

## ASX ANNOUNCEMENT

27 January 2021

# December 2020 Quarterly Activities Report and Appendix 4C

### ***Outperformance of revised guidance in spite of severely worsening COVID-19 pandemic in the US and other primary markets***

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 31 December 2020 together with a Business Activities Report. Appendix 4C is prepared in US dollars under US GAAP and is unaudited.

Life360 Chief Executive Officer Chris Hulls said: “Despite an unexpected and unprecedented third wave of COVID-19, we ended the year with revenue at the upper end of our guidance range, and beat our EBITDA forecast. This is in significant contrast to the initial wave of COVID-19 where we saw declines in most key metrics. This illustrates how our consumers have continued to include Life360 in their daily routines despite widespread lockdowns and other restrictions. Even more promising, in countries where COVID-19 is more under control, we saw strong gains.

“We’re very encouraged that we ended the year with strong annual growth in spite of the COVID-19 headwinds. Year-on-year revenue increased by 39%, and active users in our key US market increased for the year, overcoming all the losses experienced during the early days of the crisis. While CY21 H1 will be significantly impacted by what is currently an all-time high (and worsening) COVID-19 peak, we are confident that we will continue to deliver growth, and rapidly accelerate later in the year once vaccines are widely implemented and the world returns to normalcy.”

### **December 2020 Quarter Highlights**

- Revenue growth of 25% year-on-year to US\$22.7 million. Annualised Monthly Revenue (AMR) in December 2020 was US\$89.7 million, a year-on-year increase of 19%. CY20 normalised revenue of US\$81.5 million increased 39% YoY, at the upper end of guidance of US\$79-82 million.
- Cash used in operating activities of US\$(2.7) million for the December 2020 quarter, a significant improvement from US\$(6.7) million in the December 2019 quarter. CY20 cash used in operating activities of US\$(7.3) million outperformed guidance in the range of US\$(10) million and improved significantly from US\$(30.5) million in CY19.
- CY20 underlying EBITDA loss (excluding Stock Based Compensation) of US\$(7.0) million outperformed guidance in the range of US\$(10) million, and improved significantly from US\$(22.9) million in CY19.
- Global Monthly Active User (MAU) base of 26.5 million. Global MAU was 0.8 million higher than the September 2020 quarter, an increase of 3%.
- US MAU base of 17.0 million, up 4% year-on-year, an increase of 0.3 million from the September 2020 quarter.
- International MAU base of 9.5 million, an increase of 0.5 million from the September 2020 quarter.

- Global Paying Circles of 889,000, up 8% year-on-year and 1% for the quarter. US Paying Circles increased 12% year-on-year, benefiting from the launch of the new Membership offering in July.
- New and upsell subscribers in the Membership plans of more than 152,000, comprising Silver (16%), Gold (72%) and Platinum (12%).
- Average Revenue Per Paying Circle (ARPPC) increased 10% year-on-year, and 4% versus the September 2020 quarter. ARPPC for new cohort Membership subscribers was a 34% uplift from the first half of 2020.
- Paid User Acquisition spend of US\$1.7 million compared with US\$0.9 million in the September 2020 quarter and US\$3.9 million in the December 2019 quarter. During current COVID-19 conditions Life360 has scaled back spend, demonstrating the discretionary nature of our expense model.
- Cash balance of US\$56.6 million at December 2020 with no debt, compared with US\$59.3 million at September 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: “Life360’s continued growth in the face of significantly worse COVID-19 conditions demonstrates the impressive resilience of our business. We launched our new Membership offering on time, and the results speak for themselves, with our rapid increase in ARPPC, uptake of new features, and return to growth in what is still a very disrupted world. We have continued to innovate, and during the quarter, we announced a new collaboration with Google to bring family coordination features to Google assistant devices making it even more convenient for Life360 users to stay in touch with their loved ones. Although screen-based voice assistants are still in their infancy, the early engagement metrics are quite strong, and show how we will be able to evolve on to new platforms in the future. We have also started early testing with our direct-to-web e-commerce offering which is now live in beta, allowing users to directly purchase a membership subscription plan. Results from new marketing channels including television, radio and podcasts to support this new acquisition channel are also promising. And we have successfully maintained our improvement with teens’ perception of Life360, with our US app rating holding steadily at 4.4 stars.

“We are also very excited to welcome our newest non-executive director, Randi Zuckerberg to the board. Randi brings deep experience in scaling social media platforms from her time at Facebook in its early days, and is well known for her work focusing on how families use emerging technology.”

At December 2020 Life360’s global Monthly Active User base was 26.5 million, an increase of 0.8 million for the quarter. US MAU of 17.0 million increased 4% year-on-year and 2% or 0.3 million from September 2020. International MAU of 9.5 million increased 5% or 0.5 million from September 2020. In our listed home of Australia, the MAU base of 658,000 increased 14% versus the September 2020 quarter. Given Australia’s success in controlling the COVID-19 pandemic, these trends provide an encouraging indication of our ability to return to strong growth once the vaccine rollout brings COVID-19 under control in other regions.

For the December quarter, revenue increased 25% year-on-year to US\$22.7 million. For the month of December, Annualised Monthly Revenue (AMR) was US\$89.7 million, a 19% year-on-year increase, and 10% ahead of September AMR of US\$81.2 million. For CY20, normalised revenue of US\$81.5 million is at the upper end of guidance of US\$79-82 million.

Chris Hulls added “This strong revenue performance reflects the value of our subscription model. For the quarter, Direct Revenue benefited from the 8% year-on-year growth in Paying Circles to 889,000 and a 10% increase in ARPPC. We now have around 152,000 new and upsell subscribers in the Membership tiers, accounting for more than 20% of US Paying Circles. While legacy

subscribers are grandfathered on their previous plans, the new Membership cohort is delivering an ARPPC uplift of 34% versus the first half of 2020.

Indirect Revenue, which includes Data revenue and our Allstate lead generation partnership, delivered strong growth for the quarter. The Allstate partnership contributed consistent revenue of US\$1.5 million, in line with the September 2020 and December 2019 quarters. Data revenue growth was strong, benefiting from timing issues. While 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, we do expect some level of negative impact to our data business when the changes are implemented. Our more strategic revenue lines are not expected to be materially impacted by the change.

During the December quarter, the majority of Paid User Acquisition spend remained paused to respond to the COVID-19 environment. Investment of US\$1.7 million increased from US\$0.9 million in the September 2020 quarter, while remaining below the US\$3.9 million in the December 2019 quarter. As previously flagged, investment in brand campaigns and new marketing channels was undertaken in the December 2020 quarter to drive future growth.

As a result of Life360's disciplined spending approach during the pandemic, CY20 underlying EBITDA loss (excluding Stock Based Compensation) of US\$(7.0) million outperformed guidance in the range of US\$(10) million, and improved significantly from US\$(22.9) million in CY19.

## Cash flow

Life360 ended December 2020 with a cash balance of US\$56.6 million and with no debt.

Receipts from customers of US\$21.7 million in the December 2020 quarter increased from US\$15.7 million in the September 2020 quarter, reflecting the timing of subscription and data revenue receipts.

Payments in the December quarter reduced 13% year-on-year, while increasing versus the September 2020 quarter. Staff payments of US\$8.2 million were in line with US\$8.3 million in the September 2020 quarter. Administration and corporate payments of US\$2.7 million increased versus US\$1.2 million in the September 2020 quarter due to prepayments and the timing of insurance payments. Advertising and Marketing payments (which include Paid User Acquisition) of US\$4.2 million increased from US\$1.3 million in the September 2020 quarter due to investment in new marketing channels and some increase in Paid User Acquisition, while remaining well below the US\$8.0 million in the December 2019 quarter. Research and development payments of US\$2.8 million increased versus US\$2.1 million in the September 2020 quarter due to higher prepayments and recruiting costs. Technology payments of US\$6.2 million increased from US\$1.4 million in the September quarter due to the timing of prepayments.

For the December 2020 quarter, cash used in operating activities was US\$(2.7) million. This compares with cash generated by operating activities of US\$1.0 million in the September 2020 quarter and cash used in operating activities of US\$(6.7) million in the December 2019 quarter.

Cash used in investing activities of US\$0.01 million reflects minor purchases of capital assets.

Cash flows from financing activities of US\$0.06 million reflects net proceeds from exercise of options and settlement of RSUs.

## Investor Conference Call

A conference call will be held today at 9.30am AEDT, Wednesday 27 January. 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/j/axj1N209>

**Meeting ID** : 978 7405 2450

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

**Contacts**

For investor enquiries:

Jolanta Masojada, +61 417 261 367

[jmasojada@life360.com](mailto:jmasojada@life360.com)

For media enquiries:

Giles Rafferty, +61 481 467 903

[grafferty@firstadvisers.com.au](mailto:grafferty@firstadvisers.com.au)

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.

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

## 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

**Name of entity**

Life360, Inc

**ABN**

629 412 942

**Quarter ended ("current quarter")**

December 31, 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	21,720	66,328
1.2 Payments for		
(a) research and development	(2,819)	(9,138)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(4,229)	(11,407)
(d) leased assets	(430)	(1,681)
(e) staff costs	(8,242)	(31,896)
(f) administration and corporate costs	(2,679)	(8,581)
1.3 Dividends received (see note 3)		
1.4 Interest received	130	324
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	(6,152)	(11,200)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,701)</b>	<b>(7,251)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(14)	(653)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 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	<b>Net cash from / (used in) investing activities</b>	<b>(14)</b>	<b>(653)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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 and settlement of RSUs	64	447
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	<b>Net cash from / (used in) financing activities</b>	<b>64</b>	<b>447</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	59,262	64,068
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,701)	(7,251)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(653)



Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	64	447
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>56,611</b>	<b>56,611</b>

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	56,413	59,064
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	198	198
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>56,611</b>	<b>59,262</b>

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	11 <sup>2</sup>
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.*

<sup>2</sup> Related party payment of \$10,625 was paid to Carthona Capital for the quarterly directors' fees for a non-executive director.

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,701)
8.2 Cash and cash equivalents at quarter end (item 4.6)	56,611
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	56,611
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	21
<i>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.</i>	
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	
<i>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.</i>	

## 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: .....January 27, 2021.....

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.