

# Gaia

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## Investor Presentation



# FORWARD LOOKING STATEMENT

This presentation includes forward-looking statements relating to matters that are not historical facts.

Forward-looking statements may be identified by the use of words such as "expect," "believe," "will," or comparable terminology or by discussions of strategy. While GAIA believes its assumptions and expectations underlying forward-looking statements are reasonable, there can be no assurance that actual results will not be materially different. Risks and uncertainties that could cause materially different results include, among others, GAIA's ability to grow its subscription-based, GAIA streaming media business, the results from operations of GAIA's other businesses, and other risks and uncertainties included in GAIA's filings with the Securities and Exchange Commission. GAIA assumes no duty to update any forward-looking statements.

# WHAT IS GAIA

- **Global** video subscription service (SVOD) @ \$9.95/month (Ad Free)
- **8,000+** original programs and curated videos
- **90+%** of content is **exclusive** to Gaia
- **Worldwide rights** on **90%** of content
- **Unlimited tethered downloads** as part of subscription



# UNIQUELY POSITIONED IN MARKET

- **Exclusive** streaming rights
- Rides TV trend **towards specialty** (*NBC >> CNBC >> Golf Channel*)
- **Network of niche channels** for an underserved subscriber base
- **Complementary** to entertainment players (Netflix, HBO NOW)
  - **71%** of Gaia subscribers also have a Netflix subscription
- **50%** US SVOD households already subscribe to 2+ services

# PROVEN MANAGEMENT TEAM



**JIRKA RYSAVY**  
*CHAIRMAN & CEO*

- Founder & CEO – Crystal Market → Wild Oats Market (ex-NASDAQ), Whole Foods Market (now Amazon)
- Founder & CEO – Corporate Express (ex-NASDAQ) former Fortune 500 & largest Colorado company, now Staples Advantage
- Founder & CEO – Gaia (ex-NASDAQ) now Sequential Brands



**BRAD WARKINS**  
*PRESIDENT AND COO*

- Joined Company in 2007
- Previously served as President of Conscious Media, Inc., a company majority owned by Gaia, and purchased by Gaia in 2007
- Formerly head of Ecommerce with Corporate Express and 8+ years with Anderson Consulting (now Accenture)



**PAUL TARELL**  
*CFO*

- At Gaia since 2013, previously VP Finance at SET Media, Inc. (acquired by Conversant)
- Formerly Senior Director of Finance at Velti, Inc., a mobile advertising technology company
- 8+ years at KPMG and Armanino

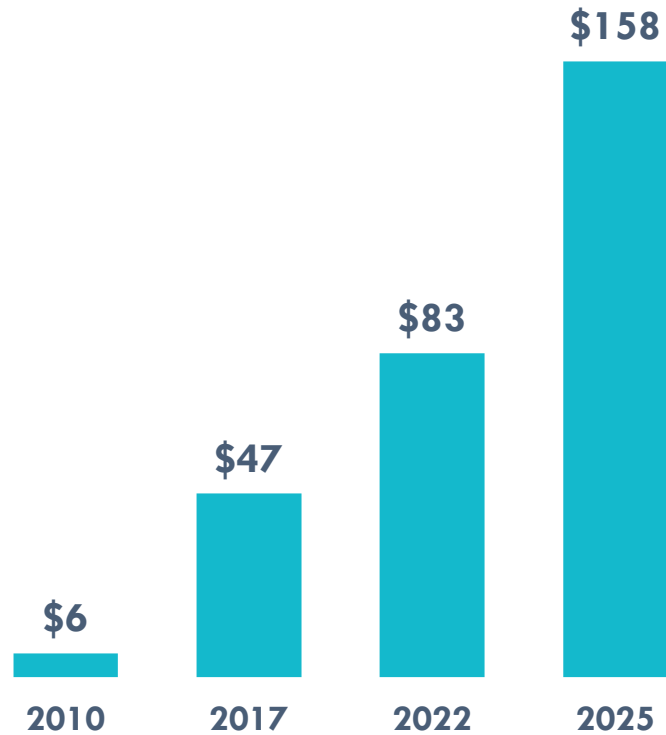


**JAYMI BAUER**  
*CMO*

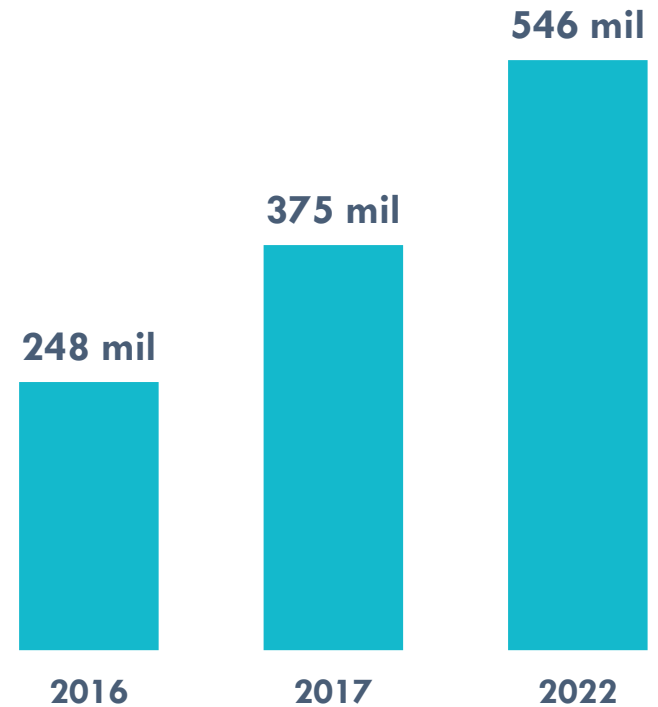
- At Gaia since 2014
- Previously held various leadership positions over 11+ years at Microsoft in the Xbox and Interactive Entertainment divisions
- Led the launch of Xbox 360 in US Channel, Global Marketing Head for Xbox 1<sup>st</sup> Party Games and Lifestyle & Entertainment experiences on Xbox One

# MASSIVE CATEGORY MOMENTUM

Global OTT Revenue (\$ Billions)



Projected Global SVOD Subscriptions



Source: Digital TV Research July 2016, January and December 2017; Business Wire Global SVOD Forecasts October 2017

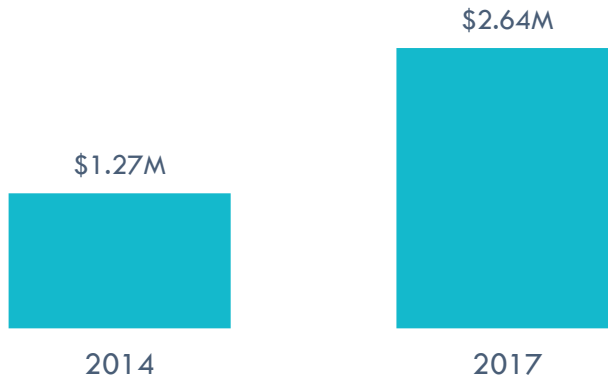
# LEADING CONTENT CREATION

- 80+% of viewership on Gaia original content
- Full in-house production capabilities
- **No dependence** on studios

Cost per hour: Gaia \$10K (Netflix \$10M)



- **Hedge against rising costs to license content** (experienced by entertainment players)
- Revenue generated by titles published in 2013:



Cost: \$2.2M

Lifetime revenue: **\$6.9M**



# POISED FOR INTERNATIONAL EXPANSION

**Subscribers in 170+ Countries**

**~25+% of Subscriber Base Outside the US**

- International rights for 90% of content viewed
- Expand by adding languages without need for foreign operations
- Spanish - Q3 2017, including 600+ native language titles
- German - December 2017, French – February 2018
- **Gaia international subscribers** 5y 50% / 10y 60-65%



# Gaia

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Create a transformational network that empowers a global conscious community



# PRIMARY CHANNELS



Streaming yoga with soul, with the world's best teachers and guides

*Member Profile:* Yogis who live the yoga lifestyle on and off the mat



Inspirational videos with expert teachings to help you tap into your potential

*Member Profile:* Open minded optimists pursuing personal transformation



Investigate the truth with luminaires who ask life's biggest questions

*Member Profile:* Inquisitive intellectuals seeking information outside mainstream

## TARGET DEMOGRAPHIC

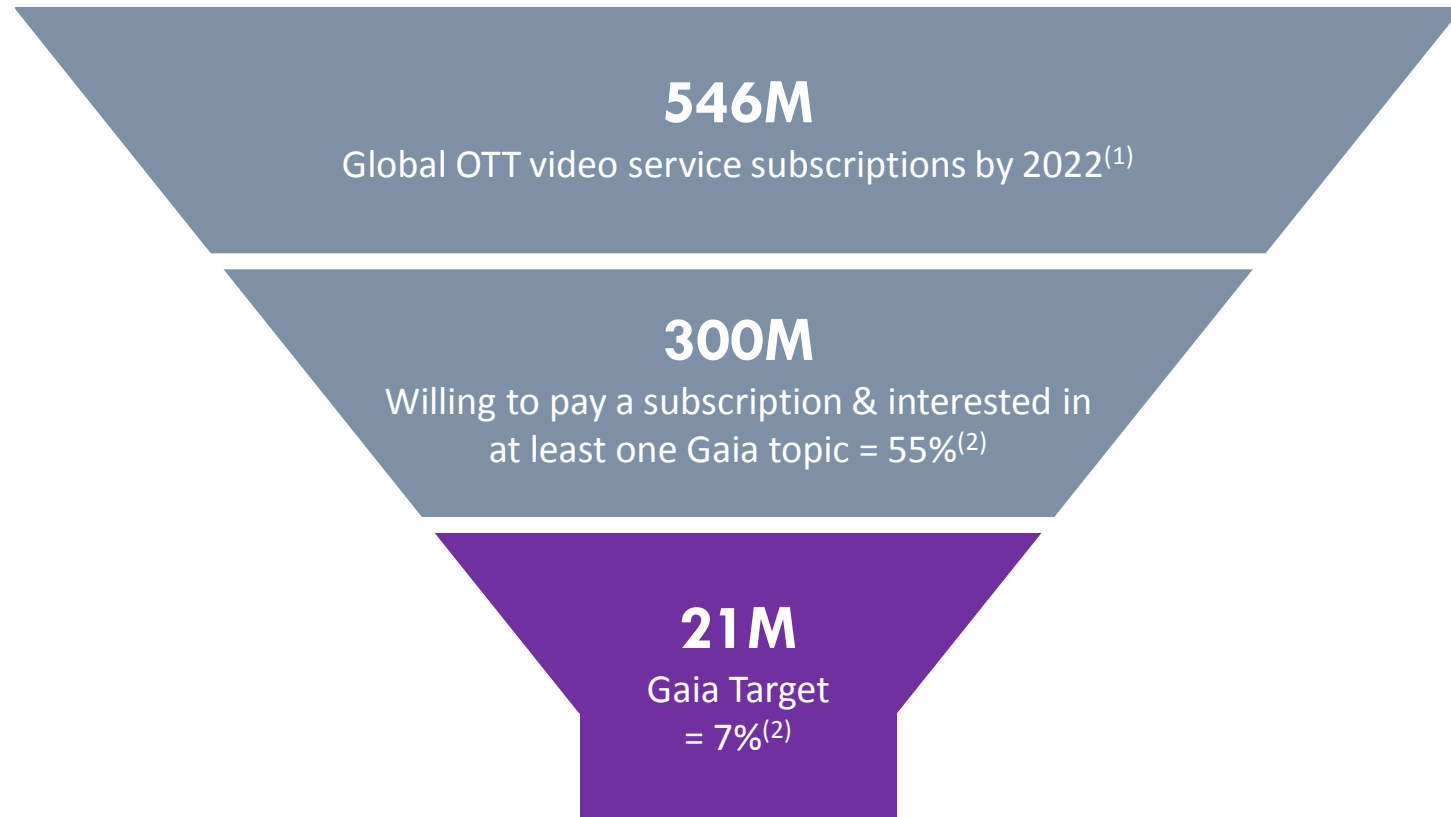
Consumption across segments

28-60 years old

50% Female / 50% Male

\$75k+ HH income

# TREMENDOUS ADDRESSABLE MARKET



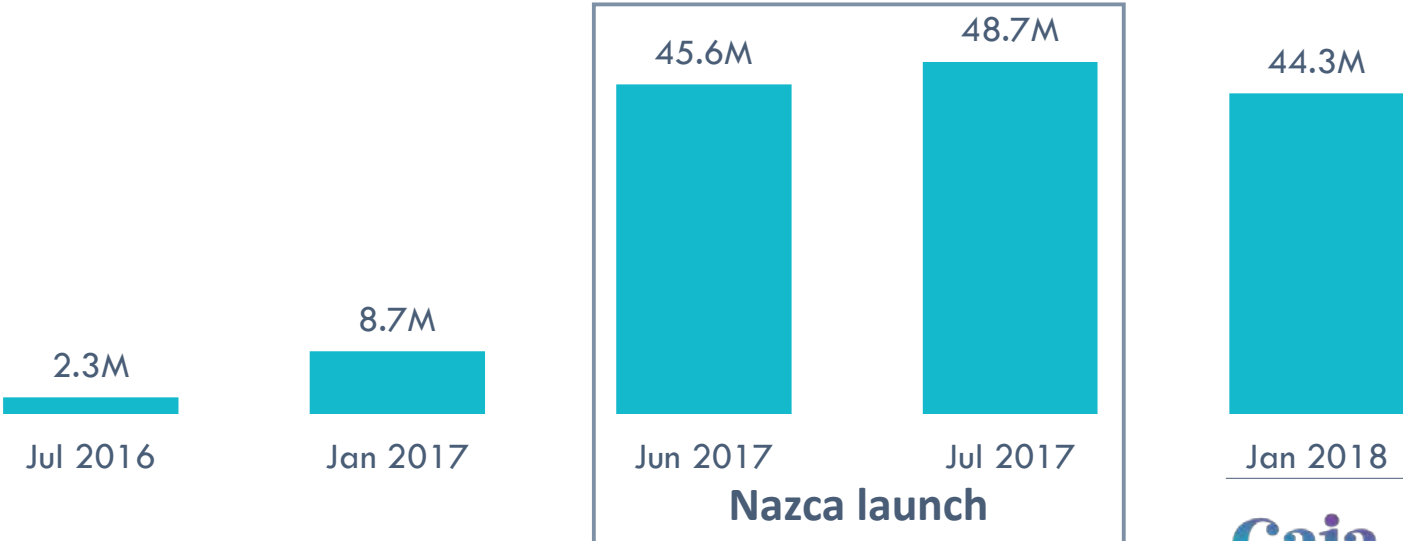
(1) Digital TV Research December 2017

(2) Gaia Segmentation and Market Size study 2015

# SPECIAL SERIES: *Unearthing Nazca*

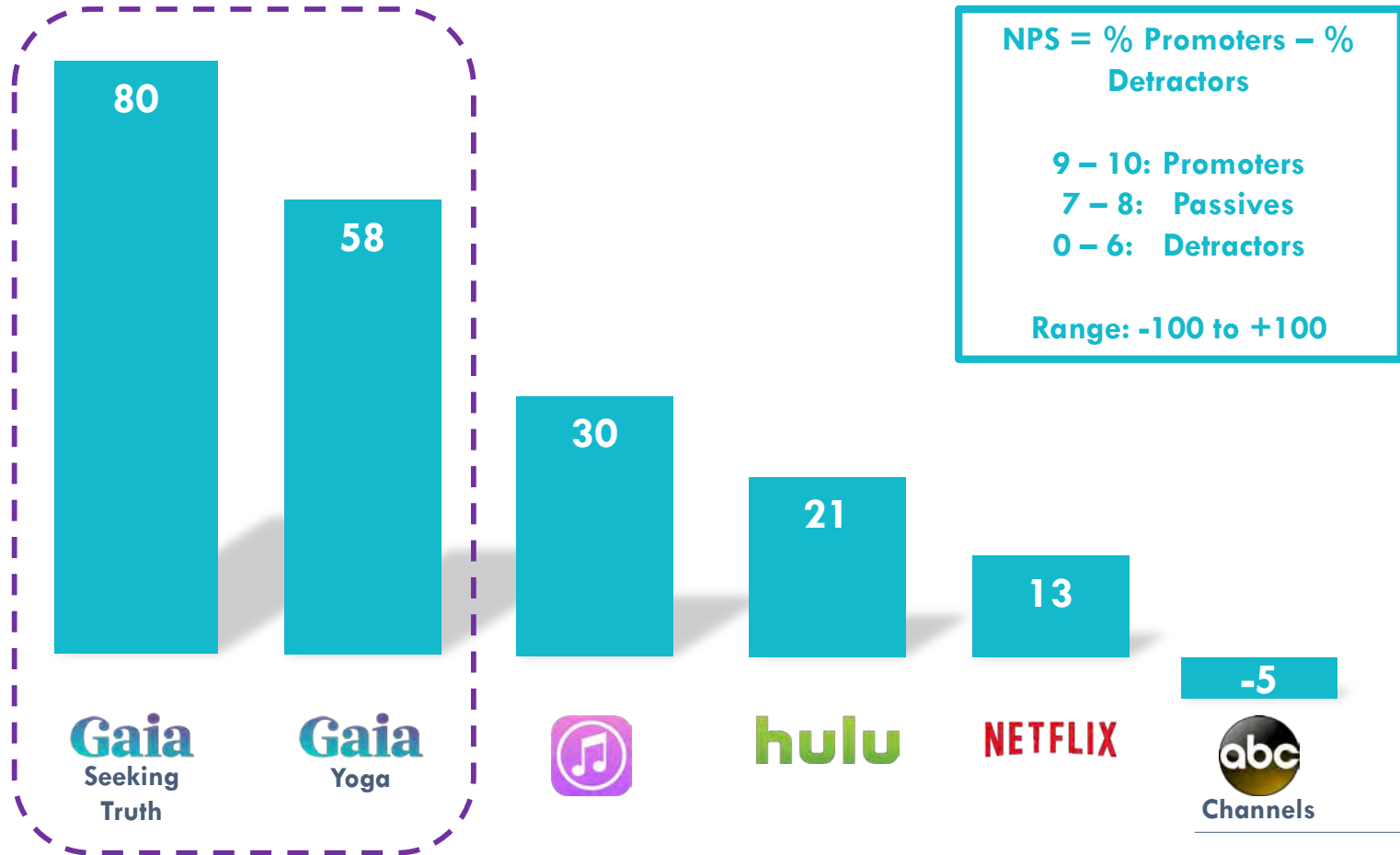
- Demonstrates the power of Gaia’s addressable market
- Original docu-series explores an archaeological discovery in Peru
- Launched on gaia.com, Facebook and YouTube (June 2017)
- In under three days, series produced ~17M views, **85M views and growing**

Organic Social Monthly Views



# UNPARALLELED CUSTOMER LOYALTY

## Net Promoter Scores (NPS)





# CROSS-PLATFORM PARTNERSHIPS

## Subscription Sales Partnerships



## Gaia Reseller

amazon



## Cable Partners



Strategic partnerships drive brand awareness and reach

Keep under 20% of revenue

# THE GAIA CAMPUS

- 150,000 sf. ft (Boulder, CO)
- Includes 12 landscaped acres
- Full-service cafeteria
- Owned by Gaia
  - book value ~\$17 million
  - appraised value ~\$27 million

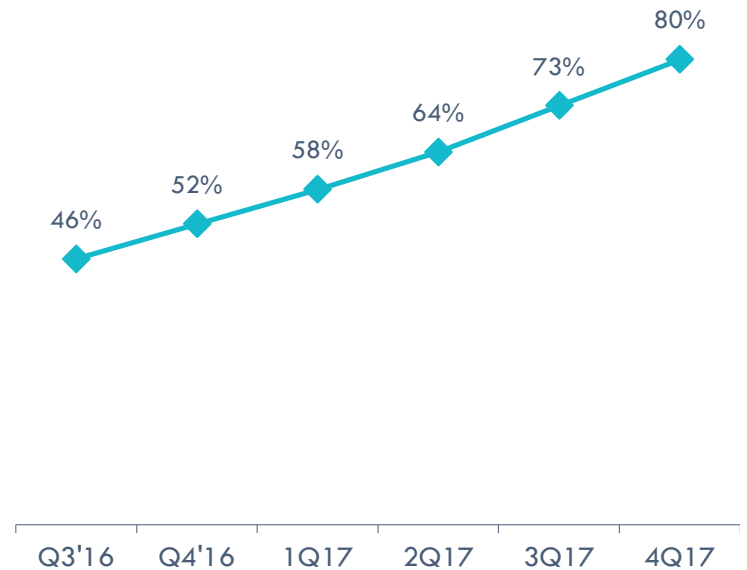




# ATTRACTIVE BUSINESS MODEL

- Target of **1 million** subscribers by end of **2019** (as originally set in fall 2015)
- Pre-tax income at **40%** of revenue in 4 years
- Cash contribution margin **90%**
- Negative working capital
  - Cash upfront (1-2 days)
  - A/P 1-2 months
  - No inventory, returns or refunds
- Six quarters of proven execution

YoY Historical Subscriber Growth Rate

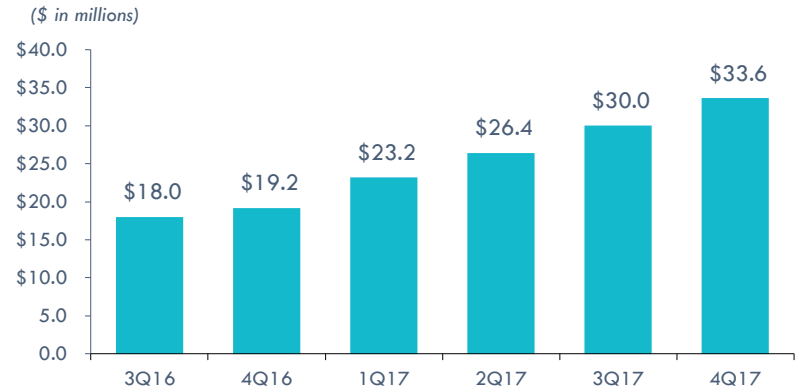


# IMPRESSIVE FINANCIAL METRICS

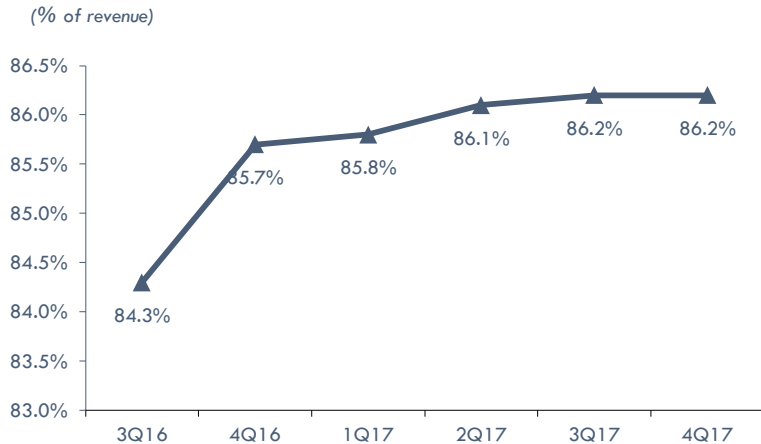
## Subscribers



## Annualized Revenue Run Rate

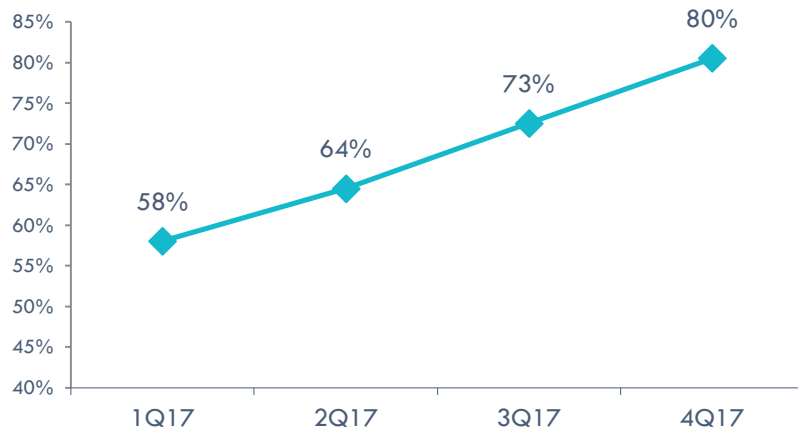


## Gross Margin



# EFFICIENT GROWTH

YoY Historical Subscriber Growth Rate



Quarterly Operating Losses



Increase in brand reach results in increased efficiency in customer acquisition efforts

Driving **declining cost** of acquisition per subscriber

# BALANCE SHEET

	Dec 31, 2017
<b>Cash</b>	<b>\$ 32,778,000</b>
<b>Building and Land, net</b>	<b>17,028,000</b>
Media Library, net	14,342,000
Member Base - 364,500 members	-
Net Operating Losses (Full VA)	-
Website and Other Assets	22,222,000
Goodwill	<u>10,609,000</u>
Total Assets	<u>\$ 96,979,000</u>
Liabilities	\$ 17,511,000
Deferred Revenue	3,316,000
Equity	<u>76,152,000</u>
Total Liabilities and Equity	<u>\$ 96,979,000</u>
Shares Outstanding	15,169,961

# TARGET EARNINGS

(\$ Millions)	Q3'15 <sup>(1)</sup>	2017	Target (2021)
Revenue	\$3.7	\$28.3	\$150.0
Subscribers at 6/30	117,000	278,000	1,500,000
Gross Margin	83.2%	86.1%	85.0%
Contribution Margin	88.8%	90.6%	90.0%
Pre-tax Income (Loss)	\$0.2	\$(24.6)	<b>\$60.0</b>
Pre-tax Margin	6.0%	-86.9%	<b>40.0%</b>

**Can be profitable anytime with 90 day notice**

(1) - Represents pro forma financial info for Gaia operating business. Q3'2015 presented due to profitability focus. Prior and subsequent periods reported losses primarily due to investment in subscriber acquisition efforts. Presented for illustrative purposes for future focus on profitability.