



## ASX ANNOUNCEMENT

27 April 2021

# Proposed Acquisition of Jiobit

### ***Term sheet for acquisition of leading provider of wearable location devices for young children, pets and seniors***

San Francisco-based Life360, Inc. (Life360 or the Company) (ASX: 360) today announced that it has entered into a non-binding term sheet for the acquisition of Jiobit, provider of wearable location devices for young children, pets, and seniors. The proposed acquisition represents the first stage of the strategic review previously announced by the Company in February 2021.

Jiobit provides families a comprehensive location-aware safety solution that is accurate, secure, reliable and real-time. This solution combines a discreet wearable called the Jiobit Location Monitor, with mobile-based software services, combined with patented location technology. Jiobit provides location monitoring and smart notification services for younger children, pets, seniors, and any loved one prone to wander. Life360 has been monitoring this segment of the location awareness market for several years knowing it would potentially accelerate the Company's strategy to broaden market reach. Jiobit's combination of quality hardware, patented "Progressive Beacons" proprietary connection technology and subscription-based real-time location awareness intersects with Life360's high standards of performance and technology capability, and is complementary to the Company's core mission of family operations, safety, and security. Jiobit will allow Life360 to tap into two fast growing markets: the multi-billion pet supplies and services and elder care markets.

Life360 stated as part of its earnings release on 24 February 2021 that a review of strategic alternatives was being undertaken that may include acquisitions of strategically important businesses. The Company has been executing a strategy to enlarge and enhance its core user base of families with teenagers by moving into both younger and older demographics. With the launch of Membership in July 2020, Life360 made the initial step in this direction, offering a significantly enhanced suite of bundled products focused on the safety and security of the family. Expanding into the complementary business of hardware-based location awareness is part of this broader strategy, extending Life360's audience reach and opening up a new segment of younger, tech savvy parents with pre-teen kids, independent home living seniors, and pets. Bundling Jiobit's high value, low-cost physical device into Life360's top membership tiers is expected to significantly boost both conversion and retention.

Life360's proposed acquisition of Jiobit would mark a milestone, but not a completion of, the strategic review. The company will continue to evaluate both strategic and financial opportunities that will accelerate progress towards our vision of being the dominant platform for a much broader suite of family services. This includes larger acquisitions that could be funded with vehicles that would simultaneously result in a dual listing on a US exchange, with a focus on companies in the insurance vertical, which is a sector currently receiving significant attention from investors in the US.

Jiobit projects that its total annualized revenue run rate for the month of December 2021 will be US\$11.7m; US\$5.7 million consists of subscriptions and US\$6.0 million from other sources, which primarily consists of hardware device sales. The purchase price represents a range of 3.2 to 4.7 times Jiobit's projected December 2021 forward looking revenue run rate (6.5 to 9.6 times if only subscription revenue is considered). The purchase price that would result in the higher multiples is dependent on Jiobit outperforming key sales targets in 2021 and 2022.

Jiobit is operating on a cash burn of approximately US\$5m per year, US\$2m if marketing is excluded. Post-closing, marketing spend will be evaluated across the group alongside cross-promotional opportunities in accordance with our integration strategies.

## Terms of the Proposed Acquisition

Under the proposed transaction, which is subject to due diligence and the completion of definitive documentation, Life360 would acquire 100% of Jio, Inc (trading as Jiobit). The upfront consideration would amount to US\$37 million with the possibility that the total consideration increases to US\$54.5 million if certain performance targets are achieved in the two full calendar years following completion. The upfront consideration would be a combination of US\$21.6 million in Life360 shares, approximately US\$14.4 million in convertible promissory notes, and US\$1.0 million in retention consideration, subject to adjustments at closing for working capital and certain tax modifications. The additional performance-based consideration would be solely in the form of Life360 shares.

Life360 shares would be issued at a price equivalent to US\$7.50 per Chess Depository Interest (CDI) (equivalent to US\$22.50 per share). The convertible promissory notes would be settled by a cash payment or the issue of Life360 shares at US\$22.50 per share in three equal portions over the three years following completion. The effective share price represents an 84% premium to Life360's closing price adjusted for foreign exchange as at 26 April 2021. The total consideration may result in the issuance of up to approximately 2.42 million shares which will be issued using the Company's existing placement capacity under ASX Listing Rule 7.1.

Life360 has provided Jio, Inc with US\$1.0m in investment funding by subscribing for convertible notes, and has agreed to subscribe for US\$1.5m in convertible notes on the 60th day following execution of the term sheet and US\$1.5m in convertible notes on the 90th day following execution of the term sheet, if the proposed transaction has not closed on the relevant date. On closing of the proposed transaction, the convertible notes would be cancelled and this funding would form cash consideration, reducing the stock and convertible promissory notes consideration pro-rata. If the proposed transaction does not close the convertible notes will convert into preferred stock of Jio, Inc.

The final transaction will also be subject to the approval of the Boards of Directors of both Life360 and Jio, Inc., as well as the stockholders of Jio, Inc. There is no guarantee that the proposed transaction will eventuate.

**Life360 + Jiobit**

Families can seamlessly see all family members (even the furry ones) all on one map

Indicators easily highlight Jiobit devices

Jiobit adds to the ever growing list of safety products Life360 members have access to, at a fraction of the cost of comparable products

New bundle will drive Life360 members looking for safety solutions for pets & young kids to upgrade

Let the whole family room safely

Get a free Jiobit, the award winning location monitor, when you upgrade to Platinum membership. A \$149 value.

Upgrade now

Life360

## 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 26 million monthly active users (MAU) as at December 2020, located in 195 countries.

## Contacts

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