

Stuart Roberts
Adviser
ASX Listings Compliance
20 Bridge Street
Sydney NSW 2000

5 April 2024

Dear Mr. Roberts,

Life360, Inc. (**Life360** or the **Company**) refers to your letter dated 25 March 2024. Responses to your questions are below, and this letter uses the defined terms in your letter.

1. **Does 360 consider that any measure of its statutory or underlying earnings for CY23 (including any part of the Earnings Information) differed materially from the market's expectations of the relevant measure of 360's earnings for CY23, having regard to the following three base indicators which may have informed market expectations (in decreasing order of relevance and reliability):**
 - 1.1. **If 360 had published earnings guidance for CY23, that guidance (see paragraph D).**
 - 1.2. **If 360 is covered by sell-side analysts, the earnings forecasts of those analysts for the relevant reporting period.**
 - 1.3. **If paragraph 1.1 and 1.2 are not applicable, 360's earnings for the prior corresponding period, being the full year ended 31 December 2022.**

As noted at paragraph D of your letter, the Company released revised CY23 earnings guidance on 15 November 2023 (**CY23 Earnings Guidance**). The Company's performance against the CY23 Earnings Guidance is set out in the below table.

CY23 Earnings Guidance	Outcome
Core Life360 subscription revenue growth in excess of 50% YoY.	No material difference. ¹
Hardware revenue growth of 10% to 15% (previously 0% to 5%).	No material difference.
Other revenue of approximately US\$26 million.	No material difference.

¹ Less than 10% having regard to Section 7.3, Question 4(a) of ASX Guidance Note 8.

Consolidated revenue of US\$300 million to US\$310 million.	No material difference.
Positive Adjusted EBITDA (AEBITDA) of US\$12 million to US\$16 million (previously US\$9 million to US\$14 million).	Positive AEBITDA of US\$20.6 million.
Positive Operating Cash Flow (OCF) of US\$0 million to US\$5 million (previously US\$5 million to US\$10 million).	Positive OCF of US\$7.5 million.
Positive AEBITDA and OCF for the remaining quarter of CY23.	No material difference.

The Company notes that an amount equal to or greater than 10% of the applicable base amount is generally presumed to be material.² If this rule of thumb is applied, CY23 AEBITDA and OCF differed materially from CY23 Earnings Guidance. However, the Company does not believe that the difference was of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the Company's securities. In support of this view, the Company refers to the response to Question 4.

The Company did not provide CY23 Earnings Guidance in relation to Loss before income taxes, Net loss, or EBITDA. The Company is covered by nine reputable sell-side analysts, and the Company calculated market expectations in relation to Loss before income taxes, Net loss and EBITDA by taking the arithmetic average of the forecasts published and excluding one outlier (**Consensus Estimate**). The Company does not believe that its CY23 Loss before income taxes, Net loss or EBITDA differed materially from the Consensus Estimate.³

2. **Please explain the basis for the view provided in response to question 1. In doing so, please specify how 360 determined market expectations of each relevant measure of its earnings for CY23, including:**
 - 2.1. **If 360 had published earnings guidance for CY23, details of that guidance and when it was released to the market (including but not limited to the information referred to in paragraph D).**
 - 2.2. **If 360 used sell-side analyst forecasts to estimate the market's expectations of the relevant measure of its earnings for the relevant reporting period, details of the method that 360 used to translate sell-side analyst forecasts into its estimate of such market expectations and, in particular, whether or not 360 used a "consensus estimate" or an**

² See footnote 1 and Accounting Standard AASB Materiality which was withdrawn on 1 January 2014.

³ Having regard to Section 7.3, Question 4(b) of ASX Guidance Note 8.

“adjusted consensus estimate” or a different specified approach for determining this estimate.

See response to Questions 1 and 4.

3. Does 360 consider that, at any point in time between the release of the CY23 Earnings Guidance and the release of the CY23 Results Announcements, the difference between:

- 3.1. 360’s expected statutory or underlying results (or both) for CY23 in respect of any one or more of the following earnings measures: Loss before income taxes, Net loss, EBITDA and Adjusted EBITDA; and**
- 3.2. market expectations of the relevant earnings measure (whether statutory, underlying or both),**

(individually and collectively referred to as the ‘Variance’) was of such a magnitude that a reasonable person would expect information about the relevant Variance (or any part of the relevant Variance) to have a material effect on the price or value of 360’s securities?

No.

4. If the answer to question 3 is “no”, please provide the basis of that view.

The Company does not provide guidance in relation to Loss before income taxes, Net loss or EBITDA. As set out in the response to Question 1, the Company is covered by nine reputable sell-side analysts and the Company believes that its CY23 Loss before income taxes, Net loss and EBITDA results did not differ materially from the Consensus Estimate.

The Company does not believe that the difference between the CY23 Earnings Guidance and its CY23 AEBITDA results had a material effect on the price or value of its securities. The Company notes that it increased its CY23 AEBITDA guidance by approximately 20 to 25% on 15 November 2023⁴ and market reaction to the increase was muted with the Company’s CDI price subsequently trading negatively.⁵

The Company considers that the price or value of its securities is impacted by a number of factors including the following:

- Growth in the Company’s subscription business – both the growth in core Life360 subscription revenues as well as the number of subscriber (paying circle) additions each quarter.
- The Company’s rigour with respect to operating costs and balancing potential profitability with investment into long term growth areas.

⁴ From US\$9 million - US\$14 million to US\$12 million - US\$16 million.

⁵ The closing price of Life360’s CDIs on 14 November 2023 was A\$8.39, the closing price of Life360’s CDIs on 21 November 2023 was A\$7.72.

- The overall macro environment and impact on the Company's business model.
- The Company's long-term growth prospects, in particular operating leverage and longer-term operating margins, and its overall strategic goals.
- Overall operating and financial performance.
- Market valuations of similar companies.

In relation to the period following the release of the CY23 Results Announcements, the Company believes that trading in its securities was also influenced by:

- The Company's CY24 earnings guidance announced on 1 March 2024.
- The potential for the new advertising strategy⁶ announced on 1 March 2024 to make a positive contribution to the Company's revenue.

The Company did not make any announcement in relation to its CY23 results prior to release of the CY23 Results Announcements as it did not have the requisite degree of certainty to do so. The Company immediately announced its CY23 results upon the Audit and Risk Management Committee of the Board finalizing its review of those results.

5. If the answer to question 3 is "yes", please respond to each of the following:

5.1. When did Life360 first become aware of the relevant Variance?

5.2. Did Life360 make any announcement prior to 1 March 2024 which disclosed the relevant Variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe 360 was obligated to release the information under Listing Rules 3.1 and 3.1A and what steps 360 took to ensure that the information was released promptly and without delay.

Not applicable.

6. Please provide details of any other explanation 360 may have for the trading in its securities following the release of the CY23 Results Announcements (see paragraph E)?

See response to Question 4.

⁶ As described in the New Advertising Revenue Stream Information.

7. Does 360 consider that the 'New Advertising Revenue Stream Information' contained sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities (see paragraph M)?

Yes.

8. If the answer to question 7 is "yes", please provide the basis of that view.

The Company's strategy to create a new revenue stream via advertising (**New Advertising Revenue Stream**) is in the early phase of execution. Having regard to this early phase of execution, the Company believes that it has disclosed an appropriate level of information in relation to the New Advertising Revenue Stream including the size of the global mobile advertising market, comparative statistics and the Company's execution and proposed rollout strategy. The CY24 earnings guidance provided by the Company on 1 March 2024 included forecast early revenue and set-up costs for the New Advertising Revenue Stream.

9. If the answer to question 7 is "no", please provide sufficient further detail of the kind referred to in question 7 in response to this question.

Not applicable.

10. Please confirm that 360 is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

11. Please confirm that 360's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of 360 with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that its response to the questions above have been authorised and approved in accordance with its published continuous disclosure policy by an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Sincerely,

Susan L. Stick,
General Counsel



25 March 2024

Reference: 89807

Ms Susan Stick
Company Secretary
Life360 Inc.
1900 South Norfolk St, Suite 310 San Mateo, CA 94403, USA

By email: sstick@life360.com

Dear Ms Stick

Life360 Inc. ('360') General – Aware Query

ASX refers to the following:

- A. The following announcements of 360, all released pre-market open on 1 March 2024 on the ASX Market Announcements Platform ('MAP') and titled (respectively):
- "Appendix 4E Life360, Inc. Annual Report";
 - "Life360 reports CY 2023 results";
 - "CY23 Results Investor Presentation 1 March 2024 Life360",
- (collectively referred to as the 'CY23 Results Announcements').
- B. The various disclosures in the CY23 Results Announcements in relation to 360's statutory and underlying earnings for the calendar year ended 31 December 2023 ('CY23'), including but not limited to the following statements:
- *Core Life360 subscription revenue of \$200 million, up 52% YoY, ahead of guidance for more than a 50% YoY increase;"*
 - *"Net loss of \$28.2 million, a \$63.5 million improvement from CY22;"*
 - *"Positive Adjusted EBITDA of \$20.6 million ahead of guidance of \$12 million - \$16 million, with consistent Positive Adjusted EBITDA delivered in each quarter of CY23;"*
 - *"Positive Operating Cash Flow (OCF) of \$7.5 million, a \$64.6 million improvement versus CY22;"*,
- (collectively referred to as the 'Earnings Information').
- C. The following disclosures in the announcement titled "Life360 reports CY 2023 results" as referred to in paragraph A:
- "Looking forward to CY24, we are excited to announce the creation of a new advertising revenue stream that offers partners unparalleled reach to Life360's enormous free user base, and more than 20 million daily active users (DAU) connecting with their families and friends. We have consistently spoken of the potential that our investment in the core user experience, and the scaling of our MAU base, would provide for the future. We are encouraged by the success of early testing and see the opportunity to deliver an attractive platform to advertisers, while continuing to provide a great user experience." ...*

and

"Looking forward to CY24, we are pursuing new value-added revenue streams including advertising, utilizing Life360's enormous free user base. We expect some set-up costs in the first half of CY24, and a modest revenue contribution in the second half of the year"...

(collectively referred to as the 'New Advertising Revenue Stream Information').

- D. The announcement released pre-market open on 15 November 2023 on MAP and titled "Life360 reports Q3 2023 results" ('CY23 Earnings Guidance'), which stated (among things):

"Earnings Guidance

For CY23, Life360 expects to deliver:

- *Core Life360 subscription revenue growth in excess of 50% YoY;*
- *Positive Adjusted EBITDA of \$12 million - \$16 million (previously \$9 million - \$14 million);*
- *Positive Operating Cash Flow of \$0 million to \$5 million, revised from \$5 million - \$10 million. This change is solely due to a timing difference, with no change to the OCF outlook."*

- E. The increase in the price of 360's shares by 38.5% on 1 March 2024, from the previous closing price of \$8.16 to a closing price of \$11.30, and a further increase in the price of 360's shares by 7.5% to \$12.15 on 4 March 2024.

- F. An article appearing in The Australian Financial Review on 1 March 2024 titled "Life360 shares surge almost 40pc as it unveils advertising strategy" which contained the following statements:

"... an analyst at RBC Capital Markets, said the earnings result was significantly ahead of the market's expectation."

"... Life360 did not provide details about how much advertising revenue it expected to generate..."

"We think the monetisation of our free users could equal subscription revenue," said Mr Hulls, one of the company's founders. 'I think it's unlikely to be a flop. It's more like, how big can it get? How quickly can that happen?'"

- G. An article appearing in The West Australian on 1 March 2024 titled "Life360 soars after handily beating earnings guidance" which contained the following statement:

"Shares in Life360 have soared after the ASX-listed location-sharing company closed out earnings season by beating its guidance and unveiling plans for another revenue stream with a new advertising model."

- H. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- I. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity",

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information."

- J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

K. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, Guidance Note 8 (relevantly) states that:

"An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities"...

"whether the earnings surprise is attributable to a non-cash item (such as depreciation, amortisation or an impairment charge) that may not impact on underlying cash earnings;"...

"Where an entity does not have published earnings guidance on foot for the current reporting period and it is covered by sell-side analysts, ASX would recommend that the entity carefully consider notifying the market of a potential earnings surprise if and when it expects there to be a 15% or greater difference between its actual or projected earnings for the period and its best estimate of the market's expectations for its earnings"...

L. Section 4.15 of Guidance Note 8, which states that:

"Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities."

Request for information

Having regard to the above, ASX asks 360 to respond separately to each of the following questions and requests for information.

1. Does 360 consider that any measure of its statutory or underlying earnings for CY23 (including any part of the Earnings Information) differed materially from the market's expectations of the relevant measure of 360's earnings for CY23, having regard to the following three base indicators which may have informed such market expectations (in decreasing order of relevance and reliability):
 - 1.1 If 360 had published earnings guidance for CY23, that guidance (see paragraph D).
 - 1.2 If 360 is covered by sell-side analysts, the earnings forecasts of those analysts for the relevant reporting period.

- 1.3 If paragraph 1.1 and 1.2 are not applicable, 360's earnings for the prior corresponding period, being the full year ended 31 December 2022.
2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how 360 determined market expectations of each relevant measure of its earnings for CY23, including:
 - 2.1 If 360 had published earnings guidance for CY23, details of that guidance and when it was released to the market (including but not limited to the information referred to in paragraph D).
 - 2.2 If 360 used sell-side analyst forecasts to estimate the market's expectations of the relevant measure of its earnings for the relevant reporting period, details of the method that 360 used to translate sell-side analyst forecasts into its estimate of such market expectations and, in particular, whether or not 360 used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate.
3. Does 360 consider that, at any point in time between the release of the CY23 Earnings Guidance and the release of the CY23 Results Announcements, the difference between:
 - 3.1 360's expected statutory or underlying results (or both) for CY23 in respect of any one or more of the following earnings measures: Loss before income taxes, Net loss, EBITDA and Adjusted EBITDA; and
 - 3.2 market expectations of the relevant earnings measure (whether statutory, underlying or both),(individually and collectively referred to as the 'Variance') was of such a magnitude that a reasonable person would expect information about the relevant Variance (or any part of the relevant Variance) to have a material effect on the price or value of 360's securities?
4. If the answer to question 3 is "no", please provide the basis of that view.
5. If the answer to question 3 is "yes", please respond to each of the following:
 - 5.1 When did 360 first become aware of the relevant Variance?
 - 5.2 Did 360 make any announcement prior to 1 March 2024 which disclosed the relevant Variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe 360 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps 360 took to ensure that the information was released promptly and without delay.
6. Please provide details of any other explanation 360 may have for the trading in its securities following the release of the CY23 Results Announcements (see paragraph E)?
7. Does 360 consider that the 'New Advertising Revenue Stream Information' contained sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities (see paragraph M)?
8. If the answer to question 7 is "yes", please provide the basis of that view.
9. If the answer to question 7 is "no", please provide sufficient further detail of the kind referred to in question 7 in response to this question.
10. Please confirm that 360 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that 360's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of 360 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Wednesday, 3 April 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, 360's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require 360 to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in 360's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in 360's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to 360's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that 360's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance