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ASX ANNOUNCEMENT

27 October 2021

September 2021 Quarterly Activities Report and Appendix 4C

Second consecutive quarter of record quarterly subscriber additions drives accelerating revenue momentum

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 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 another milestone quarter for Life360, with growth continuing to accelerate in the US as the country emerges from COVID-19. We are excited by the metrics the business is delivering, in particular the second consecutive quarter of record subscriber additions taking us to more than 1.1 million Paying Circles, underlying revenue growth of 45% year-on-year and reaching US$120.1 million in Annualised Monthly Revenue (AMR) for the first time. As a result of this momentum, we have upgraded our CY21 AMR guidance.

"Monthly Active Users continued to increase from the second quarter despite the expected roll-off of lower quality users from the viral surge in downloads we experienced that quarter from TikTok. While there was some modest decrease in international MAU due to the viral surge and regions with greater pandemic restrictions, this was in line with our expectations. US MAU growth was robust, increasing by 1.9 million from the June quarter to 22.2 million, reflecting the traditionally strong US Back-to-School period.

"We're also excited to see the high levels of engagement from our users, with the increase in returning Monthly Active Users at the highest level in our history.

"During the September quarter we continued to deliver on our strategic roadmap. We closed the acquisition of Jiobit, and while there are short term constraints from supply chain issues, we see the opportunity to significantly enlarge and enhance our core user base of families. We rolled out new free data breach alerts to 100% of the US user base. This service addresses an important area of vulnerability for many families, and establishes a powerful platform to drive conversion to our paid product.

"In relation to the commissions we pay to the App stores, the recent changes from Android and iOS validate our long-held view that these charges would reduce over time, with long term benefits to our operating margins. The changes from Google are expected to take effect from 1 January 2022. On an annual basis, this would reduce commissions by around US$2 million based on the current run rate. Any similar change by Apple would result in a far greater impact, and we are excited that these larger platform companies are under pressure to reduce fees, and allow a more competitive payments marketplace.

"We are also delighted to welcome Carrie Cronkey as Life360's first-ever Chief Marketing Officer. Prior to joining Life360, Carrie served as CMO of the leading family care platform, Care.com, and her expertise hits the sweet spot of subscription services and family-focused products. With our momentum in the market, we are ramping up investment in the company's overall product marketing strategy, and amplifying the brand story".

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September 2021 Quarter Highlights

- Underlying revenue growth (excluding Jiobit) of 45% year-on-year to US$29.3 million. Annualised Monthly Revenue (AMR) (excluding Jiobit) in September 2021 was US$120.1 million, a year-on-year increase of 48%. Consolidated revenue growth (including Jiobit) of 47% to $29.7 million.

- Cash provided by operating activities of US$4.4 million compared with cash used of US$(1.9) million for the June 2021 quarter.

- Underlying EBITDA loss (excluding Stock Based Compensation and other non-recurring adjustments) of US$(3.2) million excluding Jiobit and US$(3.7) million including Jiobit.

- Global Monthly Active User (MAU) base of 33.8 million, an increase of 1.5 million from the June 2021 quarter despite the expected churn from the TikTok viral surge that inflated the June 2021 quarter. Year-on-year, MAU increased 31%.

- US MAU base of 22.2 million, an increase of 1.9 million, or 9% from the June 2021 quarter and 32% year-on-year. International MAU base of 11.6 million was slightly below the June 2021 quarter as expected due to roll off from the TikTok surge.

- Global Paying Circles of 1.1 million, an increase of 26% year-on-year and 10% for the quarter. US Paying Circles increased 28% year-on-year, benefiting from the launch of the new Membership offering in July 2020. Net subscriber additions of more than 104,000 was a second consecutive quarterly all-time record, increasing 15% on the June 2021 quarter.

- Cumulative new and upsell subscribers in the Membership plans of 445,000, comprising Silver (11%), Gold (82%) and Platinum (6%). Membership now makes up 49% of US Paying Circles.

- Average Revenue Per Paying Circle (ARPPC) increased 24% year-on-year, and 8% versus the June 2021 quarter. ARPPC for new cohort Membership subscribers was a 39% uplift from the first half of 2020.

- Paid User Acquisition spend of US$1.7 million compared with US$1.3 million in the June 2021 quarter and US$0.9 million in the September 2020 quarter. Investment in Paid User Acquisition including TV channel spend (excluding Jiobit), amounted to US$3.1 million compared with US$2.5 million in the June 2021 quarter, and US$3.3 million including Jiobit.

- Cash balance of US$50.4 million at September 2021 compared with US$50.8 million at June 2021. Life360 remains confident its strong capital position represents sufficient resources to fund future growth.

Business Activities Update

At September 2021, Life360's global Monthly Active User base was 33.8 million, an increase of 1.5 million from the June 2021 quarter and 31% year-on-year. US MAU of 22.2 million increased 32% year-on-year and 9% from the June 2021 quarter. International MAU of 11.6 million increased 29% year-on-year while reducing slightly from June 2021's TikTok surge inflated base due to the expected churn and the Covid-19 impact in certain regions. In our listed home of Australia, the MAU base of 836,000 increased 45% year-on-year, holding steady at June 2021 levels despite widespread COVID-related lockdowns.

Revenue in the September quarter (excluding Jiobit) increased 45% year-on-year to US$29.3 million and 17% from the June 2021 quarter. Including one month's revenue contribution from Jiobit, consolidated revenue was US$29.7 million. For the month of September, Annualised Monthly Revenue (AMR) (excluding Jiobit) was US$120.1 million, a year-on-year increase of 48%.

Direct revenue delivered accelerating momentum, benefiting from the Paying Circles increase of 26% year-on-year to 1.1 million and an ARPPC increase of 24% year-on-year. The Membership

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model now has 445,000 new and upsell subscribers, accounting for 49% of US Paying Circles. While legacy subscribers are grandfathered on their previous plans, the new Membership cohort is delivering an ARPPC uplift of 39% versus the first half of 2020, prior to the Membership launch.

Indirect revenue (which includes Data revenue and lead generation partnership) delivered year-on-year growth. Data revenue increased versus the June 2021 quarter and year-on-year, and lead gen was consistent with previous quarters. Data revenue performance has not been affected by Identifier for Advertisers (IDFA) changes as users upgrade to iOS 14.5.

Paid User Acquisition spend of US$1.7 million increased from US$1.3 million in the June 2021 quarter and US$0.9 million in the prior year. Total investment in Paid User Acquisition and TV channels of US$3.1 million (US$3.3 million including Jiobit) increased from US$2.5 million in the June 2021 quarter. These investments are being undertaken to accelerate growth in the improving environment and to support the US 'Back to School' brand marketing campaign which has proven to be a big success.

Underlying EBITDA loss (excluding Stock Based Compensation and other non-recurring adjustments) of US$(3.2) million (excluding Jiobit) was in line with the June 2021 quarter. Underlying EBITDA loss (including Jiobit) was US$3.7 million.

Cash flow

Life360 ended September 2021 with a cash balance of US$50.4 million and with debt of US$3.7 million related to convertible notes.

Receipts from customers of US$26.7 million increased from US$20.6 million in the June 2021 quarter, reflecting the timing of subscription receipts.

Total payments in the September 2021 quarter were in line with the June 2021 quarter. Staff payments of US$11.8 million increased from US$9.3 million in the June 2021 quarter due to consolidation of Jiobit and the timing of bonus payments. Advertising and Marketing payments (which include Paid User Acquisition) of US$3.2 million increased from US$2.5 million in the June 2021 quarter, reflecting the new brand campaign and higher user acquisition spend. Research and development payments of US$2.2 million reduced from US$3.8 million in the June 2021 quarter due to timing of vendor payments. Cost of revenue of US$1.8 million reduced from US$3.3 million in the June 2021 quarter due to the timing of technology payments. Administration and corporate payments of US$2.5 million reduced from US$3.0 million in the June 2021 quarter due to the timing of insurance payments.

Cash from operating activities of US$4.4 million compared with cash used of US$(1.9) million in the June 2021 quarter.

Cash used in investing activities of US$(4.4) million increased from US$(2.5) million in the June 2021 quarter reflecting the Jiobit acquisition.

Cash used in financing activities of US$(0.5) million relates to the exercise of options and settlement of RSUs.

Outlook

- Life360's strong performance in the seasonally important 'Back to School' period underpins our confidence that Annualised Monthly Revenue by December 2021 will be in the range of US$125 - US$130 million for Life360's core business which currently excludes Jiobit. This compares with previous guidance of US$120-US$125 million.

- This strong momentum underpins our current strategy to increase spend on brand marketing, paid acquisition, and R&D. Underlying EBITDA loss (excluding Stock Based Compensation) is now not expected to exceed US$(15) million for the core business, reflecting the benefit of additional revenue improving our prior guidance.

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- Jiobit has been impacted by global supply chain issues stemming from COVID shutdowns in Asia in the current quarter, and is unable to fulfill demand and is thus sold out in all key sales channels. Mitigation efforts are underway and we expect to be fully restocked prior to the holiday shopping season. As a result of this supply delay, Jiobit's Annualised Monthly Revenue for the month of December 2021 is anticipated to be US$1 million lower than our original forecast, in the range of US$10-11 million, with a US$2-3 million revenue contribution in CY21 post acquisition on 1 September 2021. The underlying CY21 EBITDA loss contribution from Jiobit from the time of acquisition is expected to be approximately US$(3) million.

Strategic Review

Life360 is in active negotiations with potential acquisition targets that will accelerate our vision of being the dominant platform for a much broader suite of family services, including transactions that could simultaneously result in a dual listing on a US exchange. Regardless of the outcome of any M&A transaction, we have engaged advisors to begin the process to dual list on a US exchange in CY22.

There is no certainty that the review will result in any additional transactions or that a dual listing will be completed. 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.

Related party

A related party payment of US$15,650 was paid to Carthona Capital for the quarterly directors' fees for a non-executive director, and US$3,900 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 AEDT, Wednesday 27 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 : **details**
Meeting ID : 390 150 945

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.

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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 33 million monthly active users (MAU) as at September 2021, 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 '21	15	VoIP disabling has been confirmed from iOS 15 onwards IDFA updates (iOS 14.5)	Switch to using new Apple provided service extensions Updates made on client and backend to accommodate IDFA changes	Medium Medium on data business	To be determined after rollout in Spring '22 Still to be determined after adoption rates become significant
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 '21	12	Precise location, advertising ID opt-out	Will be incorporated and shipped	Minimal	To be determined after rollout percentages become significant
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, 2021

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	26,747	63,199
1.2	Payments for		
	(a) research and development	(2,161)	(8,362)
	(b) product manufacturing and operating costs	(287)	(287)
	(c) advertising and marketing	(3,179)	(8,631)
	(d) leased assets	(495)	(1,494)
	(e) staff costs	(11,834)	(30,641)
	(f) administration and corporate costs	(2,506)	(7,087)
1.3	Dividends received (see note 3)		
1.4	Interest received	4	14
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(33)	(33)
1.7	Government grants and tax incentives		
1.8	Payments for cost of revenue	(1,808)	(7,151)
1.9	**Net cash from / (used in) operating activities**	**4,448**	**(473)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) acquisition, net of cash acquired	(2,852)	(2,852)
	(b) businesses		
	(c) property, plant and equipment	0	0
	(d) investments		
	(e) intellectual property		

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Consolidated statement of cash flows	Current quarter $US'000	Year to date (9 months) $US'000
(f) Cash advance on convertible note receivable	(1,500)	(4,000)
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	**(4,352)**	**(6,852)**

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 and settlement of RSUs	(400)	(946)
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(53)	(53)
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	0	2,110
3.10	**Net cash from / (used in) financing activities**	**(453)**	**1,111**

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Consolidated statement of cash flows		Current quarter $US'000	Year to date (9 months) $US'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	50,754	56,611
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,448	(473)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,352)	(6,852)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(453)	1,111
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**50,397**	**50,397**

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	50,050	50,557
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	347	197
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**50,397**	**50,754**

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	20[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 payments of $15,650 were paid to Carthona Capital for the quarterly directors' fees for a non-executive director and $3,900 to a spouse of an executive for services relating to a marketing campaign.

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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)	4,448
8.2	Cash and cash equivalents at quarter end (item 4.6)	50,397
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	50,397
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 27, 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.