

ASX ANNOUNCEMENT

26 August 2021

Life360 2021 Half-Year Results Announcement

2021 first half delivers accelerating growth in Monthly Active Users and Paying Circles

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Half-Year Results and Appendix 4D for the six months ending 30 June 2021. The Appendix 4D is prepared in US dollars under US GAAP.

- Revenue of US\$48.0 million increased 27% YoY.
- Statutory EBITDA loss of US\$(10.4) million compared with US\$(7.1) million in the prior year reflecting investment in growth.
- Underlying EBITDA loss (excluding Stock Based Compensation and Jobit transaction costs) of US\$(4.8) million compared with US\$(2.6) million in the prior year.
- Statutory net loss of US\$(10.7) million compared with US\$(7.2) million in the prior year.
- Underlying net loss of US\$(5.1) million compared with US\$(2.6) million in the prior year.
- Cash used in operating activities of US\$(4.9) million improved from US\$(5.5) million in the prior year.
- Cash balance of US\$50.8 million and debt of US\$2.1 million related to convertible notes at June 2021.

Life360 Co-Founder and Chief Executive Officer Chris Hulls said: “The first half of 2021 delivered accelerating performance of our key user metrics, benefiting from the rollout of the COVID-19 vaccine, particularly in the US. Growth is accelerating across the board, and we’re seeing the back-to-school wave we anticipated. Even with the Delta variant, our confidence for the rest of the year remains extremely high.

“Monthly Active User additions were at record levels in the June quarter, benefiting from a viral surge in downloads through social media, primarily TikTok. The MAU base reached a new high in June, with strong year-on-year gains in the US and International. This all-time peak was achieved despite our paid acquisition spend reducing more than 50% from our 2019 levels, and we are seeing growth continue. While we knew that much of the TikTok surge would be transitory, we have normalized at much higher baseline rates in most regions, English speaking ones in particular. This shows that Life360 is now top of mind as families go about their daily lives.

“In the June quarter new registrations recovered to pre-pandemic levels. Even more exciting is the work our product teams have done to improve conversion metrics. In the first half of 2021 Paying Circles saw accelerating growth, with record net additions in the June quarter. The success of our Membership model is reflected in a significant uplift in Average Revenue Per Paying Circle”.

Normalised* revenue growth of 24% YoY resulted from growth in both Direct and Indirect Revenue. Annualised Monthly Revenue (AMR) for June 2021 was US\$105.9 million, a 36% year-on-year increase. The underlying EBITDA loss (excluding Stock Based Compensation and Jobit transaction costs) of US\$(4.8) million and Statutory EBITDA loss of US\$(10.4) million increased from the prior period, reflecting increasing investment in growth initiatives as the operating environment has become more supportive, and accelerated growth metrics.

Mr Hulls added: “It should be noted that we proved last year the company could shift to cash flow break-even with very short notice, and this gives us confidence to lean in on investments in growth”.

*CY20 H1 revenue excludes non-recurring adjustment of US\$0.9m related to the deferral of a portion of monthly subscription sales through a channel partner

CY21 H1 Highlights and Achievements

- Revenue growth of 27% YoY to US\$48.0 million. Annualised Monthly Revenue (AMR) in June 2021 was US\$105.9 million, a year-on-year increase of 36%.
- Global Monthly Active User (MAU) base of 32.3 million, up 28% YoY. US MAU of 20.3 million and international MAU of 12.1 million, up 25% and 34% YoY respectively.
- Global Paying Circles of 1.0 million, an increase of 19% year-on-year. US Paying Circles of 817,000 increased 22% year-on-year. Cumulative new and upsell subscribers in the Membership plans of 327,000, comprising Silver (14%), Gold (78%) and Platinum (8%). Membership now makes up 40% of US Paying Circles.
- Average Revenue Per Paying Customer (ARPPC) of US\$84.43 for the US and US\$44.22 for International, up 14% and 4% YoY respectively.
- Net subscriber revenue retention remains above 100%.
- Acquisition of Jibit, provider of wearable location devices for young children, pets and seniors to support the expansion of Life360's product lines to all family life stages.
- Formation of a Family Advisory Council bringing together well-known celebrities and influencers to help shape the company's product and marketing strategy. As part of the initiative, the celebrities participated in an investment round of US\$2.1 million, led by Bryant Stibel, a Los Angeles-based investment group.

Direct Revenue

Life360's Direct Revenue increased 29% to US\$36.4 million. This performance was underpinned by a 19% year-on-year increase in Paying Circles, and 14% higher ARPPC. Paying Circles increased 161,000 year-on-year, with record gains in the second quarter. Momentum in our Membership model has accelerated with cumulative 327,000 new and upsell subscribers, now accounting for 40% of US Paying Circles. While legacy subscribers are grandfathered on their previous plans, the new Membership cohort is delivering an ARPPC uplift of 37% versus the first half of 2020.

Indirect Revenue

Life360's Indirect Revenue (which includes data revenue and lead generation partnership) increased revenue 11% year-on-year to \$11.6 million. Data revenue increased year-on-year as the impact of iOS IDFA changes was lower than initially expected. Lead gen contributed revenue of US\$3.0 million, consistent with the prior year.

Gross Margin

Gross Profit increased 26% to US\$38.8 million, with a slightly lower gross margin of 80.7% due to technology costs associated with indirect revenue.

Operating Expenses

Operating expenses of US\$49.2 million (excluding depreciation and amortization) increased 30% year-on-year. Research and Development costs increased by 19% to US\$19.4 million, while user acquisition costs of US\$2.4 million reduced 41% 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 68% higher YoY due to increased commissions, and investment in the television channels. General and administrative expense growth of 49% reflecting primarily scaling of headcount to support growth in the business, insurance, facilities and public company requirements. Non-cash

Stock Based Compensation expenses increased to US\$4.9 million, a 38% YoY increase, largely due to new hires.

Cash Flow and Balance Sheet

Net cash outflows of US\$(5.8) million were in line with US\$(5.7) million in the prior period. Life360 ended June 2021 with a cash balance of US\$50.8 million and with debt of US\$2.1 million related to convertible notes.

Outlook

- Life360's strong Q2 performance in MAU and Paying Circles has continued into Q3 despite the rapid spread of the Delta variant in the US. As a result, we now expect Annualised Monthly Revenue by December 2021 in the range of US\$120-US\$125 million for Life360's core business, ahead of original CY21 guidance of US\$110 to US\$120 million. While this updated guidance takes the current Delta impact into account, at the time of this release, cases are still growing exponentially, and the ultimate changes in social distancing patterns and government restrictions remain unclear.
- Life360's current momentum, along with our track record of successfully navigating prior COVID spikes, provide confidence to accelerate investment in growth initiatives. Life360 will be increasing spend on brand marketing, paid acquisition, R&D, and joint initiatives with Jibit. These investments will increase CY21 underlying EBITDA loss (excluding Stock Based Compensation) from the original CY21 guidance of no greater than US\$(15) million for the core business.
- Jibit's Annualised Monthly Revenue for the month of December 2021 is anticipated to be in the range of US\$11-12 million, with a US\$3 million revenue contribution in CY21 post acquisition. The underlying CY21 EBITDA loss contribution from Jibit from the time of acquisition is expected to be approximately US\$(3) million.

Strategic Review

The acquisition of Jibit marks a milestone, but not a completion of the strategic review originally announced in February 2021. Life360 is actively evaluating opportunities to accelerate progress towards our vision of being the dominant platform for a much broader suite of family services. This includes transactions that could simultaneously result in a dual listing on a US exchange.

The recent Jibit acquisition has raised our profile with other companies that similarly see the potential to accelerate Life360's platform vision. While discussions with insurtech companies are ongoing, we are seeing a dislocation between public market multiples which have fallen recently, and private market multiples which continue to rise, and we are maintaining a disciplined approach to valuation.

As a result, we have expanded our search beyond insurance verticals, and are in early-stage discussions with companies in other family services verticals which may or may not result in a transaction.

There is no certainty that the review will result in any additional transactions or any changes to current listing arrangements. We remain committed to our existing strategic plan, and will only consider complementary pathways that we believe will result in a significant increase in shareholder value.

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, 26 August 2021). 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 : 930 0788 4769

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 32 million monthly active users (MAU) as at June 2021, located in 195 countries.

Contacts

For investor enquiries:

Jolanta Masojada, +61 417 261 367,
jmasojada@life360.com

For media enquiries:

Giles Rafferty, +61 481 467 903
grafferty@firstadvisers.com.au

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