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ASX ANNOUNCEMENT

28 October 2020

September 2020 Quarterly Activities Report and Appendix 4C

Second consecutive positive cash flow quarter reflecting continued disciplined User Acquisition spending through the COVID-19 crisis

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 30 September 2020 together with a Business Activities Report. Appendix 4C is prepared in US dollars under US GAAP and is unaudited.

September 2020 Quarter Highlights

- Positive September quarter operating cash flow of US$1.0 million compared with US$0.7 million positive cash flow in June 2020 quarter, and cash outflow of US$(7.1) million in the September 2019 quarter. Modest underlying EBITDA loss for the quarter.
- Revenue growth of 24% year-on-year to US$20.2 million. Annualised Monthly Revenue (AMR) in September 2020 was US$81.2 million, a year-on-year increase of 20%.
- Global Monthly Active User (MAU) base of 25.8 million, up 4% year-on-year. Global MAU increased 0.5 million from the June 2020 quarter.
- US MAU base of 16.7 million, up 16% year-on-year, and an increase of 0.5 million from the June quarter.
- Global Paying Circles of 884,000, up 17% year-on-year and 5% for the quarter. US Paying Circles increased 20% year-on-year, benefiting from the launch of the new Membership offering in July.
- New and upsell subscribers in the Membership plans of 93,000, comprising Silver (15%), Gold (69%) and Platinum (16%).
- Average Revenue Per Paying Circle (ARPPC) increased 8% year-on-year, and 6% versus the June quarter. ARPPC for new cohort Membership subscribers is a ~30% uplift from the first half of 2020.
- Paid User Acquisition spend of US$0.9 million compared with US$0.2 million in the June 2020 quarter and US$5.2 million in the September 2019 quarter. COVID-19 conditions have underpinned the decision to continue a scaled back level of spend, demonstrating the discretionary nature of Life360's expense model.
- Cash balance of US$59.3 million at September 2020 with no debt, an increase from US$58.4 million at June 2020. Life360 remains confident its strong capital position represents sufficient resources to fund future growth.

Business Activities Update

Life360 Chief Executive Officer Chris Hulls said: "While the resurgence of COVID-19 has been challenging, in the face of these difficult circumstances the business has performed admirably and

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proved its resilience. We are excited that we were able to continue growth in revenue and Paying Circles while also delivering our second consecutive quarter of positive cash flow.

“Much of this success has been due to our new Membership offering, which has significantly broadened the applicability of Life360, and continues to deliver a 30% uplift in Average Revenue Per Paying Circle for new subscriber cohorts versus the first half. Beyond the business results this has driven, we are also delivering real value to our users, and thousands of families have used our new Family Safety Assist features in real times of need.

“Although families have not returned to their normal routines, and are impacted by both social distancing and new lockdown restrictions, MAU has continued to hold stable and even grow. This is despite less than US$1 million of paid acquisition spend in the quarter, showing the strength of our brand and word of mouth effect. This is a considerable achievement given the worsening of COVID-19, which has a far more negative outlook than just a quarter ago” Chris Hulls said.

Life360’s global Monthly Active User base was 25.8 million at September 2020, an increase of 0.5 million for the quarter. US MAU of 16.7 million increased 16% year-on-year and 3% versus June 2020, accounting for all the growth in global MAU. International MAU was in line with the June quarter reflecting the strong resurgence of COVID-19 in many territories, and a modest to moderate impact of some platform changes on the Android platform. In our listed home of Australia, the Monthly Active User base of 575,000 increased 22% year-on-year.

“Globally, new registrations were materially impacted in Q2 as successive lockdowns were implemented in response to COVID-19. While Q3 new registrations remain below the previous corresponding quarter, they have increased 24% from Q2, with a 30% increase in the US”, Chris Hulls said.

For the September quarter, revenue increased 24% year-on-year to US$20.2 million. For the month of September, Annualised Monthly Revenue (AMR) was US$81.2 million, a 20% year-on-year increase, and 4% ahead of June AMR of US$77.9 million.

Chris Hulls added “During the September quarter, Direct Revenue benefited from the 17% year-on-year growth in Paying Circles to 884,000 and the encouraging ARPPC performance of our new Membership offering. We now have around 93,000 new and upsell subscribers in the Membership tiers accounting for around 13% of US Paying Circles. This new Membership cohort delivered an ARPPC uplift of around 30% versus the first half. Overall ARPPC increased 8% year-on-year, as legacy subscribers are grandfathered on their previous plans. We have always been optimistic about the ARPPC opportunity coming from the Membership launch and it’s exciting to see this become a reality.”

Indirect Revenue, which includes Data revenue and our Allstate lead generation partnership, delivered solid but moderating growth for the quarter. The Allstate partnership contributed revenue of US$1.5 million, in line with the September 2019 quarter which was the partnership’s first full quarterly contribution. Data revenue growth moderated due to the impact of COVID-19 and timing issues. The deferral to 2021 of any potential changes to the Identifier for Advertisers (IDFA) previously considered for iOS 14 is favourable short term for the data business, however the ultimate plans remain unknown.

During the September quarter, we continued to pause the majority of Paid User Acquisition spend to adapt to the COVID-19 environment. Investment of US$0.9 million was slightly ahead of the US$0.2 million undertaken in the June quarter and well below the US$5.2 million in the September 2019 quarter. Other expense management initiatives continued, reflecting the discretionary nature of Life360’s business model.

“We expect to resume investment in growth in the fourth quarter to support the strong momentum being achieved by our Membership launch. While investment in user acquisition spend will remain well below normal until the operating environment recovers, we are investing ahead in new channels that could drive future growth. We are excited that the broader membership offering is

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conducive to things like direct-to-premium acquisition on the web and traditional TV which were not as much of a fit for our legacy offering", Chris Hulls said.

Life360 has continued to engage with teens to respond to a campaign, via TikTok, to generate negative reviews for the Life360 app. The launch of our new "bubbles" feature provides teens with the option of greater location privacy while maintaining all the safety features that are important to parents. The recent #GhostMode TikTok Hashtag Challenge has generated more than 4 billion views and overwhelmingly positive sentiment from teens. We are seeing encouraging early signs of a recovery in our iOS app store ratings which have increased to more than 4 stars.

Cash flow

Life360 ended September 2020 with a cash balance of US$59.3 million and with no debt.

Receipts from customers of US$15.7 million in the September quarter reduced from US$16.9 million in the June quarter, with some impact from the timing of data revenue receipts.

Payments in the September quarter reflected discipline in responding to the COVID-19 environment, with a reduction of 29% year-on-year and 9% versus the June quarter. Staff payments of US$8.3 million compared to US$7.5 million in the June quarter due to increased headcount and the timing of bonus payments. Administration and corporate payments of US$1.2 million reduced from US$3.0 million in the June quarter due to timing of insurance payments. Advertising and Marketing payments (which include Paid User Acquisition) of US$1.3 million were slightly higher than June quarter payments of US$0.8 million, however reduced from US$8.2 million in the September 2019 quarter. Research and development payments of US$2.1 million were in line with the US$2.2 million in the June quarter. Technology payments of US$1.4 million reduced from US$2.4 million in the June quarter, largely due to timing of pre-payments.

For the September 2020 quarter, cash generated by operating activities was US$1.0 million. This compares with US$0.7 million in the June 2020 quarter and cash used in operating activities of US$(7.1) million in the September 2019 quarter.

Cash used in investing activities of US$0.1 million reflects minor purchases of capital assets.

Cash flow from financing activities of US$0.04 million reflects proceeds from the exercise of options.

Outlook

Although the ongoing COVID-19 pandemic has worsened and caused significant uncertainty, our strong organic growth, retention, brand and balance sheet position us well to weather the storm. In the current environment, we intend to maintain our disciplined spending approach and will focus on stability until there is a clear line of sight to normalcy.

For CY20, we expect to deliver:

- Revenue in the range of US$79-82 million
- Underlying EBITDA loss (excluding Stock Based Compensation) in the range of US$(10) million compared with previous guidance of US$(10)-US$(14) million
- Operating cash outflow in the range of US$(10) million compared with previous guidance of US$(10)-US$(14) million.

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Investor Conference Call

A conference call will be held today at 9.30am AEDT, Wednesday 28 October. The call will be held as a Zoom audio webinar.

Participants wishing to ask a question 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 : https://life360.zoom.us/u/axj1N209
Meeting ID : 259 465 418

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 25 million monthly active users (MAU) as at September 2020, located in more than 195 countries.

Contacts

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Life360's CDIs are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers of securities which are made outside the US. Accordingly, the CDIs, have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person who is not a QIB for the foreseeable future except in very limited circumstances until after the end of the restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on ASX to US persons excluding QIBs. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person who is not a QIB. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

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Life360 provides below a summary of changes historically introduced on iOS and Android platforms and the Company's response. This information will be updated on a quarterly basis.

Appendix: Platform Update - iOS

Date	Version	Changes	Resolution	Potential impact	Actual impact
Sept '20	14	Identifier for Advertisers (IDFA) update, now per app opt-in Users can switch off precise location VoIP disabling (not yet enforced in iOS14)	Apple delayed to 2021. Options being discussed and prototyped Messaging Alternatives being tested	Potentially significant on Data business Low Medium	Still to be determined Low Still to be determined
Sept '19	13	Location permissions VoIP disabling	Work-around User education through email and in-app campaigns Alternative provided by Apple	Minimal Minimal	Minimal None anticipated
Sept '18	12	10 mins maximum background time limit	Worked with Apple to increase limit before release of iOS 12	Minimal	Minimal
Sept '17	11	Blue bar	Additional API added to remove blue bar after negotiation with Apple	Minimal	Minimal
Sept '16	10	Decommissioned background socket	Migrated background wake up to VOIP	Significant	Minimal
Sept '15	9	More background location sampling	Update infrastructure to handle additional location points	Medium	Medium
Sept '13	7	iOS background task termination stopped all background location from running	Successful petition to Apple to change policy with iOS 7.1	Significant	iOS 7.0 - Significant iOS 7.1 - Minimal

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Appendix: Platform Update - Android

Date	Version	Changes	Resolution	Potential impact	Actual impact
Sept '20	11	Minor	Incorporated and shipped	Minimal	Minimal
Sept '19	Q	Always vs When in Use background location permission	Updated app to present new permissions to the users and encourage Always permission	Minimal	Minimal
Aug '18	P	Limited access to sensors in the background	Display persistent notification while driving to ensure background access	Significant	Medium
Aug '17	O	Notification channels Background Execution limits	Added 11 different channels that allow users to customise all notifications Display persistent notification during background location updates	Minimal	Minimal
Aug '16	N	Doze Mode enhancements	Updates to ensure compatibility with Doze Mode	Minimal	Minimal
Oct '15	M	Doze Mode App Permissions	Update to high priority notifications for background location Ensure we prompt the user for all permissions required	Significant	Medium

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

Life360, Inc

ABN	**Quarter ended ("current quarter")**
629 412 942	September 30, 2020

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (9 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	15,701	44,608
1.2	Payments for		
	(a) research and development	(2,115)	(6,320)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(1,288)	(7,178)
	(d) leased assets	(431)	(1,251)
	(e) staff costs	(8,334)	(23,654)
	(f) administration and corporate costs	(1,227)	(5,902)
1.3	Dividends received (see note 3)		
1.4	Interest received	5	194
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Payments for technology expenses	(1,354)	(5,047)
1.9	**Net cash from / (used in) operating activities**	**957**	**(4,550)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(149)	(639)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $US'000	Year to date (9 months) $US'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(149)**	**(639)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	44	383
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		3,115
3.6	Repayment of borrowings		(3,115)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**44**	**383**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	58,410	64,068
4.2	Net cash from / (used in) operating activities (item 1.9 above)	957	(4,550)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(149)	(639)

Consolidated statement of cash flows		Current quarter $US'000	Year to date (9 months) $US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	44	383
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**59,262**	**59,262**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $US'000	Previous quarter $US'000
5.1	Bank balances	59,064	58,157
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	198	253
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**59,262**	**58,410**

6.	Payments to related parties of the entity and their associates	Current quarter $US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	5[2]
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

[2] Related party payment of $5,313 was paid to Carthona Capital for the quarterly directors' fees for a non-executive director.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	0	0

7.5	**Unused financing facilities available at quarter end**	0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$US'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	957
8.2	Cash and cash equivalents at quarter end (item 4.6)	59,262
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	59,262
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:
N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:
N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:
N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....October 28, 2020.....

Authorised by: .....
(Audit and Risk Committee)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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