



Internal use only

CY23 H1 Results

Investor Presentation

15 August 2023



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This document contains unaudited financial information for the Company that has been prepared by the Company's management. The Company's results are reported under US-GAAP. Investors should be aware that certain financial data included in this presentation including average revenue per paying circle (ARPPC), and average revenue per User (ARPU) is "non-IFRS information" under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by ASIC or "non-GAAP financial measures" within the meaning of Regulation G of the Exchange Act.

All values are stated in US dollars unless otherwise stated.



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Russell Burke, CFO

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01

Business Update

Chris Hulls, Co-Founder and CEO
Russell Burke, CFO



WHY WE EXIST

The Life360 mission is to keep people close to the ones they love

Life360 aims to build on our foundation of location and family safety to disrupt billion dollar categories by creating mobile experiences that make life safer, easier and more satisfying



Families with newborns



Families with young kids



Families with teens



Families with college kids



Empty nesters



Aging parents

Connecting families and saving lives



921,138

Help alerts sent



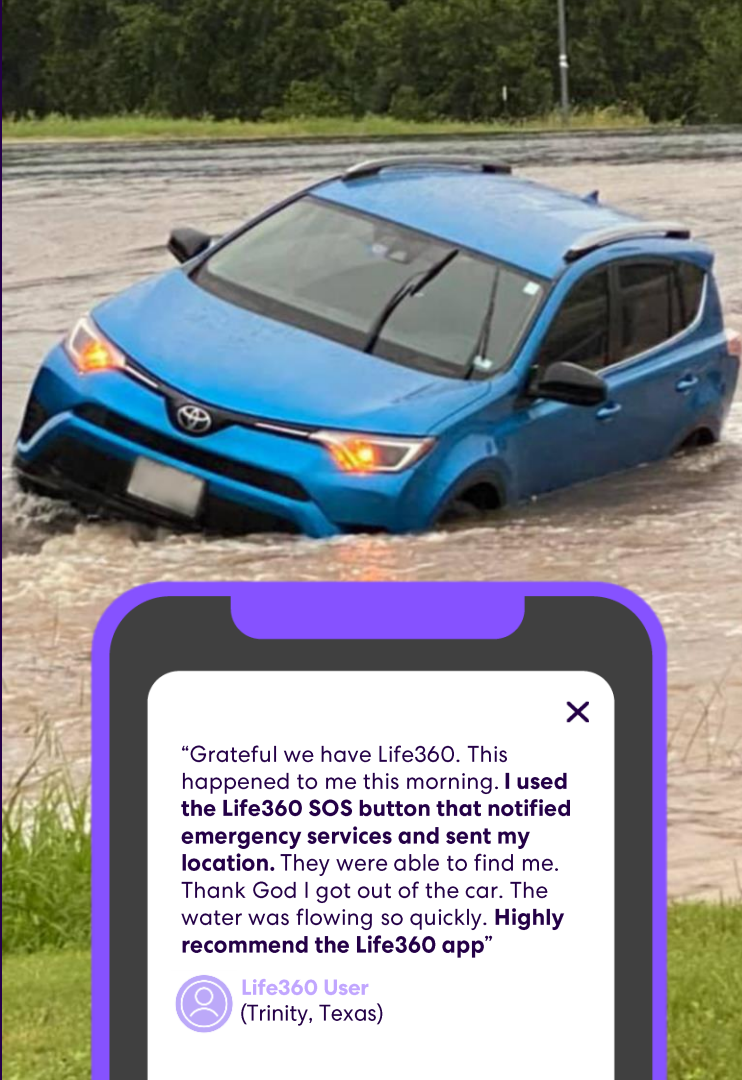
18,645

Ambulances dispatched



144 billion

Miles driven with Life360
Crash Detection



16 billion

Safe arrival
notifications



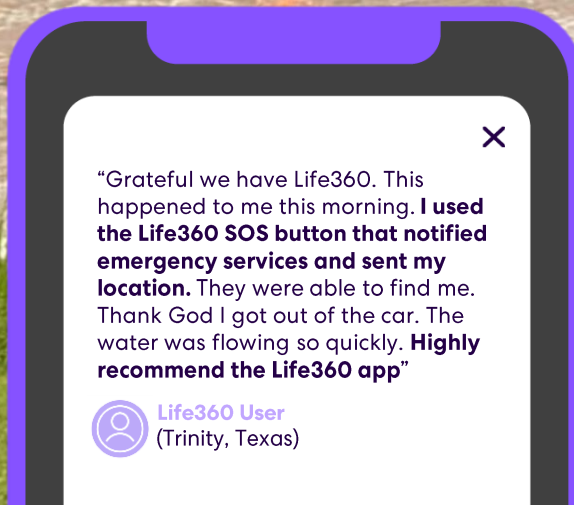
9.5M+

Monthly active
Tile devices



19.7M

Tile "Items Left
Behind" smart alerts



"Grateful we have Life360. This happened to me this morning. **I used the Life360 SOS button that notified emergency services and sent my location.** They were able to find me. Thank God I got out of the car. The water was flowing so quickly. **Highly recommend the Life360 app**"



Life360 User
(Trinity, Texas)

One of the Highest DAUs Across All Apps

US App Rankings by DAU¹

1	 YouTube Google	11	 WhatsApp Messenger WhatsApp	21	 Discord Discord
2	 Facebook Meta	12	 Amazon Amazon	22	 Microsoft Outlook Microsoft
3	 TikTok ByteDance	13	 BeReal BeReal	23	 Google Photos Google
4	 Snapchat Snap	14	 Netflix Netflix	24	 Pandora Music Pandora
5	 Instagram Instagram	15	 Twitter Twitter	25	 LinkedIn LinkedIn
6	 Facebook Messenger Meta	16	 Life360 Family Locator Life360	26	 NewsBreak Particle Media
7	 Gmail Google	17	 Chrome Browser Google	27	 Cash App Block Inc
8	 Spotify Spotify	18	 Pinterest Pinterest	28	 Waze Waze
9	 Google Maps Google	19	 ROBLOX Roblox	29	 Temu Temu
10	 Google Google	20	 The Weather Channel The Weather Company	30	 SHEIN Shein

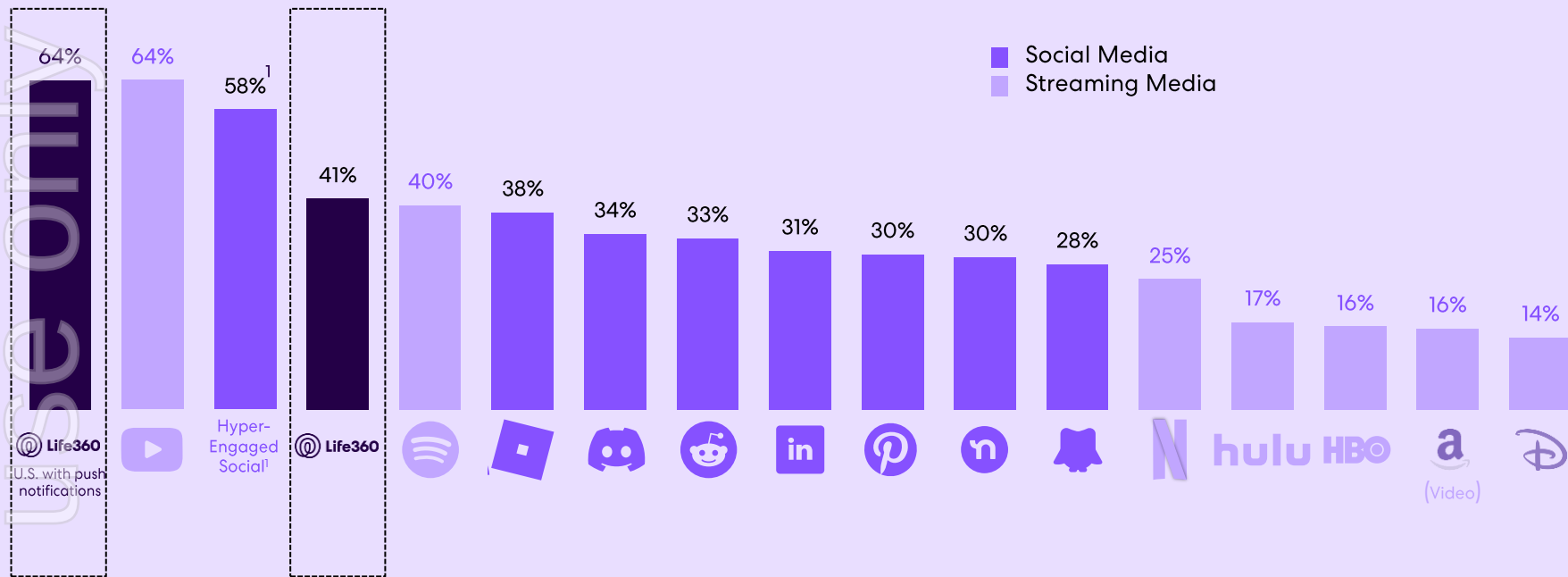
US iOS Social Networking App Rankings by DAU¹

1	 Facebook Meta	11	 WeChat Tencent	21	 Messenger Kids Meta
2	 Facebook Messenger Meta	12	 TextNow TextNow	22	 Signal Private Messenger Open Whisper Systems
3	 WhatsApp Messenger WhatsApp	13	 Telegram Telegram	23	 Grindr Grindr
4	 BeReal BeReal	14	 sendit Iconic Hearts	24	 BAND NAVER
5	 Life360 Family Locator Life360	15	 Wizz VLB	25	 HoYoLAB miHoYo
6	 Discord Discord	16	 Locket Widget Locket Labs	26	 IMYU Mobile Together Labs
7	 Threads Instagram	17	 Marco Polo Video Walkie Joya Communications	27	 KakaoTalk Kakao
8	 Google Duo Google	18	 Tumblr Tumblr	28	 Kik Messenger Kik
9	 GroupMe Skype	19	 Viber Viber Media	29	 POF Online Dating Match Group
10	 LINE LINE	20	 Skype Skype	30	 Timehop Timehop

¹In June 2023; data.ai.

Rivals the biggest names in social and streaming media

Global Daily Active Users (DAU)/Monthly Active Users (MAU) Ratio (%)



Source: data.ai

¹ Hyper-Engaged Social represents the average DAU/MAU of Facebook, Instagram, Snapchat, TikTok, and Twitter.

Cementing our position as the market-leading family safety membership service



Growing our audience

~54m

Global Monthly
Active Users
+ 29% YoY

41%

Daily Active Users as %
Monthly Active Users*



Driving Membership

~1.6m

Global Paying
Circles
+ 17% YoY

42%

YoY lift in CY23 Q2 U.S.
ARPPC reflecting price
increase



Expanding Internationally

~400k

International Paying
Circles
+ 44% YoY



On track for UK triple tier
membership launch in H2



Maintaining financial discipline

~\$249m

Annualized Monthly
Revenue**
+43% YoY

~\$6.2m

Adjusted H1 EBITDA,
second consecutive quarter
of positive AEBITDA

*For month of June 2023. **June 2023 Annualized Monthly Revenue (AMR)

CY23 H1 RESULTS SUMMARY

Delivering on growth

\$M	CY22 H1	CY23 H1	% ch YoY	CY23 Full Year Guidance
Revenue				
Subscription	69.1	104.4	+51%	
Hardware	16.5	21.6	+31%	
Other	14.3	13.0	(9)%	
Total revenue	99.8	138.9	+39%	300-310
Annualized Monthly Revenue (AMR) (excluding Hardware)				
	174.4	248.7	+43%	
Non-GAAP Operating Expenses				
	99.8	99.6	0%	
Adjusted* EBITDA	(32.3)	6.2		9-14
Net loss	(58.2)	(18.5)		
Cash and cash equivalents**				
	79.3	64.2		

Note: Tables may not add due to rounding.

*Adjusted EBITDA was previously referred to as Underlying EBITDA. For definitions of EBITDA and Adjusted EBITDA and the use of these non-GAAP measures, as well as a reconciliation of Net Loss to EBITDA and Adjusted EBITDA see Appendix 3

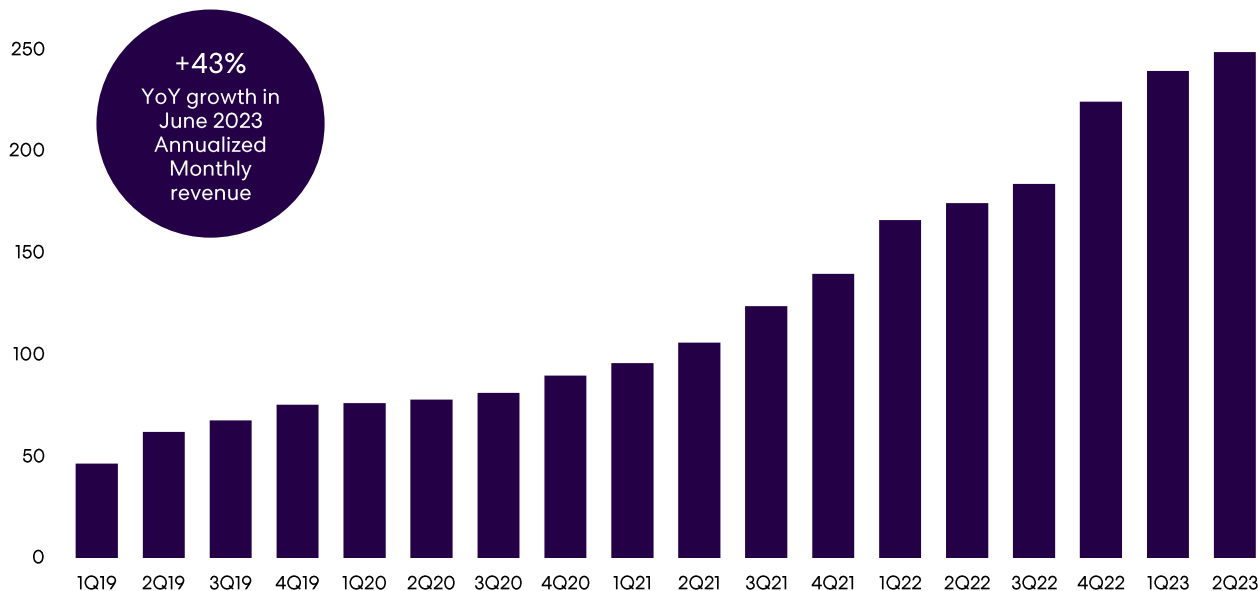
** Cash and cash equivalents includes Restricted Cash.

Commentary

- Strong subscription revenue momentum, up 51% including hardware subscriptions, and 61% for Life360 subscriptions
- Hardware revenue benefited from higher unit sales and increased Average Sale Price (ASP) reflecting previous strategic initiatives to clear channel inventory and prioritize higher margin sales channels
- Annualized Monthly Revenue up 43% to \$248.7 million
- Stable non-GAAP operating expenses
- Positive Adjusted EBITDA for the second consecutive quarter, in line with prior guidance

Quarterly AMR has more than tripled since our IPO in May 2019

Quarterly Annualized Monthly Revenue (\$M)*

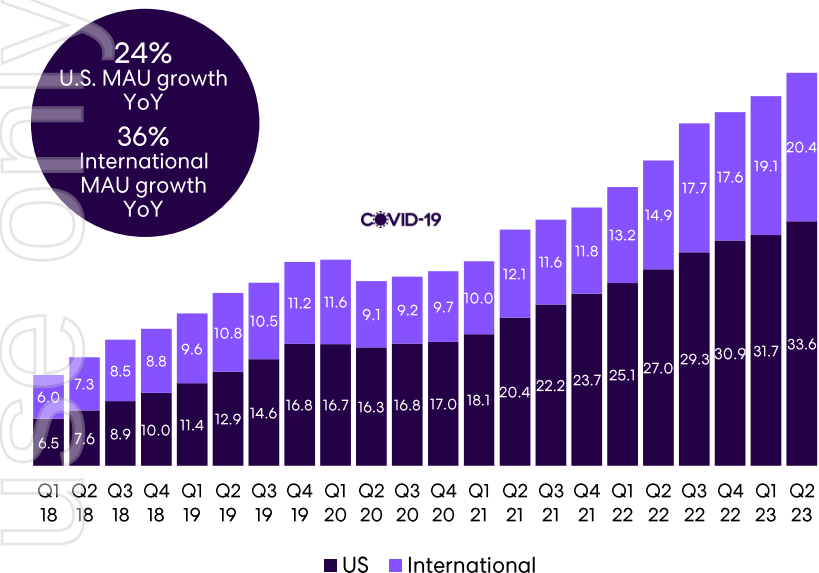


*Annualized Monthly Revenue (AMR) is a financial measure used by the Company to identify the annualized monthly value of active customer agreements at the end of a reporting period.

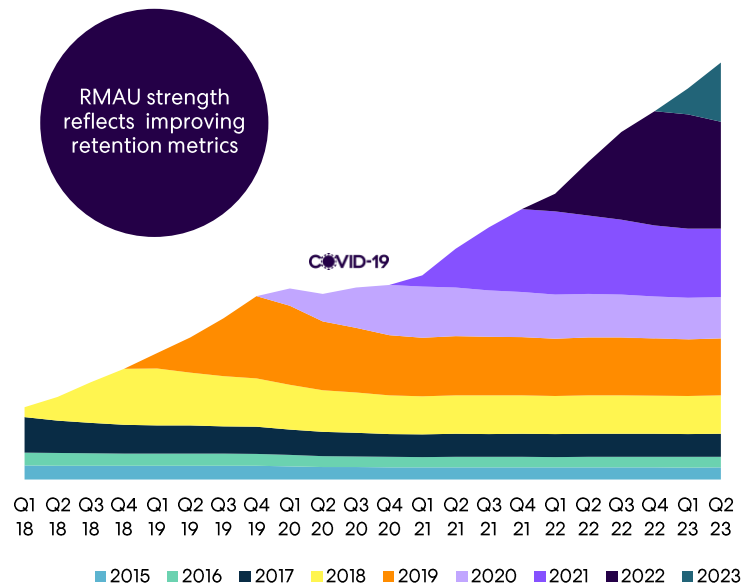
GLOBAL MAU REACHING NEW HEIGHTS WITH STRONG RETENTION

MAU year-on-year growth of 29%

Life360 Core Monthly Active Users (MAU)(M)



Life360 Core Returning Monthly Active Users by cohort (RMAU)*(M)



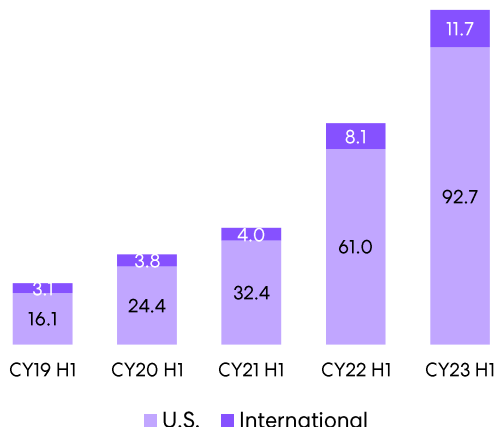
*Returning Monthly Active Users are defined as users that are active in a given month who have registered more than 30 days ago

SUBSCRIPTION REVENUE

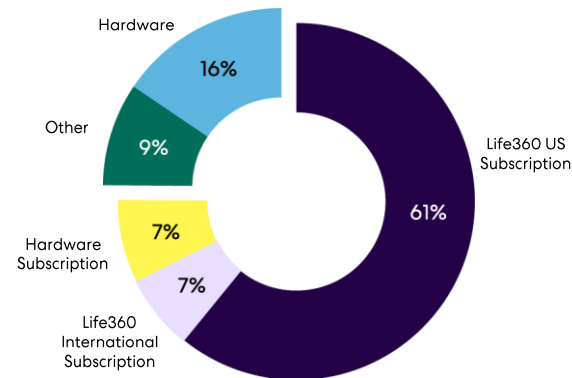
YoY increase of 61% for Life360 core subscription

- Strong subscription growth across U.S. and international, with consolidated revenue uplift of 51% including the contribution of hardware subscriptions
- Core Life360 subscription revenue growth of 61%, benefiting from price increases from August 2022 and repricing of existing iOS and Android subscribers in November 2022 and April 2023 respectively
- Global revenue growth underpinned by 17% YoY uplift in Paying Circles, and 31% YoY increase in CY23 Q2 ARPPC

Consolidated Subscription revenue (\$M)*



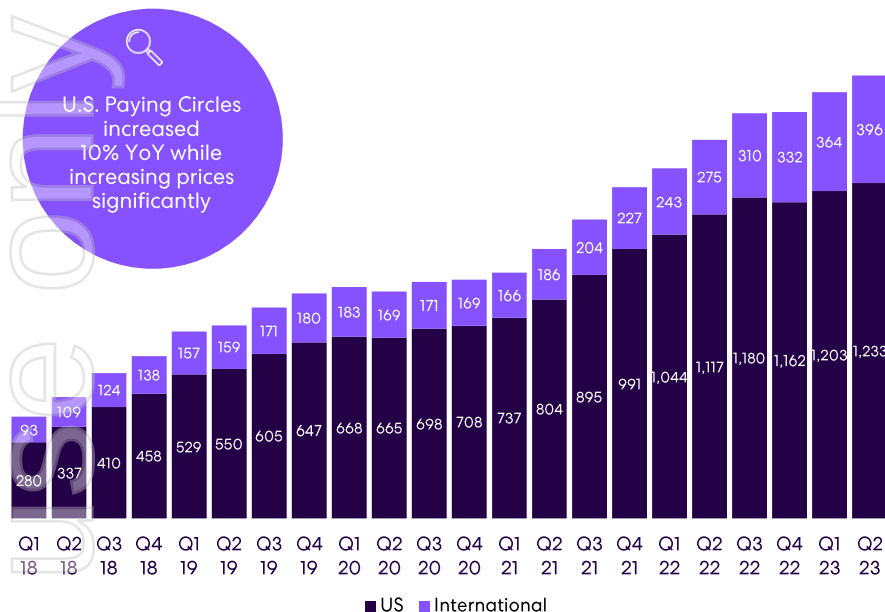
Subscription revenue as a % of total consolidated revenue (CY23 H1)



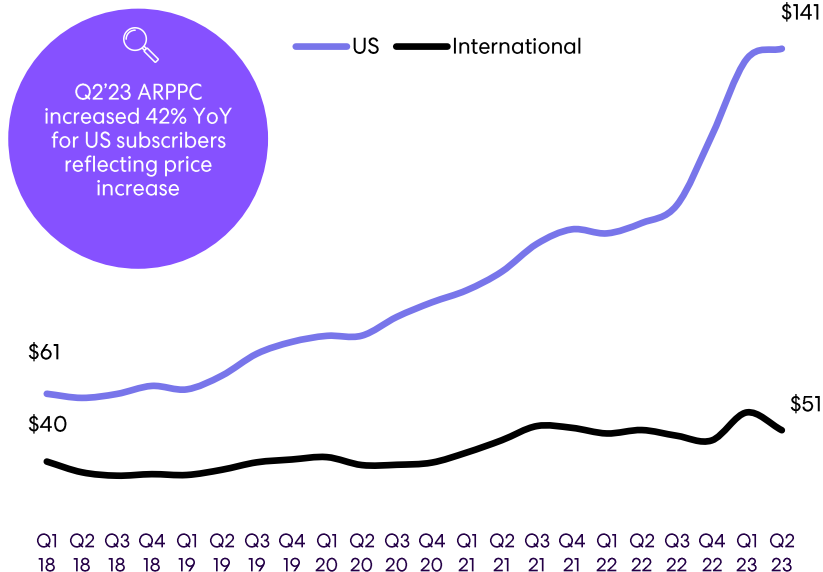
*CY20 revenue is normalised revenue excluding non-recurring adjustment. Direct revenue allocations by region for CY20 have been reclassified to conform with new methodology

Price increase accelerating ARPPC uplift

Paying Circles by product line (000s)



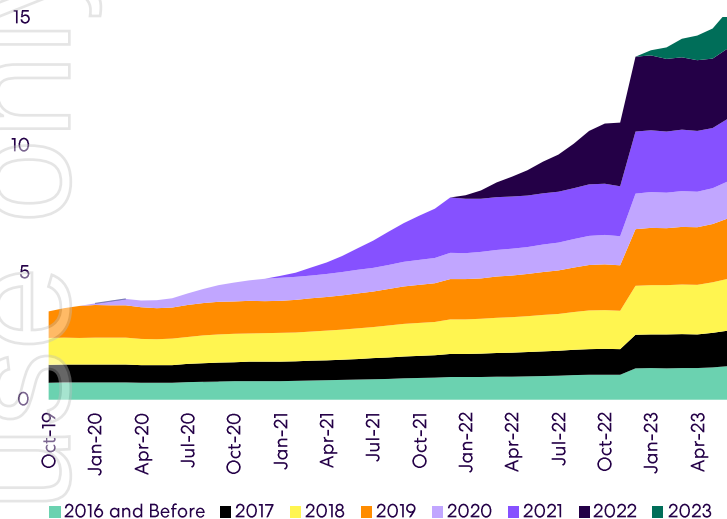
Average Revenue Per Paying Circle (ARPPC) (\$)*



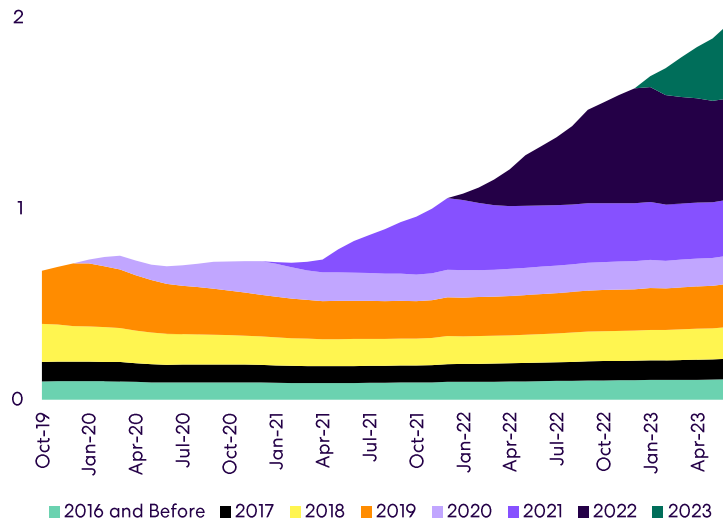
*Price increase took effect across all Membership tiers from November 2022. Q2'23 International ARPPC QoQ decline due to currency translation impacts
U.S. Membership plan subscribers % total comprise Silver (16%), Gold (80%) and Platinum (4%)

Rapidly growing U.S. and accelerating International monetization

U.S. Paying Circle Monthly Revenue by Registration Cohort (\$M)



International Paying Circle Monthly Revenue by Registration Cohort (\$M)



HARDWARE REVENUE

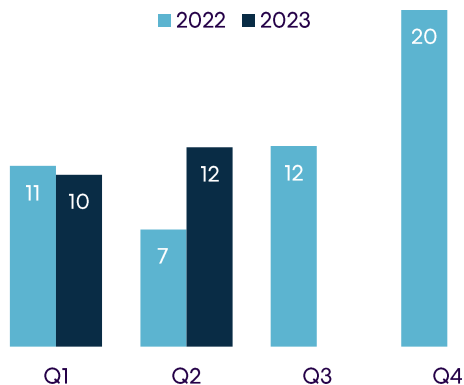
Valuable component of Life360's location ecosystem

- CY23 H1 revenue growth of 31% supported by 7% uplift in hardware units sold, and 11% increase in average sales price (ASP).
- Unit growth reflected reduced returns in Q2'23, and backdrop of weaker consumer electronics category demand in Q2'22. Higher ASP was the result of actions undertaken to change the product mix and reduce promotional activity
- Non-GAAP Hardware margins improved significantly to 25% due to strengthened retail channel inventory and strategic shift to prioritize higher margin sales channels
- Guidance for CY23 revenue growth of 0% - 5%, based on difficulty of forecasting hardware sales in the current challenging environment, as well as a more constrained approach to marketing investment and promotional activities

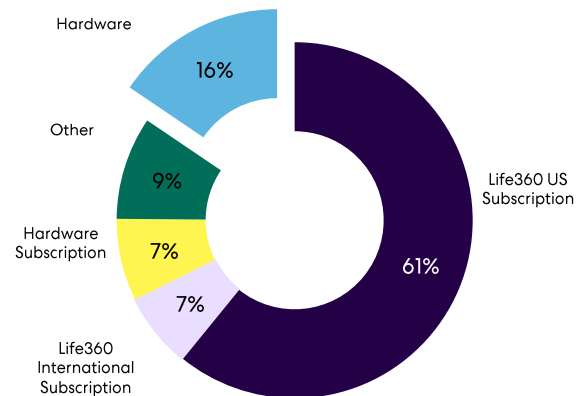
*Q1'22 revenue is adjusted and includes Tile revenue pre-acquisition



Hardware revenue (\$M)*



Hardware revenue as % of total consolidated revenue (CY23 H1)



OTHER REVENUE

Revenue stabilization reflects de-risking of Data business

Data

- H1 revenue decline of 9% year-on-year reflects new partnership with Placer.ai in January 2022, and transition to solely sales of aggregated insights
- Intentional decision to trade off growth opportunity for predictability and reduced regulatory risk

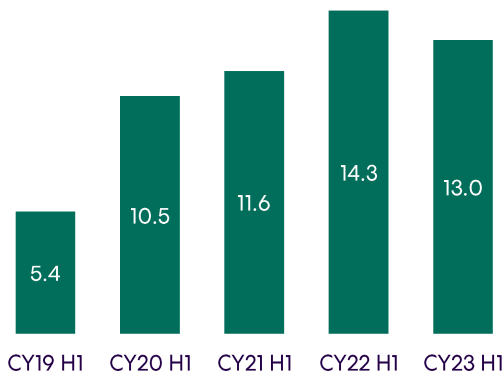
Lead Generation

- Limited strategic focus area in the short term, with expectation of significant long term growth potential

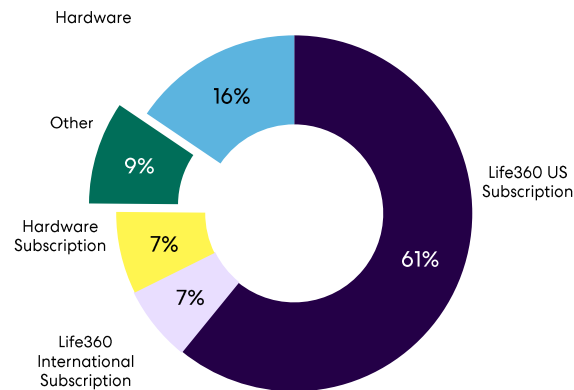
Total Other Revenue

- Expectations for CY23 revenue of ~\$26 million based on current agreements

Other revenue (\$M)*



Other Revenue as % of total consolidated revenue (CY23 H1)



02

Strategy Update

Lauren Antonoff
Chief Operating Officer

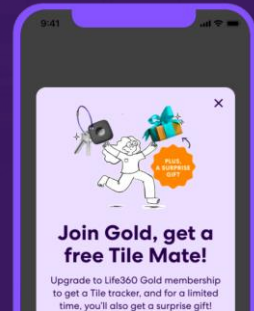


2023 Key Initiatives

Grow our Audience



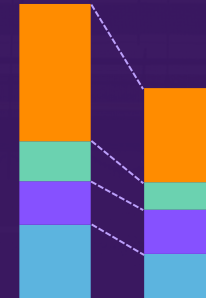
Drive Membership



Expand Internationally



Maintain financial discipline



Grow our Audience

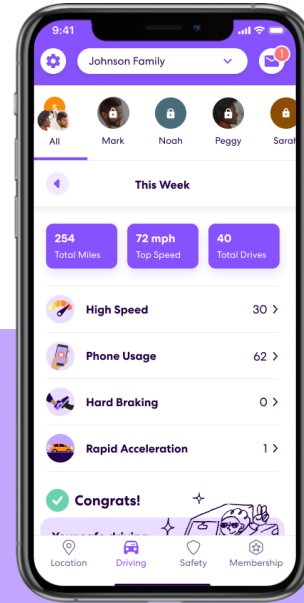
Continuing to improve the core experience and building user engagement for long-term growth



Bring the map to life



Amplify member communications
to drive engagement



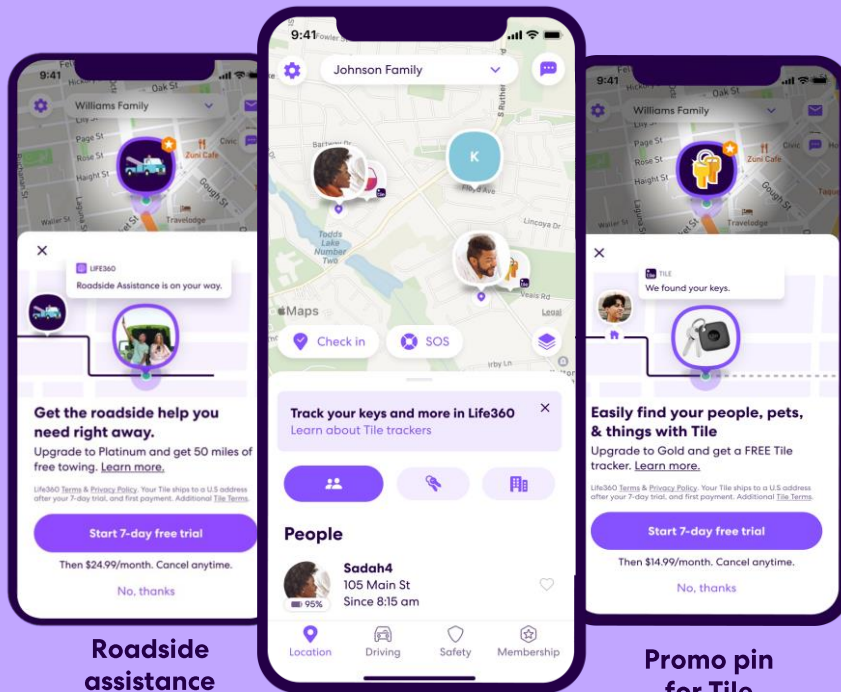
Feedback to encourage
safer driving

STRATEGY UPDATE

Drive Membership

Leverage hardware bundling and feature-focused promotions to drive continued subscription revenue growth

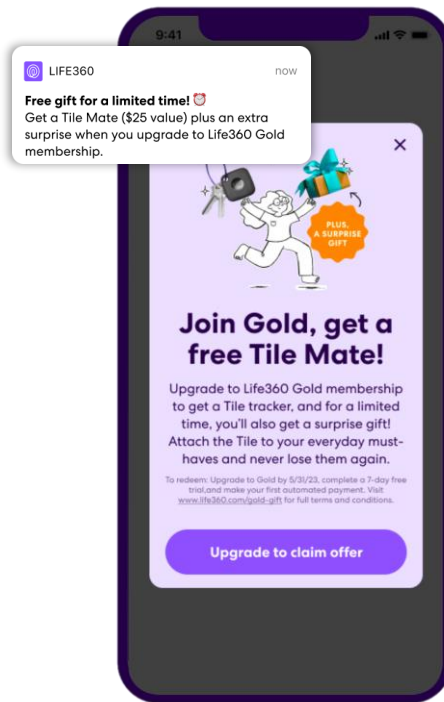
In-app member experience
Enhanced in-app features to drive awareness of key value propositions, improving monetization



Roadside assistance

Pin freshness

Promo pin for Tile



Tile bundling promotion

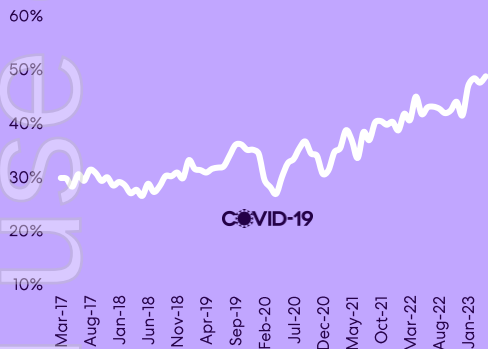
Improved early retention results for bundled subscriptions

Expand Internationally

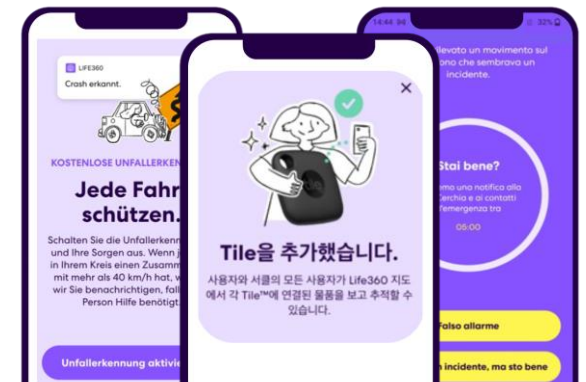
Creating free international user experience parity to drive growth

International Free User Retention (Month 1)

Significantly improving international retention in line with investment with feature parity



CY23 H1 achievements – performance and feature parity



- Launch of free crash detection and enhanced SOS features
- Global integration of Tile with Life360 map
- Significant improvements in App performance e.g. map load-time

CY23 H2 and beyond goals

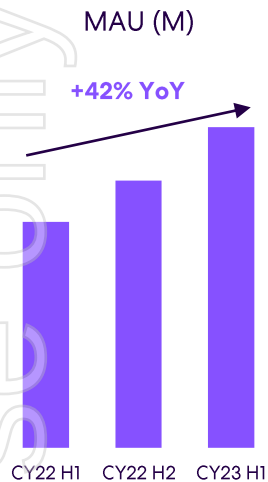


- Additional languages and improved localization to establish beachheads for future triple tier launches
- Investment in international marketing to drive engagement and conversion
- Multi-country triple tier launch readiness in late CY24 and beyond

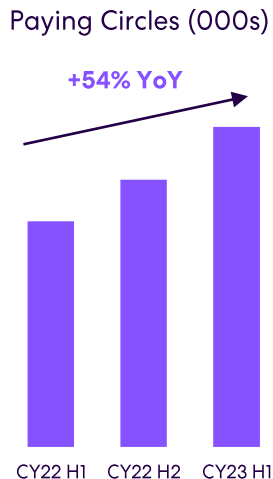
Expand Internationally

Monetizing free user base through Membership in key regions

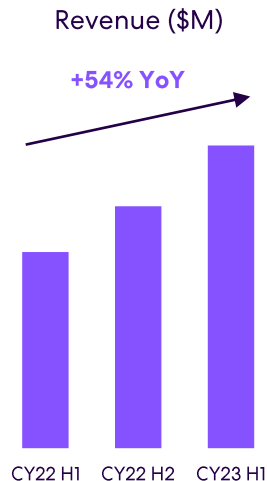
Canada, UK, Australia Performance



User retention is approaching U.S. levels, supporting top of funnel growth



Significant growth in Paying Circles with minimal marketing investment to date



Improving conversion driving revenue growth, with ARPPC upside opportunity following Membership tier launches

Predominantly English-speaking country performance (Canada, UK, Australia)

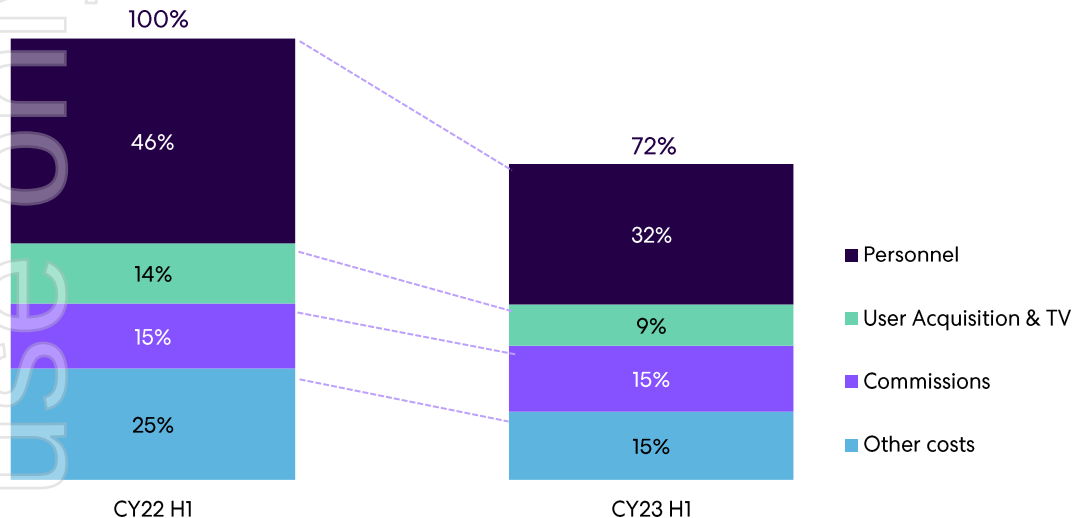
- Represents a highly attractive market. Key performance indicators are approaching the U.S. levels prior to the Membership launch
 - Engagement
 - User Retention
 - Brand awareness
- Significant CY23 H1 YoY growth despite minimal marketing investment to date
- Triple tier Membership launched in Canada in November 2021, with 120% uplift in ARPPC and 72% increase in revenue. This forms the initial playbook for the international rollout
- UK triple tier Membership on track for CY23 Q4 launch. To include hardware bundling, in line with U.S. Membership experience

Maintain financial discipline

At pivot point to leverage scale in the cost base while still investing for growth

Operating Costs by category declining as % total revenue*

Achieved by scale impact and efficiencies without sacrificing growth investment

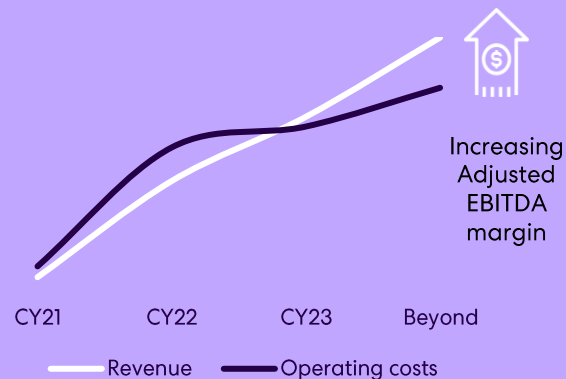


*Operating costs exclude Cost of Sales and all reconciling adjustments between GAAP and Non-GAAP operating costs as outlined in Appendix 2.

Expense drivers for CY23 and beyond

- Cost base at scale providing profitability leverage
- More than \$15 million annualized savings expected from CY23 Q1 reorganization and restrained hiring
- Platform commissions reducing over time
- Increasing marketing efficiency

Revenue and Cost history and outlook



03

Financial Overview

Russell Burke, CFO

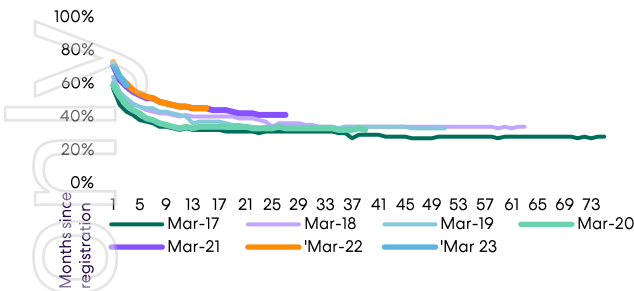


FINANCIAL OVERVIEW

Market leading retention metrics

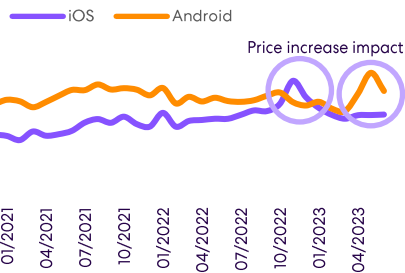
US Organic User Retention

Relative retention by cohort (% total)

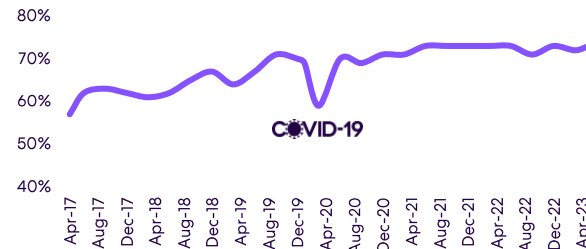


US Average Churn Rate over Time

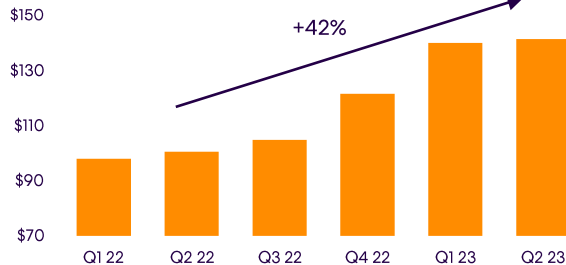
(% total monthly subscribers)



Month 1 user retention over time



Quarterly U.S. ARPPC before and after price increase (US\$)



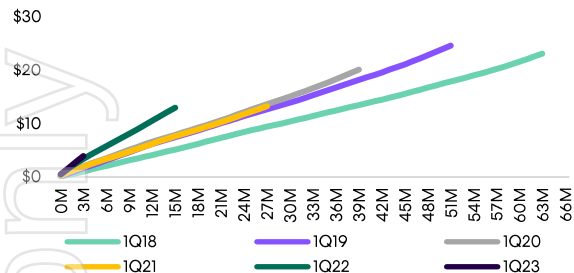
Commentary

- The line chart indicates how long users within a given cohort remain with Life360
- Month 1 user retention increased in 2020 and 2021 due to investments in the user experience, remaining stable at historically higher levels
- iOS churn has returned to previous levels following the price impact increase in late 2022 following price increases. Android experienced a similar spike in churn following the April 2023 price increase, however has begun to normalize in line with Android trends

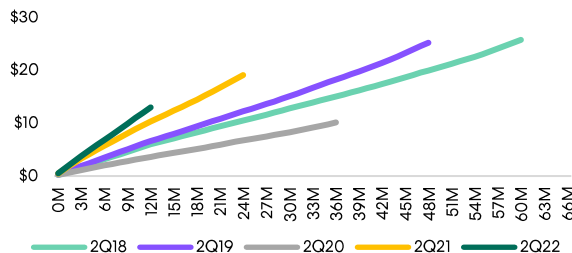
FINANCIAL OVERVIEW

User cohort cumulative revenue \$M*

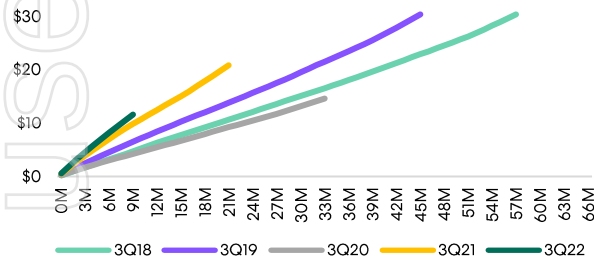
Quarter 1



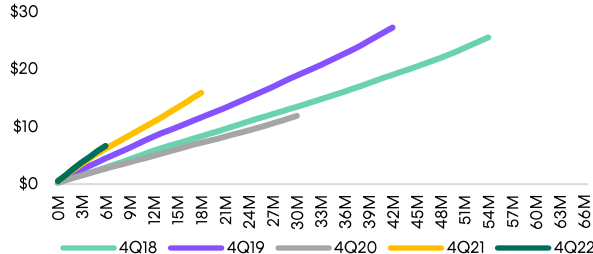
Quarter 2**



Quarter 3



Quarter 4



*Revenue per cohort includes global subscription and other revenue generated by each quarterly cohort over time. Excludes legacy ADT partnership revenue. **Insufficient data for 2Q23

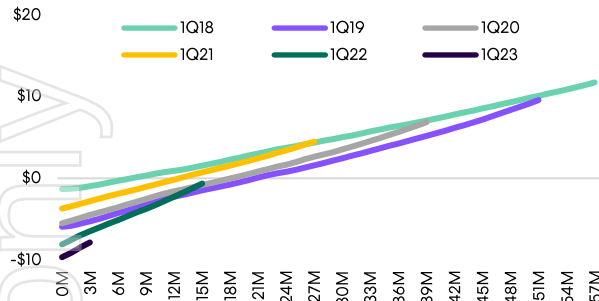
Commentary

- Higher pricing combined with higher registration volumes and improved user retention has driven significant uplifts in revenue for user cohorts
- CY22 Q3-Q4 revenues up vs CY21 by more than 10% by Month 6
- CY23 Q1 revenues up significantly vs CY22 Q1, with Month 3 revenues higher by more than 15%
- Retention improvements from bundling expected to drive further increases in cohort performance

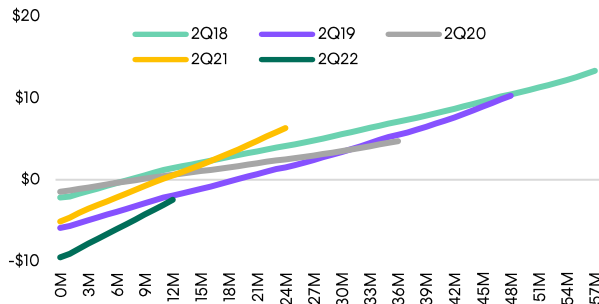
FINANCIAL OVERVIEW

Marketing Payback \$M

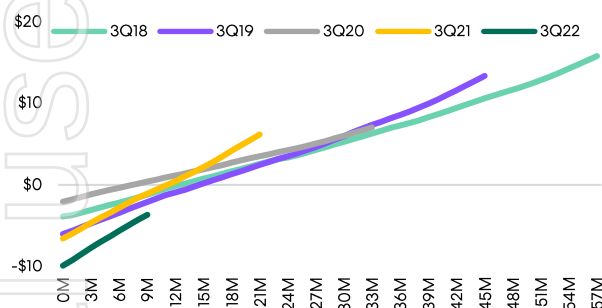
Quarter 1



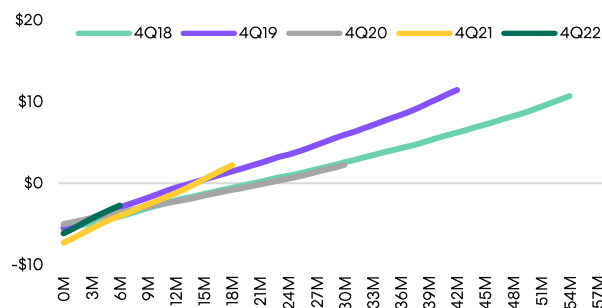
Quarter 2*



Quarter 3



Quarter 4



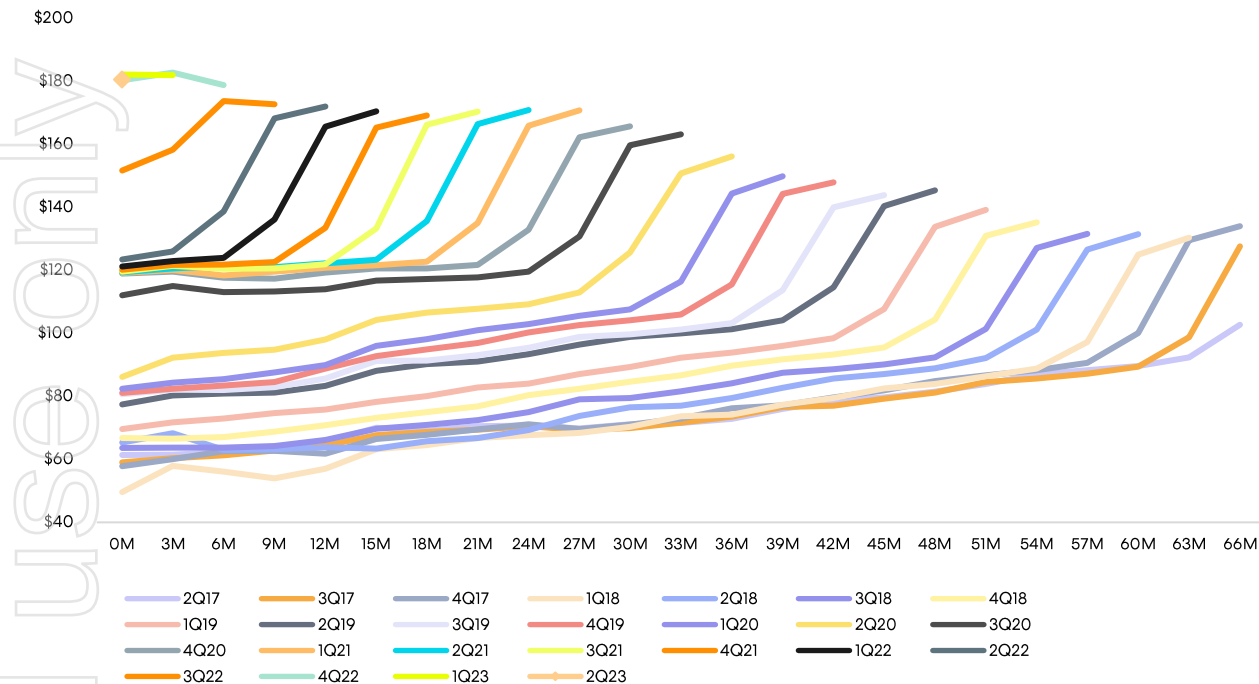
*Insufficient data for 2Q23

Commentary

- Blended marketing payback quarterly summary provides performance insight into overall efforts across all channels in aggregate
- User acquisition and TV spend increased in CY23 Q1 YoY, retaining high levels of efficiency
- Expectation for increased spending in CY23 Q3 during 'Back to School', with a further step-up in Q4'23 to drive efficient future growth
- CY22 user acquisition and TV spend increased, building on the strength of the CY21 performance
- CY23 and CY22 cohorts on track to achieve breakeven well within breakeven targets of 24 months

FINANCIAL OVERVIEW

Significant U.S. ARPPC uplift from progressive price increases in CY22 H2



Pricing Summary

U.S. price increases implemented from CY22 H2

All New Subs (iOS + android)

(from August 2022)

	Before	After
Silver	\$4.99	\$7.99
Gold	\$9.99	\$14.99
Platinum	\$19.99	\$24.99
No change Annual		

Existing Subs

(iOS users notified October 2022, Android in April 2023)

	Before	After
Silver	\$4.99	\$7.99
Gold	\$9.99	\$14.99
Platinum	\$19.99	\$24.99
No change Annual		

Legacy Subs

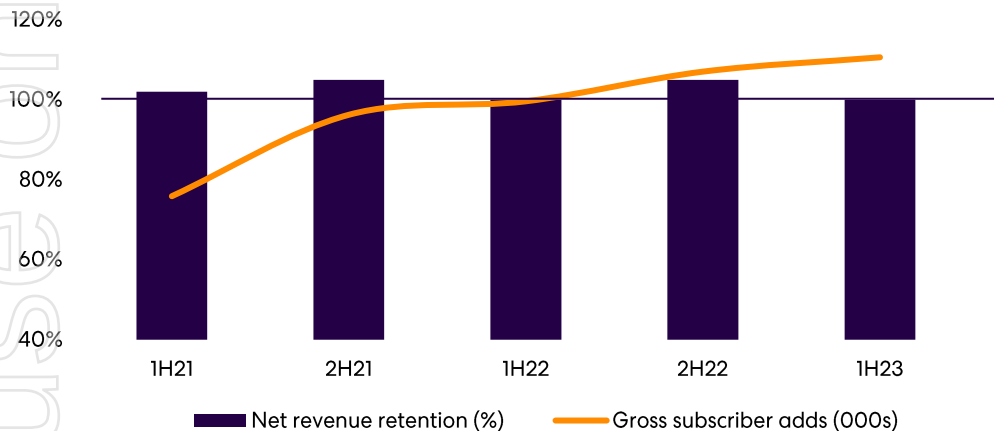
(iOS users notified October 2022, Android in April 2023)

	Before	After
Plus	\$2.99	\$7.99
Driver Protect	\$7.99	\$12.99
Platinum Intro	\$14.99	\$19.99
No change Annual		

FINANCIAL OVERVIEW

Net subscription revenue retention at or above 100% even as absolute growth in subscribers accelerates

Net Revenue Retention - Subscription (vs Previous Half)*



Net revenue retention is measured based on the revenue in the final month of the previous period compared to the revenue from the same set of users earned over the next six months (e.g. for 1H21, revenue retention is calculated as the average monthly revenue over the period vs. the revenue earned in December 2020).

Commentary

- The strength of Life360's freemium model is reflected in net subscription revenue retention maintaining at 100% or greater. This is supported by success in driving free users to paid subscriptions, and paid subscribers into higher price plans
- In each half year period, net revenue retention is at or above 100% across the cohort of users who had signed up by the end of the previous period
- Retention remains strong even as absolute subscriber growth accelerates, indicating that subscriber quality is being maintained

FINANCIAL OVERVIEW

Key Financial Metrics (Non-GAAP)

\$M	CY23 H1	CY22 H1	% ch YoY
INCOME STATEMENT			
U.S. subscription revenue	92.7	61.0	52%
International subscription revenue	11.7	8.1	45%
Subscription revenue	104.4	69.1	51%
Hardware revenue	21.6	16.5	31%
Other revenue	13.0	14.3	(9)%
Total revenue	138.9	99.8	39%
Non-GAAP Gross Profit	105.8	66.5	59%
Non-GAAP Gross Margin %	76%	67%	
Non-GAAP Subscription Gross Margin %	85%	80%	
Research and Development	(37.5)	(43.5)	14%
User Acquisition & TV costs	(13.0)	(13.6)	4%
Other Sales & Marketing	(9.6)	(13.3)	28%
Commissions	(20.8)	(14.7)	(42)%
General & Administrative	(18.8)	(14.7)	(28)%
Non-GAAP Operating Expenses	(99.6)	(99.8)	0%
Adjusted EBITDA*	6.2	(32.3)	NM
Adjusted EBITDA Margin %	4%	(32)%	
Stock-based compensation	(18.2)	(16.5)	(10)%
Other Non-GAAP adjustments	(2.6)	(7.3)	65%
EBITDA**	(14.6)	(56.1)	74%
Net Profit/(Loss)	(18.5)	(58.2)	68%
CASH FLOW			
Net cash used in operating activities	(5.5)	(38.5)	86%
Net cash used in investing activities	(0.9)	(113.8)	NM
Net cash provided by/(used in) financing activities	(19.8)	0.3	NM
Cash and cash equivalents and restricted cash	64.2	79.3	(19)%

Note: Tables may not add due to rounding. Refer to the non-GAAP reconciliation in Appendix 2.

*Adjusted EBITDA was previously referred to as Underlying EBITDA. For definitions of EBITDA and Adjusted EBITDA and the use of these non-GAAP measures, as well as a reconciliation of Net Loss to EBITDA and Adjusted EBITDA see Appendix 3

**EBITDA was previously referred to as Statutory EBITDA

Commentary

- Non-GAAP gross margin increased YoY supported by higher subscription gross margin which benefited from price increases. Hardware gross margins also increased due to higher ASP
- Non-GAAP Operating Expenses were stable year-on-year as a result of workforce reductions and full integration of acquisitions
- Adjusted EBITDA profit reflected strong revenue growth and stable costs
- SBC increased 10% as a result of increased award volumes and transition equity
- Operating cash outflow improvement relates to the improved Adjusted EBITDA performance, and working capital efficiency post integration of acquisitions
- Investing cash outflows relate to payments for internally developed software
- Financing cash outflows relate to final payments associated with the Tile acquisition and taxes paid for net settlement of equity awards offset by proceeds from the exercise of options
- Total net cash outflow of \$26.2m, with cash and cash equivalents, and restricted cash of \$64.2m at June 2023

FINANCIAL OVERVIEW

Income Statement (GAAP)

\$ in millions, except share and per share data	CY23 H1	CY22 H1
Revenue		
Subscription	104.4	69.1
Hardware	21.6	16.5
Other	13.0	14.3
Total revenue	138.9	99.8
Cost of subscription revenue	14.4	15.0
Cost of hardware revenue	18.2	18.6
Cost of other revenue	1.7	1.9
Total cost of revenue	34.3	35.4
Gross Profit	104.6	64.4
Operating expenses		
Research and development	50.4	52.8
Sales and marketing	47.7	46.1
General and administrative	25.7	26.1
Total operating expenses	123.7	125.0
Loss from operations	(19.1)	(60.6)
Other income (expense)		
Convertible notes fair value adjustment	(0.2)	2.1
Derivative liability fair value adjustment	(0.2)	1.3
Other income (expense), net	1.5	(1.1)
Total other income, net	1.0	2.4
Loss before income taxes	(18.1)	(58.2)
Provision for (benefit from) income taxes	0.4	0.0
Net loss	(18.5)	(58.2)
Net loss per share, basic and diluted	\$(0.28)	\$(0.95)
Weighted-average shares used in computing net loss per share, basic and diluted	66,032,405	61,540,024

Note: Tables may not add due to rounding.

04

Outlook



Outlook

For CY23 Life360 expects to deliver:

- Core Life360 subscription revenue growth in excess of 50% YoY;
- Hardware revenue growth of 0% to 5%;
- Other revenue of approximately \$26 million;
- Consolidated revenue of \$300 million - \$310 million;
- Positive Adjusted EBITDA* of \$9 million - \$14 million;
- Positive Operating Cash Flow of \$5 million - \$10 million; and
- Positive Adjusted EBITDA and Operating Cash Flow for the remaining quarters of CY23.

*Adjusted EBITDA was previously referred to as Underlying EBITDA. For definitions of EBITDA and Adjusted EBITDA and the use of these non-GAAP measures, as well as a reconciliation of Net Loss to EBITDA and Adjusted EBITDA see Appendix 3



05

Q&A



06

Appendix



APPENDIX 1

Operating Metrics

(in millions, except ARPPC,ARPPS,ASP)

Life360 Core*

Monthly Active Users (MAU) - Total

US

International

Australia

Paying Circles – Total**

US – Total**

International**

Average Revenue Per Paying Circle (ARPPC)**

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Monthly Active Users (MAU) - Total	42.0	47.0	48.6	50.8	54.0
US	27.0	29.3	30.9	31.7	33.6
International	14.9	17.7	17.6	19.1	20.4
Australia	1.1	1.2	1.4	1.5	1.6
Paying Circles – Total**	1.39	1.49	1.49	1.57	1.63
US – Total**	1.12	1.18	1.16	1.20	1.23
International**	0.27	0.31	0.33	0.36	0.40
Average Revenue Per Paying Circle (ARPPC)**	\$90.88	\$93.55	\$105.79	\$120.70	\$119.25

Life360 Consolidated

Subscriptions**

Average Revenue per Paying Subscription (ARPPS)**

Hardware units shipped (stand-alone)

Average Sale Price (ASP)

Annualized Monthly Revenue (AMR)

Subscriptions**	1.9	2.1	2.1	2.1	2.2
Average Revenue per Paying Subscription (ARPPS)**	\$76.38	\$78.03	\$87.54	\$97.98	\$97.83
Hardware units shipped (stand-alone)	0.5	0.7	1.7	0.6	0.7
Average Sale Price (ASP)	\$14.48	\$15.63	\$11.48	\$17.22	\$15.76
Annualized Monthly Revenue (AMR)	\$174.4	\$184.0	\$224.4	\$239.5	\$248.7

* Life360 Core reflects Life360 App only

** Metrics have been recast to reflect the calculations under a revised metric definition

APPENDIX 2

Cost of Revenue and Operating expenses

GAAP to Non-GAAP reconciliation

Cost of revenue

\$M	CY23 H1	CY22 H1
Cost of subscription revenue, GAAP	14.4	15.0
Less: Depreciation and amortization	(0.6)	(0.5)
Less: Stock-based compensation	(0.3)	(0.4)
Less: Severance and other	(0.1)	-
Less: Adjustment in connection with membership benefit	1.8	-
Total cost of subscription revenue, Non-GAAP	15.3	14.1
Cost of hardware revenue, GAAP	18.2	18.6
Less: Depreciation and amortization	(1.8)	(1.8)
Less: Stock-based compensation	(0.4)	(0.3)
Less: Severance and other	(0.1)	-
Less: Adjustment in connection with membership benefit	0.3	-
Non-GAAP cost of hardware revenue included in Adj. EBITDA	16.2	16.5
Less: Alignment of accounting policies ¹	-	1.0
Total cost of hardware revenue, Non-GAAP	16.2	17.5
Cost of other revenue, GAAP	1.7	1.9
Less: Stock-based compensation	-	(0.1)
Total cost of other revenue, Non-GAAP	1.7	1.8
Cost of revenue, GAAP	34.3	35.4
Less: Depreciation and amortization	(2.4)	(2.3)
Less: Stock-based compensation	(0.7)	(0.7)
Less: Severance and other	(0.2)	-
Less: Adjustment in connection with membership benefit	2.1	-
Non-GAAP cost of revenue included in Adjusted EBITDA	33.1	32.4
Less: Alignment of accounting policies ¹	-	1.0
Total cost of revenue, Non-GAAP	33.1	33.4

Operating expenses

\$M	CY23 H1	CY22 H1
Research and development expense, GAAP	50.4	52.8
Less: Stock-based compensation	(10.1)	(8.9)
Less: Severance and other	(2.8)	(0.3)
Research and development expense, Non-GAAP	37.5	43.5
Sales and marketing expense, GAAP	47.7	46.1
Less: Depreciation and amortization	(2.1)	(2.1)
Less: Stock-based compensation	(1.5)	(2.2)
Less: Severance and other	(0.8)	(0.4)
Less: User Acquisition & TV Costs	(13.0)	(13.6)
Less: Commissions	(20.8)	(14.7)
Sales and marketing expense, Non-GAAP	9.6	13.3
General and administrative expense, GAAP	25.7	26.1
Less: Depreciation and amortization	-	(0.2)
Less: Stock-based compensation	(5.9)	(4.7)
Less: Severance and other	(0.9)	(6.5)
General and administrative expense, Non-GAAP	18.8	14.7
Total Operating expenses, GAAP	123.7	125.0
Less: Depreciation and amortization	(2.2)	(2.3)
Less: Stock-based compensation	(17.5)	(15.7)
Less: Severance and other	(4.5)	(7.3)
Total operating expenses, Non-GAAP	99.6	99.8

Note: Tables may not add due to rounding

1. Includes non-recurring costs reflecting the alignment of accounting policies attributable to the integration with Tile. As these adjustments are not deemed to be non-routine or one time in nature, they have not been added back to EBITDA or Adjusted EBITDA.

APPENDIX 2 Balance Sheet (GAAP)

\$M	June 30, 2023	December 31, 2022
Assets	<i>unaudited</i>	
Current Assets		
Cash and cash equivalents	62.4	75.4
Restricted cash, current	-	13.3
Accounts receivable, net	33.5	33.1
Inventory	10.4	10.8
Costs capitalised to obtain revenue contracts, net	1.3	1.4
Prepaid expenses and other current assets	9.9	8.5
Total current assets	117.5	142.7
Restricted cash, noncurrent	1.7	1.6
Property and equipment, net	0.8	0.4
Costs capitalized to obtain contracts, noncurrent	0.8	0.6
Prepaid expenses and other assets, noncurrent	6.7	7.1
Operating lease right-of-use asset, noncurrent	1.4	0.8
Intangible assets, net	49.1	52.7
Goodwill	133.7	133.7
Total assets	311.8	339.6
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	7.1	13.8
Accrued expenses and other current liabilities	24.4	27.0
Escrow liability	-	13.3
Convertible notes, current	6.1	3.5
Deferred revenue, current	31.1	30.1
Total current liabilities	68.7	87.6
Convertible notes, noncurrent	1.9	4.1
Derivative liability, noncurrent	0.3	0.1
Deferred revenue, noncurrent	1.8	2.7
Other liabilities, noncurrent	1.4	0.6
Total liabilities	74.1	95.1
Commitments and Contingencies		
Stockholders' Equity		
Common stock	0.1	0.1
Additional paid-in capital	513.1	501.8
Notes due from affiliates	-	(0.3)
Accumulated deficit	(275.5)	(257.0)
Accumulated other comprehensive income	-	-
Total stockholders' equity	237.7	244.5
Total liabilities and stockholders' equity	311.8	339.6

APPENDIX 2 Cash Flow (GAAP)

\$M	Six Months Ended June 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net loss	(18.5)	(58.2)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4.5	4.5
Amortization of costs capitalized to obtain contracts	0.9	1.7
Amortization of operating lease right-of-use asset	0.5	-
Stock-based compensation expense	18.2	16.5
Compensation expense in connection with revesting notes	0.1	(0.1)
Non-cash interest, net	0.3	0.2
Convertible notes fair value adjustment	0.2	(2.1)
Derivative liability fair value adjustment	0.2	(1.3)
Gain on revaluation of contingent consideration	-	(5.3)
Non-cash revenue from affiliate	(1.0)	(0.5)
Inventory write-off	0.9	-
Adjustment in connection with membership benefit	(2.1)	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(0.3)	20.1
Prepaid expenses and other assets	(0.9)	6.6
Inventory	(0.5)	(1.6)
Costs capitalized to obtain contracts, net	(1.0)	(1.8)
Accounts payable	(6.7)	(15.0)
Accrued expenses and other liabilities	(1.4)	(3.1)
Deferred revenue	1.1	0.5
Other liabilities, noncurrent	-	0.4
Net cash used in operating activities	(5.5)	(38.5)
Cash Flows from Investing Activities:		
Cash paid for acquisitions, net of cash acquired	-	(113.4)
Internal use software	(0.9)	(0.4)
Purchase of property and equipment	-	-
Net cash used in investing activities	(0.9)	(113.8)
Cash Flows from Financing Activities:		
Indemnity escrow payment in connection with an acquisition	(13.1)	-
Proceeds from the exercise of options	1.6	1.8
Taxes paid related to net settlement of equity awards	(8.6)	(1.5)
Proceeds from repayment of notes due from affiliates	0.3	0.6
Issuance of common stock	-	0.1
Cash paid for deferred offering costs	-	(0.7)
Net cash (used in) provided by financing activities	(19.8)	0.3
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(26.2)	(152.0)
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	90.4	231.3
Cash, Cash Equivalents and Restricted Cash at the End of the Period	64.2	79.3

APPENDIX 3

Non-GAAP Financial Measures

\$M	Six Months Ended June 30,	
	2023	2022
Net loss	(18.5)	(58.2)
Add (deduct):		
Convertible notes fair value adjustment	0.2	(2.1)
Derivative liability fair value adjustment ¹	0.2	(1.3)
Provision for (benefit from) income taxes	0.4	-
Depreciation and amortization ²	4.5	4.5
Other (income) expense, net	(1.5)	1.1
EBITDA	(14.6)	(56.1)
Stock-based compensation	18.2	16.5
Form 10 transaction costs	-	2.1
Acquisition and integration costs	-	10.4
Non-recurring workplace restructuring costs ³	3.7	-
Inventory write-off ⁴	0.9	-
Adjustment in connection with membership benefit ⁵	(2.1)	-
Gain on revaluation of contingent consideration	-	(5.3)
Adjusted EBITDA	6.2	(32.3)

1. To reflect the change in value of the derivative liability associated with the July 2021 Convertible Notes

2. Includes depreciation on fixed assets and amortization of acquired intangible assets

3. Relates to non-recurring personnel and severance related expenses in connection with the workplace restructure announced on January 12, 2023

4. Relates to the write-off of raw materials that have no alternative use to the Company following the decision to halt development

5. Relates to an adjustment recorded in the current period to reduce product costs recorded to cost of revenue in connection with the discontinuation of certain battery related membership benefits

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance.

EBITDA and Adjusted EBITDA

In addition to total revenue, net loss and other results under GAAP, we utilize non-GAAP calculations of earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”). EBITDA is defined as net loss, excluding (i) convertible notes and derivative liability fair value adjustments, (ii) provision (benefit) for income taxes, (iii) depreciation and amortization and (iv) other income (expense). Adjusted EBITDA is defined as net loss, excluding (i) convertible notes and derivative liability fair value adjustments, (ii) provision (benefit) for income taxes, (iii) depreciation and amortization, (iv) other income (expense), (v) stock-based compensation, (vi) Form 10 transaction costs, (vii) acquisition and integration costs, (viii) non-recurring workplace restructuring costs, (ix) inventory write-offs, (x) adjustment in connection with membership benefit, and (xi) gain on revaluation of contingent consideration.

The above items are excluded from EBITDA and Adjusted EBITDA because these items are non-cash in nature, or because the amount and timing of these items are unpredictable, are not driven by core results of operations and render comparisons with prior periods and competitors less meaningful. We believe EBITDA and Adjusted EBITDA provide useful information to investors and others in understanding and evaluating our results of operations, as well as providing useful measures for period-to-period comparisons of our business performance. Moreover, we have included EBITDA and Adjusted EBITDA in this media release because they are key measurements used by our management team internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting. However, these non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP financial measures used by other companies. As such, you should consider these non-GAAP financial measures in addition to other financial performance measures presented in accordance with GAAP, including various cash flow metrics, net loss and our other GAAP results.

APPENDIX 3

Non-GAAP Financial Measures cont'd

The following table presents a reconciliation of net loss, the most directly comparable GAAP measure, to Adjusted (loss) profit from ordinary activities after tax.

	Six Months Ended June 30,	
\$M	2023	2022
Net loss	(18.5)	(58.2)
Stock-based compensation	18.2	16.5
Form 10 transaction costs	-	2.1
Acquisition and integration costs	-	10.4
Gain on revaluation of contingent consideration	-	(5.3)
Non-recurring workplace restructuring costs ¹	3.7	-
Inventory write-off ²	0.9	-
Adjustment in connection with membership benefit ³	(2.1)	-
Amortization attributable to intangible assets in connection with acquisitions	4.4	4.3
Adjusted (loss) profit from ordinary activities after tax	6.7	(30.2)

1. Relates to non-recurring personnel and severance related expenses in connection with the workplace restructure announced on January 12, 2023

2. Relates to the write-off of raw materials that have no alternative use to the Company following the decision to halt development

3. Relates to an adjustment recorded in the current period to reduce product costs recorded to cost of revenue in connection with the discontinuation of certain battery related membership benefits

Adjusted (loss) profit from ordinary activities after tax

Adjusted (loss) profit from ordinary activities after tax is defined as net loss, excluding (i) stock-based compensation, (ii) Form 10 transaction costs, (iii) acquisition and integration costs, (iv) gain on revaluation of contingent consideration, (v) non-recurring workplace restructuring costs, (vi) inventory write-off, (vii) adjustment in connection with membership benefit, and (viii) amortization attributable to intangible assets in connection with acquisitions. The above items are excluded from net loss because these items are non-cash in nature, or because the amount and timing of these items are unpredictable, are not driven by core-results of operations and render comparisons with prior periods and competitors less meaningful. This non-GAAP financial measure is presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP financial measures used by other companies. As such, you should consider this non-GAAP financial measure in addition to other financial performance measures presented in accordance with GAAP, including various cash flow metrics, net loss and our other GAAP results.



Thank you

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