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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 AND EXCHANGE ACT OF 1934**

For the Fiscal Quarter Ended September 30, 2002

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

Commission File Number 0-27517

GAIAM, 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.)

**360 INTERLOCKEN BLVD.,
BROOMFIELD, COLORADO 80021**

(Address of principal executive offices)

(303) 222-3600

(Registrant's telephone number, including area code)

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

Class	Shares outstanding as of November 7, 2002
Class A Common Stock (\$.0001 par value)	8,634,040
Class B Common Stock (\$.0001 par value)	5,400,000

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This report may contain forward-looking statements that involve risks and uncertainties. When used in this discussion, the words "anticipate," "believe," "plan," "estimate," "expect," "strive," "future," "intend" and similar expressions as they relate to Gaiam or its management are intended to identify such forward-looking statements. Gaiam's actual results could differ materially from the results anticipated in these forward-looking statements as a result of certain factors set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Market Risk" and elsewhere in this report. Risks and uncertainties that could cause actual results to differ include, without limitation, competition, loss of key personnel, pricing, brand reputation, growth of e-commerce, acquisitions, security and information systems, legal liability for website content, merchandise supply problems, failure of third parties to provide adequate service, reliance on centralized customer service, overstocks and merchandise returns, future internet related taxes, control of Gaiam by its founder, fluctuations in quarterly operating results, limited experience in operating retail stores, consumer trends, customer interest in our products, general economic conditions, the effect of government regulation and other risks and uncertainties included in Gaiam's filings with the Securities and Exchange Commission. 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 management's view only as of the date of this report. We undertake no obligation to update any forward-looking information.

GAIAM, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2002	December 31, 2001
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,136,706	\$ 22,243,647
Accounts receivable, net	19,425,628	15,747,329
Accounts and notes receivable, other	2,442,314	2,086,085
Inventory, less allowances	14,835,296	15,447,434
Deferred advertising costs	2,931,012	1,779,443
Other current assets	942,927	489,846
Total current assets	57,713,883	57,793,784
Property and equipment, net	11,317,412	13,278,545
Capitalized production costs, net	4,782,863	3,551,478
Video library, net	4,073,884	4,332,777
Goodwill, net	10,195,828	7,266,714
Deferred tax assets	1,390,545	1,390,545
Other assets	651,668	573,210
Total assets	\$ 90,126,083	\$ 88,187,053

Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$	8,847,892	\$ 8,954,607
Accrued liabilities		3,507,869	4,352,290
Accrued royalties		514,776	1,458,367
Income taxes payable		1,194,934	1,413,643
Capital lease obligations, current		901,869	211,745
Total current liabilities		14,967,340	16,390,652
Capital lease obligations, long-term		95,749	238,078
Deferred tax liability		537,408	517,414
Total long-term liabilities		633,157	755,492
Minority interest		6,411,416	6,408,277
Redeemable Class A preferred stock in subsidiary		6,000,000	6,000,000
Stockholders' equity:			
Class A common stock, \$.0001 par value, 150,000,000 shares authorized, 8,633,858 and 8,581,806 shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively		863	858
Class B common stock, \$.0001 par value, 50,000,000 shares authorized, 5,400,000 issued and outstanding at June 30, 2002 and December 31, 2001, respectively		540	540
Additional paid-in capital		48,554,892	48,261,202
Deferred compensation		(298,326)	(352,326)
Retained earnings		13,856,201	10,722,358
Total stockholders' equity		62,114,170	58,632,632
Total liabilities and stockholders' equity	\$	90,126,083	\$ 88,187,053

See accompanying notes.

GAIAM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	For the Three Months Ended September 30,	
	2002	2001
Net revenue	\$ 25,793,600	\$ 23,945,703
Cost of goods sold	10,763,823	9,724,074
Gross profit	15,029,777	14,221,629
Expenses:		
Selling and operating	10,700,319	10,468,798
Corporate, general and administration	2,083,780	1,960,528
Total expenses	12,784,099	12,429,326
Income from operations	2,245,678	1,792,303
Other income (expense)	(161,677)	68,294
Interest income	41,654	63,280
Total other income (expense)	(120,023)	131,574
Income before income taxes and minority interest	2,125,655	1,923,877
Provision for income taxes	754,607	671,434

Minority interest in net (income) loss of consolidated subsidiary, net of tax	23,744	(282,979)
Net income	\$ 1,394,792	\$ 969,464
Net income per share:		
Basic	\$ 0.10	\$ 0.07
Diluted	\$ 0.10	\$ 0.07
Shares used in computing net income per share:		
Basic	14,033,066	13,005,026
Diluted	14,376,074	13,496,612

See accompanying notes.

GAIAM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	For the Nine Months Ended September 30,	
	2002	2001
Net revenue	\$ 74,144,566	\$ 63,635,911
Cost of goods sold	30,663,662	25,343,656
Gross profit	43,480,904	38,292,255
Expenses:		
Selling and operating	31,731,033	28,866,459
Corporate, general and administration	6,275,838	5,349,724
Non-recurring restructuring charges	375,953	—
Total expenses	38,382,824	34,216,183
Income from operations	5,098,080	4,076,072
Other income (expense)	(414,618)	423,888
Interest income (expense)	155,134	(183,546)
Total other income (expense)	(259,484)	240,342
Income before income taxes and minority interest	4,838,596	4,316,414
Provision for income taxes	1,717,701	1,569,353
Minority interest in net (income) loss of consolidated subsidiary, net of tax	12,947	(806,166)
Net income	\$ 3,133,842	\$ 1,940,895
Net income per share:		
Basic	\$ 0.22	\$ 0.16
Diluted	\$ 0.22	\$ 0.16
Shares used in computing net income per share:		
Basic	14,020,392	11,864,398
Diluted	14,458,952	12,252,957

See accompanying notes.

GAIAM, INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

For the Nine Months Ended September 30,	
2002	2001

Operating activities				
Net income	\$	3,133,843	\$	1,940,895
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation		1,478,232		1,693,183
Amortization		258,893		466,055
Stock compensation		54,000		52,875
Minority interest in consolidated subsidiary		3,139		806,166
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable		(4,029,332)		(2,287,467)
Inventory		612,138		(6,662,612)
Deferred advertising costs		(1,151,569)		(956,841)
Capitalized production costs		(1,231,385)		(127,165)
Other current assets		(453,081)		619,850
Other assets		(53,015)		42,694
Accounts payable		(1,009,910)		1,231,727
Accrued liabilities		(3,498,962)		(1,492,945)
Income taxes payable		(101,475)		(2,806)
Net cash (used in) provided by operating activities		(5,988,484)		(4,676,391)
Investing activities				
Purchase of property and equipment		(2,142,644)		(1,051,495)
Proceeds from the sale of property and equipment		2,748,292		—
Payments for acquisitions, net of cash acquired		255,230		(3,777,576)
Net cash (used in) provided by investing activities		860,878		(4,829,071)
Financing activities				
Principal payments on capital leases		(156,176)		(82,490)
Proceeds from issuance of common stock		176,841		31,721,754
Net proceeds from borrowings		—		(5,512,148)
Net cash provided by financing activities		20,666		26,127,116
Net change in cash and cash equivalents		(5,106,941)		16,621,654
Cash and cash equivalents at beginning of period		22,243,647		8,578,668
Cash and cash equivalents at end of period	\$	17,136,706	\$	25,200,322
Supplemental cash flow information				
Interest paid	\$	45,115	\$	323,841
Income taxes paid		2,367,737		1,572,159

See accompanying notes.

Gaiam, Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2002

1. Interim Condensed Consolidated Financial Statements

Organization and Nature of Operations

Gaiam, Inc. was incorporated under the laws of the State of Colorado on July 7, 1988. Gaiam is a multi-channel lifestyle company providing a broad selection of information, products and services to customers who value natural health, personal development, and renewable energy.

The accompanying consolidated financial statements include the accounts of Gaiam, its subsidiaries and partnerships in which ownership is greater than 50% and considered to be under the control of Gaiam. All material intercompany accounts and transaction balances have been eliminated in consolidation.

Preparation of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements included herein have been prepared by the management of Gaiam pursuant to the rules and regulations of the United States Securities and Exchange Commission, and, in the opinion of management, contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly Gaiam's consolidated financial position as of September 30, 2002, the interim results of operations for the three and nine months ended September 30, 2002 and 2001, and cash flows for the nine months ended September 30, 2002 and 2001. These interim statements have not been audited. The balance sheet as of December 31, 2001 was derived from Gaiam's audited consolidated financial statements included in Gaiam's annual report on Form 10-K.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principals have been condensed or omitted pursuant to such rules and regulations. Accounting policies followed by Gaiam are described in Note 1 to the audited financial statements for the fiscal year ended December 31, 2001 included in Gaiam's annual report on Form 10-K. The consolidated financial statements contained herein should be read in conjunction with the audited financial statements, including the notes thereto, for the year ended December 31, 2001.

The consolidated financial position, results of operations and cash flows for the interim periods disclosed within this report are not necessarily indicative of future financial results.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

Adoption of Accounting Standards

In June 2001, the FASB issued SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142"), which revises the accounting for purchased goodwill and other intangible assets. Under SFAS No. 142, goodwill and other intangible assets with indefinite lives will no longer be systematically amortized into operating results. Instead, each of these assets will be tested for impairment, in the absence of an indicator of possible impairment, at least annually, and upon an indicator of possible impairment, immediately. As required under SFAS No. 142, any goodwill resulting from a business combination occurring subsequent to June 30, 2001, will not be systematically amortized. The provisions of SFAS No. 142 are required to be applied starting with fiscal years beginning after December 15, 2001 and must be applied as of the beginning of a fiscal year. Gaiam has adopted SFAS No. 142 as of January 1, 2002.

2. Stockholders' Equity

During the first quarter of 2002, Gaiam issued 24,000 shares of Class A common stock upon exercise of warrants. In addition, for the nine months ended September 30, 2002, Gaiam issued 28,052 shares of Class A common stock upon exercise of options granted under the 1999 Long-Term Incentive Plan.

3. Earnings per Share

Basic earnings per share exclude any dilutive effects of options and dilutive securities. Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and common stock equivalent shares outstanding during the period. Common equivalent shares are excluded from the computation if their effect is antidilutive. All earnings per share amounts for all period have been presented and conform to the Statement No. 128 requirements.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net income	\$ 1,394,792	\$ 969,464	\$ 3,133,842	\$ 1,940,895
Denominator:				
Weighted average shares for basic earnings per share	14,033,066	13,005,026	14,020,392	11,864,398
Effect of Dilutive Securities:				
Weighted average of common stock, stock options and warrants	343,008	491,586	438,560	388,559
Denominator for diluted earnings per share	14,376,074	13,496,612	14,458,952	12,252,957
Net income per share—basic	\$ 0.10	\$ 0.07	\$ 0.22	\$ 0.16
Net income per share—diluted	\$ 0.10	\$ 0.07	\$ 0.22	\$ 0.16

4. Segment Information

Gaiam has two business segments: Direct to Consumer and Business; both of which sell products, services and information produced

or purchased from other suppliers. Although the customer bases do not overlap to any significant extent, the production, purchase and delivery processes overlap in some areas. Gaiam does not accumulate the balance sheet by segment for purposes of management review.

Each of the two segments qualifies as such because each accounts for more than 10% of combined revenue. Contribution margin is defined as net sales, less cost of goods sold and direct expenses. Financial information for Gaiam's business segments was as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
Net revenue:				
Direct to consumer	\$ 12,772,864	\$ 12,463,127	\$ 35,455,764	\$ 34,670,347
Business	13,020,736	11,482,576	38,688,802	28,965,564
Consolidated net revenue	25,793,600	23,945,703	74,144,566	63,635,911
Contribution margin:				
Direct to consumer	452,020	691,344	769,007	1,308,673
Business	1,793,658	1,100,959	4,705,026	2,767,399
Non-Recurring restructuring charge *	—	—	375,953	—
Consolidated contribution margin	2,245,678	1,792,303	5,098,080	4,076,072
Reconciliation of contribution margin to net income:				
Other income (expense)	(120,023)	131,574	(259,484)	240,342
Income tax expense	754,607	671,434	1,717,701	1,569,353
Minority interest expense	23,744	(282,979)	12,947	(806,166)
Net income	\$ 1,394,792	\$ 969,464	\$ 3,133,842	\$ 1,940,895

* Accrued one-time charge for severance and relocation costs associated with the consolidation of our finance and creative staff from California into our Colorado headquarters.

5. Restructuring Charge

During the first quarter of 2002, Gaiam accrued \$375,953 for severance and relocation costs associated with the consolidation of our finance and creative staff from California into our Colorado headquarters. These charges include approximately \$286,000 for severance/relocation and other costs associated with the workforce consolidation. The remainder of the charge primarily relates to lease termination and other costs associated with office consolidation.

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

The following discussion and analysis of Gaiam's financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements included elsewhere in this document.

Three months ended September 30, 2002 compared to three months ended September 30, 2001

Revenues increased to \$25.8 million for the three months ended September 30, 2002 from \$23.9 million during the three months ended September 30, 2001. The closure of some catalog operations and the multi-store retail operation we acquired in connection with the Real Goods transaction lowers our year over year sales growth comparison. Sales growth in the business segment coupled with increased sales of proprietary products contributed to the internal growth rate of 13%.

Gross profit, which consists of revenues less cost of sales (primarily merchandise acquisition costs and in-bound freight) increased to \$15.0 million for the third quarter of 2002 from \$14.2 million during the same period in 2001. As a percentage of revenue, gross profit declined to 58.3% in 2002 from 59.4% in 2001. This was primarily attributable to increased sales contribution from the business segment, which carries lower gross margin but also lower operating expenses. Gaiam continues to pursue growth of its proprietary product offerings and increase focus on media products, on which Gaiam has better margins.

Selling and operating expenses, which consist primarily of sales and marketing costs, commission and fulfillment expenses, increased to \$10.7 million for the three months ended September 30, 2002 from \$10.5 million for the same period in 2001. As a percentage of revenues, selling and operating expenses decreased to 41.5% in 2002 from 43.7% in 2001 primarily due to the increased percentage of sales from our business segment.

Corporate, general and administrative expenses increased to \$2.1 million during the third quarter of 2002, from \$2.0 million during 2001. As a percentage of revenues, general and administrative expenses decreased marginally to 8.1% in 2002 from 8.2% in 2001.

Operating income, as a result of the factors described above, increased 25.3% to \$2.2 million for the three months ended

September 30, 2002, from \$1.8 million for the comparable period in 2001. As a percentage of revenues operating income increased 120 basis points to 8.7% in the third quarter ended September 30, 2002 up from 7.5% for the like period in 2001.

Gaiam recorded \$120,023 in other expense for the three months ended September 30, 2002 compared to other income of \$131,574 for the three month ended September 30, 2001. Minority interest was \$23,744 during the third quarter of 2002, compared to (\$282,979) during the third quarter of 2001. Minority interest changed year-over-year due to Gaiam's purchase of the remaining minority interests in our organic clothing and two renewable energy businesses.

Income tax provision was \$754,607 for the three months ended September 30, 2002 compared to \$671,434 for the prior year period.

Net income, as a result of the factors described above, increased 43.9% to \$1,394,792 for the three months ended September 30, 2002 from \$969,464 for the three months ended September 30, 2001.

Nine months ended September 30, 2002 compared to nine months ended September 30, 2001

Revenues increased to \$74.1 million for the nine months ended September 30, 2002 from \$63.6 million during the nine months ended September 30, 2001. Sales growth in the business segment coupled with increased sales of proprietary products contributed to the internal growth rate of 24%.

Gross profit increased to \$43.5 million for the nine months ended September 30, 2002 from \$38.3 million during the same period in 2001. As a percentage of revenue, gross profit declined to 58.6% in 2002 from 60.2% in 2001. This was primarily attributable to increased sales contribution from the business segment, which carries lower gross margin but also lower operating expenses.

Selling and operating expenses increased to \$31.7 million for the nine months ended September 30, 2002 from \$28.9 million for the same period in 2001. As a percentage of revenues, selling and operating expenses decreased to 42.8% in 2002 from 45.4% in 2001 primarily due to increases percentage of sales from our business segment.

Corporate, general and administrative expenses increased to \$6.3 million for the nine months ended September 30, 2002, compared to \$5.3 million for the corresponding period in 2001 primarily to support the Company's growth. As a percentage of revenues, general and administrative expenses increased to 8.5% in 2002 from 8.4% in 2001.

A non-recurring one-time charge of \$375,953 was taken in the first quarter of 2002. The charge was for severance and relocation costs associated with the consolidation of our finance and creative staff from California into our Colorado headquarters.

Operating income, as a result of the factors described above, increased 25.1% to \$5.1 million for the nine months ended September 30, 2002 from \$4.1 million for the comparable period in 2001. Excluding the accrued one-time charge (described above) operating income increased 34.3% to \$5.5 million or 7.4% of sales in 2002 compared to \$4.1 million or 6.4% of sales in 2001.

Gaiam recorded \$259,484 in other expense during the nine months ended September 30, 2002, compared to other income of \$240,342 for the comparable period in 2001. This was partly attributable to the loss of \$181,708 associated with the sales commission and other expenses paid on the sale of the Gaiam Yoga Center. Minority interest was \$12,947 for the nine months ended September 30, 2002 compared to (\$806,166) for the prior year period. Minority interest changed year-over-year due to Gaiam's purchase of the remaining minority interests in our organic clothing and two renewable energy businesses.

Income tax provision increased to \$1,717,702 for the nine months ended September 30, 2002 from \$1,569,353 for the comparable period in 2001.

Net income, as a result of the factors described above, increased 61.5% to \$3,133,842 for the nine months ended September 30, 2002 from \$1,940,895 for the comparable period in 2001.

Liquidity and Capital Resources

Gaiam's capital needs arise from working capital required to fund our operations, capital expenditures related to expansions and improvements to Gaiam's infrastructure, development of e-commerce, and funds required in connection with the acquisitions of new businesses and Gaiam's anticipated future growth. These capital requirements depend on numerous factors, including the rate of market acceptance of Gaiam's product offerings, the ability to expand Gaiam's customer base, the cost of ongoing upgrades to Gaiam's product offerings, the level of expenditures for sales and marketing, the level of investment in distribution and other factors. The timing and amount of these capital requirements cannot accurately be predicted. Additionally, Gaiam will continue to evaluate possible investments in businesses, products and technologies, and plans to expand sales and marketing programs and conduct more aggressive brand promotions.

Gaiam's operating activities used net cash of \$6.0 million and \$4.7 million for the nine months ended September 30, 2002 and 2001, respectively. Gaiam's net cash used by operating activities for nine months ended September 30, 2002 arose primarily from an increase in accounts receivable associated with the growth in our business segment and increased sales to major national retailers that typically require longer payment terms, and a decrease in accrued liabilities. Gaiam's net cash used by operating activities for 2001 arose primarily from an increase in inventories in order to support additional revenue growth, including store-within-store rollouts.

Gaiam's investing and acquisition activities provided net cash of \$860,878 for the nine months ended September 30, 2002 and used cash of \$4.8 million for the comparable period in 2001. The cash provided by investing activities in 2002 primarily arose from the sale of the Gaiam Yoga Center for net proceeds of \$2.7 million. During third quarter 2002, Gaiam acquired a majority interest in a catalog company for \$600,000. This acquisition was accounted for using the purchase method, and, since this company had negative net worth (liabilities exceeded assets), Gaiam recorded \$2.9 million of goodwill. The cash used in investing activities in 2001 primarily arose from Gaiam's merger with Real Goods Trading Corporation, and also the acquisition of the stock and net assets of Earthlings, Inc. and Self Care, Inc. for a total combined purchase price for both companies of \$3.8 million.

During the nine months ended September 30, 2002, Gaiam's financing activities provided \$20,666 in cash. During the nine months ended September 30, 2001, Gaiam's financing activities provided \$26.1 million in cash, primarily resulting from the completion of Gaiam's secondary offering, net of loan repayments.

We believe our available cash, cash expected to be generated from operations, and borrowing capabilities of \$15 million (unused line of credit) 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, unforeseen operational difficulties or other factors.

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 the LOHAS (Lifestyles of Health and Sustainability) market. In the event of any future investment, acquisition or joint venture opportunities, we may consider using then-available liquidity, issuing equity securities or incurring additional indebtedness.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not believe that any of our financial instruments have significant risk associated with market sensitivity. We are not exposed to financial market risks from changes in foreign exchange rates and are only minimally impacted by changes in interest rates. In the future, we may enter into transactions denominated in non-U.S. currencies, which could increase our exposure to these market risks. We have not used, and currently do not contemplate using, any derivative financial instruments.

Item 4. Controls and Procedures

Based on their evaluation of our disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934) as of a date within 90 days of the filing date of this quarterly report, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Gaiam is not party to any material legal proceedings.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

b) Reports on Form 8-K.

None

Signatures

In accordance with the requirements of the Securities and Exchange Act, the registrant caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized.

Gaiam, Inc.
(Registrant)
November 11, 2002

By: /s/ JIRKA RYSAVY

Jirka Rysavy
Chief Executive Officer

/s/ YUDHISTER BAHL

Yudhister Bahl
Chief Financial Officer

CERTIFICATIONS

I, Jirka Rysavy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaiam, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 11, 2002

/s/ JIRKA RYSAVY

Jirka Rysavy
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Yudhister Bahl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaiam, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 11, 2002

/s/ YUDHISTER BAHL

Yudhister Bahl
Chief Financial Officer

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Exhibit 99.1

**CERTIFICATION 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 Gaiam, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jirka Rysavy, Chief Executive Officer of Gaiam, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 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 result of operations of the Company.

/s/ JIRKA RYSAVY

Jirka Rysavy
Chief Executive Officer
November 11, 2002

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Exhibit 99.2

**CERTIFICATION 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 Gaiam, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yudhister Bahl, Chief Financial Officer of Gaiam, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 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 result of operations of the Company.

/s/ YUDHISTER BAHL

Yudhister Bahl
Chief Financial Officer
November 11, 2002

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[Exhibit 99.2](#)