from price increases from August 2022 and repricing of existing iOS and Android subscribers in November 2022 and April 2023 respectively
- Global revenue growth underpinned by 17% YoY uplift in Paying Circles, and 31% YoY increase in CY23 Q2 ARPPC

Consolidated Subscription revenue ($M)*



Subscription revenue as a % of total consolidated revenue (CY23 H1)



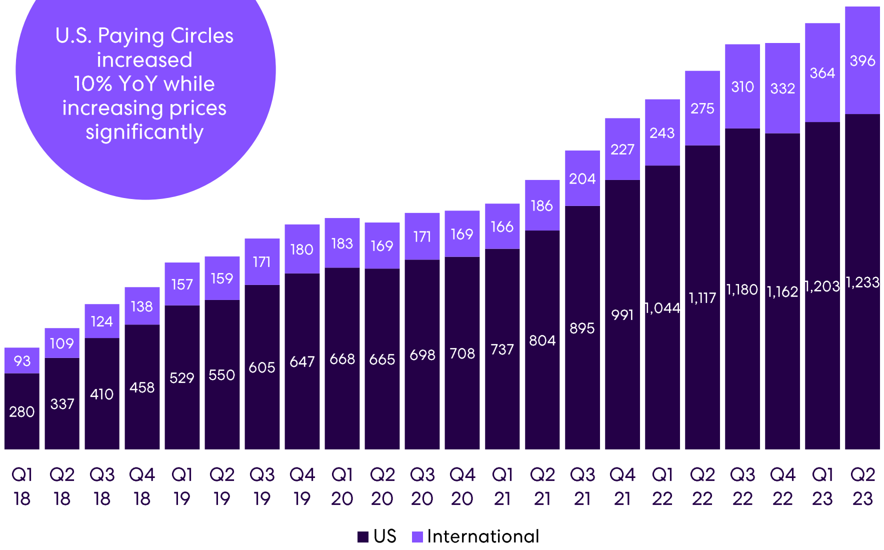
*CY20 revenue is normalised revenue excluding non-recurring adjustment. Direct revenue allocations by region for CY20 have been reclassified to conform with new methodology

PAYING CIRCLE GROWTH AND ACCELERATING ARPPC GROWTH

Price increase accelerating ARPPC uplift

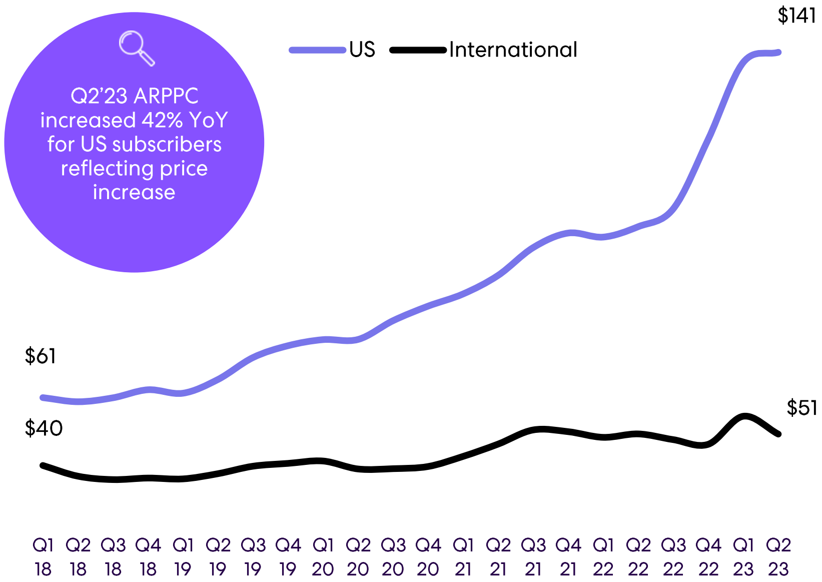
Paying Circles by product line (000s)

U.S. Paying Circles increased 10% YoY while increasing prices significantly



Average Revenue Per Paying Circle (ARPPC) ($)*

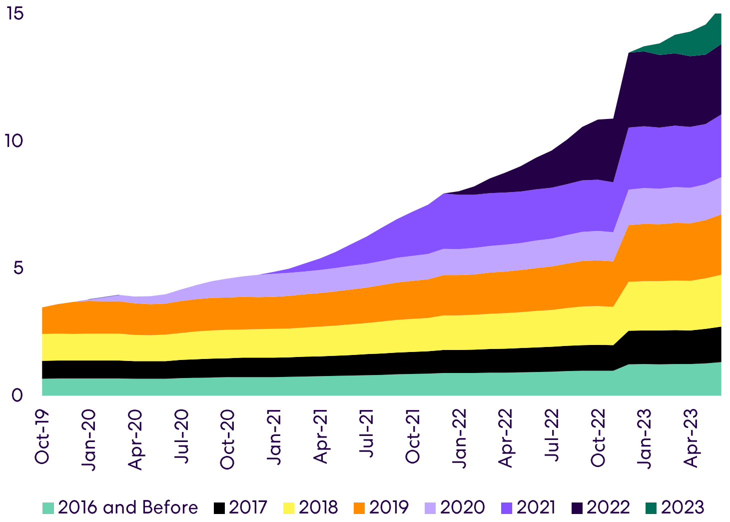
Q2'23 ARPPC increased 42% YoY for US subscribers reflecting price increase



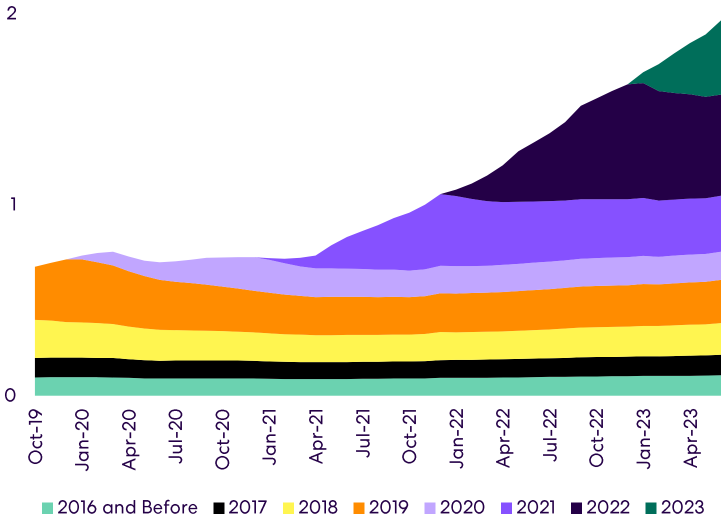
*Price increase took effect across all Membership tiers from November 2022. Q2'23 International ARPPC QoQ decline due to currency translation impacts
U.S. Membership plan subscribers % total comprise Silver (16%), Gold (80%) and Platinum (4%)

Rapidly growing U.S. and accelerating International monetization

U.S. Paying Circle Monthly Revenue by Registration Cohort ($M)



International Paying Circle Monthly Revenue by Registration Cohort ($M)



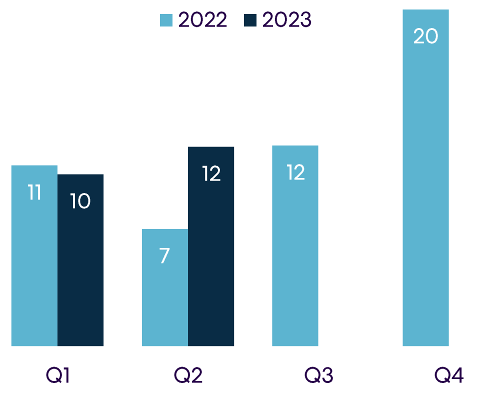
HARDWARE REVENUE

Valuable component of Life360's location ecosystem

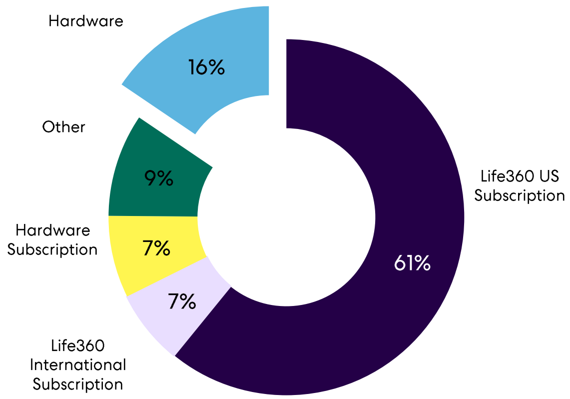
- CY23 H1 revenue growth of 31% supported by 7% uplift in hardware units sold, and 11% increase in average sales price (ASP).
- Unit growth reflected reduced returns in Q2'23, and backdrop of weaker consumer electronics category demand in Q2'22. Higher ASP was the result of actions undertaken to change the product mix and reduce promotional activity
- Non-GAAP Hardware margins improved significantly to 25% due to strengthened retail channel inventory and strategic shift to prioritize higher margin sales channels
- Guidance for CY23 revenue growth of 0% - 5%, based on difficulty of forecasting hardware sales in the current challenging environment, as well as a more constrained approach to marketing investment and promotional activities

*Q1'22 revenue is adjusted and includes Tile revenue pre-acquisition

Hardware revenue ($M)*



Hardware revenue as % of total consolidated revenue (CY23 H1)



OTHER REVENUE

Revenue stabilization reflects de-risking of Data business

Data

- H1 revenue decline of 9% year-on-year reflects new partnership with Placer.ai in January 2022, and transition to solely sales of aggregated insights
- Intentional decision to trade off growth opportunity for predictability and reduced regulatory risk

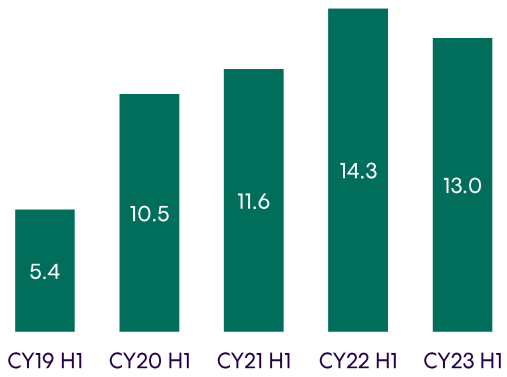
Lead Generation

- Limited strategic focus area in the short term, with expectation of significant long term growth potential

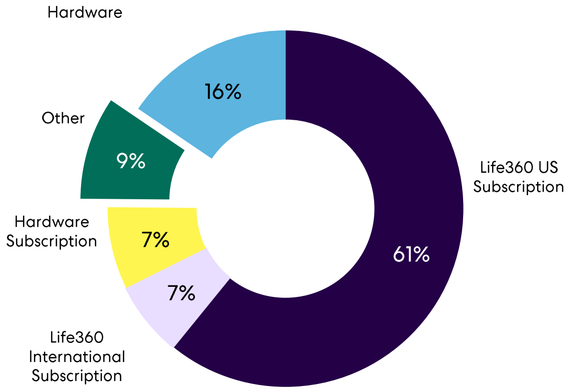
Total Other Revenue

- Expectations for CY23 revenue of ~$26 million based on current agreements

Other revenue ($M)*



Other Revenue as % of total consolidated revenue (CY23 H1)



Life360

02

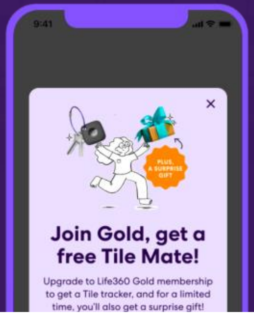
Strategy Update

Lauren Antonoff
Chief Operating Officer

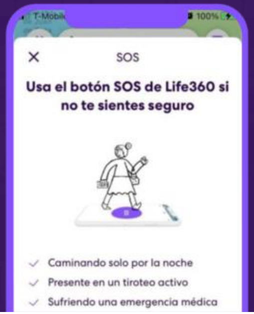
2023 Key Initiatives

Grow our Audience

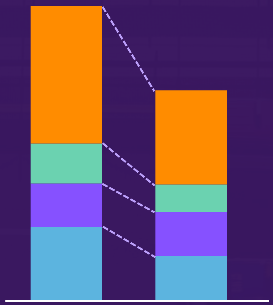
Drive Membership



Expand Internationally

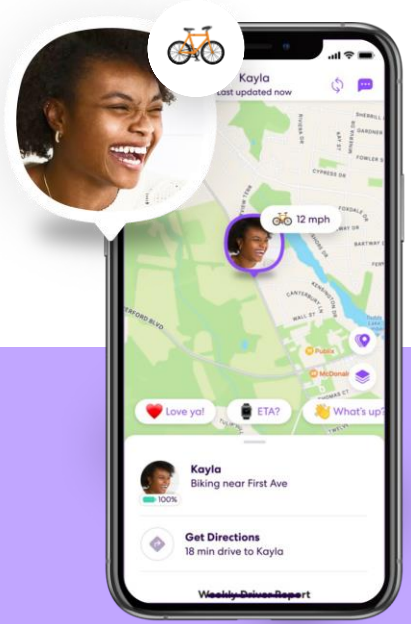


Maintain financial discipline

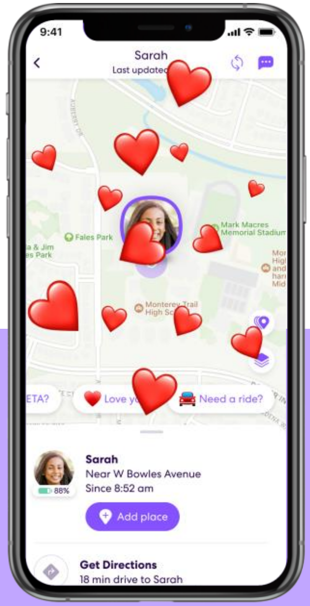


Grow our Audience

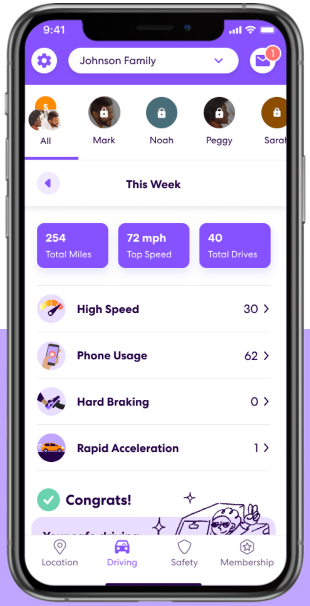
Continuing to improve the core experience and building user engagement for long-term growth



Bring the map to life



Amplify member communications to drive engagement



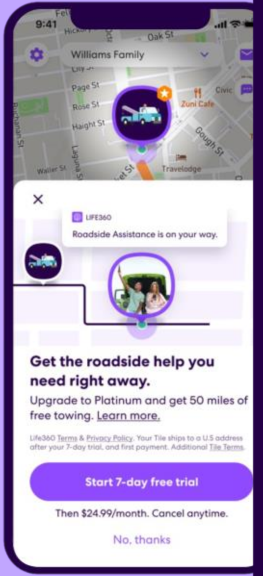
Feedback to encourage safer driving

STRATEGY UPDATE

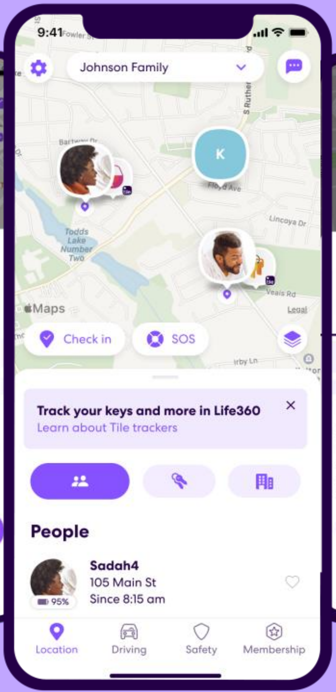
Drive Membership

Leverage hardware bundling and feature-focused promotions to drive continued subscription revenue growth

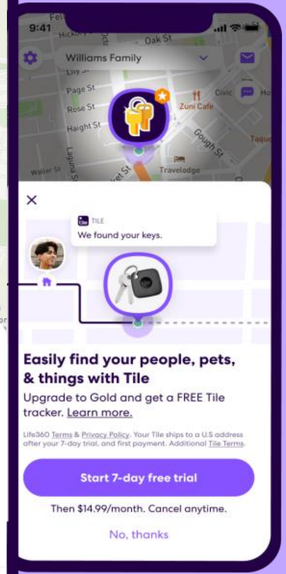
In-app member experience
Enhanced in-app features to drive awareness of key value propositions, improving monetization



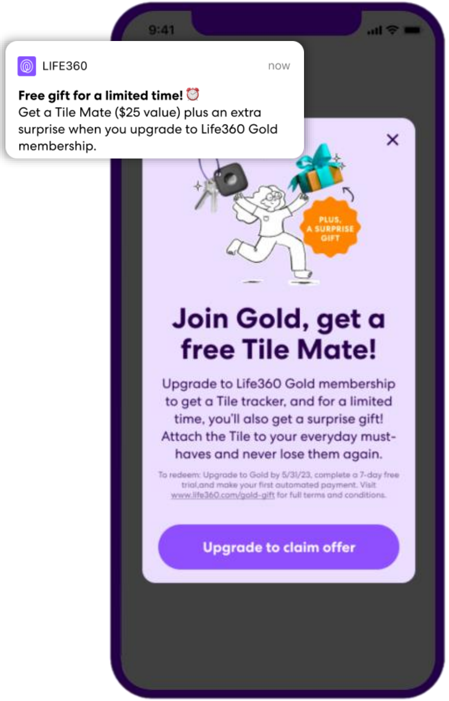
Roadside assistance



Pin freshness



Promo pin for Tile



Tile bundling promotion
Improved early retention results for bundled subscriptions

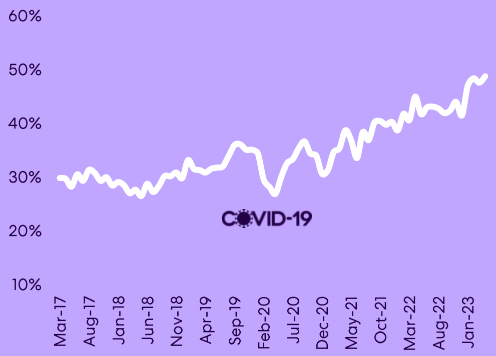
STRATEGY UPDATE

Expand Internationally

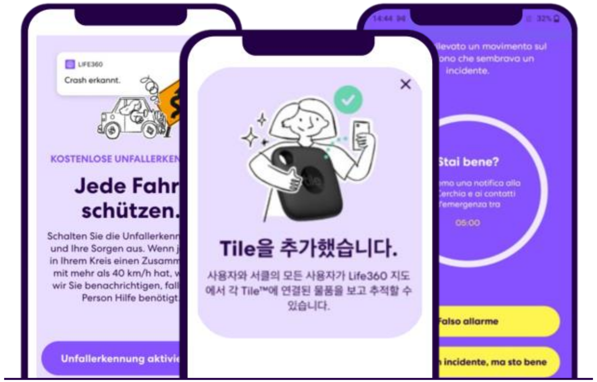
Creating free international user experience parity to drive growth

International Free User Retention (Month 1)

Significantly improving international retention in line with investment with feature parity



CY23 H1 achievements – performance and feature parity



- Launch of free crash detection and enhanced SOS features
- Global integration of Tile with Life360 map
- Significant improvements in App performance e.g. map load-time

CY23 H2 and beyond goals

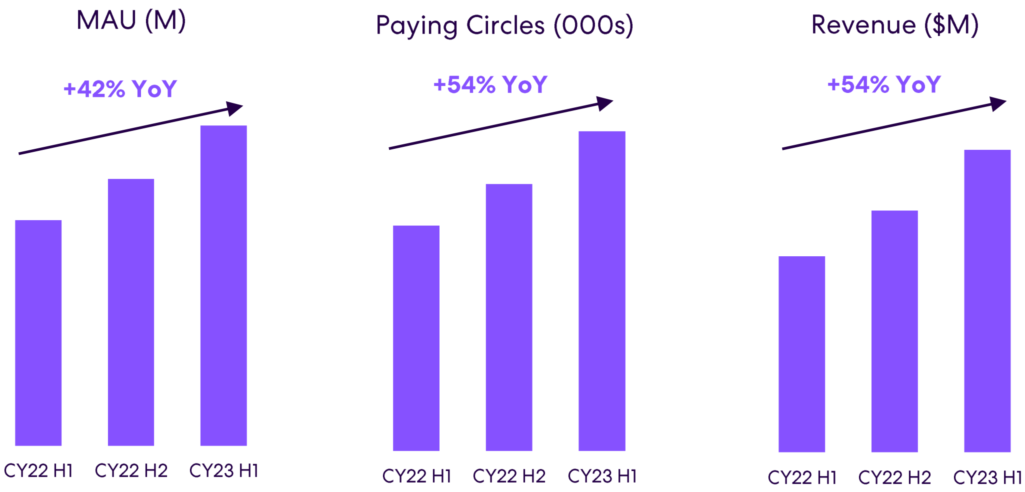
- Additional languages and improved localization to establish beachheads for future triple tier launches
- Investment in international marketing to drive engagement and conversion
- Multi-country triple tier launch readiness in late CY24 and beyond

STRATEGY UPDATE

Expand Internationally

Monetizing free user base through Membership in key regions

Canada, UK, Australia Performance



User retention is approaching U.S. levels, supporting top of funnel growth

Significant growth in Paying Circles with minimal marketing investment to date

Improving conversion driving revenue growth, with ARPPC upside opportunity following Membership tier launches

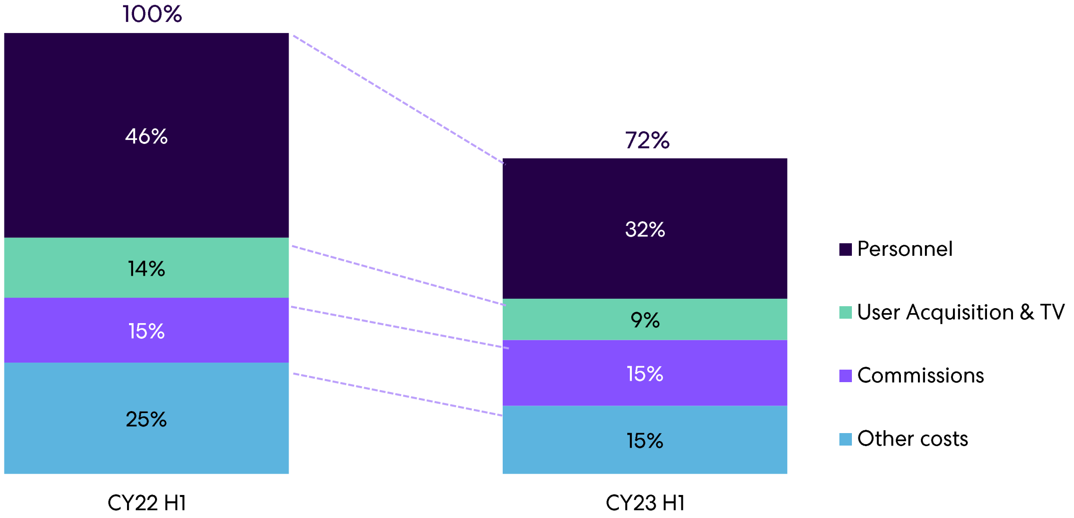
Predominantly English-speaking country performance (Canada, UK, Australia)

- Represents a highly attractive market. Key performance indicators are approaching the U.S. levels prior to the Membership launch
  - Engagement
  - User Retention
  - Brand awareness
- Significant CY23 H1 YoY growth despite minimal marketing investment to date
- Triple tier Membership launched in Canada in November 2021, with 120% uplift in ARPPC and 72% increase in revenue. This forms the initial playbook for the international rollout
- UK triple tier Membership on track for CY23 Q4 launch. To include hardware bundling, in line with U.S. Membership experience

Maintain financial discipline

At pivot point to leverage scale in the cost base while still investing for growth

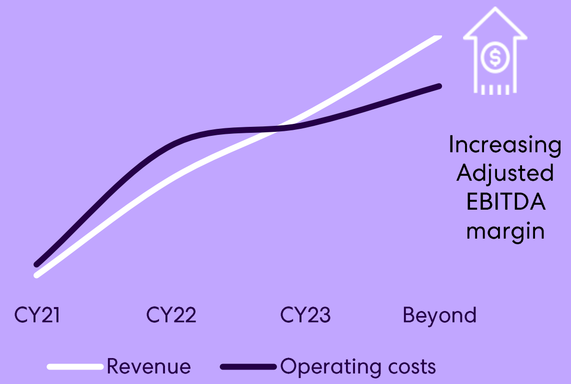
Operating Costs by category declining as % total revenue*
Achieved by scale impact and efficiencies without sacrificing growth investment



Expense drivers for CY23 and beyond

- Cost base at scale providing profitability leverage
- More than $15 million annualized savings expected from CY23 Q1 reorganization and restrained hiring
- Platform commissions reducing over time
- Increasing marketing efficiency

Revenue and Cost history and outlook



*Operating costs exclude Cost of Sales and all reconciling adjustments between GAAP and Non-GAAP operating costs as outlined in Appendix 2.

03

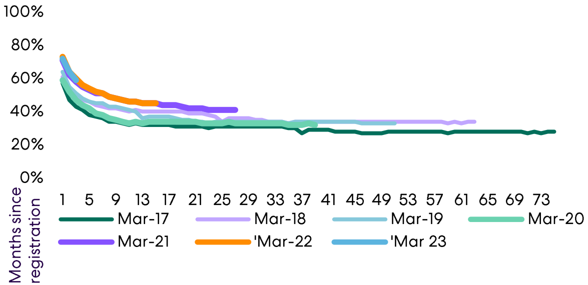
Financial Overview

Russell Burke, CFO

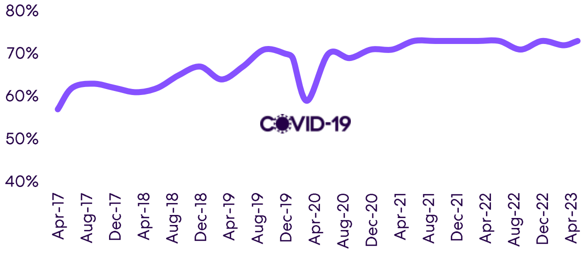
Market leading retention metrics

US Organic User Retention

Relative retention by cohort (% total)

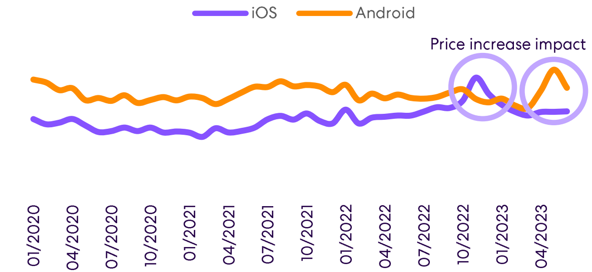


Month 1 user retention over time

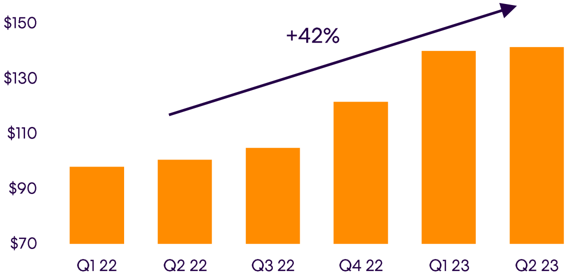


US Average Churn Rate over Time

(% total monthly subscribers)



Quarterly U.S. ARPPC before and after price increase (US$)



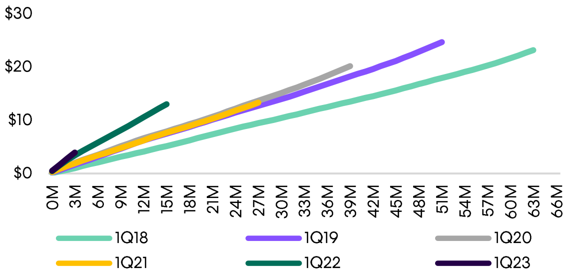
Commentary

- The line chart indicates how long users within a given cohort remain with Life360
- Month 1 user retention increased in 2020 and 2021 due to investments in the user experience, remaining stable at historically higher levels
- iOS churn has returned to previous levels following the price impact increase in late 2022 following price increases. Android experienced a similar spike in churn following the April 2023 price increase, however has begun to normalize in line with Android trends

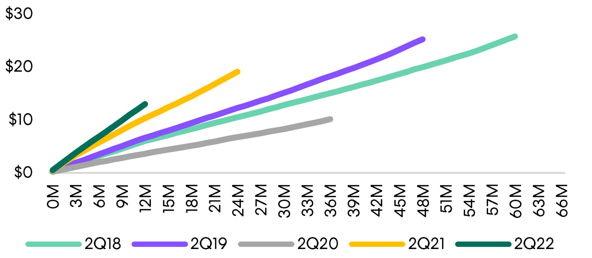
FINANCIAL OVERVIEW

User cohort cumulative revenue $M*

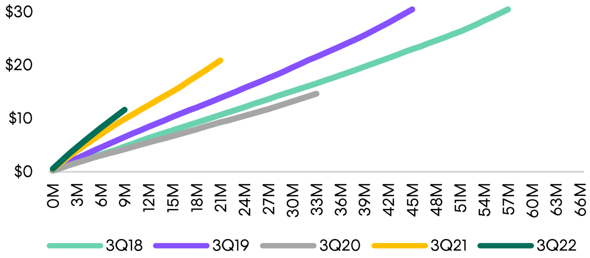
Quarter 1



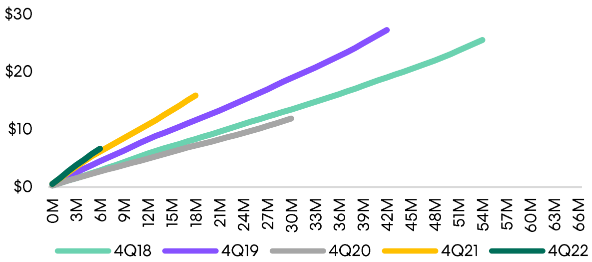
Quarter 2**



Quarter 3



Quarter 4



*Revenue per cohort includes global subscription and other revenue generated by each quarterly cohort over time. Excludes legacy ADT partnership revenue. **Insufficient data for 2Q23

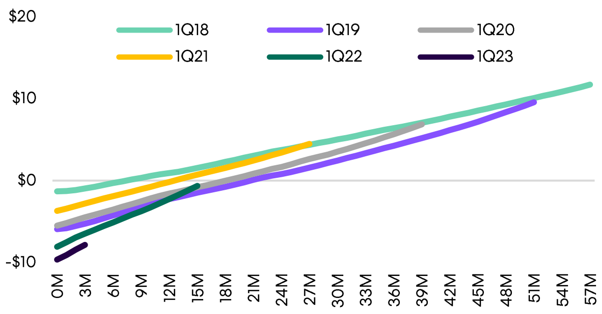
Commentary

- Higher pricing combined with higher registration volumes and improved user retention has driven significant uplifts in revenue for user cohorts
- CY22 Q3-Q4 revenues up vs CY21 by more than 10% by Month 6
- CY23 Q1 revenues up significantly vs CY22 Q1, with Month 3 revenues higher by more than 15%
- Retention improvements from bundling expected to drive further increases in cohort performance

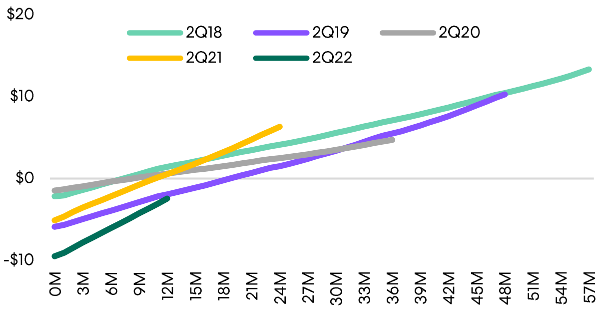
FINANCIAL OVERVIEW

Marketing Payback $M

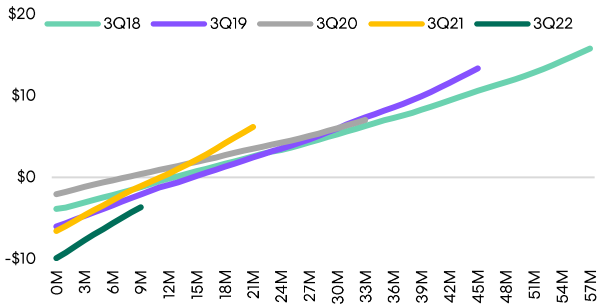
Quarter 1



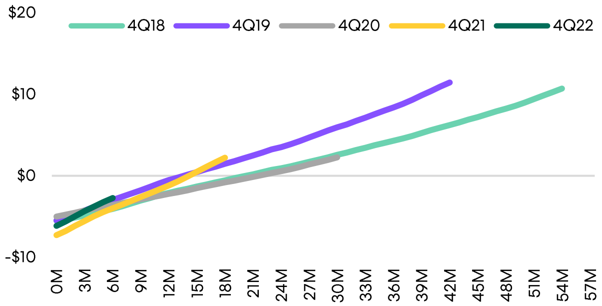
Quarter 2*



Quarter 3



Quarter 4

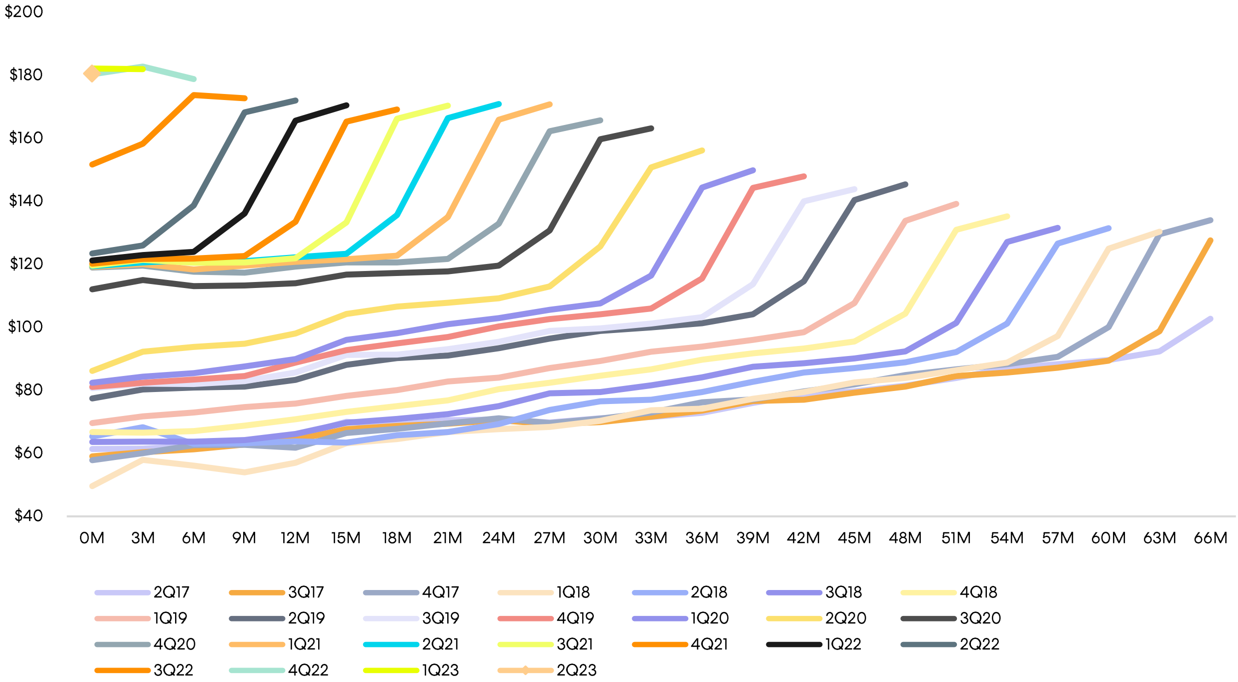


*Insufficient data for 2Q23

Commentary

- Blended marketing payback quarterly summary provides performance insight into overall efforts across all channels in aggregate
- User acquisition and TV spend increased in CY23 Q1 YoY, retaining high levels of efficiency
- Expectation for increased spending in CY23 Q3 during 'Back to School', with a further step-up in Q4'23 to drive efficient future growth
- CY22 user acquisition and TV spend increased, building on the strength of the CY21 performance
- CY23 and CY22 cohorts on track to achieve breakeven well within breakeven targets of 24 months

Significant U.S. ARPPC uplift from progressive price increases in CY22 H2



Pricing Summary

U.S. price increases implemented from CY22 H2

All New Subs (iOS + android)
(from August 2022)

	Before	After
Silver	$4.99	$7.99
Gold	$9.99	$14.99
Platinum	$19.99	$24.99
No change Annual		

Existing Subs
(iOS users notified October 2022, Android in April 2023)

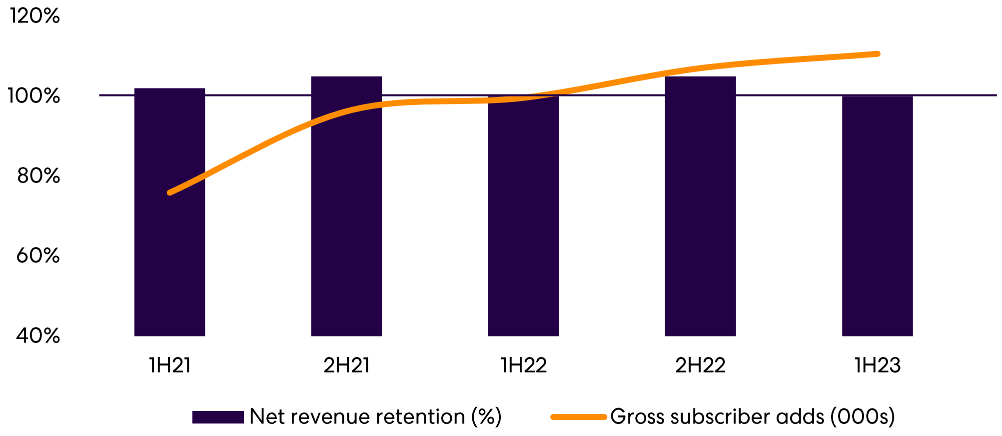
	Before	After
Silver	$4.99	$7.99
Gold	$9.99	$14.99
Platinum	$19.99	$24.99
No change Annual		

Legacy Subs
(iOS users notified October 2022, Android in April 2023)

	Before	After
Plus	$2.99	$7.99
Driver Protect	$7.99	$12.99
Platinum Intro	$14.99	$19.99
No change Annual		

Net subscription revenue retention at or above 100% even as absolute growth in subscribers accelerates

Net Revenue Retention - Subscription (vs Previous Half)*



Net revenue retention is measured based on the revenue in the final month of the previous period compared to the revenue from the same set of users earned over the next six months (e.g. for 1H21, revenue retention is calculated as the average monthly revenue over the period vs. the revenue earned in December 2020).

Commentary

- The strength of Life360's freemium model is reflected in net subscription revenue retention maintaining at 100% or greater. This is supported by success in driving free users to paid subscriptions, and paid subscribers into higher price plans
- In each half year period, net revenue retention is at or above 100% across the cohort of users who had signed up by the end of the previous period
- Retention remains strong even as absolute subscriber growth accelerates, indicating that subscriber quality is being maintained

Key Financial Metrics (Non-GAAP)

$M	CY23 H1	CY22 H1	% ch YoY
INCOME STATEMENT			
U.S. subscription revenue	*92.7*	*61.0*	*52%*
International subscription revenue	*11.7*	*8.1*	*45%*
Subscription revenue	104.4	69.1	51%
Hardware revenue	21.6	16.5	31%
Other revenue	13.0	14.3	(9)%
Total revenue	**138.9**	**99.8**	**39%**
Non-GAAP Gross Profit	**105.8**	**66.5**	**59%**
Non-GAAP Gross Margin %	*76%*	*67%*	
Non-GAAP Subscription Gross Margin %	*85%*	*80%*	
Research and Development	(37.5)	(43.5)	14%
User Acquisition & TV costs	(13.0)	(13.6)	4%
Other Sales & Marketing	(9.6)	(13.3)	28%
Commissions	(20.8)	(14.7)	(42)%
General & Administrative	(18.8)	(14.7)	(28)%
Non-GAAP Operating Expenses	**(99.6)**	**(99.8)**	**0%**
Adjusted EBITDA*	**6.2**	**(32.3)**	**NM**
Adjusted EBITDA Margin %	*4%*	*(32%)*	
Stock-based compensation	(18.2)	(16.5)	(10)%
Other Non-GAAP adjustments	(2.6)	(7.3)	65%
EBITDA**	**(14.6)**	**(56.1)**	**74%**
Net Profit/(Loss)	**(18.5)**	**(58.2)**	**68%**
CASH FLOW			
Net cash used in operating activities	(5.5)	(38.5)	86%
Net cash used in investing activities	(0.9)	(113.8)	NM
Net cash provided by/(used in) financing activities	(19.8)	0.3	NM
Cash and cash equivalents and restricted cash	**64.2**	**79.3**	**(19)%**

Note: Tables may not add due to rounding. Refer to the non-GAAP reconciliation in Appendix 2.
*Adjusted EBITDA was previously referred to as Underlying EBITDA. For definitions of EBITDA and Adjusted EBITDA and the use of these non-GAAP measures, as well as a reconciliation of Net Loss to EBITDA and Adjusted EBITDA see Appendix 3
**EBITDA was previously referred to as Statutory EBITDA

Commentary

- Non-GAAP gross margin increased YoY supported by higher subscription gross margin which benefited from price increases. Hardware gross margins also increased due to higher ASP
- Non-GAAP Operating Expenses were stable year-on-year as a result of workforce reductions and full integration of acquisitions
- Adjusted EBITDA profit reflected strong revenue growth and stable costs
- SBC increased 10% as a result of increased award volumes and transition equity
- Operating cash outflow improvement relates to the improved Adjusted EBITDA performance, and working capital efficiency post integration of acquisitions
- Investing cash outflows relate to payments for internally developed software
- Financing cash outflows relate to final payments associated with the Tile acquisition and taxes paid for net settlement of equity awards offset by proceeds from the exercise of options
- Total net cash outflow of $26.2m, with cash and cash equivalents, and restricted cash of $64.2m at June 2023

FINANCIAL OVERVIEW

Income Statement (GAAP)

$ in millions, except share and per share data	CY23 H1	CY22 H1
Revenue		
Subscription	104.4	69.1
Hardware	21.6	16.5
Other	13.0	14.3
Total revenue	**138.9**	**99.8**
Cost of subscription revenue	14.4	15.0
Cost of hardware revenue	18.2	18.6
Cost of other revenue	1.7	1.9
Total cost of revenue	**34.3**	**35.4**
Gross Profit	**104.6**	**64.4**
Operating expenses		
Research and development	50.4	52.8
Sales and marketing	47.7	46.1
General and administrative	25.7	26.1
Total operating expenses	**123.7**	**125.0**
Loss from operations	**(19.1)**	**(60.6)**
Other income (expense)		
Convertible notes fair value adjustment	(0.2)	2.1
Derivative liability fair value adjustment	(0.2)	1.3
Other income (expense), net	1.5	(1.1)
Total other income, net	**1.0**	**2.4**
Loss before income taxes	**(18.1)**	**(58.2)**
Provision for (benefit from) income taxes	0.4	0.0
Net loss	**(18.5)**	**(58.2)**
Net loss per share, basic and diluted	$(0.28)	$(0.95)
Weighted-average shares used in computing net loss per share, basic and diluted	66,032,405	61,540,024

Note: Tables may not add due to rounding.

04

Outlook

Outlook

For CY23 Life360 expects to deliver:

- Core Life360 subscription revenue growth in excess of 50% YoY;
- Hardware revenue growth of 0% to 5%;
- Other revenue of approximately $26 million;
- Consolidated revenue of $300 million - $310 million;
- Positive Adjusted EBITDA* of $9 million - $14 million;
- Positive Operating Cash Flow of $5 million - $10 million; and
- Positive Adjusted EBITDA and Operating Cash Flow for the remaining quarters of CY23.

*Adjusted EBITDA was previously referred to as Underlying EBITDA. For definitions of EBITDA and Adjusted EBITDA and the use of these non-GAAP measures, as well as a reconciliation of Net Loss to EBITDA and Adjusted EBITDA see Appendix 3

05

Q&A

06

Appendix

APPENDIX 1

Operating Metrics

(in millions, except ARPPC,ARPPS,ASP)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Life360 Core*					
Monthly Active Users (MAU) - Total	42.0	47.0	48.6	50.8	54.0
US	27.0	29.3	30.9	31.7	33.6
International	14.9	17.7	17.6	19.1	20.4
Australia	1.1	1.2	1.4	1.5	1.6
Paying Circles – Total**	1.39	1.49	1.49	1.57	1.63
US – Total**	1.12	1.18	1.16	1.20	1.23
International**	0.27	0.31	0.33	0.36	0.40
Average Revenue Per Paying Circle (ARPPC)**	$90.88	$93.55	$105.79	$120.70	$119.25
Life360 Consolidated					
Subscriptions**	1.9	2.1	2.1	2.1	2.2
Average Revenue per Paying Subscription (ARPPS)**	$76.38	$78.03	$87.54	$97.98	$97.83
Hardware units shipped (stand-alone)	0.5	0.7	1.7	0.6	0.7
Average Sale Price (ASP)	$14.48	$15.63	$11.48	$17.22	$15.76
Annualized Monthly Revenue (AMR)	$174.4	$184.0	$224.4	$239.5	$248.7

* Life360 Core reflects Life360 App only
** Metrics have been recast to reflect the calculations under a revised metric definition

APPENDIX 2

Cost of Revenue and Operating expenses

GAAP to Non-GAAP reconciliation

Cost of revenue

$M	CY23 H1	CY22 H1
Cost of subscription revenue, GAAP	14.4	15.0
Less: Depreciation and amortization	(0.6)	(0.5)
Less: Stock-based compensation	(0.3)	(0.4)
Less: Severance and other	(0.1)	-
Less: Adjustment in connection with membership benefit	1.8	-
Total cost of subscription revenue, Non-GAAP	15.3	14.1
Cost of hardware revenue, GAAP	18.2	18.6
Less: Depreciation and amortization	(1.8)	(1.8)
Less: Stock-based compensation	(0.4)	(0.3)
Less: Severance and other	(0.1)	-
Less: Adjustment in connection with membership benefit	0.3	-
Non-GAAP cost of hardware revenue included in Adj. EBITDA	16.2	16.5
Less: Alignment of accounting policies[1]	-	1.0
Total cost of hardware revenue, Non-GAAP	16.2	17.5
Cost of other revenue, GAAP	1.7	1.9
Less: Stock-based compensation	-	(0.1)
Total cost of other revenue, Non-GAAP	1.7	1.8
Cost of revenue, GAAP	34.3	35.4
Less: Depreciation and amortization	(2.4)	(2.3)
Less: Stock-based compensation	(0.7)	(0.7)
Less: Severance and other	(0.2)	-
Less: Adjustment in connection with membership benefit	2.1	-
Non-GAAP cost of revenue included in Adjusted EBITDA	33.1	32.4
Less: Alignment of accounting policies[1]	-	1.0
Total cost of revenue, Non-GAAP	33.1	33.4

Operating expenses

$M	CY23 H1	CY22 H1
Research and development expense, GAAP	50.4	52.8
Less: Stock-based compensation	(10.1)	(8.9)
Less: Severance and other	(2.8)	(0.3)
Research and development expense, Non-GAAP	37.5	43.5
Sales and marketing expense, GAAP	47.7	46.1
Less: Depreciation and amortization	(2.1)	(2.1)
Less: Stock-based compensation	(1.5)	(2.2)
Less: Severance and other	(0.8)	(0.4)
Less: User Acquisition & TV Costs	(13.0)	(13.6)
Less: Commissions	(20.8)	(14.7)
Sales and marketing expense, Non-GAAP	9.6	13.3
General and administrative expense, GAAP	25.7	26.1
Less: Depreciation and amortization	-	(0.2)
Less: Stock-based compensation	(5.9)	(4.7)
Less: Severance and other	(0.9)	(6.5)
General and administrative expense, Non-GAAP	18.8	14.7
Total Operating expenses, GAAP	123.7	125.0
Less: Depreciation and amortization	(2.2)	(2.3)
Less: Stock-based compensation	(17.5)	(15.7)
Less: Severance and other	(4.5)	(7.3)
Total operating expenses, Non-GAAP	99.6	99.8

Note: Tables may not add due to rounding
1. Includes non-recurring costs reflecting the alignment of accounting policies attributable to the integration with Tile. As these adjustments are not deemed to be non-routine or one time in nature, they have not been added back to EBITDA or Adjusted EBITDA.

APPENDIX 2

Balance Sheet (GAAP)

$M	June 30, 2023	December 31, 2022
Assets	*unaudited*	
Current Assets		
Cash and cash equivalents	62.4	75.4
Restricted cash, current	-	13.3
Accounts receivable, net	33.5	33.1
Inventory	10.4	10.8
Costs capitalised to obtain revenue contracts, net	1.3	1.4
Prepaid expenses and other current assets	9.9	8.5
Total current assets	**117.5**	**142.7**
Restricted cash, noncurrent	1.7	1.6
Property and equipment, net	0.8	0.4
Costs capitalized to obtain contracts, noncurrent	0.8	0.6
Prepaid expenses and other assets, noncurrent	6.7	7.1
Operating lease right-of-use asset, noncurrent	1.4	0.8
Intangible assets, net	49.1	52.7
Goodwill	133.7	133.7
Total assets	**311.8**	**339.6**
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	7.1	13.8
Accrued expenses and other current liabilities	24.4	27.0
Escrow liability	-	13.3
Convertible notes, current	6.1	3.5
Deferred revenue, current	31.1	30.1
Total current liabilities	**68.7**	**87.6**
Convertible notes, noncurrent	1.9	4.1
Derivative liability, noncurrent	0.3	0.1
Deferred revenue, noncurrent	1.8	2.7
Other liabilities, noncurrent	1.4	0.6
Total liabilities	**74.1**	**95.1**
Commitments and Contingencies		
Stockholders' Equity		
Common stock	0.1	0.1
Additional paid-in capital	513.1	501.8
Notes due from affiliates	-	(0.3)
Accumulated deficit	(275.5)	(257.0)
Accumulated other comprehensive income	-	-
Total stockholders' equity	**237.7**	**244.5**
Total liabilities and stockholders' equity	**311.8**	**339.6**

Note: Tables may not add due to rounding

APPENDIX 2

Cash Flow (GAAP)

$M	Six Months Ended June 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net loss	(18.5)	(58.2)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4.5	4.5
Amortization of costs capitalized to obtain contracts	0.9	1.7
Amortization of operating lease right-of-use asset	0.5	-
Stock-based compensation expense	18.2	16.5
Compensation expense in connection with revesting notes	0.1	(0.1)
Non-cash interest, net	0.3	0.2
Convertible notes fair value adjustment	0.2	(2.1)
Derivative liability fair value adjustment	0.2	(1.3)
Gain on revaluation of contingent consideration	-	(5.3)
Non-cash revenue from affiliate	(1.0)	(0.5)
Inventory write-off	0.9	-
Adjustment in connection with membership benefit	(2.1)	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(0.3)	20.1
Prepaid expenses and other assets	(0.9)	6.6
Inventory	(0.5)	(1.6)
Costs capitalized to obtain contracts, net	(1.0)	(1.8)
Accounts payable	(6.7)	(15.0)
Accrued expenses and other liabilities	(1.4)	(3.1)
Deferred revenue	1.1	0.5
Other liabilities, noncurrent	-	0.4
Net cash used in operating activities	**(5.5)**	**(38.5)**
Cash Flows from Investing Activities:		
Cash paid for acquisitions, net of cash acquired	-	(113.4)
Internal use software	(0.9)	(0.4)
Purchase of property and equipment	-	-
Net cash used in investing activities	**(0.9)**	**(113.8)**
Cash Flows from Financing Activities:		
Indemnity escrow payment in connection with an acquisition	(13.1)	
Proceeds from the exercise of options	1.6	1.8
Taxes paid related to net settlement of equity awards	(8.6)	(1.5)
Proceeds from repayment of notes due from affiliates	0.3	0.6
Issuance of common stock	-	0.1
Cash paid for deferred offering costs	-	(0.7)
Net cash (used in) provided by financing activities	**(19.8)**	**0.3**
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(26.2)	(152.0)
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	90.4	231.3
Cash, Cash Equivalents and Restricted Cash at the End of the Period	**64.2**	**79.3**

Note: Tables may not add due to rounding

Non-GAAP Financial Measures

$M	Six Months Ended June 30, 2023	2022
Net loss	(18.5)	(58.2)
Add (deduct):		
Convertible notes fair value adjustment	0.2	(2.1)
Derivative liability fair value adjustment [1]	0.2	(1.3)
Provision for (benefit from) income taxes	0.4	-
Depreciation and amortization [2]	4.5	4.5
Other (income) expense, net	(1.5)	1.1
EBITDA	**(14.6)**	**(56.1)**
Stock-based compensation	18.2	16.5
Form 10 transaction costs	-	2.1
Acquisition and integration costs	-	10.4
Non-recurring workplace restructuring costs [3]	3.7	-
Inventory write-off [4]	0.9	-
Adjustment in connection with membership benefit [5]	(2.1)	-
Gain on revaluation of contingent consideration	-	(5.3)
Adjusted EBITDA	**6.2**	**(32.3)**

1. To reflect the change in value of the derivative liability associated with the July 2021 Convertible Notes
2. Includes depreciation on fixed assets and amortization of acquired intangible assets
3. Relates to non-recurring personnel and severance related expenses in connection with the workplace restructure announced on January 12, 2023
4. Relates to the write-off of raw materials that have no alternative use to the Company following the decision to halt development
5. Relates to an adjustment recorded in the current period to reduce product costs recorded to cost of revenue in connection with the discontinuation of certain battery related membership benefits

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance.

EBITDA and Adjusted EBITDA

In addition to total revenue, net loss and other results under GAAP, we utilize non-GAAP calculations of earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). EBITDA is defined as net loss, excluding (i) convertible notes and derivative liability fair value adjustments, (ii) provision (benefit) for income taxes, (iii) depreciation and amortization and (iv) other income (expense). Adjusted EBITDA is defined as net loss, excluding (i) convertible notes and derivative liability fair value adjustments, (ii) provision (benefit) for income taxes, (iii) depreciation and amortization, (iv) other income (expense), (v) stock-based compensation, (vi) Form 10 transaction costs, (vii) acquisition and integration costs, (viii) non-recurring workplace restructuring costs, (ix) inventory write-offs, (x) adjustment in connection with membership benefit, and (xi) gain on revaluation of contingent consideration.

The above items are excluded from EBITDA and Adjusted EBITDA because these items are non-cash in nature, or because the amount and timing of these items are unpredictable, are not driven by core results of operations and render comparisons with prior periods and competitors less meaningful. We believe EBITDA and Adjusted EBITDA provide useful information to investors and others in understanding and evaluating our results of operations, as well as providing useful measures for period-to-period comparisons of our business performance. Moreover, we have included EBITDA and Adjusted EBITDA in this media release because they are key measurements used by our management team internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting. However, these non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP financial measures used by other companies. As such, you should consider these non-GAAP financial measures in addition to other financial performance measures presented in accordance with GAAP, including various cash flow metrics, net loss and our other GAAP results.

Note: Tables may not add due to rounding

APPENDIX 3

Non-GAAP Financial Measures cont'd

The following table presents a reconciliation of net loss, the most directly comparable GAAP measure, to Adjusted (loss) profit from ordinary activities after tax.

$M	Six Months Ended June 30, 2023	2022
Net loss	(18.5)	(58.2)
Stock-based compensation	18.2	16.5
Form 10 transaction costs	-	2.1
Acquisition and integration costs	-	10.4
Gain on revaluation of contingent consideration	-	(5.3)
Non-recurring workplace restructuring costs [1]	3.7	-
Inventory write-off [2]	0.9	-
Adjustment in connection with membership benefit [3]	(2.1)	-
Amortization attributable to intangible assets in connection with acquisitions	4.4	4.3
Adjusted (loss) profit from ordinary activities after tax	**6.7**	**(30.2)**

Adjusted (loss) profit from ordinary activities after tax
Adjusted (loss) profit from ordinary activities after tax is defined as net loss, excluding (i) stock-based compensation, (ii) Form 10 transaction costs, (iii) acquisition and integration costs, (iv) gain on revaluation of contingent consideration, (v) non-recurring workplace restructuring costs, (vi) inventory write-off, (vii) adjustment in connection with membership benefit, and (viii) amortization attributable to intangible assets in connection with acquisitions. The above items are excluded from net loss because these items are non-cash in nature, or because the amount and timing of these items are unpredictable, are not driven by core-results of operations and render comparisons with prior periods and competitors less meaningful. This non-GAAP financial measure is presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP financial measures used by other companies. As such, you should consider this non-GAAP financial measure in addition to other financial performance measures presented in accordance with GAAP, including various cash flow metrics, net loss and our other GAAP results.

1. Relates to non-recurring personnel and severance related expenses in connection with the workplace restructure announced on January 12, 2023
2. Relates to the write-off of raw materials that have no alternative use to the Company following the decision to halt development
3. Relates to an adjustment recorded in the current period to reduce product costs recorded to cost of revenue in connection with the discontinuation of certain battery related membership benefits


Thank you
Life360