



Historical Detailed Financials
Q3FY12

Safe Harbor

These slides contain forward-looking statements. All statements other than statements of historical facts contained in these slides, including statements regarding Pandora Media's ("Pandora" or the "Company") future operations, future financial position, future revenue, projected expenses, opportunities, prospects and plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intent," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "continue," "objective," or the negative of these terms or similar expressions. The Company has based these forward-looking statements largely on its estimates of its financial results and its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, but not limited to, our operation in an emerging market and our relatively new and evolving business model, our ability to evaluate our current and future prospects, our ability to generate additional revenue on a cost-effective basis, our ability to attract and retain advertisers, our ability to increase our listener base and listener hours, our ability to continue operating under existing laws and licensing regimes and a number of other factors outside of our control. Further information on these factors and other risks that may affect our business is included in filings we make with the Securities and Exchange Commission from time to time, including our Registration Statement on Form S-1, particularly under the heading "Risk Factors." Moreover, the Company operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for Company management to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in these slides and the accompanying oral presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Any forward-looking statement speaks only as of its date. Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in the Company's expectations.

Balance Sheet

Pandora Media Inc.
Condensed Consolidated Balance Sheets
Year Ended January 31
 (In thousands, except share and per share amounts)
 (unaudited)

	3Q12	2Q12	1Q12	FY2011	3Q11	FY2010	FY2009
Assets							
Current assets							
Cash and cash equivalents	\$ 53,876	\$ 95,307	\$ 43,718	\$ 43,048	\$ 40,782	\$ 16,164	\$ 9,608
Short-term investments	36,923	-	-	-	-	-	-
Accounts receivable, net	60,247	51,435	41,205	42,212	34,770	19,233	4,360
Prepaid expenses and other current assets	2,500	4,171	3,236	3,516	2,544	2,280	487
Total current assets	153,546	150,913	88,159	88,776	78,096	37,677	14,455
Restricted cash	-	-	-	-	318	318	641
Property and equipment, net	14,437	12,339	10,010	8,683	4,851	2,035	1,504
Other assets	1,931	1,997	3,436	1,750	443	247	85
Total assets	\$ 169,914	\$ 165,249	\$ 101,605	\$ 99,209	\$ 83,708	\$ 40,277	\$ 16,685
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)							
Current liabilities							
Accounts payable	2,149	2,089	1,474	1,965	648	831	693
Accrued liabilities	5,340	5,045	5,329	5,532	3,274	1,041	1,274
Accrued royalties	25,622	24,514	21,086	18,080	12,421	9,044	11,279
Deferred revenue	18,432	19,203	17,456	15,910	12,548	6,147	595
Accrued compensation	8,219	7,635	6,596	3,815	5,284	1,440	731
Current portion of long-term debt	-	-	-	6,759	6,723	245	2,997
Total current liabilities	59,762	58,486	51,941	52,061	40,898	18,748	17,569
Long-term debt	-	-	7,433	837	1,040	4,095	-
Preferred stock warrant liability	-	-	2,550	1,027	1,027	300	49
Other long-term liabilities	2,523	2,337	1,691	1,632	125	99	17
Total liabilities	62,285	60,823	63,615	55,557	43,090	23,242	17,635
Redeemable convertible preferred stock	-	-	128,757	126,662	124,497	104,806	62,560
Stockholders' equity (deficit):							
Common stock	16	16	2	1	1	1	1
Additional paid-in capital	200,871	198,295	1,304	2,308	-	-	725
Accumulated deficit	(93,247)	(93,885)	(92,073)	(85,319)	(83,880)	(87,772)	(64,236)
Accumulated other comprehensive loss	(11)	-	-	-	-	-	-
Total stockholders' equity (deficit)	107,629	104,426	(90,767)	(83,010)	(83,879)	(87,771)	(63,510)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	\$ 169,914	\$ 165,249	\$ 101,605	\$ 99,209	\$ 83,708	\$ 40,277	\$ 16,685

Statement of Operations

Pandora Media Inc.
Condensed Consolidated Statements of Operations
Year Ended January 31
(In thousands, except per share amounts)
(Unaudited)

	3Q12	2Q12	1Q12	FY2011	4Q11	3Q11	2Q11	1Q11	FY2010	FY2009
Revenue:										
Advertising	\$ 65,985	\$ 58,258	\$ 43,661	\$ 119,333	\$ 41,481	\$ 32,683	\$ 26,723	\$ 18,446	\$ 50,147	\$ 18,247
Subscription services and other	9,023	8,708	7,379	18,431	6,160	5,006	4,112	3,153	5,042	1,086
Total revenue	75,008	66,966	51,040	137,764	47,641	37,689	30,835	21,599	55,189	19,333
Costs and expenses:										
Cost of revenue (1)	6,260	5,460	4,360	11,559	3,582	3,084	2,503	2,390	7,892	7,398
Product development (1)	3,685	3,426	2,731	6,736	1,919	1,756	1,562	1,499	6,026	6,116
Marketing and sales (1)	16,628	14,502	12,964	36,250	14,366	9,715	6,736	5,433	17,426	13,265
General and administrative (1)	10,021	8,410	6,943	14,183	4,979	3,853	2,880	2,471	6,358	4,190
Content acquisition	37,658	33,723	29,158	69,357	23,935	18,136	14,670	12,616	32,946	15,771
Total costs and expenses	74,252	65,521	56,156	138,085	48,781	36,544	28,351	24,409	70,648	46,740
Income (loss) from operations	756	1,445	(5,116)	(321)	(1,140)	1,145	2,484	(2,810)	(15,459)	(27,407)
Other income (expense):										
Interest income	28	1	2	31	5	9	15	2	62	247
Interest expense	(123)	(261)	(109)	(612)	(279)	(116)	(117)	(100)	(898)	(1,126)
Other income (expense), net	-	(2,976)	(1,509)	(728)	112	6	(750)	(96)	(458)	58
Income (loss) before provision for income taxes	661	(1,791)	(6,732)	(1,630)	(1,302)	1,044	1,632	(3,004)	(16,753)	(28,228)
Provision for income taxes	(23)	(21)	(22)	(134)	(134)	-	-	-	-	-
Net income (loss)	\$ 638	\$ (1,812)	\$ (6,754)	\$ (1,764)	\$ (1,436)	\$ 1,044	\$ 1,632	\$ (3,004)	\$ (16,753)	\$ (28,228)
Deemed dividend on Series D and Series E redeemable convertible preferred stock	-	-	-	-	-	-	-	-	(1,443)	-
Accretion of redeemable convertible preferred stock	-	(40)	(70)	(300)	(72)	(72)	(75)	(81)	(218)	(58)
convertible preferred stock	-	(1,328)	(2,320)	(8,978)	(2,403)	(2,746)	(1,946)	(1,883)	(6,461)	(3,751)
Net income (loss) attributable to common stockholders	\$ 638	\$ (3,180)	\$ (9,144)	\$ (11,042)	\$ (3,911)	\$ (1,774)	\$ (389)	\$ (4,968)	\$ (24,875)	\$ (32,037)
Basic net income (loss) per share attributable to common stockholders	\$ 0.00	\$ (0.04)	\$ (0.61)	\$ (1.03)	\$ (0.31)	\$ (0.15)	\$ (0.04)	\$ (0.64)	\$ (3.84)	\$ (5.45)
Weighted-average number of shares used in computing basic per share amounts	161,288	82,389	14,900	10,761	12,626	11,686	10,894	7,791	6,482	5,881
Diluted net income (loss) per share attributable to common stockholders	\$ 0.00	\$ (0.04)	\$ (0.61)	\$ (1.03)	\$ (0.31)	\$ (0.15)	\$ (0.04)	\$ (0.64)	\$ (3.84)	\$ (5.45)
Weighted-average number of shares used in computing diluted per share amounts	191,014	82,389	14,900	10,761	12,626	11,686	10,894	7,791	6,482	5,881
(1) Amounts include stock-based compensation expenses as follows:										
	3Q12	2Q12	1Q12	2011	4Q11	3Q11	2Q11	1Q11	2010	2009
Cost of revenue	\$ 184	\$ 148	\$ 64	\$ 85	\$ 39	35	5	6	\$ 18	\$ 14
Product development	491	413	177	329	117	129	43	40	125	54
Marketing and sales	1,463	1,079	423	549	207	184	82	76	225	188
General and administrative	537	488	272	492	146	170	106	70	109	77
	\$ 2,675	\$ 2,128	\$ 936	\$ 1,455	\$ 509	\$ 518	\$ 236	\$ 192	\$ 477	\$ 333

Statement of Cash Flows

Pandora Media Inc.
Condensed Consolidated Statements of Cash Flows
Year Ended January 31
(In thousands)
(Unaudited)

	3Q12	2Q12	1Q12	FY2011	4Q11	3Q11	2Q11	1Q11	FY2010	FY2009
Operating Activities										
Net income (loss)	\$ 638	\$ (1,812)	\$ (6,754)	\$ (1,764)	\$ (1,436)	\$ 1,044	\$ 1,632	\$ (3,004)	\$ (16,753)	\$ (28,228)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:										
Depreciation and amortization	1,272	956	759	1,578	571	410	336	261	1,143	1,151
(Gain) loss on disposition of assets	283	-	-	(15)	-	-	-	(15)	219	(7)
Stock-based compensation	2,675	2,128	936	1,455	509	518	236	192	477	333
Issuance of common stock in exchange for non-employee services	-	-	-	157	-	-	157	-	-	-
Remeasurement of preferred stock warrants	-	2,976	1,523	869	-	-	760	109	239	(50)
Amortization of debt discount	-	-	1	4	1	1	1	1	2	19
Amortization of debt issuance costs	66	57	-	-	-	-	-	-	-	-
Changes in assets and liabilities:										
Accounts receivable	(8,812)	(10,230)	1,007	(22,979)	(7,442)	(9,559)	(8,704)	2,726	(14,873)	(566)
Prepaid expenses and other assets	1,671	446	(1,406)	(2,739)	(2,279)	(342)	109	(227)	(1,955)	420
Accounts payable and accrued liabilities	1,397	(514)	(624)	5,482	3,524	992	541	425	1	792
Accrued royalties	1,108	3,428	3,006	9,036	5,659	2,406	(1,057)	2,028	(2,235)	10,950
Accrued compensation	584	1,039	2,781	2,375	(1,469)	2,381	747	716	709	273
Deferred revenue	(771)	1,747	1,546	9,763	3,362	2,312	2,278	1,811	5,552	210
Reimbursement of cost of leasehold improvements	-	375	-	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	111	596	2,775	3,222	1,000	163	(2,964)	5,023	(27,474)	(14,703)
Investing Activities										
Purchases of property and equipment	(3,653)	(3,285)	(2,086)	(8,256)	(4,403)	(1,850)	(1,654)	(349)	(1,892)	(615)
Proceeds from sale of property and equipment	-	-	-	45	-	19	14	12	-	-
Changes in restricted cash	-	-	-	318	318	-	-	-	323	(641)
Purchases of short-term investments	(36,934)	-	-	-	-	-	-	-	-	-
Proceeds from sale of short-term investments	-	-	-	-	-	-	-	-	-	6,250
Proceeds from maturities of short-term investments	-	-	-	-	-	-	-	-	-	1,973
Net cash provided by (used in) investing activities	(40,587)	(3,285)	(2,086)	(7,893)	(4,085)	(1,831)	(1,640)	(337)	(1,569)	6,967
Financing Activities										
Borrowings under debt arrangements	-	-	-	3,644	-	201	-	3,443	7,650	6,998
Repayments of debt	-	(7,432)	(164)	(392)	(168)	(142)	(82)	-	(6,297)	(7,779)
Proceeds from exercise of preferred stock warrants	-	165	-	-	-	-	-	-	-	-
Proceeds from early exercise of stock options	-	-	-	1,705	1,579	-	126	-	-	-
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	-	-	-	22,206	-	-	22,206	-	34,124	-
Proceeds from initial public offering net of (offering costs)	(754)	91,666	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock	174	509	145	548	96	115	79	258	122	42
Proceeds from issuance of common stock to directors for cash	-	-	-	3,800	3,800	-	-	-	-	-
Proceeds from issuance of convertible promissory notes	-	-	-	-	-	-	-	-	-	14,501
Excess tax benefit from stock compensation plans	-	-	-	44	44	-	-	-	-	-
Payment of dividends to preferred stockholders at Initial public offering	(375)	(30,630)	-	-	-	-	-	-	-	-
Proceeds from buyers in investor offer	-	-	-	7,908	-	-	7,908	-	-	-
Payments to sellers in investor offer	-	-	-	(7,908)	-	-	(7,908)	-	-	-
Net cash provided by (used in) financing activities	(955)	54,278	(19)	31,555	5,351	174	22,329	3,701	35,599	13,762
Net increase (decrease) in cash and cash equivalents	(41,431)	51,589	670	26,884	2,266	(1,494)	17,725	8,387	6,556	6,026
Cash and cash equivalents at beginning of period	95,307	43,718	43,048	16,164	40,782	42,276	24,551	16,164	9,608	3,582
Cash and cash equivalents at end of period	53,876	95,307	43,718	43,048	43,048	40,782	42,276	24,551	16,164	9,608

User Metrics

Reported by Quarter:

Fiscal Year	Quarter	Registered Users (MM)	Active Users (MM)	Listener Hours (B)
2009	Q1	13	3	
2009	Q2	15	4	
2009	Q3	18	6	
2009	Q4	22	7	
2010	Q1	26	9	0.4
2010	Q2	32	10	0.4
2010	Q3	38	13	0.4
2010	Q4	45	16	0.6
2011	Q1	53	18	0.7
2011	Q2	61	21	0.8
2011	Q3	71	24	1.0
2011	Q4	82	29	1.3
2012	Q1	94	34	1.6
2012	Q2	100+	37	1.8
2012	Q3	100+	40	2.1

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