

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2024**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number **000-56424**

Life360, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-0197666

(I.R.S. Employer
Identification No.)

1900 South Norfolk Street, Suite 310

San Mateo, CA

(Address of principal executive offices)

94403

(Zip Code)

Tel: (415) 484-5244

(Registrant's telephone number, including area code)

Not Applicable.

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None.	None.	None.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of May 3, 2024, the registrant had 69,625,755 shares of common stock, par value \$0.001 per share, including shares underlying all issued and outstanding Chess Depositary Interests (“CDIs”), outstanding.

Life360, Inc.
Form 10-Q for the Quarter Ended March 31, 2024
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In this report, unless otherwise stated or the context otherwise indicates, the terms “Life360,” “the Company,” “we,” “us,” “our” and similar references refer to Life360, Inc. and its consolidated subsidiaries. The Life360 logo, and other trademarks, trade names or service marks of Life360, Inc. appearing in this Quarterly Report on Form 10-Q are the property of Life360, Inc. All other trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, the trademarks and trade names in this report may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert their rights thereto.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on our management’s beliefs and assumptions and on information currently available to our management. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act. These forward-looking statements include statements regarding, among other things, (a) our expectations regarding our results of operations and key performance indicators, (b) key factors affecting our performance (c) our growth strategy, (d) our future financing plans, and (e) our anticipated needs for, and use of, working capital. They are generally identifiable by use of the words: “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. We caution you the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. These forward-looking statements are subject to risks and uncertainties, many of which are outside of our control, including risks related to our business, market risks, our need for additional capital, and the risk that our products and services may not perform as expected, as described in greater detail under the heading “Risk Factors” in Part II, Item 1A in this Quarterly Report and Part I, Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (“SEC”) on February 29, 2024 (“Annual Report”), as such risks may be updated in subsequent filings with the Australian Stock Exchange (“ASX”) or SEC. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. You should not place undue reliance on these forward-looking statements.

The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed under “Item 1A. Risk Factors” and other sections in this Quarterly Report.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Life360, Inc.
Condensed Consolidated Balance Sheets
(Dollars in U.S. \$, in thousands, except share and per share data)
(unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 73,401	\$ 68,964
Accounts receivable, net	37,036	42,180
Inventory	6,338	4,099
Costs capitalized to obtain contracts, net	961	1,010
Prepaid expenses and other current assets	13,720	15,174
Total current assets	131,456	131,427
Restricted cash, noncurrent	1,202	1,749
Property and equipment, net	684	730
Costs capitalized to obtain contracts, noncurrent	940	834
Prepaid expenses and other assets, noncurrent	5,606	6,848
Operating lease right-of-use asset	933	1,014
Intangible assets, net	44,281	45,441
Goodwill	133,674	133,674
Total Assets	\$ 318,776	\$ 321,717
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 9,388	\$ 5,896
Accrued expenses and other current liabilities	25,063	27,538
Convertible notes, current (\$4,057 and \$3,449 measured at fair value, respectively)	4,057	3,449
Deferred revenue, current	35,513	33,932
Total current liabilities	74,021	70,815
Convertible notes, noncurrent	1,161	1,056
Derivative liability, noncurrent	1,924	217
Deferred revenue, noncurrent	1,196	1,842
Other liabilities, noncurrent	634	723
Total Liabilities	\$ 78,936	\$ 74,653
Commitments and Contingencies (Note 10)		
Stockholders' Equity		
Common Stock, \$0.001 par value; 100,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 69,440,062 and 68,155,830 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	71	70
Additional paid-in capital	534,679	532,128
Accumulated deficit	(294,920)	(285,143)
Accumulated other comprehensive income	10	9
Total stockholders' equity	239,840	247,064
Total Liabilities and Stockholders' Equity	\$ 318,776	\$ 321,717

See accompanying notes to the condensed consolidated financial statements (unaudited).

Life360, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Dollars in U.S. \$, in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Subscription revenue	\$ 61,579	\$ 51,664
Hardware revenue	10,188	9,984
Other revenue	6,460	6,495
Total revenue	78,227	68,143
Cost of subscription revenue	9,315	8,045
Cost of hardware revenue	8,012	9,426
Cost of other revenue	887	842
Total cost of revenue	18,214	18,313
Gross profit	60,013	49,830
Operating expenses:		
Research and development	27,258	27,197
Sales and marketing	24,733	24,316
General and administrative	14,401	13,209
Total operating expenses	66,392	64,722
Loss from operations	(6,379)	(14,892)
Other income (expense):		
Convertible notes fair value adjustment	(608)	72
Derivative liability fair value adjustment	(1,707)	14
Other income, net	311	843
Total other income (expense), net	(2,004)	929
Loss before income taxes	(8,383)	(13,963)
Provision for income taxes	1,394	108
Net loss	\$ (9,777)	\$ (14,071)
Net loss per share, basic and diluted	\$ (0.14)	\$ (0.21)
Weighted-average shares used in computing net loss per share, basic and diluted	68,535,626	65,592,780
Comprehensive loss		
Net loss	\$ (9,777)	\$ (14,071)
Change in foreign currency translation adjustment	1	24
Total comprehensive loss	\$ (9,776)	\$ (14,047)

See accompanying notes to the condensed consolidated financial statements (unaudited).

Life360, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Dollars in U.S. \$, in thousands, except share and per share data)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2023	68,155,830	\$ 70	\$ 532,128	\$ (285,143)	\$ 9	\$ 247,064
Exercise of stock options	277,309	—	2,307	—	—	2,307
Exercise of warrants	41,685	—	94	—	—	94
Vesting of restricted stock units	965,238	1	(1)	—	—	—
Taxes paid related to net settlement of equity awards	—	—	(8,110)	—	—	(8,110)
Stock-based compensation expense	—	—	8,261	—	—	8,261
Change in foreign currency translation adjustment	—	—	—	—	1	1
Net loss	—	—	—	(9,777)	—	(9,777)
Balance at March 31, 2024	69,440,062	\$ 71	\$ 534,679	\$ (294,920)	\$ 10	\$ 239,840

	Common Stock		Additional Paid- In Capital	Notes Due from Affiliates	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2022	65,239,843	\$ 67	\$ 501,763	\$ (314)	\$ (256,972)	\$ (6)	\$ 244,538
Exercise of stock options	185,073	—	714	—	—	—	714
Vesting of restricted stock units	870,915	1	(1)	—	—	—	—
Taxes paid related to net settlement of equity awards	—	—	(5,731)	—	—	—	(5,731)
Repayment of notes due from affiliate	—	—	77	314	—	—	391
Stock-based compensation expense	—	—	8,955	—	—	—	8,955
Change in foreign currency translation adjustment	—	—	—	—	—	24	24
Net loss	—	—	—	—	(14,071)	—	(14,071)
Balance at March 31, 2023	66,295,831	\$ 68	\$ 505,777	\$ —	\$ (271,043)	\$ 18	\$ 234,820

See accompanying notes to the condensed consolidated financial statements (unaudited).

Life360, Inc.
Condensed Consolidated Statements of Cash Flows
(Dollars in U.S. \$, in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (9,777)	\$ (14,071)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,295	2,273
Amortization of costs capitalized to obtain contracts	341	439
Amortization of operating lease right-of-use asset	81	—
Stock-based compensation expense	8,261	8,955
Compensation expense in connection with revesting notes	—	72
Non-cash interest expense, net	128	92
Convertible notes fair value adjustment	608	(72)
Derivative liability fair value adjustment	1,707	(14)
Non-cash revenue from investment	(446)	(496)
Inventory write-off	—	916
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	5,144	2,145
Prepaid expenses and other assets	3,272	(1,340)
Inventory	(2,239)	1,113
Costs capitalized to obtain contracts, net	(398)	(498)
Accounts payable	3,492	(4,274)
Accrued expenses and other current liabilities	(3,073)	(4,628)
Deferred revenue	1,381	189
Other liabilities, noncurrent	(89)	—
Net cash provided by (used in) operating activities	10,688	(9,199)
Cash Flows from Investing Activities:		
Internal use software	(1,089)	(348)
Purchase of property and equipment	—	(26)
Net cash used in investing activities	(1,089)	(374)
Cash Flows from Financing Activities:		
Proceeds from the exercise of stock options and warrants	2,401	714
Taxes paid related to net settlement of equity awards	(8,110)	(5,731)
Proceeds from repayment of notes due from affiliates	—	314
Net cash used in financing activities	(5,709)	(4,703)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	3,890	(14,276)
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	70,713	90,365
Cash, Cash Equivalents, and Restricted Cash at the End of the Period	\$ 74,603	\$ 76,089
Supplemental disclosure:		
Cash paid during the period for taxes	\$ 56	\$ —

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Life360, Inc.

The following table presents the cash, cash equivalents, and restricted cash reported within the balance sheets totaling the same such amounts shown above:

	March 31, 2024	March 31, 2023
Cash and cash equivalents	\$ 73,401	\$ 61,394
Restricted cash, current	—	13,094
Restricted cash, noncurrent	1,202	1,601
Total cash and cash equivalents, and restricted cash	<u>\$ 74,603</u>	<u>\$ 76,089</u>

See accompanying notes to the condensed consolidated financial statements (unaudited).

Life360, Inc.**Notes to Condensed Consolidated Financial Statements (Unaudited)**

1. Nature of Business

Life360, Inc. (the “Company”) is a leading technology platform connecting millions of people throughout the world to the people, pets and things they care about most. The Company has created a new category at the intersection of family, technology, and safety to help keep families connected and safe. The Company’s core offering, the Life360 mobile application, includes features like communications, driving safety, digital safety and location sharing. Beyond the everyday, Life360 also provides much-needed protection and saves lives, which is crucial for families in emergency situations such as natural disasters, vehicle collisions, physical property theft, and digital identity theft. The Life360 mobile application operates under a “freemium” model where its core offering is available to members at no charge, with three membership subscription options that are available but not required.

The Company acquired Jio, Inc. (“Jiobit”) and Tile, Inc. (“Tile”) in September 2021 and January 2022, respectively, to create a comprehensive platform-agnostic location tracking solution for people, pets and things. Jiobit is a leading wearable location device for young children, pets and seniors and Tile is a leading product suite of location trackers for finding objects.

The Company’s suite of product and service offerings, including the Life360 and Tile mobile applications, and related third-party services, is system and platform-agnostic, allowing its products and services to work seamlessly for members, regardless of the devices they use.

2. Summary of Significant Accounting Policies

Included below are select significant accounting policies. Refer to Note 2, “Summary of Significant Accounting Policies” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 29, 2024 (“Annual Report”) for a full list of the Company’s significant accounting policies.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements, which include the accounts of the Company and its wholly owned subsidiaries, have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for interim periods and following the requirements of the Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. All intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated balance sheet as of December 31, 2023, included herein, was derived from the audited financial statements as of that date. In the opinion of the Company’s management, the condensed consolidated financial statements reflect all normal recurring adjustments necessary to provide a fair presentation of the Company’s financial position, results of operations, stockholders’ equity, and cash flows for the interim periods presented. Operating results for these interim periods are not necessarily indicative of the Company’s future results of operations.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report.

Use of Estimates

The preparation of the Company’s condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, net revenue, and expenses. Significant items subject to such estimates, judgments, and assumptions include:

- revenue recognition, including the determination of selling prices for distinct performance obligations sold in multiple performance obligation arrangements, the period over which revenue is recognized for certain arrangements, and estimated delivery dates for orders with title transfer upon delivery;
- allowances for credit losses and product returns;
- promotional and marketing allowances;
- inventory valuation;

Notes to Condensed Consolidated Financial Statements (Unaudited)

- average useful customer life;
- valuation of stock-based awards;
- legal contingencies;
- impairment of long-lived assets and goodwill;
- valuation of convertible notes and embedded derivatives;
- useful lives of long-lived assets; and
- income taxes including valuation allowances on deferred tax assets.

The Company bases its estimates and judgments on historical experience and on various assumptions that it believes are reasonable under the circumstances. Actual results could differ significantly from those estimates.

Accounting pronouncements not yet adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07 – *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not expect adoption of this ASU will have a material impact on its financial position or results of operations.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The updates in this ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company does not expect adoption of this ASU will have a material impact on its financial position or results of operations.

Concentrations of Risk and Significant Customers
Major Customers

The Company derives its accounts receivable from revenue earned from customers located in the United States and internationally. Channel and retail partners account for the majority of the Company's revenue and accounts receivable for all periods presented.

The following tables set forth the information about the Company's third-party platforms and distribution channels (each a "Channel Partner") that processed the Company's overall revenue transactions and retail partners who represented greater than 10% of the Company's revenue or accounts receivable, respectively:

	Percentage of Revenue	
	Three Months Ended March 31,	
	2024	2023
Channel Partner (Apple)	57 %	56 %
Channel Partner (Google)	18 %	15 %

	Percentage of Gross Accounts Receivable	
	As of March 31,	As of December 31,
	2024	2023
Channel Partner (Apple)	61 %	50 %
Channel Partner (Google)	12 %	*
Data Partner A	10 %	*
Retail Partner A	*	17 %

* Represents less than 10%

Supplier Concentration

The Company currently relies on a single technology partner for its cloud platform and outsources the manufacturing of the Jiobit and Tile hardware devices to a single contract manufacturer. Although there are a limited number of suppliers, management believes that other suppliers could provide similar services on comparable terms.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents include deposit and money market funds. Money market mutual funds are valued using quoted market prices and therefore are classified within Level 1 of the fair value hierarchy.

Restricted Cash

The restricted cash, noncurrent balance of \$1.2 million and \$1.7 million as of March 31, 2024 and December 31, 2023, respectively, relates to cash deposits restricted under letters of credit issued on behalf of the Company in support of indebtedness to trade creditors incurred in the ordinary course of business.

3. Segment and Geographic Revenue

The Company operates as a single operating segment. The Company's chief operating decision maker is its chief executive officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources. All material long-lived assets are based in the United States.

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Revenue by geographic region is generally based on the address of the customer as defined in the contract with the customer. The following table sets forth revenue by geographic region for the periods presented (in thousands):

	Three Months Ended March 31,	
	2024	2023
North America	\$ 70,316	\$ 60,801
Europe, Middle East and Africa	4,633	4,318
Other international regions	3,278	3,024
Total revenue	<u>\$ 78,227</u>	<u>\$ 68,143</u>

The Company's revenues in the United States were \$68.9 million, or 88%, of total revenue for the three months ended March 31, 2024 and \$58.7 million, or 86%, of total revenue for the three months ended March 31, 2023.

4. Deferred Revenue

Deferred revenue consists primarily of payments received and accounts receivable recorded in advance of revenue recognition under the Company's subscription service arrangements and is recognized as the revenue recognition criteria is met. The Company primarily invoices its customers for its subscription services arrangements in advance. Amounts anticipated to be recognized within one year of the balance sheet date are recorded as deferred revenue, current and the remaining portion is recorded as deferred revenue, noncurrent on the condensed consolidated balance sheets.

During the three months ended March 31, 2024 and 2023, the Company recognized revenue of \$18.4 million and \$16.8 million, respectively, that was included in the deferred revenue balance at the beginning of each respective period.

Remaining performance obligations represent the amount of contracted future revenue not yet recognized as the amounts relate to undelivered performance obligations, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods.

Revenue expected to be recognized from remaining performance obligations was \$36.7 million as of March 31, 2024, of which the Company expects \$35.5 million to be recognized over the next twelve months.

5. Costs Capitalized to Obtain Contracts

The Company recognizes as an asset the costs of obtaining a contract with a customer if it expects to recover those costs and they are both direct and incremental. These costs are attributable to the Company's largest Channel Partners.

Costs of obtaining new revenue contracts are deferred and then amortized on a straight-line basis over the related period of benefit, which is estimated to be two to three years depending on the subscription type.

The following table represents a roll forward of the Company's costs capitalized to obtain contracts, net (in thousands):

	Three Months Ended March 31,	
	2024	2023
Costs capitalized to obtain contracts, net, beginning of period	\$ 1,844	\$ 2,063
Additions to costs capitalized to obtain contracts, net	398	499
Amortization of costs capitalized to obtain contracts, net	(341)	(439)
Costs capitalized to obtain contracts, net, end of period	<u>\$ 1,901</u>	<u>\$ 2,123</u>

6. Fair Value Measurements

The Company measures its financial assets at fair value each reporting period using a fair value hierarchy that prioritizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs which may be used to measure fair value are as follows:

Level 1 - Observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Valuations based on unobservable inputs to the valuation methodology and including data about assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

The carrying amounts of certain financial instruments, including cash and cash equivalents, prepaid expenses, accounts receivable, and accounts payable approximate fair value due to their short-term maturities.

The Company measures and reports certain assets and liabilities at fair value on a recurring basis. The fair value of these assets and liabilities as of March 31, 2024 and December 31, 2023 are classified as follows (in thousands):

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 42,528	\$ —	\$ —	\$ 42,528
Total assets	<u>\$ 42,528</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 42,528</u>
Liabilities:				
Derivative liability (Note 9)	\$ —	\$ —	\$ 1,924	\$ 1,924
Convertible notes (Note 8)	—	—	4,057	4,057
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,981</u>	<u>\$ 5,981</u>
	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 41,981	\$ —	\$ —	\$ 41,981
Total assets	<u>\$ 41,981</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,981</u>
Liabilities:				
Derivative liability (Note 9)	\$ —	\$ —	\$ 217	\$ 217
Convertible notes (Note 8)	—	—	3,449	3,449
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,666</u>	<u>\$ 3,666</u>

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The change in fair value of the Level 3 instruments were as follows (in thousands):

	As of March 31, 2024	
	Derivative liability (Note 9)	Convertible notes (Note 8)
Fair value, beginning of the year	\$ 217	\$ 3,449
Changes in fair value	1,707	608
Fair value, end of period	<u>\$ 1,924</u>	<u>\$ 4,057</u>

	As of December 31, 2023	
	Derivative liability (Note 9)	Convertible notes (Note 8)
Fair value, beginning of the year	\$ 101	\$ 6,938
Vesting of revesting notes	—	72
Forfeiture of revesting notes	—	(326)
Repayment of convertible notes (Note 8)	—	(3,919)
Changes in fair value	116	684
Fair value, end of period	<u>\$ 217</u>	<u>\$ 3,449</u>

For the three months ended March 31, 2024, the Company recorded losses associated with the change in fair value of the derivative liability and convertible notes of \$1.7 million and \$0.6 million, respectively. For the year ended December 31, 2023, the Company recorded losses associated with the change in fair value of the derivative liability and the convertible notes of \$0.1 million and \$0.7 million, respectively. The amounts have been recorded in other income (expense), net in the condensed consolidated statements of operations and comprehensive loss.

For the three months ended March 31, 2023, the Company recorded gains associated with the change in fair value of the derivative liability and convertible notes of \$14 thousand and \$72 thousand, respectively. The amounts have been recorded in other income (expense), net in the condensed consolidated statements of operations and comprehensive loss.

7. Balance Sheet Components
Accounts receivable, net

Accounts receivable, net consists of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
	2024	2023
Accounts receivable	\$ 37,130	\$ 42,274
Allowance for credit losses	(94)	(94)
Total accounts receivable, net	<u>\$ 37,036</u>	<u>\$ 42,180</u>

Inventory

Inventory consists of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
	2024	2023
Raw materials	\$ 18	\$ 298
Finished goods	6,320	3,801
Total inventory	<u>\$ 6,338</u>	<u>\$ 4,099</u>

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Prepaid expenses	\$ 13,217	\$ 14,520
Other receivables	503	654
Total prepaid expenses and other current assets	<u>\$ 13,720</u>	<u>\$ 15,174</u>

Prepaid expenses primarily consist of certain cloud platform and customer service program costs. Other receivables primarily consist of refunds owed to the Company and other amounts which the Company is expected to receive in less than twelve months.

Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Computer equipment	\$ 297	\$ 297
Leasehold improvements	100	100
Production manufacturing equipment	839	839
Construction in progress	249	249
Furniture and fixtures	29	29
Total property and equipment, gross	1,514	1,514
Less: accumulated depreciation	(830)	(784)
Total property and equipment, net	<u>\$ 684</u>	<u>\$ 730</u>

Depreciation expense was \$46 thousand and \$37 thousand for the three months ended March 31, 2024 and 2023, respectively.

There was no impairment of property and equipment or long-lived assets recognized during the three months ended March 31, 2024 or 2023.

Prepaid Expenses and Other Assets, noncurrent

Prepaid expenses and other assets, noncurrent consist of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Prepaid expenses, noncurrent	\$ 111	\$ 1,353
Investment	5,474	5,474
Other assets	21	21
Total prepaid expenses and other assets, noncurrent	<u>\$ 5,606</u>	<u>\$ 6,848</u>

Prepaid expenses, noncurrent primarily consist of cloud platform costs. Investment relates to warrants to purchase shares of preferred stock of a current Data Revenue Partner.

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
Leases

The Company leases office space under a non-cancelable operating lease with a remaining lease term of 2.7 years, which includes the option to extend the lease.

The Company did not have any finance leases as of March 31, 2024 or December 31, 2023.

The components of lease expense are as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Operating lease cost ⁽¹⁾	\$ 110	\$ 245

⁽¹⁾ Amounts include short-term leases, which are immaterial.

Payments for operating leases included in cash from operating activities were \$0.1 million and \$0.3 million for the three months ended March 31, 2024 and 2023, respectively.

Supplemental balance sheet information related to leases is as follows (in thousands, except lease term):

	As of March 31,	As of December 31,
	2024	2023
Operating lease right-of-use asset	\$ 933	\$ 1,014
Operating lease liability, current (included in accrued expenses and other current liabilities)	342	335
Operating lease liability, noncurrent (included in other liabilities, noncurrent)	634	723
Weighted-average remaining term for operating lease (in years)	2.7	2.9

The weighted-average discount rate used to measure the present value of the operating lease liabilities was 5.0% for each period presented.

Maturities of the Company's operating lease liability, which does not include short-term leases, as of March 31, 2024 were as follows (in thousands):

	Operating leases
Remainder of 2024	\$ 285
2025	390
2026	367
Total future minimum lease payments	1,042
Less imputed interest	(66)
Total operating lease liability	\$ 976

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
Goodwill and Intangible Assets, net

Intangible assets, net consists of the following (in thousands):

	As of March 31 2024,		
	Gross	Accumulated Amortization	Net
Trade name	\$ 23,380	\$ (5,346)	\$ 18,034
Technology	22,430	(10,313)	12,117
Customer relationships	15,290	(4,254)	11,036
Internal use software	3,506	(412)	3,094
Total	\$ 64,606	\$ (20,325)	\$ 44,281

	As of December 31 2023,		
	Gross	Accumulated Amortization	Net
Trade name	\$ 23,380	\$ (4,762)	\$ 18,618
Technology	22,430	(9,191)	13,239
Customer relationships	15,290	(3,782)	11,508
Internal use software	2,416	(340)	2,076
Total	\$ 63,516	\$ (18,075)	\$ 45,441

The Company capitalized \$1.1 million and \$0.3 million in internal use software during the three months ended March 31, 2024 and 2023, respectively.

Amortization expense was \$2.2 million for each of the three months ended March 31, 2024 and 2023.

During the three months ended March 31, 2024 and 2023, there was no impairment of intangible assets recorded.

As of March 31, 2024, the estimated remaining amortization expense for intangible assets by fiscal year is as follows (in thousands):

	Amount
Remainder of 2024	\$ 6,750
2025	8,913
2026	8,470
2027	4,274
2028	4,225
Thereafter	9,012
Total future amortization expense	\$ 41,644
Internal use software not yet in service	\$ 2,637
Total	\$ 44,281

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The weighted-average remaining useful lives of the Company's acquired intangible assets are as follows:

	Weighted-Average Remaining Useful Life	
	As of March 31,	As of December 31,
	2024	2023
Trade name	7.7 years	8.0 years
Technology	2.7 years	2.9 years
Customer relationships	5.9 years	6.1 years
Internal use software	1.6 years	3.6 years

As of March 31, 2024, the Company had \$2.6 million of capitalized internal use software projects that were not yet in service. These assets will be placed into service once the projects have completed, and will be amortized over a three-year useful life. The internal use software projects that were not yet in service have been excluded from the weighted-average remaining useful life calculation for internal use software in the table above.

As of March 31, 2024 and December 31, 2023, goodwill was \$133.7 million. No goodwill impairment was recorded during the three months ended March 31, 2024 or 2023.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	As of March 31,	As of December 31,
	2024	2023
Accrued vendor expenses	\$ 11,815	\$ 10,020
Accrued compensation	4,314	3,349
Customer related promotions and discounts	3,223	9,049
Operating lease liability	342	335
Sales return reserves	2,899	3,285
Other current liabilities	2,470	1,500
Total accrued expenses and other current liabilities	\$ 25,063	\$ 27,538

Other current liabilities primarily relate to sales and income taxes payable, as of March 31, 2024, and warranty liabilities related to the Company's hardware tracking devices, inventory received not yet billed, and sales taxes payable as of December 31, 2023.

8. Convertible Notes
July 2021 Convertible Notes

In July 2021, the Company issued convertible notes ("July 2021 Convertible Notes") to investors with an underlying principal amount of \$2.1 million. The July 2021 Convertible Notes accrue simple interest at an annual rate of 4% and mature on July 1, 2026. The July 2021 Convertible Notes may be settled under the following scenarios at the option of the holder: (i) at any time into common shares equal to the conversion amount of outstanding principal and any accrued but unpaid interest divided by the conversion price of \$11.96; (ii) at the option of the holder upon a liquidation event a) paid in cash equal to the outstanding principal and any accrued but unpaid interest or b) into common shares equal to the conversion amount of outstanding principal and any accrued but unpaid interest divided by the conversion price of \$11.96; or (iii) upon maturity, settlement in cash at the outstanding accrued interest and principal amount.

Life360, Inc.**Notes to Condensed Consolidated Financial Statements (Unaudited)**

Certain conversion and redemption features of the July 2021 Convertible Notes were determined to not be clearly and closely associated with the risk of the debt-type host instrument and were required to be separately accounted for as derivative financial instruments. The Company bifurcated these embedded conversion and redemption (“embedded derivatives”) features and classified these as liabilities measured at fair value. The fair value of the derivative liability of \$0.7 million was recorded separate from the July 2021 Convertible Notes with an offsetting amount recorded as a debt discount. The debt discount is amortized over the estimated life of the debt using the straight-line method, as the value attributable to the July 2021 Convertible Notes was zero upon issuance.

As of March 31, 2024 the unamortized amount and net carrying value of the July 2021 Convertible Notes is \$0.9 million and \$1.2 million, respectively. The amount by which the July 2021 Convertible Notes if-converted value exceeds its principal is \$2.4 million as of March 31, 2024.

As of December 31, 2023 the unamortized amount and net carrying value of the July 2021 Convertible Notes was \$1.1 million and \$1.1 million, respectively. The amount by which the July 2021 Convertible Notes if-converted value exceed its principal was \$0.6 million as of December 31, 2023.

In connection with the July 2021 Convertible Notes, the Company issued warrants to purchase 88,213 shares of the Company’s common stock with an exercise price of \$0.01 per share and a term of one year (Warrant Tranche 1), 44,106 shares of the Company’s common stock with an exercise price of \$11.96 per share and a term of 5 years (Warrant Tranche 2), and 44,106 shares of the Company’s common stock which is exercisable starting twelve months from the issuance date with an exercise price of \$11.96 per share and a term of 5 years (Warrant Tranche 3).

The warrants were recorded to additional paid-in capital during the year ended December 31, 2021. The fair value of the warrants issued in connection with the July 2021 Convertible Notes was \$0.8 million and was recorded as a debt discount that is being amortized to interest expense under the straight-line method over the term of the respective July 2021 Convertible Notes.

As a result of the beneficial conversion feature associated with the July 2021 Convertible Notes, \$0.6 million was added to additional paid-in capital during the year ended December 31, 2021. The beneficial conversion feature was recorded as a debt discount and is being amortized to interest expense under the straight-line method over the term of the respective July 2021 Convertible Notes.

For the three months ended March 31, 2024 and March 31, 2023, the Company recognized a total of \$0.1 million and \$0.1 million, respectively, in non-cash interest expense related to the July 2021 Convertible Notes.

September 2021 Convertible Notes

In September 2021, the Company, in connection with the Jibit Acquisition, issued \$11.6 million representing the fair value of convertible notes (the “September 2021 Convertible Notes”) and \$1.6 million of revesting convertible notes (“Revesting Notes”) that vest over time. The September 2021 Convertible Notes were convertible to common stock at any time subsequent to the acquisition at a fixed conversion price of \$22.50 per share. The Company agreed to repay 1/3rd of the unconverted principal plus accrued interest to the holders of such notes on each of the first three annual anniversaries of the issuance date of the September 2021 Convertible Notes, the first two payments of which were made in September 2022 and 2023. Upon a change of control, the holder could elect to either convert at the fixed conversion price of \$22.50 per share or be repaid in full. The Company elected the fair value option and remeasured the September 2021 Convertible Notes at their fair value on each reporting date and reflect the changes in fair value in earnings.

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The estimated fair value of the September 2021 Convertible Notes is determined using a combination of the present value of the cash flows and the Black-Scholes option pricing model using assumptions as follows:

	As of March 31, 2024	As of December 31, 2023	As of September 1, 2021
Principal	\$ 3,365	\$ 3,365	\$ 11,206
Interest rate	6.8 %	5.7 %	4.5 %
Common stock fair value per share	25.59	15.46	20.49
Conversion price per share	22.50	22.50	22.50
Risk-free interest rate	5.34 %	4.96 %	0.45 %
Time to exercise (in years)	0.4	0.7	3.0
Volatility	36 %	29 %	37 %
Annual dividend yield	0 %	0 %	0 %

The Revesting Notes are restricted and vest with continuous employment of certain key employees over a 3-year period subsequent to the acquisition. The Revesting Notes are recognized in general and administrative expense. In January 2023, the final key employee exited the Company. As part of their separation agreement, their Revesting Notes are due in their entirety at the maturity date and the Company recorded \$0.1 million of compensation expense included in general and administrative expense.

The Company records the Revesting Notes at fair value and will remeasure the Revesting Notes at fair value on each reporting date. As the Revesting Notes vest, the changes in fair value are recorded as general and administrative expense with a corresponding entry to convertibles notes. The estimated fair value of the Revesting Notes is determined using a combination of the present value of the Revesting Notes cash flows and the Black-Scholes option pricing model. The terms of the Revesting Notes are consistent with the terms of the September 2021 Convertible Notes. For the three months ended March 31, 2024 and 2023, the Company recorded zero and \$0.1 million, respectively, to compensation expense included in general and administrative expense related to the changes in fair value of the Revesting Notes.

Convertible notes, current and noncurrent consist of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Convertible notes, current:		
September 2021 Convertible Notes	\$ 4,057	\$ 3,449
Convertible notes, noncurrent:		
July 2021 Convertible Notes	1,161	1,056
Total convertible notes	\$ 5,218	\$ 4,505

The contractual future principal payments for all convertible notes as of March 31, 2024 were as follows (in thousands):

	Amount (unaudited)
Remainder of 2024	\$ 3,365
2025	—
2026	2,110
Total principal outstanding	5,475
Fair value adjustment	(257)
Total convertible notes	\$ 5,218

In April 2024, the holders of the September 2021 Convertible Notes elected to convert their notes and accrued interest to common stock based on the fixed conversion price of \$22.50 per share. Refer to Note 17, "Subsequent Events" for further details.

9. Derivative Liability

The Company's derivative liability represents embedded share-settled redemption features bifurcated from its July 2021 Convertible Notes and is carried at fair value. The changes in the fair value of the derivative liability are recorded in other income (expense), net in the Company's condensed consolidated statements of operations and comprehensive loss.

Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. Since derivative financial instruments are initially and subsequently carried at fair value, the Company's income will reflect the volatility in these estimate and assumption changes.

The features embedded in the July 2021 Convertible Notes are combined into one compound embedded derivative. The fair value of the embedded derivative was estimated based on the present value of the redemption discount applied to the principal amount of the July 2021 Convertible Notes adjusted to reflect the weighted probability of exercise. The discount rate was based on the risk-free interest rate.

The estimated fair value of the embedded derivative is determined using a lattice model with the following assumptions:

	As of March 31, 2024	As of December 31, 2023
Principal	\$ 2,110	\$ 2,110
Interest rate	4.0 %	4.0 %
Common stock fair value per share	\$ 25.59	\$ 15.46
Risk-free interest rate	3.7% - 4.2%	3.7% - 4.0%
Term (in years)	2.3	2.5
Volatility	66.4% - 76.9%	43.0% - 61.2%
Option adjusted spread (bps)	561	613
Annual dividend yield	0 %	0 %
Exchange rate (AUD to USD)	0.65	0.68

Upon the issuance of the July 2021 Convertible Notes, the Company recorded a derivative liability of \$0.7 million at fair value using inputs classified as Level 3 in the fair value hierarchy. As of March 31, 2024 and December 31, 2023, the fair value of the derivative liability was \$1.9 million and \$0.2 million, respectively. Refer to Note 6, "Fair Value Measurements" for further details.

10. Commitments and Contingencies
Purchase Commitments

The Company has certain commitments with its cloud platform provider and sole contract manufacturer that are non-cancellable. As of March 31, 2024, future non-cancellable commitments under these agreements were as follows in thousands):

	Amount
Remainder of 2024	\$ 21,409
2025	25,000
2026	25,500
2027	26,000
Total purchase commitments	<u>\$ 97,909</u>

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated. The Company is not subject to any current pending legal matters or claims that the Company believes could have a material adverse effect on its financial position, results of operations or cash flows.

Warranties and Indemnification

To date, the Company has not incurred significant costs and has not accrued any material liabilities in the accompanying condensed consolidated financial statements as a result of its warranty and indemnification obligations.

Litigation

Occasionally, the Company is involved in various legal proceedings, claims and government investigations in the ordinary course of business. The outcome of litigation and other legal matters is inherently uncertain, though the Company intends to vigorously defend the matters. In making a determination regarding accruals, using available information, the Company evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which the Company is a party and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. When the Company determines an unfavorable outcome is not probable or reasonably estimable the Company does not accrue for any potential litigation loss. Actual outcomes of these legal and regulatory proceedings may materially differ from the Company's estimates.

On March 12, 2019, a former alleged competitor of Tile, Cellwitch, Inc, filed a patent infringement claim against Tile in the U.S. District Court, Northern District of California, seeking permanent injunction and damages. On December 18, 2019, Tile filed an *inter partes* review petition with the Patent Trial and Appeal Board ("PTAB") challenging the validity of the patent. On May 13, 2021, the PTAB issued a Final Written Decision on Tile's *inter partes* review petition (the "Final Written Decision"), finding a majority of the claims invalid. The Final Written Decision was affirmed by the U.S. Court of Appeals for the Federal Circuit on May 13, 2022. The case is currently in trial court. The claim construction hearing took place on January 18, 2024, and on April 23, 2024, the court released its order which found 10 of the claims invalid, leaving only 2 active claims remaining. At this time, a loss is not probable nor estimable, and as a result, no litigation reserve has been recorded on our condensed consolidated balance sheet as of March 31, 2024.

No litigation reserve was recorded on our condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023, respectively.

11. Common Stock

The Company has the following potentially outstanding common stock reserved for issuance:

	As of March 31, 2024	As of December 31, 2023
Issuances under stock incentive plan	6,186,944	6,625,812
Issuances upon exercise of common stock warrants	95,973	137,658
Issuances upon vesting of restricted stock units	5,408,458	6,182,543
Issuances upon conversion of convertible notes	325,981	325,981
Shares reserved for shares available to be granted but not granted yet	20,682,366	16,882,215
	<u>32,699,722</u>	<u>30,154,209</u>

12. Warrants

As of March 31, 2024, the Company had outstanding warrants to purchase 95,973 shares of Company common stock with exercise prices ranging from \$6.44 to \$11.96 and expiry dates ranging from 2025 to 2026.

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

In March 2024, 41,685 of the Company's freestanding warrants were exercised to purchase shares of the Company's common stock at an exercise price of \$2.28 per share.

As of December 31, 2023, the Company had outstanding warrants to purchase 137,658 shares of Company common stock with exercise prices ranging from \$2.28 to \$11.96 and expiry dates ranging from 2024 to 2026. Refer to Note 8, "Convertible Notes" for further details.

13. Equity Incentive Plan
2011 Equity Incentive Plan

The Company's equity incentive plan allows the Company to grant restricted stock units, performance-based restricted stock units (PRSU), restricted stock, and stock options to employees and consultants of the Company and any of the Company's parent, subsidiaries, or affiliates, and to the members of the Board of Directors.

The following summary of stock option activity for the periods presented is as follows (in thousands, except share and per share data):

	Number of Shares Underlying Outstanding Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Balance as of December 31, 2023	6,625,812	\$ 6.57	4.7	\$ 59,957
Options granted	—	—		
Options exercised	(277,309)	8.32		
Options canceled/forfeited	(161,559)	15.29		
Balance as of March 31, 2024	6,186,944	6.26	4.6	119,570
Exercisable as of March 31, 2024	5,327,732	\$ 5.39	4.5	\$ 107,623

As of March 31, 2024, there was total unrecognized compensation cost for outstanding stock options of \$3.4 million to be recognized over a period of approximately 1.7 years.

Performance-based Restricted Stock Units

The Company granted 54,075 PRSUs ("the Target Grant") to certain executives during the three months ended March 31, 2024. The number of PRSUs that may be vested depends on the extent to which performance goals for the award are achieved over a one-year performance period, as determined by the Remuneration and Nomination Committee of the Board, up to a maximum of 200% of the Target Grant. The performance goals for the PRSUs consist of the following two metrics, each with a weighting of 50%: (1) a revenue metric for the year ended December 31, 2024; and (2) an Adjusted EBITDA metric for the year ended December 31, 2024. Each of the metrics are within the Company's published revenue and Adjusted EBITDA guidance described in the Company's press release furnished within Exhibit 99.1 of the Company's Current Report on Form 8-K filed with the SEC on February 29, 2024.

The PRSU awards vest over a four-year period with 1/4th of the shares vesting after the first year and 1/16th of the shares vesting each quarter thereafter. As of March 31, 2024, PRSUs granted in 2024 are being accrued at the target amount. The Company uses the grant date fair value of the common stock to measure compensation expense for PRSU awards. Compensation expense is recognized over the vesting period of the PRSU award using the straight-line method and shares attained over target upon vesting will be recognized as awards granted in the period. No PRSU awards vested as of March 31, 2024.

Life360, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The following summary of restricted stock units (including PRSUs) activity for the periods presented is as follows:

	Number of Shares	Weighted average grant date fair value
Balance as of December 31, 2023	6,182,543	\$ 12.67
RSU granted	685,698	17.64
RSU vested and settled	(1,313,564)	22.99
RSU canceled/forfeited	(146,219)	12.63
Balance as of March 31, 2024	5,408,458	\$ 13.35

As of March 31, 2024, there was unrecognized compensation cost for outstanding restricted stock units of \$64.7 million to be recognized over a period of approximately 2.8 years.

The number of RSUs vested and settled includes shares of common stock that the Company withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements.

Stock-based Compensation

Stock-based compensation expense was allocated as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of revenue		
Subscription costs	\$ 159	\$ 125
Hardware costs	184	206
Other costs	4	11
Total cost of revenue	347	342
Research and development	5,325	4,786
Sales and marketing	632	926
General and administrative	1,957	2,901
Total stock-based compensation expense	\$ 8,261	\$ 8,955

There was an immaterial amount of capitalized stock-based compensation costs and no stock-based compensation tax benefits recognized during the three months ended March 31, 2024 and 2023, respectively.

Equity Awards Issued in Connection with Business Combinations
Jio, Inc.

In connection with the Jio bit acquisition in September 2021, the Company issued 91,217 shares of restricted common stock with an aggregate fair value of \$1.9 million to be recognized as post combination stock-based compensation ratably with continuous employment of certain employees over a 3 year period.

In January 2023, a key employee of the Jio bit acquisition terminated employment with the Company. As part of such employee's separation agreement, the Company recorded \$0.2 million to compensation included in general and administrative expense related to their Revesting Stock. As of each of March 31, 2024 and December 31, 2023, there was zero unrecognized compensation expense related to the restricted common stock, as a result of the termination of certain employees.

Additionally, the Company granted 43,083 service-based stock options under the Plan to certain Jibit employees with an aggregate fair value of \$0.5 million which vests ratably over the requisite service period. As of March 31, 2024, there was \$32 thousand of unrecognized compensation expense related to unvested assumed stock options, which is expected to be recognized over the remaining weighted average life of 0.8 years. As of December 31, 2023, there was \$0.1 million of unrecognized compensation expense related to unvested assumed stock options, which is expected to be recognized over the remaining weighted average life of 1 year.

Tile, Inc.

In connection with the Tile acquisition in January 2022, the Company issued 1,499,349 shares of retention restricted stock units with an aggregate fair value of \$29.6 million. Of the 1,499,349 shares of retention restricted stock units, 787,446 shares valued at \$15.6 million contained performance vesting criteria based on the achievement of certain company milestones during the three months ended March 31, 2022, and vest over a two year period. As of March 31, 2022, the vesting criteria had not been met and all 787,446 restricted stock units were forfeited. The remaining 711,903 retention restricted stock units vest over a two to four year period. As of March 31, 2024, there was \$0.6 million of unrecognized compensation expense related to the retention restricted stock units which is expected to be recognized over the remaining weighted average life of 1.8 years. As of December 31, 2023, there was \$0.7 million of unrecognized compensation expense related to the retention restricted stock units which is expected to be recognized over the remaining weighted average life of 1.9 years.

The Company also issued 38,730 vested common stock options to Tile employees as stock-based compensation on the acquisition date. The aggregate fair value of \$0.4 million was recognized as compensation expense on the date of acquisition.

A total of 694,672 shares of common stock with an aggregate fair value of \$13.7 million were issued to Tile shareholders as part of purchase consideration. All \$13.7 million was included within purchase consideration.

A total of 1,561 shares of common stock with an aggregate fair value of \$31 thousand were issued to a key employee, the vesting of which is subject to continued employment over a 30-month period. As of March 31, 2024 and December 31, 2023 there was an immaterial amount of unrecognized compensation expense related to unvested restricted stock units which is expected to be recognized over the remaining 0.3 years and 0.5 years, respectively.

A total of 84,524 shares of common stock were issued as part of consideration transferred and were placed in an indemnity escrow fund to be held for fifteen months after the acquisition date for general representations and warranties. The aggregate fair value of \$1.7 million was included within purchase consideration. All 84,524 shares of common stock were released from escrow in April 2023 as scheduled.

14. Income Taxes

The provision for income taxes for interim periods is determined using an estimated annual effective tax rate in accordance with ASC 740-270, Income Taxes, Interim Reporting. The effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as valuation allowances against deferred tax assets, the recognition or de-recognition of tax benefits related to uncertain tax position, if any, and changes in or the interpretation of tax laws in jurisdictions where the Company conducts business.

The Company recorded a provision for income taxes of \$1.4 million and \$0.1 million for the three months ended March 31, 2024 and 2023, respectively.

In accordance with the Tax Cuts and Jobs Act of 2017, research and experimental ("R&E") expenses under Internal Revenue Code Section 174 are required to be capitalized beginning in 2022. R&E expenses are required to be amortized over a period of five years for domestic expenses and fifteen years for foreign expenses. The Company has capitalized R&E expenditures in its income tax provision as a result. Accordingly, for the three months ended March 31, 2024 and 2023, the Company recorded income tax expense of \$1.4 million and \$0.1 million, respectively.

Life360, Inc.**Notes to Condensed Consolidated Financial Statements (Unaudited)****15. Defined Contribution Plan**

The Company sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code covering substantially all employees over the age of 21 years. Contributions made by the Company are voluntary and are determined annually by the Board of Directors on an individual basis subject to the maximum allowable amount under federal tax regulations. Employer contributions to the plan were \$0.7 million for the three months ended March 31, 2024 and immaterial for the three months ended March 31, 2023.

16. Net Loss Per Share

The following table presents the calculation of basic and diluted net loss per share (in thousands except share and per share information):

	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (9,777)	\$ (14,071)
Weighted-average shares used in computing net loss per share, basic and diluted	68,535,626	65,592,780
Net loss per share, basic and diluted	\$ (0.14)	\$ (0.21)

The potential shares of common stock that were excluded from the computation of diluted net loss per share for the periods presented because including them would have been antidilutive are as follows:

	As of March 31,	As of March 31,
	2024	2023
Issuances under stock incentive plan	6,186,944	7,708,686
Issuances upon exercise of common stock warrants	95,973	137,658
Issuances upon vesting of restricted stock units	5,408,458	5,109,200
Issuances upon conversion of convertible notes	325,981	516,758
	<u>12,017,356</u>	<u>13,472,302</u>

17. Subsequent Events***September 2021 Convertible Notes Conversion***

In April 2024, the holders of the September 2021 Convertible Notes elected to convert their notes and accrued interest to common stock based on a fixed conversion price of \$22.50 per share. At the time of conversion, the September 2021 Convertible Notes had an outstanding principal and accrued interest balance of \$3.5 million. As a result of the conversion, 157,685 shares of common stock with a fair value of \$3.5 million were issued to the holders in redemption of the outstanding September 2021 Convertible Notes. In April 2024, the fair value of the issued common stock was recorded within additional paid-in capital on the Company's condensed consolidated balance sheet and a \$0.5 million gain on settlement of the September 2021 Convertible Notes was recorded in other income (expense), net on the condensed consolidated statements of operations and comprehensive loss.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report. In addition to historical financial information, the following discussion contains forward-looking statements that are based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section titled "Risk Factors" under Part II, Item 1A in this Quarterly Report on Form 10-Q and Part I, Item 1A in our Annual Report.

Overview

Life360 is a leading technology platform used to locate the people, pets and things that matter most to families. Life360 is creating a new category at the intersection of family, technology, and safety to help keep families safe and connected. Our core offering, the Life360 mobile application, includes features that range from communications to driving safety and location sharing. The Life360 mobile application operates under a "freemium" model where its core offering is available to members at no charge, with three membership subscription options that are available but not required. We also generate revenue through Jiobit and Tile subscription services and hardware tracking devices. By offering devices and integrated software to members, we have expanded our addressable market to provide members of all ages with a vertically integrated, cross-platform solution of scale.

Key Factors Affecting Our Performance

We believe that our results of operations are affected by a number of factors, such as: the ability to remain a trusted brand; attracting, retaining, and converting members; maintaining efficient member acquisition; the ability to attract new and repeat purchasers of our hardware tracking devices; growth in Average Revenue per Paying Circle ("ARPPC"); expanding offerings on our platform; attracting and retaining talent; seasonality; and international expansion. We discuss each of these factors in more detail under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Performance" in our Annual Report. While we do not have control of all factors affecting our results from operations, we work diligently to influence and manage those factors which we can impact to enhance our results of operations.

Key Components of Our Results of Operations

Revenue

Subscription Revenue

We generate revenue primarily from sales of subscriptions on our platform, including Life360, Jiobit and Tile. Revenue is recognized ratably over the related contractual term generally beginning on the date that our platform is made available to a customer. Our subscription agreements typically have monthly or annual contractual terms. Our agreements are generally non-cancellable during the contract term. We typically bill in advance for monthly and annual contracts. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized.

Hardware Revenue

We generate our hardware revenue from the sale of the Jiobit and Tile hardware tracking devices and related accessories. For hardware and accessories, revenue is recognized at the time products are delivered. We sell hardware tracking devices and accessories through a number of channels including our websites, brick and mortar retail and online retail.

Other Revenue

We also generate revenue through an arrangement with a key data partner that provides location-based analytics services to customers in the retail and real estate sectors, municipalities, and other private and public organizations. The agreement permits commercialization of certain aggregated and de-identified data and provides for fixed and variable monthly revenue amounts. Other revenue also includes advertising and partnership revenue, which represents agreements with third parties to provide access to advertising on the Company's mobile platform. Advertising revenue for the three months ended March 31, 2024 was immaterial, however, we anticipate meaningful growth in the second half of the year.

Cost of Revenue and Gross Margin

Cost of Subscription Revenue

Cost of subscription revenue primarily consists of expenses related to hosting our services and providing support to our free and paying subscribers. These expenses include personnel-related costs associated with our cloud-based infrastructure and our customer support organization, third-party hosting fees, software, and maintenance costs, outside services associated with the delivery of our subscription services, amortization of acquired intangibles and allocated overhead, such as facilities, including rent, utilities, depreciation on equipment shared by all departments, credit card and transaction processing fees, and shared information technology costs. Personnel-related expenses include salaries, bonuses, benefits, and stock-based compensation for operations personnel.

We plan to continue increasing the capacity and enhancing the capability and reliability of our infrastructure to support member growth and increased use of our platform. We expect that cost of revenue will increase in absolute dollars in future periods.

Cost of Hardware Revenue

Cost of hardware revenue consists of product costs, including hardware production, contract manufacturers for production, shipping and handling, packaging, fulfillment, personnel-related expenses, manufacturing and equipment depreciation, warehousing, tariff costs, customer support costs, credit card and transaction processing fees, warranty replacement, and write-downs of excess and obsolete inventory. Personnel-related expenses include salaries, bonuses, benefits, and stock-based compensation for operations personnel.

Cost of Other Revenue

Cost of other revenue includes cloud-based hosting costs, as well as costs of product operations functions and personnel-related costs associated with our data and advertising platforms. Personnel-related expenses include salaries, bonuses, benefits, and stock-based compensation for operations personnel.

Gross Profit and Gross Profit Margin

Our gross profit has been, and may in the future be, influenced by several factors, including timing of capital expenditures and related depreciation expense, increases in infrastructure costs, component costs, contract manufacturing and supplier pricing, and foreign currency exchange rates. Gross profit and gross profit margin may fluctuate over time based on the factors described above.

Operating Expenses

Our operating expenses consist of research and development, selling and marketing, and general and administrative expenses.

Research and Development

Our research and development expenses consist primarily of personnel-related costs for our engineering, product, and design teams, material costs of building and developing prototypes for new products, mobile app development and allocated overhead. We believe that continued investment in our platform is important for our growth. We intend to continue to invest in research and development to bring new customer experiences and devices to market and expand our platform capabilities.

Sales and Marketing

Our sales and marketing expenses consist primarily of personnel-related costs, brand marketing costs, lead generation costs, sales incentives, sponsorships and amortization of acquired intangibles. Revenue-share payments to third parties in connection with annual subscription sales of the Company's mobile application on third-party store platforms are considered to be incremental and recoverable costs of obtaining a contract with a customer and are deferred and typically amortized over an estimated period of benefit of two to three years depending on the subscription type.

We plan to continue to invest in sales and marketing to grow our member base and increase our brand awareness, including marketing efforts to continue to drive our business model. We expect that sales and marketing expenses will increase in absolute dollars in future periods and will fluctuate as a percentage of revenue. The trend and timing of sales and marketing expenses will depend in part on the timing of marketing campaigns.

General and Administrative

Our general and administrative expenses consist primarily of employee-related costs for our legal, finance, human resources, and other administrative teams, as well as certain executives. In addition, general and administrative expenses include allocated overhead, outside legal, accounting and other professional fees, change in fair value of contingent consideration for business combinations, and non-income-based taxes. We expect our general and administrative expenses will increase in absolute dollars as our business grows.

Convertible Notes Fair Value Adjustment

The Company issued convertible notes to investors in July 2021 (the "July 2021 Convertible Notes"), and as part of the purchase consideration related to the Jiobit Acquisition in September 2021 (the "September 2021 Convertible Notes" and together with the July 2021 Convertible Notes, the "Convertible Notes"). The September 2021 Convertible Notes were recorded at fair value and revalued at each reporting period.

Derivative Liability Fair Value Adjustment

Derivative liability fair value adjustment relates to the change in the fair value of the embedded conversion and redemption features associated with the July 2021 Convertible Notes.

Other Income (Expense), net

Other income (expense), net consists of interest income earned on our cash and cash equivalents balances, foreign currency exchange (losses)/gains related to the remeasurement of certain assets and liabilities of our foreign subsidiaries that are denominated in currencies other than the functional currency of the subsidiary and foreign exchange transactions gains/(losses) and interest expense primarily related to the Convertible Notes.

Provision for Income Taxes

Provision for income taxes consists of U.S. federal and state income taxes and foreign income taxes in jurisdictions in which we conduct business. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

The following tables set forth our condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2024 and 2023 (in thousands, except percentages).

	Three Months Ended March 31,		
	2024	2023	% Change
Subscription revenue	\$ 61,579	\$ 51,664	19 %
Hardware revenue	10,188	9,984	2 %
Other revenue	6,460	6,495	(1)%
Total revenue	78,227	68,143	15 %
Cost of subscription revenue ⁽¹⁾	9,315	8,045	16 %
Cost of hardware revenue ⁽¹⁾	8,012	9,426	(15)%
Cost of other revenue ⁽¹⁾	887	842	5 %
Total cost of revenue ⁽¹⁾	18,214	18,313	(1)%
Gross profit	60,013	49,830	20 %
Operating expenses⁽¹⁾:			
Research and development	27,258	27,197	— %
Sales and marketing	24,733	24,316	2 %
General and administrative	14,401	13,209	9 %
Total operating expenses	66,392	64,722	3 %
Loss from operations	(6,379)	(14,892)	(57)%
Other income (expense):			
Convertible notes fair value adjustment	(608)	72	(944)%
Derivative liability fair value adjustment	(1,707)	14	(12,293)%
Other income, net	311	843	(63)%
Total other income (expense), net	(2,004)	929	(316)%
Loss before income taxes	(8,383)	(13,963)	(40)%
Provision for income taxes	1,394	108	1,191 %
Net loss	(9,777)	(14,071)	(31)%
Change in foreign currency translation adjustment	1	24	(96)%
Total comprehensive loss	\$ (9,776)	\$ (14,047)	(30)%

(1) Includes stock-based compensation expense as follows (in thousands, except percentages):

	Three Months Ended March 31,		
	2024	2023	% Change
Cost of revenue			
Subscription costs	\$ 159	\$ 125	27 %
Hardware costs	184	206	(11)%
Other costs	4	11	(64)%
Total cost of revenue	347	342	
Research and development	5,325	4,786	11 %
Sales and marketing	632	926	(32)%
General and administrative	1,957	2,901	(33)%
Total stock-based compensation expense	\$ 8,261	\$ 8,955	(8)%

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The following table sets forth our results of operations as a percentage of total revenue:

	Three Months Ended March 31,	
	2024	2023
Subscription revenue	79 %	76 %
Hardware revenue	13 %	15 %
Other revenue	8 %	10 %
Total revenue	100 %	100 %
Cost of subscription revenue	12 %	12 %
Cost of hardware revenue	10 %	14 %
Cost of other revenue	1 %	1 %
Total cost of revenue	23 %	27 %
Gross profit	77 %	73 %
Operating expenses:		
Research and development	35 %	40 %
Sales and marketing	32 %	36 %
General and administrative	18 %	19 %
Total operating expenses	85 %	95 %
Loss from operations	(8)%	(22)%
Other income (expense):		
Convertible notes fair value adjustment	(1)%	— %
Derivative liability fair value adjustment	(2)%	— %
Other income, net	— %	1 %
Total other income (expense), net	(3)%	1 %
Loss before income taxes	(11)%	(20)%
Provision for income taxes	2 %	— %
Net loss	(12)%	(21)%
Change in foreign currency translation adjustment	— %	— %
Total comprehensive loss	(12)%	(21)%

Revenue

	Three Months Ended March 31,		Change	
	2024	2023	\$	%
<i>(in thousands, except percentages)</i>				
Subscription revenue	\$ 61,579	\$ 51,664	\$ 9,915	19 %
Hardware revenue	10,188	9,984	204	2 %
Other revenue	6,460	6,495	(35)	(1)%
Total revenue	\$ 78,227	\$ 68,143	\$ 10,084	15 %

Subscription revenue increased \$9.9 million, or 19%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily due to a 17% growth in total paid subscriptions and a 21% growth in Paying Circles (as defined below). Additionally, subscription revenue in the current period benefited from price increases for existing U.S. Android Life360 subscriptions which were fully implemented during the three months ended June 30, 2023.

Hardware revenue increased \$0.2 million, or 2%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 due to the rollout of bundled Life360 subscription and hardware offerings, \$0.5 million in fewer discounts offered, and \$0.2 million in fewer returns recorded. The increases were offset by \$0.5 million in product costs in line with a decrease in standalone hardware units sold and average selling price per unit.

Other revenue remained flat during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, as the Company maintained its single aggregated data arrangement.

Cost of Revenue, Gross Profit, and Gross Margin

	Three Months Ended March 31,		Change	
	2024	2023	\$	%
<i>(in thousands, except percentages)</i>				
Cost of subscription revenue	\$ 9,315	\$ 8,045	\$ 1,270	16 %
Cost of hardware revenue	8,012	9,426	(1,414)	(15)%
Cost of other revenue	887	842	45	5 %
Total cost of revenue	18,214	18,313	(99)	
Gross profit	\$ 60,013	\$ 49,830	\$ 10,183	
Gross margin:				
Subscription	85 %	84 %		
Hardware	21 %	6 %		
Other	86 %	87 %		

Cost of subscription revenue increased \$1.3 million, or 16%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily due to an increase of \$0.6 million in premium membership offering costs, a 21% increase in Paying Circles, an increase of \$0.3 million in technology expenses, and an increase of \$0.4 million in personnel-related and stock-based compensation costs in line with Company growth.

Subscription gross margin increased to 85% during the three months ended March 31, 2024 from 84% during the three months ended March 31, 2023, primarily due to ongoing technology efficiency initiatives implemented by the Company.

Cost of hardware revenue decreased \$1.4 million, or 15%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily due to a savings of \$0.7 million in the current period related to the discontinuation of certain battery related membership benefits which took place during the quarter ended June 30, 2023. The Company also saw a \$0.5 million decrease in product and other hardware expenses due to the decrease in units sold and a decrease of \$0.2 million in technology and other expenses related to efficiencies achieved within the Company.

Hardware gross margin increased to 21% during the three months ended March 31, 2024 from 6% during the three months ended March 31, 2023, primarily due to savings in the current period related to the discontinuation of certain battery related membership benefits which took place during the quarter ended June 30, 2023 and decreased offerings of discounts.

Research and Development

	Three Months Ended March 31,		Change	
	2024	2023	\$	%
<i>(in thousands, except percentages)</i>				
Research and development	\$ 27,258	\$ 27,197	\$ 61	— %

Research and development expenses remained flat during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Research and development expenses were primarily impacted by an increase of \$0.7 million in personnel-related costs in line with increased headcount and \$0.5 million in stock-based compensation expense due to an increase in volume of stock grants awarded to employees. The increases were offset by \$1.1 million of costs incurred related to internal use software which were capitalized within intangible assets, net on the condensed consolidated balance sheet.

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Sales and Marketing

	Three Months Ended March 31,		Change	
	2024	2023	\$	%
(in thousands, except percentages)				
Sales and marketing	\$ 24,733	\$ 24,316	\$ 417	2 %

Sales and marketing expenses increased \$0.4 million, or 2%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase was primarily due to a \$1.3 million increase in marketing expenses consisting of increases of \$1.6 million in Channel Partner commission charges and \$0.1 million in other marketing spend, partially offset by a \$0.4 million decrease in paid member acquisition spend. The increase in marketing expenses was partially offset by decreases of \$0.4 million in professional and outside services spend and \$0.5 million in personnel-related and stock-based compensation costs primarily due to severance payments attributable to the Company's reduction in workforce which took place during the three months ended March 31, 2023.

General and Administrative

	Three Months Ended March 31,		Change	
	2024	2023	\$	%
(in thousands, except percentages)				
General and administrative	\$ 14,401	\$ 13,209	\$ 1,192	9 %

General and administrative expenses increased \$1.2 million, or 9%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase was primarily due to an increase of \$1.7 million in professional services and contractor spend related to compliance with the Sarbanes-Oxley Act, partially offset by a \$0.7 million decrease in personnel-related and stock-based compensation costs due to the exit of a key employee. The remaining increase of \$0.2 million is attributable to technology and other general and administrative expenses in line with Company growth.

Convertible Notes Fair Value Adjustment

For the three months ended March 31, 2024 and 2023, the Company recorded a loss associated with the convertible notes fair value adjustment of \$0.6 million and a gain of \$0.1 million, respectively. The changes in fair value are primarily driven by the share price volatility and reduction in time to convert.

Derivative Liability Fair Value Adjustment

For the three months ended March 31, 2024 and 2023, the Company recorded a loss associated with the derivative liability fair value adjustment of \$1.7 million and a gain of \$14 thousand, respectively. The changes are due to the revaluation of the derivative liability at each reporting period and the increase in stock price related to embedded redemption features bifurcated from the July 2021 Convertible Notes issued to investors.

Other Income (Expense), Net

Other income (expense), net decreased \$0.5 million, or 63%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The decrease was driven by unfavorable currency revaluation impacts in the current period compared to the same period in the prior year. Other income (expense), net includes interest income, dividend income, foreign exchange losses, and interest expense associated with the July 2021 Convertible Notes.

Provision for Income Taxes

Provision for income taxes increased \$1.3 million, or 1,191%, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Provision for income taxes consists of U.S. federal and state income taxes in jurisdictions in which we conduct business. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Key Performance Indicators

We review several operating metrics, including the following key performance indicators, to evaluate our business, measure our performance, identify trends affecting our business, develop financial forecasts, and make strategic decisions. We believe these key performance indicators are useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making, and they may be used by investors to help analyze the health of our business. Key operating metrics are presented in millions, except ARPPC, Average Revenue per Paying Subscription (“ARPPS”) and Average Selling Price (“ASP”), however percentage changes are calculated based on actual results. As a result, percentage changes may not recalculate based on figures presented due to rounding. Please refer to “—Results of Operations” for additional metrics management reviews in conjunction with the condensed consolidated financial statements.

Key Operating Metrics

	As of and for the Three Months Ended March 31,		
	2024	2023	% Change
(in millions, except ARPPC, ARPPS and ASP)			
AMR	\$ 284.7	\$ 239.5	19 %
MAUs	66.4	50.8	31 %
Paying Circles	1.9	1.6	21 %
ARPPC	\$ 123.97	\$ 120.70	3 %
Subscriptions	2.5	2.1	17 %
ARPPS	\$ 102.02	\$ 97.98	4 %
Net hardware units shipped	0.5	0.6	(6)%
ASP	\$ 16.50	\$ 17.22	(4)%

Annualized Monthly Revenue

We use Annualized Monthly Revenue (“AMR”) to identify the annualized monthly value of active customer agreements at the end of a reporting period. AMR includes the annualized monthly value of Life360 subscription, data and partnership agreements. All components of these agreements that are not expected to recur are excluded. This does not represent revenue under GAAP on an annualized basis, as the operating metric can be impacted by start and end dates and renewal rates. AMR as of March 31, 2024, and 2023 was \$284.7 million and \$239.5 million, respectively, representing an increase of 19% year-over-year.

Monthly Active Users

We have a large and growing global user base as of March 31, 2024. A Life360 monthly active user (“MAU”) is defined as a unique member who engages with our Life360 branded services each month, which includes both paying and non-paying members. As of March 31, 2024 and 2023, we had approximately 66.4 million and approximately 50.8 million MAUs on the Life360 Platform, respectively, representing an increase of 31% year-over-year. We believe this has been driven by continued strong new member growth and retention.

Paying Circles

We define a Paying Circle as a group of Life360 members with a paying subscription that has been billed as of the end of a period. Each subscription covers all members in the payor’s Circle so everyone in the Circle can utilize the benefits of a Life360 Membership, including access to premium location, driving, digital and emergency safety insights and services.

As of March 31, 2024 and 2023, we had approximately 1.9 million and 1.6 million paid subscribers to services under our Life360 brand, respectively, representing an increase of 21% year-over-year.

We grow the number of Paying Circles by increasing our free member base, converting free members to subscribers, and retaining them over time with the provision of high-quality family connectivity and safety services.

Average Revenue per Paying Circle

We define Average Revenue per Paying Circle as annualized subscription revenue recognized and derived from the Life360 mobile application, excluding certain revenue adjustments related to bundled Life360 subscription and hardware offerings, for the reported period divided by the Average Paying Circles during the same period. Average Paying Circles are calculated by adding the number of Paying Circles as of the beginning of the period to the number of Paying Circles as of the end of the period, and then dividing by two.

For the three months ended March 31, 2024 and 2023, our ARPPC was \$123.97 and \$120.70, respectively, representing a 3% increase year-over year.

ARPPC is a key indicator utilized by Life360 to determine our effectiveness at monetizing Paying Circles through tiered product offerings. The price increases for existing U.S. Android Life360 subscriptions that took effect during the three months ended June 30, 2023 has led to subscribers signing up for higher price products over time, increasing ARPPC. The positive impacts seen from the price increases were partially offset in the current quarter by an increase in international subscribers, which have subscriptions priced at lower prices.

Subscriptions

We define Subscriptions as the number of paying subscribers associated with the Life360, Jiobit and Tile brands who have been billed as of the end of the period.

As of March 31, 2024 and 2023, we had approximately 2.5 million and 2.1 million paid subscribers to services under the Life360, Tile, and Jiobit brands, respectively, representing an increase of 17% year-over-year.

We grow the number of Subscriptions by selling hardware units and increasing our free member base, converting free members to subscribers, and retaining them over time with the provision of item tracking and high-quality family and safety services.

Average Revenue per Paying Subscription

We define ARPPS as annualized total subscription revenue recognized and derived from Life360, Tile and Jiobit subscriptions, excluding certain revenue adjustments related to bundled Life360 subscription and hardware offerings, for the reported period divided by the average number of paying subscribers during the same period. The average number of paying subscribers is calculated by adding the number of paying subscribers as of the beginning of the period to the number of paying subscribers as of the end of the period, and then dividing by two. Paying subscribers represent subscribers who have been billed as of the end of the period.

ARPPS for the three months ended March 31, 2024 and 2023 was \$102.02 and \$97.98, respectively, representing an increase of 4% year over year.

ARPPS has increased year over year as a result of the growth in subscriptions and subscription price increases implemented by the Company for existing U.S. Android Life360 subscriptions during the three months ended June 30, 2023. The positive impacts seen from the price increases were partially offset in the current quarter by an increase in international subscribers, which have subscriptions priced at lower prices.

Net Hardware Units Shipped

Net hardware units shipped represents the number of tracking devices sold during a period, excluding certain hardware units related to bundled Life360 subscription and hardware offerings, net of returns by our retail partners and directly to consumers. Selling units contributes to hardware revenue and ultimately increases the number of members eligible for a Tile or Jiobit subscription. For the three months ended March 31, 2024, Life360 sold approximately 0.5 million units, down approximately 6% as compared to the 0.6 million units sold during the three months ended March 31, 2023, primarily due to a decrease in enterprise channel sales.

Net Average Selling Price

To determine the net average selling price (“ASP”) of a unit, we divide hardware revenue recognized, excluding certain revenue adjustments related to bundled Life360 subscription and hardware offerings, for the reported period by the number of net hardware units shipped during the same period. ASP is largely driven by the price we charge customers, including the price we charge our retail partners, net of customer allowances, and directly to consumers. For the three months ended March 31, 2024, the net ASP of a unit was \$16.50, a decrease of 4% compared to \$17.22 during the three months ended March 31, 2023 primarily due to a change in mix of products sold and increased sales of multi-unit bundles of Tile devices.

Liquidity and Capital Resources

As of March 31, 2024, we had cash and cash equivalents of \$73.4 million and restricted cash of \$1.2 million. As of December 31, 2023, we had cash and cash equivalents of \$69.0 million and restricted cash of \$1.7 million.

We believe our existing cash and cash equivalents and cash provided by sales of our subscriptions and hardware devices will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors and as a result, we may be required to seek additional capital. If we are unable to raise additional capital on terms acceptable to us or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, financial condition and results of operations.

Cash Flows

Our cash flow activities were as follows for the periods presented:

	Three Months Ended March 31,	
	2024	2023
	<i>(in thousands)</i>	
Net cash provided by (used in) operating activities	\$ 10,688	\$ (9,199)
Net cash used in investing activities	(1,089)	(374)
Net cash used in financing activities	(5,709)	(4,703)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	\$ 3,890	\$ (14,276)

Operating Activities

Our largest sources of operating cash are cash collections from our paying members for subscriptions to our platform and hardware device sales. Our primary uses of cash for operating activities are for employee-related expenditures, costs to acquire inventory, infrastructure-related costs, commissions paid to Channel Partners and other marketing expenses.

A number of our members pay in advance for annual subscriptions, while a majority pay in advance for monthly subscriptions. Deferred revenue consists of the unearned portion of customer billings, which is recognized as revenue in accordance with our revenue recognition policy. As of March 31, 2024 and December 31, 2023, we had deferred revenue of \$36.7 million and \$35.8 million, respectively, of which \$35.5 million and \$33.9 million is expected to be recorded as revenue in the next 12 months, provided all other revenue recognition criteria have been met.

For the three months ended March 31, 2024, net cash provided by operating activities was \$10.7 million. The primary factors affecting our operating cash flows during this period were our net loss of \$9.8 million, impacted by \$13.0 million of non-cash adjustments, and \$7.5 million of cash provided by changes in our operating assets and liabilities. The non-cash adjustments primarily consisted of stock-based compensation, depreciation and amortization, and fair value adjustments for our convertible notes and derivative liability. The cash provided by changes in our operating assets and liabilities was primarily due to decreases in accounts receivable, net and prepaid expenses and other assets, increases in accounts payable and deferred revenue offset by a decrease in accrued expenses and other current liabilities and increases in inventory.

For the three months ended March 31, 2023, net cash used in operating activities was \$9.2 million. The primary factors affecting our operating cash flows during this period were our net loss of \$14.1 million, impacted by \$12.2 million of non-cash adjustments and \$7.3 million of cash used by changes in our operating assets and liabilities. The non-cash adjustments primarily consisted of stock-based compensation, depreciation and amortization, amortization of costs capitalized to obtain contracts, gain in convertible notes fair value adjustment, and non-cash revenue from an affiliate. The cash used by changes in our operating assets and liabilities was primarily due to an increase in prepaid expenses, related to certain cloud platform and customer service program costs, and other assets and a decrease in accounts payable and accrued expenses and other liabilities offset by a decrease in accounts receivable and inventory.

Investing Activities

For the three months ended March 31, 2024, net cash used in investing activities was \$1.1 million, related to the capitalization of internal use software costs in accordance with ASC 350-40, Intangibles - Goodwill and Other, Internal-Use Software.

For the three months ended March 31, 2023, net cash used in investing activities was \$0.4 million, which primarily related to the capitalization of internal use software costs in accordance with ASC 350-40, Intangibles — Goodwill and Other, Internal-Use Software.

Financing Activities

For the three months ended March 31, 2024, net cash used in financing activities was \$5.7 million, primarily related to \$8.1 million of taxes paid for net settlement of equity awards, offset by \$2.4 million of proceeds from the exercise of options.

For the three months ended March 31, 2023, net cash used in financing activities was \$4.7 million, primarily related to \$5.7 million of taxes paid related to net settlement of equity awards offset by \$0.7 million of proceeds from the exercise of options and \$0.3 million of proceeds from the repayment of notes due from affiliates.

Obligations and Other Commitments

Our principal commitments consist of obligations under our convertible notes, operating leases for office space, and other purchase commitments. Our obligations under our convertible notes are described in Note 6, "Fair Value Measurements" and Note 8, "Convertible Notes" to our condensed consolidated financial statements. Information regarding our non-cancellable lease and other purchase commitments as of March 31, 2024, can be found in Note 7, "Balance Sheet Components" and Note 10, "Commitments and Contingencies" to our condensed consolidated financial statements.

Critical Accounting Policies and Significant Management Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We base our estimates on historical experiences and on various other assumptions we believe to be reasonable under the circumstances. Actual results could differ materially from the estimates made by our management. Our significant accounting policies are discussed in Note 2, "Summary of Significant Accounting Policies" in our Annual Report. There were no significant changes to these policies during the three months ended March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

As of March 31, 2024 and December 31, 2023, we had \$73.4 million and \$69.0 million, respectively, of cash equivalents invested in cash and cash equivalents and money market funds. Our cash and cash equivalents are held for working capital purposes. As of March 31, 2024 and December 31, 2023, a hypothetical 10% relative change in interest rates would not have a material impact on our condensed consolidated financial statements.

Foreign Currency Exchange Risk

Our reporting currency and functional currency is the U.S. dollar. The majority of our sales are denominated in U.S. dollars, and therefore our revenue is not currently subject to significant foreign currency risk. Our operating expenses are denominated in the currencies of the countries in which our operations are located, which is primarily in the United States. Our condensed consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, we have not entered into any active hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. We do not believe that a hypothetical 1,000 basis-point increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations, or financial condition.

Fair Value Risk

As of March 31, 2024 and December 31, 2023, we had \$6.0 million and \$3.7 million of liabilities that are measured at fair value, respectively. Fair value measurements include significant assumptions that are driven by market conditions and macroeconomic factors at measurement dates. Our condensed consolidated results of operations are therefore subject to market fluctuations and may be affected in the future as a result of these fair value changes.

In September 2021 in connection with the acquisition of Jiobit, we issued convertible notes with a fair value of \$11.6 million. Pursuant to the terms of the September 2021 Convertible Notes, we repaid one third of the unconverted principal balance plus accrued interest to the holders of such notes, at a fixed conversion price of \$22.50 per share on each of the first and second anniversaries of the issuance date. In April 2024, the holders elected to convert their September 2021 Convertible Notes and accrued interest to common stock based on the fixed conversion price of \$22.50 per share. Prior to conversion, interest accrued at the U.S. Prime rate plus 0.25%. We elected the fair value option and remeasure the September 2021 Convertible Notes at their fair value at each reporting date to reflect the changes in fair value in earnings. Refer to Note 8, "Convertible Notes" and Note 17, "Subsequent Events" to our condensed consolidated financial statements for more information.

Generally, the fair market value of the embedded derivative liability associated with the July 2021 Convertible Notes will increase as interest rates rise and decrease as interest rates fall. In addition, the fair value of the embedded derivative liability associated with the July 2021 Convertible Notes fluctuates when the market price of our common stock fluctuates. The fair value of the embedded derivative was estimated based on the present value of the redemption discount applied to the principal amount of the July 2021 Convertible Notes adjusted to reflect the weighted probability of exercise. Changes in the interest rate environment could have an effect on our future cash flows and earnings, depending on whether the debt is held to maturity or converted to shares of our common stock.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024 pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The term “disclosure controls and procedures” means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our management concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in legal proceedings, claims and government investigations in the ordinary course of business. We have received, and may in the future continue to receive, inquiries from regulators regarding our compliance with law and regulations, including those related to data protection and consumer rights, and due to the nature of our business and the rapidly evolving landscape of laws relating to data privacy, cybersecurity, consumer protection and data use, we expect to continue to be the subject of regulatory investigations and inquiries in the future. We have received, and may in the future continue to receive, claims from third parties relating to information or content that is published or made available on our platform, among other types of claims including those relating to, among other things, regulatory matters, commercial matters, intellectual property, competition, tax, employment, pricing, discrimination, and consumer rights. Future litigation may be necessary to defend ourselves, our partners, and our customers by determining the scope, enforceability, and validity of these claims. The results of any current or future regulatory inquiry or litigation cannot be predicted with certainty, and regardless of the outcome, such investigations and litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, the potential for enforcement orders or settlements to impose operational restrictions or obligations on our business practices and other factors.

The information set forth under Note 10, "Commitments and Contingencies" in the notes to the condensed consolidated financial statements under the caption "Litigation" is incorporated herein by reference.

Item 1A. Risk Factors

An investment in shares of our common stock involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and related notes hereto, before deciding to invest in our common stock. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. In these circumstances, the market price of our common stock could decline; and you may lose all or part of your investment. We cannot assure you that any of the events discussed below will not occur.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties. These risks and uncertainties may cause our operations to vary materially from those contemplated by our forward-looking statements. These risk factors include:

- If we fail to retain existing members or add new members, or if our members decrease their level of engagement with our products and services or do not convert to paying subscribers, our revenue, business, financial condition and results of operations may be significantly harmed.
- If we fail to monetize members through subscription plans, our business, financial condition and results of operations may be harmed.
- If we are not able to maintain the value and reputation of our brands, or if we are not able to compete successfully with current or future competitors, our ability to expand our member base and maintain our relationships with partners and other key service providers may be impaired.
- We have in the past, and may in the future need to change our pricing models to compete successfully.
- The market for our offerings is evolving, and our future success depends on the growth of this market and our ability to anticipate and satisfy consumer preferences in a timely manner.
- Changes to our existing brands, products and services, or the introduction of new brands, products or services, could fail to attract or retain members or generate revenue and profits.
- Unfavorable media coverage and publicity could damage our brands and reputation and materially adversely affect our business, financial condition and results of operations.
- Inappropriate actions by third parties or certain of our members could be attributed to us and cause damage to our brands.

- Our business could be harmed if we are unable to accurately forecast demand for our products and services and to adequately manage our product inventory.
- Our growth and profitability rely, in part, on our ability to attract members through cost-effective marketing efforts. Any failure in these efforts could materially adversely affect our business, financial condition and results of operations.
- Distribution and marketing of, and access to, our products and services depends, in significant part, on third-party publishers and platforms. If these third parties change their policies in such a way that restricts our business, increases our expenses or limits, prohibits or otherwise interferes with or changes the terms of the distribution, use or marketing of our products and services in any material way or affects our ability to collect revenue, our business, financial condition and results of operations may be adversely affected.
- We depend on retailers and distributors to sell and market our hardware products, and our failure to maintain and further develop our sales channels could harm our business.
- We rely on a limited number of suppliers, manufacturers, and fulfillment partners for our smart trackers. A loss of or change with any of these partners could negatively affect our business, including the potential inability to produce or obtain quality products and services on a timely basis or in sufficient quantity.
- If we do not successfully coordinate the worldwide manufacturing and distribution of our products, we could lose sales, which could materially adversely affect our business, financial condition and results of operations.
- Our manufacturer's facilities are located in the PRC and Malaysia. Uncertainties with respect to the legal system of the PRC, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in policies, laws and regulations in the PRC could materially adversely affect us. Disruption in the supply chains from the PRC and Malaysia could also adversely affect our business.
- Our apps are currently available for download internationally and in the future we expect to penetrate additional international regions, including certain markets and regions in which we have limited experience, which subjects us to a number of additional risks.
- We rely on key data partners, and any termination of our agreements with such partners could have a material adverse effect on our revenues, business, financial condition, and results of operations.
- Our future success depends on the continuing efforts of our executive officers and other key employees and our ability to attract and retain highly skilled personnel and senior management.
- Investment in new business strategies, partnerships and acquisitions could fail to produce the expected results, disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition.
- The limited operating history of our new brands, products and services makes it difficult to evaluate our current business and future prospects.
- We have grown rapidly and have limited operating experience at our current scale of operations. If we are unable to manage our growth effectively, our brands, company culture and financial performance may suffer and place significant demands on our operational, risk management, sales and marketing, technology, compliance and finance and accounting resources.
- Adverse developments affecting financial institutions, companies in the financial services industry, or the financial services industry generally, such as actual events or concerns involving liquidity, defaults or non-performance, could adversely affect our operations and liquidity.
- Unstable market and economic conditions may adversely affect consumer discretionary spending and demand for our products and services.
- Our operating margins may decline as a result of increasing product costs and inflationary pressures.
- Our actual or perceived failure to comply with laws and regulations concerning data privacy and security, consumer protection, advertising, location tracking, digital tracking technologies, and those related to children's data could lead to regulatory investigations or actions; litigation; fines and penalties; changes to or disruption of our business operations; reputational harm; loss of revenue or profits; declines in member growth or engagement; and other material adverse business consequences.
- If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise.
- Our success depends, in part, on the integrity of our information technology systems, of third-party systems and infrastructures, on the continued and unimpeded access to our products and services on the internet, and on our ability to enhance, expand and adapt these systems and infrastructures in a timely and cost-effective manner.

- We may fail to adequately obtain, protect and maintain our intellectual property rights or prevent third parties from making unauthorized use of such rights.
- Our business is subject to complex and evolving U.S. and international laws and regulations. Failure to comply with such laws and regulations could result in claims, changes to our business practices, monetary penalties, increased cost of operations, reputational damage, or declines in member growth or engagement.
- The market price of our CDIs has been, and common stock may be, volatile, which could cause the value of our common stock to decline.
- We have identified a material weakness in our internal control over financial reporting in the past. If we identify additional material weaknesses in our future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and the price of our common stock and CDIs.
- We incur increased costs and are subject to additional regulations and requirements as a result of becoming a U.S. reporting company, and our management is required to devote substantial time to complying with Delaware laws, Australian laws, and reporting requirements pursuant to U.S. securities laws, which could lower profits and make it more difficult to run our business.

Risks Related to Our Business

If we fail to retain existing members or add new members, or if our members decrease their level of engagement with our products and services or do not convert to paying subscribers, our revenue, business, financial condition and results of operations may be significantly harmed.

Our business model is predicated on building a large critical mass of members and monetizing them directly through subscription-based products and services we build ourselves, and indirectly by allowing third parties to derive value from our members. Our financial performance has been and will continue to be significantly determined by our success in adding, retaining and engaging our members and converting members into paying subscribers. We expect that the size of our member base will fluctuate or decline in one or more markets from time to time. If people do not perceive our products and services to be useful, effective, reliable, and/or trustworthy, we may not be able to attract or retain members or otherwise maintain or increase the frequency and duration of their engagement or the percentage of members that are converted into paying subscribers. There is no guarantee that we will not experience an erosion of our member base or engagement levels. Member engagement can be difficult to measure, particularly as we introduce new and different products and services. Any number of factors can negatively affect member retention, growth, engagement and conversion, including the following, among others:

- members increasingly engage with other competitive products or services;
- member behavior on any of our apps or with respect to any of our products or services changes, including decreases in the frequency of their use;
- members lose confidence in the quality or usefulness of our products or services or have concerns related to safety, security, privacy (for example, children's data and precise geolocation data), well-being or other factors;
- members using the free version of the Life360 app do not convert, including because they do not perceive additional value in a paid subscription;
- members or subscribers may not be willing to pay for subscriptions or hardware purchases;
- members feel that their experience is diminished as a result of the decisions we make with respect to the frequency, prominence, format, size and quality of ads that we display;
- member experience is affected due to difficulty installing, updating or otherwise accessing our products and services on mobile devices or hardware as a result of actions or unplanned network or site outages by us or third parties that we rely on to distribute our products and deliver our services;
- we fail to introduce new features, products or services that members find engaging, or if we introduce new products or services, or make changes to existing products and services, such as introducing advertisements, that are not favorably received;
- we fail to keep pace with evolving online, mobile device, market and industry trends (including the introduction of new and enhanced digital services), as well as prevailing social, cultural or political preferences in the markets in which our apps are available for download;
- initiatives designed to attract and retain members and increase engagement are unsuccessful or discontinued, whether as a result of actions by us, third parties or otherwise;

- third-party initiatives that may enable greater use of our products and services, including low-cost or discounted data plans, are discontinued;
- we, our partners or companies in our industry adopt terms, policies, procedures or practices that are perceived negatively by our members or the general public, including those related to areas such as member data, including practices involving our collection and sharing of precise geolocation data and information collected from and about children and minors and their devices, privacy, security, or advertising;
- we fail to detect or combat inappropriate, fraudulent, criminal or abusive activity on our platform;
- advertisers and partners display ads that are untrue, offensive, or otherwise fail to follow our guidelines
- we fail to provide adequate customer service to members, marketers or other partners;
- we fail to protect our brands or reputation;
- we, our partners or companies in our industry are or may become the subject of regulatory investigation and/or rulings of non-compliance, litigation, adverse media reports or other negative publicity, including as a result of our or their member data practices, such as the collection and sharing of precise geolocation data and/or information collected from and about children and minors and their devices;
- there is decreased engagement with our products and services as a result of internet shutdowns or other actions by governments that affect the accessibility of our products and services or our ability to sell advertising in any of our markets;
- there are changes mandated or necessitated by legislation, regulatory authorities or litigation that adversely affect our products, services, members or partners; and
- our financial condition and results of operations are subject to foreign currency fluctuation risks.

From time to time, certain of these factors have negatively affected member retention, growth, and engagement to varying degrees. If we are unable to maintain or increase our member base and member engagement, our revenue, business, financial condition and results of operations may be materially adversely affected. In addition, we may not experience rapid member growth or engagement in countries where, even though mobile device penetration is high, due to the lack of sufficient cellular-based data networks, consumers rely heavily on Wi-Fi and may not access our products and services regularly throughout the day. Any decrease in member retention, growth or engagement could render our products and services less attractive to members, which is likely to have a material and adverse impact on our revenue, financial condition, business and results of operations. If our member growth rate slows or declines, we will become increasingly dependent on our ability to maintain or increase levels of member engagement and monetization in order to drive revenue growth.

If we fail to monetize members through subscription plans, our business, financial condition and results of operations may be harmed.

Life360 operates under a “freemium” model in which the Life360 app is available to members at no charge, while Memberships with additional features are available via a paid monthly or annual subscription. If members using the free version of the Life360 app do not perceive additional value in a paid subscription or there is an actual or perceived reduction in the functionality, quality, reliability and cost-effectiveness of our subscription plans, our ability to retain and grow paid subscriptions would be adversely impacted. Our failure to provide successful enhancements and new features that grow paid subscriptions may have a material adverse impact on our business, financial condition and results of operations.

If we are not able to maintain the value and reputation of our brands, our ability to expand our member base and maintain our relationships with partners and other key service providers may be impaired and our business, financial condition, and results of operations may be harmed.

We believe that our brands have significantly contributed to our word-of-mouth virality, which has in turn contributed to the success of our business. We also believe that maintaining, protecting and enhancing our brands is critical to expanding our member base and maintaining our relationships with partners and other key service providers that will assist in successfully implementing our business strategy which we anticipate will increase our expenses. If we fail to do so, our business, financial condition and results of operations could be materially adversely affected. We believe that the importance of brand recognition will continue to increase, as the location-based services and item tracking markets grow. Many of our new members are referred by existing members. Maintaining our brands will depend largely on our ability to continue to provide useful, reliable, trustworthy and innovative products and services, which we may not do successfully.

Further, we have in the past and expect to continue to experience media, legislative, or regulatory scrutiny of our actions or decisions, including those relating to data privacy and security, consumer protection, tracking, targeting children's data, precise geolocation data, encryption, content, contributors, advertising and other issues, which may materially adversely affect our reputation and brands. We may be subject to settlements, judgments, fines, or other monetary penalties in connection with legal and regulatory developments that may be material to our business. In addition, we may fail to timely detect or respond expeditiously or appropriately to objectionable content within the Life360, Tile or Jibbit apps or practices by members, or to otherwise address member concerns, which could erode confidence in our brands. Maintaining and enhancing our brands will require us to make substantial investments and these investments may not be successful.

The digital consumer subscription products market is competitive, with low switching costs and a consistent stream of new products, services and entrants. We may not be able to compete successfully with current or future competitors, which may impact our business, financial condition and results of operations.

The digital consumer subscription products market in general, and the markets for family safety, location sharing, location tracking and related offerings, are fast-paced and constantly changing, with frequent changes in technology, consumer expectations and requirements, industry standards and regulations and a consistent stream of new products, services and entrants both in the United States and abroad. We face significant competition in every aspect of our business, and competitors include both large competitors with various product and service offerings and many smaller competitors.

Many of our current and potential competitors, both domestically and internationally, have or may have competitive advantages over us, including longer operating histories, significantly more resources (including larger marketing and operating budgets), greater brand recognition, access to more data and potential insights related to members, potential acquisition and other opportunities, higher amounts of available capital or access to such capital and in some cases, lower costs. Some of our competitors may enjoy better competitive positions in certain geographical regions, member demographics or other key areas that we currently serve or may serve in the future. These advantages could enable these competitors to offer products that are more appealing to our existing and prospective members, to respond more quickly and/or cost-effectively than us to new or changing opportunities and regulations, new or emerging technologies or changes in customer requirements and preferences, or to offer lower prices or free products and services. A competitor could gain rapid scale for its products by, among other things, leveraging its existing brands, products or services or existing data or insights, harnessing a new technology or a new or existing distribution channel or creating a new or different approach to family safety and location sharing of people, pets and things. For example, in 2021, one of Channel Partners, Apple, introduced AirTag™, a tracker that uses ultra-wideband technology to allow members to track and find items through Apple's Find My® app, a location sharing app developed by Apple for iOS devices to allow approved members to access the GPS location of the members' devices.

Our ability to compete to attract, engage and retain members, as well as to increase their engagement with our various products and services and to grow our subscriptions, depend on numerous factors, including our brand and reputation, the prices associated with our subscriptions, products and services, the ease of use of our platform and technology, the actual and perceived safety and security of our platform, products and services, and our ability to address consumer and regulatory concerns as they arise, including those related to data usage, data privacy and security such as practices involving the sharing of precise geolocation data and information collected from and about children and minors and their devices. See "Item 1. Business - Competition" for additional information about our direct and indirect competitors.

Potential competitors may also include operators of mobile operating systems and app stores. These mobile platform competitors could use strong or dominant positions in one or more markets, and access to existing large pools of potential members and personal information regarding those members, to gain competitive advantages over us. These competitors also control the app stores that are the principal means by which our members access our platform.

If we are not able to compete effectively against our current or future competitors and products or services that may emerge, the size and level of engagement of our member base may decrease, which could adversely affect our business, financial condition and results of operations.

We have in the past and may in the future need to change our pricing models to compete successfully.

In October 2022, we announced price increases on our United States based premium offerings. If we continue to increase prices for our products and services, demand for our solutions could decline as members adopt less expensive competing products and services, and our market share could suffer. We increased prices for our U.S. Life360 iOS and Android premium subscription offerings in December 2022 and April 2023, respectively, and for our United Kingdom and Australia and New Zealand Life360 iOS and Android subscriptions in the first half of 2024. The intense competition we face in the family safety, location-based services and item tracking technology markets, in addition to general economic and business conditions, including inflation and rising interest rates, can impact the prices of our products and services. If our competitors offer significant discounts on competing products or services or develop products or services that our customers believe are more valuable or cost-effective, we may be required to decrease our prices or offer other incentives in order to compete successfully. If we do not adapt our pricing models to reflect changes in customer use of our products and services or changes in customer demand, our revenues could decrease.

Any broad-based change to our pricing strategy could cause our revenues to decline or could delay future sales as our sales force implements, and our subscribers adjust to, the new pricing terms. We or our competitors may bundle products and services for promotional purposes or as a long-term go-to-market or pricing strategy or provide price guarantees to certain subscribers as part of our overall sales strategy. These practices could, over time, significantly limit our flexibility to change prices for existing products and services and to establish prices for new or enhanced products and services. Any such changes could reduce our margins and adversely affect our business, financial position and results of operations.

The market for our offerings is evolving, and our future success depends on the growth of this market and our ability to anticipate and satisfy consumer preferences in a timely manner.

The family safety and location-based services and item tracking technology markets for our offerings are in a relatively early stage of development, and it is uncertain whether these markets will grow, and even if they do grow, how rapidly they will grow, how much they will grow, or whether our platform will be widely adopted. As such, any predictions or forecasts about our future growth, revenue, and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. Any expansion in our markets depends on a number of factors, including the cost, performance, and perceived value associated with our platform and the offerings of our competitors.

Our success will depend, in part, on market acceptance and the widespread adoption of our family safety and location sharing products and services as an alternative to other family coordination options such as texts and phone calls, and member selection of our products and services over competing products and services that may have similar functionality. Family safety, location sharing and location tracking technology is still evolving and we cannot predict marketplace acceptance of our products and services or the development of products and services based on entirely new technologies.

There is a risk that we will not be able to grow our member base outside of the United States in a way that provides the scale required to offer the full functionality of the Life360 Service to a particular geography, or to a scale that will enable us to generate indirect revenue.

Our success depends on our ability to anticipate and satisfy consumer preferences in a timely manner. All of our products and services are subject to changing consumer preferences that cannot be predicted with certainty. Consumers may decide not to purchase our products and services as their preferences could shift rapidly to different types of offerings or away from these types of products and services altogether, and our future success depends in part on our ability to anticipate and respond to shifts in consumer preferences. In addition, certain of our newer products and services may have higher prices than many of our earlier offerings and those of some of our competitors, which may not appeal to consumers or only appeal to a smaller subset of consumers. It is also possible that competitors could introduce new products and services that negatively impact consumer preference for our offerings, which could result in decreased sales and a loss in market share. Accordingly, if we fail to anticipate and satisfy consumer preferences in a timely manner, our business, financial condition and results of operations may be adversely affected.

Changes to our existing brands, products and services, or the introduction of new brands, products or services, could fail to attract or retain members or generate revenue and profits.

Our ability to retain, increase, and engage our member base and to increase our revenue depends heavily on our ability to continue to evolve our existing brands, products and services, as well as to acquire or create successful new ones, both independently and in conjunction with developers or other third parties. We may introduce significant changes to our existing brands, products and services, or acquire new and unproven brands, products, services and product and services extensions, including technologies with which we have little or no prior development or operating experience. We have also invested, and expect to continue to invest, significant resources in growing our subscription-based services to support increasing usage as well as new lines of business, products, services, product extensions and other initiatives to generate revenue. Developing new products and services is expensive and can require substantial management and Company resources and attention and investing in the development and launch of new products and services can involve an extended period of time before a return on investment is achieved, if at all. An important element of our business strategy is to continue to make investments in innovation and related product and services opportunities to maintain our competitive position. Unanticipated problems in developing products and services could also divert substantial research and development resources, which may impair our ability to develop new products and services or enhance existing products and services, and substantially increase our costs. We may not receive revenues from these investments for several years and may not realize returns from such investments at all.

There is no guarantee that investing in new lines of business, products, services, product and services extensions or other initiatives to show our community meaningful opportunities to facilitate family safety or location, driving and family coordination will succeed, that members will like the changes or that we will be able to implement such new lines of business, products, services, product and services extensions or other initiatives effectively or on a timely basis, which may negatively affect our brands. Our new or enhanced brands, products, services or product and services extensions may provide temporary increases in engagement but may ultimately fail to engage members, marketers, or developers, we may fail to attract or retain members or to generate sufficient revenue, operating margin, or other value to justify our investments, and our business may be materially adversely affected.

The development of our products and services is complex and costly, and we typically have several products and services in development at the same time. Given the complexity, we occasionally have experienced, and could experience in the future, delays in the development and introduction of new and enhanced products and services. Problems in the design or quality of our products or services may also have an adverse effect on our brand, business, financial condition or results of operations. Unanticipated problems in developing products and services could also divert substantial resources, including research and development, which may impair our ability to develop new products and services and enhancements of existing products and services, and could substantially increase our costs. If new or enhanced product and service introductions are delayed or not successful, we may not be able to achieve an acceptable return, if any, on our research and development efforts, and our business, financial condition and results of operations may be adversely affected.

Unfavorable media coverage and publicity could damage our brands and reputation and materially adversely affect our business, financial condition and results of operations.

Unfavorable publicity or media reports, including those regarding us, our data privacy and security practices, including those related to children and minors, security incidents, product or service changes, quality or features, litigation or regulatory activity, including any intellectual property proceeding, any investigation and/or enforcement activity from data protection or other regulatory authorities or proceeding relating to the privacy or security of our data, or regarding the actions of our partners, our members, our employees or other companies in our industry, could materially adversely affect our brands and reputation, regardless of the veracity of such publicity or media reports. Major media outlets have increased scrutiny of the location data market and Life360 has been the target of media articles, which could impact member retention, growth, engagement and conversion as well as increase regulatory scrutiny of our actions or decisions regarding member privacy, security, encryption, content, contributors, advertising and other issues, which may materially adversely affect our reputation and brands.

If we fail to protect our brands or reputation, we may experience material adverse effects to the size, demographics, engagement, and loyalty of our member base, resulting in decreased revenue, fewer app installs (or increased app uninstalls) and subscription purchases, or slower member growth rates. Any of the foregoing could materially adversely affect our business, financial condition and results of operations.

Inappropriate actions by third parties or certain of our members could be attributed to us and cause damage to our brands.

Our members may be physically, financially, emotionally or otherwise harmed by other individuals through the use of one of our products or through features of our products. If one or more of our members suffers or alleges to have suffered any such harm as a result of the Life360 Service, we could in the future experience negative publicity or legal action that could damage our brands. Similar events affecting users of our competitors' products and services could also result in negative publicity for our products and services, as well as the industries in which we operate, including the location sharing and tracking industries, which could in turn negatively affect our business.

The reputation of our brands may also be materially adversely affected by the actions of our members or advertisers that are deemed to be hostile, offensive, inappropriate or unlawful. Furthermore, members have in the past used competitor products and may use our products for illegal or harmful purposes such as stalking or theft, rather than for their intended purposes. While we have systems and processes in place that aim to monitor and review the appropriateness of the content accessible through our products and services and have adopted policies regarding illegal, offensive or inappropriate use of our products and services, our members have in the past, and could in the future, nonetheless engage in activities that violate our policies. In addition, our advertisers may use our system or our members' data in a manner inconsistent with our terms, contracts or policies. Additionally, while our policies attempt to address illegal, offensive or inappropriate use of our products, we cannot control how our members engage on our products. We may also be unsuccessful in our efforts to enforce our policies or otherwise prevent or remediate any such incidents. As a result, our existing safeguards may not be sufficient to avoid harm to our reputation and brands, especially if such hostile, offensive or inappropriate use is well-publicized.

Our business could be harmed if we are unable to accurately forecast demand for our products and services and to adequately manage our product inventory.

We invest broadly in our business, and such investments are driven by our expectations of the future success of a product or service. For example, our Tile and JioBit hardware often require investments with long lead times. We must forecast inventory needs and expenses and place orders sufficiently in advance with our third-party suppliers and contract manufacturers based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our products and services could be affected by many factors, including an increase or decrease in demand for our products and services or for our competitors' products and services, unanticipated changes in general market or economic or political conditions. An inability to correctly forecast the success of a particular product or service could harm our business.

If we underestimate demand for a particular product, our contract manufacturers and suppliers may not be able to deliver sufficient quantities of that product to meet our requirements, and we may experience a shortage of that product available for sale or distribution. If we overestimate demand for a particular product, we may experience excess inventory levels for that product and the excess inventory may become obsolete or out-of-date. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at further discounted prices, which could negatively impact our gross profit and our business.

Our growth and profitability rely, in part, on our ability to attract members through cost-effective marketing efforts. Any failure in these efforts could materially adversely affect our business, financial condition and results of operations.

Attracting members involves considerable expenditure for online and offline marketing. Historically, we have had to increase our marketing expenditures over time in order to build our brand awareness, attract members and drive our long-term growth. Evolving consumer behavior has affected, and will in the future affect, the availability of profitable marketing opportunities. For example, as consumers communicate less via email and more via text messaging, messaging apps and other virtual means, the reach of email campaigns designed to attract new and repeat members for our products is adversely impacted. To continue to reach potential members and grow our businesses, we must identify and devote our overall marketing expenditures to newer advertising channels, such as mobile and online video platforms as well as targeted campaigns in which we communicate directly with potential, former and current members via new virtual means. We currently rely on member acquisition through paid efforts, however, we are not exclusively reliant on it for our member growth. Our paid acquisition efforts include paid search in app stores as well as commercials on streaming television. Generally, the opportunities in and sophistication of newer advertising channels are relatively undeveloped and unproven, and we may not be able to continue to appropriately manage and fine-tune our marketing efforts in response to these and other trends in the marketing and advertising industries. Any failure to do so could materially adversely affect our business, financial condition and results of operations.

Distribution and marketing of, and access to, our products and services depends, in significant part, on third-party publishers and platforms. If these third parties change their policies in such a way that restricts our business, increases our expenses or limits, prohibits or otherwise interferes with or changes the terms of the distribution, use or marketing of our products and services in any material way or affects our ability to collect revenue, our business, financial condition and results of operations may be adversely affected.

We market and distribute our products and services (including the Life360 app, Tile app and Jibbit app) through our Channel Partners. Our mobile applications are almost exclusively accessed through the Apple App Store and the Google Play Store, and we depend on Apple and Google approving our mobile applications on their respective platforms. Our ability to market our brands on any given property or channel is subject to the policies of the relevant third party. There is no guarantee that popular mobile platforms will continue to feature our products, or that mobile device users will continue to use our products and services rather than competing ones. Because Life360 is only used on mobile devices, it must remain interoperable with popular mobile operating systems, networks, technologies, products, and standards that we do not control, such as the Android and iOS operating systems and related hardware, including but not limited to GPS, accelerometers and gyrometers. Any changes, bugs, or technical issues in such systems, or changes in our relationships with mobile operating system partners, some of which are competitors or potential competitors of ours, handset manufacturers, or mobile carriers, or in their terms of service or policies that degrade our products' functionality, reduce or eliminate our ability to update or distribute our products, give preferential treatment to competitive products, limit our ability to deliver, target, or measure the effectiveness of ads, or charge fees related to the distribution of our products or our delivery of ads could materially adversely affect the usage of our products and services on mobile devices.

We are subject to the standard policies and terms of service of these third-party platforms, which generally govern the promotion, distribution, content, and operation of applications on such platforms. Each Channel Partner has broad discretion to change its policies and interpret its terms of service and other policies with respect to us and other companies, including changes that may be unfavorable to us and may limit, eliminate or otherwise interfere with our ability to distribute or market through their stores, impose restrictions on access to our products by potential customers, affect our ability to update our applications, including to make bug fixes or other feature updates or upgrades and affect our ability to access native functionality or other aspects of mobile devices and our ability to access information about our members that they collect. A platform provider may also change how the personal information of its users is made available to developers on its platform, limit the use of personal information for advertising purposes, restrict how members can share information on its platform or across platforms, or significantly increase the level of compliance or requirements necessary to use its platform.

In addition, the platforms we use may dictate rules, conduct or technical features relating to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data, which may result in substantial costs and may necessitate changes to our business practices, which in turn may compromise our growth strategy, adversely affect our ability to attract, monetize or retain members, and otherwise adversely affect our reputation, legal and regulatory exposures, business, financial condition and results of operations. Any failure or perceived failure by us to comply with these platform-dictated rules, conduct or technical features may result in investigations or enforcement actions, litigation, or public statements against us, which in turn could result in significant liability or temporary or permanent suspension of our business activities with these platforms, cause our members to lose trust in us, and otherwise compromise our growth strategy, adversely affect our ability to attract, monetize or retain members, and otherwise adversely affect our reputation, legal exposures, business, financial condition and results of operations.

If we violate, or a distribution platform provider believes we have violated, a distribution platform's terms of service, or if there is any change or deterioration in our relationship with such distribution provider, that platform provider could limit or discontinue our access to its platform. For example, in August 2020, both Apple and Google removed mobile apps from their platforms for violating their standard policies and terms of service which include policies against selling location data to brokers. If one of our distribution platform partners were to limit or discontinue our access to their platform, it could significantly reduce our ability to distribute our products to members, decrease the size of the member base we could potentially convert into subscribers, or decrease the revenues we derive from subscribers or advertisers, each of which could adversely affect our business, financial condition and results of operations.

We also rely on the continued popularity, member adoption, and functionality of third-party platforms. In the past, some of these platform providers have been unavailable for short periods of time or experienced issues with their in-app purchasing functionality. If either of these events recurs on a prolonged, or even short-term, basis or if similar issues arise that impact members' ability to access our products and services, our business, financial condition, results of operations and reputation may be harmed. Third-party platforms may also impose certain file size limitations, which could limit the ability of our members to download some of our larger app updates over-the-air.

Furthermore, the owners of mobile operating systems provide consumers with the ability to download products that compete with Life360. We have no control over our Channel Partners' operating systems or hardware or hardware manufactured by other original equipment manufacturers, and any changes to these systems or hardware could degrade the functionality of our mobile apps, impact the accessibility, speed or other performance aspects of our mobile apps or give preferential treatment to competitive products. If issues arise with third-party platforms that impact the visibility or availability of our products and services, our members' ability to access our products and services or our ability to monetize our products and services, or otherwise impact the design or effectiveness of our software, our business, financial condition and results of operations could be adversely affected.

In addition, many of our subscription fees are collected by our Channel Partners and remitted to us. Historically, the number of new and retained members recorded by Life360's internal database has differed from the number recorded by our Channel Partners in their respective databases and direct revenue is recognized based on the invoices received from our Channel Partners. Any delay to a remittance from our Channel Partners or difference in the numbers in our respective databases may lead to distortions between our expected direct revenue and our actual direct revenue and may have an adverse effect on our business, financial condition and results of operations.

We depend on retailers and distributors to sell and market our hardware products, and our failure to maintain and further develop our sales channels could harm our business.

We primarily sell our products through retailers and distributors and depend on these third parties to sell and market our products to consumers. Any changes to our current mix of retailers and distributors could adversely affect our gross margin and could negatively affect both our brand image and our reputation. Our sales depend, in part, on retailers adequately displaying our products, including providing attractive space and point of purchase displays in their stores, and training their sales personnel to sell our products. If our retailers and distributors are not successful in selling our products, our hardware revenue would decrease and we could experience lower gross margin due to product returns or price protection claims. Our retailers also often offer products and services of our competitors in their stores. In addition, our success in expanding and entering into new markets internationally will depend on our ability to establish relationships with new retailers and distributors. We also sell through, and will need to continue to expand our sales through, online retailers. If we do not maintain our relationship with existing retailers and distributors or if we fail to develop relationships with new retailers and distributors, our ability to sell our products and services could be adversely affected and our business may be harmed.

For the three months ended March 31, 2024 and 2023, Amazon accounted for less than 10% and approximately 17% of total revenue, respectively.

Select retailers and distributors make up the majority of our distribution channels. Accordingly, the loss of a small number of our large retailers, distributors, and distribution channels, or the reduction in business with, or access to, one or more of these retailers, distributors, or distribution channels could have a significant adverse impact on our operating results.

We rely on a limited number of suppliers, manufacturers, and fulfillment partners for our smart trackers. A loss of any of these partners could negatively affect our business.

We outsource the manufacturing of our Tile and Jiobit devices to a single contract manufacturer located in Asia, Jabil, Inc. (“Jabil”), using our design specifications. Jiobit also utilizes other contract manufacturers for additional accessory production. To ensure the quality of our products, we conduct routine product audits.

We also work with third-party fulfillment partners that package and deliver our products to multiple locations worldwide, which allows us to reduce order fulfillment time, reduce shipping costs, and improve inventory flexibility. Our reliance on a single manufacturers for our Tile and Jiobit devices and a limited number of fulfillment partners for each of our smart trackers increases our risk since we do not currently have alternative or replacement suppliers beyond these key parties. In addition, we are currently operating under an extension agreement to our initial agreement with Jabil, which expired in March 2022, and are in the process of negotiating a new agreement. If we are unable to execute a new agreement, or in the event of any other interruption from our manufacturer or any of our fulfillment partners, we may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and substantial production delays. Furthermore, our manufacturer’s facilities are located in the PRC and Malaysia. Our business could be adversely affected if our manufacturer or one or more of our fulfillment partners is impacted by a natural disaster, political, social or economic instability, military conflict, bank failures, changing foreign regulations, labor unrest, pandemics, or any other interruption at a particular location.

If we experience a significant increase in demand for our smart trackers, or if we need to replace an existing supplier or partner, we may be unable to supplement or replace them on terms that are acceptable to us, if at all, which could limit our ability to deliver our products to our members in a timely manner. If we are unable to enter into such an agreement, it could cause an adverse effect on our business, financial condition and results of operations. For example, it may take a significant amount of time to identify a manufacturer or fulfillment partner that has the capability and resources to build our products to our specifications in sufficient volume. Identifying suitable suppliers, manufacturers, and fulfillment partners is an extensive process that requires us to become satisfied with their quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical practices. Accordingly, the loss of our manufacturer or any of our significant fulfillment partners could have an adverse effect on our business, financial condition and results of operations.

We have limited control over our suppliers, manufacturers, fulfillment partners and inflation in costs, which may subject us to significant risks, including the potential inability to produce or obtain quality products and services on a timely basis or in sufficient quantity.

We have limited control over our suppliers, manufacturers, fulfillment partners and inflation in costs, which subjects us to risks, including, among others:

- inability to satisfy demand for our smart trackers;
- reduced control over delivery timing and product reliability;
- reduced ability to monitor the manufacturing process and components used in our smart trackers;
- limited ability to develop comprehensive manufacturing specifications that take into account any materials shortages or substitutions;
- variance in the manufacturing capability of our third-party manufacturers for our Jiobit accessory production;
- design and manufacturing defects;
- price increases;
- failure of a significant supplier, manufacturer, or fulfillment partner to perform its obligations to us for technical, market, or other reasons;
- difficulties in establishing additional supplier, manufacturer, or fulfillment partner relationships if we experience difficulties with our existing suppliers, manufacturers, or fulfillment partners;
- shortages of materials or components;
- misappropriation of our intellectual property;
- exposure to natural catastrophes, political unrest, terrorism, labor disputes, and economic instability resulting in the disruption of trade from foreign countries in which our smart trackers are manufactured or the components thereof are sourced;

- changes in local economic conditions in the jurisdictions where our suppliers, manufacturers, and fulfillment partners are located including as a result of global supply chain issues;
- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, tariffs, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds; and
- insufficient warranties and indemnities on components supplied to our manufacturers or performance by our partners.

Further, international operations entail a variety of risks, including currency exchange fluctuations, challenges in staffing and managing foreign operations, tariffs and other trade barriers, unexpected changes in legislative or regulatory requirements of foreign countries that manufacture, or into which we sell, our products and services, difficulties in obtaining export licenses or in overcoming other trade barriers, laws and business practices favoring local companies, political and economic instability, limitations on advertising, difficulties protecting or procuring intellectual property rights, and restrictions resulting in delivery delays and significant taxes or other burdens of complying with a variety of foreign laws. For example, given ongoing supply chain issues, we are prioritizing hardware inventory allocation for the benefit of bundled subscription offers over retail sales. Additionally, in February 2022, Russia invaded Ukraine. The European Union and other governments in jurisdictions in which our apps are available for download have imposed severe sanctions and export controls against Russia and Russian interests, and have threatened additional sanctions and controls. It is not possible to predict the broader consequences of this conflict, or others, such as the conflict between Israel and Hamas, which could include further sanctions, embargoes, greater regional instability, geopolitical shifts and other adverse effects on macroeconomic conditions, currency exchange rates, supply chains and financial markets.

The occurrence of any of these risks, especially during seasons of peak demand, could cause us to experience a significant disruption in our ability to produce and deliver our products and services to our customers.

If we do not successfully coordinate the worldwide manufacturing and distribution of our products, we could lose sales, which could materially adversely affect our business, financial condition and results of operations.

Our business requires us to coordinate the manufacture and distribution of our Tile and Jiobit products across the United States and over the world. We rely on third parties to manufacture our products, manage centralized distribution centers and transport our products. If we do not successfully coordinate the timely manufacturing and distribution of our products, if our manufacturers, distribution logistics providers or transport providers are not able to successfully and timely process our business or if we do not receive timely and accurate information from such providers, and especially if we expand into new product categories or our business grows in volume, we may have an insufficient supply of products to meet customer demand, lose sales, experience a build-up in inventory, incur additional costs, and our financial condition and results of operations may be adversely affected.

As a result of our products being manufactured in the PRC and Malaysia, we are reliant on third parties to get our products to distributors around the world. Transportation costs, fuel costs, labor unrest, political unrest, natural disasters, regional or global pandemics, military conflicts, and other adverse effects on our ability, timing and cost of delivering products can increase our inventory, decrease our margins, adversely affect our relationships with distributors and other customers and otherwise adversely affect our financial condition and results of operations.

A significant portion of our annual retail orders and product deliveries generally occur in the last quarter of the year which includes the important selling periods in November (Black Friday and Cyber Monday) and December (Christmas and Hanukkah) in large part to seasonal holiday demand. This places pressure on our supply chain and could adversely affect our revenues and profitability if we are unable to successfully fulfill customer orders during this quarter.

Our manufacturer's facilities are located in the PRC and Malaysia. Uncertainties with respect to the legal system of the PRC, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in policies, laws and regulations in the PRC could materially adversely affect us. Disruption in the supply chains from the PRC and Malaysia could also adversely affect our business.

Our manufacturer's operations in the PRC are governed by Chinese laws and regulations. The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The central Chinese government or local governments having jurisdiction within the PRC may impose new, stricter regulations, or interpretations of existing regulations. The Company's manufacturer in the PRC may be subject to regulation and interference by various political, governmental and regulatory entities in the provinces in which it operates, including local and municipal agencies and other governmental divisions. As such, any such future laws or regulations may impair the ability of our manufacturer to operate and may increase its costs. If our manufacturer incurs increased costs, it may attempt to pass such costs on to us. Any such increased expenses or disruptions to the operations of our manufacturer could adversely impact our results of operations, as well as our ability to deliver our products to our members in a timely manner and to meet demand for our smart trackers.

The PRC's legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Since 1979, the Chinese government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. Due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of Chinese laws and regulations involves a degree of uncertainty. Some of these laws may be changed without immediate publication or may be amended with retroactive effect. Furthermore, since the PRC's legal system continues to rapidly evolve, the interpretations of many laws and regulations are not always uniform and enforcement of these laws and regulations involves uncertainties. As a result, our manufacturer may not be aware of their violation of any of these policies and rules until sometime after the violation. Such unpredictability towards contractual, property and procedural rights and any failure to quickly respond to changes in the regulatory environment in the PRC could adversely affect our manufacturer's business, which in turn may impede our ability to deliver our products to our members in a timely manner and to meet demand for our smart trackers or may result in increased expenses for us. Such actions could have a material adverse effect on our business, financial condition, and results of operations. Although we may from time to time seek to secure a back-up manufacturer outside of the PRC, we may not be able to do so in a timely manner, on acceptable terms, or at all.

Additionally, disruption in our supply chain from our manufacturer's facilities in Malaysia could also significantly impact our ability to fill customer orders for our products. Our supply chain could be adversely impacted by the uncertainties of health concerns and related governmental restrictions, natural disasters, inclement weather conditions, civil unrest including wars and armed conflicts, contractual disagreements, labor unrest, strikes, acts of terrorism, breaches of data security, and other adverse events. Further, we may be exposed to fluctuations in the value of the local currency in the countries in which manufacturing occurs. Future appreciation of these local currencies could increase our costs. In addition, our labor costs could rise as wage rates increase and the available labor pool declines. These conditions could adversely affect our financial results.

Our apps are currently available for download internationally and in the future we expect to penetrate additional international regions, including certain markets and regions in which we have limited experience, which subjects us to a number of additional risks.

As of March 31, 2024, international members represented over 41% of our total MAUs and accounted for approximately 12% of our total revenue. Offering our apps for download internationally and rolling out full-service memberships outside of the United States, particularly in countries in which we have limited experience, exposes us to a number of additional risks including, among others:

- operational and compliance challenges caused by distance, language, and cultural differences;
- difficulties in staffing and managing international operations and differing labor regulations for contractors and certain Tile employees working internationally;
- differing levels of social and technological acceptance and adoption of our products and services or lack of acceptance of them generally and the risk that our products and services may not resonate as deeply in certain international markets;
- foreign currency fluctuations;

- restrictions on the transfer of funds among countries and back to the United States, as well as costs associated with repatriating funds to the United States;
- differing and potentially adverse tax laws and consequences;
- multiple, conflicting and changing laws, rules and regulations, and difficulties understanding and ensuring compliance with those laws by our Company, our employees and our business partners, over whom we exert no control, and other government requirements, approvals, permits and licenses;
- compliance challenges due to different, overlapping and evolving requirements and processes set out in different laws and regulatory environments, particularly in the case of data privacy, data security, intermediary liability, and consumer protection;
- competitive environments that favor local businesses or local knowledge of such environments;
- limited or insufficient intellectual property protection, or the inability or difficulty to obtain, maintain, protect or enforce intellectual property rights or to obtain intellectual property licenses from third parties, which could make it easier for competitors to capture increased market position;
- use of international data hosting platforms and other third-party platforms;
- low usage and/or penetration of internet connected consumer electronic devices;
- political, legal, social or economic instability;
- laws and legal systems less developed or less predictable than those in the United States;
- trade sanctions, political unrest, terrorism, war, pandemics and epidemics or the threat of any of these events;
- breaches or violation of any export and import laws, anti-bribery or anti-corruption laws, anti-money laundering rules or other rules or regulations applicable to our business, including but not limited to the Foreign Corrupt Practices Act of 1977, as amended; and
- lower prices paid by international subscribers partially offset the positive impacts to ARPPC we experienced following our price increases for existing U.S. Life360 subscriptions which took effect during 2023. ARPPC is a key performance indicator utilized by Life360 to determine our effectiveness at monetizing Paying Circles through tiered product offerings.

The occurrence of any or all of the risks described above could adversely affect our international operations, which could in turn adversely affect our business, financial condition and results of operations.

We rely on key data partners, and any termination of our agreements with such data partners could have a material adverse effect on our revenues, business, financial condition and results of operations.

We generate indirect revenue from key partners through the sale of data insights derived from the personal data we collect from our members. This revenue represented approximately 7% and 8% of our total revenue for the three months ended March 31, 2024 and 2023, respectively. Termination of agreements with key partners may adversely impact our future financial performance.

In January 2022, Life360 announced a new partnership agreement with a key data partner (“Data Partner”), a provider of anonymized aggregated analytics for the retail ecosystem. As part of this partnership, the Data Partner has provided data processing and analytics services to Life360 and has the right to commercialize aggregated data insights. This partnership marked the beginning of Life360’s exit from its legacy data sales model and transition to commercialize aggregated data, while still providing certain members the option to opt out of even aggregated data sales. There is a risk that demand for this aggregated data will decrease, which could adversely impact our ability to renew the agreement upon the expiration of the initial term. There is also a risk that the supply of aggregated data by other parties will increase which may adversely impact our ability to continue to generate revenue from the sale of aggregated data at the end of the current contract term. In addition, under limited circumstances where we may terminate the agreement before the end of the term, we could be liable for termination payments ranging from \$5 million to \$10 million. In addition, we have agreed to pay the Data Partner liquidated damages in the amount of \$20 million if we fail to timely cure a breach of the exclusivity requirements under the agreement.

Our future success depends on the continuing efforts of our executive officers and other key employees and our ability to attract and retain highly skilled personnel and senior management.

We currently depend on the continued services and performance of our executive officers and other key employees. If one or more of our executive officers or other key employees were unable or unwilling to continue their employment with us, we may not be able to replace them easily, in a timely manner, or at all. The risk that competitors or other companies may poach our talent increases as we continue to build our brands and become more well-known. Our key personnel have been, and may continue to be, subject to poaching efforts by our competitors and other internet and high-growth companies, including well-capitalized players in the social media and consumer internet space. The loss of key personnel, including members of management, as well as key engineering, product development, marketing, and sales personnel, could disrupt our operations and have a material adverse effect on our business. The success of our brands also depends on the commitment of our key personnel. To the extent that any of our key personnel act in a way that does not align with our values, our reputation could be materially adversely affected. See “—Our employees, consultants, third-party providers, partners and competitors could engage in misconduct that materially adversely affects us.”

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain highly skilled individuals across the globe, with the continued contributions of our senior management being especially critical to our success. Competition for well-qualified, highly skilled employees in our industry is intense and our continued ability to compete effectively depends, in part, upon our ability to attract and retain new employees. While we have established programs to attract new employees and provide incentives to retain existing employees, particularly our senior management, we cannot guarantee that we will be able to attract new employees or retain the services of our senior management or any other key employees in the future. Additionally, we believe that our culture and core values have been, and will continue to be, a key contributor to our success and our ability to foster the innovation, creativity and teamwork we believe we need to support our operations. If we fail to effectively manage our hiring needs and successfully integrate our new hires, or if we fail to effectively manage remote work arrangements, our efficiency and ability to meet our forecasts and our ability to maintain our culture, employee morale, productivity and retention could suffer, and our business, financial condition and results of operations could be materially adversely affected.

Finally, effective succession planning is also important to our future success. While our remuneration and nomination committee is responsible for overseeing and implementing proper succession plans for the Company, if we fail to ensure the effective transfer of senior management knowledge and smooth transitions involving senior management across our various businesses, our ability to execute short and long term strategic, financial and operating goals, as well as our business, financial condition and results of operations generally, could be materially adversely affected.

Our employees, consultants, third-party providers, partners and competitors could engage in misconduct that materially adversely affects us.

Our employees, consultants, third-party providers, partners and competitors could engage in misconduct, including the misuse of data and intentional failures to comply with applicable laws and regulations (including those related to cybersecurity or data privacy, or those prohibiting a wide range of pricing, discounting and other business arrangements), report financial information or data accurately, or disclose unauthorized activities. Such misconduct could result in legal or regulatory sanctions and cause serious harm to their and our reputation. It is not always possible to identify and deter misconduct by employees, consultants, third-party providers or partners, and any other precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, whether or not we are successful in defending against them, we could be exposed to legal liability (including civil, criminal and administrative penalties), incur substantial costs and damage to our reputation and brands, and we could fail to retain key employees. Additionally, any misconduct or perception of misconduct by our members that is attributed to us, our employees, consultants, third-party providers, partners or competitors could seriously harm our business or reputation. See “—If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.”

If we fail to offer high-quality customer support, our customer satisfaction may suffer, and it may have a negative impact on our business and reputation.

Many of our members rely on our customer support services to resolve issues, including technical support, billing and subscription issues, which may arise. If demand increases, or our resources decrease, we may be unable to offer the level of support our customers expect. Any failure by us to maintain the expected level of support could reduce member satisfaction and negatively impact our customer retention, our business and reputation.

Our growth strategy includes expanding in international markets which requires significant resources and management attention. Failure to execute on our growth strategy could have an adverse impact on our business, financial condition and results of operations.

We have expanded to new international markets and are growing our operations in existing international markets, which may have very different cultures and commercial, legal, and regulatory systems than the markets in which we predominately operate. In addition, scaling our business to international markets imposes complexity on our business, and requires additional financial, legal, and management resources. An inability to manage this expansion successfully may have an adverse impact on our business, financial condition and results of operations.

If we cannot maintain our corporate culture as we grow, our business may be harmed.

We believe that our corporate culture has been a critical component to our success and that our culture creates an environment that drives and perpetuates our overall business strategy. We have invested substantial time and resources in building our team, and we expect to continue to hire aggressively as we expand, including with respect to any potential international expansions we may pursue. As we grow and mature, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to recruit and retain personnel and effectively focus on and pursue our business strategy.

Investment in new business strategies, partnerships and acquisitions could fail to produce the expected results, disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition.

We have invested, and in the future may invest, in new business strategies, partnerships or acquisitions. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, the potential for greater-than-expected liabilities and expenses, economic, political, legal and regulatory challenges associated with implementing new business strategies, operating in new regions or countries, inadequate return on capital, potential impairment of tangible and intangible assets, and significant write-offs. Investment, partnership and acquisition transactions are exposed to additional risks, including failing to obtain required regulatory approvals on a timely basis or at all, or the imposition of onerous conditions or other factors that could delay or prevent us from completing a transaction or otherwise limit our ability to fully realize the anticipated benefits of a transaction. New ventures are inherently risky and may not be successful. For example, in May 2024 we entered into a non-binding letter of intent to partner and consummate an investment in Hubble Network, Inc. (“Hubble”) to become the exclusive consumer application of their satellite Bluetooth technology. We intend to connect Life360’s Tile Bluetooth trackers with Hubble’s satellites to create a global location-tracking network. However, the letter of intent is preliminary and subject to negotiation and execution of a definitive agreement and we cannot provide any assurances that we will be able to do so. Failure to reach a definitive agreement with Hubble or, in the event the partnership is consummated, our inability to realize the anticipated benefits of a partnership with Hubble, could have a material adverse effect on our growth prospects and expectations. The failure of any significant investment or business strategy, opportunity, partnership or acquisition could materially adversely affect our business, reputation, results of operations and financial condition.

Our acquisitions of Jiobit and Tile present numerous risks that may affect our ability to realize the anticipated strategic and financial goals from the acquisitions.

Risks we may face in connection with our acquisitions and integrations of Jiobit and Tile include, among others:

- We may not realize the benefits we expect to receive from the transactions, including anticipated synergies;
- We may have difficulties managing Jiobit’s or Tile’s technologies and lines of business or retaining key personnel from Jiobit or Tile;
- The acquisitions may not further our business strategy as we expected, we may not successfully integrate Jiobit or Tile as planned, there could be unanticipated adverse impacts on Jiobit’s or Tile’s business, or we may otherwise not realize the expected return on our investments, which could adversely affect our business or results of operations and potentially cause impairment to assets that we record as a part of an acquisition;

- Our business, financial condition and results of operations may be adversely impacted by (i) claims or liabilities related to Jibit's or Tile's business including, among others, private party litigation (including class actions) and claims from government agencies, terminated employees, current or former members, business partners or other third parties; (ii) pre-existing contractual relationships or lines of business of Jibit or Tile that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; (iii) unfavorable accounting treatment as a result of Jibit's or Tile's practices; (iv) intellectual property claims or disputes; and (v) pre-existing lack of controls or difficulty with technical and data integrations resulting in data privacy, data security, and consumer protection risks that could lead to litigation or regulatory investigations or enforcement activity;
- The manufacturing of Tile and Jibit products is outsourced to a single manufacturer and if the contract is terminated or not renewed, we would be required to enter into a new agreement with another manufacturer that may not be available on reasonable terms, potentially resulting in new and unexpected operational complexities and costs;
- We may fail to maintain existing agreements with Jibit and Tile partners and alternative partnerships may not be available on reasonable terms, or at all;
- We may experience difficulties managing hardware inventories, including tracking movements, supply chain, and associated costs of managing hardware inventories; and
- We may have failed to identify or assess the magnitude of certain liabilities, shortcomings or other risks in Jibit's or Tile's businesses prior to closing our acquisitions of Jibit or Tile, which could result in unexpected litigation or regulatory exposure, unfavorable accounting treatment, a diversion of management's attention and resources, and other adverse effects on our business, financial condition and results of operations.

The occurrence of any of these risks could have a material adverse effect on our business, financial condition and results of operations. See “—Investment in new business strategies, partnerships and acquisitions could fail to produce the expected results, disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition.”

Our member metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may negatively affect our reputation and our business.

We regularly review metrics, including MAUs, Paying Circles, subscription fees paid by Paying Circles for Life360 Memberships, ARPPC, Tile subscriptions and Jibit subscriptions to evaluate growth trends, measure our performance, and make strategic decisions. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our products and services are used across large populations globally. Our member metrics are calculated using internal Company data gathered on an analytics platform that we developed and operate, have not been validated by an independent third-party and may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our member metrics are also affected by technology on certain mobile devices that automatically runs in the background of our application when another phone function is used, and this activity can cause our system to miscount the member metrics associated with such an account. We continually seek to improve the accuracy of and our ability to track such data but, given the complexity of the systems involved and the rapidly changing nature of mobile devices and systems, we expect to continue to encounter challenges, particularly if we continue to expand in parts of the world where mobile data systems and connections are less stable. Further, similar to other internet-based platforms, certain of our metrics (and their accuracy) are, have in the past been and may in the future may, affected by users whose behaviors violate our applicable terms of service, including by creating duplicative or violative accounts or other illegitimate activities such as bot-generated activity, which we may not be able to detect and could result in inaccuracies in or changes to the metrics we report publicly. While these metrics are based on what we believe to be reasonable estimations for the applicable period of measurement, the methodologies used to measure these metrics require significant judgment and are also susceptible to algorithm or other technical errors. In addition, our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal or external systems and tools we use to track these metrics under count or over count performance or contain algorithmic or other technical errors, the data we report may not be accurate. As a result, while future periods may benefit from such improvement or change, prior periods may not be as accurate or comparable, or we may need to adjust such prior periods.

Errors or inaccuracies in our metrics or data could also result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of members to satisfy our growth strategies. We continually seek to address technical issues in our ability to record such data and improve our accuracy but given the complexity of the systems involved and the rapidly changing nature of mobile devices and systems, we expect these issues to continue, particularly if we continue to expand in parts of the world where mobile data systems and connections are less stable. If our operational metrics are not accurate representations of our business, or if investors do not perceive these metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, we may be subject to legal or regulatory actions, and our business, financial condition, results of operations and prospects could be materially adversely affected.

We have had operating losses each year since our inception and we may not achieve or maintain profitability in the future.

We have incurred operating losses each year since our inception and we may not achieve or maintain profitability in the future. Although Life360's revenue, excluding Tile and Jibit revenue, has increased each quarter since 2016, there can be no assurances that it will continue to do so. Our operating expenses may continue to increase in the future as we increase our sales and marketing efforts and continue to invest in the development of products and services. These efforts may be costlier than we expect and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue growth may slow or our revenue may decline for a number of other possible reasons, including reduced demand for our products or services, increased competition, a decrease in the growth or reduction in size of our overall market, or if we fail for any reason to capitalize on our growth opportunities. If we do not achieve or maintain profitability in the future, it could materially adversely affect our business, financial condition and results of operations.

The limited operating history of our new brands, products and services makes it difficult to evaluate our current business and future prospects.

We seek to tailor each of our brands, products and services to meet the preferences of specific communities of members. Building a given brand, product or service is generally an iterative process that occurs over a meaningful period of time and involves considerable resources and expenditures. Although certain of our newer brands, products and services may experience significant growth over relatively short periods of time, the historical growth rates of these brands and products and services may not be an indication of their future growth rates generally.

We have encountered, and may continue to encounter, risks and difficulties as we build our newer brands and products. The failure to successfully scale these brands, products and services and address these risks and difficulties could adversely affect our business, financial condition and results of operations.

We have grown rapidly in recent years and have limited operating experience at our current scale of operations. If we are unable to manage our growth effectively, our brands, company culture and financial performance may suffer and place significant demands on our operational, risk management, sales and marketing, technology, compliance and finance and accounting resources.

We have experienced rapid growth and demand for our products and services since inception. We have expanded our operations rapidly, including as a result of organic growth and our acquisitions of Jibit and Tile, and have limited operating experience at our current size. As we have grown, we have increased our employee headcount and we expect headcount growth to continue for the foreseeable future. Further, as we grow, our business becomes increasingly complex and subject to increased demands on our operational, administrative and financial resources. To effectively manage and capitalize on our growth, we must continue to scale our technology infrastructure and systems to support new products and market expansion, expand our sales and marketing, focus on innovative product and services development and upgrade our management information systems and other processes. Our future growth will depend, among other things, on our ability to maintain an operating platform and management system sufficient to address our growth. Our continued growth could strain our existing resources, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training, and managing a diffuse and growing employee base. If our management team and other key personnel do not effectively scale with our growth, we may experience erosion to our brands, the quality of our products and services may suffer, and our company culture may be harmed. Moreover, we have been, and may in the future be, subject to legacy claims or liabilities arising from our systems and controls, content or workforce in earlier periods of our rapid development. We must continue to effectively manage challenges relating to maintaining the security of our platform and the privacy and security of the information (including personal information) that is provided and utilized across our platform and implement and maintain adequate financial, business, and risk controls.

Because we have a limited history operating our business at its current scale, it is difficult to evaluate our current business and future prospects, including our ability to plan for and model future growth. Our limited operating experience at this scale, combined with the rapidly evolving nature of the markets in which we operate, substantial uncertainty concerning how these markets may develop, and other economic factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue. Failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage may be inadequate to cover future claims or losses.

We believe we are adequately covered by our current insurance policies and plan to maintain insurance as we consider appropriate for our needs. However, we will not be insured against all risks, either because the appropriate coverage is not available or because we consider the applicable premiums to be excessive in relation to the perceived benefits that would accrue. Accordingly, we may not be fully insured against all losses and liabilities that may arise from our operations. If we incur uninsured losses or liabilities, the value of our assets may be at risk.

Our restructuring and the associated headcount reduction may not result in anticipated savings, could result in total costs and expenses that are greater than expected and could disrupt our business.

In January 2023, we implemented a workforce restructure, including reductions in both headcount and expenses. Although we realized a decrease in personnel-related expenses and stock-based compensation costs for the year ended December 31, 2023 as a result of our restructuring efforts, we may not fully realize the anticipated benefits, savings and improvements in our cost structure due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize expected operational efficiencies and the cost savings from the restructuring, our operating results and financial condition would be adversely affected. Due to our restructuring, we may not be able to effectively manage our operations or retain qualified personnel, which may result in weaknesses to our infrastructure and operations, increased risk that we may be unable to comply with legal and regulatory requirements, increased risks to our internal controls and disclosure controls, and loss of employees and reduced productivity among remaining employees.

The restructuring resulted in the loss of institutional knowledge and expertise and the reallocation of and combination of certain roles and responsibilities across the organization, all of which could adversely affect our operations. Further, the restructuring and possible additional cost-containment measures may yield unintended consequences, such as attrition beyond our intended workforce reduction and reduced employee morale. We may be required to rely more heavily on temporary or part-time employees, third party contractors and consultants to assist with managing our operations. These consultants are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. We will have only limited control over the activities of these consultants and can generally expect these individuals to devote only limited time to our activities. Failure of any of these persons to devote sufficient time and resources to our business could harm our business. Employee litigation related to the headcount reduction could be costly and prevent management from fully concentrating on the business.

If our management is unable to successfully manage this transition and restructuring activities, our expenses may be more than expected and we may be unable to implement our business strategy. As a result, our business, prospects, financial condition and results of operations could be negatively affected.

Adverse developments affecting financial institutions, companies in the financial services industry, or the financial services industry generally, such as actual events or concerns involving liquidity, defaults or non-performance, could adversely affect our operations and liquidity.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, in March 2023, the Federal Deposit Insurance Corporation (“FDIC”) took control and was appointed receiver for each of Silicon Valley Bank (“SVB”) and Signature Bank. Although we did not experience any losses in our accounts with SVB, at the time we had cash and cash equivalents at SVB that exposed us to credit risk prior to the completion by the FDIC of the resolution of SVB in a manner that fully protected all depositors. However, there is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of banks or financial institutions in a timely fashion or at all.

Our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial institutions with which we have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally. In addition, the failure of other banks and financial institutions and the measures taken by governments, businesses and other organizations in response to these events could adversely impact our ability to access our existing cash, cash equivalents and investments may be threatened and could adversely impact our ability to meet our operating expenses, result in breaches of our contractual obligations or result in significant disruptions to our business, any of which could have a material adverse effect on our business, financial condition and results of operations.

Unstable market and economic conditions may adversely affect consumer discretionary spending and demand for our products and services.

Global credit and financial markets have recently experienced extreme volatility and disruptions, including declines in consumer confidence, concerns about declines in economic growth, bank failures, the ongoing elevated rate of inflation, increases in borrowing rates, the availability and cost of consumer credit and credit availability, and uncertainty about economic stability, and ongoing geopolitical conflict. Our general business strategy may be adversely affected by any economic downturn, volatile business environment or continued unpredictable and unstable market conditions.

As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions. Our products and services may be considered discretionary items for consumers. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. Our sensitivity to economic cycles and any related fluctuation in consumer demand for our products and services may have an adverse effect on our business, financial condition and results of operations. We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, of any industry in particular. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, and results of operations could be materially adversely affected.

We are affected by seasonality.

Life360 has historically experienced member and subscription growth seasonality in the third quarter of each calendar year, which includes the return to school for many of our members. Hardware sales have historically experienced comparatively higher seasonal growth in the fourth quarter of each calendar year, which includes the important selling periods in November (Black Friday and Cyber Monday) and December (Christmas and Hanukkah) in large part to seasonal holiday demand. An unexpected decrease in sales over those traditionally high-volume selling periods may impact our revenue and could also result in surplus inventory and could have a disproportionate effect on our results of operations for the entire fiscal year. Seasonality in our business can also be affected by introductions of new or enhanced products and services, including the costs associated with such introductions.

We derive a portion of our revenues from lead generation offerings. If we are unable to continue to compete for these lead generation offerings, or if any events occur that negatively impact our relationships with potential advertising partners, our advertising revenues and results of operations will be negatively impacted.

We generate a portion of our revenue by delivering product offerings from partners to members in contextually relevant ways that do not feel like advertisements. Currently, lead generation at Life360 is limited to displaying auto insurance offers in the Life360 app after the member has indicated they are interested in receiving such offers by clicking on the advertisement within the app. These lead generation advertisements are broadly displayed to all members, with the exception of people under 18 years of age or who have opted out of data sales, and our partners bid for advertisement placements by setting a budget for a driving score tier. Individual driving scores are not provided to advertisers. In the future, we may offer additional third-party solutions through lead generation. In the first quarter of 2024, we also launched a progressive rollout of advertisements to our entire free U.S. member base and began testing with initial partners. We intend to optimize programmatic advertising and establish direct partnerships with advertising partners with the aim of delivering targeted advertising on and off site.

There is a risk that members may not engage with the lead generation offering or other advertisements at the scale necessary for potential advertising partners to spend a meaningful amount, or any of their advertising budget on the offering. There is a risk that advertisers will not utilize the lead generation offering or choose to advertise on our platform. A failure to grow the lead generation offering and to broadly expand our infrastructure for targeted advertisements may inhibit the development of a new advertising revenue stream and have a material adverse impact on our business, financial condition and results of operations.

Our operating margins may decline as a result of increasing product costs and inflationary pressures.

Our business is subject to significant pressure on pricing and costs caused by many factors, including intense competition, the cost of components used in our products, labor costs, constrained sourcing capacity, inflationary pressure, pressure from subscribers to reduce the prices we charge for our products and services, and changes in consumer demand. Costs for the raw materials used in the manufacture of our products are affected by, among other things, energy prices, consumer demand, fluctuations in commodity prices and currency, and other factors that are generally unpredictable and beyond our control. Increases in the cost of raw materials used to manufacture our products or in the cost of labor and other costs of doing business in the United States and internationally could have an adverse effect on, among other things, the cost of our products, gross margins, results of operations, financial condition and cash flows. Moreover, if we are unable to offset any decreases in our average selling price by increasing our sales volumes or by adjusting our product mix, our business, financial condition and results of operations may be harmed.

We may require additional capital to support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, and may result in stockholder dilution.

We expect that our existing cash and cash equivalents provided by sales of our subscriptions will be sufficient to meet our anticipated cash needs and business objectives for at least the next 12 months. Our future capital requirements will depend on many factors, including our subscription growth rate, subscription renewal activity, the timing and the amount of cash received from subscribers, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product offerings, such as advertisements, and the continuing market adoption of our platform. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, services, and technologies. However, we intend to continue to make investments to support our business growth and may require additional capital to fund our business and to respond to competitive challenges, including the need to promote our products and services, develop new products and services, enhance our existing products, services, and operating infrastructure, and potentially to acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. Any such additional funding may not be available on terms attractive to us, or at all. Our inability to obtain additional funding when needed on acceptable terms or at all could have an adverse effect on our business, financial condition and results of operations. If additional funds are raised through the issuance of equity or convertible debt securities, holders of our common stock could suffer significant dilution, and any new shares we issue could have rights, preferences, and privileges superior to those of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes appearing elsewhere in this Quarterly Report on Form 10-Q. We base our estimates on short duration historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Management Estimates.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses. Significant estimates and judgments for the Company involve: revenue recognition, subscription revenue arrangements with multiple performance obligations, sale incentives, other revenue, costs capitalized to obtain contracts, stock-based compensation expense, common stock valuations, inventory valuation and income tax. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

We may be required to delay recognition of some of our revenue, which may harm our financial results in any given period.

Due to specific revenue recognition requirements under GAAP, we must have very precise terms in our contracts to recognize revenue when we initially provide our products and services. Although we strive to enter into agreements that meet the criteria under GAAP for current revenue recognition on delivered performance obligations, our agreements are often subject to negotiation and revision based on the demands of our customers. The final terms of our agreements sometimes result in deferred revenue recognition, which may adversely affect our financial results in any given period. In addition, more customers may require extended payment terms, shorter term contracts or alternative arrangements that could reduce the amount of revenue we recognize upon delivery of our other products and services, and could adversely affect our short-term financial results.

Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates.

Our financial condition and results of operations are subject to foreign currency fluctuation risks.

A portion of our revenue is denominated in foreign currency. Accordingly, our revenue will be affected by fluctuations in the rates by which the U.S. dollar is exchanged with foreign currency. For example, a weakening in the value of the U.S. dollar as compared to the Australian dollar would have the effect of reducing the U.S. dollar value of Australian dollar revenue. Alternatively, a weakening of the Australian dollar as compared to the U.S. dollar would have an effect of increasing the U.S. dollar value of Australian dollar revenue. Although we take steps to manage currency risk, adverse movements in the U.S. dollar against the foreign currency revenue may have an adverse impact on our business, financial condition and results of operations. Additionally, hedging strategies are also inherently risky and could expose us to additional risks that could harm our financial condition and results of operations. We have not historically used foreign exchange contracts to help manage foreign exchange rate exposures.

Risks Related to Privacy and Cybersecurity

We are subject to stringent and evolving laws (U.S. and foreign), regulations, rules, contracts, policies and other obligations related to data privacy and security, data protection, consumer protection, advertising, location tracking, digital tracking technologies, and the protection of minors. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class action or similar lawsuits); fines and penalties; changes to or disruptions of our business operations; reputational harm; loss of revenue or profits; declines in member growth or engagement; and other material adverse business consequences.

In the ordinary course of business, we (and the third parties or service providers upon whom we rely) collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, “process” and its conjugates) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, sensitive data). Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). In the past few years, numerous U.S. states — including California, Colorado, Connecticut, Utah and Virginia — have enacted comprehensive privacy laws that impose certain obligations on covered businesses. These laws impose certain data privacy and security obligations on covered businesses. Generally, these and similar laws obligate covered businesses to provide specific disclosures in privacy notices and afford relevant individuals with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain personal data processing activities, such as targeted advertising, profiling, or automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. These laws may also allow for regulators to impose statutory fines or allow private claimants to recover damages for noncompliance. For example, the California Consumer Privacy Act (CCPA) applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights, such as those noted below. The CCPA provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to seek to recover potentially significant statutory damages. Other states, such as Virginia and Colorado, have also enacted comprehensive consumer privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These state laws (including the CCPA) may provide individuals with rights to their personal data, such as the right to access, correct, or delete certain personal data, and opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. If individuals were to exercise these rights at a significant volume or pace, such actions may impact our business and ability to provide our products and services. These developments may further complicate compliance efforts and may increase legal risk and compliance costs for us and the third parties upon whom we rely.

Federal, state and local privacy and consumer protection laws also govern specific technologies that we employ or how we market to, and otherwise communicate with, our members. For example, the Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM) and the Telephone Consumer Protection Act (TCPA) impose specific requirements on communications with consumers. The TCPA, for instance, imposes various consumer consent requirements and other restrictions on certain telemarketing activity and other communications with consumers by phone, fax or text message. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission (FCC) or fines of up to \$1,500 per violation imposed through private litigation or by state authorities. We may also use parental consent and identity verification technologies (including those offered by or through service providers) that may capture biometric information or identifiers that may subject us to applicable biometric privacy requirements. For example, the Illinois Biometric Information Privacy Act (BIPA), regulates the collection, use, safeguarding, and storage of Illinois residents' biometric information or identifiers. The TCPA and BIPA provide for substantial penalties and statutory damages and have generated significant class action activity. The costs of litigating and/or settling a TCPA, BIPA or similar legal claim could be significant.

Additionally, regulators are increasingly scrutinizing companies that process children's data. We are subject to COPPA, which applies to operators of certain websites and online services directed to children under the age of 13 or with actual knowledge that they collect or maintain personal information from children under the age of 13. COPPA may be enforced by state Attorneys General or the FTC, which is empowered to impose civil penalties of up to \$51,744 per violation as well as injunctive and equitable relief for violations. COPPA requirements may be modified, interpreted, or applied in new manners that we may be unable to anticipate or prepare for appropriately. Additional laws and regulations that apply to children's data under certain circumstances have been adopted or proposed in recent years, including the EU GDPR and the UK GDPR, European Union Digital Services Act ("the DSA"), the UK Age-Appropriate Design Code, the CCPA and other comprehensive state privacy laws, and California's Age-Appropriate Design Code Act. These laws generally impose various obligations on companies that process children's data, such as requiring certain consents to process such data, and extending certain rights to children and their parents with respect that data. Some of these obligations have wide ranging applications, including for services that do not intentionally target child users (defined in some circumstances a user under the age of 18 years old). These laws are or may be subject to legal challenges and changing interpretations, which may further complicate our efforts to comply with these laws.

In the United States, several states enacted laws regulating social media companies and platforms. These laws, such as the Utah Social Media Regulation Act and the Arkansas Social Media Safety Act, seek to limit social media companies from, among other things, displaying and targeting advertising to accounts held by minors (defined as those under 18) and provide certain rights to parents with respect to data of their children and access to social media platforms. These laws may be subject to legal challenges and the attendant heightened scrutiny associated with processing certain children's data on social media platforms may lead to increased compliance costs and obligations on us, to the extent we could be considered subject to these laws.

Outside the United States, an increasing number of laws, regulations, and industry standards may govern personal data privacy and security. Without limitation, the following personal data laws may apply to our operations such as EU GDPR, the UK GDPR, the Swiss Federal Act on Data Protection (or "FADP"), Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or "LGPD") (Law No. 13,709/2018), Australia's Privacy Act, Canada's Personal Information Protection and Electronic Documents Act ("PIPEDA") (and other Canadian provincial laws), India's Information Technology Act and supplementary rules, and China's Personal Information Protection Law ("PIPL") all impose strict requirements for processing personal data. For example, local data protection authorities in both the EEA and UK may take an enforcement action against us with respect to a violation of their applicable requirements. Under the EU GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR and 17.5 million pounds sterling under the UK GDPR, or 4% of annual global revenue, whichever is greater, and private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests.

In addition, we may be unable to transfer personal data from Europe, the UK, and other jurisdictions to the United States or other countries due to data localization requirements or limitations on cross-border data flows. Europe, the UK, and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the EEA and the UK have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EU-US Data Privacy Framework and the EEA and UK's standard contractual clauses, these mechanisms are subject to legal challenges (which may result in their invalidation). There is no assurance that we can satisfy or rely on these measures in all circumstances to transfer personal data to the United States, as they alone may not necessarily be sufficient as transfers must be assessed on a case-by-case basis and the requirements may change if they are challenged. If there is no lawful manner for us to transfer personal data from the EEA, the UK, or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Some European regulators have prevented companies from transferring personal data out of Europe for allegedly violating the EU GDPR's cross-border data transfer limitations. Regulators in the US are also increasingly scrutinizing certain personal data transfers and may impose personal data localization requirements.

Our personnel currently use generative artificial intelligence ("AI") technologies to perform their work for example in the context of development productivity tools and limited internal communication. The disclosure and use of personal data in generative AI technologies may be subject to various privacy laws and other obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and consumer lawsuits. In addition to data privacy and security laws, we may be contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. We may also be bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful.

We publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or not representative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

In addition, major technology platforms on which we rely, privacy advocates, and industry groups have regularly proposed, and may propose in the future, platform requirements or self-regulatory standards by which we are legally or contractually bound. If we fail to comply with these contractual obligations or standards, we may lose access to technology platforms on which we rely and face substantial regulatory enforcement, liability, and fines. For example, in 2021 one of our Channel Partners, Apple, began to require mobile applications using its operating system, iOS, to affirmatively (on an opt-in basis) obtain an end user's permission to "track them across apps or websites owned by other companies" or access their device's advertising identifier for advertising and advertising measurement purposes. Other technology platforms are considering similar restrictions. Such restrictions could limit the efficacy of our marketing activities. In addition, consumer resistance to the collection and sharing of the data used to deliver targeted advertising, increased visibility of consent or "do not track" mechanisms (such as browser signals from the Global Privacy Control) as a result of industry regulatory or legal developments, the adoption by consumers of browser settings or "ad-blocking" software, and the development and deployment of new technologies could materially impact our ability to collect data or reduce our ability to deliver relevant promotions or media or market our products and reach new members, which could materially impair the results of our operations.

We are also subject to evolving European Union and UK privacy laws on cookies, tracking technologies and e-marketing. In the European Union and the UK, regulators are increasingly focusing on compliance with requirements related to the behavioral, interest-based, or tailored advertising ecosystem. Enforcement actions could lead to substantial costs, require significant systems and/or operational changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. In light of the complex and evolving nature of European Union, EU Member State and UK privacy laws on cookies and tracking technologies, there can be no assurances that we will be successful in our efforts to comply with such laws; violations of such laws could result in regulatory investigations, fines, orders to cease or change our use of such technologies, as well as civil claims including class actions, and reputational damage. Outside of Europe, other laws further regulate behavioral, interest-based, or tailored advertising, making certain online advertising activities more difficult and subject to additional scrutiny. For example, the CCPA grants California residents the right to opt-out of a company's sharing of personal data for advertising purposes in exchange for money or other valuable consideration.

Further, because we accept debit and credit cards for payment of certain products and services, we are subject to the Payment Card Industry Data Security, or the PCI Standard, issued by the Payment Card Industry Security Standards Council, with respect to payment card information. The PCI DSS requires merchants to adopt certain measures to protect the security of cardholder information, such as using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. Compliance with the PCI Standard and implementing related procedures, technology and information security measures requires ongoing attention and devotion of resources. Costs and potential problems and interruptions associated with the implementation and maintenance of systems and technology, such as those necessary to achieve compliance with the PCI Standard could also disrupt or reduce the efficiency of our operations. Noncompliance with PCI DSS, to the extent applicable to us, can result in penalties ranging from \$5,000 to \$100,000 per month by credit card companies, litigation, damage to our reputation, and revenue losses. Generally, we rely on vendors to process payment card data and those vendors may be subject to PCI DSS. Our business may be negatively affected if our vendors are fined or suffer other consequences as a result of PCI DSS noncompliance.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Our business model materially depends on our ability to process personal data, so we are particularly exposed to the risks associated with the rapidly changing legal landscape. For example, we may be at heightened risk of regulatory scrutiny, and changes in regulatory frameworks could require us to fundamentally change our business model. Preparing for and complying with these obligations requires us to devote significant resources and may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, a shift in consumers' data privacy expectations or other social, economic or political developments could impact the regulatory enforcement of these obligations, which could increase the cost of and complicate our compliance with applicable obligations.

Relevant stakeholders (such as government authorities and adjudicatory bodies) may determine that we have been in the past or are presently noncompliant with our data privacy and security obligations as we may at times fail (or be perceived to have failed) in our efforts to comply with such obligations. This risk will likely increase as we grow our market presence in the U.S. and outside the U.S. Moreover, despite our efforts, our personnel or third parties on whom we rely, may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely have failed, fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims and mass arbitration demands); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for significant statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products or services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

We have in the past received inquiries and been subject to investigations, proceedings, orders, and other various inquiries and claims brought by regulators and private claimants regarding our data privacy (including in relation to children's data) and security practices and processing of personal data. We may in the future be subject to similar inquiries, claims and other proceedings.

Providers of online websites, applications and services are subject to various laws, regulations and other requirements relating to children's privacy and protection, which if violated, could subject us to an increased risk of litigation and regulatory actions.

Children's privacy has been a regular focus of regulatory enforcement activity and subjects our business to potential liability that could adversely affect our business, financial condition, or operating results. The FTC and state attorneys general in the U.S. have in recent years increased enforcement of COPPA. In addition, the GDPR prohibits certain processing of the personal information of children under the age of thirteen to sixteen (depending on jurisdiction) without parental consent. The CCPA requires companies to obtain the consent of children in California under the age of sixteen (or parental consent for children under the age of thirteen) before selling their personal information. In addition, several jurisdictions have issued enforceable codes for designing online services that will be used by children. For example, the UK's Age Appropriate Design Code requires online services to consider the privacy and data protection impacts of children's use of such services and to build in protections and controls to address such risks. Our services include the collection of data, including personal data and precise geolocation data, directly from devices associated with children, which fall within the scope of these child privacy laws, regulations and requirements. Although we take reasonable efforts to comply with these laws and regulations, we may in the future face claims under COPPA, the GDPR, the CCPA, or other laws relating to children's privacy.

Although we take certain efforts designed to comply with these laws and regulations, we may in the future face claims under COPPA, the GDPR, the CCPA or other laws relating to children's privacy. There are also a number of legislative or regulatory proposals pending before the U.S. Congress, the FTC, various state legislative bodies and foreign governments concerning child or teen safety, content regulation and data protection that could affect us if enacted in the future.

If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.

In the ordinary course of our business, we and the third parties upon which we rely process proprietary, confidential, and sensitive data (such as precise geolocation data and information relating to children), and, as a result, we and the third parties upon which we rely face a variety of evolving threats, including but not limited to ransomware attacks, which could cause security incidents. Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive data and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors.

Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services.

We and the third parties upon which we rely may be subject to and have previously responded to a variety of evolving threats, including but not limited to social-engineering attacks (including through phishing attacks and deep fakes, which may be increasingly more difficult to identify as fake), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), bot-generated activity, denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. Threat actors may continue to develop and use more sophisticated tools and techniques (including AI) that are specifically designed to circumvent security controls, evade detection, and obfuscate forensic evidence, which may make it more difficult for us to identify, investigate, respond to and recover from incidents.

In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Additionally, to offer services to our customers and operate our business, we use a number of products and services, such as IT networks and systems, including those we own and operate as well as others provided by third-party providers. Our ability to provide our platform and services could be interrupted if these systems were impacted by a ransomware or other cyber-attack.

Remote work has become more common and has increased risks to our information technology systems and data, as more of our personnel utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities’ systems and technologies.

In addition, our reliance on third-party service providers could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to our business operations. We may rely on third-party service providers and technologies to operate critical business systems to process sensitive data in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. We may also rely on third-party service providers to provide other products, services, parts, or otherwise to operate our business. Our ability to monitor these third parties’ information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties’ infrastructure in our supply chain or our third-party partners’ supply chains have not been compromised.

With respect to data or information system vulnerabilities, we may be unable now or in the future to detect all vulnerabilities or other compromises in our data or information systems because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. While we presently have identified certain vulnerabilities in our information systems, we take steps designed to mitigate the risks associated with such known vulnerabilities. These steps include implementing compensating controls and other protective measures designed to address certain vulnerabilities. There can be no assurance that these controls and measures will always be effective and thus there remains risks associated with both known and unknown vulnerabilities. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive data (or sensitive data that our members, advertisers, and partners have shared with us) or our information technology systems, or those of the third parties upon whom we rely, or impact the calculation or measurement of our user metrics or other estimates, as disclosed above. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive data.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. For example, we and our third-party providers have been and may in the future be compromised by the aforementioned or similar threats, and result in unauthorized, unlawful, or accidental processing of our information, or vulnerabilities in the products or systems upon which we rely. For example, in 2023, we experienced two credential stuffing attacks that resulted in unauthorized access to a limited number of members' personal data. In response to each attack, we launched an investigation to determine what occurred, what information was potentially affected and how we could implement further actions designed to prevent similar incidents in the future (such as allowing members to enable multi-factor authentication). Our investigation revealed that the credential stuffing attacks likely leveraged member credentials from other data breaches (not associated with us). We determined that neither of these incidents were material to the Company. We have encountered and may in the future encounter attempts to create false or other illegitimate user accounts or to take other unauthorized actions on or through our platform and services.

Applicable data privacy and security obligations may require us to notify relevant stakeholders, such as governmental authorities, partners, and affected individuals, of security incidents. Such disclosures may involve inconsistent requirements and are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims and mass arbitration demands); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); direct and indirect financial loss (including due to potential loss of members, partners, or advertising revenue); and other similar harms. Security incidents and attendant consequences may cause customers to stop using our services, deter new customers from using our services, disrupt our ability to provide our products and services, and negatively impact our ability to grow and operate our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Risks Related to Our Technology and Intellectual Property

Our success depends, in part, on the integrity of third-party systems and infrastructures and on continued and unimpeded access to our products and services on the internet.

We rely on third parties to maintain and support our information technology infrastructure, obtain mapping services and collect, process and analyze certain data. If an agreement with a key supplier is terminated or disrupted, Life360's operations and financial performance could be adversely impacted. In particular, we rely on contracts with AWS for the provision of our computing, network, database, software development platforms and software infrastructure. We procure mapping services from our Channel Partners. Additionally, Jiobit uses GCP for some of its functionality. We have designed our software and computer systems to utilize data processing, storage capabilities, and other services provided by AWS and GCP, and currently rely on such providers for the vast majority of our primary data storage and computing. If the AWS contract, GCP contract, or contracts with other key suppliers in the future are terminated or suffer a disruption for any reason, our business, financial condition and results of operations could be materially adversely impacted.

We have entered into an agreement (the "Arity Agreement") to license from Arity 875, LLC ("Arity") its application program interfaces, including the Arity Driving Engine API, which we integrate into our products and services. Pursuant to the Arity Agreement, we are required to exclusively obtain such services from Arity during the term of the Arity Agreement.

We have also entered into an emergency roadside assistance servicing agreement under which Signature Motor Club, Inc. provides Roadside Assistance on our behalf. If Signature Motor Club were to terminate the agreement, we would be required to engage another third party to provide roadside assistance services and an alternative service by another third party may not be available on reasonable terms, or at all, and such change to an alternative third party may be costly and disruptive, and may have an adverse impact on our business, financial condition and results of operations.

We have also partnered with AvantGuard Monitoring Centers LLC ("AvantGuard") to provide access to AvantGuard's emergency alert response services to our Life360 Gold and Life360 Platinum subscribers. In the event Life360 detects a crash, Life360 will trigger an alert to AvantGuard, who will call the subscriber and/or dispatch emergency services to the subscriber's location. If AvantGuard were to terminate the agreement, we would be required to engage another third party to provide emergency alert response services and an alternative service by another third party may not be available on reasonable terms, or at all, and such change to an alternative third party may be costly and disruptive, and may have an adverse impact on our business, financial condition and results of operations.

Similarly, under our warranty program agreement with Cover Genius Warranty Services, LLC ("Cover Genius"), Cover Genius administers warranties and service contracts on behalf of Tile. If the Cover Genius contract were terminated or not renewed, Tile would be required to enter into a new warranty program agreement and such agreement may not be available on reasonable terms, or at all, and could be disruptive and costly, and may have an adverse impact on Tile's business, financial condition and results of operations.

We also rely on data center service providers (such as colocation providers), as well as third-party payment processors, computer systems, internet transit providers and other communications systems and service providers, in connection with the provision of our products generally, as well as to facilitate and process certain transactions with our subscribers. We do not control these third-party providers, and we cannot guarantee that such third-party providers will not experience system interruptions, outages or delays, or deterioration in the performance. While we typically control and have access to the servers we operate in co-location facilities and the components of our custom-built infrastructure that are located in those co-location facilities, we control neither the operation of these facilities nor our third-party service providers. Furthermore, we have no physical access or control over the services provided by AWS or GCP. Data center leases and agreements with the providers of data center services expire at various times. The owners of these data centers and providers of these data center services may have no obligation to renew their agreements with us on commercially reasonable terms, or at all.

Problems or insolvency experienced by third-party service providers upon whom we rely, the telecommunications network providers with whom we or they contract or with the systems through which telecommunications providers allocate capacity among their customers could also materially adversely affect us. Any changes in service levels at our data centers, any third-party “cloud” computing services, or payment processors or any interruptions, outages or delays in our systems or those of our third-party providers, or deterioration in the performance of these systems, could impair our ability to provide our products or process transactions with our subscribers, which could materially adversely impact our business, financial condition, results of operations and prospects. Further, if the data centers and third-party service providers that we use are unable to keep up with our growing needs for capacity, or if we are unable to renew our agreements with data centers, and service providers on commercially reasonable terms, we may be required to transfer servers or content to new data centers or engage new service providers, and we may incur significant costs, and possible service interruption in connection with doing so. Additionally, if we need to migrate our business to different third-party data center service providers or payment aggregators as a result of any such problems or insolvency, it could delay our ability to process transactions with our subscribers. Any changes in third-party service levels at data centers or any real or perceived errors, defects, disruptions, or other performance problems with our platform could harm our reputation and may result in damage to, or loss or compromise of, our members’ content. See “—If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.”

In addition, we depend on the ability of our members to access the internet with high-bandwidth data capabilities. Currently, this access is provided by companies that have significant market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies, government-owned service providers, device manufacturers and operating system providers, any of whom could take actions that degrade, disrupt or increase the cost of member access to our products or services, which would, in turn, negatively impact our business. The adoption or repeal of any laws or regulations that adversely affect the growth, popularity or use of the internet, including laws or practices limiting internet neutrality, could decrease the demand for, or the usage of, our products and services, increase our cost of doing business and adversely affect our financial condition and results of operations.

Our success depends, in part, on the integrity of our information technology systems and infrastructures and on our ability to enhance, expand and adapt these systems and infrastructures in a timely and cost-effective manner.

In order for us to succeed, our information technology systems and infrastructures must perform well on a consistent basis. Our products and systems rely on software and hardware that are highly technical and complex and depend on the ability of such software and hardware to store, retrieve, process and manage immense amounts of data. We may in the future experience system interruptions that make some or all of our systems or data temporarily unavailable and prevent our products from functioning properly for our members; any such interruption could arise for any number of reasons, including software bugs and human errors. Further, our systems and infrastructures are vulnerable to damage from fire, power loss, hardware and operating software errors, cyber-attacks, technical limitations, telecommunications failures, acts of God, the financial insolvency of third parties that we work with, global pandemics and other public health crises, and other unanticipated problems or events. While we have backup systems in place for certain aspects of our operations, not all of our systems and infrastructures are fully redundant. Disaster recovery planning can never account for all possible eventualities and even if we anticipate an incident, our incident response, business continuity and disaster recovery plans may not be sufficient to timely and effectively address the issue, and our property and business interruption insurance coverage may not be adequate to compensate us fully for any losses that we may suffer. Any interruptions or outages, regardless of the cause, could negatively impact our members’ experiences with our products, tarnish our brand reputations and decrease demand for our products, any or all of which could materially adversely affect our business, financial condition and results of operations. Moreover, even if detected, the resolution of such interruptions may take a long time, during which customers may not be able to access, or may have limited access to, the service. See “—If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.”

We also continually work to expand and enhance the efficiency and scalability of our technology and network systems to improve the experience of our members, accommodate substantial increases in the volume of traffic to our various products, ensure acceptable load times for our products and keep up with changes in technology and member preferences. Any failure to do so in a timely and cost-effective manner could materially adversely affect our members' experience with our various products and thereby negatively impact the demand for our products, and could increase our costs, either of which could materially adversely affect our business, financial condition and results of operations.

We may fail to adequately obtain, protect and maintain our intellectual property rights or prevent third parties from making unauthorized use of such rights.

Our intellectual property is a material asset of our business and our success depends in part on our ability to protect our proprietary rights and intellectual property. For example, we rely on a combination of intellectual property rights, including patents, trademarks, designs, copyrights, related domain names, social media handles and logos to market our brands and to build and maintain brand loyalty and recognition. We also rely upon proprietary technologies and trade secrets, as well as a combination of laws and contractual restrictions, including confidentiality agreements with employees, customers, suppliers, affiliates and others, to establish, protect and enforce our various intellectual property rights.

We have in the past sought to register and we expect to continue to apply to register and renew, or secure by contract where appropriate, material trademarks and service marks as they are introduced and used, and reserve, register and renew domain names and social media handles as we deem appropriate. We rely on our trademarks and trade names to identify our platform and to differentiate our platform and services from those of our competitors, and if our trademarks and trade names are not adequately protected, then third parties may use trade names or trademarks similar to ours in a manner that may cause confusion in the market and we may not be able to build and maintain sufficient brand recognition in our markets of interest, which could decrease the value of our brand and adversely affect our business, financial condition and results of operations. Effective trademark protection may not be available or may not be sought in every country in which our products and services are made available, or in every class of goods and services in which we operate, and contractual disputes may affect the use of marks governed by private contract. Our trademarks, trade names or other intellectual property rights may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. Further, at times, competitors may have already registered or otherwise adopted trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. Similarly, not every variation of a domain name or social media handle may be available or be registered by us, even if available. The occurrence of any of these events could result in the erosion of our brands and limit our ability to market our brands using our various domain names and social media handles, as well as impede our ability to effectively compete against competitors with similar technologies or products, any of which could materially adversely affect our business, financial condition and results of operations.

We have received patents and have filed patent applications with respect to certain aspects of our technology; however, there can be no assurances that the steps taken by us would be adequate to exclude or prevent our competitors from implementing technology, methods, and processes similar to our own. We cannot be certain that our pending patent applications will result in issued patents or that any of our issued patents will afford protection against a competitor or provide a competitive advantage. The issuance of a patent involves complex legal and factual questions, and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued, or that our patents and any patents that may be issued to us in the future will afford protection against competitors with similar technology. In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the U.S., and thus we cannot be certain that foreign patent applications, whether or not related to issued U.S. patents, will be issued in other regions. Furthermore, even if these patent applications are accepted and the associated patents issued, some foreign countries provide significantly less effective patent enforcement than in the United States. Further, we may not timely or successfully apply for a patent to secure rights in our intellectual property.

Various courts, including the United States Supreme Court have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to software. These decisions state, among other things, that a patent claim that recites an abstract idea, natural phenomenon or law of nature are not themselves patentable. Precisely what constitutes a law of nature or abstract idea is uncertain, and it is possible that certain aspects of our technology could be considered abstract ideas. Accordingly, the evolving case law in the United States may adversely affect our ability to obtain patents and may facilitate third-party challenges to any owned or licensed patents.

In addition, patents issued to us may be infringed upon or designed around by others and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, financial condition and results of operations. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Litigation or proceedings before the U.S. Patent and Trademark Office (“USPTO”) or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights and to determine the validity and scope of our rights and the proprietary rights of others. Some of our patents or patent applications (including licensed patents) may be challenged at a future point in time in opposition, derivation, reexamination, inter partes review, post-grant review or interference. Any successful third-party challenge to our patents in this or any other proceeding could result in the unenforceability or invalidity of such patents, which may lead to increased competition to our business, which could harm our business, financial condition and results of operations. In addition, in patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on certain aspects of our platform technologies. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future products. We expect to continue to expand internationally and, in some foreign countries, the mechanisms to establish and enforce intellectual property rights may be inadequate to protect our technology, which could harm our business, financial condition and results of operations.

We also rely upon trade secret laws to protect intellectual property that may not be patentable, or for which we believe patent protection is too expensive or otherwise undesirable. While it is our policy to enter into confidentiality agreements with employees and third parties to protect our proprietary expertise and other trade secrets, we cannot guarantee that we have entered into such agreements with each party that has developed intellectual property on or behalf, or that has or may have had access to our proprietary information or trade secrets. Even if entered into, these agreements may otherwise fail to effectively prevent disclosure of proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. Some courts inside and outside the United States may be less willing or unwilling to protect trade secrets. In addition, technology that we protect as a trade secret may still be independently developed by others, and trade secret laws do not protect against the use and disclosure of such independently developed technologies. If any of our confidential or proprietary information, such as our trade secrets, was to be disclosed or misappropriated, or if any such information were independently developed by a competitor, our competitive position would be materially adversely harmed.

Further, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. Additionally, no assurance can be given that these agreements will be effective in controlling access to or potential misuse of our proprietary information and trade secrets, any such assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property.

Policing unauthorized use of our intellectual property and misappropriation of our technology and trade secrets is difficult and we may not always be aware of such unauthorized use or misappropriation. We may be forced to bring claims against third parties to determine the ownership of what we regard as our intellectual property or to enforce our intellectual property rights against infringement, misappropriation or other violations by third parties. However, the measures we take to protect our intellectual property from unauthorized use by others may not be effective and there can be no assurance that our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar or superior to ours or that compete with our business. We may not prevail in any intellectual property-related proceedings that we initiate against third parties. Further, in such proceedings or in proceedings before patent, trademark and copyright agencies, our asserted intellectual property could be narrowed or found to be invalid or unenforceable, in which case we could lose valuable intellectual property rights. In addition, even if we are successful in enforcing our intellectual property against third parties, the damages or other remedies awarded, if any, may not be commercially meaningful. Regardless of whether any such proceedings are resolved in our favor, such proceedings could cause us to incur significant expenses and could distract our personnel from their normal responsibilities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage. Additionally, enforcing our intellectual property rights in litigation can be costly, can divert our management's attention and resources, and the success of any such litigation is not assured. Our inability to protect our intellectual property and proprietary technology against unauthorized copying and use could delay further sales or the implementation of our solutions, impair the functionality of our platform, prevent or delay introductions of new or enhanced solutions, or injure our reputation. Furthermore, many of our current and potential competitors may have the ability to dedicate substantially greater resources to developing and protecting their technology or intellectual property rights than we do. As a result, we may be aware of infringement by our competitors but may choose not to bring litigation to protect our intellectual property rights due to the cost, time, and distraction of bringing such litigation.

Despite the measures we take to protect our intellectual property rights, our intellectual property rights may still not be adequate and protected in a meaningful manner, challenges to contractual rights could arise, third parties could copy or otherwise obtain and use our intellectual property without authorization, or laws and interpretations of laws regarding the enforceability of existing intellectual property rights may change over time in a manner that provides less protection. The occurrence of any of these events could impede our ability to effectively compete against competitors with similar technologies, any of which could materially adversely affect our business, financial condition and results of operations. Our intellectual property rights and the enforcement or defense of such rights may also be affected by developments or uncertainty in laws and regulations relating to intellectual property rights. Moreover, many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, may not favor the enforcement of patents, trademarks, copyrights, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement, misappropriation or other violation of our intellectual property or marketing of competing products in violation of our intellectual property rights generally.

Our patent applications may not result in issued patents, and our issued patents may not provide adequate protection, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours.

We have received patents and have filed patent applications with respect to certain aspects of our technology, and we generally rely on patent protection with respect to our proprietary technology; however, there can be no assurances that the steps taken by us would be adequate to exclude or prevent our competitors from implementing technology, methods, and processes similar to our own. We cannot be certain that our pending patent applications will result in issued patents or that any of our issued patents will afford protection against a competitor, or provide a competitive advantage. The issuance of a patent involves complex legal and factual questions, and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued, or that our patents and any patents that may be issued to us in the future will afford protection against competitors with similar technology. In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the United States, and thus we cannot be certain that foreign patent applications, whether or not related to issued U.S. patents, will be issued in other regions. Furthermore, even if these patent applications are accepted and the associated patents issued, some foreign countries provide significantly less effective patent enforcement than in the United States. Further, we may not timely or successfully apply for a patent to secure rights in our intellectual property.

Various courts, including the United States Supreme Court have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to software. These decisions state, among other things, that a patent claim that recites an abstract idea, natural phenomenon or law of nature are not themselves patentable. Precisely what constitutes a law of nature or abstract idea is uncertain, and it is possible that certain aspects of our technology could be considered abstract ideas. Accordingly, the evolving case law in the United States may adversely affect our ability to obtain patents and may facilitate third-party challenges to any owned or licensed patents.

In addition, patents issued to us may be infringed upon or designed around by others and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, financial condition and results of operations. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Litigation or proceedings before the USPTO or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights and to determine the validity and scope of our rights and the proprietary rights of others. Some of our patents or patent applications (including licensed patents) may be challenged at a future point in time in opposition, derivation, reexamination, inter partes review, post-grant review or interference. Any successful third-party challenge to our patents in this or any other proceeding could result in the unenforceability or invalidity of such patents, which may lead to increased competition to our business, which could harm our business, financial condition and results of operations. In addition, in patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on certain aspects of our platform technologies. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future products. We expect to continue to expand internationally and, in some foreign countries, the mechanisms to establish and enforce intellectual property rights may be inadequate to protect our technology, which could harm our business, financial condition and results of operations.

From time to time, we have been and may be party to intellectual property-related litigation and proceedings that are expensive and time-consuming to defend, and, if resolved adversely, could materially adversely impact our business, financial condition and results of operations.

Our commercial success depends in part on avoiding infringement, misappropriation or other violations of the intellectual property rights of third parties. From time to time, however, we have received and may in the future receive claims from third parties which allege that we have infringed upon their intellectual property rights, and we may not prevail in these disputes. For example, patent applications in the United States and some foreign countries are generally not publicly disclosed until the patent is issued or published and we may not be aware of currently filed patent applications that relate to our products or services. If patents later issue on these applications, we may be found liable for subsequent infringement. Companies in the internet and technology industries are subject to frequent litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for infringement, misappropriation or other violations of patent or other intellectual property rights. Furthermore, various “non-practicing entities” that own patents and other intellectual property rights often attempt to assert claims in order to extract value from technology companies and, given that these non-practicing entities typically have no relevant product revenue, our own issued or pending patents and other intellectual property rights may provide little or no deterrence to their bringing infringement claims against us. Further, from time to time we may introduce new products, product features and services, including in areas where we currently do not have an offering, which could increase our exposure to patent and other intellectual property claims from competitors and non-practicing entities. In addition, some of our agreements with third-party partners require us to indemnify them for certain intellectual property claims against them, which could require us to incur considerable costs in defending such claims and may require us to pay significant damages in the event of an adverse ruling. Such third-party partners may also discontinue their relationships with us as a result of injunctions or otherwise, which could result in loss of revenue and adversely impact our business, financial condition and results of operations.

Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees or consultants have inadvertently or otherwise used or disclosed intellectual property, including trade secrets, software code or other proprietary information, of a former employer or other third parties. Litigation may be necessary to defend against these claims and if we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

As we gain greater public recognition, face increasing competition and develop new products, we expect the number of patent and other intellectual property claims against us may grow. There may be intellectual property or other rights held by others, including issued or pending patents, that cover significant aspects of our products and services, and we cannot be sure that we are not infringing or violating, and have not infringed or violated, any third-party intellectual property rights or that we will not be held to have done so or be accused of doing so in the future. Companies in the technology industry, and other patent, copyright, and trademark holders seeking to profit from royalties in connection with grants of licenses, own large numbers of patents, copyrights, trademarks, domain names, and trade secrets and frequently commence litigation based on allegations of infringement, misappropriation, or other violations of intellectual property or other rights.

Any claim or litigation alleging that we have infringed or otherwise violated intellectual property or other rights of third parties, with or without merit, and whether or not settled out of court or determined in our favor, could be time-consuming and costly to address and resolve, and could divert the time and attention of our management and technical personnel. Some of our competitors have substantially greater resources than we do and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. The outcome of any litigation is inherently uncertain, and there can be no assurances that favorable final outcomes will be obtained in all cases. In addition, third parties may seek, and we may become subject to, preliminary or provisional rulings in the course of any such litigation, including potential preliminary injunctions requiring us to cease some or all of our operations. During the course of such litigation matters, there may be announcements of the results of hearings and motions, and other interim developments related to the litigation matters. If securities analysts or investors regard these announcements as material and negative, the market price of our common stock may decline. We may decide to settle such lawsuits and disputes on terms that are unfavorable to us. Similarly, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment. The terms of such a settlement or judgment may require us to cease some or all of our operations, pay substantial amounts to the other party including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property rights. Moreover, as part of any settlement or other compromise to avoid complex, protracted litigation, we may agree not to pursue future claims against a third party, including for claims related to alleged infringement of our intellectual property rights. Part of any settlement or other compromise with another party may resolve a potentially costly dispute but may also have future repercussions on our ability to defend and protect our intellectual property rights, which in turn could adversely affect our business, financial conditions, and results of operations. In addition, we may have to seek a license to continue practices found to be in violation of a third party's rights. However, such arrangements may not be available on reasonable or exclusive terms, or at all, and may significantly increase our operating costs and expenses. As a result, we may be forced to develop or procure alternative non-infringing technology, which could require significant effort, time and expense or discontinue use of the technology. There also can be no assurance that we would be able to develop or license suitable alternative technology to permit us to continue offering the affected products or services as currently offered. If we cannot develop or license alternative technology for any allegedly infringing aspect of our business, we would be forced to limit our products and services and may be unable to compete effectively. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Any of the foregoing, and any unfavorable resolution of such disputes and litigation, would materially and adversely impact our business, financial condition and results of operations.

Our use of “open source” software could subject our proprietary software to general release, adversely affect our ability to sell our products and services and subject us to possible litigation.

Our products incorporate open-source software in connection with a portion of our proprietary software and we expect to continue to use open-source software in the future. Under certain circumstances, some open-source licenses require users of the licensed code to provide the user’s own proprietary source code to third parties upon request, to license at no cost the user’s own proprietary source code or other materials for the purpose of making derivative works, require the relicensing of the open-source software and derivatives thereof under the terms of the applicable license, or prohibit users from charging a fee to third parties in connection with the use of the user’s proprietary code. While we try to insulate our proprietary code from the effects of such open-source license provisions and employ practices designed to monitor our compliance with the licenses of third-party open-source software, we cannot guarantee that we will be successful. Accordingly, we may face claims from others challenging our use of open-source software, claiming ownership of, or seeking to enforce the license terms applicable to such open-source software, including by demanding release of the open-source software, derivative works or our proprietary source code that was developed or distributed in connection with such software. Such claims could also require us to purchase a commercial license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business, financial condition and results of operations. In addition, if the license terms for the open-source code change, we may be forced to re-engineer our software or incur additional costs. Additionally, the terms of many open-source licenses to which we are subject have not been interpreted by U.S. or foreign courts, resulting in a dearth of guidance regarding the proper legal interpretation of such licenses. There is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our products and services.

In addition, the use of open-source software may entail greater risks than the use of third-party commercial software, as open-source licensors generally do not provide warranties, support, indemnities for infringement or controls on the functionality or origin of the software. Further, the use of open-source software may also present additional security risks because the public availability of the source code of such software may make it easier for hackers and other third parties to exploit vulnerabilities in the software. To the extent that our platform depends upon the successful operation of the open-source software we use, any undetected errors or defects in this open-source software could prevent the deployment or impair the functionality of our platform, delay the introduction of new solutions, result in a failure of our platform, and injure our reputation. For example, undetected errors or defects in open-source software could render it vulnerable to breaches or security attacks and make our systems more vulnerable to data breaches.

Our exposure to these risks may be increased as a result of evolving our core source code base, introducing new content and offerings, integrating acquired-company technologies, or making other business changes, including in areas where we do not currently compete. Any of the foregoing could adversely impact the value or enforceability of our intellectual property, and materially adversely affect our business, financial condition and results of operations.

Risks Related to Legal Matters and Our Regulatory Environment

Our business is subject to complex and evolving U.S. and international laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and failure to comply with such laws and regulations could result in claims, changes to our business practices, monetary penalties, increased cost of operations, reputational damage, or declines in member growth or engagement, or otherwise harm our business, financial condition and results of operations.

We are subject to a variety of laws and regulations in the United States and abroad that involve matters that are important to or may otherwise impact our business, including, among others, broadband internet access, online commerce, advertising, data privacy, data security, intermediary liability, protection of minors, consumer protection, accessibility, taxation and securities law compliance. The introduction of new products, expansion of our activities in certain jurisdictions, or other actions that we may take may subject us to additional laws, regulations or other government scrutiny. In addition, foreign laws and regulations can impose different obligations or be more restrictive than those in the United States.

These U.S. federal, state, and municipal and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. In addition, the introduction of new brands and products, or changes to our existing brands and products, may result in new or enhanced governmental or regulatory scrutiny. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from state to state and country to country and inconsistently with our current policies and practices. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, require that we change or cease certain business practices, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines, demands or orders that require us to modify or cease existing business practices. We have in the past and may in the future be subject to claims, inquiries or regulatory investigations, relating to such laws and regulations. It is possible that a regulatory inquiry might result in changes to our policies or practices. In addition, it is possible that future orders issued by, or enforcement actions initiated by, regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner that could materially adversely affect our business, financial condition and results of operations.

The promulgation of new laws or regulations, or the new interpretation of existing laws and regulations, in each case, that restrict or otherwise unfavorably impact our business, or our ability to provide or the manner in which we provide our services, could require us to change certain aspects of our business and operations to ensure compliance, which could decrease demand for services, reduce revenues, increase costs and subject us to additional liabilities. For example, U.S. courts have increasingly interpreted Title III of the Americans with Disabilities Act (the “ADA”) to require websites and web-based applications to be made fully accessible to individuals with disabilities. As a result, we may become subject to claims that our apps are not compliant with the ADA, which may require us to make modifications to our products to provide enhanced or accessible services to, or make reasonable accommodations for, individuals, and failure to comply could result in litigation, including class action lawsuits.

The adoption of any laws or regulations that adversely affect the popularity or growth in use of the internet or our services, including laws or regulations that undermine open and neutrally administered internet access, could decrease member demand for our service offerings and increase our cost of doing business. For example, in December 2017, the FCC adopted an order reversing net neutrality protections in the United States, including the repeal of specific rules against blocking, throttling or “paid prioritization” of content or services by internet service providers. To the extent internet service providers engage in such blocking, throttling or “paid prioritization” of content or similar actions as a result of this order and the adoption of similar laws or regulations, our business, financial condition and results of operations could be materially adversely affected.

We rely on a variety of statutory and common-law frameworks and defenses relevant to the content available on the Life360 Platform, including the Digital Millennium Copyright Act, the Communications Decency Act (“CDA”) and the fair-use doctrine in the United States, and the Electronic Commerce Directive in the European Union. However, each of these statutes is subject to uncertain or evolving judicial interpretation and regulatory and legislative amendments. For example, in the United States, laws such as the CDA, which have previously been interpreted to provide substantial protection to interactive computer service providers, may change and become less predictable or unfavorable by legislative action or juridical interpretation. There have been various federal and state legislative efforts to restrict the scope of the protections available to online platforms under the CDA, in particular with regards to Section 230 of the CDA, and current protections from liability for third-party content in the United States could decrease or change. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages.

The European Union is also focused on the regulation of digital services. The DSA came into force in 2022, with the majority of the substantive provisions taking effect in 2024. The DSA could create potential liability for us for illegal services and products or content on our platform and imposes obligations around traceability of business users and enhanced transparency measures (including in relation to any recommendation systems (including the main parameters used by such systems and any available options for recipients to modify or influence them)). In addition to the general DSA obligations, we may be subject to obligations if we are considered a hosting service, such as implementing a notice and takedown procedure for allegedly illegal content, and reporting to national law enforcement or judicial authorities of relevant EU Member States of information that gives rise to suspicions of criminal offenses involving a threat to the life or safety of persons. Further, the DSA contains general requirements that user interfaces may not deceive or manipulate users. The DSA may increase our compliance costs, require changes to our user interfaces, processes, operations, and business practices which may adversely affect our ability to attract, retain and provide our services to members, and may otherwise adversely affect our business, operations and financial condition. Failure to comply with the DSA can result in fines of up to 6% of total annual worldwide turnover and recipients of services have the right to seek compensation from providers in respect of damage or loss suffered due to infringement by the provider to comply with the DSA. Some European jurisdictions and the UK have also proposed or intend to pass legislation that imposes new obligations and liabilities on platforms with respect to certain types of harmful content. While the scope and timing of these proposals are currently uncertain, if the rules, doctrines or currently available defenses change, if international jurisdictions refuse to apply similar protections that are currently available in the United States, or the European Union or if a court were to disagree with our application of those rules to our service, we could be required to expend significant resources to try to comply with the new rules or incur liability, and our business, financial condition and results of operations could be harmed.

We may fail to comply with laws regulating subscriptions and auto-payment renewals, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

We are subject to certain federal and state laws that govern the ability of members to cancel subscriptions and auto-payment renewals. Our subscriptions automatically renew unless the subscriber cancels the subscription before the end of the current period. The Federal Restore Online Shoppers' Confidence Act ("ROSCA"), and state law analogues require companies to adhere to enhanced disclosure and cancellation requirements when entering into automatically renewing contracts with subscription customers. Regulators and private plaintiffs have brought enforcement and litigation actions against companies, challenging automatic renewal and subscription programs. If we fail to comply with ROSCA or its state law analogues, we could incur substantial legal fees and costs and reputational harm. In addition, compliance and remediation efforts can be costly.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved could have a material adverse effect on our business, financial condition and results of operations.

We have been in the past, are, and may in the future become, subject to litigation and various legal proceedings (including, without limitation, government and private party inquiries and claims), including litigation and proceedings related to intellectual property matters, data privacy, data security, and consumer protection laws, as well as stockholder derivative suits, class action lawsuits, actions from former employees and other matters, that involve claims for substantial amounts of money or for other relief or that might necessitate changes to our business or operations. We have received, and may in the future continue to receive, inquiries from regulators regarding our compliance with law and regulations, including those related to data protection and consumer rights, and due to the nature of our business and the rapidly evolving landscape of laws relating to data privacy, cybersecurity, consumer protection and data use, we expect to continue to be the subject of regulatory investigations and inquiries in the future. The defense of these legal proceedings could be time-consuming and expensive and could distract our personnel from their normal responsibilities. The results of any such litigation, investigations and legal proceedings are inherently unpredictable and expensive. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves or disclose the relevant litigation claims or legal proceedings, as and when required or appropriate. These assessments and estimates are based on information available to management at the time of such assessment or estimation and involve a significant amount of judgment. As a result, actual outcomes or losses could differ materially from those envisioned by our current assessments and estimates. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be forced to change the way in which we operate our business or be exposed to monetary damages that, to the extent not covered by our insurance, could have a material adverse effect on our business, financial condition and results of operations. See "Item 3. Legal Proceedings."

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended, or (the “Code”), a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change net operating losses, or (“NOLs”), to offset future taxable income. A Section 382 “ownership change” generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. As of March 31, 2024, we have approximately \$121.1 million and \$65.5 million of federal and state net operating loss carryforwards, respectively, available to offset future taxable income which, if not utilized, will begin to expire in varying amounts in 2033. Our ability to utilize NOLs may be currently subject to limitations due to a prior ownership change. In addition, future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code, further limiting our ability to utilize NOLs arising prior to such ownership change in the future. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. We have recorded a full valuation allowance against the net deferred tax assets attributable to our NOLs.

We are subject to taxation related risks in multiple jurisdictions.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Significant judgment is required in determining our global provision for income taxes, deferred tax assets or liabilities and in evaluating our tax positions on a worldwide basis. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be challenged by jurisdictional tax authorities, which may have a significant impact on our global provision for income taxes.

Tax laws are being re-examined and evaluated globally. New laws and interpretations of the law are taken into account for financial statement purposes in the quarter or year that they become applicable. Tax authorities are increasingly scrutinizing the tax positions of companies. Many countries in the European Union, as well as a number of other countries and organizations, such as the Organization for Economic Cooperation and Development (“OECD”) and the European Commission, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in countries where we do business. These proposals include changes to the existing framework to calculate income tax, as well as proposals to change or impose new types of non-income taxes, including taxes based on a percentage of revenue. For example, several countries in the European Union have proposed or enacted taxes applicable to digital services, which includes business activities on social media platforms and online marketplaces, and would likely apply to our business. Many questions remain about the enactment, form and application of these digital services taxes. The interpretation and implementation of the various digital services taxes (especially if there is inconsistency in the application of these taxes across tax jurisdictions) could have a materially adverse impact on our business, financial condition, results of operations and cash flows. Further, more than 140 countries agreed to enact the Pillar II global minimum tax. While the OECD issued a framework model, each country will enact its own laws to incorporate Pillar II. While Pillar II is a global model, the country by country enactment of different laws to incorporate the framework is complex and there is uncertainty as to how the enactment of these laws will impact us. These changes could increase our total tax burden in the future. Moreover, the U.S. government may enact significant changes to the taxation of business entities including, among others, the imposition of minimum taxes or surtaxes on certain types of income (such as the recent United States Inflation Reduction Act which, among other changes, introduced a 15% corporate minimum tax on certain United States corporations and a 1% excise tax on certain stock redemptions by the United States corporations). Furthermore, if the U.S. or other foreign tax authorities change applicable tax laws or practices, our overall taxes could increase, and our business, financial condition and results of operations may be adversely impacted.

Actions by governments to restrict access to Life360 in their countries, or that otherwise impair our ability to sell advertising in their countries, could substantially harm our business, financial condition and results of operations.

Governments may seek to censor content available on the Life360 Service, restrict access to the platform from their country entirely, or impose other restrictions that may affect the accessibility of the platform in their country for an extended period of time or indefinitely. In addition, government authorities in other countries may seek to restrict member access to the platform if they consider us to be in violation of their laws or a threat to public safety or for other reasons. It is possible that the government authorities could take action that impairs our ability to sell advertising, including in countries where access to our consumer-facing platform may be blocked or restricted. In the event that content shown on the Life360 Service or our other products is subject to censorship, access to our products is restricted, in whole or in part, in one or more countries, we are required to or elect to make changes to our operations, or other restrictions are imposed on our products, or our competitors are able to successfully penetrate new geographic markets or capture a greater share of existing geographic markets that we cannot access or where we face other restrictions, our ability to retain or increase our member base, member engagement, or the level of advertising by marketers may be adversely affected, we may not be able to maintain or grow our revenue as anticipated, and our financial results could be materially adversely affected.

If additional tariffs on Chinese-origin goods are imposed, related countermeasures are taken by the PRC, or we experience supply chain transformation setbacks, it could have an adverse impact on our business, financial condition and results of operations.

Tile's products are manufactured in the PRC, making the pricing and availability of our products susceptible to international trade risks. In 2018, the United States imposed additional duties under Section 301 of the U.S. Trade Act of 1974, ranging from 10% to 25%, on a variety of goods imported from the PRC. While these tariffs initially did not affect our products, in May 2019, the United States proposed to place tariffs on essentially all remaining Chinese-origin imports. Subsequently, the Trump Administration announced that 15% tariffs would be imposed on a subset of these goods, including wearable devices, which went into effect September 1, 2019. These tariffs were reduced to 7.5% on February 14, 2020.

These elevated tariffs have resulted in higher costs for Tile. There is uncertainty as to when the tariffs will ease. However, if additional tariffs are imposed, related countermeasures are taken by the PRC, or we experience setbacks in our supply chain transformation efforts, our revenue, gross margins, financial condition and results of operations may be adversely affected.

We are subject to governmental export and import controls and economic sanction laws that could subject us to liability and impair our ability to compete in international markets.

The United States and various foreign governments have imposed controls, export license requirements, prohibitions and restrictions on the import, export, reexport and other transfers of certain goods, software, services and technologies. Compliance with applicable regulatory requirements regarding the export or other transfer of our products and services and other items may create delays in the introduction of our products and services in international markets, prevent our international members from accessing our products and services, and, in some cases, prevent the supply of our products and services to some countries altogether.

Furthermore, U.S. export control laws and economic sanctions prohibit the provision of products and services to countries, regions, governments, organizations and persons targeted by U.S. sanctions. Even though we take precautions to prevent our products from being provided to targets of U.S. sanctions, our products and services, including our firmware updates, could be provided to those targets. Any such unauthorized provision could have negative consequences, including government investigations, penalties, reputational harm. Our failure to obtain required import, export or other transfer approval for our products could harm our international and domestic sales and adversely affect our revenue.

We could be subject to future enforcement action with respect to compliance with governmental export and import controls and economic sanctions laws that result in penalties, costs, and restrictions on export and reexport eligibility that could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Common Stock and CDIs

The market price of our CDIs has been, and common stock may be, volatile, which could cause the value of our common stock to decline.

The trading price of our CDIs on the ASX has been volatile, and even if a trading market for our common stock develops, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our CDIs and common stock if a market develops may fluctuate and cause significant price variations to occur. Securities markets worldwide experience significant price and volume fluctuations as a result of a variety of factors, many of which are beyond our control but may nonetheless decrease the market price of our CDIs and common stock if a market develops, regardless of our actual operating performance, including:

- public reaction to our press releases, announcements and filings with the SEC and ASX;
- our operating and financial performance;
- fluctuations in market prices and trading volumes of technology;
- changes in market valuations of similar companies;
- departures of key personnel;
- commencement of or involvement in litigation;
- changes in economic and political conditions, financial markets, and/or the technology industry;
- interest rate fluctuations;
- changes in accounting standards, policies, guidance, interpretations, or principles;
- actions by our stockholders;
- the failure of securities analysts to cover our common stock and/or changes in their recommendations and estimates of our financial performance;
- future sales of our common stock;
- trading prices and trading volumes of our CDIs on the ASX; and
- the other factors described in these “Risk Factors”.

The stock market has in the past experienced extreme price and volume fluctuations, and, following periods of such volatility in the overall market and the market price of a company’s securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management’s attention and resources.

Additionally, our securities may in the future trade on more than one stock exchange and this may result in price variations between the markets and volatility in our stock price. Our CDIs are currently listed on the ASX and we may list our common stock on a U.S. securities exchange in the future. Trading in our common stock and CDIs therefore may take place in different currencies (U.S. dollars on the U.S. securities exchange and Australian dollars on the ASX), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and Australia). The trading prices of our CDIs and our common stock on two markets may differ as a result of these, or other, factors. Any decrease in the price of our CDIs or common stock on either market could cause a decrease in the trading prices of our CDIs or our common stock on the other market. In addition, investors may seek to profit by exploiting the difference, if any, between the price of our CDIs on the ASX and the price of shares of our common stock on a U.S. securities exchange. Such arbitrage activities could cause our stock price in the market with the higher value to decrease to the price set by the market with the lower value and could also lead to significant volatility in the price of our common stock or CDIs.

If securities and industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our CDIs on the ASX is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts currently covering our securities ceases coverage, the trading price for our CDIs on the ASX would be negatively impacted. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our CDI performance, or if our results of operations fail to meet the expectations of analysts, our CDIs and common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline.

Our common stock may never be listed on a major U.S. stock exchange.

Our common stock is not currently traded on any U.S. securities exchange. No market may ever develop for our common stock, or if developed, may not be sustained in the future. The holders of our shares of common stock and persons who desire to purchase them in any trading market that might develop in the future should be aware that there might be significant state law restrictions upon the ability of investors to resell our shares. Accordingly, even if we are successful in having the shares available for trading on the over-the-counter markets, investors should consider any secondary market for our common shares to be a limited one.

If we are not able to maintain sufficient cash funds, we may cease trading on the ASX.

If we are not able to maintain sufficient funds to fund our activities or if ASX considers that our financial position is not adequate to warrant the continued quotation of our CDIs on ASX, ASX may suspend our CDIs from quotation. This would limit our liquidity and, in particular, could harm the ability of CDI holders to liquidate their position in our Company. In addition, the value of our Company could decline if we are not able to maintain our listing on ASX.

The different characteristics of the capital markets in Australia and the United States may negatively affect the trading prices of our CDIs and common stock, and may limit our ability to take certain actions typically performed by a U.S. company.

We are subject to ASX listing and associated Australian regulatory requirements, and may in the future determine to concurrently list our shares on a U.S. securities exchange as well, which will have its own listing and regulatory requirements. Such exchanges will have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our CDIs and our common stock may not be the same, even allowing for currency differences. Fluctuations in the price of our common stock due to circumstances unusual to the U.S. capital markets could materially and adversely affect the price of the CDIs, or vice versa. Certain events having significant negative impact specifically on the Australian capital markets may result in a decline in the trading price of our CDIs notwithstanding that such event may not impact the trading prices of securities listed in the United States generally or to the same extent, or vice versa.

In addition, the listing and regulatory requirements of the ASX may limit our ability to take certain actions typically performed by a U.S. company. For example, the ASX Listing Rules limit the amount of equity securities that a listed company can issue without the approval of its stockholders over any 12 month period to 15% of the outstanding share capital on issue at the start of the period, unless an exception applies. Failure to obtain this approval may make it more difficult for us to issue equity securities in the future at a time and at a price that we deem appropriate. ASX rules also require stockholder approval for the granting of options and restricted stock units to our directors, even when the underlying equity incentive plan has already been approved. This creates a risk that, if stockholders do not approve the grants, our directors will not receive their expected amount of equity compensation. This may make it more difficult for us to attract and retain directors, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Further, ASX Listing Rules prohibit us from buying back CDIs on-market at a price which is 5% or more above the volume weighted average market price of our CDIs, calculated over the last five days on which sales of CDIs were recorded before the day on which the purchase under the buy-back was made, which, as a result, may make it more difficult to repurchase our CDIs on-market. In addition, should we wish to undertake an on-market buy-back, the ASX may impose further requirements on us as if we were subject to the Corporations Act, which may include the need to obtain stockholder approval to do so.

Lastly, the ASX Listing Rules prohibit the issuance of equity securities by a company without stockholder approval during the three-month period after it learns that a person is making, or proposes to make, a takeover for its securities, unless an exception applies. As a result, if a hostile takeover bid is made in respect of our CDIs or common stock, the ASX Listing Rules may limit our ability to issue equity securities, either as a counter-measure to the takeover bid or to fund operations.

Provisions of our charter documents and Delaware law may inhibit a takeover, which could limit the price investors might be willing to pay in the future for our common stock.

Some provisions of our charter documents could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including: (i) limitations on the ability of our stockholders to act by written consent or call a special meeting; (ii) establishing advance notice provisions for nominations for elections to the Board; and (iii) establishing that our Board is divided into three classes, with each class serving three-year, staggered terms. In addition, on April 1, 2024, our board of directors adopted resolutions approving, subject to stockholder approval at our Annual Meeting of Stockholders to be held on May 29, 2024, amendments to our charter documents to: (i) increase the authorized number of shares of our common stock; (ii) authorize shares of “blank check” preferred stock; (iii) permit the chairperson of the board of directors, the board of directors, or our chief executive officer to call a special meeting of our stockholders, with the effect of removing the ability of certain stockholders to call a special meeting; (iv) eliminate or limit the liability of our officers to the extent permitted under Delaware law; and (v) provide that the sole and exclusive forum for the resolution of any complainant asserting a cause of action arising under the Securities Act shall be the U.S. federal district courts (such amendments, collectively, the “Charter Amendment Proposals”). These provisions could discourage an acquisition of us or other change in control transactions, thereby negatively affecting the price that investors might be willing to pay in the future for our common stock.

We have identified a material weakness in our internal control over financial reporting in the past. If we identify additional material weaknesses in our future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and the price of our common stock and CDIs.

We are required, pursuant to Section 404 Sarbanes-Oxley Act of 2002 (“Section 404”), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, because we ceased to be an “emerging growth company” as defined in the Jumpstart our Business Startups Act of 2012 as of December 31, 2023, our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts. We may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and update the systems and process documentation necessary to perform the evaluation needed to comply with Section 404. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business, results of operations, and financial condition and could cause a decline in the trading price of our common stock and CDIs.

In connection with the preparation and audit of our financial statements as of and for the fiscal year ended December 31, 2022, our management identified a material weakness in our internal control over financial reporting related to management’s risk assessment process over information technology general controls (ITGCs), including certain controls over logical access, segregation of duties and change management, and certain process level controls including information used in the execution of those controls that impacted our financial reporting processes. During 2023, we identified and implemented remedial measures to address the control deficiencies that led to the material weakness and determined our internal controls over financial reporting were effective as of December 31, 2023. However, there can be no assurance that remedial measures will continue to operate or that they will prevent other control deficiencies or material weaknesses, and we may identify additional material weaknesses in our internal control over financial reporting in the future. If we identify additional material weaknesses in our internal control over financial reporting in the future, there could be errors in our annual or interim consolidated financial statements that could result in a restatement of our financial statements or could cause us to fail to meet our reporting obligations. As a further result, our access to capital markets and perceptions of our creditworthiness could be adversely affected, any of which could diminish investor confidence in us and cause a decline in the price of our common stock and CDIs.

Our Certificate of Incorporation provides, subject to certain exceptions, that the Court of Chancery of the State of Delaware is the exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to bring a claim in a judicial forum that they find more favorable for disputes with us or our directors, officers, employees or stockholders.

Pursuant to our Certificate of Incorporation unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action or proceeding asserting a claim of breach of a fiduciary duty by any of our stockholders, directors, officers, employees or agents to us or our stockholders, (3) any action or proceeding asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our Certificate of Incorporation or Bylaws or (4) any action or proceeding asserting a claim governed by the internal affairs doctrine. In addition, subject to stockholder approval at our Annual Meeting of Stockholders to be held on May 29, 2024, our Certificate of Incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for the resolution of any complainant asserting a cause of action arising under the Securities Act shall be the U.S. federal district courts. The forum selection clause in our Certificate of Incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to bring a claim in a judicial forum that they find more favorable for disputes with us or any of our directors, officers, other employees, or stockholders. The exclusive forum provision does not apply to any actions brought to enforce a duty or liability created by the Securities Act, as amended, the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Alternatively, if a court were to find the choice of forum provision contained in our Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

General Risk Factors

We incur increased costs and are subject to additional regulations and requirements as a result of becoming a U.S. reporting company, and our management is required to devote substantial time to complying with Delaware laws, Australian laws, and reporting requirements pursuant to U.S. securities laws, which could lower profits and make it more difficult to run our business.

As a U.S. reporting company, we incur significant legal, accounting, reporting, and other expenses that we have not previously incurred, including costs associated with the SEC reporting company requirements. We also have incurred, and will continue to incur, costs associated with compliance with the rules and regulations of the SEC, the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, and various other costs of a reporting company. Registration under the Exchange Act requires the filing of ongoing annual, quarterly, and current reports on Forms 10-K, 10-Q and 8-K, respectively.

These SEC reports are in addition to the periodic filings required by the ASX Listing Rules. In 2022, the ASX granted us a waiver of certain ASX Listing Rules to permit us to file our annual, quarterly, and current reports on Forms 10-K, 10-Q and 8-K, respectively, in place of ASX annual, half-year and quarterly filings. In the absence of the waiver, we would be required to make annual, half-year and quarterly filings with the ASX in addition to the SEC periodic reports.

As a Delaware corporation, we must also ensure continued compliance with the Delaware law and, as we will be listed on the ASX and registered as a foreign company in Australia, we will also need to ensure continuous compliance with relevant Australian laws and regulations, including the ASX Listing Rules and Australia's Corporations Act 2001 (Cth) of Australia. To the extent of any inconsistency between Delaware law and Australian law and regulations, we may need to make changes to our business operations, structure or policies to resolve such inconsistency. If we are required to make such changes, this is likely to result in additional demands on management and extra costs.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. Our management will need to devote a substantial amount of time to ensure that we comply with all of these requirements. These laws and regulations also could make it more difficult and costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult to attract and retain qualified persons to serve on our Board and board committees and serve as executive officers. Furthermore, if we are unable to satisfy our obligations as a reporting company, we could be subject to fines, sanctions, and other regulatory action and potentially civil litigation and we could be subject to delisting of our CDIs on the ASX or other exchange on which our securities may be traded.

We may be required to delay recognition of some of our revenue, which may harm our financial results in any given period.

We may be required to delay recognition of revenue for a significant period of time after entering into a future agreement due to a variety of factors, including but not limited to, whether:

- the transaction involves acceptance criteria or other terms that may delay revenue recognition; or
- the transaction involves performance milestones or payment terms that depend upon contingencies; or
- the customer requires significant modifications, configurations or complex interfaces that could delay delivery or acceptance of our products or services

Because of these factors and other specific revenue recognition requirements under GAAP, we must have very precise terms in our contracts to recognize revenue when we initially provide access to our platform or other products. Although we strive to enter into agreements that meet the criteria under GAAP for current revenue recognition on delivered performance obligations, our agreements are often subject to negotiation and revision based on the demands of our customers. The final terms of our agreements sometimes result in deferred revenue recognition, which may adversely affect our financial results in any given period. In addition, more customers may require extended payment terms, shorter term contracts or alternative licensing arrangements that could reduce the amount of revenue we recognize upon delivery of our other products and could adversely affect our short-term financial results.

Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates.

Severe weather, natural disasters, global pandemics, acts of war or terrorism, theft, civil unrest, government expropriation or other external events could have significant effects on our business.

Severe weather and natural disasters, including hurricanes, tornados, earthquakes, fires, droughts and floods, acts of war or terrorism (such as the recent escalation in regional conflicts between Russia and Ukraine and Israel and Hamas), epidemics and global pandemics (such as COVID-19), theft, civil unrest, government expropriation, condemnation or other external events in the markets where our apps are available for download or where our customers live could have a significant effect on our ability to conduct business. Such events could affect the stability of our deposit base, cause significant property damage, impair employee productivity, result in loss of revenue and/or cause us to incur additional expenses. For example, the conflict in Ukraine delayed certain projects due to temporarily reduced engineering capacity while we redeployed local teams. The occurrence of any such event could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit No.	Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Filing Date	Exhibit No.
3.1	Amended and Restated Certificate of Incorporation of the Company		10-12G/A	000-56424	July 5, 2022	3.1
3.2	Amended and Restated Bylaws of the Company		10-K	000-56424	March 23, 2023	3.2
10.1	Form of 2023 Severance and Change in Control Plan.	X				
10.2	Employment Agreement, dated May 11, 2020, by and between Life360, Inc. and Russell Burke.	X				
10.3	Employment Agreement, dated May 2, 2023 by and between Life360, Inc. and Lauren Antonoff.	X				
10.4	Employment Agreement, dated July 31, 2023, by and between Life360, Inc. and Susan Stick.	X				
10.5	Employment Agreement, dated May 14, 2019, by and between Life360, Inc. and David Rice.	X				
10.6	Expatriate Employment Agreement, dated March 10, 2023, by and between Life360, Inc. and David Rice.	X				
31.1	Chief Executive Officer Certification Pursuant to Rule 13a-14(a) of the Exchange Act.	X				
31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14(a) of the Exchange Act.	X				
32.1*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
32.2*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
101.INS	Inline XBRL Instance Document	X				
101.SCH	Inline XBRL Schema Document	X				
101.CAL	Inline XBRL Calculation Linkbase Document	X				
101.DEF	Inline XBRL Definition Linkbase Document	X				
101.LAB	Inline XBRL Label Linkbase Document	X				
101.PRE	Inline XBRL Presentation Linkbase Document	X				
104	Cover Page Interactive Data (formatted as Inline XBRL and contained in Exhibit 101)	X				

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- * This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIFE360, INC.

Dated: May 9, 2024

By: /s/ Chris Hulls

Chris Hulls

Chief Executive Officer

(Principal Executive Officer)

Dated: May 9, 2024

By: /s/ Russell Burke

Russell Burke

Chief Financial Officer

(Principal Financial Officer)