
**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 June 30, 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 000-27517

GAIA, INC.

(Exact name of registrant as specified in its charter)

COLORADO

(State or other jurisdiction of
incorporation or organization)

84-1113527

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

**833 WEST SOUTH BOULDER ROAD,
LOUISVILLE, COLORADO 80027**

(Address of principal executive offices)

(303) 222-3600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Class A Common Stock

Trading Symbol(s)

GAIA

Name of each exchange on which registered

NASDAQ Global Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 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 every Interactive Data File required to be submitted 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 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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at August 2, 2024
Class A Common Stock (\$0.0001 par value)	18,066,942
Class B Common Stock (\$0.0001 par value)	5,400,000

GAIA, INC.
FORM 10-Q
INDEX

PART I—FINANCIAL INFORMATION

Item 1.	<u>Financial Statements (Unaudited):</u>	3
	<u>Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023</u>	4
	<u>Condensed Consolidated Statements of Operations (unaudited) for the three and six months ended June 30, 2024 and 2023</u>	5
	<u>Condensed Consolidated Statements of Changes in Equity (unaudited) for the six months ended June 30, 2024 and 2023</u>	6
	<u>Condensed Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2024 and 2023</u>	7
	<u>Notes to Interim Condensed Consolidated Financial Statements</u>	8
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	16
Item 4.	<u>Controls and Procedures</u>	16
	<u>PART II—OTHER INFORMATION</u>	18
Item 1.	<u>Legal Proceedings</u>	18
Item 1A.	<u>Risk Factors</u>	18
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	18
Item 3.	<u>Defaults Upon Senior Securities</u>	18
Item 5.	<u>Other Information</u>	18
Item 6.	<u>Exhibits</u>	19
	<u>SIGNATURES</u>	20

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Unaudited Interim Condensed Consolidated Financial Statements

We have prepared our unaudited interim condensed consolidated financial statements included herein pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). While certain information and note disclosures normally included in annual audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to these rules and regulations, we believe that the disclosures made are adequate to make the information not misleading. In our opinion, the unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly, in all material respects, our condensed consolidated balance sheets as of June 30, 2024, the interim condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023, the interim condensed consolidated statements of changes in equity for the three and six months ended June 30, 2024 and 2023, and condensed consolidated statements of cash flows for the six months ended June 30, 2024 and 2023. Operating results for the three and six months ended June 30, 2024 and 2023 are not necessarily indicative of the results that may be expected for a full year or any future interim period. These unaudited interim condensed consolidated financial statements have not been audited. The balance sheet as of December 31, 2023 was derived from our annual audited consolidated financial statements included in our Annual Report on Form 10-K. The unaudited interim condensed consolidated financial statements contained herein should be read in conjunction with our annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2023.

GAIA, INC.
Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

	June 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,459	\$ 7,766
Accounts receivable	4,806	4,111
Other receivables	2,903	2,191
Prepaid expenses and other current assets	2,468	2,015
Total current assets	15,636	16,083
Media library, net	39,125	40,125
Operating right-of-use asset, net	5,875	6,288
Property and equipment, net	25,282	26,303
Equity method investment	—	6,374
Technology license, net	15,954	—
Investments and other assets, net	8,301	3,157
Goodwill	31,943	31,943
Total assets	<u>\$ 142,116</u>	<u>\$ 130,273</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 14,132	\$ 12,038
Accrued and other liabilities	1,957	2,599
Long-term debt, current portion	158	155
Operating lease liability, current portion	809	780
Deferred revenue	17,737	15,861
Total current liabilities	34,793	31,433
Long-term debt, net of current portion (Note 4)	5,721	5,801
Operating lease liability, net of current portion	5,296	5,708
Deferred taxes, net	551	551
Total liabilities	46,361	43,493
Commitments and Contingencies (Note 8)		
Shareholders' equity:		
Class A common stock, \$0.0001 par value, 150,000,000 shares authorized, 18,046,018 and 17,813,179 shares issued, 17,981,031 and 17,748,374 shares outstanding at June 30, 2024 and December 31, 2023, respectively	2	2
Class B common stock, \$0.0001 par value, 50,000,000 shares authorized, 5,400,000 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	1	1
Additional paid-in capital	170,562	170,695
Accumulated deficit	(88,433)	(85,195)
Total Gaia, Inc. shareholders' equity	82,132	85,503
Noncontrolling interests	13,623	1,277
Total equity	95,755	86,780
Total liabilities and equity	<u>\$ 142,116</u>	<u>\$ 130,273</u>

See accompanying notes to the unaudited interim condensed consolidated financial statements.

GAIA, INC.
Condensed Consolidated Statements of Operations (unaudited)

(in thousands, except per share data)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues, net	\$ 22,081	\$ 19,839	\$ 43,774	\$ 39,486
Cost of revenues	3,415	2,839	6,583	5,612
Gross profit	18,666	17,000	37,191	33,874
Operating Expenses:				
Selling and operating	18,697	17,085	36,456	33,208
Corporate, general and administration	1,988	1,520	3,617	3,293
Total operating expenses	20,685	18,605	40,073	36,501
Loss from operations	(2,019)	(1,605)	(2,882)	(2,627)
Equity method investment loss	—	(125)	—	(250)
Interest and other expense, net	(144)	(113)	(252)	(234)
Loss before income taxes	(2,163)	(1,843)	(3,134)	(3,111)
Provision for income taxes	—	—	—	—
Net loss	(2,163)	(1,843)	(3,134)	(3,111)
Net income attributable to noncontrolling interests	30	45	104	83
Net loss attributable to common shareholders	<u><u>\$ (2,193)</u></u>	<u><u>\$ (1,888)</u></u>	<u><u>\$ (3,238)</u></u>	<u><u>\$ (3,194)</u></u>
Loss per share:				
Basic				
Continuing operations (attributable to common shareholders)	\$ (0.09)	\$ (0.09)	\$ (0.14)	\$ (0.15)
Basic loss per share	<u><u>\$ (0.09)</u></u>	<u><u>\$ (0.09)</u></u>	<u><u>\$ (0.14)</u></u>	<u><u>\$ (0.15)</u></u>
Diluted				
Continuing operations (attributable to common shareholders)	\$ (0.09)	\$ (0.09)	\$ (0.14)	\$ (0.15)
Diluted loss per share	<u><u>\$ (0.09)</u></u>	<u><u>\$ (0.09)</u></u>	<u><u>\$ (0.14)</u></u>	<u><u>\$ (0.15)</u></u>
Weighted-average shares outstanding:				
Basic	<u><u>23,372</u></u>	<u><u>20,874</u></u>	<u><u>23,267</u></u>	<u><u>20,850</u></u>
Diluted	<u><u>23,372</u></u>	<u><u>20,874</u></u>	<u><u>23,267</u></u>	<u><u>20,850</u></u>

See accompanying notes to the interim condensed consolidated financial statements.

GAIA, INC.
Condensed Consolidated Statements of Changes in Equity (unaudited)

(in thousands, except shares)	Common Stock Shares	Accumulated Deficit	Common Stock Amount	Additional Paid-in Capital	Non-controlling interests	Total Equity
Balance at December 31, 2023	23,148,374	\$ (85,195)	\$ 3	\$ 170,695	\$ 1,277	\$ 86,780
Issuance of Gaia, Inc. common stock for employee stock purchase plan	7,444	—	—	14	—	14
Issuance of Gaia, Inc. common stock for RSU releases and share-based compensation	4,708	—	—	335	—	335
Net (loss) income	—	(1,045)	—	—	74	(971)
Balance at March 31, 2024	<u>23,160,526</u>	<u>\$ (86,240)</u>	<u>\$ 3</u>	<u>\$ 171,044</u>	<u>\$ 1,351</u>	<u>\$ 86,158</u>
Issuance of Gaia, Inc. common stock for RSU releases and share-based compensation	220,505	—	—	327	—	327
Ignitron activity	—	—	—	(809)	12,242	11,433
Net (loss) income	—	(2,193)	—	—	30	(2,163)
Balance at June 30, 2024	<u>23,381,031</u>	<u>\$ (88,433)</u>	<u>\$ 3</u>	<u>\$ 170,562</u>	<u>\$ 13,623</u>	<u>\$ 95,755</u>
(in thousands, except shares)	Common Stock Shares	Accumulated Deficit	Common Stock Amount	Additional Paid-in Capital	Non-controlling interests	Total Equity
Balance at December 31, 2022	20,806,186	\$ (79,393)	\$ 2	\$ 164,180	\$ 1,070	\$ 85,859
Issuance of Gaia, Inc. common stock for employee stock purchase plan	11,410	—	—	22	—	22
Issuance of Gaia, Inc. common stock for RSU releases and share-based compensation	8,196	—	—	82	—	82
Net (loss) income	—	(1,306)	—	—	38	(1,268)
Balance at March 31, 2023	<u>20,825,792</u>	<u>\$ (80,699)</u>	<u>\$ 2</u>	<u>\$ 164,284</u>	<u>\$ 1,108</u>	<u>\$ 84,695</u>
Issuance of Gaia, Inc. common stock for media library acquisition	272,980	—	—	669	—	669
Issuance of Gaia, Inc. common stock for employee stock purchase plan	10,385	—	—	20	—	20
Issuance of Gaia, Inc. common stock for RSU releases and share-based compensation	45,268	—	—	461	—	461
Net (loss) income	—	(1,888)	—	—	45	(1,843)
Balance at June 30, 2023	<u>21,154,425</u>	<u>\$ (82,587)</u>	<u>\$ 2</u>	<u>\$ 165,434</u>	<u>\$ 1,153</u>	<u>\$ 84,002</u>

See accompanying notes to the interim condensed consolidated financial statements.

GAIA, INC.
Condensed Consolidated Statements of Cash Flows (unaudited)

(in thousands)	For the Six Months Ended June 30, 2024		2023	
Cash flows from operating activities:				
Net loss	\$	(3,134)	\$	(3,111)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Media library amortization		4,924		4,429
Depreciation and amortization		4,193		3,945
Noncash operating lease expense		472		539
Share-based compensation expense		662		543
Additions to media library		(3,938)		(5,210)
Equity method investment losses		—		250
Changes in operating assets and liabilities:				
Accounts receivable		(895)		73
Other receivables		(712)		(590)
Prepaid expenses and other current assets		(413)		(481)
Accounts payable		1,892		1,940
Accrued and other liabilities		(1,072)		(2,409)
Deferred revenue		1,876		1,352
Net cash provided by operating activities		3,855		1,270
Cash flows from investing activities:				
Additions to property and equipment		(2,520)		(1,909)
Purchase of intangible assets		(10,000)		—
Net cash used in investing activities		(12,520)		(1,909)
Cash flows from financing activities:				
Repayment of long-term debt		(4,089)		(12,686)
Proceeds from short-term borrowings		4,000		12,600
Proceeds from sale of subsidiary common stock, net of transaction costs		6,433		—
Proceeds from the issuance of common stock		14		42
Net cash provided by (used in) financing activities		6,358		(44)
Net change in cash, cash equivalents and restricted cash		(2,307)		(683)
Cash, cash equivalents and restricted cash, beginning of period		7,766		11,562
Cash, cash equivalents and restricted cash, end of period	\$	<u>5,459</u>	\$	<u>10,879</u>
Supplemental disclosure of cash flow information				
Cash paid for interest	\$	262	\$	253
Supplemental disclosure of non-cash investing and financing activities				
Value of shares issued for acquisition of content added to Media Library	\$	—	\$	669
Additions to property and equipment in Accounts payable	\$	(202)	\$	—
Non-cash consideration paid for intangible assets	\$	6,156	\$	—

See accompanying notes to the interim condensed consolidated financial statements.

Notes to interim condensed consolidated financial statements

References in this report to "we", "us", "our", the "Company" or "Gaia" refer to Gaia, Inc. and its consolidated subsidiaries, unless we indicate otherwise. All textual currency references are expressed in thousands of U.S. dollars (unless otherwise indicated).

1. Organization, Nature of Operations, and Principles of Consolidation

Gaia, Inc. operates a global digital video subscription service and on-line community that strives to connect a unique and underserved member base. Our digital content library includes over 10,000 titles, with a growing selection of titles available in Spanish, German and French. Our members have unlimited access to this vast library of inspiring films, cutting edge documentaries, interviews, yoga classes, transformation-related content and more – 88% of which is exclusively available to our members for digital streaming on most internet-connected devices anytime, anywhere, commercial free.

Our mission is to create a transformational network that empowers a global conscious community. Content on our network is currently organized into four primary channels—Yoga, Transformation, Alternative Healing, and Seeking Truth—and delivered directly to our members through our streaming platform. We curate programming for these channels by producing content in our in-house production studios with a staff of media professionals. This produced and owned content currently comprises approximately 75% of our members' viewing time. We complement our produced and owned content through long term licensing agreements.

We have prepared the accompanying unaudited interim condensed consolidated financial statements in accordance with GAAP, and they include our accounts and those of our subsidiaries. Intercompany transactions and balances have been eliminated. The unaudited condensed consolidated financial position, results of operations and cash flows for the interim periods disclosed in this report are not necessarily indicative of future financial results.

Use of Estimates and Reclassifications

The preparation of the interim condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the accompanying interim condensed consolidated financial statements and disclosures. Although we base these estimates on our best knowledge of current events and actions that we may undertake in the future, actual results may be different from the estimates. We have made certain reclassifications to prior period amounts to conform to the current period presentations.

As disclosed in our Annual Report on Form 10-K filed March 29, 2024, the Company determined it had the ability to exercise influence over Telomeron, Inc. ("Telomeron") and, therefore, used the equity method of accounting to account for its equity interest. During the first quarter of 2024, the Company determined it no longer has the ability to exercise significant influence over Telomeron and, as such, the investment was reclassified at its carrying value to an equity security investment. The investment has been reclassified into *Investments and other assets, net* on our condensed consolidated balance sheets.

Recently Issued Accounting Pronouncements Not Yet Adopted

There have been no material changes in our significant accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2023. The following recently issued accounting pronouncements are being evaluated but have not yet been adopted.

In October 2023, Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-06, Disclosure Improvements ("ASU 2023-06"), to clarify or improve disclosure and presentation requirements of a variety of topics and align the requirements in the FASB ASC with the SEC's regulations. The amendments in ASU 2023-06 will become effective on the date the related disclosures are removed from Regulation S-X or Regulation S-K by the SEC, and will no longer be effective if the SEC has not removed the applicable disclosure requirement by June 30, 2027. Early adoption is prohibited. We are currently evaluating the impact of ASU 2023-06 on its consolidated financial statements and disclosures.

In November 2023, the FASB issued 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. We are currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-09.

2. Revenue Recognition

Revenues consist primarily of subscription fees paid by our members. We present revenues net of the taxes that are collected from members and remitted to governmental authorities. Members are billed in advance and revenues are recognized ratably over the subscription term. Deferred revenues consist of subscription fees collected from members that have not been earned and are recognized ratably over the remaining term of the subscription. We recognize revenue on a net basis for relationships where our third-party platform partners ("Partner") have the primary relationship, including billing and service delivery, with the member. We recognize revenue on a gross basis for members whose primary relationship is with Gaia. Payments made to Partners to assist in promoting our service on their platforms are expensed to marketing expenses in the period incurred. We do not allow access to our service to be provided as part of a bundle by any of our Partners.

3. Equity and Share-Based Compensation

During the three months ended June 30, 2024 and 2023, we recognized approximately \$327 and \$461, respectively, of share-based compensation expense. During the first six months of 2024 and 2023, we recognized approximately \$662 and \$543, respectively, of share-based compensation expense. Total share-based compensation expense is reported in selling and operating expenses and corporate, general and administration expenses on our interim condensed consolidated statements of operations. There were no options exercised during three and six months ended June 30, 2024 or 2023.

4. Debt

On September 9, 2020, our wholly owned subsidiary Boulder Road LLC ("Boulder Road") sold a 50% undivided interest in a portion of our corporate campus to Westside Boulder, LLC ("Westside"). Boulder Road retained a 50% undivided interest in the property as well as full ownership of our studio and production facilities. Boulder Road received consideration of \$13.2 million in the transaction.

On December 28, 2020, Boulder Road and Westside ("Borrower") entered into a loan agreement with First Interstate Bank, as lender, providing for a mortgage loan in the principal amount of \$13.0 million. The mortgage bears interest at a fixed rate of 3.75% per annum, matures on December 28, 2025, is secured by a deed of trust on our corporate campus, a portion of which is owned by Boulder Road and Westside as tenants-in-common and the remainder of which is owned by Boulder Road. Westside and Boulder Road each received 50% of the loan proceeds and are each responsible for 50% of the monthly installments. Gaia guaranteed payment of the mortgage. The mortgage contains customary affirmative and negative covenants (each with customary exceptions), including limitations on the Borrower's ability to incur liens or debt, make investments, or engage in certain fundamental changes. Additionally, the Credit Agreement requires Boulder Road to maintain a minimum Debt Service Ratio – Pre Distribution of 1.35 to 1.00 annually and a minimum Debt Service Ratio – Post Distribution of 1.15 to 1.00 annually. As of June 30, 2024 and December 31, 2023, the Borrower was in compliance with all related covenants.

On August 25, 2022 (the "Closing Date"), Gaia, as borrower, and certain subsidiaries, as guarantors, entered into a Credit and Security Agreement (the "Credit Agreement") with KeyBank National Association ("KeyBank"). The Credit Agreement provides for a revolving credit facility in an aggregate amount of up to \$10 million with a sublimit of \$1 million available for issuances of letters of credit. Borrowings under the Credit Agreement are available for working capital and general corporate purposes, but not to fund any permanent acquisitions or other investments. There were no outstanding borrowings as of June 30, 2024 and December 31, 2023.

Loans made, or letters of credit issued, under the Credit Agreement mature on August 25, 2025 and are secured (subject to permitted liens and other exceptions) by a first priority lien on all business assets, including intellectual property, of Gaia and the subsidiary guarantors.

Any advance under the Credit Agreement shall bear interest at the Daily Simple Secured Overnight Financing Rate ("SOFR") (subject to a floor of 0.00%), plus, the SOFR Index Adjustment of 0.10%, plus a margin of 2.00%; provided, that, during the existence of a Benchmark Unavailability Period or a SOFR Unavailability Period, advances shall bear interest at the Base Rate, which is a fluctuating interest rate per annum equal to the highest of (i) the Federal Funds Rate plus 0.50%, (ii) KeyBank's "prime rate," (iii) SOFR and (iv) 3.00%, plus, in each instance, a margin of 1.00%.

The aggregate outstanding amount of advances under the Credit Agreement is required to be \$0 for at least 30 consecutive days during the period commencing on the 12-month anniversary of the Closing Date and ending on the 24-month anniversary of the Closing Date. The Company satisfied this requirement during October and November 2023.

The Credit Agreement contains customary affirmative and negative covenants (each with customary exceptions), including limitations on the Company's ability to incur liens or debt, make investments, pay dividends, enter into transactions with its affiliates and engage in certain fundamental changes. Additionally, the Credit Agreement requires Gaia to maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00 and to not permit the Leverage Ratio to exceed 1.50 to 1.00 for any computation period. As of June 30, 2024 and 2023, the Borrower was in compliance with all related covenants.

Maturities on long-term debt, net are:

(in thousands)		
2024 (remaining)		\$ 79
2025		5,800
		<u>\$ 5,879</u>

5. Leases

In connection with the sale of a portion of our corporate campus as further discussed in Note 4, we leased the property pursuant to a master lease for an initial term extending through September 30, 2030, with two five-year extensions. The extension options are not recognized as part of the right-of-use asset and lease liability. We record the right to use the underlying asset for the operating lease term as an asset and our obligation to make lease payments as a liability, based on the present value of the lease payments over the initial lease term. At June 30, 2024, the weighted average remaining lease term was 6.25 years and the weighted average discount rate was 3.75%.

Because the rate implicit in the lease is not readily determinable, we used our incremental borrowing rate to determine the present value of lease payments. Information related to our right-of-use asset and related lease liability were as follows:

(in thousands)	June 30, 2024 (unaudited)	December 31, 2023
Operating right-of-use asset, net	\$ 5,875	\$ 6,288
Operating lease liability, current portion	\$ 809	\$ 780
Operating lease liability, net of current portion	5,296	5,708
	<u>\$ 6,105</u>	<u>\$ 6,488</u>

Operating lease expense is recognized on a straight-line basis over the lease term. Our operating lease expense was \$265 and \$265 for the three months ended June 30, 2024 and 2023, respectively and \$530 and \$530 for the six months ended June 30, 2024 and 2023, respectively. At June 30, 2024, and for the subsequent years ending December 31, future maturity is as follows:

(in thousands)		
2024 (remaining)	\$ 507	
2025	1,035	
2026	1,064	
2027	1,093	
2028	1,123	
Thereafter	2,037	
Future lease payments, gross	6,859	
Less: Imputed interest	(754)	
Operating lease liability	<u>\$ 6,105</u>	

6. Loss Per Share

Basic loss per share is computed using the weighted-average number of outstanding shares of common stock during the period. Diluted loss per share is computed using the weighted-average number of outstanding shares of common stock and, when dilutive, potential shares of common stock outstanding during the period ("common stock equivalents"). Common stock equivalents consist of incremental shares issuable upon the assumed exercise of stock options and vesting of restricted stock units utilizing the treasury stock method.

The weighted-average diluted shares outstanding computation is:

(in thousands, except per share data)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024 (unaudited)	2023	2024 (unaudited)	2023
Weighted-average common stock outstanding	23,372	20,874	23,267	20,850
Weighted-average number of shares	<u>23,372</u>	<u>20,874</u>	<u>23,267</u>	<u>20,850</u>

We excluded the effect of the below elements from our calculation of diluted loss per share, as their inclusion would have been anti-dilutive, as there were no earnings attributable to common shareholders:

(in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024 (unaudited)	2023	2024 (unaudited)	2023
Common stock equivalents excluded due to net loss	—	53	—	52
Employee stock options and RSUs	(25)	492	1,548	471
	<u>(25)</u>	<u>545</u>	<u>1,548</u>	<u>523</u>

7. Income Taxes

Periodically, we perform assessments of the realization of our net deferred tax assets considering all available evidence, both positive and negative. Based on our historical operating losses, combined with our plans to continue to invest in our revenue growth and content library, we have a full valuation allowance on our deferred tax assets as of June 30, 2024. As of June 30, 2024, our net operating loss carryforwards on a gross basis were \$81.3 million and \$26.3 million for federal and state, respectively. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is a stimulus bill which was in response to economic consequences of the COVID-19 pandemic. The CARES Act provided an employee retention credit, which is a refundable tax credit against certain employment taxes. During 2023, we recorded \$1.75 million related to the employee retention credit in Selling and operating expenses in the condensed consolidated statements of operations with a related receivable balance from the United States government related to the CARES Act, which is recorded in *Prepaid expenses and other current assets* on our condensed consolidated balance sheets.

8. Contingencies

From time to time, we are involved in legal proceedings that we consider to be in the normal course of business. We record accruals for losses related to those matters against us that we consider to be probable and that can be reasonably estimated. Based on available information, in the opinion of management, settlements, arbitration awards and final judgments, if any, that are considered probable of being rendered against us in litigation or arbitration in existence at June 30, 2024, and that can be reasonably estimated, are either reserved against or would not have a material adverse effect on our financial condition, results of operations or cash flows.

The Company is subject to tax examinations for non-income taxes in foreign jurisdictions where it provides services to consumers residing in foreign jurisdictions. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from foreign tax authorities. An accrual for non-income tax liability is recognized for foreign jurisdictions when it is probable that a liability has been incurred and the non-income tax exposure can be reasonably estimated. For other foreign jurisdictions requiring non-income taxes, the Company has determined that the non-income tax exposure is reasonably possible. However, considering the Company is in early stages of the examination and the Company's prior experience with foreign tax authorities, the Company is unable to reasonably estimate the amount of non-income tax exposure that may be incurred.

9. Segment and Geographic Information

Our chief operating decision maker reviews operating results on a consolidated basis and has determined that we have one reportable segment. We have members in the United States and over 185 foreign countries. The major geographic territories are the U.S., Canada and Australia based on the billing location of the member.

The following represents geographical data for our operations:

(in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
United States	\$ 12,390	\$ 11,292	\$ 24,536	\$ 23,007
International	9,691	8,547	19,238	16,479
	<u>\$ 22,081</u>	<u>\$ 19,839</u>	<u>\$ 43,774</u>	<u>\$ 39,486</u>

10. Igniton Transaction

In April 2024, the Company entered into a series of transactions with its subsidiary, Igniton, and a third-party entity to purchase a perpetual license for a total of \$16.2 million of consideration comprised of \$10.2 million of cash and \$5.0 million of common stock of Igniton and \$1.0 million of the Company's equity security investment in Telomeron (the "License Purchase"). The license allows the Company to utilize the technology developed by the third party. This license is being recorded within the *Technology license, net* line item on the condensed consolidated balance sheets.

The License Purchase was funded through an equity financing through Igniton which raised \$6.8 million of cash from third-party investors and \$4.0 million investment from Gaia.

Technology license, net consists of the following as of June 30, 2024:

(in thousands)	June 30, 2024
Technology license	\$ 16,156
Accumulated amortization	(202)
Technology license, net	<u>\$ 15,954</u>

The following schedule discloses the effects of changes in the Company's ownership of Igniton on the Company's equity, as a result of the Igniton Transaction, for the periods presented:

(in thousands)	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Net income attributable to Gaia, Inc. shareholders	\$ (2,193)	\$ (3,238)
Change in Gaia's paid-in capital for sale of Igniton Shares, net of issuance costs	(809)	(809)
Net transfers from non-controlling interest	(809)	(809)
Change from net income attributable to Gaia, Inc. shareholders and transfers from Noncontrolling Interest	\$ (3,002)	\$ (4,047)

On April 18, 2024, Igniton, Inc., a Colorado corporation ("Igniton"), and subsidiary of the Company, closed a sale of 2,750,000 shares of Igniton common stock (the "Igniton Shares") to certain funds managed by AWM Investment Company, Inc. ("AWM") for total net proceeds of \$3,162,500. Igniton's total proceeds included a \$412,500 premium (the "Premium") that was passed to the Company in exchange for the issuance to AWM of a non-transferable right granting AWM a one-time ability to sell the Igniton Shares to the Company for the total net proceeds paid (the "Option"), payable at the Company's option, in cash or shares of the Company's Class A common stock having a value per share equal to the trailing 5-day average VWAP prior to the exercise of the Option. The amounts have been recorded within Additional paid-in capital and Noncontrolling interests within the Statement of Stockholder's Equity.

11. Subsequent Events

Management has evaluated and determined there were no subsequent events as of the filing of this Form 10-Q.

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

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact are forward looking statements that involve risks and uncertainties. When used in this discussion, we intend the words "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "future," "hope," "intend," "may," "might," "objective," "ongoing," "plan," "potential," "predict," "project," "should," "strive," "target," "will," "would" and similar expressions as they relate to us to identify such forward-looking statements. Our actual results could differ materially from the results anticipated in these forward-looking statements as a result of certain factors set forth under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Form 10-Q and under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. Risks and uncertainties that could cause actual results to differ include, without limitation: our ability to attract new members and retain existing members; our ability to compete effectively, including for customer engagement with different modes of entertainment; maintenance and expansion of device platforms for streaming; fluctuation in customer usage of our service; fluctuations in quarterly operating results; service disruptions; production

risks; general economic conditions; future losses; loss of key personnel; price changes; brand reputation; acquisitions; new initiatives we undertake; security and information systems; legal liability for website content; failure of third parties to provide adequate service; future internet-related taxes; our founder's control of us; litigation; consumer trends; the effect of government regulation and programs; the impact of public health threats; our ability to remediate the material weaknesses in our internal control over financial reporting and technical accounting; and other risks and uncertainties included in our filings with the SEC. We caution you that no forward-looking statement is a guarantee of future performance, and you should not place undue reliance on these forward-looking statements which reflect our views only as of the date of this report. We undertake no obligation to update any forward-looking information.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this report. This section is designed to provide information that will assist readers in understanding our unaudited consolidated financial statements, changes in certain items in those statements from year to year, the primary factors that caused those changes and how certain accounting principles, policies and estimates affect the consolidated financial statements.

Overview and Outlook

We operate a global digital video subscription service with a library of over 10,000 titles, with live communications and live events with a growing selection of titles available in Spanish, German and French that caters to a unique, underserved member base. Our digital content is available to our members on most internet-connected devices anytime, anywhere, commercial-free. Through our online Gaia subscription service our members have unlimited access to a library of inspiring films, cutting edge documentaries, interviews, yoga classes, transformation related content, live events, and more – 88% of which is exclusively available to our members for digital streaming on most internet-connected devices.

Gaia's position in the streaming video landscape is firmly supported by its wide variety of exclusive and unique content, which provides a complementary offering to other entertainment-based streaming video services. Our original content is developed and produced in-house in our lifestyle campus near Boulder, Colorado. By offering exclusive and unique content through our streaming service, we believe we will be able to significantly expand our target member base.

Our available content is currently focused on yoga, transformation, alternative healing, seeking truth and conscious films. This content is specifically targeted to a unique member base that is interested in alternative content provided by mainstream media. We have grown these content options both organically through our own productions and through strategic acquisitions or licensing. In addition, through our investments in our streaming video technology and our user interface, we have expanded the many ways our subscription member base can access our unique library of media titles.

Our core strategy is to grow our subscription business domestically and internationally by expanding our unique and exclusive content library, enhancing our user interface, extending our streaming service to new internet-connected devices as they are developed and creating a conscious community built around our content.

We are a Colorado corporation. Our principal and executive office is located at 833 West South Boulder Road, Louisville, CO 80027-2452. Our telephone number at that address is (303) 222-3600.

Results of Operations

The table below summarizes certain detail of our financial results for the periods indicated:

(in thousands, except per share data)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2024		2023	2024		2023
	(unaudited)			(unaudited)		
Revenues, net	\$ 22,081	\$ 19,839		\$ 43,774	\$ 39,486	
Cost of revenues	3,415	2,839		6,583	5,612	
Gross profit margin	84.5%	85.7%		85.0%	85.8%	
Selling and operating	18,697	17,085		36,456	33,208	
Corporate, general and administration	1,988	1,520		3,617	3,293	
Total operating expenses	20,685	18,605		40,073	36,501	
Loss from operations	(2,019)	(1,605)		(2,882)	(2,627)	
Equity method investment loss	—	(125)		—	(250)	
Interest and other expense, net	(144)	(113)		(252)	(234)	
Loss before income taxes	(2,163)	(1,843)		(3,134)	(3,111)	
Provision for income taxes	—	—		—	—	
Net loss	(2,163)	(1,843)		(3,134)	(3,111)	
Net income attributable to noncontrolling interests	30	45		104	83	
Net loss attributable to common shareholders	\$ (2,193)	\$ (1,888)		\$ (3,238)	\$ (3,194)	

The following table sets forth certain financial data as a percentage of revenues, net for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024		2024	
	(unaudited)		(unaudited)	
Revenues, net	100.0%	100.0%	100.0%	100.0%
Cost of revenues	15.5%	14.3%	15.0%	14.2%
Gross profit margin	84.5%	85.7%	85.0%	85.8%
Operating Expenses:				
Selling and operating	84.7%	86.1%	83.3%	84.1%
Corporate, general and administration	9.0%	7.7%	8.3%	8.3%
Total operating expenses	93.7%	93.8%	91.5%	92.4%
Loss from operations	(9.1)%	(8.1)%	(6.6)%	(6.7)%
Equity method investment loss	0.0%	(0.6)%	0.0%	(0.6)%
Interest and other expense, net	(0.7)%	(0.6)%	(0.6)%	(0.6)%
Loss before income taxes	(9.8)%	(9.3)%	(7.2)%	(7.9)%
Provision for income taxes	0.0%	0.0%	0.0%	0.0%
Net loss	(9.8)%	(9.3)%	(7.2)%	(7.9)%
Net income attributable to noncontrolling interests	0.1%	0.2%	0.2%	0.2%
Net loss attributable to common shareholders	(9.9)%	(9.5)%	(7.4)%	(8.1)%

Three months ended June 30, 2024 compared to three months ended June 30, 2023

Revenues, net. Revenues increased \$2.242 million, or 11%, to \$22.081 million during the three months ended June 30, 2024, compared to \$19.839 million during the three months ended June 30, 2023. This was primarily driven by an increase in member count.

Cost of revenues. Cost of revenues increased \$0.6 million or 21.4% to \$3.4 million during the three months ended June 30, 2024, compared to \$2.8 million during the three months ended June 30, 2023 related to the increase in revenues and revenue mix. Gross profit margin decreased during the three months ended June 30, 2024 to 84.5% from 85.7% for the three months ended June 30, 2023 primarily due to increased content amortization related to an overall increase in our investment of our original content offerings and other costs.

Selling and operating expenses. Selling and operating expenses increased \$1.6 million, or 9.4%, to \$18.7 million during the three months ended June 30, 2024, compared to \$17.1 million for the three months ended June 30, 2023, driven primarily by an increase in marketing expense and people related expenses. As a percentage of net revenues, selling and operating expenses decreased to 84.7% for the three months ended June 30, 2024 compared to 86.1% for the three months ended June 30, 2023.

Corporate, general and administration expenses. Corporate, general and administration expenses increased \$0.5 million, or 33.3% to \$2.0 million for three months ended June 30, 2024 from \$1.5 million for three months ended June 30, 2023, driven primarily by

increases in public company expenses. As a percentage of net revenues, these expenses increased to 9.0% for the three months ended June 30, 2024 from 7.7% for the three months ended June 30, 2023.

Six months ended June 30, 2024 compared to six months ended June 30, 2023

Revenues, net. Revenues increased \$4.3 million, or 10.9%, to \$43.8 million during the six months ended June 30, 2024, compared to \$39.5 million during the six months ended June 30, 2023. This was primarily driven by an increase in member count.

Cost of revenues. Cost of revenues increased \$1.0 million or 17.9% to \$6.6 million during the six months ended June 30, 2024, compared to \$5.6 million during the six months ended June 30, 2023 related to the increase in revenues and increased content amortization. Gross profit margin decreased during the six months ended June 30, 2024 to 85.0% from 85.8% for the six months ended June 30, 2023 primarily due to increased content amortization related to an overall increase in our investment of our original content offerings and revenue mix.

Selling and operating expenses. Selling and operating expenses increased \$3.3 million, or 9.9%, to \$36.5 million during the six months ended June 30, 2024, compared to \$33.2 million for the six months ended June 30, 2023, driven primarily by an increase in marketing expense and people related expenses. As a percentage of net revenues, selling and operating expenses decreased to 83.3% for the six months ended June 30, 2024 compared to 84.1% for the six months ended June 30, 2023.

Corporate, general and administration expenses. Corporate, general and administration expenses increased \$0.3 million, or 9.1% to \$3.6 million for six months ended June 30, 2024 from \$3.3 million for six months ended June 30, 2023, driven primarily by increases in public company expenses. As a percentage of net revenues, these expenses were 8.3% for both the six months ended June 30, 2024 and 2023.

Seasonality

Our member base reflects seasonal variations driven primarily by periods when consumers typically spend more time indoors and, as a result, tend to increase their viewing, similar to those of traditional TV and cable networks. We have generally experienced the greatest member growth in the fourth and first quarters (October through February), and slowest during May through August. This drives quarterly variations in our spending on member acquisition efforts and the number of net new subscribers we add each quarter but does not result in a corresponding seasonality in net revenue. As we continue to expand internationally, we expect regional seasonality trends to demonstrate more predictable seasonal patterns as our service offering in each market becomes more established and we have a longer history to assess such patterns.

Liquidity and Capital Resources

Our capital needs arise from working capital required to fund operations, capital expenditures related to acquisition and development of media content, development and marketing of our digital platforms, acquisitions of new businesses and other investments, replacements, expansions and improvements to our infrastructure, and future growth. These capital requirements depend on numerous factors, including the rate of market acceptance of our offerings, our ability to expand our customer base, the cost of ongoing upgrades to our offerings, our expenditures for marketing, and other factors. Additionally, we will continue to pursue opportunities to expand our media libraries, evaluate possible investments in businesses and technologies, and increase our marketing programs as needed.

Our budgeted content and capital expenditures for the remainder of 2024 are expected to be between \$6.0 to \$8.0 million which we intend to fund with cash flows generated from operations. These planned expenditures will be predominately utilized to expand our content library and build out the capabilities of our digital platforms. The planned expenditures are discretionary and, with our in-house production capabilities, we have the ability to scale expenditures based on the available cash flows from operations. We began to generate positive cash flows from operations since 2020 and have continued to generate cash flows from operations since. We expect to continue generating positive cash flows from operations during the remainder of 2024. We generated approximately \$3.9 million in cash flows from operations during the six months ended June 30, 2024. As of June 30, 2024, our cash balance was \$5.5 million.

As described in Note 4, during August 2022, we entered into a Credit Agreement with KeyBank, which provides for a revolving credit facility in an aggregate amount of up to \$10.0 million. Funds from the Credit Agreement are available for working capital and general corporate purposes, but not to fund any permitted acquisitions or other investments. As of June 30, 2024, there were no outstanding borrowings under the Credit Agreement.

As described in Note 10, in April 2024, the Company entered into a series of transactions with its subsidiary, Igniton, and a third-party entity to purchase a perpetual license for a total of \$16.2 million of consideration comprised of \$10.2 million of cash and \$5.0 million of common stock of Igniton and \$1.0 million of the Company's equity security investment in Telomeron (the "License Purchase").

The license allows the Company to utilize the technology developed by the third party. This license is being recorded within the *Technology license, net* line item on the condensed consolidated balance sheets. The License Purchase was primarily funded through an equity financing through Igniton which raised \$6.8 million of cash from third-party investors.

In the normal course of our business, we investigate, evaluate and discuss acquisition, joint venture, minority investment, strategic relationship and other business combination opportunities in our market. For any future investment, acquisition, or joint venture opportunities, we may consider using then-available liquidity, issuing equity securities or incurring indebtedness.

While there can be no assurances, we believe our cash on hand, our cash expected to be generated from operations, our \$10 million revolving line of credit, our potential additional borrowing capabilities now that we have a history of generating positive operating cash flows, and our potential capital raising capabilities will be sufficient to fund our operations on both a short-term and long-term basis. However, our projected cash needs may change as a result of acquisitions, product development, unforeseen operational difficulties, or other factors.

Cash Flows

The following table summarizes our sources (uses) of cash during the periods presented:

(in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023 (unaudited)	2024	2023 (unaudited)
Net cash provided by (used in):				
Operating activities	(2,081)	584	3,855	1,270
Investing activities	(11,447)	(491)	(12,520)	(1,909)
Financing activities	6,388	(62)	6,358	(44)
Net change in cash	\$ (7,140)	\$ 31	\$ (2,307)	\$ (683)

Operating activities. Cash flows provided by operations increased approximately \$2.6 million during the first six months of 2024 compared to the same period in 2023. The increase was primarily driven by changes in earnings, timing of working capital, primarily accrued liabilities and deferred revenues.

Investing activities. Cash flows used, including the investing activities within our 71% owned subsidiary, decreased \$10.6 million during the first six months of 2024 compared to the same period in 2023 due primarily to a technology license acquired during the quarter. Excluding this subsidiary license purchase, the cash flow would be a decrease of \$0.6 million.

Financing activities. Cash flows provided by financing activities were primarily impacted by repayment of long term debt

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined in Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management (i.e., the Company's principal executive officer and principal financial officer), conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934. Based upon its evaluation as of June 30, 2024, our management has concluded that those disclosure controls and procedures were not effective at a reasonable assurance level based on the previously identified material weaknesses in our internal control over financial reporting as described below. Notwithstanding the previously identified material weaknesses, management, including our Chief Executive Officer and Chief Financial Officer, believes the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Previously Identified Material Weakness

In the course of preparing our consolidated financial statements for the fiscal year ended December 31, 2023, we identified two material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting, we identified the following control deficiencies that represent material weaknesses as of December 31, 2023.

Specifically, we determined that we did not have appropriate technical accounting and financial reporting capabilities to properly record in our financial statements certain complex or unusual transactions. Additionally, we determined our financial close and reporting process was inadequate due to insufficient analysis of certain accounts and inadequate financial reporting systems.

These material weaknesses resulted in incorrect accounting entries that were identified and corrected through the audit of our fiscal year ended December 31, 2023. In addition, these material weaknesses resulted in errors in the consolidated financial statements and related disclosures in our Annual Report on Form 10-K for the year ended December 31, 2022 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 through September 30, 2023.

Ongoing Remediation of Previously Identified Material Weakness

We have begun taking measures, and plan to continue to take measures, to remediate the material weaknesses. In order to address these material weaknesses, we have begun to implement additional procedures and controls in the financial statement close and reporting process, which include enhanced system capabilities in most areas, enhanced reconciliation controls, enhanced review controls and financial close checklists which aim to ensure all necessary reviews and reconciliations are occurring as designed. Additionally, we have begun to enhance access to accounting training, literature, research materials and plan to increase communication channels among our personnel and outsourced third-party professionals with whom we may consult regarding the application of complex accounting transactions. We also plan to hire additional accounting and finance personnel with technical accounting and financial reporting experience.

We believe the measures described above along with other elements of our remediation plan will remediate the material weaknesses identified and strengthen our internal controls over financial reporting. We are committed to continuing to improve our internal control processes and have begun to implement the measures described above. We will also continue to review, optimize and enhance our financial reporting controls and procedures. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies or we may modify certain of the remediation measures described above. We will not consider our material weaknesses remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

For more information concerning the material weakness identified and remediation steps, see the section titled "*Risk Factors – Risks Related to our Material Weakness and Restatements*" included in our Annual Report on Form 10-K, filed on March 29, 2024.

Changes in Internal Control over Financial Reporting

Other than the ongoing material weakness remediation activities described above, there were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

We incorporate by reference the Risk Factors included as Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 that we filed with the SEC on March 29, 2024.

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

On April 18, 2024, Igniton, Inc., a Colorado corporation ("Igniton"), and subsidiary of the Company, closed a sale of 2,750,000 shares of Igniton common stock (the "Igniton Shares") to certain funds managed by AWM Investment Company, Inc. ("AWM") for total net proceeds of \$3,162,500. Igniton's total proceeds included a \$412,500 premium (the "Premium") that was passed to the Company in exchange for the issuance to AWM of a non-transferable right granting AWM a one-time ability to sell the Igniton Shares to the Company for the total net proceeds paid (the "Option"), payable at the Company's option, in cash or shares of the Company's Class A common stock having a value per share equal to the trailing 5-day average VWAP prior to the exercise of the Option (the "Company Shares"). If the Company elects to pay in shares of its Class A common stock and AWM would, as a result, beneficially own more than 9.99% of the Company's Class A common stock, AWM will receive prefunded warrants in lieu of the shares of Class A common stock that would exceed the 9.99% beneficial ownership limitation. These issuances and sales of the subsidiary stock are exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. On July 1, 2024, the Securities and Exchange Commission declared effective a registration statement on Form S-1, registering the 2,108,334 Company Shares underlying the Company's right to settle the Option in Company Shares.

Item 3. Defaults Upon Senior Securities.

None.

Item 5. Other Information.

During the three months ended June 30, 2024, no director or officer of Gaia adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File

* Filed herewith

** Furnished herewith

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.

Gaia, Inc.
(Registrant)

August 5, 2024
Date

By: /s/ James Colquhoun
James Colquhoun
Chief Executive Officer
(Authorized Officer)

August 5, 2024
Date

By: /s/ Ned Preston
Ned Preston
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

I, James Colquhoun, certify that:

- 1.I have reviewed this quarterly report on Form 10-Q of Gaia, Inc.;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a)all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b)any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2024

/s/ James Colquhoun
James Colquhoun
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Ned Preston, certify that:

- 1.I have reviewed this quarterly report on Form 10-Q of Gaia, Inc.;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2024

/s/ Ned Preston
Ned Preston
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Gaia, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, James Colquhoun, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1)The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2024

/s/ James Colquhoun
James Colquhoun
Chief Executive Officer
(Principal Executive Officer)

A signed original of the written statement required by Section 906 has been provided to Gaia will be retained by Gaia and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Gaia, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Ned Preston, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1)The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2024

/s/ Ned Preston
Ned Preston
Chief Financial Officer
(Principal Financial Officer)

A signed original of the written statement required by Section 906 has been provided to Gaia and will be retained by Gaia and furnished to the Securities and Exchange Commission or its staff upon request.
