

## ASX ANNOUNCEMENT

28 July 2021

# June 2021 Quarterly Activities Report and Appendix 4C

### ***Paying Circles exceed 1 million with record quarterly subscriber additions***

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 June 2021 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: “This was a milestone quarter for Life360, with growth accelerating as the benefits of the vaccine rollout were felt, particularly in the US. We exceeded 1 million Paying Circles and US\$100 million of Annualised Monthly Revenue. Our confidence that a COVID recovery would drive a return to significant growth is being borne out in these results.

“Our members are more attuned to safety, and they are eager to get out, so we are even more relevant than prior to the pandemic. We are becoming a trusted brand by all family members, including teens who have driven a viral surge in downloads through social media, primarily TikTok. We reached the number 1 position in the app store charts in more than 11 countries during May, and as a result we delivered a record quarter of Monthly Active User (MAU) additions, ending the quarter with 32.3 million MAU. While we expect much of this surge to be transitory, (and for MAU numbers to temporarily decline as some of these lower value users churn in coming months), Life360 is clearly returning to the centre of family life. Organic registrations recovered to pre-COVID levels while we are still spending significantly less on marketing than prior to the pandemic. In another very positive sign, Paying Circle additions have also reached a new quarterly record, with more than 90,000 net new subscribers.

“We’re pleased to announce the signing of definitive agreements for the acquisition of Jibot, provider of wearable location devices for young children, pets and seniors. The transaction is expected to close shortly. Jibot is another milestone for Life360, as our largest acquisition to date. It supports the expansion of Life360’s product lines to all family life stages, and marks the successful first step of the strategic review we announced in February 2021.

“During the quarter we announced the creation 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, these celebrities participated in an investment round of US\$2.1 million, led by Bryant Stibel, a Los Angeles-based investment group” Chris Hulls said.

### **June 2021 Quarter Highlights**

- Underlying revenue growth of 28% year-on-year to US\$25.0 million. Annualised Monthly Revenue (AMR) in June 2021 was US\$105.9 million, a year-on-year increase of 36%.
- Cash used in operating activities of US\$(1.9) million compared with US\$(3.0) million for the March 2021 quarter.
- Underlying EBITDA loss (excluding Stock Based Compensation and other non-recurring adjustments) of US\$(3.3) million.
- Global Monthly Active User (MAU) base of 32.3 million, an increase of 4.2 million from the March 2021 quarter or 15%, driven by the viral surge from teens.

- US MAU base of 20.3 million, an increase of 2.1 million, or 12% from the March 2021 quarter. International MAU base of 12.1 million, an increase of 2.1 million, or 22%, from the March 2021 quarter.
- Global Paying Circles of 1.0 million, an increase of 19% year-on-year and 10% for the quarter. US Paying Circles increased 22% year-on-year, benefiting from the launch of the new Membership offering in July 2020. Net subscriber additions of more than 90,000 were an all-time record.
- 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 Circle (ARPPC) increased 21% year-on-year, and 5% versus the March 2021 quarter. ARPPC for new cohort Membership subscribers was a 37% uplift from the first half of 2020.
- Paid User Acquisition spend of US\$1.3 million compared with US\$1.2 million in the March 2021 quarter and US\$0.2 million in the June 2020 quarter when spend was deliberately scaled back to respond to COVID-19. Investment in Paid User Acquisition including TV channel spend, amounted to US\$2.5 million compared with US\$2.2 million in the March 2021 quarter.
- Data revenue was in line with the March 2021 quarter with a modest year-on-year increase as the impact of IDFA changes was lower than originally anticipated.
- Cash balance of US\$50.8 million at June 2021 compared with US\$53.5 million at March 2021. Life360 remains confident its strong capital position represents sufficient resources to fund future growth.

## Business Activities Update

At June 2021, Life360's global Monthly Active User base was 32.3 million, an increase of 4.2 million for the quarter. US MAU of 20.3 million increased 25% year-on-year from June 2020's COVID-depressed base, and 12% from March 2021. International MAU of 12.1 million increased 34% year-on-year and 22% from March 2021. In our listed home of Australia, the MAU base of 836,000 increased 48% year-on-year and 18% from March 2021.

Underlying revenue in the June quarter increased 28% year-on-year to US\$25.0 million. For the month of June, Annualised Monthly Revenue (AMR) was US\$105.9 million, a 36% year-on-year increase, and 11% ahead of March 2021 AMR of US\$95.8 million.

Chris Hulls added "Direct revenue was the key driver of the result, benefiting from a 19% year-on-year increase in Paying Circles to 1.0 million, and a 21% uplift in ARPPC. 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, (which includes Data revenue and lead generation partnership) delivered year-on-year growth. Data revenue was in line with the March 2021 quarter and increased year-on-year as the impact of iOS IDFA changes was lower than initially expected. Lead gen contributed revenue of US\$1.5 million, consistent with the March 2021 and June 2020 quarters.

Paid User Acquisition spend was in line with the March 2021 quarter. Total investment in Paid User Acquisition and TV channels of US\$2.5 million compared with US\$2.2 million in the March quarter. Chris Hulls said "We are reactivating marketing spend in response to the improving environment, and anticipate increases in spend in the second half of CY21".

Underlying EBITDA loss (excluding Stock Based Compensation and other non-recurring adjustments) of US\$(3.3) million increased from US\$(1.5) million in the March 2021 quarter, reflecting higher investment in growth.

“Strong continued performance is expected, in particular in the US as we enter our back- to- school season. However, we are seeing slowdowns in registrations in regions heavily impacted by the COVID Delta variant. Currently this does not appear to be materially impacting US consumer behaviour. However, if the latest wave continues, and results in either organic or mandated social distancing, we expect a slowdown in our rate of growth. Given the results we achieved going through prior waves, we are confident that any potential COVID-slowdown will be transitory, although growth metrics for the back half of the year could be impacted.” Chris Hulls said.

## Cash flow

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.

Receipts from customers of US\$20.6 million increased from US\$15.8 million in the March 2021 quarter, reflecting the timing of subscription receipts.

Total payments in the June 2021 quarter increased 20% versus the March 2021 quarter. Staff payments of US\$9.3 million were in line with US\$9.5 million in the March 2021 quarter. Higher expenses from headcount growth were offset by the timing of bonus payments. Advertising and Marketing payments (which include Paid User Acquisition) of US\$2.5 million reduced from US\$2.9 million in the March 2021 quarter due to prepayments in the March 2021 quarter for marketing and brand spend. Research and development payments of US\$3.8 million increased from US\$2.4 million in the March 2021 quarter as a result of higher payments to several R&D vendors. Cost of revenue of US\$3.3 million increased from US\$2.0 million in the March 2021 quarter due to higher technology payments. Administration and corporate payments of US\$3.0 million increased from US\$1.6 million in the March 2021 quarter due to the timing of insurance payments.

Cash used in operating activities of US\$(1.9) million decreased from US\$(3.0) million in the March 2021 quarter.

Cash used in investing activities of US\$(2.5) million reflects the cash advance to Jibit in relation to the acquisition.

Cash from financing activities of US\$1.7 million reflects cash received from the recently announced investment round led by Bryant Stibel, offset by the exercise of options and settlement of RSUs.

## Outlook

- The strength of MAU and Paying Circles growth in the June 2021 quarter reinforces our confidence in an improving performance in the second half of CY21, although there remain risks flowing from the COVID variant surges that are currently being experienced in many countries. If the variant surge in the US is contained at current levels, we expect Annualised Monthly Revenue by December 2021 to exceed our previous guidance of US\$110 to US\$120 million for Life360’s core business. If, however, the surge continues to grow, we still expect revenue at the higher end of this previously forecasted range given the current wave of demand the business is demonstrating.
- Life360’s current momentum provides confidence to accelerate investment in growth initiatives at a greater level than previously anticipated. As part of the stepped-up growth plans, we expect to undertake joint branding and other promotional initiatives as we bring Jibit on board. Depending on continued momentum, and therefore their ultimate scale, these investments are likely to increase CY21 underlying EBITDA loss (excluding Stock Based Compensation) from the previous guidance of no greater than US\$(15) million for the core business.

- As previously advised, 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\$4 million revenue contribution in CY21 post acquisition. The underlying CY21 EBITDA loss contribution from Jibit from the time of acquisition is expected to be less than US\$(4) million.

## Strategic Review

The acquisition of Jibit marks a milestone, but not a completion of the strategic review previously 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 larger acquisitions that could be funded with vehicles that would simultaneously result in a dual listing on a US exchange.

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

## Related party

A related party payment of US\$2,513 was paid to Carthona Capital for the quarterly directors' fees for a non-executive director, and US\$10,250 to the spouse of an executive for services relating to a marketing campaign.

## Investor Conference Call

A conference call will be held today at 9.30am AEST, Wednesday 28 July. 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** : 548 188 075

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 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 '21	15	VoIP disabling has been confirmed from iOS 15 onwards	Switch to using new Apple provided service extensions	Medium	To be determined after rollout in Sept '21
		IDFA updates (iOS 14.5)	Updates made on client and backend to accommodate IDFA changes	Medium on data business	Still to be determined after adoption rates become significant
Sept '20	14	Identifier for Advertisers (IDFA) update, now per app opt-in	Apple delayed to 2021. Options being discussed and prototyped	Potentially significant on Data business	Still to be determined
		Users can switch off precise location	Messaging	Low	Low
		VoIP disabling (not yet enforced in iOS14)	Alternatives being tested	Medium	Still to be determined
Sept '19	13	Location permissions	Work-around User education through email and in-app campaigns	Minimal	Minimal
		VoIP disabling	Alternative provided by Apple	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 '21	12	Precise location, advertising ID opt-out	Will be incorporated and shipped	Minimal	TBC
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")**

June 30, 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (6 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	20,627	36,452
1.2 Payments for		
(a) research and development	(3,842)	(6,200)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(2,542)	(5,452)
(d) leased assets	(571)	(1,000)
(e) staff costs	(9,271)	(18,808)
(f) administration and corporate costs	(3,017)	(4,581)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	11
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 cost of revenue	(3,316)	(5,343)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,928)</b>	<b>(4,921)</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	0	0
(d) investments		
(e) intellectual property		



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (6 months) \$US'000</b>
	(f) Cash advance on convertible note receivable	(2,500)	(2,500)
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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,500)</b>	<b>(2,500)</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	(459)	(546)
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Cash received in advance of the issuance of convertible notes	2,110	2,110
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,651</b>	<b>1,564</b>

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
<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	53,531	56,611
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,928)	(4,921)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,500)	(2,500)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,651	1,564
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>50,754</b>	<b>50,754</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	50,557	53,334
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	197	197
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>50,754</b>	<b>53,531</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	13 <sup>2</sup>
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>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.</i>		

<sup>2</sup> Related party payments of \$2,513 were paid to Carthona Capital for the quarterly directors' fees for a non-executive director and \$10,250 to a spouse of an executive for services relating to a marketing campaign.

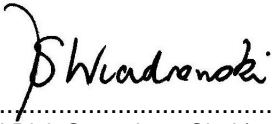
<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(1,928)
8.2 Cash and cash equivalents at quarter end (item 4.6)	50,754
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	50,754
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	26
<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: .....July 28, 2021.....

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

**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.

For personal use only