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 December 31, 2023

☐ **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	**83-3584204**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Varick Street
Suite 801A
New York, New York 10014
(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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 5, 2024, there were 64,822,260 shares of Common Stock of Reservoir Media, Inc. issued and outstanding.

RESERVOIR MEDIA, INC.
FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 2023

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PART I - FINANCIAL INFORMATION

Item 1. Interim Financial Statements.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Revenues	$ 35,476,172	$ 29,931,413	$ 105,710,058	$ 87,475,894
Costs and expenses:				
Cost of revenue	13,221,974	11,750,296	41,136,237	35,665,462
Amortization and depreciation	6,342,918	5,546,301	18,613,026	16,292,145
Administration expenses	9,389,344	8,035,758	30,148,848	23,031,248
Total costs and expenses	28,954,236	25,332,355	89,898,111	74,988,855
Operating income	6,521,936	4,599,058	15,811,947	12,487,039
Interest expense	(5,372,285)	(4,098,910)	(15,865,324)	(10,579,788)
Loss on early extinguishment of debt	—	(914,040)	—	(914,040)
Gain (loss) on foreign exchange	264	56,973	(69,828)	337,659
(Loss) gain on fair value of swaps	(4,247,523)	(179,573)	(1,774,045)	4,323,207
Other income (expense), net	(990,488)	43	(989,952)	90
(Loss) income before income taxes	(4,088,096)	(536,449)	(2,887,202)	5,654,167
Income tax (benefit) expense	(1,226,649)	3,529,984	(872,663)	5,217,691
Net (loss) income	(2,861,447)	(4,066,433)	(2,014,539)	436,476
Net income attributable to noncontrolling interests	(101,612)	(340,190)	(135,797)	(230,127)
Net (loss) income attributable to Reservoir Media, Inc.	$ (2,963,059)	$ (4,406,623)	$ (2,150,336)	$ 206,349
(Loss) earnings per common share (Note 13):				
Basic	$ (0.05)	$ (0.07)	$ (0.03)	$ —
Diluted	$ (0.05)	$ (0.07)	$ (0.03)	$ —
Weighted average common shares outstanding (Note 13):				
Basic	64,826,026	64,379,536	64,731,569	64,316,532
Diluted	64,826,026	64,379,536	64,731,569	64,765,381

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2022
Net (loss) income	$ (2,861,447)	$ (4,066,433)	$ (2,014,539)	$ 436,476
Other comprehensive income (loss):				
Translation adjustments	2,384,683	4,652,084	1,325,726	(5,283,489)
Total comprehensive (loss) income	(476,764)	585,651	(688,813)	(4,847,013)
Comprehensive income attributable to noncontrolling interests	(101,612)	(340,190)	(135,797)	(230,127)
Total comprehensive (loss) income attributable to Reservoir Media, Inc.	$ (578,376)	$ 245,461	$ (824,610)	$ (5,077,140)

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)

	December 31, 2023	March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 19,514,381	$ 14,902,076
Accounts receivable	30,583,910	31,255,867
Current portion of royalty advances	13,726,825	15,188,656
Inventory and prepaid expenses	6,796,410	5,458,522
Total current assets	70,621,526	66,805,121
Intangible assets, net	644,525,473	617,404,741
Equity method and other investments	1,567,663	2,305,719
Royalty advances, net of current portion	56,462,194	51,737,844
Property, plant and equipment, net	604,449	568,339
Operating lease right of use assets, net	7,239,846	7,356,312
Fair value of swap assets	4,982,839	6,756,884
Other assets	1,339,652	1,147,969
Total assets	$ 787,343,642	$ 754,082,929
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,376,882	$ 6,680,421
Royalties payable	37,403,181	33,235,235
Accrued payroll	1,386,230	1,689,310
Deferred revenue	1,937,650	2,151,889
Other current liabilities	8,077,446	10,583,794
Income taxes payable	—	204,987
Total current liabilities	56,181,389	54,545,636
Secured line of credit	342,455,820	311,491,581
Deferred income taxes	29,878,778	30,525,523
Operating lease liabilities, net of current portion	6,983,373	7,072,553
Other liabilities	588,745	785,113
Total liabilities	436,088,105	404,420,406
Contingencies and commitments (Note 15)		
Shareholders' Equity		
Preferred stock, $0.0001 par value 75,000,000 shares authorized, 0 shares issued and outstanding at December 31, 2023 and March 31, 2023	—	—
Common stock, $0.0001 par value; 750,000,000 shares authorized, 64,813,399 shares issued and outstanding at December 31, 2023; 64,441,244 shares issued and outstanding at March 31, 2023	6,481	6,444
Additional paid-in capital	340,742,579	338,460,789
Retained earnings	12,602,384	14,752,720
Accumulated other comprehensive loss	(3,529,603)	(4,855,329)
Total Reservoir Media, Inc. shareholders' equity	349,821,841	348,364,624
Noncontrolling interest	1,433,696	1,297,899
Total shareholders' equity	351,255,537	349,662,523
Total liabilities and shareholders' equity	$ 787,343,642	$ 754,082,929

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 and Nine Months Ended December 31, 2023						
	Common Stock						
	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	Shareholders' equity
Balance, March 31, 2023	**64,441,244**	**$ 6,444**	**$ 338,460,789**	**$ 14,752,720**	**$ (4,855,329)**	**$ 1,297,899**	**$ 349,662,523**
Share-based compensation	—	—	713,802	—	—	—	713,802
Vesting of restricted stock units, net of shares withheld for employee taxes	207,733	21	(689,176)	—	—	—	(689,155)
Reclassification of liability-classified awards to equity-classified awards	—	—	664,167	—	—	—	664,167
Net income (loss)	—	—	—	277,333	—	(112,780)	164,553
Other comprehensive income	—	—	—	—	1,139,476	—	1,139,476
Balance, June 30, 2023	**64,648,977**	**$ 6,465**	**$ 339,149,582**	**$ 15,030,053**	**$ (3,715,853)**	**$ 1,185,119**	**$ 351,655,366**
Share-based compensation	—	—	612,235	—	—	—	612,235
Stock option exercises	56,466	5	288,537	—	—	—	288,542
Vesting of restricted stock units	105,392	11	(11)	—	—	—	—
Reclassification of liability-classified awards to equity-classified awards	—	—	80,000	—	—	—	80,000
Net income	—	—	—	535,390	—	146,965	682,355
Other comprehensive loss	—	—	—	—	(2,198,433)	—	(2,198,433)
Balance, September 30, 2023	**64,810,835**	**$ 6,481**	**$ 340,130,343**	**$ 15,565,443**	**$ (5,914,286)**	**$ 1,332,084**	**$ 351,120,065**
Share-based compensation	—	—	612,236	—	—	—	612,236
Vesting of restricted stock units	2,564	—	—	—	—	—	—
Net (loss) income	—	—	—	(2,963,059)	—	101,612	(2,861,447)
Other comprehensive income	—	—	—	—	2,384,683	—	2,384,683
Balance, December 31, 2023	**64,813,399**	**$ 6,481**	**$ 340,742,579**	**$ 12,602,384**	**$ (3,529,603)**	**$ 1,433,696**	**$ 351,255,537**

	For the Three and Nine Months Ended December 31, 2022						
	Common Stock						
	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	Shareholders' equity
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	**64,290,324**	**$ 6,429**	**$ 336,217,999**	**$ 12,289,558**	**$ (6,209,621)**	**$ 998,249**	**$ 343,302,614**
Share-based compensation	—	—	596,184	—	—	—	596,184
Vesting of restricted stock units	83,580	8	(8)	—	—	—	—
Reclassification of liability-classified awards to equity-classified awards	—	—	145,000	—	—	—	145,000
Net income (loss)	—	—	—	4,536,933	—	(50,845)	4,486,088
Other comprehensive loss	—	—	—	—	(4,924,010)	—	(4,924,010)
Balance, September 30, 2022	**64,373,904**	**$ 6,437**	**$ 336,959,175**	**$ 16,826,491**	**$ (11,133,631)**	**$ 947,404**	**$ 343,605,876**
Share-based compensation	—	—	605,146	—	—	—	605,146
Stock option exercises	11,294	1	57,712	—	—	—	57,713
Net (loss) income	—	—	—	(4,406,623)	—	340,190	(4,066,433)
Other comprehensive income	—	—	—	—	4,652,084	—	4,652,084
Balance, December 31, 2022	**64,385,198**	**$ 6,438**	**$ 337,622,033**	**$ 12,419,868**	**$ (6,481,547)**	**$ 1,287,594**	**$ 344,854,386**

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)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2022
Cash flows from operating activities:		
Net (loss) income	$ (2,014,539)	$ 436,476
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Amortization of intangible assets	18,433,037	16,152,354
Depreciation of property, plant and equipment	179,989	139,791
Share-based compensation	2,540,146	2,408,677
Non-cash interest charges	1,003,626	1,738,414
Loss on early extinguishment of debt	—	914,040
Loss (gain) on fair value of swaps	1,774,045	(4,323,207)
Impairment of equity investment	991,105	—
Share of earnings of equity affiliates, net of tax	—	(34,131)
Dividend from equity affiliates	—	62,304
Deferred income taxes	(950,760)	3,658,643
Changes in operating assets and liabilities:		
Accounts receivable	671,957	(1,635,872)
Inventory and prepaid expenses	(1,337,888)	(1,813,272)
Royalty advances	(3,262,519)	(5,872,059)
Other assets and liabilities	349,257	(483,961)
Accounts payable and accrued expenses	4,234,773	13,307,088
Income taxes payable	(204,987)	1,548,111
Net cash provided by operating activities	22,407,242	26,203,396
Cash flows from investing activities:		
Purchases of music catalogs	(46,765,596)	(45,099,964)
Investments in affiliates	(200,000)	—
Purchase of property, plant and equipment	(216,099)	(310,363)
Net cash used for investing activities	(47,181,695)	(45,410,327)
Cash flows from financing activities:		
Proceeds from secured line of credit	34,000,000	23,182,694
Repayment of secured line of credit	(4,000,000)	—
Proceeds from stock option exercises	288,542	57,713
Taxes paid related to net share settlement of restricted stock units	(689,155)	(475,858)
Deferred financing costs paid	(39,387)	(3,533,253)
Net cash provided by financing activities	29,560,000	19,231,296
Foreign exchange impact on cash	(173,242)	(815,833)
Increase (decrease) in cash and cash equivalents	4,612,305	(791,468)
Cash and cash equivalents beginning of period	14,902,076	17,814,292
Cash and cash equivalents end of period	$ 19,514,381	$ 17,022,824

See accompanying notes to the condensed consolidated financial statements.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(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.

Following a business combination between ROCC and Reservoir Holdings, Inc., a Delaware corporation (“***RHI***”), on July 28, 2021 (the “***Business Combination***”), the Company’s legal name became “Reservoir Media, Inc.” 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 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 150,000 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 and include the ownership of over 36,000 sound recordings.

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, 2023 and 2022.

The condensed consolidated balance sheet of the Company as of March 31, 2023, 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 and nine months ended December 31, 2023 are not necessarily indicative of the results to be expected for any subsequent quarter, the fiscal year ending March 31, 2024 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.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Unaudited)

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("***FASB***") issued Accounting Standards Update ("***ASU***") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("***ASU 2023-09***"), which expands income tax disclosures, including requiring enhanced disclosures related to the rate reconciliation and income taxes paid information. The amendments in ASU 2023-09 should be applied on a prospective basis, with retrospective application permitted. ASU 2023-09 is effective for annual periods of public business entities for fiscal years beginning after December 15, 2024 and for annual periods of entities other than public entities beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the impact that adoption of ASU 2023-09 will have on its disclosures upon adoption.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("***ASU 2023-07***"), which expands segment disclosures for public entities, including requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("***CODM***"), the title and position of the CODM and an explanation of how the CODM uses reported measures of segment profit or loss in assessing segment performance and allocating resources. ASU 2023-07 also expands disclosures about a reportable segment's profit or loss and assets in interim periods and clarifies that a public entity may report additional measures of segment profit if the CODM uses more than one measure of a segment's profit or loss. ASU 2023-07 does not remove existing segment disclosure requirements or change how a public entity identifies its operating segments, aggregates those operating segments, or determines its reportable segments. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and subsequent interim periods with early adoption permitted, and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact that adoption of ASU 2023-07 will have on its disclosures upon adoption.

Accounting Standards Recently Adopted

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" ("***ASU 2016-13***"), which replaces the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses. Subsequent to ASU 2016-13, the FASB has issued several related ASUs amending the original ASU 2016-13. 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 the Company, ASU 2016-13 was effective beginning April 1, 2023. The adoption of ASU 2016-13 did not have a material impact on the Company's condensed consolidated financial statements.

NOTE 4. 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 $3,682,276 and $3,478,970 from performance obligations satisfied in previous periods for the nine months ended December 31, 2023 and 2022, respectively. Revenue recognized from performance obligations satisfied in previous periods for the nine months ended December 31, 2022 was impacted by an update to estimated Music Publishing royalties based on the Company's estimate of effects arising from the July 2022 ruling by the U.S. Copyright Royalty Board (the "***CRB***") to affirm increases to the statutory royalty rate structure for mechanical royalties in the U.S. for the period 2018 to 2022. For much of the period between 2018 and 2022, most digital service providers accounted and submitted payment to the Company using the applicable 2017 rate while the remand process took place.

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Unaudited)

Disaggregation of Revenue

The Company's revenue consisted of the following categories during the three and nine months ended December 31, 2023 and 2022:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Revenue by Type				
Digital	$ 13,938,412	$ 10,717,506	$ 38,594,301	$ 32,428,357
Performance	4,272,420	4,407,361	15,280,829	12,355,228
Synchronization	4,012,451	3,670,065	11,512,976	11,382,565
Mechanical	390,831	589,209	2,202,140	2,104,190
Other	529,496	770,990	2,252,741	2,394,879
Total Music Publishing	23,143,610	20,155,131	69,842,987	60,665,219
Digital	6,589,119	5,246,986	19,476,308	16,122,688
Physical	1,671,093	1,104,207	7,138,031	3,252,740
Neighboring rights	956,984	822,106	2,618,529	2,248,387
Synchronization	782,224	388,305	1,978,668	2,402,179
Total Recorded Music	9,999,420	7,561,604	31,211,536	24,025,994
Other revenue	2,333,142	2,214,678	4,655,535	2,784,681
Total revenue	$ 35,476,172	$ 29,931,413	$ 105,710,058	$ 87,475,894

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Revenue by Geographical Location				
United States Music Publishing	$ 14,063,281	$ 11,187,010	$ 41,435,627	$ 35,946,459
United States Recorded Music	5,315,263	4,188,061	16,722,726	12,958,074
United States other revenue	2,333,142	2,214,678	4,655,535	2,784,681
Total United States	21,711,686	17,589,749	62,813,888	51,689,214
International Music Publishing	9,080,329	8,968,121	28,407,360	24,718,760
International Recorded Music	4,684,157	3,373,543	14,488,810	11,067,920
Total International	13,764,486	12,341,664	42,896,170	35,786,680
Total revenue	$ 35,476,172	$ 29,931,413	$ 105,710,058	$ 87,475,894

Only the United States represented 10% or more of the Company's total revenues in the three and nine months ended December 31, 2023 and 2022.

Deferred Revenue

The following table reflects the change in deferred revenue during the nine months ended December 31, 2023 and 2022:

	2023	2022
Balance at beginning of period	$ 2,151,889	$ 1,103,664
Cash received during period	3,029,695	4,977,624
Revenue recognized during period	(3,243,934)	(3,337,864)
Balance at end of period	$ 1,937,650	$ 2,743,424

RESERVOIR MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Unaudited)

NOTE 5. 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 nine months ended December 31, 2023 and 2022, the Company completed such acquisitions totaling $43,816,768 and $36,264,222, respectively, inclusive of deferred acquisition payments, none of which were individually significant.

NOTE 6. INTANGIBLE ASSETS

Intangible assets subject to amortization consist of the following as of December 31, 2023 and March 31, 2023:

	December 31, 2023	March 31, 2023
Intangible assets subject to amortization:		
Publishing and recorded music catalogs	$ 767,747,589	$ 721,904,892
Artist management contracts	919,526	893,283
Gross intangible assets	768,667,115	722,798,175
Accumulated amortization	(124,141,642)	(105,393,434)
Intangible assets, net	$ 644,525,473	$ 617,404,741

Straight-line amortization expense totaled $6,281,016 and $5,496,020 in the three months ended December 31, 2023 and 2022, respectively. Straight-line amortization expense totaled $18,433,037 and $16,152,354 in the nine months ended December 31, 2023 and 2022, respectively.

NOTE 7. ROYALTY ADVANCES

The Company made royalty advances totaling $13,430,007 and $15,706,783 during the nine months ended December 31, 2023 and 2022, 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.

The following table reflects the change in royalty advances during the nine months ended December 31, 2023 and 2022:

	2023	2022
Balance at beginning of period	$ 66,926,500	$ 57,012,754
Additions	13,430,007	15,706,783
Recoupments	(10,167,488)	(9,834,724)
Balance at end of period	$ 70,189,019	$ 62,884,813

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NOTE 8. SECURED LINE OF CREDIT

Long-term debt consists of the following:

	December 31, 2023	March 31, 2023
Secured line of credit	$ 347,828,410	$ 317,828,409
Debt issuance costs, net	(5,372,590)	(6,336,828)
	$ 342,455,820	$ 311,491,581

Credit Facilities

On December 16, 2022, Reservoir Media Management, Inc. (“***RMM***”), a subsidiary of RHI, entered into an amendment (the “***Second Amendment***”) to the credit agreement (the “***RMM Credit Agreement***”) governing RMM’s secured revolving credit facility (the “***Senior Credit Facility***”). The Second Amendment amended the RMM Credit Agreement to (i) increase RMM’s senior secured revolving credit facility from $350,000,000 to $450,000,000, (ii) increase the incremental borrowing available under the facility’s accordion feature (discussed below) from $50,000,000 to $150,000,000, (iii) extend the maturity date of the loans advanced under the RMM Credit Agreement from October 16, 2024 to December 16, 2027, (iv) modify the interest rate to be equal to either the sum of a base rate plus a margin of 1.00% or the sum of a SOFR rate plus a margin of 2.00%, in each case subject to a 0.25% increase based on a consolidated net senior debt to library value ratio, (v) remove the existing total leverage ratio financial covenant of no greater than 7.50:1.00 (net of up to $20,000,000 of certain cash balances) as of the end of each fiscal quarter, (vi) reduce the minimum required fixed charge coverage ratio financial covenant to 1.10:1.00 and (vii) modify the consolidated senior debt to library value ratio financial covenant to 0.450, subject to certain adjustments. In connection with the Second Amendment, RMM recorded a loss on early extinguishment of debt of approximately $914,000 that reflects the write-off of a portion of unamortized previous debt issuance costs and capitalized approximately $3,500,000 in new debt issuance costs.

RMM is 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 fixed charge coverage ratio of not less than 1.10:1.00 for each four fiscal quarter period, and (ii) a consolidated senior debt to library value ratio of 0.45:1.00, 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 $150,000,000. As of December 31, 2023, the Senior Credit Facility had a borrowing capacity of $450,000,000, with remaining borrowing availability of $102,171,590.

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Interest Rate Swaps

At December 31, 2023, 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 SOFR with reference to notional amounts adjusted to match the amended scheduled principal repayments pursuant to the Senior Credit Facility:

Effective Date	Notional Amount at December 31, 2023	Pay Fixed Rate	Maturity
March 10, 2022	$ 7,875,000	1.533 %	September 2024
March 10, 2022	$ 87,621,062	1.422 %	September 2024
December 31, 2021	$ 54,503,938	0.972 %	September 2024
September 30, 2024	$ 100,000,000	2.946 %	December 2027

NOTE 9. INCOME TAXES

Income tax (benefit) expense for the three months ended December 31, 2023 and 2022 was $(1,226,649) and $3,529,984, respectively. Income tax (benefit) expense for the nine months ended December 31, 2023 and 2022 was $(872,663) and $5,217,691, respectively.

During the three months ended December 31, 2022, the Company changed its estimate of the applicable tax rate used to measure its international deferred tax liabilities in the United Kingdom resulting in a significant increase in its effective tax rate for the three and nine months ended December 31, 2022. The increase of the estimate of the applicable future tax rate from 19% to 25% used to measure the international deferred tax liabilities in the United Kingdom resulted in incremental tax expense of $3,658,643 during the three and nine months ended December 31, 2022 due to the increase in the value of deferred tax liabilities.

NOTE 10. SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid and income taxes paid for the nine months ended December 31, 2023 and 2022 were comprised of the following:

	2023	2022
Interest paid	$ 13,019,891	$ 8,006,819
Income taxes paid	$ 285,507	$ 43,446

Non-cash investing and financing activities for the nine months ended December 31, 2023 and 2022 were comprised of the following:

	2023	2022
Acquired intangible assets included in other liabilities	$ 1,910,555	$ 2,748,436
Reclassification of liability-classified awards to equity-classified awards	$ 744,167	$ 1,106,429
Right-of-use assets received in exchange for operating lease obligations	$ 595,370	$ 6,146,064

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NOTE 11. WARRANTS

As of December 31, 2023, 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.

The Warrants will expire on July 28, 2026, which is 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.

NOTE 12. SHARE-BASED COMPENSATION

Share-based compensation expense totaled $812,860 ($626,015, net of taxes) and $791,187 ($609,829, net of taxes) during the three months ended December 31, 2023 and 2022, respectively. Share-based compensation expense totaled $2,540,146 ($1,956,263, net of taxes) and $2,408,677 ($1,856,553, net of taxes) during the nine months ended December 31, 2023 and 2022, respectively. Share-based compensation expense is classified as "Administration expenses" in the accompanying condensed consolidated statements of income.

During the three and nine months ended December 31, 2023 and 2022, the Company granted restricted stock units ("***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 as a result liabilities of $744,167 and $1,106,429 were reclassified from accounts payable and accrued liabilities to additional paid-in capital during the nine months ended December 31, 2023 and 2022, respectively.

NOTE 13. (LOSS) EARNINGS PER SHARE

The following table summarizes the basic and diluted (loss) earnings per common share calculation for the three and nine months ended December 31, 2023 and 2022:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Basic (loss) earnings per common share				
Net (loss) income attributable to Reservoir Media, Inc.	$ (2,963,059)	$ (4,406,623)	$ (2,150,336)	$ 206,349
Weighted average common shares outstanding - basic	64,826,026	64,379,536	64,731,569	64,316,532
(Loss) earnings per common share - basic	$ (0.05)	$ (0.07)	$ (0.03)	$ —
Diluted (loss) earnings per common share				
Net (loss) income attributable to Reservoir Media, Inc.	$ (2,963,059)	$ (4,406,623)	$ (2,150,336)	$ 206,349
Weighted average common shares outstanding - basic	64,826,026	64,379,536	64,731,569	64,316,532
Weighted average effect of potentially dilutive securities:	—	—	—	—
Effect of dilutive stock options and RSUs	—	—	—	448,849
Weighted average common shares outstanding - diluted	64,826,026	64,379,536	64,731,569	64,765,381
(Loss) earnings per common share - diluted	$ (0.05)	$ (0.07)	$ (0.03)	$ —

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Because of their anti-dilutive effect, 7,895,381 shares of Common Stock equivalents, comprised of 1,381,916 stock options, 625,965 RSUs and 5,887,500 warrants have been excluded from the diluted earnings per share calculation for the three and nine months ended December 31, 2023. Because of their anti-dilutive effect, 7,830,870 shares of Common Stock equivalents, comprised of 1,483,554 stock options, 459,816 RSUs and 5,887,500 warrants have been excluded from the diluted earnings per share calculation for the three months ended December 31, 2022. Because of their anti-dilutive effect, 5,922,218 shares of Common Stock equivalents, comprised of 34,718 RSUs and 5,887,500 warrants have been excluded from the diluted earnings per share calculation for the nine months ended December 31, 2022.

NOTE 14. 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.

(b) Interest Rate Risk

The Company is exposed to market risk from changes in interest rates on its Senior Credit Facility. As described in Note 8, "*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 $4,982,839 asset as of December 31, 2023 and a $6,756,884 asset as of March 31, 2023. 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 and nine months ended December 31, 2023 of $4,247,523 and $1,774,045, respectively, was recorded as a Loss on fair value of swaps. The change in the unrealized fair value of the swaps during the three months ended December 31, 2022 of $179,573 was recorded as a Loss on fair value of swaps. The change in the unrealized fair value of the swaps during the nine months ended December 31, 2022 of $4,323,207 was recorded as a Gain on fair value of swaps.

(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.

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(d) Equity Investments without readily determinable fair value

The Company holds investments in equity securities of three unconsolidated entities in which the Company is not able to exercise significant influence, that do not have readily determinable market values. The Company accounts for these investments using a measurement alternative that measures these securities at initial cost, minus any impairment, plus or minus changes resulting from observable price changes on a non-recurring basis. The fair value of non-marketable equity securities that have been remeasured due to impairment are classified within Level 3 with gains or losses, if any, classified as Other income (expense), net in the consolidated statements of loss (income). During the three and nine months ended December 31, 2023, the Company recognized an impairment charge of $991,105 to write-down an investment to its estimated fair value.

(e) Financial Instruments

Financial instruments not described elsewhere include cash, accounts receivable, accounts payable, accrued liabilities and the Company's secured line of credit. The carrying values of these instruments as of December 31, 2023 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.

NOTE 15. CONTINGENCIES AND COMMITMENTS

(a) 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 condensed 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.

The Company was involved in a royalty dispute, which commenced in 2017, and was settled in October 2023 (the "Royalty Dispute"). Under the terms of the Company's royalty contract, the Company was indemnified for legal expenses and attorneys' fees incurred by the Company in connection with the Royalty Dispute, including, without limitation, the right to withhold royalties or offset all such legal expenses and attorneys' fees against royalties otherwise owed under the contract. The Company recorded legal expenses and attorneys' fees incurred as recoupable advances against the royalty account under such contract beginning in 2017. In September 2023, the Company engaged in mediation sessions in an effort to reach a settlement of the Royalty Dispute. Following such mediation and associated settlement negotiations, the Company agreed to pay previously accrued but unpaid royalties plus interest and forego its right to recoup its historical legal expenses and attorneys' fees in order to resolve the Royalty Dispute. Consequently, during the nine months ended December 31, 2023, the Company recorded approximately $2,700,000 of Administration expenses to write-off recoupable legal expenses and attorneys' fees and recorded $620,000 of interest expense based on amounts it paid in October 2023.

NOTE 16. 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 condensed consolidated financial statements. The Company does not have sales between segments.

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The following tables present total revenue and reconciliation of OIBDA to operating income by segment for the three and nine months ended December 31, 2023 and 2022:

	Three Months Ended December 31, 2023			
	Music Publishing	Recorded Music	Other	Consolidated
Total revenue	$ 23,143,610	$ 9,999,420	$ 2,333,142	$ 35,476,172
Reconciliation of OIBDA to operating income:				
Operating income	2,834,443	3,259,368	428,125	6,521,936
Amortization and depreciation	4,925,562	1,393,961	23,395	6,342,918
OIBDA	$ 7,760,005	$ 4,653,329	$ 451,520	$ 12,864,854

	Nine Months Ended December 31, 2023			
	Music Publishing	Recorded Music	Other	Consolidated
Total revenue	$ 69,842,987	$ 31,211,536	$ 4,655,535	$ 105,710,058
Reconciliation of OIBDA to operating income:				
Operating income	5,641,437	9,152,980	1,017,530	15,811,947
Amortization and depreciation	14,020,165	4,522,079	70,782	18,613,026
OIBDA	$ 19,661,602	$ 13,675,059	$ 1,088,312	$ 34,424,973

	Three Months Ended December 31, 2022			
	Music Publishing	Recorded Music	Other	Consolidated
Total revenue	$ 20,155,131	$ 7,561,604	$ 2,214,678	$ 29,931,413
Reconciliation of OIBDA to operating income:				
Operating income	1,659,409	2,278,413	661,236	4,599,058
Amortization and depreciation	4,165,456	1,358,898	21,947	5,546,301
OIBDA	$ 5,824,865	$ 3,637,311	$ 683,183	$ 10,145,359

	Nine Months Ended December 31, 2022			
	Music Publishing	Recorded Music	Other	Consolidated
Total revenue	$ 60,665,219	$ 24,025,994	$ 2,784,681	$ 87,475,894
Reconciliation of OIBDA to operating income:				
Operating income	4,472,540	7,336,090	678,409	12,487,039
Amortization and depreciation	12,129,949	4,096,356	65,840	16,292,145
OIBDA	$ 16,602,489	$ 11,432,446	$ 744,249	$ 28,779,184

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.*

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 May 31, 2023 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.

Business Overview

We are an independent music company operating in music publishing and recorded music. We represent over 150,000 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 150,000 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, The Waterboys and De La Soul, as well as recordings under the Tommy Boy record label by artists such as 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 frontline releases are distributed through Secretly Distribution, with prior frontline releases distributed through PIAS. Chrysalis Records and Tommy Boy catalogs are distributed via our agreements with MERLIN, AMPED, Proper 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, Tidal 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 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 costs associated of selling and marketing.

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.

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Results of Operations

Income Statement

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

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Revenues	$ 35,476	$ 29,931	$ 5,545	19 %	$ 105,710	$ 87,476	$ 18,234	21 %
Costs and expenses:								
Cost of revenue	13,222	11,750	1,472	13 %	41,136	35,665	5,471	15 %
Amortization and depreciation	6,343	5,546	797	14 %	18,613	16,292	2,321	14 %
Administration expenses	9,389	8,036	1,354	17 %	30,149	23,031	7,118	31 %
Total costs and expenses	28,954	25,332	3,622	14 %	89,898	74,989	14,909	20 %
Operating income	6,522	4,599	1,923	42 %	15,812	12,487	3,325	27 %
Interest expense	(5,372)	(4,099)	(1,273)	31 %	(15,865)	(10,580)	(5,286)	50 %
Loss on early extinguishment of debt	—	(914)	914	(100)%	—	(914)	914	(100)%
Gain (loss) on foreign exchange	—	57	(57)	(100)%	(70)	338	(407)	(121)%
(Loss) gain on fair value of swaps	(4,248)	(180)	(4,068)	NM	(1,774)	4,323	(6,097)	(141)%
Other income (expense), net	(990)	—	(990)	NM	(990)	—	(990)	NM
(Loss) income before income taxes	(4,088)	(536)	(3,552)	NM	(2,887)	5,654	(8,541)	(151)%
Income tax (benefit) expense	(1,227)	3,530	(4,757)	(135)%	(873)	5,218	(6,090)	(117)%
Net (loss) income	(2,861)	(4,066)	1,205	(30)%	(2,015)	436	(2,451)	NM
Net income attributable to noncontrolling interests	(102)	(340)	239	(70)%	(136)	(230)	94	(41)%
Net (loss) income attributable to Reservoir Media, Inc.	$ (2,963)	$ (4,407)	$ 1,444	(33)%	$ (2,150)	$ 206	$ (2,357)	NM

NM – Not meaningful

Revenues

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

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Revenue by Type								
Digital	$ 13,938	$ 10,718	$ 3,221	30 %	$ 38,594	$ 32,428	$ 6,166	19 %
Performance	4,272	4,407	(135)	(3)%	15,281	12,355	2,926	24 %
Synchronization	4,012	3,670	342	9 %	11,513	11,383	130	1 %
Mechanical	391	589	(198)	(34)%	2,202	2,104	98	5 %
Other	529	771	(241)	(31)%	2,253	2,395	(142)	(6)%
Total Music Publishing	23,144	20,155	2,988	15 %	69,843	60,665	9,178	15 %
Digital	6,589	5,247	1,342	26 %	19,476	16,123	3,354	21 %
Physical	1,671	1,104	567	51 %	7,138	3,253	3,885	119 %
Neighboring rights	957	822	135	16 %	2,619	2,248	370	16 %
Synchronization	782	388	394	101 %	1,979	2,402	(424)	(18)%
Total Recorded Music	9,999	7,562	2,438	32 %	31,212	24,026	7,186	30 %
Other revenue	2,333	2,215	118	5 %	4,656	2,785	1,871	67 %
Total Revenue	$ 35,476	$ 29,931	$ 5,545	19 %	$ 105,710	$ 87,476	$ 18,234	21 %

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Revenue by Geographical Location								
U.S. Music Publishing	$ 14,063	$ 11,187	$ 2,876	26 %	$ 41,436	$ 35,946	$ 5,489	15 %
U.S. Recorded Music	5,315	4,188	1,127	27 %	16,723	12,958	3,765	29 %
U.S. Other Revenue	2,333	2,215	118	5 %	4,656	2,785	1,871	67 %
Total U.S.	21,712	17,590	4,122	23 %	62,814	51,689	11,125	22 %
International Music Publishing	9,080	8,968	112	1 %	28,407	24,719	3,689	15 %
International Recorded Music	4,684	3,374	1,311	39 %	14,489	11,068	3,421	31 %
Total International	13,764	12,342	1,423	12 %	42,896	35,787	7,109	20 %
Total Revenue	$ 35,476	$ 29,931	$ 5,545	19 %	$ 105,710	$ 87,476	$ 18,234	21 %

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Total revenues increased by $5,545 thousand, or 19%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, driven by a 32% increase in Recorded Music revenue and a 15% increase in Music Publishing revenue. Music Publishing revenues represented 65% and 67% of total revenues for the three months ended December 31, 2023 and the three months ended December 31, 2022, respectively. Recorded Music revenues represented 28% and 25% of total revenues for the three months ended December 31, 2023 and the three months ended December 31, 2022, respectively. U.S. and international revenues represented 61% and 39%, respectively of total revenues for the three months ended December 31, 2023. U.S. and international revenues represented 59% and 41%, respectively of total revenues for the three months ended December 31, 2022.

Total digital revenues increased by $4,563 thousand, or 29%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to the higher publishing royalty rates in effect for 2023 as well as price increases at multiple music streaming services. Total digital revenues represented 58% and 53% of consolidated revenues for the three months ended December 31, 2023 and the three months ended December 31, 2022, respectively.

Music Publishing revenues increased by $2,988 thousand, or 15%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. This increase in Music Publishing revenue was mainly driven by acquisitions of catalogs and revenue from the existing catalog, which benefitted from higher royalty rates and price increases at multiple music streaming services, and led to increases in digital revenue and synchronization revenue, partially offset by decreases in mechanical, performance and other revenue.

On a geographic basis, U.S. Music Publishing revenues represented 61% of total Music Publishing revenues for the three months ended December 31, 2023 compared to 56% for the three months ended December 31, 2022. International Music Publishing revenues represented 39% of total Music Publishing revenues for the three months ended December 31, 2023 compared to 44% for the three months ended December 31, 2022. The increase in the U.S. percentage for the three months ended December 31, 2023 was driven primarily by higher royalty rates and price increases at multiple music streaming services.

Recorded Music revenues increased by $2,438 thousand, or 32%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. The increase in Recorded Music revenue was driven by continued growth at music streaming services and price increases at multiple music streaming services, as well as increases in physical revenue and synchronization revenue. The $567 thousand increase in physical revenue was primarily due to De La Soul releases for Tommy Boy and the timing of Chrysalis' release schedule. The $394 thousand increase in synchronization revenue was primarily due to timing of synchronization licenses.

On a geographic basis, U.S. Recorded Music revenues represented 53% of total Recorded Music revenues for the three months ended December 31, 2023 compared to 55% for the three months ended December 31, 2022. International Recorded Music revenues represented 47% of total Recorded Music revenues for the three months ended December 31, 2023 compared to 45% for the three months ended December 31, 2022.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Total revenues increased by $18,234 thousand, or 21%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, driven by a 30% increase in Recorded Music revenue and a 15% increase in Music Publishing revenue. Music Publishing revenues represented 66% and 69% of total revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022, respectively. Recorded Music revenues represented 30% and 27% of total revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022, respectively. U.S. and international revenues represented 59% and 41%, respectively of total revenues for both the nine months ended December 31, 2023 and the nine months ended December 31, 2022. The shift in mix between Music Publishing and Recorded Music was driven primarily by the significant physical sales in the Recorded Music segment for the nine months ended December 31, 2023.

Total digital revenues increased by $9,520 thousand, or 20%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, primarily due to the higher publishing royalty rates in effect for 2023 as well as price increases at multiple music streaming services, partially offset by the nonrecurrence of $2,100 thousand recognized during the nine months ended December 31, 2022 for estimated retroactive U.S. royalties related to the 2022 CRB ruling. Total digital revenues represented 55% and 56% of consolidated revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022, respectively.

Music Publishing revenues increased by $9,178 thousand, or 15%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. This increase in Music Publishing revenue was mainly driven by acquisitions of catalogs and revenue from the existing catalog, which benefitted from higher royalty rates and price increases at multiple music streaming services, and led to increases in digital revenue and performance revenue. The increase in digital revenue reflects higher royalty rates in effect for 2023 as well as price increases at multiple music streaming services, which were partially offset by the nonrecurrence of $2,100 thousand recognized during the nine months ended December 31, 2022 for estimated retroactive U.S. royalties related to the 2022 CRB ruling.

On a geographic basis, U.S. Music Publishing revenues represented 59% of total Music Publishing revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022. International Music Publishing revenues represented 41% of total Music Publishing revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022.

Recorded Music revenues increased by $7,186 thousand, or 30%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. The increase in Recorded Music revenue was driven by an increase in physical revenue and the continued growth at music streaming services. The $3,885 thousand increase in physical revenue was primarily due to De La Soul releases for Tommy Boy and the timing of the Chrysalis' release schedule. The $424 thousand decrease in synchronization revenue was primarily due to timing of synchronization licenses, as well as the writers' and actors' strikes in Hollywood.

On a geographic basis, U.S. Recorded Music revenues represented 54% of total Recorded Music revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022. International Recorded Music revenues represented 46% of total Recorded Music revenues for the nine months ended December 31, 2023 and the nine months ended December 31, 2022.

Cost of Revenues

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

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Writer royalties and other publishing costs	$ 10,139	$ 9,599	$ 540	6 %	$ 30,912	$ 29,204	$ 1,708	6 %
Artist royalties and other recorded music costs	3,083	2,151	932	43 %	10,224	6,461	3,763	58 %
Total cost of revenue	$ 13,222	$ 11,750	$ 1,472	13 %	$ 41,136	$ 35,665	$ 5,471	15 %

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Cost of revenues increased by $1,472 thousand, or 13%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Cost of revenues as a percentage of revenues decreased to 37% for the three months ended December 31, 2023 from 39% for the three months ended December 31, 2022.

Writer royalties and other publishing costs for the Music Publishing segment increased by $540 thousand, or 6%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Writer royalties and other publishing costs as a percentage of Music Publishing revenues decreased to 44% for the three months ended December 31, 2023 from 48% for the three months ended December 31, 2022. The increase in margins was due to the change in the mix of revenue 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 $932 thousand, or 43%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Artist royalties and other recorded music costs as a percentage of recorded music revenues increased to 31% for the three months ended December 31, 2023 from 28% for the three months ended December 31, 2022. The increase in artist royalties and other recorded music costs and decrease in margins were due primarily to the change in the mix of sales by type to a higher percentage of physical sales, which carry higher costs than other types of revenue.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Cost of revenues increased by $5,471 thousand, or 15%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Cost of revenues as a percentage of revenues decreased to 39% for the nine months ended December 31, 2023 from 41% for the nine months ended December 31, 2022.

Writer royalties and other publishing costs for the Music Publishing segment increased by $1,708 thousand, or 6%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Writer royalties and other publishing costs as a percentage of Music Publishing revenues decreased to 44% for the nine months ended December 31, 2023 from 48% for the nine months ended December 31, 2022. The increase in margins was due to the change in the mix of revenue 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 $3,763 thousand, or 58%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Artist royalties and other recorded music costs as a percentage of recorded music revenues increased to 33% for the nine months ended December 31, 2023 from 27% for the nine months ended December 31, 2022. The increase in artist royalties and other recorded music costs and decrease in margins were due primarily to the change in the mix of sales by type to a higher percentage of physical sales, which carry higher costs than other types of revenue.

Amortization and Depreciation

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

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Music Publishing amortization and depreciation	$ 4,926	$ 4,165	$ 760	18 %	$ 14,020	$ 12,130	$ 1,890	16 %
Recorded Music amortization and depreciation	1,394	1,359	35	3 %	4,522	4,096	426	10 %
Other amortization and depreciation	23	22	1	7 %	71	66	5	8 %
Total amortization and depreciation	$ 6,343	$ 5,546	$ 797	14 %	$ 18,613	$ 16,292	$ 2,321	14 %

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Amortization and depreciation expense increased by $797 thousand, or 14%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, driven by increases in both the Music Publishing and Recorded Music segments. Music Publishing amortization and depreciation expense increased by $760 thousand, or 18%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to the acquisition of additional music catalogs. Recorded Music amortization and depreciation increased by $35 thousand, or 3%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to the acquisition of additional music catalogs.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Amortization and depreciation expense increased by $2,321 thousand, or 14%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, driven by increases in both the Music Publishing and Recorded Music segments. Music Publishing amortization and depreciation expense increased by $1,890 thousand, or 16%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, primarily due to the acquisition of additional music catalogs. Recorded Music amortization and depreciation increased by $426 thousand, or 10%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, primarily due to the acquisition of additional music catalogs.

Administration Expenses

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

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Music Publishing administration expenses	$ 5,245	$ 4,732	$ 513	11 %	$ 19,270	$ 14,858	$ 4,412	30 %
Recorded Music administration expenses	2,263	1,774	489	28 %	7,312	6,133	1,179	19 %
Other administration expenses	1,881	1,530	351	23 %	3,567	2,040	1,527	75 %
Total administration expenses	$ 9,389	$ 8,036	$ 1,353	17 %	$ 30,149	$ 23,031	$ 7,118	31 %

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Total administration expenses increased by $1,353 thousand, or 17%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, reflecting increases in both the Music Publishing and Recorded Music segments, as well as an increase in Other administration expenses. Expressed as a percentage of revenues, administration expenses decreased to 26% for the three months ended December 31, 2023 from 27% for the three months ended December 31, 2022.

Music Publishing administration expenses increased by $513 thousand, or 11%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Expressed as a percentage of revenues, Music Publishing administration expenses were 23% for the three months ended December 31, 2023 and the three months ended December 31, 2022.

Recorded Music administration expenses increased by $489 thousand, or 28%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Expressed as a percentage of revenue, Recorded Music administration expenses were 23% for the three months ended December 31, 2023 and the three months ended December 31, 2022.

Other administration expenses increased by $351 thousand, or 23%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to selling expenses associated with our artist management business, consisting mostly of manager compensation.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Total administration expenses increased by $7,118 thousand, or 31%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, reflecting increases in both the Music Publishing and Recorded Music segments, as well as an increase in Other administration expenses. Approximately $2,700 thousand of the increase relates to the write-off of recoupable legal expenses and attorneys' fees incurred in connection with the Royalty Dispute described in Note 15 to the accompanying condensed consolidated financial statements (the "Recoupable legal fee write-off"). Expressed as a percentage of revenues, administration expenses increased to 29% for the nine months ended December 31, 2023 from 26% for the nine months ended December 31, 2022, primarily as a result of the Recoupable legal fee write-off.

Music Publishing administration expenses increased by $4,412 thousand, or 30%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Expressed as a percentage of revenues, Music Publishing administration expenses increased to 28% for the nine months ended December 31, 2023 from 24% for the nine months ended December 31, 2022, primarily as a result of the Recoupable legal fee write-off.

Recorded Music administration expenses increased by $1,179 thousand, or 19%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Expressed as a percentage of revenue, Recorded Music administration expenses decreased to 23% for the nine months ended December 31, 2023 from 26% for the nine months ended December 31, 2022, primarily due to taking advantage of operating leverage on the Recorded Music platform.

Other administration expenses increased by $1,527 thousand, or 75%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, primarily due to selling expenses associated with our artist management business, consisting mostly of manager compensation.

Interest Expense

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Interest expense increased by $1,273 thousand, or 31%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, driven primarily by increased debt balances due to use of funds in acquisitions of music catalogs and writer signings, as well as an increase in SOFR.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Interest expense increased by $5,286 thousand, or 50%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Approximately $620 thousand of this increase was incurred in connection with settlement of the Royalty Dispute described in Note 15 to the accompanying condensed consolidated financial statements. The remaining increase was primarily driven by increased debt balances due to use of funds in acquisitions of music catalogs and writer signings, as well as an increase in SOFR.

Gain (Loss) on Foreign Exchange

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Gain on foreign exchange decreased by $57 thousand for the three months ended December 31, 2023 compared to the three months ended December 31, 2022. This change was due to fluctuations in the two foreign currencies we are directly exposed to, namely British pound sterling and euro.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Loss on foreign exchange was $70 thousand for the nine months ended December 31, 2023 compared to a gain on foreign exchange of $338 thousand for the nine months ended December 31, 2022. This change was due to fluctuations in the two foreign currencies we are directly exposed to, namely British pound sterling and euro.

(Loss) Gain on Fair Value of Swaps

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Loss on fair value of swaps increased by $4,068 thousand for the three months ended December 31, 2023 compared to the three months ended December 31, 2022. This change was due to marking to market our interest rate swap hedges.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Loss on fair value of swaps was $1,774 thousand during the nine months ended December 31, 2023 compared to a $4,323 thousand gain on fair value of swaps for the nine months ended December 31, 2022. This change was due to marking to market our interest rate swap hedges.

Other Income (Expense), Net

Three and Nine Months Ended December 31, 2023 vs. Three and Nine Months Ended December 31, 2022

Other income (expense), net during the three and nine months ended December 31, 2023 consists primarily of a $991 thousand impairment charge to write-down an equity investment to its estimated fair value, as further described in Note 14 to the accompanying condensed consolidated financial statements.

Income Tax (Benefit) Expense

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Income tax benefit was $1,227 thousand during the three months ended December 31, 2023 compared to income tax expense of $3,530 thousand during the three months ended December 31, 2022. The change in income tax (benefit) from income tax expense was driven by the loss before income taxes during the three months ended December 31, 2023. Additionally, the three months ended December 31, 2022 included incremental tax expense of $3,659 thousand due to the increase in the value of deferred tax liabilities arising from a change in estimate of the applicable tax rate used to measure international deferred tax liabilities in the United Kingdom.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Income tax benefit was $873 thousand during the nine months ended December 31, 2023 compared to income tax expense of $5,218 thousand during the nine months ended December 31, 2022. The change in income tax (benefit) from income tax expense was driven by the loss before income taxes during the nine months ended December 31, 2023. Additionally, the nine months ended December 31, 2022 included incremental tax expense of $3,659 thousand due to the increase in the value of deferred tax liabilities arising from a change in estimate of the applicable tax rate used to measure international deferred tax liabilities in the United Kingdom.

Net (Loss) Income

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Net loss decreased by $1,205 thousand during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. The decrease in net loss was driven primarily by a $4,757 thousand decrease in income tax expense, a $1,923 thousand increase in operating income, and a $914 thousand decrease in loss on early extinguishment of debt. These factors were partially offset by a $4,068 increase in loss on fair value of swaps, $1,273 thousand increase in interest expense and $990 thousand increase in other expense due to the impairment of a cost method investment.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Net loss was $2,015 thousand during the nine months ended December 31, 2023 compared to net income of $436 thousand during the nine months ended December 31, 2022. The $2,451 thousand decrease in net income was driven primarily by a $6,097 thousand increase in loss on fair value of swaps, $5,286 thousand increase in interest expense and $990 thousand increase in other expense due to the impairment of a cost method investment. These factors were partially offset by a $6,090 thousand decrease in income tax expense, a $3,325 thousand increase in operating income and a $914 thousand decrease in loss on early extinguishment of debt.

Non-GAAP Reconciliations

We use certain financial information, such as OIBDA, OIBDA Margin, EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin, 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, Adjusted EBITDA, and Adjusted EBITDA Margin, 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 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 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. Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of revenue.

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 December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Operating income	$ 6,522	$ 4,599	$ 1,923	42 %	$ 15,812	$ 12,487	$ 3,325	27 %
Amortization and depreciation expenses	6,343	5,546	797	14 %	18,613	16,292	2,321	14 %
OIBDA	$ 12,865	$ 10,145	$ 2,720	27 %	$ 34,425	$ 28,779	$ 5,646	20 %
OIBDA Margin	36 %	34 %			33 %	33 %		

	Music Publishing							
	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Operating income	$ 2,834	$ 1,659	$ 1,175	71 %	$ 5,641	$ 4,473	$ 1,168	26 %
Amortization and depreciation expenses	4,926	4,165	760	18 %	14,020	12,130	1,890	16 %
OIBDA	$ 7,760	$ 5,824	$ 1,935	33 %	$ 19,661	$ 16,603	$ 3,058	18 %
OIBDA Margin	34 %	29 %			28 %	27 %		

	Recorded Music							
	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Operating income	$ 3,259	$ 2,278	$ 981	43 %	$ 9,153	$ 7,336	$ 1,817	25 %
Amortization and depreciation expenses	1,394	1,359	35	3 %	4,522	4,096	426	10 %
OIBDA	$ 4,653	$ 3,637	$ 1,016	28 %	$ 13,675	$ 11,432	$ 2,243	20 %
OIBDA Margin	47 %	48 %			44 %	48 %		

OIBDA

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Consolidated OIBDA increased by $2,720 thousand, or 27%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, driven by a $1,935 thousand increase in Music Publishing OIBDA and a $1,016 increase in Recorded Music OIBDA, partially offset by a $232 thousand decrease in Other OIBDA. Expressed as a percentage of revenue, OIBDA Margin increased to 36% for the three months ended December 31, 2023 from 34% for the three months ended December 31, 2022.

Music Publishing OIBDA increased by $1,935 thousand, or 33%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Expressed as a percentage of revenue, Music Publishing OIBDA Margin increased to 34% in the three months ended December 31, 2023 from 29% in the three months ended December 31, 2022. The increases in Music Publishing OIBDA and OIBDA Margin reflect revenue growth and improved margins.

Recorded Music OIBDA increased by $1,016 thousand, or 28% during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. Expressed as a percentage of revenue, Recorded Music OIBDA Margin decreased to 47% during the three months ended December 31, 2023 from 48% in the three months ended December 31, 2022, driven primarily by the change in the mix of sales by type to a higher percentage of physical sales.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Consolidated OIBDA increased by $5,646 thousand, or 20%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, driven by a $3,058 thousand increase in Music Publishing OIBDA, a $2,243 thousand increase in Recorded Music OIBDA and a $344 thousand increase in Other OIBDA. Expressed as a percentage of revenue, OIBDA Margin was 33% for the nine months ended December 31, 2023 and the nine months ended December 31, 2022.

Music Publishing OIBDA increased by $3,058 thousand, or 18%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Expressed as a percentage of revenue, Music Publishing OIBDA Margin increased to 28% for the nine months ended December 31, 2023 from 27% for the nine months ended December 31, 2022. The increases in Music Publishing OIBDA and OIBDA margin reflect revenue growth and improved margins, partially offset by the Recoupable legal fee write-off.

Recorded Music OIBDA increased by $2,243 thousand, or 20% during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. Expressed as a percentage of revenue, Recorded Music OIBDA Margin decreased to 44% during the nine months ended December 31, 2023 from 48% in the nine months ended December 31, 2022. This decrease is primarily driven by the change in the mix of sales by type to a higher percentage of physical sales, partially offset by improved operating leverage on the Recorded Music platform.

Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA

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

	For the Three Months Ended December 31,		*2023 vs. 2022*		For the Nine Months Ended December 31,		*2023 vs. 2022*	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Net (loss) income	$ (2,861)	$ (4,066)	$ 1,205	(30)%	$ (2,015)	$ 436	$ (2,451)	(562)%
Income tax (benefit) expense	(1,227)	3,530	(4,757)	(135)%	(873)	5,218	(6,091)	(117)%
Interest expense	5,372	4,099	1,273	31 %	15,865	10,580	5,285	50 %
Amortization and depreciation	6,343	5,546	797	14 %	18,613	16,292	2,321	14 %
EBITDA	7,627	9,109	(1,482)	(16)%	31,591	32,526	(935)	(3)%
Loss on early extinguishment of debt[(a)]	—	914	(914)	(100)%	—	914	(914)	(100)%
(Gain) loss on foreign exchange[(b)]	—	(57)	57	(100)%	70	(338)	408	(121)%
Loss (gain) on fair value of swaps[(c)]	4,248	180	4,068	NM	1,774	(4,323)	6,097	(141)%
Non-cash share-based compensation[(d)]	813	792	21	3 %	2,540	2,409	131	5 %
Recoupable legal fee write-off[(e)]	—	—	—	—	2,695	—	2,695	NM
Other (income) expense, net[(f)]	990	—	990	NM	990	—	990	NM
Adjusted EBITDA	$ 13,678	$ 10,938	$ 2,740	25 %	$ 39,660	$ 31,188	$ 8,472	27 %

NM - Not meaningful

(a) Reflects the loss on a portion of unamortized debt issuance costs in connection with the Second Amendment to the RMM Credit Agreement.

(b) Reflects the (gain) or loss on foreign exchange fluctuations.

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

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

(e) Reflects the write-off of recoupable legal expenses and attorneys' fees incurred in connection with the Royalty Dispute described in Note 15 to the accompanying condensed consolidated financial statements

(f) Includes a $991 thousand impairment to write-down an equity investment to its estimated fair value, as described in Note 14 to the accompanying condensed consolidated financial statements.

Three Months Ended December 31, 2023 vs. Three Months Ended December 31, 2022

Adjusted EBITDA increased by $2,740 thousand, or 25%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily as a result of revenue growth. Adjusted EBITDA Margin increased to 39% during the three months ended December 31, 2023 compared to 37% during the three months ended December 31, 2022, primarily due to improved margins and operating leverage.

Nine Months Ended December 31, 2023 vs. Nine Months Ended December 31, 2022

Adjusted EBITDA increased by $8,472 thousand, or 27%, during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022, primarily as a result of revenue growth. Adjusted EBITDA Margin increased to 38% during the nine months ended December 31, 2023 compared to 36% during the nine months ended December 31, 2022, primarily due to improved margins and operating leverage.

Liquidity and Capital Resources

Capital Resources

As of December 31, 2023, we had $342,456 thousand of debt (net of $5,373 thousand of deferred financing costs) and $19,514 thousand of cash and cash equivalents.

Cash Flows

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

	For the Nine Months Ended December 31,		*2023 vs.2022*	
	2023	**2022**	**$ Change**	**% Change**
Cash provided by (used in):				
Operating activities	$ 22,407	$ 26,203	$ (3,796)	(14)%
Investing activities	$ (47,182)	$ (45,410)	$ (1,772)	4 %
Financing activities	$ 29,560	$ 19,231	$ 10,329	54 %

Operating Activities

Cash provided by operating activities was $22,407 thousand for the nine months ended December 31, 2023 compared to $26,203 thousand for the nine months ended December 31, 2022. The primary driver of the $3,796 thousand decrease in cash provided by operating activities during the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022 was a decrease in cash provided by working capital, primarily related to the timing of payments of accounts payable and accrued liabilities, partially offset by the timing of collections from accounts receivable.

Investing Activities

Cash used in investing activities was $47,182 thousand for the nine months ended December 31, 2023 compared to $45,410 thousand for the nine months ended December 31, 2022. The increase in cash used in investing activities was primarily due to increased acquisitions of music catalogs.

Financing Activities

Cash provided by financing activities was $29,560 thousand for the nine months ended December 31, 2023 compared to $19,231 thousand for the nine months ended December 31, 2022. The increase in cash provided by financing activities in the nine months ended December 31, 2023 primarily reflects an increase in borrowings used for investing activities and a decrease in deferred financing costs paid, partially offset by an increase in secured line of credit repayments.

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 December 31, 2023

As of December 31, 2023, our outstanding debt consisted of $347,828 thousand borrowed under the Senior Credit Facility. As of December 31, 2023, remaining borrowing availability under the Senior Credit Facility was $102,172 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

On December 16, 2022, RMM entered into an amendment (the "***Second Amendment***") to the RMM Credit Agreement. The Second Amendment amended the RMM Credit Agreement governing RMM's secured revolving credit facility (the "***Senior Credit Facility***"). The Second Amendment amended the RMM Credit Agreement to (i) increase RMM's senior secured revolving credit facility from $350,000 thousand to $450,000 thousand, (ii) increase the incremental borrowing available under the facility's accordion feature from $50,000 thousand to $150,000 thousand, (iii) extend the maturity date of the loans advanced under the RMM Credit Agreement from October 16, 2024 to December 16, 2027, (iv) modify the interest rate to be equal to either the sum of a base rate plus a margin of 1.00% or the sum of a SOFR rate plus a margin of 2.00%, in each case subject to a 0.25% increase based on a consolidated net senior debt to library value ratio, (v) remove the existing total leverage ratio financial covenant 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, (vi) reduce the minimum required fixed charge coverage ratio financial covenant to 1.10:1.00 and (vii) modify the consolidated senior debt to library value ratio financial covenant to 0.450, subject to certain adjustments. 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.

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 fixed charge coverage ratio of not less than 1.10:1.00 for each four fiscal quarter period, and (ii) a consolidated senior debt to library value ratio of no greater than 0.45:1.00, subject to certain adjustments.

Non-compliance with the 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 December 31, 2023, we were in compliance with both of the financial covenants under the Senior Credit Facility.

Interest Rate Swaps

At December 31, 2023, 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 SOFR with reference to notional amounts adjusted to match the amended scheduled principal repayments pursuant to the Senior Credit Facility (in thousands):

Effective Date	Notional Amount at December 31, 2023	Pay Fixed Rate	Maturity
March 10, 2022	$ 7,875	1.533 %	September 2024
March 10, 2022	$ 87,621	1.422 %	September 2024
December 31, 2021	$ 54,504	0.972 %	September 2024
September 30, 2024	$ 100,000	2.946 %	December 2027

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 and nine months ended December 31, 2023.

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 human-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 December 31, 2023, there have been no material changes, outside the ordinary course of business, in our contractual obligations since March 31, 2023. 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 May 31, 2023 for information regarding our contractual obligations.

Critical Accounting Policies

As of December 31, 2023, there have been no material changes to our critical accounting policies since March 31, 2023. 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 May 31, 2023 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. 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 December 31, 2023, 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 December 31, 2023, as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act.

As a result of the material weaknesses in our internal controls over financial reporting, as previously disclosed under Part II "Item 9A, Controls and Procedures" in our Annual Report on Form 10-K for the year ended March 31, 2023 (the "Annual Report"), our principal executive officer and principal financial and accounting officer concluded that during the period covered by this Quarterly Report our disclosure controls and procedures were not effective as of December 31, 2023. Notwithstanding these material weaknesses, management has concluded that the condensed consolidated financial statements included in this Quarterly Report are fairly stated in all material respects in accordance with U.S. GAAP.

Remediation Plan and Status of Material Weaknesses

We continue to take steps to remediate the material weaknesses described in our Annual Report by hiring additional qualified accounting personnel and further evolving our accounting processes. Specifically, since the material weakness related to the lack of qualified personnel was identified, we retained third party experts on complex technical accounting issues and taxes, as well as hired additional accounting personnel with the requisite experience to improve the process around financial reporting. We are actively improving our risk assessment activities, implementing corrective actions to support our remediation of the material weaknesses noted above. This includes, but is not limited to, providing training to process and control owners, enhancing relevant policies, procedures, guidelines and documentation templates, implementing new controls and improving documentation supporting existing controls, and enhancing segregation of duties by reducing access to our Enterprise Resource Planning (ERP) system. The evaluation over whether these improved control activities have been designed effectively, is ongoing.

In future periods, we will ensure that the improved processes and controls have been designed and implemented effectively, and we will also evaluate the operating effectiveness of the new and redesigned controls.

We will not be able to fully remediate these material weaknesses until the applicable controls operate for a sufficient period of time, and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively. Our management will continue to monitor the effectiveness of our remediation plans in future periods and will make changes we determine to be appropriate.

Changes in Internal Control over Financial Reporting

Except as disclosed above, 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 December 31, 2023 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, 2023. 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 December 31, 2023, 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.

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

None of our directors or officers (as defined in Rule 16a-1 (f) under the Exchange Act) adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K) during the quarterly period covered by this Quarterly Report on Form 10-Q.

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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: February 7, 2024	By: /s/ Golnar Khosrowshahi
	Name: Golnar Khosrowshahi
	Title: Chief Executive Officer (Principal Executive Officer)
Date: February 7, 2024	By: /s/ Jim Heindlmeyer
	Name: Jim Heindlmeyer
	Title: Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this 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: February 7, 2024

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

EXHIBIT 31.2

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this 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: February 7, 2024

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

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Reservoir Media, Inc. (the "***Company***") for the period ended December 31, 2023 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. Section1350, 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: February 7, 2024

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

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of Reservoir Media, Inc. (the "***Company***") for the period ended December 31, 2023 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. Section1350, 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: February 7, 2024

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