

RESERVOIR MEDIA, INC.

59,714,705 Shares

Common Stock

This prospectus supplement is being filed to update and supplement the information contained in the prospectus, dated July 28, 2021 (the "**Prospectus**"), related to the resale from time to time by the selling stockholders named in the Prospectus or their permitted transferees of up to 59,714,705 shares of common stock, par value of \$0.0001 per share (the "**Common Stock**"), of Reservoir Media, Inc., a Delaware corporation ("**Reservoir**"), with the information contained in Reservoir's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, which was filed with the Securities and Exchange Commission (the "**SEC**") on August 5, 2022 (the "**Quarterly Report**"). Accordingly, Reservoir has attached the Quarterly Report to this prospectus supplement.

This prospectus supplement updates and supplements the information in the Prospectus and is not complete without, and may not be delivered or utilized except in combination with, the Prospectus, including any amendments or supplements thereto. This prospectus supplement should be read in conjunction with the Prospectus and, if there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

The Common Stock and Reservoir's warrants are traded on The Nasdaq Capital Market under the symbols "RSVR" and "RSVRW," respectively. On August 4, 2022, the closing price of the Common Stock was \$6.38, and the closing price of Reservoir's warrants was \$1.52.

Reservoir is an "emerging growth company" as defined under the federal securities laws and, as such, has elected to comply with certain reduced public company reporting requirements.

Investing in Reservoir's securities involves risks. See "Risk Factors" beginning on page 11 of the Prospectus and in any applicable prospectus supplement.

Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued or sold under the Prospectus or determined if the Prospectus or this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is August 5, 2022.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2022

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: 001-39795

RESERVOIR MEDIA, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

83-3584204

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

75 Varick Street

9th Floor

New York, New York 10013

(Address of principal executive offices, including zip code)

(212) 675-0541

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share (the " Common Stock ")	RSVR	The Nasdaq Stock Market LLC
Warrants to purchase one share of Common Stock, each at an exercise price of \$11.50 per share	RSVRW	The Nasdaq Stock Market LLC

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, as amended (the "**Exchange Act**"), 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

As of August 1, 2022, there were 64,373,904 shares of Common Stock of Reservoir Media, Inc. issued and outstanding.

RESERVOIR MEDIA, INC.
FORM 10-Q FOR THE QUARTER ENDED June 30, 2022

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PART I - FINANCIAL INFORMATION**Item 1. Interim Financial Statements.****RESERVOIR MEDIA, INC. AND SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENTS OF INCOME(In U.S. dollars, except share data)
(Unaudited)

	Three Months Ended June 30,	
	2022	2021
Revenues	\$ 24,278,770	\$ 16,632,631
Costs and expenses:		
Cost of revenue	9,975,131	7,692,387
Amortization and depreciation	5,361,503	4,059,723
Administration expenses	7,621,610	4,664,830
Total costs and expenses	<u>22,958,244</u>	<u>16,416,940</u>
Operating income	1,320,526	215,691
Interest expense	(2,976,060)	(2,779,052)
Gain (loss) on foreign exchange	107,343	(18,321)
Gain on fair value of swaps	1,570,337	547,488
Interest and other income	13	68
Income (loss) before income taxes	<u>22,159</u>	<u>(2,034,126)</u>
Income tax expense (benefit)	5,338	(527,145)
Net income (loss)	16,821	(1,506,981)
Net loss attributable to noncontrolling interests	59,218	53,983
Net income (loss) attributable to Reservoir Media, Inc.	<u>\$ 76,039</u>	<u>\$ (1,452,998)</u>
Earnings (loss) per common share (Note 15):		
Basic	\$ 0.00	\$ (0.05)
Diluted	\$ 0.00	\$ (0.05)
Weighted average common shares outstanding (Note 15):		
Basic	64,223,531	28,539,299
Diluted	64,781,739	28,539,299

See accompanying notes to the condensed consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In U.S. dollars)
(Unaudited)

	<u>Three Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ 16,821	\$ (1,506,981)
Other comprehensive income (loss):		
Translation adjustments	(5,011,563)	215,142
Total comprehensive loss	(4,994,742)	(1,291,839)
Comprehensive loss attributable to noncontrolling interests	59,218	53,983
Total comprehensive loss attributable to Reservoir Media, Inc.	<u>\$ (4,935,524)</u>	<u>\$ (1,237,856)</u>

See accompanying notes to the condensed consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In U.S. dollars, except share data)
(Unaudited)

	June 30, 2022	March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 12,570,147	\$ 17,814,292
Accounts receivable	25,604,221	25,210,936
Current portion of royalty advances	13,539,768	12,375,420
Inventory and prepaid expenses	4,533,111	4,041,471
Total current assets	56,247,247	59,442,119
Intangible assets, net	564,416,843	571,383,855
Equity method and other investments	3,676,072	3,912,978
Royalty advances, net of current portion	50,392,471	44,637,334
Property, plant and equipment, net	359,633	342,080
Operating lease right of use assets, net	2,002,931	—
Fair value of swap assets	5,562,139	3,991,802
Other assets	662,110	559,922
Total assets	\$ 683,319,446	\$ 684,270,090
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,351,476	\$ 4,436,943
Royalties payable	26,269,490	21,235,815
Accrued payroll	388,080	1,938,281
Deferred revenue	725,438	1,103,664
Other current liabilities	3,387,361	12,272,577
Income taxes payable	116,324	77,496
Total current liabilities	36,238,169	41,064,776
Secured line of credit	277,428,149	269,856,169
Deferred income taxes	24,040,179	24,884,170
Operating lease liabilities, net of current portion	1,404,826	—
Other liabilities	905,509	1,012,651
Total liabilities	340,016,832	336,817,766
Contingencies and commitments (Note 17)		
Shareholders' Equity		
Preferred stock, \$0.0001 par value 75,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2022 and March 31, 2022	—	—
Common stock, \$0.0001 par value; 750,000,000 shares authorized, 64,290,324 issued and outstanding at June 30, 2022; 64,150,186 issued and outstanding at March 31, 2022	6,429	6,415
Additional paid-in capital	336,217,999	335,372,981
Retained earnings	12,289,558	12,213,519
Accumulated other comprehensive loss	(6,209,621)	(1,198,058)
Total Reservoir Media, Inc. shareholders' equity	342,304,365	346,394,857
Noncontrolling interest	998,249	1,057,467
Total shareholders' equity	343,302,614	347,452,324
Total liabilities and shareholders' equity	\$ 683,319,446	\$ 684,270,090

See accompanying notes to the condensed consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In U.S. dollars, except share data)
(Unaudited)

	For the Three Months Ended June 30, 2022									
	Preferred Stock		Common Stock			Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	Shareholders' equity
	Shares	Amount	Shares	Amount	Amount					
Balance, March 31, 2022	—	\$ —	64,150,186	\$ 6,415	\$ 335,372,981	\$ 12,213,519	\$ (1,198,058)	\$ 1,057,467	\$ 347,452,324	
Share-based compensation	—	—	—	—	359,461	—	—	—	359,461	
Vesting of restricted stock units, net of shares withheld for employee taxes	—	—	140,138	14	(475,872)	—	—	—	(475,858)	
Reclassification of liability-classified awards to equity-classified awards	—	—	—	—	961,429	—	—	—	961,429	
Net income (loss)	—	—	—	—	—	76,039	—	(59,218)	16,821	
Other comprehensive loss	—	—	—	—	—	—	(5,011,563)	—	(5,011,563)	
Balance, June 30, 2022	<u>—</u>	<u>\$ —</u>	<u>64,290,324</u>	<u>\$ 6,429</u>	<u>\$ 336,217,999</u>	<u>\$ 12,289,558</u>	<u>\$ (6,209,621)</u>	<u>\$ 998,249</u>	<u>\$ 343,302,614</u>	

	For the Three Months Ended June 30, 2021									
	Preferred Stock		Common Stock			Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Noncontrolling interests	Shareholders' equity
	Shares	Amount	Shares	Amount	Amount					
Balance, March 31, 2021	16,175,406	\$ 81,632,500	28,539,299	\$ 2,854	\$ 110,496,300	\$ (863,108)	\$ 2,096,358	\$ 1,005,697	\$ 194,370,601	
Share-based compensation	—	—	—	—	25,675	—	—	—	25,675	
Net loss	—	—	—	—	—	(1,452,998)	—	(53,983)	(1,506,981)	
Other comprehensive income	—	—	—	—	—	—	215,142	—	215,142	
Balance, June 30, 2021	<u>16,175,406</u>	<u>\$ 81,632,500</u>	<u>28,539,299</u>	<u>\$ 2,854</u>	<u>\$ 110,521,975</u>	<u>\$ (2,316,106)</u>	<u>\$ 2,311,500</u>	<u>\$ 951,714</u>	<u>\$ 193,104,437</u>	

See accompanying notes to the condensed consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. dollars)
(Unaudited)

	Three Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 16,821	\$ (1,506,981)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of intangible assets	5,315,265	4,028,444
Depreciation of property, plant and equipment	46,238	31,279
Share-based compensation	765,503	25,675
Non-cash interest charges	578,955	218,498
Gain on fair value of swaps	(1,570,337)	(547,488)
Share of earnings of equity affiliates, net of tax	(25,721)	—
Dividend from equity affiliates	6,168	8,088
Deferred income taxes	—	20,020
Changes in operating assets and liabilities:		
Accounts receivable	(393,285)	1,823,488
Inventory and prepaid expenses	(491,640)	(2,382,719)
Royalty advances	(6,919,485)	(3,868,620)
Other assets and liabilities	96,506	—
Accounts payable and accrued expenses	4,339,141	5,891,735
Income tax payable	38,828	442
Net cash provided by operating activities	<u>1,802,957</u>	<u>3,741,861</u>
Cash flows from investing activities:		
Purchases of music catalogs	(12,708,782)	(112,178,528)
Investment in equity method and other investments	—	(500,000)
Purchase of property, plant and equipment	(63,791)	(21,308)
Net cash used for investing activities	<u>(12,772,573)</u>	<u>(112,699,836)</u>
Cash flows from financing activities:		
Proceeds from secured line of credit	7,000,000	32,900,000
Repayments of secured loans	—	(250,000)
Taxes paid related to net share settlement of restricted stock units	(475,858)	—
Deferred financing costs paid	(6,975)	—
Draws on related party loans	—	80,913,620
Net cash provided by financing activities	<u>6,517,167</u>	<u>113,563,620</u>
Foreign exchange impact on cash	(791,696)	209,139
(Decrease) increase in cash and cash equivalents	(5,244,145)	4,814,784
Cash and cash equivalents beginning of period	17,814,292	9,209,920
Cash and cash equivalents end of period	<u>\$ 12,570,147</u>	<u>\$ 14,024,704</u>

See accompanying notes to the condensed consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Unaudited)

NOTE 1. DESCRIPTION OF BUSINESS

Reservoir Media, Inc. (formerly known as Roth CH Acquisition II Co. (“**ROCC**”)), a Delaware corporation (the “**Company**”), is an independent music company based in New York City, New York and with offices in Los Angeles, Nashville, Toronto, London and Abu Dhabi.

On July 28, 2021 (the “**Closing Date**”), ROCC consummated the acquisition of Reservoir Holdings, Inc., a Delaware corporation (“**RHI**”), pursuant to the agreement and plan of merger, dated as of April 14, 2021 (the “**Merger Agreement**”), by and among ROCC, Roth CH II Merger Sub Corp., a Delaware corporation and a wholly-owned subsidiary of ROCC (“**Merger Sub**”), and RHI. On the Closing Date, Merger Sub merged with and into RHI, with RHI surviving the merger as a wholly-owned subsidiary of ROCC (the “**Business Combination**”). In connection with the consummation of the Business Combination, “Roth CH Acquisition II Co.” was renamed “Reservoir Media, Inc.” effective as of the Closing Date. The common stock, \$0.0001 par value per share, of the Company (the “**Common Stock**”) and warrants are traded on The Nasdaq Stock Market LLC (“**NASDAQ**”) under the ticker symbols “RSVR” and “RSVRW,” respectively.

The Business Combination was accounted for as a reverse recapitalization, with RHI determined to be the accounting acquirer and the Company as the acquired company for accounting purposes. All historical financial information presented in the unaudited condensed consolidated financial statements represents the accounts of RHI and its consolidated subsidiaries as if RHI is the predecessor to the Company. See Note 4, “**Business Combination and PIPE Investment**” for additional information with respect to the Business Combination and related transactions.

The Company’s activities are organized into two operating segments: Music Publishing and Recorded Music. Operations of the Music Publishing segment involve the acquisition of interests in music catalogs from which royalties are earned as well as signing songwriters to exclusive agreements which give the Company an interest in the future delivery of songs. The publishing catalog includes ownership or control rights to more than 140,000 musical compositions that span across historic pieces, motion picture scores and current award-winning hits. Operations of the Recorded Music segment involve the acquisition of sound recording catalogs as well as the discovery and development of recording artists and the marketing, distribution, sale and licensing of the music catalog. The Recorded Music operations are primarily conducted through the Chrysalis Records platform and Tommy Boy Music, LLC (“**Tommy Boy**”), acquired in June 2021, and include the ownership of over 36,000 sound recordings. See Note 6, “**Acquisitions**” for additional information with respect to the Tommy Boy acquisition.

COVID-19 Pandemic

In March 2020, the World Health Organization characterized the coronavirus (“**COVID-19**”) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. Government-imposed restrictions and general behavioral changes in response to the pandemic adversely affected the Company’s results of operations for the three months ended June 30, 2022 and 2021. This included performance revenue generated from retail, restaurants, bars, gyms and live shows, synchronization revenue, and the release schedule of physical product. Even as government restrictions are lifted and consumer behavior starts to return to pre-pandemic norms, it is unclear for how long and to what extent the Company’s operations will continue to be affected.

Although the Company has not made material changes to any estimates or judgments that impact its consolidated financial statements as a result of COVID-19, the extent to which the COVID-19 pandemic may impact the Company will depend on future developments, which are highly uncertain and cannot be predicted. Future developments surrounding the COVID-19 pandemic could negatively affect the Company’s operating results, including reductions in revenue and cash flow and could impact the Company’s impairment assessments of accounts receivable or intangible assets, which may be material to our consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Unaudited)

NOTE 2. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its majority-owned subsidiaries and have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “*SEC*”) for interim financial information. All intercompany transactions and balances have been eliminated in these condensed consolidated financial statements. Certain information and note disclosures typically included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“*US GAAP*”) have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s audited financial statements as of and for the fiscal years ended March 31, 2022 and 2021.

The condensed consolidated balance sheet of the Company as of March 31, 2022, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures, including certain notes required by US GAAP on an annual reporting basis.

In the opinion of management, the accompanying condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods. The results for the three months ended June 30, 2022 are not necessarily indicative of the results to be expected for any subsequent quarter, the fiscal year ending March 31, 2023 or any other period.

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Significant estimates are used for, but not limited to, determining useful lives of intangible assets, intangible asset recoverability and impairment and accrued revenue. Actual results could differ from these estimates.

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-03, “*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” (“*ASU 2016-03*”), which replaces the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses. Subsequent to ASU 2016-03, the FASB has issued several related ASUs amending the original ASU 2016-03. The updates are intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. For public entities, ASU 2016-03 was effective for annual reporting periods beginning after December 15, 2019, including interim periods within that annual reporting period. For the Company, ASU 2016-03 is effective beginning April 1, 2023, including interim periods within that fiscal year, with early adoption permitted for annual periods beginning after December 15, 2018. The Company is currently evaluating the effect that ASU 2016-03 will have on the Company’s consolidated financial statements.

In April 2020, the FASB issued ASU 2020-04, “*Reference Rate Reform (Topic 848)*” (“*ASU 2020-04*”), which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting; particularly as it relates to the risk of cessation of LIBOR. The amendments in ASU 2020-04 apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by ASU 2020-04 do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The discontinuation of LIBOR will impact the Senior Credit Facility as well as the Interest Rate Swaps which will be outstanding as of the effective date of the discontinuation. The Company is currently evaluating the effect that ASU 2020-04 will have on the Company’s consolidated financial statements, but does not expect it will have a material effect.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Unaudited)

Accounting Standards Recently Adopted

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which established a new ASC Topic 842, “Leases” (“ASC 842”) that introduced a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of income. The Company adopted the new standard beginning April 1, 2022 (the “effective date”), using a modified retrospective transition approach with application as of the effective date as the date of initial application without restating comparative period financial statements.

The new guidance also provides several practical expedients and policies that companies may elect. The Company elected the package of practical expedients under which it did not reassess the classification of its existing leases, reevaluate whether any expired or existing contracts are or contain leases or reassess initial direct costs under the new guidance. Rather, the Company retained the conclusions reached for these items under ASC Topic 840, *Leases*. Additionally, the Company elected a practical expedient to not separate non-lease components, such as common area maintenance, from lease components. The Company did not elect the practical expedient that permits a reassessment of lease terms for existing leases.

Upon its transition to the new guidance, the Company recognized approximately \$2.1 million of operating lease liabilities and corresponding ROU assets. As the rates implicit in the Company’s leases are not readily determinable, the Company used its incremental borrowing rate based on the information available at the effective date to determine the present value of lease payments. This rate is based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments. The adoption of this new guidance will not have a material impact on the amount or timing of the Company’s cash flows or liquidity.

In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes” (“ASU 2019-12”). ASU 2019-12 simplifies the accounting for income taxes by eliminating certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. The Company adopted ASU 2019-12 on April 1, 2022 and this adoption did not have a material impact to the Company’s consolidated financial statements or the Company’s disclosures.

NOTE 4. BUSINESS COMBINATION AND PIPE INVESTMENT

As discussed in Note 1, “Description of Business,” on the Closing Date, the Company consummated the Business Combination pursuant to the terms of the Merger Agreement. The Business Combination was accounted for as a reverse recapitalization in accordance with US GAAP, primarily because former shareholders of RHI continue to control the Company upon closing of the Business Combination. Under this method of accounting, the Company is treated as the “acquired” company for accounting purposes and the Business Combination is treated as the equivalent of RHI issuing stock for the net assets of the Company, accompanied by a recapitalization. The net assets of the Company are stated at historical cost, with no goodwill or intangible assets recorded. In addition, all historical financial information presented in the unaudited condensed consolidated financial statements represents the accounts of RHI and its consolidated subsidiaries as if RHI is the predecessor to the Company.

Immediately prior to the consummation of the Business Combination, each share of Series A preferred stock, par value \$0.00001 per share, of RHI (the “RHI Preferred Stock”) that was issued and outstanding was automatically converted into a number of shares of common stock, par value \$0.00001 per share, of RHI (the “RHI Common Stock”) at the then-effective conversion rate as calculated pursuant RHI’s second amended and restated certificate of incorporation (the “RHI Preferred Stock Conversion”). Additionally, each share of RHI Common Stock (including the RHI Common Stock resulting from the RHI Preferred Stock Conversion) that was issued and outstanding immediately prior to the consummation of the Business Combination was canceled and converted into the right to receive 196.06562028646 (the “Exchange Ratio”) shares of Common Stock. Furthermore, each option to acquire a share of RHI Common Stock that was outstanding immediately prior to the consummation of the Business Combination became fully vested in accordance with the original terms of the awards and was converted into an option to purchase shares of Common Stock (each option,

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Unaudited)

an “*RMI Exchanged Option*”), with the number of shares of Common Stock subject to the options and exercise price of each RMI Exchanged Option adjusted commensurately with the Exchange Ratio.

In connection with the Business Combination, ROCC entered into subscription agreements with certain accredited investors (the “*PIPE Investors*”), pursuant to which ROCC issued 15,000,000 shares of common stock, par value \$0.0001 per share, of ROCC (the “*ROCC Common Stock*”) at a purchase price of \$10.00 per share for an aggregate purchase price of \$150.0 million (the “*PIPE Investment*”). ROCC consummated the PIPE Investment immediately prior to the consummation of the Business Combination.

Approximately \$20,900,000 of transaction fees and expenses were incurred in connection with the closing of the Business Combination and the PIPE Investment, which have been accounted for as a reduction in proceeds.

A portion of the proceeds from the Business Combination and the PIPE Investment was used to pay transaction fees and expenses, and approximately \$81,300,000 was used to retire the Tommy Boy Related Party Notes (as defined below) and related accrued interest, repay the secured loan outstanding in an amount of \$18,250,000 and make a payment totaling \$36,750,000 on the secured line of credit in connection with a refinancing of the Previous Credit Facilities. See Note 9, “*Secured Line of Credit*” for additional information with respect to the Company’s financing arrangements.

On the Closing Date, the Company also amended and restated its certificate of incorporation to adjust the number of its authorized shares of capital stock to 750,000,000 shares of Common Stock and 75,000,000 shares of preferred stock.

NOTE 5. REVENUE RECOGNITION

For the Company’s operating segments, Music Publishing and Recorded Music, the Company accounts for a contract when it has legally enforceable rights and obligations and collectability of consideration is probable. The Company identifies the performance obligations and determines the transaction price associated with the contract. Revenue is recognized when, or as, control of the promised services or goods is transferred to the Company’s customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those services or goods. Certain of the Company’s arrangements include licenses of intellectual property with consideration in the form of sales- and usage-based royalties. Royalty revenue is recognized when the subsequent sale or usage occurs using the best estimates available of the amounts that will be received by the Company. The Company recognized revenue of \$1,038,536 and \$82,148 from performance obligations satisfied in previous periods for the three months ended June 30, 2022 and 2021, respectively.

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Disaggregation of Revenue

The Company's revenue consisted of the following categories during the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30,	
	2022	2021
Revenue by Type		
Digital	\$ 8,463,870	\$ 6,610,811
Performance	3,536,424	2,649,213
Synchronization	3,299,346	1,941,916
Mechanical	514,468	408,967
Other	632,599	592,866
Total Music Publishing	16,446,707	12,203,773
Digital	4,563,542	2,811,841
Physical	1,297,178	966,637
Neighboring rights	685,349	327,275
Synchronization	1,024,642	102,042
Total Recorded Music	7,570,711	4,207,795
Other revenue	261,352	221,063
Total revenue	\$ 24,278,770	\$ 16,632,631

	Three Months Ended June 30,	
	2022	2021
Revenue by Geographical Location		
United States Music Publishing	\$ 9,843,294	\$ 6,823,175
United States Recorded Music	3,802,836	1,570,937
United States other revenue	261,352	221,063
Total United States	13,907,482	8,615,175
International Music Publishing	6,603,413	5,380,598
International Recorded Music	3,767,875	2,636,858
Total International	10,371,288	8,017,456
Total revenue	\$ 24,278,770	\$ 16,632,631

Only the United States represented 10% or more of the Company's total revenues in the three months ended June 30, 2022 and 2021.

Deferred Revenue

The following table reflects the change in deferred revenue during the three months ended June 30, 2022 and 2021:

	June 30 2022	June 30 2021
Balance at beginning of period	\$ 1,103,664	\$ 1,337,987
Cash received during period	156,140	898,661
Revenue recognized during period	(534,366)	(392,605)
Balance at end of period	\$ 725,438	\$ 1,844,043

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NOTE 6. ACQUISITIONS

In the ordinary course of business, the Company regularly acquires publishing and recorded music catalogs, which are typically accounted for as asset acquisitions. During the three months ended June 30, 2022 and 2021, the Company completed such acquisitions totaling \$3,391,376 and \$111,070,099, respectively, inclusive of deferred acquisition payments.

The Company did not complete any individually significant acquisition transactions during the three months ended June 30, 2022. On June 2, 2021, the Company acquired U.S. based record label and music publishing company Tommy Boy for approximately \$100 million, which was the most significant acquisition transaction during the three months ended June 30, 2021. Two members of the Company's board of directors (the "**Board**") were also members of Tommy Boy's board of managers and had an equity interest in both companies. The acquisition of Tommy Boy was accounted for as an asset acquisition as a result of the significant concentration of the fair value of gross assets acquired in a recorded music catalog intangible asset (weighted average useful life of 30 years).

NOTE 7. INTANGIBLE ASSETS

Intangible assets subject to amortization consist of the following as of June 30, 2022 and March 31, 2022:

	<u>June 30, 2022</u>	<u>March 31, 2022</u>
Intangible assets subject to amortization:		
Publishing and recorded music catalogs	\$ 652,123,466	\$ 654,284,671
Artist management contracts	876,509	947,723
Gross intangible assets	<u>652,999,975</u>	<u>655,232,394</u>
Accumulated amortization	<u>(88,583,132)</u>	<u>(83,848,539)</u>
Intangible assets, net	<u>\$ 564,416,843</u>	<u>\$ 571,383,855</u>

Straight-line amortization expense totaled \$5,315,265 and \$4,028,444 in the three months ended June 30, 2022 and 2021, respectively.

NOTE 8. ROYALTY ADVANCES

The Company made royalty advances totaling \$10,227,209 and \$6,258,299 during the three months ended June 30, 2022 and 2021, respectively, recoupable from the writer's or artist's share of future royalties otherwise payable, in varying amounts. Advances expected to be recouped within the next twelve months are classified as current assets, with the remainder classified as noncurrent assets.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Balance at beginning of period	\$ 57,012,754	\$ 41,582,080
Additions	10,227,209	6,258,299
Recoupments	<u>(3,307,724)</u>	<u>(2,389,679)</u>
Balance at end of period	<u>\$ 63,932,239</u>	<u>\$ 45,450,700</u>

NOTE 9. SECURED LINE OF CREDIT

Long-term debt consists of the following:

	<u>June 30, 2022</u>	<u>March 31, 2022</u>
Secured line of credit bearing interest at LIBOR plus a spread	\$ 282,645,715	\$ 275,645,715
Debt issuance costs, net	<u>(5,217,566)</u>	<u>(5,789,546)</u>
	<u>\$ 277,428,149</u>	<u>\$ 269,856,169</u>

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Credit Facilities

On December 19, 2014, Reservoir Media Management, Inc. (“*RMM*”), a subsidiary of RHI, entered into a credit agreement (the “*RMM Credit Agreement*”) governing RMM’s secured term loan (the “*Secured Loan*”) and secured revolving credit facility (the “*Secured Line of Credit*”) and together with the Secured Loan, the “*Credit Facilities*”). The Credit Facilities were subsequently amended multiple times and were refinanced in July 2021 in connection with the consummation of the Business Combination, pursuant to that certain Fourth Amended and Restated Credit Agreement, dated as of July 28, 2021 (the “*Debt Refinancing*”). On December 7, 2021, RMM entered into an amendment (the “*First Amendment*”) to the RMM Credit Agreement. The First Amendment amended the RMM Credit Agreement to increase RMM’s senior secured revolving credit facility from \$248,750,000 to an aggregate amount of \$350,000,000 (the “*Senior Credit Facility*”) and modified certain covenants (discussed below).

The Senior Credit Facility has a scheduled maturity date of October 16, 2024. Borrowings under the Senior Credit Facility bear interest at a rate equal to either the sum of a base rate plus a margin of 1.25% or the sum of a LIBO rate plus a margin of 2.25%. RMM is also required to pay an unused fee in respect of unused commitments under the Senior Credit Facility, if any, at a rate of 0.25% per annum. Substantially all tangible and intangible assets of the Company, RHI, RMM and the other subsidiary guarantors are pledged as collateral to secure the obligations of RMM under the RMM Credit Agreement.

The RMM Credit Agreement contains customary covenants limiting the ability of the Company, RHI, RMM and certain of its subsidiaries to, among other things, incur debt or liens, merge or consolidate with others, make investments, make cash dividends, redeem or repurchase capital stock, dispose of assets, enter into transactions with affiliates or enter into certain restrictive agreements. In addition, the Company, on a consolidated basis with its subsidiaries, must comply with financial covenants requiring the Company to maintain (i) a total leverage ratio (net of up to \$20,000,000 of certain cash balances) of no greater than 7.50:1.00 as of the end of each fiscal quarter, (ii) a fixed charge coverage ratio of not less than 1.25:1.00 for each four fiscal quarter period, and (iii) a consolidated senior debt to library value ratio of 0.475, subject to certain adjustments. If RMM does not comply with the covenants in the RMM Credit Agreement, the lenders may, subject to customary cure rights, require the immediate payment of all amounts outstanding under the Senior Credit Facility.

The Senior Credit Facility also includes an “accordion feature” that permits RMM to seek additional commitments in an amount not to exceed \$50,000,000 that would increase the Senior Credit Facility. As of June 30, 2022, the Senior Credit Facility had a borrowing capacity of \$350,000,000, with remaining borrowing availability of \$67,354,285.

Interest Rate Swaps

At March 31, 2022, RMM had the following interest rate swaps outstanding, under which it pays a fixed rate and receives a floating interest payment from the counterparty based on LIBOR with reference to notional amounts adjusted to match the original scheduled principal repayments pursuant to the indenture agreement:

<u>Effective Date</u>	<u>Notional Amount at June 30, 2022</u>	<u>Pay Fixed Rate</u>	<u>Maturity</u>
March 10, 2022	\$ 8,625,000	1.602 %	September 2024
March 10, 2022	\$ 87,979,412	1.492 %	September 2024
December 31, 2021	\$ 53,395,588	1.042 %	September 2024

On March 10, 2022, two previous interest rate swaps expired with original notional amounts of \$40,228,152 and \$59,325,388. Through the expiration date of these previous interest rate swaps, RMM paid fixed rates of 2.812% and 2.972%, respectively, to the counterparty and received a floating interest payment from the counterparty based on LIBOR with reference to notional amounts adjusted to match the original scheduled principal repayments pursuant to the indenture agreement.

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NOTE 10. INCOME TAXES

Income tax expense (benefit) for the three months ended June 30, 2022 and 2021 was \$5,338 (24.1% effective tax rate) and \$(527,145) (25.9% effective tax rate), respectively. The effective tax rates during these periods reflect the amount and mix of income from multiple tax jurisdictions.

NOTE 11. SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid and income taxes paid for the three months ended June 30, 2022 and 2021 were comprised of the following:

	2022	2021
Interest paid	\$ 2,397,105	\$ 2,214,072
Income taxes paid	\$ 10,000	\$ —

Non-cash investing and financing activities for the three months ended June 30, 2022 and 2021 were comprised of the following:

	2022	2021
Acquired intangible assets included in other liabilities	\$ 315,455	\$ —
Reclassification of liability-classified awards to equity-classified awards	\$ 961,429	\$ —

NOTE 12. AMOUNTS DUE TO / (FROM) RELATED PARTIES

The Company has various shared services agreements with a shareholder and other affiliated entities under the control of its shareholder. These agreements cover services such as IT support and re-billed services of staff who perform services across multiple entities. Amounts due to this shareholder and other affiliated entities totaled \$0 as of June 30, 2022 and March 31, 2022.

The acquisition of Tommy Boy was financed using cash on hand and borrowings from related parties (the “*Tommy Boy Related Party Notes*”). The Tommy Boy Related Party Notes bore interest of 4.66% per year and were payable upon the earlier of the consummation of the Business Combination and December 21, 2021. The Tommy Boy Related Party Notes and accrued interest were paid on the Closing Date. See Note 4, “*Business Combination and PIPE Investment*” for additional information with respect to the consummation of the Business Combination.

NOTE 13. SHAREHOLDERS’ EQUITY

The condensed consolidated statements of shareholders’ equity reflect the reverse capitalization as of the Closing Date. Because RHI was deemed to be the accounting acquirer in the reverse capitalization with ROCC, all periods prior to the Closing Date reflect the balances and activity of RHI. The consolidated balances, share activity and per share amounts in these condensed consolidated statements of equity were retroactively adjusted, where applicable, using the Exchange Ratio. See Note 1, “*Description of Business*” and Note 4, “*Business Combination and PIPE Investment*” for additional information.

RHI Preferred Stock

Prior to the Business Combination, RHI had 16,175,406 shares of RHI Preferred Stock outstanding. The RHI Preferred Stock was convertible into an equal number of shares of RHI Common Stock at the option of the preferred shareholder and was mandatorily converted into an equal number of shares of RHI Common Stock upon a qualified public offering of RHI Common Stock. Immediately prior to the effective time of the Business Combination, each share of RHI Preferred Stock that was issued and outstanding was automatically converted into a number of shares of RHI Common Stock pursuant to the RHI Preferred Stock Conversion. See Note 4, “*Business Combination and PIPE Investment*” for additional information with respect to the RHI Preferred Stock Conversion.

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While outstanding, the RHI Preferred Stock participated in dividends declared on common shares, if any, on the basis as if the shares of RHI Preferred Stock were converted into shares of RHI Common Stock. The Company did not declare any dividends subsequent to the issuance of RHI Preferred Stock through the RHI Preferred Stock Conversion.

As of June 30, 2022 and March 31, 2022, the Company had no shares of RHI Preferred Stock outstanding.

Warrants

As of June 30, 2022, the Company's outstanding warrants included 5,750,000 publicly-traded warrants (the "**Public Warrants**"), which were issued during ROCC's initial public offering on December 15, 2020, and 137,500 warrants sold in a private placement to ROCC's sponsor (the "**Private Warrants**") and together with the Public Warrants, the "**Warrants**"), which were assumed by the Company in connection with the Business Combination and exchanged into warrants for shares of Common Stock. Each whole Warrant entitles the registered holder to purchase one whole share of Common Stock at a price of \$11.50 per share, provided that the Company has an effective registration statement under the Securities Act covering the shares of Common Stock issuable upon exercise of the Warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a registered holder may exercise its Warrants only for a whole number of shares of Common Stock. The Warrants will expire five years after the completion of the Business Combination, or earlier upon redemption or liquidation.

The Company may redeem the outstanding Public Warrants in whole, but not in part, at a price of \$0.01 per warrant upon a minimum of 30 days' prior written notice of redemption, if and only if the last sale price of Common Stock equals or exceeds \$18.00 per share for any 20-trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the registered holders. If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the warrants to do so on a cashless basis. In no event will the Company be required to net cash settle the warrant exercise. The Private Warrants are identical to the Public Warrants, except that the Private Warrants are exercisable for cash or on a cashless basis, at the holder's option, and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company evaluated the Warrants under ASC Topic 480, *Distinguishing Liabilities from Equity* ("**ASC 480**") and ASC Topic 815, *Derivatives and Hedging* ("**ASC 815**"), and in accordance with its accounting policies, concluded they meet the criteria to be equity classified as they were determined to be indexed in the Company's stock and meet the requirements for equity classification.

NOTE 14. SHARE-BASED COMPENSATION

2021 Incentive Plan

On July 28, 2021, in connection with the Business Combination, the Company adopted the Reservoir Media, Inc. 2021 Omnibus Incentive Plan (the "**2021 Incentive Plan**"), which became effective on such date. In addition, pursuant to terms of the Merger Agreement, at the effective time of the Business Combination, options previously granted under the Reservoir Holdings, Inc. 2019 Long Term Incentive Plan (the "**Previous RHI 2019 Incentive Plan**") to purchase shares of RHI Common Stock were converted into options to purchase 1,494,848 shares of Common Stock pursuant to the 2021 Incentive Plan.

As of the effective date of the 2021 Incentive Plan, no further stock awards have been or will be granted under the Previous RHI 2019 Incentive Plan, and the Previous RHI 2019 Incentive Plan is no longer in effect.

Share-based compensation expense totaled \$765,503 (\$590,032, net of taxes) and \$25,675 (\$19,791, net of taxes) during the three months ended June 30, 2022 and 2021, respectively. Share-based compensation expense is classified as "Administration expenses" in

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the accompanying condensed consolidated statements of income. The increase in share-based compensation expense during the three months ended June 30, 2022 reflects the restricted stock units (“*RSUs*”) granted subsequent to the Merger.

During the three months ended June 30, 2022, the Company granted RSUs to satisfy previous obligations to issue a variable number of equity awards based on a fixed monetary amount. Prior to the issuance of these RSUs, the Company classified these awards as liabilities. Upon issuance of the RSU’s the awards became equity-classified as they no longer met the criteria to be liability-classified and a liability of \$961,429 was reclassified from accounts payable and accrued liabilities to additional paid-in capital.

NOTE 15. EARNINGS (LOSS) PER SHARE

The following table summarizes the basic and diluted earnings (loss) per common share calculation for the three months ended June 30, 2022 and 2021:

	Three Months Ended	
	June 30,	
	2022	2021
Basic earnings (loss) per common share		
Net income (loss) attributable to Reservoir Media, Inc.	\$ 76,039	\$ (1,452,998)
Weighted average common shares outstanding - basic	64,223,531	28,539,299
Earnings (loss) per common share - basic	<u>\$ —</u>	<u>\$ (0.05)</u>
Diluted earnings (loss) per common share		
Net income (loss) attributable to Reservoir Media, Inc.	\$ 76,039	\$ (1,452,998)
Weighted average common shares outstanding - basic	64,223,531	28,539,299
Weighted average effect of potentially dilutive securities:		
Effect of dilutive stock options and RSUs	558,208	—
Weighted average common shares outstanding - diluted	<u>64,781,739</u>	<u>28,539,299</u>
Earnings (loss) per common share - diluted	<u>\$ —</u>	<u>\$ (0.05)</u>

Because of their anti-dilutive effect, 5,887,500 shares of Common Stock equivalents comprised of warrants have been excluded from the diluted earnings per share calculation for the three months ended June 30, 2022.

Prior to the RHI Preferred Stock Conversion in connection with the Business Combination, shares of the RHI Preferred Stock were considered participating securities. The RHI Preferred Shares are excluded from the loss per share calculation for the three months ended June 30, 2021 as they did not have an obligation to share or fund in the Company’s net losses and their inclusion would be anti-dilutive. Additionally, because of their anti-dilutive effect, 1,494,848 shares of Common Stock equivalents comprised of stock options have been excluded from the diluted earnings per share calculation for the three months ended June 30, 2021.

NOTE 16. FINANCIAL INSTRUMENTS

The Company is exposed to the following risks related to its financial instruments:

(a) Credit Risk

Credit risk arises from the possibility that the Company’s debtors may be unable to fulfill their financial obligations. Revenues earned from publishing and distribution companies are concentrated in the music and entertainment industry. The Company monitors its exposure to credit risk on a regular basis.

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(b) Interest Rate Risk

The Company is exposed to market risk from changes in interest rates on its secured loan. As described in Note 9, “*Secured Line of Credit*,” the Company entered into interest rate swap agreements to partially reduce its exposure to fluctuations in interest rates on its Credit Facilities.

The fair value of the outstanding interest rate swaps was a \$5,562,139 asset as of June 30, 2022 and a \$3,991,802 asset as of March 31, 2022. Fair value is determined using Level 2 inputs, which are based on quoted prices and market observable data of similar instruments. The change in the unrealized fair value of the swaps during the three months ended June 30, 2022 of \$1,570,337 was recorded as a gain on changes in fair value of derivative instruments. The change in the unrealized fair value of the swaps during the three months ended June 30, 2021 of \$547,488 was recorded as a gain on changes in fair value of derivative instruments.

(c) Foreign Exchange Risk

The Company is exposed to foreign exchange risk in fluctuations of currency rates on its revenue from royalties, writers’ fees and its subsidiaries’ operations.

(d) Financial Instruments

Financial instruments not described elsewhere include cash, accounts receivable, accounts payable, accrued liabilities, secured loans payable and borrowing under its line of credit. The carrying values of these instruments as of June 30, 2022 do not differ materially from their respective fair values due to the immediate or short-term duration of these items or their bearing market-related rates of interest.

The fair value of amounts due from and owed to related parties are impracticable to determine due to the related party nature of such amounts and the lack of a readily determinable secondary market.

NOTE 17. CONTINGENCIES AND COMMITMENTS

(a) Leases

The Company leases its business premises under operating leases which have expiration dates between 2022 – 2027. The Company determines if an arrangement is or contains a lease at inception of the contract. Beginning April 1, 2022, the Company recognizes on the balance sheet a lease liability for its obligation to make lease payments arising from the lease and a corresponding ROU asset representing its right to use the underlying asset over the period of use based on the present value of lease payments over the lease term as of the lease commencement date in accordance with ASC 842.

Certain leases contain fixed rent escalations and/or renewal options. None of the Company’s operating leases include variable lease payments. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Reductions of the ROU asset and the change in the lease liability are included in changes in Other assets and liabilities in the Consolidated Statement of Cash Flows.

During the three months ended June 30, 2022, the Company extended one operating lease by two months. The resulting increase to the lease liability totaled approximately \$74,000, with a corresponding increase to the ROU asset.

In April 2022, the Company entered into an agreement for its new headquarter office facility consisting of 12,470 square feet of leased office space at 200 Varick Street, Suite 801A, New York, NY (the “*New HQ Lease*”). The New HQ Lease is expected to commence during the Company’s third quarter of the fiscal year ending March 31, 2023. The total commitment of approximately \$8.4 million will be payable monthly with escalating rental payments over the 130-month lease term.

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(b) *Litigation*

The Company is subject to claims and contingencies in the normal course of business. To the extent the Company cannot predict the outcome of the claims and contingencies or estimate the amount of any loss that may result, no provision for any contingent liabilities has been made in the consolidated financial statements. The Company believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position, results of operations or cash flows of the Company. All such matters which the Company concludes are probable to result in a loss and for which management can reasonably estimate the amount of such loss have been accrued for within these condensed consolidated financial statements.

NOTE 18. SEGMENT REPORTING

The Company’s business is organized in two reportable segments: Music Publishing and Recorded Music. The Company identified its Chief Executive Officer as its Chief Operating Decision Maker (“*CODM*”). The Company’s CODM evaluates financial performance of its segments based on several factors, of which the primary financial measure is operating income before depreciation and amortization (“*OIBDA*”).

The accounting policies of the Company’s business segments are consistent with the Company’s policies for the consolidated financial statements. The Company does not have sales between segments.

The following tables present total revenue and reconciliation of OIBDA to operating income by segment for the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30, 2022			
	Music Publishing	Recorded Music	Other	Consolidated
Total revenue	<u>\$ 16,446,707</u>	<u>\$ 7,570,711</u>	<u>\$ 261,352</u>	<u>\$ 24,278,770</u>
Reconciliation of OIBDA to operating income (loss):				
Operating income (loss)	(261,308)	1,581,310	524	1,320,526
Amortization and depreciation	3,954,370	1,384,481	22,652	5,361,503
OIBDA	<u>\$ 3,693,062</u>	<u>\$ 2,965,791</u>	<u>\$ 23,176</u>	<u>\$ 6,682,029</u>
	Three Months Ended June 30, 2021			
	Music Publishing	Recorded Music	Other	Consolidated
Total revenue	<u>\$ 12,203,773</u>	<u>\$ 4,207,795</u>	<u>\$ 221,063</u>	<u>\$ 16,632,631</u>
Reconciliation of OIBDA to operating income (loss):				
Operating income (loss) ^(a)	229,167	(73,301)	59,825	215,691
Amortization and depreciation	3,169,209	865,458	25,056	4,059,723
OIBDA	<u>\$ 3,398,376</u>	<u>\$ 792,157</u>	<u>\$ 84,881</u>	<u>\$ 4,275,414</u>

(a) During the fourth quarter the fiscal year ended March 31, 2022, the Company revised the methodology it uses to allocate corporate general and administrative expenses to its operating segments to better align usage of corporate resources allocated to the Company segments. The updated allocation methodology had no impact on the Company’s consolidated statements of operations. This change was applied retrospectively, and segment OIBDA for all comparative periods has been updated to reflect this change.

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NOTE 19. CORRECTION OF PRIOR PERIOD ERRORS

As previously disclosed in Note 19 to the Company's consolidated financial statements as of and for the fiscal year ended March 31, 2022, the Company identified prior period accounting errors that the Company has concluded are not material to the Company's previously reported consolidated financial statements and unaudited interim condensed consolidated financial statements.

Based on management's evaluation of the accounting errors in consideration of the SEC Staff's Accounting Bulletins Nos. 99 ("**SAB 99**") and 108 ("**SAB 108**") and interpretations therewith, the Company concluded the errors are not material, on an individual or aggregate basis, to the Company's previously reported annual and interim consolidated financial statements affected by the errors, which includes the Company's previously reported unaudited interim condensed consolidated financial information for the three months ended June 30, 2021 (the "**previously reported financial statements**"). However, the Company further concluded the accounting errors cannot be corrected as an out-of-period adjustment in the Company's consolidated financial statements as of and for the year ended March 31, 2022, because to do so would cause a material misstatement in those financial statements. Accordingly, the Company referred to the guidance prescribed by SAB 108 which specifies that the errors must be corrected the next time the previously reported financial statements are filed. Therefore, the Company corrected the accounting errors in all of the Company's previously reported annual and interim consolidated financial statements impacted by the errors, which includes the accompanying unaudited condensed consolidated financial statements as of and for the three months ended June 30, 2021.

The following is a description of the accounting errors and their impact on the Company's previously reported financial statements:

The Company identified certain accounting errors that originated in the fourth quarter of fiscal year 2020 related to the recognition of royalty revenue associated with royalties generated from the pre-acquisition usage of intellectual property rights that the Company acquired in certain of its music catalog acquisitions for which the Company was entitled to collect pre-acquisition royalties from the sellers for a specified period prior to the closing date of these acquisitions. The Company's historical accounting practice with respect to pre-acquisition royalties was to recognize revenue upon closing of the acquisitions. Upon further review, the Company concluded that the pre-acquisition royalties should have been accounted for as reduction of the purchase price of the acquired music catalogs, as prescribed by ASC 805-50, *Business Combinations – Related Issues* ("**ASC 805-50**") rather than recognized as revenue under ASC 606, *Revenue from Contracts with Customers* ("**ASC 606**").

As part of its review, the Company further concluded that certain royalty revenue generated from pre-acquisition usage that remained uncollected at closing, as well as the related royalties due to certain artists or songwriters associated with each of the acquired music catalogs, should have been recognized as accounts receivable and royalties payable, respectively, on the closing date of the acquired music catalog based on the Company's best estimate of the uncollected royalties due to the Company and payables due to the artists or songwriters on the closing date. The Company's historical accounting practice associated with these uncollected royalties and royalties payable was to recognize the uncollected royalties as revenue under ASC 606 as they were collected after the closing date, and to recognize cost of revenue as the royalties due to the artists or songwriters when the related royalty revenue was collected. The Company also concluded that the acquired accounts receivable and royalties payable assumed on the date of closing should have been included in the purchase price allocation of the Company's acquired music catalogs, as prescribed by ASC 805-50. The financial tables below present the impact of correcting the accounting errors on the Company's previously reported financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Unaudited)

The following table presents the impact of correcting the accounting errors on the Company's previously reported unaudited condensed consolidated statement of income for the three months ended June 30, 2021:

	Three Months Ended June 30, 2021		
	As Reported	Adjustment	Revised
Revenues	\$ 16,718,150	\$ (85,519)	\$ 16,632,631
Amortization and depreciation	4,079,245	(19,522)	4,059,723
Total costs and expenses	16,436,462	(19,522)	16,416,940
Operating income	281,688	(65,997)	215,691
Loss before income taxes	(1,968,129)	(65,997)	(2,034,126)
Income tax benefit	(510,646)	(16,499)	(527,145)
Net loss	(1,457,483)	(49,498)	(1,506,981)
Net loss attributable to Reservoir Media, Inc.	(1,403,500)	(49,498)	(1,452,998)
Loss per common share - basic	\$ (0.05)	\$ —	\$ (0.05)
Loss per common share - diluted	\$ (0.05)	\$ —	\$ (0.05)

The following table presents the impact of correcting the accounting errors on the Company's previously reported unaudited condensed consolidated statement of comprehensive income (loss) for the three months ended June 30, 2021:

	Three Months Ended June 30, 2021		
	As Reported	Adjustment	Revised
Net loss	\$ (1,457,483)	\$ (49,498)	\$ (1,506,981)
Total comprehensive loss	(1,242,341)	(49,498)	(1,291,839)
Total comprehensive loss attributable to Reservoir Holdings, Inc.	(1,188,358)	(49,498)	(1,237,856)

The following table presents the impact of correcting the accounting errors on the Company's previously reported unaudited condensed consolidated balance sheet and consolidated statement of changes in shareholders' equity as of June 30, 2021:

	June 30, 2021		
	As Reported	Adjustment	Revised
Intangible assets, net	\$ 500,591,041	\$ (2,154,844)	\$ 498,436,197
Total assets	580,983,613	(2,154,844)	578,828,769
Income taxes payable	533,937	(6,323)	527,614
Deferred income taxes	19,772,056	(484,419)	19,287,637
Total liabilities	386,215,074	(490,742)	385,724,332
Accumulated deficit	(652,004)	(1,664,102)	(2,316,106)
Total Reservoir Media, Inc. shareholders' equity	193,816,825	(1,664,102)	192,152,723
Total shareholders' equity	194,768,539	(1,664,102)	193,104,437
Total liabilities and shareholders' equity	580,983,613	(2,154,844)	578,828,769

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Unaudited)

The following table presents the impact of correcting the accounting errors on the Company's previously reported unaudited condensed consolidated statement of cash flows for the three months ended June 30, 2021:

	Three Months Ended June 30, 2021		
	As Reported	Adjustment	Revised
Net loss	\$ (1,457,483)	\$ (49,498)	\$ (1,506,981)
Amortization of intangible assets	4,047,966	(19,522)	4,028,444
Deferred income taxes	36,519	(16,499)	20,020
Net cash provided by operating activities	3,827,380	(85,519)	3,741,861
Purchases of music catalogs	(112,264,047)	85,519	(112,178,528)
Net cash used for investing activities	(112,785,355)	85,519	(112,699,836)

NOTE 20. SUBSEQUENT EVENT

In July 2022, the U.S. Copyright Royalty Board (“**CRB**”), which is charged with setting statutory rates for mechanical royalties in the United States, issued their “Initial Ruling and Order After Remand” (the “**Initial Ruling**”). While specific details of how the Initial Ruling will impact the music industry have not yet been released by the CRB, it has been widely expected that the CRB will affirm an increase to the all-in headline royalty rates that it previously set for the period 2018 to 2022. Other aspects of the ruling are expected to clarify further components of the royalty calculation, such as the Total Content Cost. In connection with issuing the Initial Ruling, the Copyright Royalty Judges ordered the parties to respond in writing to their adversary’s Submission of Regulatory Provisions. Once this regulatory process is concluded, the CRB will issue a Final Determination, which will include the language of the new federal regulations, including the compulsory rates and terms.

For much of the period between 2018 and 2022, most digital service providers (“**DSPs**”) have accounted and submitted payment to the Company using the applicable 2017 rate while the remand process takes place. Once the Initial Ruling is formalized into a Final Determination and added to the Federal Register, and if the increased royalty rates are upheld, the DSPs will be required to make retroactive adjustments to apply the final rate structure to the period between 2018 and 2022. Through June 30, 2022, the Company has not recognized an estimate of any effects potentially arising from the Initial Ruling. The Company will continue to evaluate information issued by the CRB and factor this information into its estimates of revenues and cost of revenues in future periods.

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

The following discussion and analysis of Reservoir Media, Inc.’s financial condition and results of operations should be read in conjunction with Reservoir Media, Inc.’s condensed consolidated financial statements, including the accompanying notes thereto contained elsewhere in this Quarterly Report on Form 10-Q (this “**Quarterly Report**”). Certain statements contained in the discussion and analysis set forth below include forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. Unless the context otherwise requires, the terms “we,” “us,” “our,” the “**Company**” and “**Reservoir**” refer collectively to Reservoir Media, Inc. and its consolidated subsidiaries.

As disclosed in Note 19, “*Correction of Prior Period Errors*” to our consolidated financial statements, the Company’s consolidated financial statements as of and for the three months ended June 30, 2021, have been revised to give effect to the correction of certain accounting errors identified during the financial reporting process as of and for the fiscal year ended March 31, 2022. As a result, the Management’s Discussion and Analysis of the Company’s Financial Condition and Results of Operations set forth below has been revised to give effect to the correction of these errors.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “**Securities Act**”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), that are not historical facts, and are intended to be covered by the safe harbor created thereby. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” regarding the Company’s financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as “expect,” “believe,” “anticipate,” “predict,” “project,” “target,” “goal,” “intend,” “continue,” “could,” “may,” “might,” “shall,” “should,” “will,” “would,” “plan,” “possible,” “potential,” “estimate,” “seek” and variations and similar words and expressions are intended to identify such forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. In addition, any statements that refer to expectations, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management’s current expectations, projections and beliefs based on information currently available. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about the Company that may cause its actual business, financial condition, results of operations, performance and/or achievements to be materially different from any future business, financial condition, results of operations, performance and/or achievements expressed or implied by these forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described under “*Risk Factors*” and “*Cautionary Note Regarding Forward-Looking Statements*” in the Company’s Annual Report on Form 10-K (the “**Annual Report**”) filed with the U.S. Securities and Exchange Commission (the “**SEC**”) on June 21, 2022 and the Company’s other filings with the SEC. The Company’s securities filings can be accessed on the EDGAR section of the SEC’s website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Introduction

We are a holding company that conducts substantially all of our business operations through Reservoir Media Management, Inc. (“**RMM**”) and RMM’s subsidiaries. Our activities are generally organized into two operating segments: Music Publishing and Recorded Music. Operations of the Music Publishing segment involve the acquisition of interests in music catalogs from which royalties are earned as well as signing songwriters to exclusive agreements, which gives us an interest in the future delivery of songs. Operations of the Recorded Music segment involve the acquisition of sound recording catalogs as well as the discovery and development of recording artists and the marketing, distribution, sale and licensing of the music catalogs.

This management’s discussion and analysis of financial condition and results of operations is organized as follows:

- **Business Overview**—This section provides a general description of our business, as well as a discussion of factors that we believe are important in understanding our results of operations and comparability and in anticipating future trends.

- **Results of Operations**—This section provides an analysis of our consolidated and operating segment results of operations for the three months ended June 30, 2022 and June 30, 2021.
- **Liquidity and Capital Resources**—This section provides an analysis of our cash flows for the three months June 30, 2022 and June 30, 2021, as well as a discussion of our liquidity and capital resources as of June 30, 2022. The discussion of our liquidity and capital resources includes recent debt financings and a summary of the key debt covenant compliance measures under our debt agreements.

Business Overview

We are an independent music company operating in music publishing and recorded music. We represent over 140,000 copyrights in our publishing business and over 36,000 master recordings in our recorded music business. Both of our business areas are populated with hit songs dating back to the early 1900s representing an array of artists across genre and geography. Consistent with how we classify and operate our business, our company is organized in two operating and reportable segments: Music Publishing and Recorded Music. A brief description of each segment's operations is presented below.

Music Publishing Segment

Music Publishing is an intellectual property business focused on generating revenue from uses of the musical composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter or engaging in those activities for other rightsholders, our Music Publishing business garners a share of the revenues generated from use of the musical compositions.

The operations of our Music Publishing business are conducted principally through RMM, our global music publishing company headquartered in New York City, with operations in multiple countries through various subsidiaries, affiliates and non-affiliated licensees and sub-publishers. We own or control rights to more than 140,000 musical compositions, including numerous pop hits, American standards, folk songs and motion picture and theatrical compositions. Assembled over many years, our current award-winning active songwriters exceed 100, while the catalog includes over 5,000 clients representing a diverse range of genres, including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative and gospel.

Music Publishing revenues are derived from five main sources:

- **Digital**—the rightsholder receives revenues with respect to musical compositions embodied in recordings distributed in streaming services, download services and other digital music services;
- **Performance**—the rightsholder receives revenues if the musical composition is performed publicly through broadcast of music on television, radio and cable and in retail locations (e.g., bars and restaurants), live performance at a concert or other venue (e.g., arena concerts and nightclubs), and performance of music in staged theatrical productions;
- **Synchronization**—the rightsholder receives revenues for the right to use the musical composition in combination with visual images such as in films or television programs, television commercials and video games;
- **Mechanical**—the rightsholder receives revenues with respect to musical compositions embodied in recordings sold in any machine-readable format or configuration such as vinyl, CDs and DVDs; and
- **Other**—the rightsholder receives revenues for use in sheet music and other uses.

The principal costs associated with our Music Publishing business are as follows:

- **Writer Royalties and Other Publishing Costs**—the artist and repertoire (“**A&R**”) costs associated with (i) paying royalties to songwriters, co-publishers and other copyright holders in connection with income generated from the uses of their works and (ii) signing and developing songwriters; and

- **Administration Expenses**—the costs associated with general overhead, and other administrative expenses, as well as selling and marketing.

Recorded Music Segment

Our Recorded Music business consists of three primary areas of sound recording ownership. First is the active marketing, promotion, distribution, sale and licensing of newly created frontline sound recordings from Current Artists that we own and control. This is a new area of focus for us and does not yet produce significant revenue. The second is the active marketing, promotion, distribution, sale and license of previously recorded and subsequently acquired Catalog recordings. The third is acquisition of full or partial interests in existing record labels, sound recording catalogs or income rights to a royalty stream associated with an established recording artist or producer contract in connection with existing sound recordings. Acquisition of these income participation interests are typically in connection with recordings that are owned, controlled, and marketed by other record labels.

Our Current Artist and Catalog recorded music businesses are both primarily handled by our Chrysalis Records label based in London and our Tommy Boy record label based in New York City. In the United States, we also manage some select Catalog recorded music under our Philly Groove Records and Reservoir Records labels. We also own income participation interests in recordings by The Isley Brothers, The Commodores, Wisin and Yandel, Alabama and Travis Tritt, and an interest in the Loud Records catalog containing recordings by the Wu-Tang Clan. Our core Catalog includes recordings under the Chrysalis Records label by artists such as Sinéad O'Connor, The Specials, Generation X and The Waterboys, as well as recordings under the Tommy Boy record label by artists such as De La Soul, Coolio, House of Pain, Naughty By Nature, and Queen Latifah.

Our Current Artist and Catalog recorded music distribution is handled by a network of distribution partners. Chrysalis Records current artist releases are distributed through PIAS while our Chrysalis Records and Tommy Boy catalogs are distributed via our membership with MERLIN, AMPED and other partners.

Through our distribution network, our music is being sold in physical retail outlets as well as in physical form to online physical retailers, such as amazon.com, and distributed in digital form to an expanding universe of digital partners, including streaming services such as Amazon, Apple, Deezer, SoundCloud, Spotify, Tencent Music Entertainment Group and YouTube, radio services such as iHeart Radio and SiriusXM, and download services. We also license music digitally to fitness platforms such as Apple Fitness+, Equinox, Hydrow and Peloton and social media outlets, such as Facebook, Instagram, TikTok and Snap.

Recorded Music revenues are derived from four main sources:

- **Digital**—the rightsholder receives revenues with respect to streaming and download services;
- **Physical**—the rightsholder receives revenues with respect to sales of physical products such as vinyl, CDs and DVDs;
- **Neighboring Rights**—the rightsholder also receives royalties if sound recordings are performed publicly through broadcast of music on television, radio, and cable, and in public spaces such as shops, workplaces, restaurants, bars and clubs; and
- **Synchronization**—the rightsholder receives royalties or fees for the right to use sound recordings in combination with visual images such as in films or television programs, television commercials and video games.

The principal costs associated with our Recorded Music business are as follows:

- **Artist Royalties and Other Recorded Costs**—the A&R costs associated with (i) paying royalties to recording artists, producers, songwriters, other copyright holders and trade unions, (ii) signing and developing recording artists and (iii) creating master recordings in the studio; and product costs to manufacture, package and distribute products to wholesale and retail distribution outlets; and
- **Administration Expenses**—the costs associated with general overhead and other administrative expenses as well as the costs associated with the promotion and marketing of recording artists and music, including costs to produce music videos for promotional purposes and artist tour support.

Business Combination

On July 28, 2021 (the “**Closing Date**”), we consummated the previously announced business combination (the “**Business Combination**”) by and among Roth CH Acquisition II Co., a Delaware corporation (“**ROCC**”), Roth CH II Merger Sub Corp., a Delaware corporation and a wholly-owned subsidiary of ROCC (“**Merger Sub**”) and Reservoir Holdings, Inc., a Delaware corporation (“**RHF**”). On the Closing Date, Merger Sub merged with and into RHI, with RHI surviving as a wholly-owned subsidiary of ROCC (the “**Business Combination**”). In connection with the consummation of the Business Combination, “Roth CH Acquisition II Co.” was renamed “Reservoir Media, Inc.” effective as of the Closing Date. Our common stock, \$0.0001 par value per share (the “**Common Stock**”) and warrants are traded on The Nasdaq Stock Market LLC (“**NASDAQ**”) under the ticker symbols “RSVR” and “RSVRW,” respectively.

The Business Combination was accounted for as a reverse capitalization. Under this method of accounting, ROCC was treated as the “acquired” company for accounting purposes, and the Business Combination was accounted as the equivalent of RHI issuing stock for the net assets of ROCC, accompanied by a recapitalization. RHI is deemed to be the accounting predecessor of the combined business and the successor SEC registrant, meaning that RHI’s financial statements for periods prior to the closing date are disclosed in periodic reports filed with the SEC. See Note 4, “*Business Combination and PIPE Investment*” to the accompanying unaudited condensed consolidated financial statements for additional information with respect to the Business Combination and related transactions.

COVID-19 Pandemic

In January 2020, a new strain of coronavirus, COVID-19, was identified in Wuhan, China. In March 2020, the World Health Organization declared a global pandemic. The global pandemic and governmental responses thereto have disrupted physical and manufacturing supply chains and required the closures of physical retailers. Additionally, stay-at-home orders, limited indoor and outdoor gatherings and other restrictions have negatively affected our business in other ways, such as, making it impossible to hold live concert tours, delaying the release of new recordings and disrupting the production and release of motion pictures and television programs. However, the disruption from the COVID-19 pandemic may have accelerated growth of other revenue streams such as fitness and interactive gaming (including augmented reality and virtual reality).

Factors Affecting Results of Operations and Comparability

Throughout our history, we have constantly acquired new assets and subsidiaries and signed new writers and more recently new recording artists. These investing activities have had the largest impact on our growth over time. We have also invested in our operations to create a platform for the Music Publishing and Recorded Music segments to scale and grow. We did not complete any individually significant acquisition transactions during the three months ended June 30, 2022. On June 2, 2021, we acquired, through a membership interest purchase agreement, Tommy Boy Music, LLC (“Tommy Boy”), a 40-year-old record label, which included a diverse catalog of primarily recorded music rights and some music publishing rights.

Use of Non-GAAP Financial Measures

We prepare our financial statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP” or “GAAP”). However, this Management’s Discussion and Analysis of Financial Condition and Results of Operations also contains certain non-GAAP financial measures to assist readers in understanding our performance. Non-GAAP financial measures either exclude or include amounts that are not reflected in the most directly comparable measure calculated and presented in accordance with GAAP. Where non-GAAP financial measures are used, we have provided the most directly comparable measures calculated and presented in accordance with U.S. GAAP, a reconciliation to GAAP measures and a discussion of the reasons why management believes this information is useful to it and may be useful to investors.

Results of Operations**Income Statement**

Our income statement was composed of the following amounts (in thousands):

	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Revenues	\$ 24,279	\$ 16,633	\$ 7,646	46 %
Costs and expenses:				
Cost of revenue	9,975	7,692	2,283	30 %
Amortization and depreciation	5,362	4,060	1,302	32 %
Administration expenses	7,622	4,665	2,957	63 %
Total costs and expenses	22,958	16,417	6,541	40 %
Operating income	1,321	216	1,105	512 %
Interest expense	(2,976)	(2,779)	(197)	7 %
Gain (loss) on foreign exchange	107	(18)	126	(686)%
Gain on fair value of swaps	1,570	547	1,023	187 %
Income (loss) before income taxes	22	(2,034)	2,056	(101)%
Income tax expense (benefit)	5	(527)	532	(101)%
Net income (loss)	17	(1,507)	1,524	(101)%
Net loss attributable to noncontrolling interests	59	54	5	10 %
Net income (loss) attributable to Reservoir Media, Inc.	\$ 76	\$ (1,453)	\$ 1,529	(105)%

Revenues

Our revenues were composed of the following amounts (in thousands):

	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Revenue by Type				
Digital	\$ 8,464	\$ 6,611	\$ 1,853	28 %
Performance	3,536	2,649	887	33 %
Synchronization	3,299	1,942	1,357	70 %
Mechanical	514	409	106	26 %
Other	633	593	40	7 %
Total Music Publishing	16,447	12,204	4,243	35 %
Digital	4,564	2,812	1,752	62 %
Physical	1,297	967	331	34 %
Neighboring rights	685	327	358	109 %
Synchronization	1,025	102	923	904 %
Total Recorded Music	7,571	4,208	3,363	80 %
Other revenue	261	221	40	18 %
Total Revenue	\$ 24,279	\$ 16,633	\$ 7,646	46 %
Revenue by Geographical Location				
U.S. Music Publishing	\$ 9,843	\$ 6,823	\$ 3,020	44 %
U.S. Recorded Music	3,803	1,571	2,232	142 %
U.S. Other Revenue	261	221	40	18 %
Total U.S.	13,907	8,615	5,292	61 %
International Music Publishing	6,603	5,381	1,223	23 %
International Recorded Music	3,768	2,637	1,131	43 %
Total International	10,371	8,017	2,354	29 %
Total Revenue	\$ 24,279	\$ 16,633	\$ 7,646	46 %

Revenues

Total revenues increased by \$7,646 thousand, or 46%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, driven by a 35% increase in Music Publishing revenue and an 80% increase in Recorded Music revenue. Music Publishing revenues represented 68% and 73% of total revenues for the three months ended June 30, 2022 and the three months ended June 30, 2021, respectively. Recorded Music revenues represented 31% and 25% of total revenues for the three months ended June 30, 2022 and the three months ended June 30, 2021, respectively. U.S. and international revenues represented 57% and 43%, respectively of total revenues for the three months ended June 30, 2022. U.S. and international revenues represented 52% and 48%, respectively of total revenues for the three months ended June 30, 2021. The shift in mix between Music Publishing and Recorded Music and the shift in geographic mix are both primarily attributable to the Tommy Boy Acquisition.

Total digital revenues increased by \$3,605 thousand, or 38%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Total digital revenues represented 54% and 57% of consolidated revenues for the three months ended June 30, 2022 and the three months ended June 30, 2021, respectively.

Music Publishing revenues increased by \$4,243 thousand, or 35%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. This increase in Music Publishing revenue was mainly driven by acquisitions of catalogs and revenue from the existing catalog, which led to increases in synchronization revenue, performance revenue, digital revenue and mechanical revenue. Additionally, other revenues increased, driven primarily by our rights management subsidiary in the Middle East.

On a geographic basis, U.S. Music Publishing revenues represented 60% of total Music Publishing revenues for the three months ended June 30, 2022 compared to 56% for the three months ended June 30, 2021. International Music Publishing revenues represented 40% of total Music Publishing revenues for the three months ended June 30, 2022 compared to 44% for the three months ended June 30, 2021.

Recorded Music revenues increased by \$3,363 thousand, or 80%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase in Recorded Music revenue was driven in part by the acquisition of Tommy Boy in June 2021, which contributed \$3,744 thousand to Recorded Music revenue during the three months ended June 30, 2022. Digital revenue increased by \$1,752 thousand primarily due to the acquisition of Tommy Boy and due to the continued growth at music streaming services. Increases in physical revenue and neighboring rights revenue were also primarily due to the acquisition of Tommy Boy. The \$923 thousand increase in synchronization revenue was primarily due to the acquisition of Tommy Boy and the recovery in the film and television industry from the impacts of the COVID-19 pandemic.

On a geographic basis, U.S. Recorded Music revenues represented 50% of total Recorded Music revenues for the three months ended June 30, 2022 compared to 37% for the three months ended June 30, 2021. International Recorded Music revenues represented 50% of total Recorded Music revenues for the three months ended June 30, 2022 compared to 63% for the three months ended June 30, 2021. This shift in Recorded Music geographic mix was driven primarily by the acquisition of Tommy Boy.

Cost of Revenues

Our cost of revenues was composed of the following amounts (in thousands):

	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Writer royalties and other publishing costs	\$ 7,752	\$ 6,019	\$ 1,733	29 %
Artist royalties and other recorded music costs	2,223	1,673	550	33 %
Total cost of revenue	\$ 9,975	\$ 7,692	\$ 2,283	30 %

Cost of revenues increased by \$2,283 thousand, or 30%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Cost of revenues as a percentage of revenues decreased to 41% for the three months ended June 30, 2022 from 46% for the three months ended June 30, 2021.

Writer royalties and other publishing costs for the Music Publishing segment increased by \$1,733 thousand, or 29%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Writer royalties and other publishing costs as a percentage of Music Publishing revenues decreased to 47% for the three months ended June 30, 2022 from 49% for the three months ended June 30, 2021. The increase in margins was due to the change in the mix of earnings by type and songwriting clients with their specific contractual royalty rates being applied to the revenues.

Artist royalties and other recorded music costs for the Recorded Music segment increased by \$550 thousand, or 33%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. This increase was due primarily to increased revenue from the acquisition of Tommy Boy. Artist royalties and other recorded music costs as a percentage of recorded music revenues decreased to 29% for the three months ended June 30, 2022 from 40% for the three months ended June 30, 2021. The increase in margins was due to the change in the mix of earnings by type and clients with the specific contractual royalty rates being applied to the revenues.

Amortization and Depreciation

Our amortization and depreciation expenses are composed of the following amounts (in thousands):

	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Music Publishing amortization and depreciation	\$ 3,954	\$ 3,169	\$ 785	25 %
Recorded Music amortization and depreciation	1,385	865	520	60 %
Other amortization and depreciation	23	25	(2)	(8)%
Total amortization and depreciation	<u>\$ 5,362</u>	<u>\$ 4,060</u>	<u>\$ 1,302</u>	32 %

Amortization and depreciation expense increased by \$1,302 thousand, or 32%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, driven by increases in both the Music Publishing and Recorded Music segments. Music Publishing amortization and depreciation expense increased by \$785 thousand, or 25%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily due to the acquisition of additional music catalogs. Recorded Music amortization and depreciation increased by \$520 thousand, or 60%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily due to Tommy Boy.

Administration Expenses

Our administration expenses are composed of the following amounts (in thousands):

	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Music Publishing administration expenses	\$ 5,002	\$ 2,786	\$ 2,216	80 %
Recorded Music administration expenses	2,382	1,743	639	37 %
Other administration expenses	238	136	102	75 %
Total administration expenses	<u>\$ 7,622</u>	<u>\$ 4,665</u>	<u>\$ 2,957</u>	63 %

Total administration expenses increased by \$2,957 thousand, or 63%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, reflecting increases in both the Music Publishing and Recorded Music segments. Expressed as a percentage of revenues, administration expenses increased to 31% for the three months ended June 30, 2022 from 28% for the three months ended June 30, 2021, due to administration expenses associated with being a public company, an increase in share-based compensation expense and increased costs related to establishing a U.S. Recorded Music platform due to the acquisition of Tommy Boy.

Music Publishing administration expenses increased by \$2,216 thousand, or 80%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Expressed as a percentage of revenues, Music Publishing administration expenses increased to 30% for the three months ended June 30, 2022 from 23% for the three months ended June 30, 2021, driven primarily by new administration expenses associated with being a public company and increased costs related to acquisitions.

Recorded Music administration expenses increased by \$639 thousand, or 37%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily due to increases at Chrysalis Records and the acquisition of Tommy Boy. Expressed as a percentage of revenue, Recorded Music administration expenses decreased to 31% for the three months ended June 30, 2022 from 41% for the three months ended June 30, 2021 primarily due to taking advantage of operating leverage on the Recorded Music platform, partially offset by new administration expenses associated with being a public company.

Interest Expense

Interest expense increased by \$197 thousand, or 7%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. This increase was primarily driven by increased debt balances due to use of funds in catalog and business

acquisitions and writer signings, as well as increases in LIBOR. Our credit agreement provides for the transition from LIBOR as the index rate to SOFR once LIBOR is discontinued. We do not expect a negative impact on interest expense as a result of the transition.

Gain (Loss) on Foreign Exchange

Gain on foreign exchange was \$107 thousand for the three months ended June 30, 2022 compared to a loss on foreign exchange of \$18 thousand for the three months ended June 30, 2021. This change was due to fluctuations in the two foreign currencies we are directly exposed to, namely British pound sterling and euro.

Gain on Fair Value of Swaps

Gain on fair value of swaps increased by \$1,023 thousand during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. This change was due to a rising forward yield curve for LIBOR and the marking to market of our interest rate swap hedges.

Income Tax Expense (Benefit)

Income tax expense was \$5 thousand during the three months ended June 30, 2022 compared to income tax benefit of \$527 thousands during the three months ended June 30, 2021. The effective income tax rate during the three months ended June 30, 2022 was 24.1% compared to 25.9% during the three months ended June 30, 2021. The decrease in the effective income tax rate was driven primarily by changes in the mix of income from multiple tax jurisdictions.

Net Income (Loss)

Net income was \$17 thousand during the three months ended June 30, 2022 compared to a net loss of \$1,507 thousand during the three months ended June 30, 2021. The change in net income from net loss was driven primarily by a \$1,105 thousand increase in operating income as a result of company growth and a \$1,023 thousand increase in gain on fair value of swaps, partially offset by costs of being a public company and a \$532 thousand increase in income tax expense.

Non-GAAP Reconciliations

We use certain financial information, such as OIBDA, OIBDA Margin, EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA, which are non-GAAP financial measures, which means they have not been prepared in accordance with U.S. GAAP. Reservoir's management uses these non-GAAP financial measures to evaluate our operations, measure its performance and make strategic decisions. We believe that the use of these non-GAAP financial measures provides useful information to investors and others in understanding our results of operations and trends in the same manner as our management and in evaluating our financial measures as compared to the financial measures of other similar companies, many of which present similar non-GAAP financial measures. However, these non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by our management about which items are excluded or included in determining these non-GAAP financial measures and, therefore, should not be considered as a substitute for net income, operating income or any other operating performance measures calculated in accordance with GAAP. Using such non-GAAP financial measures in isolation to analyze our business would have material limitations because the calculations are based on the subjective determination of our management regarding the nature and classification of events and circumstances. In addition, although other companies in our industry may report measures titled OIBDA, OIBDA margin and Adjusted EBITDA, or similar measures, such non-GAAP financial measures may be calculated differently from how we calculate such non-GAAP financial measures, which reduces their overall usefulness as comparative measures. Because of these limitations, such non-GAAP financial measures should be considered alongside other financial performance measures and other financial results presented in accordance with GAAP. Reconciliations of OIBDA to operating income and EBITDA and Adjusted EBITDA to net income are provided below.

We consider operating income (loss) before non-cash depreciation of tangible assets and non-cash amortization of intangible assets ("**OIBDA**") to be an important indicator of the operational strengths and performance of our businesses and believe this non-GAAP financial measure provides useful information to investors because it removes the significant impact of amortization from our results of operations and represents our measure of segment income. However, a limitation of the use of OIBDA as a performance measure is that

it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our businesses and other non-operating income (loss). Accordingly, OIBDA should be considered in addition to, not as a substitute for, operating income, net income attributable to us and other measures of financial performance reported in accordance with GAAP. In addition, our definition of OIBDA may differ from similarly titled measures used by other companies. OIBDA Margin is defined as OIBDA as a percentage of revenue.

EBITDA is defined as earnings (net income or loss) before net interest expense, income tax (benefit) expense, non-cash depreciation of tangible assets and non-cash amortization of intangible assets and is used by management to measure operating performance of the business. Adjusted EBITDA is defined as EBITDA further adjusted to exclude items or expenses such as, among others, (1) any non-cash charges (including any impairment charges), (2) any net gain or loss on foreign exchange, (3) any net gain or loss resulting from interest rate swaps, (4) equity-based compensation expense and (5) certain unusual or non-recurring items. Adjusted EBITDA is a key measure used by our management to understand and evaluate operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. However, certain limitations on the use of Adjusted EBITDA include, among others, (1) it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue for our business, (2) it does not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our indebtedness and (3) it does not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments. In particular, Adjusted EBITDA measure adds back certain non-cash, unusual or non-recurring charges that are deducted in calculating net income; however, these are expenses that may recur, vary greatly and are difficult to predict. In addition, Adjusted EBITDA is not the same as net income or cash flow provided by operating activities as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs.

Pro Forma Adjusted EBITDA is defined as Adjusted EBITDA plus the pro forma EBITDA of assets acquired in the previous four quarters representing the earnings of those assets for the portion of the prior four quarters before the Company's acquisition of such assets. This is the measurement defined in the Company's credit agreement. The Company believes that including the supplemental adjustments that are made to calculate Pro Forma Adjusted EBITDA provides additional information to investors about the Company's ability to comply with its financial covenants as well as providing meaningful information about the historic earnings of acquired assets. Pro Forma Adjusted EBITDA is not defined by GAAP. Pro Forma Adjusted EBITDA is not a measure of financial condition, liquidity or profitability, and should not be considered as an alternative to net income determined in accordance with GAAP or operating cash flows determined in accordance with GAAP. Additionally, Pro Forma Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense (because the Company uses capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue), working capital needs, tax payments (because the payment of taxes is part of our operations, it is a necessary element of our costs and ability to operate), non-recurring expenses and capital expenditures.

Reconciliation of Operating Income to OIBDA

We use OIBDA as our primary measure of financial performance. The following tables reconcile operating income to OIBDA (in thousands):

	Consolidated			
	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Operating income	\$ 1,321	\$ 216	\$ 1,105	512 %
Amortization and depreciation expenses	5,362	4,060	1,302	32 %
OIBDA	<u>\$ 6,683</u>	<u>\$ 4,276</u>	<u>\$ 2,407</u>	56 %
OIBDA Margin	28 %	26 %		

	Music Publishing			
	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Operating (loss) income	\$ (261)	\$ 229	\$ (490)	(214)%
Amortization and depreciation expenses	3,954	3,169	785	25 %
OIBDA	<u>\$ 3,693</u>	<u>\$ 3,398</u>	<u>\$ 295</u>	9 %
OIBDA Margin	22 %	28 %		

	Recorded Music			
	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Operating income (loss)	\$ 1,581	\$ (73)	\$ 1,654	NM
Amortization and depreciation expenses	1,385	865	520	60 %
OIBDA	<u>\$ 2,966</u>	<u>\$ 792</u>	<u>\$ 2,174</u>	274 %
OIBDA Margin	39 %	19 %		

NM – Not meaningful

OIBDA

Consolidated OIBDA increased by \$2,407 thousand, or 56%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, driven by a 274% increase in Recorded Music OIBDA and a 9% increase in Music Publishing OIBDA. Expressed as a percentage of revenue, OIBDA Margin increased to 28% for the three months ended June 30, 2022 from 26% for the three months ended June 30, 2021, primarily as a result of improved operating leverage on the Recorded Music platform as a result of growth, partially offset by increased overhead associated with being a public company and increased costs related to acquisitions.

Music Publishing OIBDA increased \$295 thousand, or 9%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Expressed as a percentage of revenue, Music Publishing OIBDA Margin decreased to 22% in the three months ended June 30, 2022 from 28% in the three months ended June 30, 2021. The decreases in Music Publishing OIBDA and OIBDA Margin reflect increases in administration expenses associated with being a public company and writers' royalties and other publishing costs as a percentage of revenue, partially offset by revenue growth.

Recorded Music OIBDA increased \$2,174 thousand, or 274% during the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Expressed as a percentage of revenue, Recorded Music OIBDA Margin increased to 39% during the three

months ended June 30, 2022 from 19% in the three months ended June 30, 2021. These increases reflect increases at Chrysalis Records and the acquisition of Tommy Boy and improved operating leverage on the Recorded Music platform as a result of growth.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

The following table reconciles net income (loss) to Adjusted EBITDA (in thousands):

	For the Three Months Ended		2022 vs. 2021	
	June 30,		\$ Change	% Change
	2022	2021		
Net income (loss)	\$ 17	\$ (1,507)	\$ 1,524	(101)%
Income tax expense (benefit)	5	(527)	532	(101)%
Interest expense	2,976	2,779	197	7 %
Amortization and depreciation	5,362	4,060	1,302	32 %
EBITDA	8,360	4,805	3,555	74 %
(Gain) loss on foreign exchange ^(a)	(107)	18	(125)	NM
Gain on fair value of swaps ^(b)	(1,570)	(547)	(1,023)	187 %
Non-cash share-based compensation ^(c)	766	26	740	NM
Adjusted EBITDA	\$ 7,449	\$ 4,302	\$ 3,147	73 %

NM - Not meaningful

- (a) Reflects the loss or (gain) on foreign exchange fluctuations.
- (b) Reflects the non-cash gain on the mark-to-market of interest rate swaps.
- (c) Reflects non-cash share-based compensation expense related to the Reservoir Media, Inc. 2021 Omnibus Incentive Plan.

Consolidated Adjusted EBITDA increased by \$3,147 thousand, or 73%, during the three months ended June 30, 2022 compared to the three months ended June 30, 2021, driven primarily by an increase in revenue, partially offset by increases in cost of revenue and administration expenses, including administration expenses associated with being a public company.

Liquidity and Capital Resources

Capital Resources

As of June 30, 2022, we had \$277,428 thousand of debt (net of \$5,218 thousand of deferred financing costs) and \$12,570 thousand of cash and cash equivalents.

We used a portion of the proceeds from the Business Combination and PIPE Investment to repay \$80,600 thousand of debt (amounts to related parties) associated with the Tommy Boy acquisition and \$55,000 thousand of debt under the Senior Credit Facility.

Cash Flows

The following table summarizes our historical cash flows (in thousands).

	For the Three Months Ended June 30,		2022 vs. 2021	
	2022	2021	\$ Change	% Change
Cash provided by (used in):				
Operating activities	\$ 1,803	\$ 3,742	\$ (1,939)	(52)%
Investing activities	\$ (12,773)	\$ (112,700)	\$ 99,927	(89)%
Financing activities	\$ 6,517	\$ 113,564	\$ (107,047)	(94)%

Operating Activities

Cash provided by operating activities was \$1,803 thousand for the three months ended June 30, 2022 compared to \$3,742 thousand for the three months ended June 30, 2021. The primary driver of the \$1,939 thousand decrease in cash provided by operating activities during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021 was an increase in cash used for working capital, primarily used for royalty advances (net of recoupments), partially offset by higher earnings.

Investing Activities

Cash used in investing activities was \$12,773 thousand for the three months ended June 30, 2022 compared to \$112,700 thousand for the three months ended June 30, 2021. The decrease in cash used in investing activities was primarily due to decreased acquisitions of music catalogs.

Financing Activities

Cash provided by financing activities was \$6,517 thousand for the three months ended June 30, 2022 compared to \$113,654 thousand for the three months ended June 30, 2021. The decrease in cash provided by financing activities in the three months ended June 30, 2022 reflects a decrease in net borrowings used for investing activities, including the June 2021 acquisition of Tommy Boy.

Liquidity

Our primary sources of liquidity are the cash flows generated from our subsidiaries' operations, available cash and cash equivalents and funds available for drawing under our Senior Credit Facility (as described below). These sources of liquidity are needed to fund our debt service requirements, working capital requirements, strategic acquisitions and investments, capital expenditures and other investing and financing activities we may elect to make in the future.

We believe that our primary sources of liquidity will be sufficient to support our existing operations over the next twelve months.

Existing Debt as of June 30, 2022

As of June 30, 2022, our outstanding debt consisted of \$282,646 thousand borrowed under the Senior Credit Facility. As of June 30, 2022, remaining borrowing availability under the Senior Credit Facility was \$67,354 thousand.

We use cash generated from operations to service outstanding debt, consisting primarily of interest payments through maturity, and we expect to continue to refinance and extend maturity on the Senior Credit Facility for the foreseeable future.

Debt Capital Structure

Since 2014, RMM has been the borrower under a revolving credit and term loan agreement (the "***Prior Credit Facility***") with SunTrust Bank (Truist Bank) as the administrative agent and lead arranger. The Prior Credit Facility has been amended and restated a number of times since 2014, generally leading to extensions of maturity dates and increases in the facility size.

On July 28, 2021, in connection with the consummation of the Business Combination, RMM amended and restated the Prior Credit Facility by entering the Fourth Amended and Restated Credit Agreement (the "RMM Credit Agreement"), providing RMM with a senior secured credit facility in an aggregate amount of \$248,750 thousand. On December 7, 2021, RMM entered into an amendment (the "***First Amendment***") to the RMM Credit Agreement. The First Amendment amended the RMM Credit Agreement to increase RMM's senior secured revolving credit facility from \$248,750 thousand to an aggregate amount of \$350,000 thousand (the "***Senior Credit Facility***"). The Senior Credit Facility matures on October 16, 2024, and Borrowings under the Senior Credit Facility bear interest at a rate equal to either the sum of a base rate plus a margin of 1.25% or the sum of a LIBO rate plus a margin of 2.25%. RMM is also required to pay an unused fee in respect of unused commitments under the Senior Credit Facility, if any, at a rate of 0.25% per annum.

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Subject to market conditions, we expect to continue to take opportunistic steps to extend our maturity dates and reduce related interest expense. From time to time, we may incur additional indebtedness for, among other things, working capital, repurchasing, redeeming or tendering for existing indebtedness and acquisitions or other strategic transactions.

Certain terms of the Senior Credit Facility are described below.

Guarantees and Security

The obligations under the Senior Credit Facility are guaranteed by us, RHI and subsidiaries of RMM. Substantially all of our, RHI's, RMM's and other subsidiary guarantors' tangible and intangible assets are pledged as collateral to secure the obligations of RMM under the Senior Credit Facility, including accounts receivable, cash and cash equivalents, deposit accounts, securities accounts, commodities accounts, inventory and certain intercompany debt owing to us or our subsidiaries.

Covenants, Representations and Warranties

The Senior Credit Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants contained in the Senior Credit Facility limit the ability our, RHI's, RMM's and certain of its subsidiaries ability to, among other things, incur debt or liens, merge or consolidate with others, make investments, make cash dividends, redeem or repurchase capital stock, dispose of assets, enter into transactions with affiliates or enter into certain restrictive agreements.

Events of Default

The Senior Credit Facility includes customary events of default, including nonpayment of principal when due, nonpayment of interest or other amounts, inaccuracy of representations or warranties in any material respect, violation of covenants, certain bankruptcy or insolvency events, certain ERISA events and certain material judgments, in each case, subject to customary thresholds, notice and grace period provisions.

Covenant Compliance

The Senior Credit Facility contains financial covenants that requires us, on a consolidated basis with our subsidiaries, to maintain, (i) a total leverage ratio of no greater than 7.50:1.00 (net of up to \$20,000 thousand of certain cash balances) as of the end of each fiscal quarter, (ii) a fixed charge coverage ratio of not less than 1.25:1.00 for each four fiscal quarter period, and (iii) a consolidated senior debt to library value ratio of no greater than 0.475:1.00, subject to certain adjustments. RMM's ability to borrow funds under the Senior Credit Facility may depend upon its ability to meet the leverage ratio test at the end of a fiscal quarter to the extent it has outstanding debt.

The leverage ratio test is based on trailing twelve month ("TTM") Pro Forma Adjusted EBITDA, which is defined in the Senior Credit Facility as Adjusted EBITDA plus the pro forma EBITDA of assets acquired in the previous four quarters representing the earnings of those assets for the portion of the prior four quarters before the Company's acquisition of such assets. As of June 30, 2022,

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the Company's leverage ratio was 5.7x. The calculations of Pro forma Adjusted EBITDA in accordance with the Senior Credit Facility is as follows for the trailing twelve months ("TTM") ended June 30, 2022 (in thousands):

	TTM 6/30/22
Net income	\$ 14,652
Income tax expense	4,785
Interest expense	11,068
Amortization and depreciation	20,324
EBITDA	50,829
Gain on foreign exchange (a)	(456)
Gain on fair value of swaps (b)	(9,581)
Non-cash share-based compensation (c)	3,631
Interest and other income	(11)
Adjusted EBITDA	44,412
Pro forma EBITDA on acquisitions (d)	4,237
Pro forma Adjusted EBITDA	\$ 48,649

(a) Reflects the gain on foreign exchange fluctuations.

(b) Reflects the non-cash gain on the mark-to-market of interest rate swaps.

(c) Reflects non-cash share-based compensation expense related to the Reservoir Media, Inc. 2021 Omnibus Incentive Plan.

(d) Reflects the pro forma EBITDA on acquisitions for the portion of the prior twelve months that are not included in the Company's financial results.

Non-compliance with the leverage ratio, fixed charge coverage ratio and consolidated senior debt to library value ratio could result in the lenders, subject to customary cure rights, requiring the immediate payment of all amounts outstanding under the Senior Credit Facility, which could have a material adverse effect on our business, cash flows, financial condition and results of operations. As of June 30, 2022, we were in compliance with each of the financial covenants under the Senior Credit Facility.

Interest Rate Swaps

At June 30, 2022, RMM had the following interest rate swaps outstanding, under which it pays a fixed rate and receives a floating interest payment from the counterparty based on LIBOR with reference to notional amounts adjusted to match the original scheduled principal repayments pursuant to the indenture agreement:

Effective Date	Notional Amount at June 30, 2022	Pay Fixed Rate	Maturity
March 10, 2022	\$ 8,625,000	1.602 %	September 2024
March 10, 2022	\$ 87,979,412	1.492 %	September 2024
December 31, 2021	\$ 53,395,588	1.042 %	September 2024

On March 10, 2022, two previous interest rate swaps expired with original notional amounts of \$40,228,152 and \$59,325,388. Those interest rate swaps were replaced by two new swaps with original notional amounts of \$88,098,862 and \$8,875,000 which add to a third interest rate swap with an original notional amount of \$53,030,237. All three current interest rate swaps mature on September 30, 2024, and RMM pays fixed rates of 1.492%, 1.602% and 1.042%, respectively, to the counterparty and received a floating interest payment from the counterparty based on LIBOR with reference to notional amounts adjusted to match the original scheduled principal repayments pursuant to the indenture agreement.

Dividends

Our ability to pay dividends is restricted by covenants in the Senior Credit Facility. We did not pay any dividends to stockholders during the three months ended June 30, 2022.

Summary

Management believes that funds generated from our operations, borrowings under the Senior Credit Facility and available cash and equivalents will be sufficient to fund our debt service requirements, working capital requirements and capital expenditure requirements for the foreseeable future. However, our ability to continue to fund these items and to reduce debt may be affected by general economic, financial, competitive, legislative and regulatory factors, as well as other industry-specific factors such as the ability to control music piracy and the continued transition from physical to digital formats in the recorded music and music publishing industries. It could also be affected by the severity and duration of natural or man-made disasters, including pandemics such as the COVID-19 pandemic. We and our affiliates continue to evaluate opportunities to, from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to pay dividends or prepay outstanding debt or repurchase or retire our outstanding debt. The amounts involved in any such transactions, individually or in the aggregate, may be material and may be funded from available cash or from additional borrowings or equity raises. In addition, from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity, and other factors, we may seek to refinance the Senior Credit Facility with existing cash and/or with funds provided from additional borrowings.

Contractual and Other Obligations

As of June 30, 2022, there have been no material changes, outside the ordinary course of business, in our contractual obligations since March 31, 2022. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual and Other Obligations*” in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on June 21, 2022 for information regarding our contractual obligations.

Critical Accounting Policies

As of June 30, 2022, there have been no material changes to our critical accounting policies since March 31, 2022. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies*” in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on June 21, 2022 for information regarding our critical accounting policies. We believe that our accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. The preparation of our condensed consolidated financial statements in conformity with US GAAP requires us to make estimates and judgments that affect the amounts reported in those condensed consolidated financial statements and the accompanying notes thereto. The future effects of the COVID-19 pandemic on our results of operations, cash flows and financial position are unclear. However, we believe we have used reasonable estimates and assumptions in preparing the condensed consolidated financial statements. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

Off-Balance Sheet Arrangements

As of June 30, 2022, we had no off-balance sheet arrangements.

New Accounting Pronouncements

See Note 3, “*Recent Accounting Pronouncements*” to the accompanying unaudited condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item 3, “*Quantitative and Qualitative Disclosures About Market Risk.*”

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2022, as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act.

Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that during the period covered by this Quarterly Report, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting identified in the Annual Report. 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 the annual or interim financial statements will not be prevented or detected on a timely basis. Our previously identified material weaknesses in internal control over financial reporting relate to (i) an ineffective control environment due to improper segregation of duties and a lack of qualified personnel to address certain complex accounting transactions, and (ii) an ineffective risk assessment process resulting in improper design of control activities to address certain risks of material misstatement. These material weaknesses resulted in immaterial misstatements in our previously reported consolidated financial statements for the fiscal years ended March 31, 2020, and 2021, and unaudited interim condensed consolidated financial information for each of the quarterly and fiscal year-to-date periods ended December 31, 2020, and 2021, related to the accounting for the acquisition of certain music catalogs, which were corrected prior to issuance of our consolidated financial statements for the fiscal year ended March 31, 2022. Notwithstanding these material weaknesses, management has concluded that the consolidated financial statements included in this Quarterly Report are fairly stated in all material respects in accordance with U.S. GAAP.

We continue to take steps to remediate the material weaknesses described above by hiring additional qualified accounting personnel and further evolving our accounting processes. We will not be able to fully remediate these material weaknesses until these steps have been completed and we have been operating effectively for a sufficient period of time.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls and Procedures

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all cases of error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We may, from time to time, become involved in various legal and administrative proceedings, claims, lawsuits and/or other actions incidental to the conduct of our business. Some of these legal and administrative proceedings, claims, lawsuits and/or other actions may be material and involve highly complex issues that are subject to substantial uncertainties and could result in damages, fines, penalties, non-monetary sanctions or relief. We recognize provisions for claims or pending litigation when we determine that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherently uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates. As of the date of this Quarterly Report, we are not involved in any legal proceedings that we believe could have a material adverse effect on our business, financial condition and/or results of operations.

Item 1A. Risk Factors.

There have been no material changes in the Company's risk factors from those disclosed in Part I, Item 1A to the Company's Annual Report for the year ended March 31, 2022. The risk factors disclosed in the Annual Report, in addition to the other information set forth in this report, could materially affect our business, financial condition or results.

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

There have been no other unregistered sales of equity securities during the three months ended June 30, 2022, which have not been previously disclosed on a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

No.	Description of Exhibit
31.1*	Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief 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 Chief 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 Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

† Certain of the schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted schedules or exhibits upon request by the SEC.

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESERVOIR MEDIA, INC.

Date: August 5, 2022

By: /s/ Golnar Khosrowshahi
Name: Golnar Khosrowshahi
Title: Chief Executive Officer (Principal Executive Officer)

Date: August 5, 2022

By: /s/ Jim Heindlmeyer
Name: Jim Heindlmeyer
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Golnar Khosrowshahi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reservoir Media, Inc. (the “*registrant*”);
2. Based on my knowledge, this Quarterly Report on Form 10-Q 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 on Form 10-Q;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report on Form 10-Q, 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 on Form 10-Q;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this Quarterly Report on Form 10-Q our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report on Form 10-Q based on such evaluation; and
 - d) Disclosed in this Quarterly Report on Form 10-Q 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(s) 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, 2022

By: /s/ Golnar Khosrowshahi

Name: Golnar Khosrowshahi

Title: Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jim Heindlmeyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reservoir Media, Inc. (the “*registrant*”);
2. Based on my knowledge, this Quarterly Report on Form 10-Q 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 on Form 10-Q;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report on Form 10-Q, 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 on Form 10-Q;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this Quarterly Report on Form 10-Q our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report on Form 10-Q based on such evaluation; and
 - d) Disclosed in this Quarterly Report on Form 10-Q 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(s) 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, 2022

By: /s/ Jim Heindlmeyer

Name: Jim Heindlmeyer

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

**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 on Form 10-Q of Reservoir Media, Inc. (the “*Company*”) for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “*Report*”), I, Golnar Khosrowshahi, 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, as amended, that:

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

Dated: August 5, 2022

By: /s/ Golnar Khosrowshahi

Name: Golnar Khosrowshahi

Title: Chief Executive Officer (Principal Executive Officer)

**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 on Form 10-Q of Reservoir Media, Inc. (the “*Company*”) for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “*Report*”), I, Jim Heindlmeyer, 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, as amended, that:

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

Dated: August 5, 2022

By: /s/ Jim Heindlmeyer

Name: Jim Heindlmeyer

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)
