

ASX ANNOUNCEMENT

27 August 2020

Life360 2020 Half-Year Results Announcement

Normalised revenue growth of 57% for the six months to June 2020 notwithstanding COVID-19 impact

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today released its Half-Year Results and Appendix 4D for the six months ending 30 June 2020. The Appendix 4D is prepared in US dollars under US GAAP.

- Normalised revenue of US\$38.7 million up 57% year-on-year (YoY) including non-recurring adjustment of US\$0.9 million
- Reported revenue of US\$37.8 million
- Statutory EBITDA loss of US\$7.1 million, a 57% YoY improvement
- Underlying EBITDA loss (excluding Stock Based Compensation and including non-recurring adjustment) of US\$2.6 million, an 82% YoY improvement
- Statutory net loss of US\$7.2 million, a 58% YoY improvement
- Underlying net loss (excluding Stock Based Compensation and non-recurring adjustment) of US\$2.6 million, an 82% YoY improvement
- Cash used in operating activities of US\$(5.5) million compared with US\$(16.7) million in the previous corresponding period.
- Cash balance of US\$58.4 million with no debt.

Life360 Co-Founder and Chief Executive Officer Chris Hulls said: “The first half of 2020 was a period of considerable achievement for Life360 notwithstanding the global impact of COVID-19. The launch of our new Membership model in these circumstances is testament to the talent and commitment of our team. We’ve long expressed our positive view of the opportunity to drive an uplift in Average Revenue Per Paying Circle (ARPPC) as we broaden our offering, and we are very encouraged by the early response. In the first month since full launch in mid-July, we are seeing a 33% lift in ARPPC for our new cohort of Membership subscribers, compared with the first half result. Legacy subscribers are grandfathered on their previous plans, so it will take some time for this increase to be reflected in our overall ARPPC. However, this is a tremendous outcome that still has room to grow, and highlights the scale of the opportunity in front of us. We now have more than 40,000 new and upsell subscribers in the Membership tier for the month following full rollout in mid-July, making up around 6% of our total US Paying Circles base of 688,000”.

Normalised revenue growth of 57% resulted from strong growth in both Direct and Indirect Revenue. The underlying EBITDA loss (excluding Stock Based Compensation and including non-recurring adjustment) of US\$2.6 million and Statutory EBITDA loss of US\$7.1 million were a significant improvement from the prior period, reflecting the strong revenue performance, and a reduction in user acquisition spend in the COVID-19 environment. The second quarter delivered a positive underlying EBITDA outcome reflecting the flexibility of Life360’s discretionary expense model.

CY20 H1 Highlights and Achievements

- On-time launch of new family Membership to all US users with promising early results.
- Normalised revenue growth of 57% to US\$38.7 million. Annualised Monthly Revenue (AMR) for June 2020 was US\$77.9 million, YoY growth of 26%.

- Global Monthly Active User (MAU) base of 25.2 million, up 9% YoY. US MAU base of 16.3 million, up 28% YoY.
- Paying Circles of around 845,000, up 21% YoY, reflecting strong retention rates in the COVID-19 environment, particularly in the US.
- Average Revenue Per Paying Customer (ARPPC) of US\$71.72 for the US and US\$51.35 for International, up 12% and 11% respectively YoY.

COVID-19

During the COVID-19 crisis, Life360's new registrations saw a material decline from mid-March as successive lockdowns were implemented. While April new registrations were down more than 50% compared to March, by the end of June they were more than 80% higher than the April lows. US MAU were relatively resilient, with June 2020 MAU in line with December 2019 at 16.3 million. International MAU saw larger declines with a greater impact of COVID-19 on international users. Declines were concentrated in developing markets representing a very small portion of international revenue, with India, Mexico and Brazil accounting for around 50% of the international MAU declines.

Despite the challenges of the environment, the resilience of Life360's subscription model was reflected in high retention rates. Paying Circles of 845,000 increased 21% year-on-year, and 2% versus December 2019. US Paying Circles were particularly resilient increasing 25% year-on-year and 5% versus December 2019. During the June quarter, the majority of User Acquisition spend was paused to adapt to the COVID-19 environment. The flexibility of Life360's discretionary expense model is reflected in the achievement of continued organic MAU growth in May and June following the COVID-related declines in April.

Direct Revenue

Life360's underlying Direct Revenue increased 48% to US\$28.2 million including a non-recurring adjustment of approximately US\$0.9 million in relation to deferral of subscription revenue. This performance was underpinned by a 21% year-on-year increase in Paying Circles, and 12% higher ARPPC. The growth in Paying Circles reflects encouraging retention of paid users, notwithstanding the disruptions associated with COVID-19.

Indirect Revenue

Life360's Indirect Revenue, which includes Data and our Allstate lead generation partnership, increased 94% year-on-year to US\$10.5 million. The Allstate partnership contributed revenue of around US\$3 million. Demand for data products continued in the period, however the impact of COVID-19 was felt by certain data customers, some of whom came under pressure in Q2.

Operating Expenses

Operating expenses of US\$44.9 million (excluding depreciation and amortization) increased 9% year-on-year. Growth in customer support and sales and marketing (which includes commissions) reflected the increased scale of the business. Research and Development costs increased by 17% to US\$16.5 million, while user acquisition costs of US\$4.1 million reduced 60% YoY. User acquisition was paused in Q2 to adapt to the COVID-19 environment, and reflects the discretionary nature of Life360's business model. Non-cash Stock Based Compensation expenses increased to US\$3.7 million, a 76% YoY increase, largely due to new hires.

Cash Flow and Balance Sheet

Cash used in operating activities of US\$(5.5) million improved from US\$(16.7) million in the prior period. This reflected strong growth in receipts from customers and reduced investment in user acquisition, somewhat offset by higher Research & Development expenses.

Life360 finished the half year with net cash of US\$58.4 million and no debt.

Outlook

- There remain significant uncertainties regarding general conditions in the US and globally as a result of social distancing relating to COVID-19, as well as significant variations in how different jurisdictions are dealing with the pandemic.
- While our business model has proven to be very resilient, and growth in US MAU resumed after an initial COVID-related decline in April, there is still significant uncertainty as to the pace of recovery, and specifically for the seasonally important Q3 “back to school” period.
- Despite these challenges, the initial results of the new Membership offering are very pleasing. New subscriber growth is strong with more than 40,000 new and upsell subscribers in the new Membership tiers as of August 14, 2020, the first month since full launch. As expected, new cohort ARPPC is showing a significant uplift, with a 33% increase versus CY20 H1.
- Although we paused most paid acquisition in Q2, we have already resumed additional broad investment in new marketing initiatives. The pace of this investment, along with full resumption of paid user acquisition, will accelerate when the operating environment returns to normal. While we expect a continuing challenging environment, we are also assuming that there is no significant increase in social distancing patterns related to COVID-19 in the US, and that there is no material additional downturn in the Data business either from iOS14 or other factors.
- In this environment, CY20 is currently expected to deliver:
 - Revenue in the range of US\$79-US\$82 million;
 - Underlying EBITDA loss (excluding Stock Based Compensation) in the range of US\$(10)-US\$(14) million
 - Operating cash outflow in the range of US\$(10)-US\$(14) million.

Note: Revenue and EBITDA guidance include non-recurring adjustment of US\$0.9 million.

Investor Conference Call

An Investor Conference Call with Co-Founder and CEO Chris Hulls, and CFO Russell Burke will be held at 9.30am AEST today (Thursday, 27 August 2020). The call will be held as a Zoom audio webinar, with alternative access via telephone.

Participants wishing to join the webinar should register and join via their browser [here](#).

Participants wishing to join via telephone should pre-register [here](#).

A replay will be available after the call at <https://investors.life360.com>

Authorisation

Chris Hulls, Director, Co-Founder and Chief Executive Officer of Life360 authorised this announcement being given to ASX.

About Life360

Life360 operates a platform for today's busy families, bringing them closer together by helping them better know, communicate with and protect the people they care about most. The Company's core offering, the Life360 mobile app, is a market leading app for families, with features that range from communications to driving safety and location sharing. Life360 is based in San Francisco and had more than 25 million monthly active users (MAU) as at June 2020, located in 195 countries.

Contacts

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Life360's CDIs are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers of securities which are made outside the US. Accordingly, the CDIs, have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person who is not a QIB for the foreseeable future except in very limited circumstances until after the end of the restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on ASX to US persons excluding QIBs. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person who is not a QIB. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Life360, Inc.
Appendix 4D
Half year report

1. Company details

Name of entity: Life360, Inc.
ARBN: 629 412 942
Reporting period: For the half year ended 30 June 2020
Previous period: For the half year ended 30 June 2019

2. Results for announcement to the market (US\$000's)

Revenues from ordinary activities	up	54%	to	\$	37,798
Loss from ordinary activities after tax attributable to the owners of Life360, Inc.	down	58%	to	\$	(7,200)
Loss attributable to the owners of Life360, Inc.	down	58%	to	\$	(7,200)
Underlying loss from ordinary activities after tax*	down	82%	to	\$	(2,643)

Dividends

No dividends were paid or declared.

** The presentation of underlying loss from ordinary activities after tax excludes stock-based compensation and non-recurring adjustments as it provides the best measure to assess the performance of the Company.*

3. Net tangible assets	30 June 2020	30 June 2019
	(US\$)	(US\$)
Net tangible assets per ordinary security	\$ 0.47	\$ 0.55

The Net tangible assets per ordinary security is defined as the stockholders' Equity (Deficit) divided by CHES Depository Interests (CDIs) issued. The common stock; CDI ratio is 1:3.

4. Details of entities over which control has been gained during the period

None noted.

5. Other

The condensed consolidated financial statements were subject to a review by BDO USA, LLP and the review report is attached as part of the Half year report.

The Half year report of Life360, Inc for the half year ended 30 June 2020 is attached. The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").

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Unaudited Half-Year Condensed Consolidated Financial Statements

For the Half-Year Ended June 30, 2020 and 2019



Life360, Inc.

Directors' Report

The directors present their report, together with the unaudited condensed consolidated financial statements, on Life360, Inc (referred to hereafter as “the Company” or “Life360”) for the half year ended June 30, 2020. All amounts are stated in United States dollars, unless otherwise stated.

DIRECTORS

The following persons were directors of Life360 during the half year ended June 30, 2020 and up to the date of this report, unless otherwise stated:

John Philip Coghlan - Chairman
Chris Hulls
Alex Haro
Brit Morin
Mark Goines
James Synge
David Wiadrowski

PRINCIPAL ACTIVITIES

During the half year, the principal continuing activities of Life360 consisted of operating a platform for today's busy families bringing them closer together by helping them better know, communicate with and protect the people they care about most. No significant change in the nature of these activities occurred during the half year ended June 30, 2020.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Revenue for the half year ended June 30, 2020 increased 54% to \$37.8 million as a result of growth in paying accounts, referred to as Paying Circles. The Company's net loss for the half year ended June 30, 2020 decreased 58% to \$7.2 million.

Total costs and expenses for the half year ended June 30, 2020 increased by 9% to \$45.2 million. This increase is due to higher commissions to channel partners, headcount and technology/R&D expenses as the Company scales. This increase in costs was somewhat offset by COVID-19 cost saving initiatives including a significant reduction in paid acquisition.

Life360, Inc.

Directors' Report

	June 30, 2020	June 30, 2019
Total Revenue	\$ 37,798	\$ 24,597
Net Loss	(7,200)	(17,102)
Interest & Dividend Income	(189)	-
Interest Expense	-	188
Stock Warrant Liability Revaluation	-	609
Depreciation and Amortization	259	130
Foreign Currency Gain/Loss	1	(394)
EBITDA	(7,129)	(16,569)
Stock based Compensation	3,695	2,096
Non-recurring adjustment to reflect the deferral of a portion of monthly subscription sales through a channel partner	862	-
Underlying EBITDA	(2,572)	(14,473)
Underlying Loss from ordinary activities after tax	(2,643)	(15,006)

A review of operations of Life360 is set out in a market release lodged with the Australian Stock Exchange (ASX) on August 27, 2020.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The COVID-19 pandemic has had significant adverse impacts on the U.S. and global economies. The Company has conducted business with substantial modifications to employee work locations and a significant amount of paid user acquisition spend was deliberately paused to adapt to the COVID-19 environment and to scale back spending. While the Company has not experienced significant disruptions to its operations thus far from the COVID-19 pandemic, the Company is unable to predict the full impact that the COVID-19 pandemic will have on its operations and financial performance nor the length of duration of the pandemic.

In June 2020, the Company launched a new membership model providing a number of family safety services for families at every life stage which are expected to continue to rapidly grow the business.

Other than the above matters, there were no significant changes in the state of affairs during the half year ended June 30, 2020.

DIVIDENDS

No dividends were paid during the half year ended June 30, 2020 and June 30, 2019.

Life360, Inc.

Directors' Report

PRESENTATION CURRENCY

The functional and presentation currency of Life360 is United States Dollar (US Dollars). The financial report is presented in US Dollars with all references to dollars, cents or \$ in these condensed consolidated financial statements presented in US currency, unless otherwise stated.

ROUNDING OF AMOUNTS

Unless otherwise stated, amounts in this report have been rounded to the nearest thousand United States Dollars.

JURISDICTION OF INCORPORATION

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

DELAWARE LAW, CERTIFICATE OF INCORPORATION AND BYLAWS

As a foreign company registered in Australia, the Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (including substantial shareholdings and takeovers).

Under the provisions of Delaware General Corporation Law ("DGCL"), shares are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares at issuance. The Company's amended and restated certificate of incorporation and bylaws do not impose any specific restrictions on transfer. However, provisions of the DGCL, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company. These provisions could discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board.

The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

The Chess Depositary Interests ("CDIs") are issued in reliance on the exemption from registration contained in Regulation S of the U.S. Securities Act of 1933 (Securities Act) for offers of securities which are made outside the U.S. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the U.S. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that the CDIs cannot be sold into the U.S. or to a U.S. person who is not a Qualified Institutional Buyer (as defined under Rule 144A under the Securities Act, a 'QIB') for the foreseeable future except in very limited circumstances until after the end of the restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the transfer restrictions, all CDIs issued bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on the ASX to U.S. persons excluding QIBs. CDIs may be transferred on ASX to any person other than a U.S. person who is not a QIB. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Life360, Inc.

Directors' Report

MATTERS SUBSEQUENT TO THE HALF YEAR

No other matter or circumstance has arisen since June 30, 2020 that has significantly affected, or may significantly affect Life360 operations, the results of those operations, or Life360 state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified directors and executives of the Company for costs incurred in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the half year ended June 30, 2020, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the half year ended June 30, 2020, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company.

This report is made in accordance with a resolution of the directors

On behalf of the directors



John Philip Coghlan
August 27, 2020

San Francisco, USA

Life360, Inc.

Unaudited Condensed Consolidated Financial Statements

As of and for the Half Year Ended
June 30, 2020 and 2019

Life360, Inc.

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Independent Accountant's Review Report

Board of Directors
Life360, Inc.
San Francisco, California

We have reviewed the accompanying condensed consolidated financial statements of Life360, Inc. (the "Company"), which comprise the consolidated balance sheets as of June 30, 2020 and December 31, 2019, the related condensed consolidated statements of operations and comprehensive loss for the half years ended June 30, 2020 and June 30, 2019, changes in convertible preferred stock and stockholders' equity (deficit), and cash flows for the half year periods then ended, and the related notes to the consolidated financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the condensed consolidated financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with the applicable financial reporting framework.

Accountant's Responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial information referred to above for it to be in accordance with generally accepted accounting principles in the United States.



Report on Condensed Consolidated Balance Sheet as of December 31, 2019

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Life360, Inc. as of December 31, 2019, and the related consolidated statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' equity (deficit), and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 27, 2020. In our opinion, the accompanying condensed consolidated balance sheet of Life360, Inc. as of December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLC?

August 27, 2020

Life360, Inc.

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

	June 30, 2020	December 31, 2019
Assets		
Current Assets:		
Cash and cash equivalents	\$ 58,157	\$ 63,818
Accounts receivable	10,260	7,893
Costs capitalized to obtain revenue contracts, net	4,110	4,453
Prepaid expenses and other current assets	5,874	5,282
Total current assets	78,401	81,446
Restricted cash	253	251
Property and equipment, net	860	547
Costs capitalized to obtain revenue contracts, net of current portion	1,368	1,278
Goodwill	764	764
Intangible assets, net	175	257
Notes due from affiliates	294	283
Prepaid expenses and other assets, noncurrent	6,220	3,478
Total Assets	\$ 88,335	\$ 88,304
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	\$ 516	\$ 495
Accrued expenses and other liabilities	4,621	3,398
Deferred revenue	11,070	11,084
Total current liabilities	16,207	14,977
Deferred rent	-	234
Other noncurrent liabilities	3,018	817
Total Liabilities	\$ 19,225	\$ 16,028
Commitments and Contingencies		
Stockholders' Equity		
Common Stock, \$0.001 par value; 100,000,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively; 49,294,402 and 48,840,675 issued and outstanding at June 30, 2020 and December 31, 2019, respectively	49	49
Additional paid-in capital	192,334	188,300
Notes due from affiliates	(621)	(621)
Accumulated deficit	(122,652)	(115,452)
Total stockholders' equity	69,110	72,276
Total Liabilities and Stockholders' Equity	\$ 88,335	\$ 88,304

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)

(Dollars in U.S. \$, in thousands except share and per share data)

	Half Year Ended	
	June 30, 2020	June 30, 2019
Revenue:		
Subscription revenue	\$ 27,278	\$ 19,158
Partnership revenue (including related party revenue of \$195 and \$3,016, respectively)	3,211	1,482
Data revenue	7,309	3,957
Total revenue	37,798	24,597
Cost and expenses:		
Customer support, crash and roadside assistance	1,606	934
Research and development	18,849	15,234
Sales and marketing	13,994	16,117
General and administrative	5,741	4,171
Technology expenses	4,997	4,813
Total cost and expenses	45,187	41,269
Loss from operations	(7,389)	(16,672)
Interest expense	-	192
Change in fair value of preferred stock warrant liability	-	609
Other income	(189)	(371)
Loss before income taxes	(7,200)	(17,102)
Benefit from (provision for) income taxes	-	-
Net Loss and Comprehensive Loss	\$ (7,200)	\$ (17,102)
Net loss per share attributable to common shareholders	\$ (0.15)	\$ (0.85)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted	49,109,268	20,169,335

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (unaudited) (Dollars in U.S. \$, in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Notes Due from Affiliates	Accumulated Deficit	Total Stockholders' Equity/(deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	30,405,056	\$ 115,641	9,457,862	\$ 9	\$ (8,889)	\$ (621)	\$ (86,499)	\$ (96,000)
Conversion of convertible preferred stock to common stock in connection with initial public offering	-	-	-	-	-	-	-	-
Conversion of preferred stock warrants to common stock warrants	(30,405,056)	(115,641)	30,405,056	30	115,611	-	-	115,641
Issuance of common stock upon net exercise of warrant	-	-	50,835	-	1,409	-	-	1,409
Exercise of stock options	-	-	394,800	1	319	-	-	320
Issuance of common stock in connection with initial public offering, net of underwriting discounts and issuance costs	-	-	-	-	-	-	-	-
Issuance of common stock in connection with an acquisition	-	-	7,841,062	8	72,918	-	-	72,926
Stock-based compensation expense	-	-	124,800	-	1,015	-	-	1,015
Net loss	-	-	-	-	2,096	-	-	2,096
Balance at June 30, 2019	-	\$ -	-	-	-	-	(17,102)	(17,102)
Balance at December 31, 2019	-	-	48,274,415	\$ 48	\$ 184,479	\$ (621)	\$ (103,601)	\$ 80,305
Repurchase of common stock	-	-	-	-	-	-	-	-
Exercise of stock options	-	-	48,840,675	49	188,300	(621)	(115,452)	72,276
Vesting of restricted stock units	-	-	(4,554)	-	(3)	-	-	(3)
Taxes paid related to net settlement of equity awards	-	-	391,648	-	466	-	-	466
Stock-based compensation expense	-	-	66,633	-	-	-	-	-
Net loss	-	-	-	-	(124)	-	-	(124)
Balance at June 30, 2020	-	\$ -	-	-	3,695	-	-	3,695
	-	-	-	-	-	-	(7,200)	(7,200)
Balance at June 30, 2020	-	\$ -	49,294,402	\$ 49	\$ 192,334	\$ (621)	\$ (122,652)	\$ 69,110

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

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

	Half Year Ended	
	June 30, 2020	June 30, 2019
Cash Flows from Operating Activities:		
Net loss	\$ (7,200)	\$ (17,102)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	259	131
Amortization of costs capitalized to obtain contracts	1,546	608
Amortization of debt issuance costs and discount on debt	-	13
Unamortized debt issuance costs and discount on debt written-off	-	39
Stock-based compensation expense	3,695	2,096
Change in fair value of preferred stock warrant liability	-	609
Interest due under notes from affiliates	(11)	(11)
Changes in operating assets and liabilities:		
Accounts receivable	(2,367)	(1,724)
Prepaid expenses and other current assets	(592)	(341)
Costs capitalized to obtain contracts, net	(1,294)	(1,457)
Other Assets	1,100	-
Accounts payable	21	(1,511)
Accrued expenses	(159)	1,028
Deferred revenue	(14)	937
Noncurrent liabilities	(492)	(51)
Net cash used in operating activities	(5,508)	(16,736)
Cash Flows from Investing Activities:		
Purchases of capital assets	(490)	(131)
Cash paid for acquisition, net of cash acquired	-	74
Net cash used in investing activities	(490)	(57)
Cash Flows from Financing Activities:		
Proceeds from initial public offering, net of issuance cost	-	75,946
Payments of deferred offering costs	-	(1,778)
Proceeds from the exercise of options and grant of stock awards, net of repurchase	463	239
Taxes paid related to net settlement of equity awards	(124)	-
Proceeds from borrowings	3,115	-
Payments on borrowings	(3,115)	(5,000)
Net cash provided by financing activities	339	69,407
Net Increase in Cash and Cash Equivalents	(5,659)	52,614
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	64,069	26,056
Cash, Cash Equivalents, and Restricted Cash at the End of the Period	\$ 58,410	\$ 78,670
Supplemental disclosure:		
Cash paid during the period for interest	\$ -	\$ 219
Non-cash investing and financing activities:		
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	\$ -	\$ 115,641
Conversion of preferred stock warrant to common stock warrant in connection with initial public offering	-	1,409
Issuance of common stock in connection with acquisition	-	1,015

The following table provides a table of cash, cash equivalents, and restricted cash reported within the balance sheets to the total of the same such amounts shown above:

	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 58,157	\$ 78,427
Restricted cash	253	243
Total cash, cash equivalents, and restricted cash	\$ 58,410	\$ 78,670

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

1. The Company

Life360, Inc. (the “Company”) is a platform for today’s busy families, bringing them closer together by helping them better know, communicate with, and protect the people they care about most. The Company was incorporated in the State of Delaware in April 2007. The Company’s core offering, the Life360 mobile application, is now a market leading mobile application for families, with features that range from communications to driving safety and location sharing. The Company operates under a “freemium” model where its core offering is available to users at no charge, with three membership subscriptions options that are available but not required. The Company also generates revenue through data monetization arrangements with certain third parties through data acquisition and license agreements and anonymized insights into the data collected from the Company’s user base in partnership with Allstate.

2. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States, or (“GAAP”) and are presented in US dollars, unless otherwise stated.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements included in this report reflect all adjustments for a fair statement of its financial position as of June 30, 2020, its results of operations and comprehensive loss, consolidated statements of changes in equity for the half year ended June 30, 2020 and 2019, and cash flows for the half year ended June 30, 2020 and 2019. These condensed consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed consolidated financial statements are to be read in conjunction with the Life360, Inc. Annual Report for the year ended December 31, 2019 and any public announcements made by Life360, Inc. during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Significant estimates made by management include, but are not limited to, the determination of revenue recognition, accounts receivable allowance, average useful customer life, the fair value of common stock and related stock-based compensation expense, legal contingencies, depreciable lives 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.

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting and Standards Board (“FASB”) issued authoritative guidance under Accounting Standard Update (“ASU”) No. 2016-02, Leases (Topic 842). Most prominent among the changes in the standard is the recognition of right-of-use assets (“ROU assets”) and lease liabilities by lessees for certain leases classified as operating leases under current GAAP. The Company has made the policy election to not recognize a lease liability or ROU asset for short-term leases, defined as lease term of 1 year or less. The Company adopted this standard as of January 1, 2020, using the modified retrospective transition approach and has elected to use the optional transition method which allows the Company to apply guidance of ASC 840, including disclosure requirements, in the comparative periods presented. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification related to agreements entered prior to adoption.

The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The adoption of the new standard resulted in the recording of additional operating ROU assets and lease liabilities of approximately \$4.1 million and \$4.5 million, respectively, as of January 1, 2020.

Lease and non-lease components will be accounted for as a single lease component if the non-lease component is determined to be insignificant to the total agreement. The cumulative impact of transition to retained earnings, recorded as of the adoption date, was not material. The standard did not materially impact consolidated net earnings and had no impact on cash flows.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. This guidance adds, modifies and removes several disclosure requirements relative to the three levels of inputs used to measure fair value in accordance with Topic 820, Fair Value Measurement. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company adopted this standard on January 1, 2020 and determined it did not have a material impact on the unaudited condensed consolidated financial statements.

Summary of Significant Accounting Policy

Lease Obligations

Operating lease right-of-use assets and lease liabilities are recognized at the present value of the future lease payments at commencement date. The interest rate implicit in the Company’s operating leases is not readily determinable, and therefore an incremental borrowing rate is estimated to determine the present value of future payments. The estimated incremental borrowing rate factors in a hypothetical interest rate on a collateralized basis with similar terms, payments, and economic environments. Operating lease right-of-use assets also include any prepaid lease payments and lease incentives.

Certain of the operating lease agreements contain rent concession, rent escalation, and option to renew provisions. Rent concession and rent escalation provisions are considered in determining the straight-line single lease cost to be recorded over the lease term. Single lease cost is recognized on a straight-line basis over the lease term commencing on the date the Company has the right to use the leased property. The lease terms may include options to extend or terminate the lease. The

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Company generally uses the base, non-cancellable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the renewal option will be exercised.

In addition, certain of the Company's operating lease agreements contain tenant improvement allowances from its landlords. These allowances are accounted for as lease incentives and decrease the Company's right-of-use asset and reduce single lease cost over the lease term.

Leases

The Company currently leases real estate space under non-cancelable operating lease agreements for its corporate headquarters in San Francisco and San Diego, California. The operating leases have remaining lease terms ranging from 2 to 4 years, some of which include the option to extend the lease.

The Company has recognized operating ROU assets, short term and long term lease liabilities of \$3.3 million, \$1.5 million and \$2.3 million in "Prepaid expenses and other assets, noncurrent", "Accrued expenses and other liabilities" and "other noncurrent liabilities", respectively, on the Company's consolidated balance sheet as of June 30, 2020. As of June 30, 2020, the Company did not have any finance leases.

Operating lease costs were as follows (in thousands):

	Half Year Ended	
	June 30, 2020	June 30, 2019
Operating lease cost ⁽¹⁾	\$ 690	\$ 685

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

As of June 30, 2020, the weighted-average remaining term of the Company's operating leases was 2.5 years and the weighted-average discount rate used to measure the present value of the operating lease liabilities was 4.75% as of adoption date of January 1, 2020.

Maturities of the Company's operating lease liabilities, which do not include short-term leases, as of June 30, 2020 were as follows (in thousands):

	Operating leases
2020 (excluding the half year ended June 30, 2020)	\$ 785
2021	1,574
2022	1,495
2023	102
2024	61
Total future minimum lease payments	4,017
Less imputed interest	(248)
Total liability	\$ 3,769

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Payments for operating leases included in cash from operating activities was \$0.6 million for the half year ended June 30, 2020.

Fair Value of Financial Instruments

The Company uses fair value measurements to record fair value adjustments to certain financial and non-financial assets and liabilities to determine fair value disclosures. The accounting standards define fair value, establish a framework for measuring fair value, and require disclosures about fair value measurements. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the principal or most advantageous market in which the Company would transact are considered along with assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The accounting standard for fair value establishes a fair value hierarchy based on three levels of inputs, the first two of which are considered observable and the last unobservable, that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization 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 that 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 Company measures and reports certain financial instruments as assets and liabilities at fair value on a recurring basis. The Company had no liabilities measured at fair value on a recurring basis as of June 30, 2020 and December 31, 2019. The Company did not transfer any assets or liabilities measured at fair value on a recurring basis to or from Level 1 and Level 2 for the half years ended June 30, 2020 and December 31, 2019.

3. Impact of the COVID-19 Pandemic

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

To adapt to the COVID-19 impact, the Company paused the majority of paid user acquisition spend and implemented other expense management initiatives including accelerating plans to establish engineering resources in lower cost jurisdictions and adjusting the pace of hiring. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no material adverse impacts on the condensed consolidated financial statements for the half year ended June 30, 2020. As events continue to evolve and additional information becomes available, the Company's assumptions and estimates may change materially in future periods.

Paycheck Protection Program

The Company determined that the original eligibility requirements per the guidelines original established by the U.S. federal government as part of the CARES Act for the Paycheck Protection Program (the "PPP") were met. As such, on April 22, 2020, the Company received \$3.1 million in loans from the PPP. Because the U.S. government subsequently changed its position and guidelines related to the PPP and publicly traded companies, the Company repaid the loans on May 18, 2020.

4. Prepaid Expenses and Other Current Assets

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

		June 30, 2020		December 31, 2019
Prepaid expenses	\$	2,926	\$	3,448
ROU assets		3,264		-
Other assets		30		30
Total	\$	6,220	\$	3,478

5. Common Stock

Common stockholders are entitled to dividends when and if declared by the Board of Directors subject to the prior rights of the preferred stockholders. The holder of each share of common stock is entitled to one vote. The common stockholders voting as a class are entitled to elect three members to the Company's Board of Directors. No dividends have been declared in the Company's existence.

During the half year ended June 30, 2020, the Company issued 1,361,181 CDIs of the Company, representing 453,727 shares of common stock, attributable to the exercise of stock options. The gross proceeds were approximately \$0.5 million and the related tax paid was \$0.1 million.

During the half year ended June 30, 2019, the Company issued 23,523,186 CDIs of the Company, representing 7,841,062 shares of common stock in the Company's initial public offering, resulting in gross proceeds of approximately \$78.5 million and related issuance costs of \$5.5 million.

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

6. Net Loss Per Share Attributable to Common Shareholders

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders as of June 30, 2020 and 2019 (in thousands):

	As of	
	June 30, 2020	June 30, 2019
Net loss attributable to common shareholders	\$ (7,200)	\$ \$(17,102)
Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted	49,109	20,169
Net loss per share attributable to common shareholders, basic and diluted	\$ (0.15)	\$ (0.85)

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive as of June 30, 2020 and 2019 are as follows:

	June 30, 2020	June 30, 2019
Issuances under stock incentive plan	7,889,854	8,105,963
Issuances upon exercise of common stock warrants	140,576	149,545
Issuances upon vesting of restricted stock units	1,802,350	-
Shares reserved for shares available to be granted but not granted yet	3,747,606	2,525,801
	13,580,386	10,781,309

7. Stock-Based Compensation

Stock-based compensation expense was allocated as follows during the half year ended June 30, 2020 and 2019 (in thousands):

	Half Year Ended	
	June 30, 2020	June 30, 2019
Customer support, crash and roadside assistance	\$ 86	\$ -
Research and Development	2,386	1,174
General and administrative	893	670
Sales and marketing	205	170
Technology	125	82
Total stock based compensation expense	\$ 3,695	\$ 2,096

As of June 30, 2020, there was total unrecognized compensation cost for outstanding stock options of \$9.0 million to be recognized over a period of approximately 2.5 years.

As of June 30, 2019, there was total unrecognized compensation cost for outstanding stock options of \$13.9 million to be recognized over a period of approximately 3.1 years.

Life360, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

As of June 30, 2020, there was unrecognized compensation cost for outstanding restricted stock units of \$8.9 million to be recognized over a period of approximately 3.4 years. There was no unrecognized compensation cost for outstanding restricted stock units as of June 30, 2019.

There were no capitalized stock-based compensation costs or recognized stock-based compensation tax benefits during the half years ended June 30, 2020 and 2019.

8. Geographic Areas

Revenue by geography is generally based on the address of the customer as defined in the Company's agreement. The following table sets forth revenue by geographic area (in thousands):

	Half Year Ended	
	June 30, 2020	June 30, 2019
United States	\$ 32,380	\$ 21,165
International	5,418	3,432
Total	\$ 37,798	\$ 24,597

9. Related Party Transactions

In February 2016, the Company issued secure partial recourse promissory notes to the Chief Executive Officer, President and two other executive officers of the Company.

During the half year ended June 30, 2020, the notes was amended to indicate that such note shall become due and payable immediately upon the six month anniversary of the effective date of the Company's initial public offering of its securities on an established U.S. securities market or exchange.

As of June 30, 2020, the Company had deposit liability balances of \$0.7 million, in connection with the 2016 non-recourse notes. Principal amounts due under the 2016 non-recourse notes of \$0.6 million are included in Notes Due from Affiliates as a reduction in stockholders' equity on the balance sheet.

10. Subsequent Events

The Company evaluated subsequent events through August 27, 2020 the date the reviewed financial statements were issued.

In July 2020, the shareholders approved a modification of an option grant made to a former executive. As a result, 124,708 stock options were accelerated and exercisable until April 30, 2022.

In July 2020, the shareholders approved an Option Repricing Program whereby an opportunity for current employees who hold underwater stock options that were granted from the period of October 1, 2018 to April 30, 2020. The Option Repricing Program offers current employees to reprice their eligible options to an exercise price at the greater of the CDI price as of expiry date of the program and AUD \$2.50 per CDIs, with a twelve month vesting cliff and a reduction of the expiration date to be the six year anniversary of expiration of the program.