



WE MEAN BUSINESS

2021 ANNUAL REPORT





THE TWO-NIGHT *WRESTLEMANIA* EVENT AT RAYMOND JAMES STADIUM IN TAMPA BAY ATTRACTED MORE THAN 51,000 FANS; AND SET VIEWERSHIP RECORDS WITH NEARLY 1.1 BILLION VIDEO VIEWS ACROSS DIGITAL AND SOCIAL PLATFORMS.

TO OUR SHAREHOLDERS

In 2021, we had an outstanding year characterized by achievements that demonstrate WWE's creativity in a challenging environment and our ability to capitalize on evolving media trends. We welcomed our fans, the lifeblood of WWE, back to our live events in July after more than a year. As we focused on optimizing our return to live event touring, we generated solid financial results. We achieved record Adjusted OIBDA of \$327 million, reflecting a 14% year-over-year increase, with record revenue of nearly \$1.1 billion. Supporting these outcomes, we embraced change and developed new businesses to enhance our growth, including new ways to monetize our intellectual property ("IP"). We continued to create original content; expanded reach across new platforms, such as Peacock, TikTok and Spotify; and established new content, sponsorship, and community partners, including Blockchain Creative Labs (FOX), DraftKings, and the National Medal of Honor Foundation.

CAPITALIZING ON INDUSTRY TRENDS AND WWE'S STRONG POSITION

As the media environment evolves further, several important industry trends are likely and hold potential for meaningful long-term growth for WWE:

- The value of live and compelling original content will continue to rise
- Streaming platforms will continue to spend heavily on content (including live) to retain and acquire customers
- Brands will continue to partner with media companies and content owners that deliver reach and fan engagement
- The market will continue to place a premium on celebrities and "hit" content, fueling new IP monetization opportunities
- International markets will provide opportunities to further long-term growth platforms

We believe WWE is well positioned to take advantage of these industry trends, which will drive future growth.

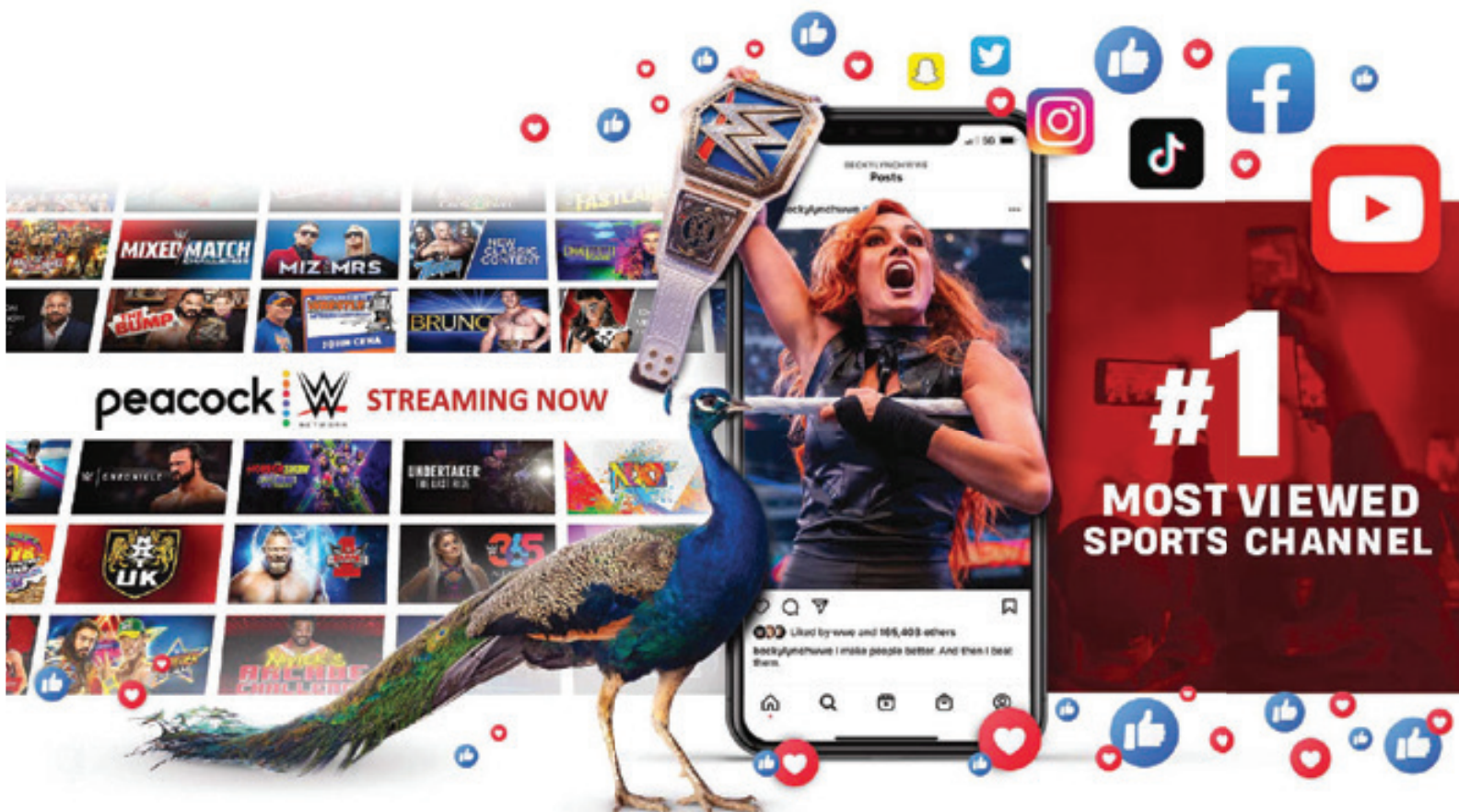
First, live content is the core of our business, and our family-friendly TV programs draw high levels of viewership. In 2021, we attracted more viewers per event than most other regular season professional sports leagues, including MLB, NBA, NHL, and UFC – behind only the NFL.¹

Second, WWE's digital and social content is an integral part of how we connect with fans. Our strong global platform includes distribution on NBCU's Peacock service in the U.S., our direct-to-consumer platform, WWE Network, in international markets, as well as our leading presence across social platforms, such as YouTube, Facebook, and TikTok, among many others.

Third is the combination of strengths that we can offer current and prospective sponsors – namely our ability to design custom, experiential content that can fully engage our audience with client brands, including utilizing our Superstars through integration into our shows.

Fourth, WWE is unique among sports properties reflecting our ability to leverage our “Superstars as creators” given their significant social media presence and following as well as WWE's content creation capabilities.

Fifth is our global brand presence and international fan base. We believe we can increase the monetization of our content outside the U.S. by localizing content and engaging fans directly in their markets with local talent.



¹ Source: Nielsen Media Research, NPOWER; Live + Same Day Average Viewers P2+ (000) for selected sports properties airing in 2021 (1/1/21-12/31/21). First-run games/races/live fights & prelim fights only. Regular season only. Excludes properly coded repeats, Spanish language networks and Sport specific networks.



USA NETWORK ANNOUNCED A THIRD SEASON OF *MIZ AND MRS.*, WHICH RANKS AMONG THE TOP 10 RETURNING SERIES FOR YEAR-OVER-YEAR GROWTH ACROSS ALL KEY DEMOS



WWE'S *MOST WANTED TREASURES* DROVE VIEWERSHIP ON SUNDAY NIGHTS FOR A&E



WWE'S CUSTOM DIGITAL CONTENT SERIES *GRIT AND GLORY* FOR GM'S CHEVROLET SILVERADO

2021 ACHIEVEMENTS SUPPORT OUR VALUE CREATION STRATEGY

In 2021, we strengthened our position among producers of live content by enabling fans to attend our events, increasing brand engagement

In April, *WrestleMania* became the first WWE live event with a ticketed audience to take place since the COVID-19 pandemic began more than a year earlier. The two-night event at Raymond James Stadium in Tampa Bay attracted a capacity crowd of more than 51,000 fans; and *WrestleMania* Week set viewership records with nearly 1.1 billion video views across digital and social platforms, representing a 14% increase from the prior year.

Subsequently, on July 16, we returned to live event touring, with fans demonstrating robust demand for tickets, yielding the highest average quarterly attendance in more than a decade. *SummerSlam*, which was held for the first time at an NFL stadium, Allegiant Stadium in Las Vegas, attracted a sold-out crowd of more than 51,000 fans. The event was the most watched *SummerSlam* across Peacock and WWE Network in our history, set a record for sponsorship, and grew merchandise sales by 155% as compared to the 2019 event.

We increased the production of content and enhanced distribution across platforms

We produced more than 2,400 hours of live and original content for our global television and digital and social platforms, representing our highest level of production over the past four years.

We launched WWE Network content on Peacock, NBCU's streaming service in the U.S., a platform which provides broad and increasing distribution for our premium live events, original series, and vast library.

One of the key reasons for entering the partnership was to bring the WWE product to a wider audience than those currently subscribed to WWE Network. Since transitioning to Peacock, live viewership of our premium live events has increased 42% from their prior year performance on what was our direct-to-consumer WWE Network service - demonstrating the value of live content as well as premium IP and franchises. We expect viewership of WWE to continue to increase, particularly as Peacock grows its subscriber base.

On television, we extended our partnership with USA Network, moving *NXT* programming to Tuesday nights and announcing a third season of *Miz and Mrs.*, which ranks among the top 10 returning series for year-over-year growth across all key demos. Our partnership with A&E continued to expand with the creation of multiple documentaries, including *WWE Legends*, and *WWE's Most Wanted Treasures* which premiered on A&E in April, driving a 21% year-over-year increase in viewership on Sunday nights for the network.



On digital and social platforms, we increased production for established and emerging platforms with a focus on younger audiences, such as Snapchat and TikTok. As evidence of this focus, video views across all platforms are up 12% on a year-over-year basis; WWE has over 15 million followers on TikTok and is currently the number one sports league on TikTok, surpassing the NBA.

We grew our advertising partnerships and prepared to develop new sponsorship opportunities

Sponsorship represents an attractive opportunity for WWE as significant consumer brands are looking for unique ways to engage with their consumers that goes well beyond generating impressions. WWE is perfectly positioned to do just that, with an ability to create customized content and integrated experiences across multiple platforms, including digital and social, and utilizing WWE Superstars to resonate with target audiences.

Examples of such efforts include the creation of a digital content series, *Grit and Glory* for GM's Chevrolet Silverado brand, development of a new WWE Superstar, The Night Panther, to market a new scent from Old Spice, and the formation of an in-ring storyline integration to promote Netflix's *Red Notice*.

Last year, WWE continued to grow partnerships with blue-chip brands and developed an array of sponsors across betting, gaming, wireless, energy, credit card and beverage categories with DraftKings, 2K, Cricket Wireless, Cellular C4 and Credit One, while featuring our first-ever official water with Blue Triton's Pure Life and our first-ever official beer with Constellation's Victoria beer brand.

We continued to build our international presence

As in the U.S., we strengthened our position in international markets by returning to live event touring with fans in attendance and producing localized content.

During the year, we staged 13 events in Europe and the Middle East, relaunched the production of *NXT UK* out of the BT Sport studios in London, and developed a special program in Hindi for the Indian market. *Superstar Spectacle* showcased India's extraordinary in-ring competitors and culture while airing on India's Republic Day. And, in October, we returned to Saudi Arabia, where we staged *WWE Crown Jewel*, a large-scale event that further establishes WWE in this key market.

After recently announcing a new agreement with Disney in Indonesia, we are excited about the opportunity to license WWE Network to potential streaming partners in key international territories. We believe that the competitive global landscape will enable us to increase viewership and generate incremental profit through these arrangements.



WWE LAUNCHED NIL (NEXT IN LINE) RECRUITING INITIATIVE TO BUILD THE NEXT GENERATION OF SUPERSTARS

DEVELOPING NEW BUSINESS, STRATEGIES AND PARTNERSHIPS TO ENHANCE GROWTH

As we executed our long-term media strategy, we also focused on increasing the value of existing lines of business and creating new revenue streams.

One area that exemplifies our drive to reimagine and improve our business is our approach to the timing and location of our premium live events. After thoughtful evaluation, we announced a schedule for 2022 that is highlighted by a record number of stadium events and target dates that are designed to maximize our audience. As part of this initiative, we established a new premium live event, *WWE Day 1*, which aired Saturday, January 1, 2022, in front of a sold-out crowd at State Farm Arena in Atlanta. The event ranked among the most-watched WWE programs on Peacock and generated the highest level of social interaction on that day, surpassing the Rose Bowl on ESPN.

We also closed several consumer products deals, including an innovative collaboration with Blockchain Creative Labs (FOX) to launch an NFT marketplace, a new partnership with Panini to become the exclusive producer of WWE trading cards, and with International Game Technology (IGT) to develop lottery games, while extending our global toy license with Mattel.

Regarding new forms of content, we expanded the creation of podcast content for distribution on Spotify and announced a partnership with Blumhouse to develop our first scripted dramatic mini-series - *The United States of America vs. Vince McMahon*.

To build the next generation of Superstars, we launched a major recruiting initiative for in-ring competitors called NIL (Next In Line), announcing 15 college athletes from 13 universities, seven NCAA conferences, and four sports joining Olympic gold medalist, Gable Steveson, as part of the inaugural class.

CONTINUING OUR TRANSFORMATIVE JOURNEY

The media industry continues to evolve in exciting ways, fueled by the rapid pace of technological change, and consumer demand to interact with compelling live content. Looking ahead over the next few years, we believe that WWE remains well positioned to take advantage of significant growth opportunities that will drive shareholder value creation. These include increasing the production and monetization of content, leveraging our “celebrity” talent and world class production capability to fuel new content and product offerings, and capitalizing on our expanding global audience to support growth across all business lines.

In 2022, we are projecting another year of record revenue, and anticipate Adjusted OIBDA growth of 10% to 15% that reflects the full year impact of ticketed live events, the staging of additional large-scale international events, escalation of rights fees for the company’s flagship programs, and monetization of new, original series as we continue to enhance our production and creative capabilities.

It takes a world-class team to do what we do every day – imagining and innovating new business models – especially with the continued uncertainties that impact our business and daily lives.

As always, I am immensely grateful for the dedication and hard work of our employees, Superstars, and business partners and I appreciate our fans, local communities, and shareholders who have supported our vision of continuously evolving WWE. I remain more confident than ever in our collective ability to grow our business, brand, and global fan base, and on behalf of all of us, thank you for supporting our transformative journey. Then. Now. Forever. Together.

Vincent K. McMahon

Chairman of the Board and Chief Executive Officer

March 2022

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

FORM 10-K

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

For the year ended December 31, 2021

or

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

Commission file number 001-16131

WORLD WRESTLING ENTERTAINMENT, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

04-2693383

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

1241 East Main Street
Stamford, CT 06902
(203) 352-8600

*(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)*

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
Class A Common Stock, par value \$0.01 per share	WWE	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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 if the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Aggregate market value of the common stock held by non-affiliates of the Registrant at June 30, 2021 using our closing price on June 30, 2021 was \$2,549,597,516.

As of February 1, 2022, the number of shares outstanding of the Registrant's Class A common stock, par value \$0.01 per share, was 43,766,276 and the number of shares outstanding of the Registrant's Class B common stock, par value \$0.01 per share, was 31,099,011 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for the 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

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* Incorporated by reference from the Registrant’s Proxy Statement for the 2022 Annual Meeting of Stockholders (the “Proxy Statement”).

PART I

Item 1. *Business*

World Wrestling Entertainment, Inc. is an integrated media and entertainment company. “WWE” refers to World Wrestling Entertainment, Inc. and its subsidiaries, unless the context otherwise requires. References to “we,” “us,” “our” and the “Company” refer to WWE. The initials “WWE” and our stylized and iconic “W” logo are two of our trademarks. This report also contains other WWE trademarks and trade names as well as those of other companies. All trademarks and trade names appearing in this report are the property of their respective holders.

We have been involved in the sports entertainment business for four decades, and have developed WWE into one of the most popular brands in global entertainment today. We are principally engaged in the production and distribution of unique and creative content through various channels, including the premium over-the-top network (“WWE Network”) monetized through license arrangements or through direct-to-consumer subscriptions, content rights agreements, premium live event programming, filmed entertainment, live events, licensing of various WWE themed products, and the sale of consumer products featuring our brands. At the heart of our success are the athletic and entertainment skills and appeal of our Superstars, and our consistently innovative and multi-faceted storylines. Our distribution platforms provide significant cross-promotion and marketing opportunities that reinforce our brands while effectively reaching our fans.

Based on the strength of the Company’s brands and its ownership and control over its intellectual property, the Company has been able to leverage its content and talent globally across virtually all media platforms. We continually evaluate additional opportunities to monetize new and existing content.

Our operations are organized around the following principal activities:

Media:

- The Media segment reflects the production and monetization of long-form and short-form video content across various platforms, including WWE Network, broadcast and pay television, digital and social media, as well as filmed entertainment. Across these platforms, revenues principally consist of content rights fees, subscriptions to WWE Network, and advertising and sponsorships. Effective March 18, 2021, the domestic monetization of WWE Network is generated from content license fees and certain shared sponsorship revenues from NBC Universal (“NBCU”). Media segment revenues for the year ended December 31, 2021 include the upfront revenue recognition related to the delivery of certain intellectual property rights under this agreement.

Live Events:

- Live events provide ongoing content for our media platforms. Live Event segment revenues consist primarily of ticket sales, revenues from events for which we receive a fixed fee, as well as the sale of travel packages associated with the Company’s global live events. As a result of the global spread of the coronavirus pandemic (“COVID-19”), these revenues had been greatly limited from March 2020 through the first half of 2021. We held our annual *WrestleMania* events on April 10 and 11, 2021 with ticketed audiences, and on July 16, 2021, we resumed our domestic and international live event touring schedules.

Consumer Products:

- The Consumer Products segment engages in the merchandising of WWE branded products, such as video games, toys and apparel, through licensing arrangements and direct-to-consumer sales. Revenues principally consist of royalties and licensee fees related to WWE branded products, and sales of merchandise distributed at our live events and through eCommerce platforms.

Media

Media net revenues were \$936.2 million, \$868.2 million and \$743.1 million, representing 85%, 89% and 77% of total net revenues in 2021, 2020 and 2019, respectively.

Network

WWE Network launched in February 2014, becoming the first-ever 24/7 live streaming direct-to-consumer network. In connection with our multi-year agreement with Peacock TV LLC (“Peacock”), an affiliate of NBCU, beginning on March 18, 2021, the Peacock paid streaming service is the exclusive home to WWE Network in the United States. The content licensed via Peacock includes WWE’s premium live event content, second runs of our in-ring television programming, original and archival content, as well as new WWE Network content. Our subscription-based WWE Network is still available in most international markets other than embargoed countries, including the United Kingdom, Germany and Australia, among others. Subscribers can access all of WWE’s premium live events, exclusive original programming and our video-on-demand library.

In addition to our premium live events, WWE Network content also includes exclusive original programming, groundbreaking documentaries, reality shows and in-ring specials, including *WWE Ruthless Aggression*, *Steve Austin’s Broken Skull Sessions* and *WWE’s The Bump*. Our strategy of creating compelling original content for broadcast on WWE Network has contributed to the popularity of WWE Network, which premiered nearly 380 hours of original content during 2021.

Core Content Rights Fees

Leveraging our expertise in live event television production, we currently produce seven hours of original weekly domestic television programming, *RAW*, *SmackDown* and *NXT*, our core content. *Raw* and *NXT* are licensed domestically under multi-year contracts with NBCU, while *SmackDown* is licensed domestically under a multi-year contract with Fox Network. We also distribute second runs of *Raw* and *NXT* to Hulu, which are available after the original first run airing dates on television, along with a wide selection of other WWE content.

RAW is a three-hour live primetime program airing on Mondays, which ranks among the most watched regularly scheduled programs on primetime cable television. *RAW* remains the longest running weekly episodic program in primetime television history, with over 1,450 original episodes, and anchors USA Network’s programming line-up, consistently helping make it the top-rated cable entertainment network.

SmackDown is a two-hour live primetime program airing on Fridays on Fox Network. *SmackDown* continues to be the second longest running weekly episodic program in primetime TV history, second only to *RAW*.

NXT is a two-hour live primetime program airing on Tuesday nights on USA Network. The weekly program continues to air on WWE Network shortly after the initial run on USA Network.

WWE’s TV-PG, family-friendly television programming, including *RAW* and *SmackDown*, can be seen in more than one billion homes and in 30 languages around the world. Our international broadcast partners currently include: BT Sport in the United Kingdom; Sony Ten in India and Rogers in Canada, among many others.

Advertising and Sponsorships

WWE utilizes a multitude of platforms, including the Internet and social media, to promote our brands, market and distribute our content and digital products, create a community experience among our fans and sell advertising across these various platforms. WWE currently streams its media content on select social media platforms, such as YouTube and Facebook. WWE surpassed 85 million subscribers on YouTube, and consistently ranks among the top viewed channels, with nearly 15 billion views of WWE content in 2021. The Company also receives advertising revenues from YouTube and Facebook based on viewership data of our content. In 2021, WWE had over 1.2 billion social media fan engagements across social media platforms such as Facebook, Twitter, YouTube, TikTok, Instagram and Tumblr.

Our primary website, WWE.com, attracted an average of over four million monthly unique visitors worldwide during 2021. These visitors viewed an average of 44 million pages and four million video streams per month. WWE short-form video and other content is available through our mobile partnerships. WWE currently has local language-based websites allowing fans to experience WWE in their native language with a concentration on local events and shows. Currently, the available languages are English, Spanish, Mandarin, French, German, Polish and Arabic. We monetize our digital advertising inventory on WWE.com in global markets via programmatic ad sales and relationships with sales agencies.

In addition, through our product integrations, we offer advertisers a full range of our promotional opportunities, including online and print advertising, on-air announcements and special appearances by our Superstars. These opportunities allow our advertisers and sponsors to engage consumers across a variety of our platforms. In 2021, we grew several partnerships with blue-chip brands, including Cricket, Credit One, Procter & Gamble, Applebee's, Constellation Brands and Papa John's Pizza. We also partnered with new advertisers, such as Netflix, Blue Triton, General Motors, Pizza Hut and Wendy's. Our sponsors promote their products utilizing our digital media assets, including promotion on WWE.com as well as promotion through WWE Network and through our live events. Certain sponsorship sales related to WWE Network are shared with NBCU.

Other

Our Media segment also generates revenue from the distribution of other WWE content, including, but not limited to, certain live in-ring programming content in international markets, scripted, reality and other programming.

Our current reality-based television series is *Miz and Mrs.* This docuseries, which premiered in July 2018 on USA Network, chronicles the lives of WWE Superstars *The Miz and Maryse*. Following the success of the first two seasons in this series, USA Network has renewed the hit unscripted series for a third season, which is expected to air during 2022.

Our WWE Media team also develops and produces feature films, television (scripted, non-scripted), and digital content. In 2021, we secured partnerships for films, animated content, unscripted formats, scripted series and documentaries on a variety of platforms, including Netflix, A&E, Universal Television and other domestic and international platforms. Our partnership with A&E continued to expand with the creation of multiple documentaries, including *WWE Legends* and *WWE's Most Wanted Treasures*, driving viewership gains on Sunday nights for the A&E network. We also entered the premium scripted space by announcing a partnership with Blumhouse for an original series, *The United States of America Vs. Vince McMahon*, which will be a fictionalized version of the 1994 trial.

Live Events

Live Events net revenues were \$57.8 million, \$19.9 million and \$125.6 million, representing 5%, 2% and 13% of total net revenues in 2021, 2020 and 2019, respectively.

Our broad and talented roster of Superstars allows us to perform in numerous domestic markets and take advantage of the strong international demand for our events. Live events and the associated programming produced at our live events are our principal creative content and production activities. Our creative team develops compelling and complex characters and weaves them into dynamic storylines that combine physical and emotional elements. Storylines are usually played out in the ring and unfold on our weekly television shows, culminating in our premium live events which air on WWE Network and are also available via pay-per-view.

The global spread of COVID-19 and the various attempts to contain it have resulted in restrictions, postponements and cancellations of various events, and the cancellation of ticketed events due to public health concerns. The impact of COVID-19 was significant on our live events segment from March 2020 through the first half of 2021, as revenues are highly dependent on ticket sales at our live events. We held our annual *WrestleMania* events on April 10 and 11, 2021 with ticketed audiences, and on July 16, 2021, we resumed our domestic and international live event touring schedules.

North American Ticket Sales

In 2021, following our return to live event touring after nearly a year and a half, we produced 88 live events (excluding NXT) throughout North America, entertaining over 605,000 fans at an average ticket price of \$76.05. We held many of these live events at major stadiums and arenas across the country. In addition to providing content for our television and other programming, these events provide us with a real-time assessment of the popularity of our storylines and characters.

International Ticket Sales

In 2021, following our return to live event touring, we produced 13 live events (excluding NXT) internationally, reaching nearly 60,000 fans at an average ticket price of \$78.37. These events were held primarily in the United Kingdom during our international tour in September 2021. We also held one large-scale international event in 2021, for which we received a fixed fee.

Consumer Products

Consumer Products net revenues were \$101.2 million, \$86.1 million and \$91.7 million, representing 9%, 9% and 10% of total net revenues in 2021, 2020 and 2019, respectively.

Consumer Product Licensing

We have established a worldwide licensing program using our marks and logos, copyrighted works and characters on a large variety of products, including video games, toys, apparel and books. Currently, we have relationships with more than 100 licensees worldwide that provide products for sale at major retailers. To maintain the distinctive style and quality of our intellectual property and brand, we retain creative approval over the design, packaging, advertising and promotional materials associated with these products. Additionally, we continually seek new opportunities to partner with best-in-class organizations to develop new products for our fans and further expand our licensing business. In this regard, during 2021, we announced an exclusive multi-year agreement with Blockchain Creative Labs to launch a non-fungible token (“NFT”) marketplace for licensed digital WWE tokens and collectibles. During 2021, we also announced a multi-year agreement with the Panini Group that will make Panini WWE’s exclusive trading card and collectible sticker partner. Both licensing agreements will begin in the first quarter of 2022.

Video games and toys are among the largest components of our licensing program. We have a comprehensive, multi-year licensing agreement with Mattel, Inc., our master toy licensee, covering all global territories, and a multi-year licensing agreement with Take-Two Interactive Software, Inc. (“Take-Two”) to produce and sell our branded console video games. WWE branded video games currently include *WWE 2K* and *WWE Battlegrounds*, available on PlayStation and XBOX platforms and on iOS and Android devices, and *WWE SuperCard*, available on iOS and Android devices. We recently announced Rey Mysterio as the main cover star of our franchise game, *WWE 2K22*, which will be released on March 11, 2022. The video game industry continues to migrate the availability of video games toward downloadable content through an Internet connected device. Accordingly, our video games can be downloaded via the Internet and contain subsequent downloadable content that can be purchased to add additional characters and game modes to enhance game play.

Music is an integral part of the WWE entertainment experience. We compose and record music, including Superstar entrance themes, in our recording studio. In addition to our own composed music, we license music performed by popular artists.

eCommerce

WWEShop is our direct-to-consumer e-commerce storefront. WWE merchandise is also distributed on other domestic and international e-commerce platforms, including Amazon. We processed 586,600 orders during 2021 as compared to 722,300 in 2020, with the higher volume in 2020 driven, in part, by changes in consumer spending habits as a result of COVID-19.

Venue Merchandise

Our direct-to-consumer venue merchandise business consists of the design, sourcing, marketing and distribution of numerous WWE-branded products such as t-shirts, belts, caps and other novelty items, all of which feature our Superstars and/or logos.

The impact of COVID-19 was significant on our venue merchandise results from March 2020 through the first half of 2021, as revenues are highly dependent on purchases of merchandise by consumers at our live events. Following our annual *WrestleMania* events on April 10 and 11, 2021, which were held with ticketed audiences, we resumed our domestic and international live event touring schedules on July 16, 2021.

Customers

Our customers include content distributors of our media content through their networks and platforms, fans who purchase tickets to our live events or purchase our merchandise at venues or online through our eCommerce platforms, subscribers to WWE Network, advertisers, sponsors, consumer product licensees, and film distributors/buyers. As noted elsewhere, we have several important partners, including NBCU and its affiliates who, among other things, carry the domestic television distribution of *Raw* and *NXT*, and, beginning in March 2021, carry the exclusive domestic

streaming rights of WWE Network content. We also partner with Fox Network who carries the domestic television distribution of *SmackDown*, and the General Entertainment Authority of the Kingdom of Saudi Arabia who, among other things, hosts our live events in the Middle East.

Creative Development and Production

Headed by our Chairman and Chief Executive Officer, Vincent K. McMahon, our creative team develops compelling and complex characters and weaves them into dynamic storylines that combine physical and emotional elements. Storylines are usually played out in the ring and unfold on our weekly television shows, culminating in our premium live events. We voluntarily designate the suitability of each of our television shows using standard industry ratings, and all our in-ring television programming carries a PG rating, which is critical to maintaining the Company's reputation for family friendly entertainment.

Our success is due primarily to the continuing popularity of our Superstars. We have nearly 250 Superstars under exclusive contracts, ranging from multi-year guaranteed contracts with established Superstars to developmental contracts with our Superstars in training. Our Superstars are highly trained and motivated independent contractors, whose compensation is tied to the revenue that they help generate. We own the rights to substantially all our characters and exclusively license the rights we do not own through agreements with our Superstars.

Talent Development

We continually seek to identify, recruit and develop additional talent for our business. Our development system, including the *NXT* division, features talent training to become WWE Superstars and has produced over 90% of our current active main roster stars, such as *Roman Reigns*, *Riddle*, *Big E*, *Sasha Banks*, *Bianca Belair* and *the Street Profits*. *NXT* has evolved into our third brand after *Raw* and *SmackDown* and has transitioned into a weekly live television series. Prior to COVID-19, *NXT* was also a global touring brand broadcasting live specials on WWE Network. More than 50% of our developmental talent come from countries outside the United States, including the United Kingdom, China, India, Japan, Australia, Mexico, Brazil and Germany. Women comprise approximately 35% of our developmental talent. *NXT* talent train at our WWE Performance Center in Florida, a state-of-the-art training facility, which was designed to cultivate our next generation of talent and has become the center of our talent development program. In efforts to localize our content around the world, we opened the WWE UK Performance Center in January 2019, the first WWE training facility outside of the United States.

In December 2021, we launched a major recruiting initiative for in-ring competitors called *Next In Line* ("NIL"), announcing 15 college athletes from 13 universities, seven NCAA conferences, and four sports as part of the inaugural class. These athletes will join Olympic gold medalist Gable Steveson in WWE's first-of-its-kind NIL program. In addition to the United States, the class includes representation from a myriad of countries, including Canada and Nigeria. These athlete partnerships will feature access to the state-of-the-art WWE Performance Center in Orlando, in addition to resources across the organization, including brand building, media training, communications, live event promotion, creative writing and community relations. Upon completion of the NIL program, select athletes may earn an exclusive opportunity to be offered a WWE contract.

Competition

While we believe that we have a loyal fan base, the entertainment industry is highly competitive and subject to fluctuations in popularity, which are not easy to predict. For our live event and media content audiences, we face competition from professional and college sports, other live, filmed, televised and streamed entertainment, which includes other professional wrestling leagues, and other leisure activities. We will face increased competition from websites and mobile and other internet connected apps delivering paid and free content as streamed media offerings continue to expand. For purchases of our merchandise, we compete with entertainment companies, professional and college sports leagues and other makers of branded apparel and merchandise. Many companies with whom we compete have greater financial resources than we do.

Trademarks and Copyrights

Intellectual property is material to all aspects of our operations, and we expend substantial cost and effort in an attempt to maintain and protect our intellectual property and to maintain compliance vis-à-vis other parties' intellectual property. We have a large portfolio of registered and unregistered trademarks and service marks worldwide and maintain

a large catalog of copyrighted works, including copyrights in our television and WWE Network programming, music, photographs, books, films and apparel art. We also own a large number of internet website domain names and operate a network of developed, content-based sites, which facilitate and contribute to the exploitation of our intellectual property worldwide.

We vigorously seek to enforce our intellectual property rights worldwide by, among other things, searching the internet to ascertain unauthorized use, seizing counterfeit goods and seeking restraining orders and/or damages in court against individuals or entities infringing our intellectual property rights. Our failure or inability to curtail piracy, infringement or other unauthorized use of our intellectual property rights effectively, or our infringement of others' intellectual property rights, could adversely affect our operating results.

Human Capital

The Company believes it has a talented, motivated, and dedicated team, and is committed to supporting the development of all of its team members and to continuously build on its strong culture. As of February 2022, the Company had approximately 870 full-time equivalent employees. We believe the relationship between WWE and our employees is strong. Our in-house production staff is supplemented with contract personnel for our television production who are not included in our headcount. Our employee headcount also excludes our Superstars and NXT talent, who are independent contractors.

Workplace Practices and Policies

The Company is committed to providing a workplace free of harassment or discrimination based on race, color, religion, sex, sexual orientation, gender identity, national origin, disability, veteran status or other legally protected characteristics. The Company is an equal opportunity employer committed to inclusion and diversity.

Compensation and Benefits

The Company believes that compensation should not only be competitive, it should be equitable and should enable employees to share in the Company's success. The Company recognizes its people are most likely to thrive when they have the resources to meet their needs and the time and support to succeed in their professional and personal lives. In support of this, the Company offers a wide variety of benefits to employees around the world.

Inclusion and Diversity

The Company is committed to hiring inclusively, providing training and development opportunities, fostering an inclusive culture, and ensuring equitable pay for employees, and is continuing to focus on increasing diverse representation at every level of the Company.

Health and Safety

The Company is committed to protecting its employees everywhere it operates. The Company identifies potential risks associated with workplace activities in order to develop measures to mitigate possible hazards. The Company has taken additional measures during the COVID-19 pandemic, including providing information resources, testing, face masks and personal protective equipment, and case support. The Company also offers special sick leave for employees with possible COVID-19 symptoms, as well as comprehensive health coverage.

Regulation

Live Events

In some United States and foreign jurisdictions, athletic commissions and other applicable regulatory agencies require us to obtain licenses for promoters, medical clearances and/or other permits or licenses for performers and/or permits for events in order for us to promote and conduct our live events. If we fail to comply with the regulations of a particular jurisdiction, we may be prohibited from promoting and conducting our live events in that jurisdiction. The inability to present our live events over an extended period of time, especially after the hiatus resulting from COVID-19, or in a number of jurisdictions could lead to a decline in the various revenue streams generated from our live events, which could adversely affect our operating results.

Television and WWE Network Programming

The marketplace for audio-visual programming (including cable television and Internet programming) in the United States and internationally is substantially affected by government regulations applicable to, as well as social and political influences on, television stations, television networks and cable and satellite television systems and channels. Certain Federal Communications Commission (“FCC”) regulations are imposed directly on the Company and/or indirectly through our distributors. Other domestic and foreign governmental and private-sector initiatives relating to video programming are announced from time to time. In addition, the delivery of WWE Network in international markets exposes us to multiple regulatory frameworks, the complexity of which may result in unintentional noncompliance. One of our weekly television programs, *SmackDown*, is distributed via broadcast television on the Fox Network, and we are responsible, directly or indirectly, for compliance with certain additional FCC regulations and statutory requirements. Any failure by us to meet these governmental policies or regulations and private-sector expectations could restrict our program content and, in the case of government regulation, result in monetary liability. Such failure could also adversely affect our levels of viewership and/or number of WWE Network subscribers. Any of these could affect our operating results.

Available Information

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our website at <http://corporate.wwe.com> as soon as reasonably practicable after such reports are filed with or furnished to the Securities and Exchange Commission (“SEC”). Our reports are also available free of charge on the SEC’s website, <http://www.sec.gov>. None of the information on any of our websites is part of this Annual Report on Form 10-K. Our Corporate Governance Guidelines, Code of Business Conduct and charters of our Audit, Compensation and our Governance and Nominating Committees are also available on our website. A copy of any of these documents will be mailed to any stockholder without charge upon request to us at 1241 East Main Street, Stamford, CT 06902, Attn: Investor Relations Department.

Item 1A. Risk Factors

There are inherent risks and uncertainties associated with our business that could adversely affect our operating performance and financial condition. Set forth below are descriptions of those risks and uncertainties that we currently believe to be material, but the risks and uncertainties described below are not the only ones that could affect our business. See the discussion under “Cautionary Statement for Purposes of the ‘Safe Harbor’ Provisions of the Private Securities Litigation Reform Act of 1995” in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, in this Annual Report on Form 10-K.

Risks Related to Our Industry and Business

The ongoing coronavirus (COVID-19) pandemic may continue to negatively affect world economies as well as our industry, business and results of operations.

The global spread of the coronavirus, including its current and future variants (COVID-19), and the various attempts to contain it have resulted and likely will continue to result in restrictions, postponements and cancellations of various sports and other events and has required and likely will continue to require us to cancel, postpone, relocate and/or modify certain of our live events. We do not expect insurance to cover any portion of this lost business. The pandemic has also continued to create significant volatility, uncertainty and economic disruption, the full extent of which will depend on numerous evolving factors that we can neither predict nor control including the pandemic’s duration, the impact of current and future COVID-19 variants and related governmental, business and individual responses. As a result, we have been required to alter certain aspects of our operations beyond our live events. We are unable to predict future attendance at our live events, even when the pandemic risks and restrictions have lessened. We have also taken measures to protect the health and well-being of our employees and our talent and other vendors. Our workforce has spent a significant amount of time working from home. Remote access could heighten operational risks, including cybersecurity risks. Travel has been curtailed. We have greatly increased our cleaning and health check protocols, which increase related expenditures. We have also implemented certain cash conserving measures, which were in effect for various time periods during 2020, including pausing our stock repurchase program and certain capital expenditures; containing employment costs through salary reductions and furloughs; containing certain third party vendor costs; and drawing under our revolving credit facility, which has since been repaid. No assurances can be provided that COVID-19 will not in the future require changes to our operations and/or renewed cash conserving measures.

We believe our partners' operations have also been affected including, without limitation, in their sales of advertising. Widely reported supply constraints on inflation have occurred and may be ongoing into the foreseeable future. Depending on the severity and persistence of the pandemic and resulting impacts including, without limitation, these supply constraints and inflationary pressures, we could see a material impact on our customers' demand, or ability to pay (including an impact on the collectability of our accounts receivable), for our goods and services. We will continue actively to monitor the issues raised by the COVID-19 pandemic and related factors and may take further actions that alter our business operations as required by applicable governmental authorities and/or that we determine to be in the best interests of our employees, talent, customers, partners and stockholders. There can be no assurance that we will be entirely successful in these endeavors, which could result in inadvertent noncompliance with applicable law. The COVID-19 pandemic also could result in heightened litigation risks relating to personal injury or death and/or increased levels of commercial litigation. Any of the foregoing could have a material negative effect on our business and results of operations.

Our failure to maintain or renew key agreements could adversely affect our ability to distribute our media content, WWE Network, our films and/or other of our goods and services, which could adversely affect our operating results.

Our media content is distributed by cable, satellite and broadcast television networks and digital platforms around the globe. As detailed below, we have depended on and, in international markets will continue to depend on, third parties for many aspects of the operation and distribution of WWE Network. Our films are generally also distributed by other, more established film companies. Because a large portion of our revenues are generated, directly and indirectly, from this distribution, any failure to maintain (such as due to a breach or alleged breach by either party) or renew arrangements with distributors and platforms, the failure of distributors or platforms to continue to provide services to us or the failure to enter into new distribution opportunities on terms favorable to us could adversely affect our financial outlook, liquidity, business and operating results. We regularly engage in negotiations relating to substantial agreements covering the distribution of our media content by carriers located in the United States and abroad. We have substantial relationships with NBCU, which carries *Raw* and *NXT* through its cable networks. WWE Network is distributed exclusively via Peacock in the domestic market. Fox Network carries *SmackDown*. We also have an important partnership with the General Entertainment Authority of the Kingdom of Saudi Arabia. These relationships are expected to continue to constitute a significant percentage of our revenues. Many of our other goods and services, such as our toys and video games are manufactured and sold by other parties under licenses of our intellectual property or distribution agreements. Our inability for any of the reasons set forth in these Risk Factors to enter into, maintain and/or renew or replace, as the case may be, these agreements on terms favorable to us could adversely affect our financial outlook, liquidity, business and/or operating results.

Our failure to compete effectively in a rapidly evolving and highly competitive media landscape could adversely affect our operating results.

The manner in which audio/media content is distributed and viewed is constantly changing, and consumers have increasing options to access entertainment video. Changes in technology require Company resources including personnel, capital and operating expenses. Conversely, technology changes have also decreased the cost of video production and distribution for certain programmers (such as through social media), which lowers the barriers to entry and increases the competition for viewership and revenues. While we attempt to distribute our programming across all platforms, our failure to continue to do so effectively (including, for example only, our emphasizing a distribution platform that in time lessens in importance or becomes obsolete or our loss of, or other inability to procure, carriage on an important platform) could adversely affect our operating results. If other providers of video programming address the changes in consumer viewing habits in a manner that is better able to meet content distributor and consumer needs and expectations, our business could be adversely affected. Cable and broadcast television distribution constitutes a large part of our revenues. The number of subscribers and ratings of television networks and advertising revenues in general have been reported as being impacted by viewers moving to alternative media content providers, a process known as "cord cutting" and "cord shaving". Developments in technology may have added, and may continue to add, to this shift as consumers' expectations relative to the availability of video content on demand, their willingness to pay to access content and their tolerance for commercial interruptions evolve. Many well-funded digital companies (such as Apple, Facebook, YouTube, Netflix, Amazon and Hulu) have been competing with the traditional television business model and, while it has been widely reported that they are paying significant amounts for media content, it is not clear that these digital distributors will replace the importance (in terms of money paid for content, viewer penetration and other factors) of television distribution to media content owners such as WWE. Our media partners' businesses are

affected by their sale of advertising and subscriptions for their services. If they are unable to sell advertising and/or subscriptions either with regard to WWE programming specifically (such as, by way of example and without limitation, due to a decline in the popularity of our programming and/or brand) or all of their programming generally (such as, by way of example and without limitation, due to a move of consumers away from a platform carrying our programming), it could adversely affect our operating results.

If, for any number of reasons, we are unable to continue to develop and monetize WWE Network successfully, it could have a material adverse effect on our operating results.

Need to Attract, Retain and Replace Fans. The markets for entertainment video are intensely competitive and include many subscription, transactional and ad-supported models and vast amounts of pirated materials, all of which capture segments of the entertainment video market. These markets have been and are expected to continue to be subject to rapid changes, and new technologies and evolving business models are developing at a fast pace. In domestic markets, WWE Network is carried exclusively as a part of Peacock. Our ability to attract and retain fans for WWE Network internationally and for Peacock domestically will depend in part on our ability to provide consistent high-quality content and a high level of service that is perceived as a good value for the consumer's entertainment dollars in the face of this intense competition. Our failure to do so could adversely affect our business and operating results.

Significant Ongoing Costs. WWE Network has and will continue to require significant content cost and operating costs. Any and all such costs, if not more than offset by revenues from WWE Network, could have a material adverse effect on our business and operating results.

Reliance on Partners to Offer our Content. Fans have the ability to receive streaming WWE content through their PCs, Macs and other Internet-connected devices, including game consoles and mobile devices, such as tablets and mobile phones as well as smart televisions and Blu-Ray players. We intend to continue to offer WWE Network in international markets through available platforms and partners. As a result, we rely on outside partners to develop, supply and maintain technology and infrastructure necessary to deliver our content and interact with the user. If we (in international markets) or Peacock (in the domestic market) are not successful in maintaining, renewing and/or replacing this technology or if we or Peacock are not successful in entering into and maintaining relationships with platform providers, if we or our partners (including Peacock) encounter technological, licensing or other impediments to streaming our content, or if viewers either upgrade existing platforms or migrate to new platforms in such a way that we or our partners (including Peacock) do not or cannot deliver through the new or upgraded platform, our ability to reach our fans and monetize our content successfully could be adversely impacted. Certain platforms, such as Amazon, Apple, Netflix and Hulu, offer their owned or licensed content and, therefore, may be disincentivized to promote and deliver our content at the same level as provided for their content.

We and our business partners face various risks relating to our computer systems, content delivery and online operations, which could have a negative impact on our financial condition or our results of operations.

Our reputation and ability to attract, retain and serve our fans will depend on the reliable performance of computer and information systems and other technologies, including technology systems used in connection with the production and distribution of our programming and those of third-parties (including Peacock) with whom we partner in our operations. Interruptions in these systems, or with the Internet in general whether due to fault by any party or due to weather, natural disasters, terrorist attacks, power loss or other force majeure type events, could make our content unavailable or degraded. These service disruptions or failures could be prolonged. Delivery of video programming over the Internet is done through a series of carriers with switch-overs between carriers. Television delivery is extremely complex and includes satellite, fiberoptic cable, over-the-air delivery and other means. Any point of failure in this distribution chain would cause a disruption or degradation of our signal. Service disruption or degradation for any of the foregoing reasons could diminish the overall attractiveness of our content. We do not carry insurance that would cover us in the event of many types of business interruption that could occur.

The Company and its partners face the risk of a security breach or disruption, whether through external cyber-attack/intrusion or from persons with access to systems inside the organization. These risks include, without limitation, computer viruses (including worms, malware, ransomware and other destructive or disruptive software or denial of service attacks), physical or electronic break-ins and similar disruptions and any delays in our service and operations as well as loss, misuse, theft or release of proprietary, confidential, sensitive or otherwise valuable company or customer data or information. The Company commits significant personnel and financial resources to maintain the security of its systems, including implementing various measures to monitor and manage the risk of a security breach or

disruption, and to plan for the mitigation of losses if such breach or disruption were to occur. There can be no assurance that these security efforts will be effective or that attempted security breaches or disruptions would not be successful or damaging or that the Company would be promptly aware of them or able to mitigate damages from them. The Company also utilizes third party service providers in several aspects of its operations, and these third parties are also subject to risks of security breach or disruption. The Company is not able to assure the effectiveness of security among our service providers. The Company and certain of its third-party service providers receive personal information through web services. This information is generally subject to applicable privacy policies. Personal information received by our service providers includes credit card information in certain instances. The Company expends significant effort to ensure compliance with its privacy policy and to ensure that our service providers safeguard credit card information including contractually requiring those providers to remain compliant with applicable PCI Data Security Standards. However, a significant security breach or other disruption involving the systems of the Company or one or more of its service providers could disrupt the proper functioning of these systems and therefore the Company's operations (for which we likely will not carry sufficient insurance); result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information; require significant management attention and resources to remedy the damages that could result (if, in fact, they can be remedied), and subject the Company to litigation or damage to its reputation. Any or all of these could have a negative impact on our financial condition or results of operations.

Our businesses entail certain risks relating to privacy norms and regulations.

We and our business partners collect certain data supplied by our fans. We utilize this data in various ways including our marketing efforts. We face complex legal obligations domestically and internationally regarding the manner in which we treat and use such information, including, without limitation, the European Union General Data Protection Regulation (the "GDPR") and the California Consumer Privacy Act, updated by the California Privacy Rights Act which will go into effect on January 1, 2023. These legal obligations carry substantial monetary penalties if breached. Unintentional noncompliance by us or our partners of these regulations could have an adverse effect on our business. If we were to disclose or use data about our fans in a manner that is objectionable to them or is contrary to applicable law, our business reputation could be adversely affected and it could result in litigation, either or both of which could impact our operating results. In addition, our operations in international markets expose us to multiple regulatory frameworks and societal norms, the complexity of which may result in unintentional noncompliance which could adversely affect our business and operating results.

The adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet to access our programming, including laws and/or court decisions that have the effect of limiting Internet neutrality, could limit the demand for our content via Peacock and other online platforms. The FCC had adopted an "Open Internet" Report and Order and accompanying rules, which addressed various practices of broadband Internet access providers. Those rules, in substantial part, were reversed by the FCC "Restoring Internet Freedom" Declaratory Ruling, Report and Order released in 2018, and replaced by what the FCC refers to as a "light-touch regulatory framework," including modified customer transparency requirements. Petitions for review of the FCC's rulings were filed by multiple parties. In October 2019, the United States Court of Appeals for the District of Columbia ("D.C. Circuit") largely affirmed the FCC's 2018 Restoring Internet Freedom decision, though reversed the blanket preemption adopted by the FCC of state and local requirements that are inconsistent with FCC's deregulatory approach and remanded to the FCC to further consider three discrete issues. The FCC concluded in an order on remand that there was no basis to alter its conclusions in the Restoring Internet Freedom Order. Petitions for reconsideration of the FCC order on remand remain pending, and the FCC has asked the D.C. Circuit to refrain from hearing any challenges to its order on remand, while it considers the pending petitions. Following the FCC's repeal of its Open Internet rules, California, and a number of other states enacted or introduced their own versions of Open Internet-type laws. Following judicial challenge of the California law in Federal Court by a group of service provider associations and the district court's denial of a preliminary injunction to block enforcement of the California law, the U.S. Court of Appeals for the 9th Circuit affirmed the district court's denial of an injunction and ruled, agreeing with the D.C. Circuit's preemption analysis, that the FCC's adoption of its Restoring Internet Freedom order did not preempt the California law. The 9th Circuit decision, which is subject to further review and appeal and may or may not be followed in other U.S. Courts of Appeal, nonetheless appears to remove an impediment to the adoption and implementation of Open Internet-type laws by the states. To the extent that network operators engage in discriminatory practices, our business could be adversely impacted. As we continue to expand internationally, government regulation concerning the Internet, and in particular, net neutrality, may be nascent or non-existent. Within such a regulatory environment, due to the political and economic power of local network

operators, who may have interests that do not align with ours, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business. To the extent that network operators in international markets implement usage based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers (such as through tiered access or pricing), due to the heavy bandwidth use of audio/visual content, we could incur greater operating expenses and our business could be negatively impacted.

Our failure to continue to build and maintain our brand of entertainment could adversely affect our operating results.

We must continue to build and maintain our strong brand identity to attract and retain fans who have a number of entertainment choices. The creation, marketing and distribution of live events, programming and films that our fans value and enjoy is at the core of our business. The production of compelling live, televised, streamed and film content is critical to our ability to generate revenues across our media platforms and product outlets. Also important are effective consumer communications, such as marketing, customer service and public relations. The role of social media by fans and by us is an important factor in our brand perception. If our efforts to create compelling services and goods and/or otherwise promote and maintain our brand, services and merchandise are not successful, our ability to attract and retain fans may be adversely affected. Such a result would likely lead to a decline in our television ratings, attendance at our live events post-pandemic, and/or otherwise impact our sales of goods and services, which would adversely affect our operating results.

Our failure to retain or continue to recruit key performers could lead to a decline in the appeal of our storylines and the popularity of our brand of entertainment, which could adversely affect our operating results.

Our success depends, in large part, upon our ability to recruit, train and retain athletic performers who have the physical presence, acting ability and charisma to portray characters in our live events, programming and films. We cannot guarantee that we will be able to continue to identify and train these performers. Additionally, throughout our history, performers from time to time have stopped working for us for any number of reasons, and we cannot guarantee that we will be able to retain our current performers either during the terms of their contracts or when their contracts expire. Our failure to attract and retain key performers, an increase in the costs required to attract and retain such performers, or a serious or untimely injury to, or the death of, or unexpected or premature loss or retirement for any reason of, any of our key performers could lead to a decline in the appeal of our storylines and the popularity of our brand of entertainment. Scheduling conflicts for talent services may also affect certain productions. Any of the foregoing issues could adversely affect our operating results.

A decline in the popularity of our brand of sports entertainment, including as a result of changes in the social and political climate, could adversely affect our business.

Our operations are affected by consumer tastes and entertainment trends, which are unpredictable and subject to change and may be affected by changes in the social and political climate. Our programming is created to evoke a passionate response from our fans. Changes in our fans' tastes or a material change in the perceptions of our business partners, including our distributors, sponsors and licensees, whether as a result of the social and political climate or otherwise, could adversely affect our operating results.

The unexpected loss of the services of Vincent K. McMahon could adversely affect our ability to create popular characters and creative storylines or could otherwise adversely affect our operating results.

In addition to serving as Chairman of our Board of Directors and Chief Executive Officer, Mr. McMahon leads the creative team that develops the storylines and the characters for our programming (including our television, WWE Network and other programming) and live events. The loss of Mr. McMahon due to unexpected retirement, disability, death or other unexpected termination for any reason could have a material adverse effect on our ability to create popular characters and creative storylines or could otherwise adversely affect our operating results.

Changes in the regulatory atmosphere and related private sector initiatives could adversely affect our businesses.

Production of video programming by independent producers is generally not directly regulated by the federal or state governments in the United States. SmackDown is on broadcast television on the Fox Network, and certain of our programming is distributed on-demand via cable and satellite operators. We are responsible, directly or indirectly, for compliance with certain additional FCC regulations and statutory requirements applicable to programming distributed

over television broadcast stations, cable and satellite, as well as for certain of our programming distributed via online platforms that has been televised via broadcast television, cable or satellite. Any failure to remain in compliance with these requirements could expose us to substantial costs and adverse publicity which could impact our operating results. Changes in FCC regulations, and the ongoing reallocation of satellite spectrum for “5G” next generation wireless broadband use, could impact the availability of satellite transmission spectrum for video programming distribution, which could increase the transmission costs of certain of our programming and/or affect transmission quality and reliability. The markets for programming in the United States and internationally may be substantially affected by government regulations applicable to, as well as social and political influences on, television stations and networks. We voluntarily designate the suitability of each of our television and WWE Network programs using standard industry ratings. Domestic and foreign governmental and private-sector initiatives relating to the production and distribution of video programming are announced from time to time. Compliance by our licensees of these initiatives and/or their noncompliance of governmental policies could restrict our program distribution and adversely affect our levels of viewership, result in adverse publicity and/or otherwise impact our operating results.

The markets in which we operate are intensely competitive, rapidly changing and increasingly fragmented, and we may not be able to compete effectively, especially against competitors with greater financial resources or marketplace presence, which could adversely affect our operating results.

We face competition for our audiences from professional and college sports, as well as other forms of live and televised, streamed and filmed entertainment and other leisure activities in a rapidly changing and increasingly fragmented marketplace. For the sale of our consumer products, we compete with entertainment companies, professional and college sports leagues and other makers of branded apparel and merchandise. Many of the companies with whom we compete have substantially greater financial resources than we do. Other new and existing professional wrestling leagues also compete with our goods and services. Our failure to compete effectively could result in a significant loss of viewers, subscribers, venues, distribution channels or performers and fewer entertainment and advertising dollars spent on our form of sports entertainment, any of which could adversely affect our operating results.

We face uncertainties associated with international markets, which could adversely affect our operating results and impair our business strategy.

We are regularly negotiating and entering into new agreements and renewals and extensions of existing agreements for our products and services in international markets. WWE Network is available in most international markets. In 2018, WWE embarked on an important long-term partnership with the General Entertainment Authority of the Kingdom of Saudi Arabia for, among other things, a series of live events in that region. We periodically held talent tryouts overseas pre-pandemic and have a training facility in the United Kingdom. Cultural norms and regulatory frameworks vary in the markets in which we operate and our products’ nonconformance to local norms or applicable law, regulations or licensing requirements could interrupt our operations or affect our sales, viewership and success in the markets. Our production of live events overseas in non-pandemic times subjects us to numerous risks involved in foreign travel and operations and also subjects us to local norms and complex regulations (including visa obligations). In addition, these live events and the licensing and/or sale of our goods and services in international markets expose us to some degree of currency risk. International operations may be subject to political instability inherent in varying degrees in those markets, terrorism and wars. Other risks relating to foreign operations include difficulties and costs associated with staffing and managing foreign operations, management distraction, new and different sources of competition, compliance with U.S. and international laws relating to, among other things, bribery, less favorable foreign intellectual property laws, laws relating to repatriation of funds, lower levels of Internet availability, complexity of VAT and other local tax laws, and data protection, consumer protection, censorship, licensing and other regulatory matters as well as possible reputational risks. The GDPR applies to certain of our operations, and its provisions are far reaching. Noncompliance with GDPR could result in significant fines, operational issues and/or harm to reputation. The United Kingdom’s withdrawal of its membership from the European Union (referred to as “Brexit”) could complicate international matters including financial, legal, tax and trade implications. We have committed significant financial and personnel resources toward compliance. No assurances can be provided that our efforts will be successful in this regard. These risks could adversely affect our operating results and impair our ability to pursue our business strategy as it relates to international markets, which could adversely affect our business.

We may be prohibited from promoting and conducting our live events if we do not comply with applicable regulations, which could lead to a decline in the various revenue streams generated from our live events, which could adversely affect our operating results.

In some United States and foreign jurisdictions, athletic commissions and other applicable regulatory agencies require us to obtain licenses for promoters, medical clearances and/or other permits or licenses for performers and/or permits for events in order for us to promote and conduct our live events. Foreign jurisdictions require visas for personnel and talent at international live events. In international markets, third party promoters generally oversee permitting and regulatory matters. In the event that we fail to comply with the regulations of a particular jurisdiction, whether through our acts or omissions or those of our third-party promoters, we may be prohibited from promoting and conducting our live events in that jurisdiction. In non-pandemic times, the inability to present our live events in jurisdiction(s), in addition to the lost revenues and expenses of the missed event(s), could lead to a decline in various revenue streams in such jurisdiction(s), which could adversely affect our operating results.

Because we depend upon our intellectual property rights, our inability to protect those rights, or our infringement of others' intellectual property rights, could adversely affect our business.

Intellectual property is material to all aspects of our business. We have a large portfolio of registered and unregistered trademarks, service marks, copyrighted material and characters, trade names and other intellectual property rights worldwide. We also own a large number of Internet website domain names and operate a network of developed, content-based sites, which facilitate and contribute to the exploitation of our intellectual property worldwide. We expend substantial cost and effort in an attempt to maintain and protect this intellectual property and to maintain compliance with other parties' intellectual property. Our failure to curtail piracy, infringement or other unauthorized use of our intellectual property rights effectively, or our infringement of others' intellectual property rights, could result in litigation, damage our brand or adversely affect our relationships with the companies that distribute our goods and services, any of which could adversely affect our business, financial condition and operating results. Many companies devote significant resources on patents relating to various aspects of streaming services. For example, there are numerous patents that broadly claim means and methods of conducting business on the Internet, and we and/or our service providers have from time to time been named in lawsuits and other claims alleging violations of patents in connection with various aspects of our business. Defending against intellectual property claims, whether they are with or without merit, can result in costly litigation and diversion of personnel. These types of claims could result in our inability to use technology and could significantly impact the monetization of our intellectual property.

Our distribution mechanisms for our goods and services are increasingly complex across various distribution platforms, various geographical areas and timing windows.

Our inadvertent grant of inconsistent rights to our intellectual property, goods and/or services or allegations of such inconsistent grants could result in claims of breach of our distribution agreements or licenses and/or result in litigation which could adversely impact our operations.

We could incur substantial liability relating to accidents or injuries (or insurance relating thereto) arising out of our physically demanding events.

We hold numerous live events each year. This schedule exposes our performers and our employees who are involved in the production of those events to the risk of travel and performance-related accidents, the consequences of which are not fully covered by insurance. The physical nature of our events exposes our performers to the risk of serious injury or death. Although our performers, as independent contractors, are responsible for maintaining their own health, disability and life insurance, we self-insure medical costs for our performers for injuries that they incur while training and performing. We self-insure a substantial portion of any other liability that we could incur relating to such injuries. In certain states, notably California and New York, legislative changes have been enacted or are contemplated that draw into question our ability to treat our talent as independent contractors in those states. The impact to the Company of these initiatives is unknown. If ultimately required, worker's compensation insurance for our talent or other aspects of their treatment as employees in those states could add expense to, or otherwise alter, our operations, which could affect our business, financial condition and/or results of operations. Liability to us resulting from any death or serious injury sustained by one of our performers while performing, to the extent not covered by our insurance, could adversely affect our business, financial condition and operating results.

Our live events entail other risks inherent in public live events, which could lead to disruptions of our business as well as liability to other parties, any of which could adversely affect our financial condition or results of operations.

We hold numerous large live events each year, both domestically and internationally. Certain risks are inherent in events of the type we perform as well as the travel to and from them, and we are required to expend substantial resources on safety matters such as security. Risks of travel and large live events include air and land travel interruption or accidents, the spread of infectious disease (such as COVID-19) or other illness, injuries resulting from building problems, pyrotechnics or other equipment malfunction, terrorism or other violence, local labor strikes and other force majeure type events. These issues could result in personal injuries or deaths, canceled events and other disruptions to our business for which our business interruption insurance may be insufficient or nonexistent. Any of these occurrences also could result in liability to other parties for which we may not have insurance. Any of these risks could adversely affect our business, financial condition and/or results of operations.

We could face a variety of risks if we expand into other new and complementary businesses and/or make certain investments or acquisitions.

We have entered into new or complementary businesses and made equity and debt investments in other companies in the past and plan to continue to do so in the future. We may also enter into business combination transactions, make acquisitions or enter into strategic partnerships, joint ventures or alliances. Risks of this expansion and/or these investments and transactions may include, among other risks: unanticipated liabilities or contingencies including counter-party risks such as inadvertent breaches or collection difficulties; potential diversion of management's attention and other resources, including available cash, from our existing businesses; loss on investments due to poor performance by the business invested in; inability to integrate a new business successfully; revaluations of debt and equity investments as well as market, credit and interest-rate risks (any of which could result in impairment charges and other costs); competition from other companies with more experience in such businesses; and possible additional regulatory requirements and compliance costs, all of which could affect our business, financial condition and operating results.

Our accounts receivable relate principally to a limited number of distributors, licensees, and other partners increasing our exposure to bad debts and counter-party risk which could potentially have a material adverse effect on our results of operations.

Substantial portions of our accounts receivable are from distributors of our programming; hosts/promoters of our live events (pre-pandemic); and licensees who produce consumer products containing our intellectual property. The concentration of our accounts receivable across a limited number of parties subjects us to individual counter-party and credit risk as these parties may breach our agreement, claim that we have breached the agreement, become insolvent and/or declare bankruptcy, delaying or reducing our collection of receivables or rendering collection impossible altogether. Certain of the parties are located overseas which may make collection efforts more difficult (including due to increased legal uncertainty) and, at times, collections may be economically unfeasible. Adverse changes in general economic conditions and/or contraction in global credit markets could precipitate liquidity problems among our debtors. This could increase our exposure to losses from bad debts and have a material adverse effect on our business, financial condition and results of operations.

There are inherent risks relating to our new leased corporate headquarters and media production facilities.

We have signed a lease for space in downtown Stamford, Connecticut, in which we plan to house substantially all our operations, including our corporate headquarters and media production facilities. The scope of this project has changed somewhat, and the move is now expected to begin in late 2022. The buildout of this space will involve substantial capital expenditure, and it could take longer, and cost more, than currently expected. Significant delays and/or cost overruns would result in higher expenditures and could be disruptive of operations, any of which could have a negative impact on our financial condition or results of operations. Moreover, it is possible that, once built, the space may prove to be less conducive to our operations than is currently anticipated, resulting in operational inefficiencies or similar difficulties that could prove difficult or impossible to remediate and result in an adverse impact on the our financial condition or results of operations.

We could incur substantial liabilities if litigation is resolved unfavorably.

In our business, we become subject to various complaints and litigation matters. By its nature, the outcome of litigation is difficult to assess and quantify, and its continuing defense is costly. Any adverse judgment or settlement could have a material adverse impact on our financial condition or results of operations.

A change in tax laws in key jurisdictions could materially increase our tax expense.

We are subject to federal, state and international tax laws and regulations. Changes to tax laws and regulations, or in the interpretation of such laws and regulations, could increase our effective tax rate, adversely affecting our operating results. The Company uses its best judgment in determining these tax obligations. However, developments such as a challenge by a taxing authority, a change in the Company's ability to utilize tax benefits, such as carryforwards and/or credits, or a deviation from other tax-related assumptions may impact our financial results. In this connection, the Company anticipates that it will continue to avail itself of certain state content production and infrastructure tax incentives and anticipates receiving tax credits from the new headquarters buildout. Any loss of these credits or inability of the Company to utilize these credits as anticipated could adversely affect our operating results.

We continue to face certain risks relating to our feature film business, which could result in asset impairment charges, adversely affecting our financial condition or our results of operations.

While lower than they were at historical levels, we still have capitalized film costs on our balance sheet. The accounting for our film business in accordance with generally accepted accounting principles entails significant judgment to develop estimates of expected future revenues from films. If expected revenue from one or more of our films does not materialize because audience demand does not meet expectations, our estimated revenues may not be sufficient to recoup our investment in the film. If actual revenues are lower than our estimated revenues or if costs are higher than expected, we are required to record an impairment charge and write down the capitalized costs of the film. No assurance can be given that we will not record impairment charges in any periods.

Risks Related to Markets Generally

A decline in general economic conditions or disruption of financial markets, including any resulting from COVID-19, may, among other things, reduce the discretionary income of consumers or erode advertising markets, which could adversely affect our business.

Our operations are affected by general economic conditions, including consumers' disposable income, which has a direct material impact on the demand for entertainment and leisure activities. Declines in general economic conditions (such as, without limitation, a continuing deterioration due to COVID-19) could reduce the level of discretionary income that our fans and potential fans have to spend on our live events, programming, films and consumer products, which could adversely affect our revenues. Volatility and disruption of financial markets could limit the ability of our sponsors, licensees and distributors to obtain adequate financing to maintain operations and result in a decrease in sales volume that could have a negative impact on our business, financial condition and results of operations. Inflation, which has historically not had a material impact on the Company, is reported over the past year to be increasing materially and it could affect our customers and business partners' purchases from, and sales to, us, adversely affecting our revenues and/or costs of doing business. Our television partners derive revenues from the sale of advertising. We also sell advertising directly on our website and, depending upon the distribution methods used to monetize additional content, we may have additional advertising to sell. We sell sponsorship packages to our live events and certain other of our services, and we will continue to participate in such sponsorship sales with Peacock on its platforms. Continued softness in the advertising markets due to a weak economic environment, the COVID-19 pandemic or otherwise, could adversely affect our revenues or the financial viability of our distributors.

Risks Related to Our Indebtedness

Servicing our debt may require a significant amount of cash, and we could have insufficient cash flow from operations or lack of access to sources of financing to meet these obligations and/or our other liquidity needs.

Our total consolidated debt, including the \$215.0 million aggregate principal amount of 3.375% convertible senior notes due 2023 (the "Convertible Notes"), is significant. We also have availability under our \$200.0 million revolving credit facility (the "Revolving Credit Facility"). Through certain of our subsidiaries, the Company also has in place a real estate mortgage in the principal amount of \$21.7 million secured by the related real estate (the "Asset-Backed Facilities").

We believe we have sufficient liquidity for at least the next twelve months for our needs (including the payment of our dividend). However, our ability to make scheduled principal and interest payments on the Convertible Notes and under the Revolving Credit Facility, the Asset-Backed Facilities and any other indebtedness that may be outstanding at the time will depend on our future performance, which is subject to economic, financial, competitive and other factors which may be beyond our control, including the items described elsewhere in these Risk Factors. It is possible our business may not continue to generate cash flow from operations in the future sufficient to service our debt and provide for all our other uses of cash including capital and operating expenditures and paying our dividend. If we are unable to generate sufficient cash flow, we could be required to adopt one or more alternatives which, assuming they are, in fact, available, could be onerous, dilutive or otherwise affect our operations and/or the market price of our Common Stock. Such alternatives could include, for example, substantially reducing our cost structure, selling assets, reducing or eliminating our dividend, and/or obtaining additional debt or equity financing. We may not be able to engage in any of these activities on desirable terms, or at all, due to our then existing financial condition, market conditions, regulatory matters or contractual obligations (including, for example, any restrictions under our Revolving Credit Facility or other credit agreement or debt instruments that may exist at that time). Any failure to make a required payment under our indebtedness may constitute a default under that indebtedness and under other indebtedness due to cross-default provisions and could trigger acceleration clauses causing the obligations to become immediately due and payable. The occurrence of one or more of these risks could materially and adversely affect our financial condition and operating results.

The accounting method for convertible debt securities that may be settled in cash and/or shares, such as the Company's convertible notes, could have a material effect on our diluted earnings per share.

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). The Company intends to adopt the amendments on January 1, 2022. Once adopted, the convertible notes of the Company will be subject to the "if-converted" method for calculating diluted earnings per share. Under the "if-converted" method, diluted earnings per share will be calculated assuming that all of the convertible notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. This new method of calculating earnings per share may adversely affect our diluted earnings per share.

Risks Related to Our Stock Ownership

Failure to meet market expectations for our financial performance could adversely affect the market price and volatility of our stock.

We believe that the price of our stock generally reflects certain market expectations for our future operating results. Any failure to meet or delay in meeting these expectations, including as a result of any of the events, conditions and/or circumstances set forth in these Risk Factors, could cause the market price of our stock to decline significantly.

Through his beneficial ownership of a majority of our Class B common stock, Mr. McMahon can exercise control over our affairs, and his interests may conflict with the holders of our Class A common stock.

We have Class A common stock and Class B common stock. The holders of Class A common stock generally have rights identical to holders of Class B common stock, except that holders of Class A common stock are entitled to one vote per share, and holders of Class B common stock are entitled to ten votes per share. Holders of both classes of common stock generally will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by applicable Delaware law.

A substantial majority of the issued and outstanding shares of Class B common stock is owned beneficially by Vincent K. McMahon and, as a result, he controls a majority of the voting power of our common stock and can effectively exercise control over our affairs. His interest could conflict with the holders of our Class A common stock. McMahon's voting control could discourage or preclude others from initiating potential mergers, takeovers or other change of control transactions. As a result, the market price of our Class A common stock could decline.

Our dividend is affected by a number of factors, and we cannot provide any guaranty that we will continue to repurchase shares of our common stock pursuant to our share repurchase program.

Our Board of Directors regularly evaluates the Company's Common Stock dividend policy and determines the dividend rate each quarter. The level of dividends, if any, will continue to be influenced by many factors, including, among other things, our liquidity and historical and projected cash flow, our strategic plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends (including

under our revolving credit facility), general economic and competitive conditions and such other factors as our Board of Directors may consider relevant from time to time. All of these factors are subject to the various contingencies listed in the other Risk Factors included in this Form 10-K. We cannot assure our stockholders that dividends will be paid in the future, or that, if paid, dividends will be at the same amount or with the same frequency as in the past. Any reduction in our dividend payments could have a negative effect on our stock price.

In February 2019, the Company announced a \$500 million stock repurchase program pursuant to which we are authorized to repurchase shares of our common stock at management's discretion and subject to applicable laws. We have repurchased approximately \$249 million of common stock to date and all share repurchases have been retired. This program is subject to the same risk factors as those influencing our dividend. The share repurchase program does not obligate us to repurchase any set dollar amount or number of shares and may be modified, suspended, or terminated at any time, and it was suspended throughout 2020, largely as a result of the COVID-19 pandemic. Accordingly, no assurances can be provided as to the level of repurchases or the completion of this repurchase program at any specific time or at all. The suspension or termination of our share repurchase program could adversely affect the market price of our common stock. Additionally, the existence of a share repurchase program could cause the market price of our common stock to be higher than it would be in the absence of such a program. As a result, any repurchase program may not ultimately result in enhanced value to our stockholders and may not prove to be the best use of our cash resources.

A substantial number of shares are eligible for sale by Mr. McMahon and members of his family or trusts established for their benefit, and the sale of those shares could lower our stock price.

All of the issued and outstanding shares of Class B common stock are held by Vincent McMahon and other members of his family including certain trusts set up for family members. Sales of substantial amounts of these shares, or the perception that such sales could occur, may lower the prevailing market price of our Class A common stock. If any sales or transfers of Class B common stock are made to persons outside of the McMahon family, the shares automatically convert into Class A common stock.

The market for our Class A common stock is volatile.

The price at which our common stock has traded has fluctuated significantly. The price may continue to be volatile due to a number of factors beyond our direct control, including our operating results (especially where different from the expectations of securities analysts, investors and the financial community), market volatility in general and short interest in our stock. Given the dynamic nature of our business and all other factors that limit the predictability of the future, any of our forecasts, outlook or other forward-looking statements could differ materially from actual results which could cause a decline in the trading price of our common stock.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our headquarters are located in Stamford, Connecticut. During 2019, we entered into a long-term lease for a new global headquarters site in Stamford. We expect to move into the new location in phases beginning in late 2022 upon completion of leasehold improvements. We currently own our existing headquarters building, as well as two nearby buildings in Stamford that support our television production operations. We also have leases in the Stamford and surrounding areas for additional corporate office spaces and warehouse storage space. Upon completion of our move to the new global headquarters, we expect to sell our existing headquarters building and exit our leased office spaces. We will evaluate options for our two television production studio buildings based on strategic, operating and financial considerations. In addition, we have leases for our Performance Centers located in Orlando, Florida and the United Kingdom, which are used for development and training activities. We also have leases for various sales offices located domestically and internationally. All of our facilities are utilized by our Media, Live Events and Consumer Products segments.

Item 3. *Legal Proceedings*

Information with respect to this item may be found in Note 15, *Commitments and Contingencies*, to the Consolidated Financial Statements in Item 15, which is incorporated herein by reference.

Item 4. *Mine Safety Disclosures*

Not Applicable.

PART II

Item 5. *Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information and Holders of Each Class of Common Equity

Our Class A common stock trades on the New York Stock Exchange, under the symbol “WWE”. Our Class B common stock is not listed on any exchange.

There were 6,596 holders of record of Class A common stock and three holders of record of Class B common stock on February 1, 2022. Vincent K. McMahon, Chairman of the Board of Directors and Chief Executive Officer, controls a substantial majority of the voting power of the issued and outstanding shares of our common stock, and as a result, can effectively exercise control over our affairs.

Our Class B common stock is fully convertible into Class A common stock, on a one for one basis, at any time at the option of the holder. The two classes are entitled to equal per share dividends and distributions and vote together as a class with each share of Class B entitled to ten votes and each share of Class A entitled to one vote, except when separate class voting is required by applicable law. If, at any time, any shares of Class B common stock are beneficially owned by any person other than Vincent McMahon, Linda McMahon, any descendant of either of them, any entity which is wholly owned and is controlled by any combination of such persons or any trust, all the beneficiaries of which are any combination of such persons, each of those shares will automatically convert into shares of Class A common stock.

Dividends

Our Board of Directors regularly evaluates the Company’s Common Stock dividend policy and determines the dividend rate each quarter. The level of dividends will continue to be influenced by many factors, including, among other things, our liquidity and historical and projected cash flow, our strategic plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends (including under our Revolving Credit Facility), general economic and competitive conditions and such other factors as our Board of Directors may consider relevant from time to time. We cannot assure our stockholders that dividends will be paid in the future, or that, if paid, dividends will be at the same amount or with the same frequency as in the past. Any reduction in our dividend payments could have a negative effect on our stock price.

Issuer Purchases of Equity Securities

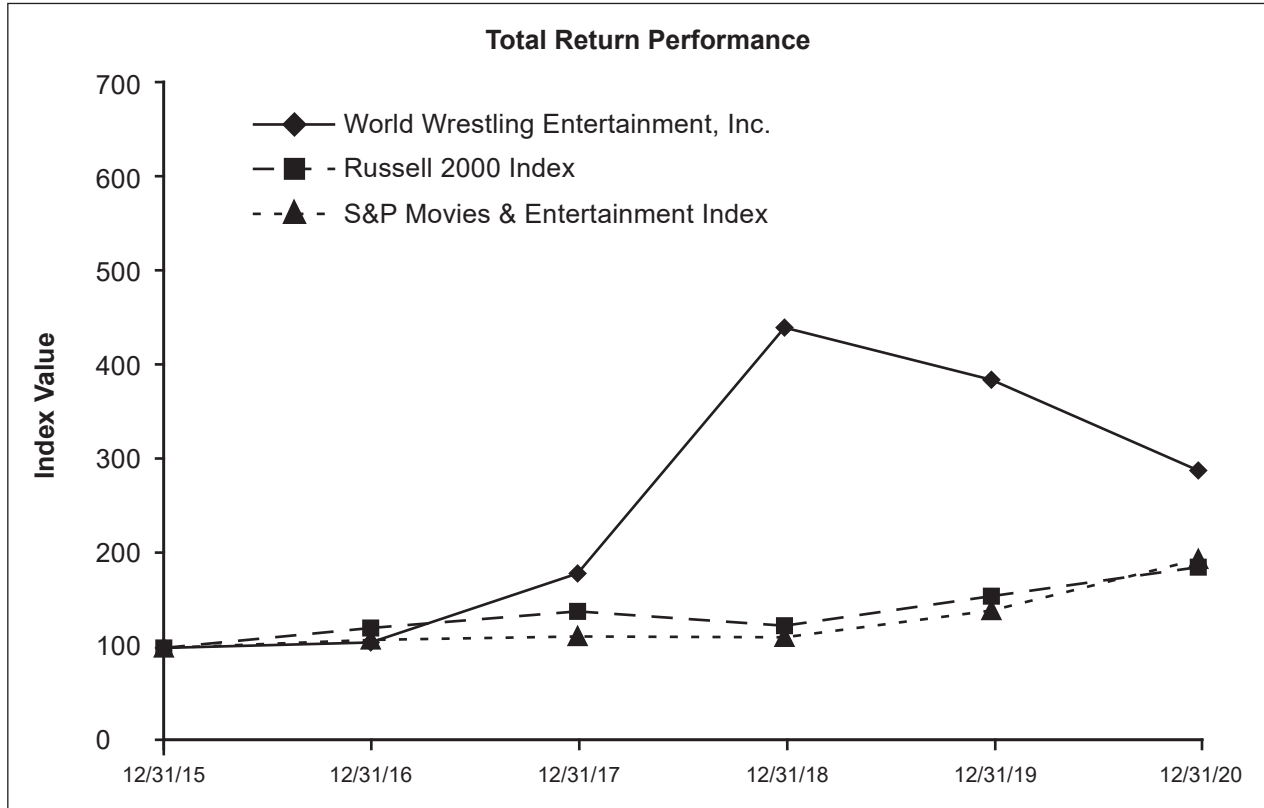
The following table presents information with respect to purchases of common stock of the Company made during the three months ended December 31, 2021 pursuant to the Company’s authorized share repurchase program:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program</u>	<u>Maximum Dollar Value that May Yet Be Purchased Under the Program⁽¹⁾</u>
October 1, 2021 to October 31, 2021	—	\$ —	—	\$300,929,323
November 1, 2021 to November 30, 2021	415,119	\$53.54	415,119	\$278,705,731
December 1, 2021 to December 31, 2021	<u>570,493</u>	<u>\$48.69</u>	<u>570,493</u>	<u>\$250,929,337</u>
Total	<u>985,612</u>	<u>\$50.73</u>	<u>985,612</u>	<u>\$250,929,337</u>

- (1) In February 2019, the Company’s Board of Directors authorized a stock repurchase program of up to \$500.0 million of our common stock. Repurchases may be made from time to time at management’s discretion subject to certain pre-approved parameters and in accordance with all applicable securities and other laws and regulations. The stock repurchase program does not obligate the Company to repurchase any minimum dollar amount or number of shares, has no pre-established termination date and may be modified, suspended or discontinued at any time. During 2021, the Company repurchased approximately 3.3 million shares of common stock in the open market for an aggregate amount of \$165.6 million. Since the program’s inception, the Company has repurchased approximately 4.6 million shares of common stock in the open market for an aggregate amount of \$249.1 million. All repurchased shares were subsequently retired.

CUMULATIVE TOTAL RETURN CHART

Set forth below is a line graph comparing, for the period commencing December 31, 2016 and ended December 31, 2021, the cumulative total return on our Class A common stock compared to the cumulative total return of the Russell 2000 Index and S&P Movies and Entertainment Index, a published industry index. The graph assumes the investment of \$100 at the close of trading as of December 31, 2016 in our Class A common stock, the Russell 2000 Index and the S&P Movies and Entertainment Index and the reinvestment of all dividends.



<i>Index</i>	<i>Period Ending</i>					
	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/21</u>
World Wrestling Entertainment, Inc.	100.00	169.72	418.10	365.38	273.76	283.57
Russell 2000	100.00	114.65	102.02	128.06	153.62	176.39
S&P Movies & Entertainment	100.00	105.02	105.66	133.89	186.21	181.63

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the audited Consolidated Financial Statements and related notes included elsewhere in this report.

Our operations are organized around the following principal activities:

Media:

- The Media segment reflects the production and monetization of long-form and short-form video content across various platforms, including WWE Network, broadcast and pay television, digital and social media, as well as filmed entertainment. Across these platforms, revenues principally consist of content rights fees associated with the distribution of our programming content, subscriptions to WWE Network, and advertising and sponsorships. Effective March 18, 2021, the domestic monetization of WWE Network is generated from content license fees and certain shared sponsorship revenues from NBCU. Media segment revenues for the year ended December 31, 2021 include the upfront revenue recognition related to the delivery of certain intellectual property rights under this agreement.

Live Events:

- Live events provide ongoing content for our media platforms. Live Event segment revenues consist primarily of ticket sales, revenues from events for which we receive a fixed fee, as well as the sale of travel packages associated with the Company's global live events. As a result of the global spread of COVID-19, these revenues had been greatly limited from March 2020 through the first half of 2021. We held our annual *WrestleMania* events on April 10 and 11, 2021 with ticketed audiences, and on July 16, 2021, we resumed our domestic and international live event touring schedules.

Consumer Products:

- The Consumer Products segment engages in the merchandising of WWE branded products, such as video games, toys and apparel, through licensing arrangements and direct-to-consumer sales. Revenues principally consist of royalties and licensee fees related to WWE branded products, and sales of merchandise distributed at our live events and through eCommerce platforms.

Results of Operations

The Company presents Adjusted OIBDA as the primary measure of segment profit (loss). The Company defines Adjusted OIBDA as operating income before depreciation and amortization, excluding stock-based compensation, certain impairment charges and other non-recurring material items. Adjusted OIBDA includes depreciation and amortization expenses directly related to supporting the operations of our segments, including content production asset amortization, depreciation and amortization of costs related to content delivery and technology assets utilized for WWE Network, as well as amortization of right-of-use assets related to finance leases of equipment used to produce and broadcast our live events. The Company believes the presentation of Adjusted OIBDA is relevant and useful for investors because it allows investors to view our segment performance in the same manner as the primary method used by management to evaluate segment performance and make decisions about allocating resources. Additionally, we believe that Adjusted OIBDA is a primary measure used by media investors, analysts and peers for comparative purposes.

Adjusted OIBDA is a non-GAAP financial measure and may be different from similarly-titled non-GAAP financial measures used by other companies. A limitation of Adjusted OIBDA is that it excludes depreciation and amortization, which represents the periodic charge for certain fixed assets and intangible assets used in our business. Additionally, Adjusted OIBDA excludes stock-based compensation, a non-cash expense that may vary between periods with limited correlation to underlying operating performance, as well as other non-recurring material items. Adjusted OIBDA should not be regarded as an alternative to operating income or net income as an indicator of operating performance, or to the statement of cash flows as a measure of liquidity, nor should it be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. We believe that operating income is the most directly comparable GAAP financial measure to Adjusted OIBDA.

Unallocated corporate general and administrative expenses largely relate to corporate functions such as finance, investor relations, community relations, corporate communications, information technology, legal, human resources and our Board of Directors. These unallocated corporate general and administrative expenses will be shown, as applicable, as a reconciling item in tables where segment and consolidated results are both shown.

Summary

Year Ended December 31, 2021 compared to Year Ended December 31, 2020

(dollars in millions, except where noted)

The following tables present our consolidated results followed by our Adjusted OIBDA results:

	2021	2020	Increase (decrease)
Net revenues			
Media	\$ 936.2	\$868.2	8%
Live Events	57.8	19.9	190%
Consumer Products	101.2	86.1	18%
Total net revenues(1)	<u>1,095.2</u>	<u>974.2</u>	12%
Operating expenses			
Media	499.4	458.3	9%
Live Events	46.0	33.9	36%
Consumer Products	62.8	57.3	10%
Total operating expenses(2)	<u>608.2</u>	<u>549.5</u>	11%
Marketing and selling expenses			
Media	60.0	62.2	(4)%
Live Events	4.9	5.1	(4)%
Consumer Products	4.4	4.0	10%
Total marketing and selling expenses	<u>69.3</u>	<u>71.3</u>	(3)%
General and administrative expenses(3)	117.8	102.2	15%
Depreciation and amortization	40.9	42.6	(4)%
Operating income	<u>259.0</u>	<u>208.6</u>	24%
Interest expense	33.6	35.6	(6)%
Other income (expense), net	7.5	(1.9)	495%
Income before income taxes	<u>232.9</u>	<u>171.1</u>	36%
Provision for income taxes	52.5	39.3	34%
Net income	<u>\$ 180.4</u>	<u>\$131.8</u>	37%

(1) Our consolidated net revenues increased by \$121.0 million, or 12%, in 2021 as compared to 2020. This increase was driven by \$42.4 million of higher ticket and merchandise sales due to the return of ticketed live events for a portion of year, coupled with \$37.5 million in incremental revenues primarily associated with the contractual escalations of our key domestic distribution agreements for our flagship programs, *RAW* and *SmackDown*. Additionally, the current year includes increased network revenues of \$29.7 million, primarily driven by the upfront revenue recognition related to the delivery of certain WWE Network intellectual property rights to NBCU, coupled with content license fees associated with the delivery of new WWE Network content. For further analysis, refer to Management's Discussion and Analysis of our business segments.

(2) Our consolidated operating expenses increased by \$58.7 million, or 11%, in 2021 as compared to 2020. This increase was driven by higher content creation and event-related costs associated with the production of our weekly, in-ring content, as well as our premium live events. In the current year, we incurred \$38.3 million of higher production-related costs within our Media segment, primarily driven by the resumption of live event touring, including *WrestleMania* and *SummerSlam*, and the production of content utilizing the higher cost environment of *WWE ThunderDome*. During the prior year, we produced a significant portion of our content, including *WrestleMania*, at our lower cost performance center. We also incurred \$16.7 million of higher event-related costs within our Live Events segment, primarily driven by the impact of additional events associated with the return to live event touring. Additionally, the increase was driven by higher management incentive compensation

costs of \$13.8 million that resulted from improved operating performance, partially offset by a decline of \$8.0 million in network-related expenses driven by the transition of the domestic WWE Network to NBCU in March 2021. For further analysis, refer to Management’s Discussion and Analysis of our business segments.

- (3) Our consolidated general and administrative expenses increased by \$15.6 million, or 15%, in 2021 as compared to 2020. This increase was primarily driven by \$9.5 million of additional staff-related costs, including the impact of \$6.8 million of incremental severance expenses. For further analysis, refer to Management’s Discussion and Analysis of our business segments.

Reconciliation of Operating Income to Adjusted OIBDA	2021		2020	
		% of Rev		% of Rev
Operating income	\$259.0	24%	\$208.6	21%
Depreciation and amortization	40.9	4%	42.6	4%
Stock-based compensation	19.1	2%	28.0	3%
Other adjustments(1)	8.1	1%	7.0	1%
Adjusted OIBDA	<u>\$327.1</u>	30%	<u>\$286.2</u>	29%

- (1) Other adjustments in 2021 include severance expenses primarily associated with the combination of WWE’s television, digital and studios teams into one organization. Other adjustments in 2020 include severance expenses associated with a reduction in our workforce as a result of COVID-19.

Adjusted OIBDA	2021	2020	Increase (decrease)
Media	\$ 390.5	\$367.8	6%
Live Events	7.7	(17.6)	144%
Consumer Products	35.5	26.6	33%
Corporate	(106.6)	(90.6)	18%
Total Adjusted OIBDA	<u>\$ 327.1</u>	<u>\$286.2</u>	14%

Media

The following tables present the performance results and key drivers for our Media segment:

Net Revenues	2021	2020	Increase (decrease)
Network (including pay-per-view)(1)	\$215.4	\$185.7	16%
Core content rights fees(2)	575.8	538.3	7%
Advertising and sponsorship(3)	71.5	65.3	9%
Other(4)	73.5	78.9	(7)%
Total net revenues	<u>\$936.2</u>	<u>\$868.2</u>	8%

- (1) Network revenues consist primarily of license fees associated with the domestic distribution of WWE Network content to NBCU (effective March 18, 2021), as well as subscription fees from customers of WWE Network and license fees associated with our international licensed partner agreements. Network revenues for the year ended December 31, 2021 include the upfront revenue recognition related to the delivery of certain WWE Network intellectual property rights to NBCU during the first quarter of 2021.
- (2) Core content rights fees consist primarily of licensing revenues from the distribution of our flagship programs, *RAW* and *SmackDown*, as well as our *NXT* programming, through global broadcast, pay television and digital platforms.
- (3) Advertising and sponsorships revenues within our Media segment consist primarily of advertising revenues from the Company’s content on third-party social media platforms and sponsorship fees from sponsors who promote their products utilizing the Company’s media platforms, including promotion on the Company’s digital websites and on-air promotional media spots.
- (4) Other revenues within our Media segment reflect revenues from the distribution of other WWE content, including, but not limited to, certain live in-ring programming content in international markets, scripted, reality and other programming, as well as theatrical and direct-to-home video releases.

Reconciliation of Operating Income to Adjusted OIBDA	2021		2020	
		% of Rev		% of Rev
Operating income	\$363.4	39%	\$332.5	38%
Depreciation and amortization	13.4	1%	15.1	2%
Stock-based compensation	13.7	1%	20.2	2%
Other adjustments	—	—%	—	—%
Adjusted OIBDA	<u>\$390.5</u>	42%	<u>\$367.8</u>	42%

Media revenues increased by \$68.0 million, or 8%, in 2021 as compared to 2020. This increase was primarily driven by an increase in core content rights fees increased by \$37.5 million, or 7%, driven primarily by the contractual escalations of our key domestic distribution agreements for our flagship programs, *RAW* and *SmackDown*. Additionally, our Network revenues increased by \$29.7 million, or 16%, primarily driven by the upfront revenue recognition related to the delivery of certain WWE Network intellectual property rights to NBCU during the first quarter of 2021, coupled with content license fees associated with the delivery of new WWE Network content.

Media Adjusted OIBDA as a percentage of revenues remained flat in 2021 as compared to 2020, as the incremental core content and network revenues, as discussed above, were mostly offset by \$38.3 million of additional production-related costs associated with our weekly, in-ring content, and our premium live events. These increased costs were primarily driven by our return to live event touring and the production of content from *WWE ThunderDome* in the current year, as compared to content production from our lower cost performance center for a significant portion of the prior year. Additionally, the current year includes increased management incentive compensation costs of \$12.1 million resulting from improved operating performance, partially offset by a decline of \$8.0 million in network-related expenses driven by the transition of WWE Network to NBCU in March 2021.

Live Events

The following tables present the performance results and key drivers for our Live Events segment:

Net Revenues	2021	2020	Increase (decrease)
North American ticket sales	\$ 46.3	\$ 15.2	205%
International ticket sales	4.6	0.2	2,200%
Advertising and sponsorship(1)	0.9	0.4	125%
Other(2)	6.0	4.1	46%
Total net revenues	<u>\$ 57.8</u>	<u>\$ 19.9</u>	190%
Operating Metrics(3)			
Total live event attendance	664,700	259,000	157%
Number of North American events	88	41	115%
Average North American attendance	6,880	6,320	9%
Average North American ticket price (dollars)	\$ 76.05	\$ 53.46	42%
Number of international events	13	1	1,200%
Average international attendance	4,930	—	NM
Average international ticket price (dollars)	\$ 78.37	\$ —	NM

- (1) Advertising and sponsorships revenues within our Live Events segment primarily consists of fees from advertisers and sponsors who promote their products utilizing the Company's live events (i.e., presenting sponsor of fan engagement events and advertising signage at the event).
- (2) Other revenues within our Live Events segment primarily consists of the sale of travel packages associated with the Company's global live events, as well as revenues from events for which the Company receives a fixed fee.
- (3) Metrics exclude the events for our domestic and United Kingdom NXT brands. These are our developmental brands that typically conduct their events in smaller venues with lower ticket prices. We have conducted 30 NXT events in 2021. Due to COVID-19, these events have been conducted without ticketed attendance. Prior to COVID-19, we conducted 44 ticketed NXT events with paid attendance of 40,900 and average ticket prices of \$37.36 in 2020.

<u>Reconciliation of Operating (Loss) Income to Adjusted OIBDA</u>	2021		2020	
		% of Rev		% of Rev
Operating (loss) income	\$ 6.9	12%	\$ (19.1)	(96)%
Depreciation and amortization	—	—%	—	—%
Stock-based compensation	0.8	1%	1.5	8%
Other adjustments	—	—%	—	—%
Adjusted OIBDA	<u>\$ 7.7</u>	13%	<u>\$ (17.6)</u>	(88)%

Live events revenues, which include revenues from ticket sales and travel packages, increased by \$37.9 million, or 190%, in 2021 as compared to 2020. Revenues from our ticket sales increased by \$35.5 million, or 230%, due to the return of ticketed events in 2021, which began with *WrestleMania* in April followed by resumption of our domestic and international touring schedules in July. After resuming our domestic and international touring schedules, average attendance increased by 5% and average ticket prices increased by 43% in 2021 as compared to 2020.

Live Events Adjusted OIBDA as a percentage of revenues increased in 2021 as compared to 2020. This increase was driven by the increase in ticket sales, as discussed above, partially offset by increased event-related costs associated with conducting 59 additional events in the current year.

Consumer Products

The following tables present the performance results and key drivers for our Consumer Products segment:

	2021	2020	Increase (decrease)
<u>Net Revenues</u>			
Consumer product licensing	\$ 52.0	\$ 41.7	25%
eCommerce	39.1	41.2	(5)%
Venue merchandise	10.1	3.2	216%
Total net revenues	<u>\$ 101.2</u>	<u>\$ 86.1</u>	18%
<u>Operating Metrics</u>			
Average eCommerce revenue per order (dollars)	\$ 65.92	\$ 56.72	16%
Number of eCommerce orders	586,600	722,300	(19)%
Venue merchandise domestic per capita spending (dollars)	\$ 14.67	\$ 10.41	41%

<u>Reconciliation of Operating Income to Adjusted OIBDA</u>	2021		2020	
		% of Rev		% of Rev
Operating income	\$33.8	33%	\$24.8	29%
Depreciation and amortization	0.2	0%	—	—%
Stock-based compensation	1.5	1%	1.8	2%
Other adjustments	—	—%	—	—%
Adjusted OIBDA	<u>\$35.5</u>	35%	<u>\$26.6</u>	31%

Consumer Products revenues increased by \$15.1 million, or 18%, in 2021 as compared to 2020. Consumer product licensing revenues increased by \$10.3 million, or 25%, primarily due to growth attributable to the Company's franchise video game and toys. Venue merchandise revenues increased by \$6.9 million, or 216%, primarily driven by the return of merchandise sales at our ticketed events during 2021. This increase was partially offset by a decline in eCommerce revenues of \$2.1 million, or 5%, primarily due to a 19% decrease in the volume of online merchandise orders which was driven, in part, by changes in consumer spending habits in the prior year as a result of COVID-19. The decline in orders was partially offset by a 16% increase in average revenue per order.

Consumer Products Adjusted OIBDA as a percentage of revenues increased in 2021 as compared to 2020. This increase was primarily driven by increased revenues, as discussed above.

Corporate

Unallocated corporate general and administrative expenses largely relate to corporate administrative functions, including finance, investor relations, community relations, corporate communications, information technology, legal, human resources and our Board of Directors. The Company does not allocate these general and administrative expenses to its business segments.

	2021		2020	
<u>Reconciliation of Operating Loss to Adjusted OIBDA</u>		<u>% of Rev</u>		<u>% of Rev</u>
Operating loss	\$(145.1)	(13)%	\$(129.6)	(13)%
Depreciation and amortization	27.3	2%	27.5	3%
Stock-based compensation	3.1	0%	4.5	0%
Other adjustments(1)	8.1	1%	7.0	1%
Adjusted OIBDA	<u>\$(106.6)</u>	(10)%	<u>\$ (90.6)</u>	(9)%

(1) Other adjustments in 2021 include severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization. Other adjustments in 2020 include severance expenses associated with a reduction in our workforce as a result of COVID-19. Our policy is to record Company-wide severance expenses as unallocated corporate general and administrative expenses.

Corporate Adjusted OIBDA decreased by \$16.0 million, or 18%, in 2021 as compared to 2020. This decrease was primarily driven by \$9.8 million of additional staff-related costs.

Depreciation and Amortization

(dollars in millions)

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>
Depreciation and amortization	\$40.9	\$42.6	(4)%

Depreciation and amortization expense decreased by \$1.7 million, or 4%, in 2021 as compared to 2020. The current year includes a benefit of \$1.0 million from the recognition of an infrastructure tax credit.

Interest Expense

(dollars in millions)

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>
Interest expense	\$33.6	\$35.6	(6)%

Interest expense, which relates primarily to interest and amortization associated with our convertible notes, our real estate and equipment finance leases, the revolving credit facility and mortgage, declined by \$2.0 million in 2021 as compared to 2020. The prior year included \$2.6 million of additional expenses associated with the amounts outstanding under the Company's Revolving Credit Facility.

Other Income (Expense), Net

(dollars in millions)

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>
Other income (expense), net	\$7.5	\$(1.9)	495%

Other income (expense), net, which is comprised of interest income, gains and losses recorded on our equity investments, realized translation gains and losses, and rental income, increased by \$9.3 million in 2021 as compared to 2020. During 2021, the Company recognized a gain of \$6.7 million on the partial termination of approximately 33,000 rentable square feet as part of an amendment to its new Stamford headquarters lease. Additionally, the prior year included a net loss of \$2.4 million associated with impairment charges and valuation adjustments related to our equity investments.

Income Taxes

(dollars in millions)

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>
Provision for income taxes	\$52.5	\$39.3	34%
Effective tax rate	23%	23%	

The effective tax rate remained flat in 2021 as compared to 2020.

Liquidity and Capital Resources

We had cash and cash equivalents and short-term investments of \$415.8 million and \$593.4 million as of December 31, 2021 and 2020, respectively. Our short-term investments consist primarily of U.S. Treasury securities, corporate bonds and government agency bonds. Our debt balance totaled \$222.8 million and \$316.8 million as of December 31, 2021 and 2020, respectively, and includes the carrying value of \$201.1 and \$194.7 million related to our convertible senior notes due 2023 as of December 31, 2021 and 2020, respectively. Our debt balance as of December 31, 2020 also included \$100.0 million of borrowings outstanding under the Revolving Credit Facility (defined below).

The COVID-19 pandemic has negatively impacted the global economy, disrupted business operations and created significant volatility and disruption to financial markets. Significant uncertainty remains as to the potential impact of COVID-19 and its variants on our operations, and on the global economy as a whole. While restrictions have lessened and we have resumed our domestic and international live event touring schedules, the extent and duration of the pandemic could continue to disrupt global markets and may affect our ability to generate cash from operations. Additionally, please refer to Part I, Item 1A, *Risk Factors*, which provides a discussion of risk factors related to COVID-19.

We believe that our existing cash and cash equivalents and short-term investment balances, along with cash generated from operations, will be sufficient to meet our ongoing operating requirements for at least the next twelve months, inclusive of dividend payments, debt service, content production activities, planned capital expenditures and for any discretionary repurchase of shares of our common stock under our approved share repurchase program (see below for further details). The Company also has available capacity of \$200.0 million under its Revolving Credit Facility (defined below), which may be used, as needed, for general corporate purposes.

In February 2019, the Company's Board of Directors authorized a stock repurchase program of up to \$500.0 million of our common stock. Repurchases may be made from time to time at management's discretion subject to certain pre-approved parameters and in accordance with all applicable securities and other laws and regulations. The extent to which WWE repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including liquidity, capital needs of the business, market conditions, regulatory requirements and other corporate considerations. Repurchases under this program may be funded by one or a combination of existing cash balances and free cash flow. The stock repurchase program does not obligate the Company to repurchase any minimum dollar amount or number of shares, and may be modified, suspended or discontinued at any time. We repurchased 3,251,313 shares of our common stock in the open market for an aggregate cost of \$165.6 million during the year ended December 31, 2021.

As it relates to our Convertible Notes (defined below), which pursuant to the terms are currently convertible, we believe that if note holders elect to convert their notes within the next twelve months, the Company has sufficient means to settle the Convertible Notes using any combination of existing cash and cash equivalents and investment balances, borrowings under our Revolving Credit Facility, cash generated from operations or through the issuance of shares.

Debt Summary and Borrowing Capacity

The Company has \$215.0 million aggregate principal amount of 3.375% convertible senior notes (the "Convertible Notes") due December 15, 2023. See Note 11, *Convertible Debt*, and Note 3, *Earnings Per Share*, in the Notes to Consolidated Financial Statements for further information on the Convertible Notes, including the dilutive nature of the Convertible Notes.

In May 2019, the Company entered into an amended and restated \$200.0 million senior unsecured revolving credit facility with a syndicated group of banks, with JPMorgan Chase Bank, N.A. acting as Administrative Agent (the "Revolving Credit Facility"). The Revolving Credit Facility has a maturity date of May 24, 2024. In April 2020, as a precautionary measure to further strengthen liquidity due to the impact of COVID-19, the Company borrowed

\$200.0 million under its Revolving Credit Facility. In December 2020, the Company repaid \$100.0 million of the borrowings, and in January 2021, the Company repaid the remaining \$100.0 million. As of December 31, 2021, the Company was in compliance with the provisions of our Revolving Credit Facility, there were no amounts outstanding, and the Company had available capacity under the terms of the facility of \$200.0 million.

In September 2016, the Company acquired land and a building located in Stamford, Connecticut adjacent to our production facility. In connection with the acquisition, we assumed future obligations under a loan agreement, in the principal amount of \$23.0 million, which loan is secured by a mortgage on the property. Pursuant to the loan agreement, the assets of WWE Real Estate, a subsidiary of the Company, represent collateral for the underlying mortgage, therefore these assets will not be available to satisfy debts and obligations due to any other creditors of the Company. As of December 31, 2021 and 2020, the amounts outstanding of the mortgage were \$21.7 million and \$22.1 million, respectively.

Cash Flows from Operating Activities

Cash generated from operating activities was \$178.6 million for the year ended December 31, 2021, as compared to \$319.9 million for the year ended December 31, 2020. The \$141.3 million decrease in the current year was driven by the timing of collections associated with our large-scale international events and WWE Network revenues, as well as a decrease in non-cash adjustments, which were partially offset by higher net income.

During 2021, the Company spent \$17.7 million on content production activities, including *WWE's Most Wanted Treasures*, *A&E: Biography*, *WWE Evil*, and various programs for WWE Network, as compared to \$25.6 million in 2020. We anticipate spending approximately \$40 million to \$50 million on content production during the year ending December 31, 2022. In 2021, we received content production incentives of \$15.4 million, as compared to \$9.5 million in 2020. During the year ending December 31, 2022, we anticipate receiving \$15 million to \$20 million in content production incentives.

Our accounts receivable represents a significant portion of our current assets and relate principally to a limited number of distributors and licensees. At December 31, 2021, our two largest receivable balances from customers were 38% and 26% of our gross accounts receivable. Changes in the financial condition or operations of our distributors, customers or licensees may result in increased delayed payments or non-payments which would adversely impact our cash flows from operating activities and/or our results of operations. We believe credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers.

Cash Flows from Investing Activities

Cash used in investing activities was \$188.8 million for the year ended December 31, 2021, as compared to cash provided of \$11.9 million for the year ended December 31, 2020. During the current year, we purchased \$374.5 million of short-term investments and received proceeds from the maturities and sales of our short-term investments of \$222.1 million, as compared to purchases of \$153.9 million and proceeds of \$182.3 million in the prior year. Additionally, we sold certain marketable equity investments during 2020 and collected net proceeds of \$11.7 million. Capital expenditures in 2021 increased by \$11.6 million as compared to 2020, as we have resumed the construction activity on the Company's new global headquarters space in Stamford, Connecticut. Capital expenditures for the year ending December 31, 2022 are estimated to range between \$280 million and \$310 million, with a large portion of this spend associated with the Company's new global headquarters. During 2021, the Company also received tax credits of \$4.3 million relating to our infrastructure improvements in conjunction with capital projects to support our increased content production efforts.

Cash Flow from Financing Activities

Cash used in financing activities was \$317.1 million for the year ended December 31, 2021, as compared to cash provided of \$39.9 million for the year ended December 31, 2020. During 2021, the Company paid \$165.6 million for stock repurchases under its approved stock repurchase program and repaid \$100.0 million from borrowings under the Revolving Credit Facility. During 2020, the Company received proceeds of \$200.0 million from borrowings under the Revolving Credit Facility and repaid \$100.0 million of those borrowings. The Company made dividend payments of \$36.4 million and \$37.2 million during the years ended December 31, 2021 and 2020, respectively. Additionally, the Company made employee payroll withholding tax payments of \$5.6 million and \$11.1 million during 2021 and 2020, respectively, related to net settlement upon vesting of employee equity awards.

Contractual Obligations

We have entered into various contracts under which we have commitments to make contractually required payments, including:

- Scheduled principal and fixed interest payments under our assumed mortgage in connection with an owned building in Stamford, Connecticut.
- Convertible Notes with fixed semi-annual interest payments.
- Various operating leases for facilities, sales offices and equipment with terms generally ranging from one to ten years.
- Finance lease for the Company's new headquarters building with an accounting lease term of 30 years in addition to finance leases of certain equipment utilized in our television production operations with contractual terms generally five years or less (see Note 8, *Leases*, in the Notes to Consolidated Financial Statements for further information).
- Service contracts with certain vendors and independent contractors, including our talent, with terms ranging from one to twenty years.
- Service agreement obligations related to WWE Network (excluding future performance-based payments which are variable in nature).

Our aggregate minimum payment obligations under these contracts as of December 31, 2021 are as follows (dollars in millions):

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>After 2026</u>	<u>Total</u>
Long-term debt	\$ 1.4	\$ 1.4	\$ 1.4	\$20.8	\$ —	\$ —	\$ 25.0
Convertible debt(1)	7.2	222.0	—	—	—	—	229.2
Operating leases(2)	5.0	2.7	1.2	0.6	0.3	0.5	10.3
Finance leases(2)(3)	27.2	27.4	24.3	21.1	21.5	536.8	658.3
Service contracts and talent commitments . . .	<u>37.5</u>	<u>16.8</u>	<u>11.7</u>	<u>10.3</u>	<u>7.9</u>	—	<u>84.2</u>
Total commitments	<u>\$78.3</u>	<u>\$270.3</u>	<u>\$38.6</u>	<u>\$52.8</u>	<u>\$29.7</u>	<u>\$537.3</u>	<u>\$1,007.0</u>

- (1) Convertible debt obligations assume that no notes are converted prior to the December 15, 2023 maturity date. See Note 11, *Convertible Debt*, in the Notes to the Consolidated Financial Statements for additional information.
- (2) Operating and finance lease obligations disclosed in the table above are presented on an undiscounted basis. See Note 8, *Leases*, in the Notes to the Consolidated Financial Statements for the discounted amounts which include the amounts for imputed interest.
- (3) Finance lease payments include \$358.4 million related to options to extend our global headquarters lease that are reasonably certain of being exercised.

Our Consolidated Balance Sheet at December 31, 2021 includes \$0.1 million in liabilities associated with uncertain tax positions (including interest and penalties), which are not included in the table above. The Company does not expect to pay any significant settlements related to these uncertain tax positions in 2022.

Seasonality

Our operating results are not materially affected by seasonal factors; however, we may produce several large-scale premier events throughout the year, including *WrestleMania*, which result in increased revenues and expenses during the periods in which these events occur. *WrestleMania* typically occurs late in our first quarter or early second quarter, while certain other large-scale premier events may not have set recurring dates. Revenues from our licensing and direct sale of consumer products, including our internet sites, varies from period to period depending on the volume and extent of licensing agreements and marketing and promotion programs entered into during any particular period of time, as well as the commercial success of the media exposure of our characters and brand. The timing of these events, as well as the continued introduction of new product offerings and revenue generating outlets, can and will cause fluctuations in quarterly revenues and earnings.

Inflation

During 2021, 2020 and 2019, inflation did not have a material effect on our business. Widely reported inflation has occurred, however, and may be ongoing into the foreseeable future. Depending on the severity and persistence of these inflationary pressures, we could see in the future a negative impact on our customers' demand, or ability to pay (including an impact on the collectability of our accounts receivable), for our goods and services.

Critical Accounting Estimates

The preparation of our Consolidated Financial Statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. We base our estimates on our historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying values of assets and liabilities. The accuracy of these estimates and the likelihood of future changes depend on a range of possible outcomes and a number of underlying variables, many of which are beyond our control. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following judgments and estimates are critical in the preparation of our Consolidated Financial Statements.

Revenue Recognition with Multiple Performance Obligations

Most of our contracts have one performance obligation and all consideration is allocated to that performance obligation. In contracts that have multiple performance obligations, which may include the production of live events, content licenses, and advertising and sponsorship rights, we allocate the transaction price to each identified performance obligation based upon their relative standalone selling price. The standalone selling prices are determined using observable standalone selling prices when available as well as estimates of standalone selling prices using adjusted market assessment and expected cost plus margin approaches to estimate the price for individual components. Judgment is required to determine the standalone selling prices and estimate the portion of the transaction price allocated to each performance obligation.

Content Production Assets, Net

The Company is primarily a content producer with content production assets consisting of feature films, non-live event episodic television series, and original programming content for WWE Network. Feature film titles are predominantly monetized on their own through exploitation and exhibition through individual film distribution arrangements or by sale to a third party. The non-live event episodic television series are predominantly monetized on their own through individual television distribution arrangements. The original WWE Network programming content are predominantly monetized as a film group through the collection of licensing fees from distribution partners or through the collection of monthly subscription fees from WWE Network.

Amounts capitalized for content production assets typically include development costs, production costs, production overhead, and employee salaries and are net of any film production incentives associated with our feature films. Content production assets related to our feature films are amortized in the proportion that revenues bear to management's estimates of the ultimate revenue expected to be recognized from exploitation, exhibition or sale. Content production assets related to non-live event episodic television series are expensed upon delivery of the completed programming content to the individual television distributors. Our programming content distributed on the WWE Network is expensed based upon delivery to distribution partners or based on viewership consumption patterns if on the subscription-based WWE Network.

Unamortized content production costs are evaluated for impairment whenever events or changes in circumstances indicate that the fair value of a film predominantly monetized on its own or a film group may be less than its unamortized costs. As it relates to our unamortized feature film production assets, if estimates for a feature film's ultimate revenues and/or costs are revised and indicate a significant decline in a film's profitability or if events or circumstances change that indicate that we should assess whether the fair value of a film is less than its unamortized film costs, we calculate the film's estimated fair value using a discounted cash flows model. If fair value is less than the unamortized cost, the film is written down to fair value. Our estimate of ultimate revenues for feature films includes revenues from all sources for ten years from the date of a film's initial release. We estimate the ultimate revenues based on industry and

Company specific trends, the historical performance of similar films, the star power of the lead actors, and the genre of the film. Prior to the release of a feature film and throughout its life, we revise our estimates of revenues based on expected future results, actual results and other known factors affecting the various distribution markets. As it relates to our unamortized non-live event episodic television series content assets, if conditions indicate a potential impairment, and the estimated future cash flows using a discounted cash flow model are not sufficient to recover the unamortized asset, the asset is written down to fair value. As it relates to our unamortized original WWE Network programming content assets, which are predominantly monetized as film group, we review in aggregate at a group level when an event or change in circumstances indicates a change in the expected usefulness of the content or that the fair value may be less than unamortized cost. In addition, if we determine that a program will not likely air, we expense the remaining unamortized asset.

As of December 31, 2021 and 2020, we had \$13.8 million and \$15.4 million, respectively, in capitalized content production costs. During the years ended December 31, 2021, 2020 and 2019, we recorded aggregate impairment charges of \$0.3 million, \$3.2 million, and \$1.3 million, respectively, related to our content production assets. No assurance can be given that additional unfavorable changes impacting the monetization of our content portfolio will not occur, which, in turn, may result in additional impairment charges that might materially affect our results of operations and financial condition.

Allowance for Doubtful Accounts

Our accounts receivable relate principally to a limited number of distributors and licensees that produce consumer products containing our intellectual property. Adverse changes in general economic conditions and/or contraction in global credit markets could precipitate liquidity problems among our key distributors, increasing our exposure to bad debts which could negatively impact our results of operations and financial condition. We estimate the collectability of our receivables and establish allowances for the amount of account receivable that we estimate to be uncollectible. We base these allowances on our historical collection experience, the length of time our accounts receivable are outstanding, the financial condition of individual customers and current economic conditions that may affect a customer's ability to pay. Changes in the financial condition of a single major customer, either adverse or positive, could impact the amount and timing of any additional allowances or reductions that may be required. At December 31, 2021, our two largest receivable balances from customers were 38% and 26% of our gross accounts receivable. At December 31, 2020, there were no customers that individually exceeded 10% of our gross accounts receivable balance. As of December 31, 2021 and 2020, our allowance for doubtful accounts was \$5.2 million and \$4.1 million, respectively.

Income Taxes

Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been reflected in the Consolidated Financial Statements. Deferred tax liabilities and assets are determined based on the differences between the book and tax basis of particular assets and liabilities, using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset deferred tax assets if, based upon the available evidence, it is more-likely-than-not that some or all of the deferred tax assets will not be realized. In evaluating our ability to recover deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax assets valuation allowance, which would reduce the provision for income taxes.

As of December 31, 2021 and 2020, our deferred tax assets (net of valuation reserve) were \$13.1 million and \$10.1 million, respectively. The increase in our net deferred tax asset balance in 2021 was primarily driven by a reduction in deferred tax liabilities related to bonus depreciation for fixed assets. We believe that it is more likely than not that we will have sufficient taxable income in the future to realize these deferred tax assets and as such have not recorded a valuation allowance to reduce the net carrying value. If we determine it is more likely than not that we will not have sufficient taxable income to realize these assets, we may need to record a valuation allowance in the future.

We use a two-step approach in recognizing and measuring uncertain tax positions. The first step is to evaluate tax positions taken or expected to be taken in a tax return by assessing whether they are more likely than not sustainable, based solely on their technical merits, upon examination, and including resolution of any related appeals or litigation process. The second step is to measure the associated tax benefit of each position, as the largest amount that we

believe is more likely than not realizable. Differences between the amount of tax benefits taken or expected to be taken in our income tax returns and the amount of tax benefits recognized in our financial statements represent our unrecognized income tax benefits, which we record as a liability. Our policy is to include interest and penalties related to unrecognized income tax benefits as a component of income tax expense. At December 31, 2021, our unrecognized tax benefits including interest and penalties totaled \$0.1 million.

Recent Accounting Pronouncements

The information set forth under Note 2 to the Consolidated Financial Statements under the caption “*Summary of Significant Accounting Policies – Recent Accounting Pronouncements*,” is incorporated herein by reference.

Cautionary Statement for Purposes of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain statements that are forward-looking and are not based on historical facts. When used in this Form 10-K and our other SEC filings, our press releases and comments made in earnings calls, investor presentations or otherwise to the public, the words “may,” “will,” “could,” “anticipate,” “plan,” “continue,” “project,” “intend,” “estimate,” “believe,” “expect” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These statements relate to our future plans, objectives, expectations and intentions and are not historical facts and accordingly involve known and unknown risks and uncertainties and other factors that may cause the actual results or the performance by us to be materially different from future results or performance expressed or implied by such forward-looking statements. The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Form 10-K and our other SEC filings, in press releases, earnings calls and other statements made by our authorized officers: (i) risks relating to the ongoing coronavirus (COVID-19) pandemic may continue to negatively affect world economies as well as our industry, business and results of operations; (ii) risks relating to entering, maintaining and renewing major distribution agreements; (iii) risks relating to a rapidly evolving and highly competitive media landscape; (iv) risks relating to WWE Network; (v) risks related to the computer systems, content delivery and online operations of WWE and our business partners; (vi) risks relating to privacy norms and regulations; (vii) our need to continue to develop creative and entertaining programs and events; (viii) our need to retain or continue to recruit key performers; (ix) the risk of a decline in the popularity of our brand of sports entertainment, including as a result of changes in the social and political climate; (x) the possible unexpected loss of the services of Vincent K. McMahon; (xi) possible adverse changes in the regulatory atmosphere and related private sector initiatives; (xii) the highly competitive, rapidly changing and increasingly fragmented nature of the markets in which we operate and/or our inability to compete effectively, especially against competitors with greater financial resources or marketplace presence; (xiii) uncertainties associated with international markets including possible disruptions and reputational risks; (xiv) our difficulty or inability to promote and conduct our live events and/or other businesses if we do not comply with applicable regulations; (xv) our dependence on our intellectual property rights, our need to protect those rights, and the risks of our infringement of others’ intellectual property rights; (xvi) risks relating to the complexity of our rights agreements across distribution mechanisms and geographical areas; (xvii) the risk of substantial liability in the event of accidents or injuries occurring during our physically demanding events; (xviii) exposure to risks relating to large public events as well as travel to and from such events; (xix); a variety of risks as we expand into new or complementary businesses and/or make strategic investments and/or acquisitions; (xx) risks relating to our accounts receivable; (xxi) risks related to our new leased corporate headquarters and media production facilities; (xxii) potential substantial liabilities if litigation is resolved unfavorably; (xxiii) a change in tax laws in key jurisdictions could materially increase our tax expense; (xxiv) risks inherent in our feature film business; (xxv) risks relating to a possible decline in general economic conditions and disruption in financial markets, including any resulting from COVID-19; (xxvi) risks relating to our indebtedness, including our convertible notes; (xxvii) our potential failure to meet market expectations for our financial performance; (xxviii) through his beneficial ownership of a substantial majority of our Class B common stock, our controlling stockholder, Vincent K. McMahon, exercises control over our affairs, and his interests may conflict with the holders of our Class A common stock; (xxix) risks associated with our share repurchase program; (xxx) a substantial number of shares are eligible for sale by Mr. McMahon and members of his family or trusts established for their benefit, and the sale, or the perception of possible sales, of those shares could lower our stock price; and (xxxi) risks related to the volatility of our Class A common stock. In addition, our dividend is dependent on a number of factors, including, among other things, our liquidity and historical and projected cash flow, strategic

plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends (including under our revolving credit facility), general economic and competitive conditions and such other factors as our Board of Directors may consider relevant. Forward-looking statements made by the Company speak only as of the date made, are subject to change without any obligation on the part of the Company to update or revise them, and undue reliance should not be placed on these statements. For more information about risks and uncertainties associated with the Company's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of this Form 10-K and our other SEC filings.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

In the normal course of business, we are exposed to foreign currency exchange rate, interest rate and equity price risks that could impact our results of operations. Our foreign currency exchange rate risk is minimized by maintaining minimal net assets and liabilities in currencies other than our functional currency.

Short-Term Investments

Our short-term investment portfolio consists of U.S. Treasury securities, corporate bonds and government agency bonds. We are exposed to market risk related to our investment portfolio primarily as a result of credit quality risk and interest rate risk. Credit quality risk is defined as the risk of a credit downgrade to an individual fixed or floating rate security and the potential loss attributable to that downgrade. Credit quality risk is managed through our investment policy, which establishes credit quality limitations on the overall portfolio as well as diversification and percentage limits on securities of individual issuers. The result is a diversified portfolio of fixed or floating rate securities, with a weighted average credit rating of approximately "AA".

Interest rate risk is defined as the potential for economic losses on fixed or floating rate securities due to a change in market interest rates. Our investments in corporate bonds have exposure to changes in the level of market interest rates. Interest rate risk is mitigated by managing our investment portfolio's dollar weighted duration. Additionally, we have the capability of holding any security to maturity, which would allow us to realize full par value. We have evaluated the impact of an immediate 100 basis point change in interest rates on our investment portfolio. A 100 basis-point increase in interest rates would result in an approximate \$1.7 million decrease in fair value, whereas a 100 basis-point decrease in interest rates would result in an approximate \$1.7 million increase in fair value.

Convertible Senior Notes

We have \$215.0 million principal amount of 3.375% convertible senior notes due December 15, 2023. We carry this instrument at face value less unamortized discount and unamortized debt issuance costs on our Consolidated Balance Sheet. Since this instrument bears interest at fixed rates, we have no financial statement risk associated with changes in interest rates. However, the fair value of this instrument fluctuates when interest rates change, and when the market price of our stock fluctuates. The fair value of the convertible senior notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the convertible senior notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. The interest and market value changes affect the fair value of our convertible senior notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Conversion of our Convertible Notes and the exercise of related Warrants may cause economic dilution to our stockholders and dilution to our earnings per share.

Item 8. *Financial Statements and Supplementary Data*

The information required by this item is set forth in the Consolidated Financial Statements filed with this report and are herein incorporated by reference.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosures*

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We have performed an evaluation under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined under the Securities Exchange Act of 1934. Based on that evaluation, our Chairman and Chief Executive Officer and our Chief Financial Officer concluded that as of the end of the period covered by this Form 10-K, our disclosure controls and procedures were effective and designed to ensure that all material information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to our management, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's internal control over financial reporting identified in connection with management's evaluation that occurred during the fourth quarter of our fiscal year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021 based on the guidelines established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Based on the results of our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2021. We reviewed the results of management's assessment with our Audit Committee.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included in this Annual Report on Form 10-K. Such report expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of World Wrestling Entertainment, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of World Wrestling Entertainment, Inc. and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 3, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

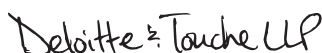
The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Stamford, Connecticut
February 3, 2022

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

The information required by Part III (Items 10-14) is incorporated herein by reference to our definitive proxy statement for our 2022 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

1. Consolidated Financial Statements and Schedule: See index to Consolidated Financial Statements on page F-1 of this report.
2. Exhibits:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to our Registration Statement on Form S-1 (No. 333-84327)).
3.1A	Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1(a) to our Registration Statement on Form S-8, filed July 15, 2002).
3.1B	Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Annex B to the Proxy Statement filed on March 11, 2016).
3.2	Amended and Restated By-laws (incorporated by reference to Exhibit 3.4 to our Registration Statement on Form S-1 (No. 333-84327)).
3.2A	Amendment to Amended and Restated By-Laws (incorporated by reference to Exhibit 4.2(a) to our Registration Statement on Form S-8, filed July 15, 2002).
4.1	Indenture between World Wrestling Entertainment, Inc. and U.S. Bank National Association, as trustee, dated December 16, 2016 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed December 12, 2016).
4.2	Form of 3.375% Convertible Senior Note due 2023 (included in Exhibit 4.1).
4.3	Description of Common Stock (incorporated by reference to Exhibit 4.3 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2019).
10.1*	Amended and Restated Employment Agreement with Vincent K. McMahon, effective as of January 1, 2011 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed November 15, 2010).
10.1A*	First Amendment to Amended and Restated Employment Agreement with Vincent K. McMahon, effective as of April 3, 2018 (incorporated by reference to Exhibit 10.4A to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018).
10.2*	World Wrestling Entertainment 2012 Employee Stock Purchase Plan (incorporated by reference to Appendix A to our Proxy Statement dated March 16, 2012).
10.2A*	First Amendment to World Wrestling Entertainment 2012 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.5A to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018).
10.2B*	Second Amendment to World Wrestling Entertainment 2012 Employee Stock Purchase Plan (filed herewith).

- 10.3* Amended and Restated Booking Agreement with Paul Levesque, effective as of January 1, 2012 (incorporated by reference to Exhibit 10.6 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
- 10.3A* First Amendment to Amended and Restated Booking Agreement with Paul Levesque, dated May 9, 2016 (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016).
- 10.4* Form of offer letters between the Company and executive officers (incorporated by reference to Exhibit 10.7 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
- 10.5* Booking Agreement, dated October 7, 2013, between the Company and Stephanie McMahon Levesque (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013).
- 10.5A* First Amendment to Booking Contract with Stephanie McMahon-Levesque, dated October 7, 2016 (incorporated by reference to Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).
- 10.5B* Second Amendment to Booking Contract with Stephanie McMahon-Levesque, dated March 4, 2019 (incorporated by reference to Exhibit 10.8B to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019).
- 10.6* Form of Indemnification Agreement entered into between the Company and its independent Directors (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014).
- 10.7* World Wrestling Entertainment, Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Annex A to the Proxy Statement filed March 11, 2016).
- 10.7A* Form of Performance Stock Units to the Company's executive officers under the Company's 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.16A to the Current Report on Form 8-K, filed April 21, 2016).
- 10.7B* Form of Restricted Stock Units to the Company's executive officers under the Company's 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.16A to the Current Report on Form 8-K, filed April 21, 2016).
- 10.8 Amended and Restated Revolving Credit Facility dated May 24, 2019, among World Wrestling Entertainment, Inc., certain subsidiaries of World Wrestling Entertainment, Inc. party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders, issuing banks and agents party thereto (incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K filed on May 24, 2019).
- 10.9 Note and Mortgage Assumption Agreement, dated as of September 13, 2016, by and among WWE Real Estate Holdings, LLC, 88 Hamilton Avenue Associates, LLC and Wilmington Trust, National Association, as trustee for the registered holders of Wells Fargo Commercial Mortgage Trust 2015-NXS2, Commercial Mortgage Pass-Through Certificates, Series 2015-NXS2 (incorporated by reference to Exhibit 10.19 to the Current Report on Form 8-K, filed September 15, 2016).
- 10.10 Loan Agreement, dated June 8, 2015, between 88 Hamilton Avenue Associates, LLC and Natixis Real Estate Capital LLC (incorporated by reference to Exhibit 10.20 to the Current Report on Form 8-K, filed September 15, 2016).
- 10.11 Convertible Note Hedge Confirmation between World Wrestling Entertainment, Inc. and JPMorgan Chase Bank, National Association, London Branch, dated December 12, 2016 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed December 12, 2016).
- 10.12 Warrant Confirmation between World Wrestling Entertainment, Inc. and JPMorgan Chase Bank, National Association, London Branch, dated December 12, 2016 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, filed December 12, 2016).
- 10.13 Convertible Note Hedge Confirmation between World Wrestling Entertainment, Inc. and Morgan Stanley & Co. International plc, dated December 12, 2016 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K, filed December 12, 2016).
- 10.14 Warrant Confirmation between World Wrestling Entertainment, Inc. and Morgan Stanley & Co. International plc, dated December 12, 2016 (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K, filed December 12, 2016).

10.15	Convertible Note Hedge Confirmation between World Wrestling Entertainment, Inc. and Citibank, N.A., dated December 12, 2016 (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K, filed December 12, 2016).
10.16	Warrant Confirmation between World Wrestling Entertainment, Inc. and Citibank, N.A., dated December 12, 2016 (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K, filed December 12, 2016).
10.17	Agreement of Lease, dated March 7, 2019, between World Wrestling Entertainment, Inc. and Stamford Washington Office LLC (incorporated by reference to Exhibit 10.29 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
10.17A	Lease Amendment Agreement, dated November 25, 2020, between World Wrestling Entertainment, Inc. and Stamford Washington Office LLC (incorporated by reference to Exhibit 10.29A to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020).
10.17B	Second Lease Amendment Agreement, dated June 16, 2021, between World Wrestling Entertainment, Inc. and Stamford Washington Office LLC (incorporated by reference to Exhibit 10.29B to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).
10.17C	Third Lease Amendment Agreement, dated October 26, 2021, between World Wrestling Entertainment, Inc. and Stamford Washington Office LLC (filed herewith).
10.18*	Employment Agreement with Frank A. Riddick III, effective as of November 3, 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed November 5, 2021).
10.18A*	Restricted Stock Sign-On Award and Non-Competition Agreement with Frank A. Riddick III under the Company's 2016 Omnibus Incentive Plan (filed herewith).
10.19*	Separation Agreement with Kristina Salen, effective as of November 5, 2021 (filed herewith).
10.20*	Employment Agreement between World Wrestling Entertainment, Inc. and Nick Khan, effective as of August 3, 2020 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed August 6, 2020).
10.21*	Form of Performance Stock Sign-On Award and Non-Competition Agreement with Nick Khan under the Company's 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.35 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).
21.1	List of Subsidiaries (filed herewith).
23.1	Consent of Deloitte & Touche LLP (filed herewith).
31.1	Certification by Vincent K. McMahon pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification by Frank A. Riddick III pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification by Vincent K. McMahon and Frank A. Riddick III pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Indicates management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

World Wrestling Entertainment, Inc.
(Registrant)

Dated: February 3, 2022

By: /s/ Vincent K. McMahon

Vincent K. McMahon
*Chairman of the Board of Directors and
Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title or Capacity</u>	<u>Date</u>
/s/ Vincent K. McMahon Vincent K. McMahon	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)	February 3, 2022
/s/ Nick Khan Nick Khan	Director and President and Chief Revenue Officer	February 3, 2022
/s/ Stephanie McMahon Stephanie McMahon	Director and Chief Brand Officer	February 3, 2022
/s/ Paul Levesque Paul Levesque	Director and Executive Vice President, Global Talent Strategy and Development	February 3, 2022
/s/ Steve Koonin Steve Koonin	Director	February 3, 2022
/s/ Erika Nardini Erika Nardini	Director	February 3, 2022
/s/ Lauren Ong Lauren Ong	Director	February 3, 2022
/s/ Stephen Pamon Stephen Pamon	Director	February 3, 2022
/s/ Connor Schell Connor Schell	Director	February 3, 2022
/s/ Man Jit Singh Man Jit Singh	Director	February 3, 2022
/s/ Jeffrey R. Speed Jeffrey R. Speed	Director	February 3, 2022
/s/ Alan M. Wexler Alan M. Wexler	Director	February 3, 2022
/s/ Frank A. Riddick III Frank A. Riddick III	Chief Financial and Administrative Officer (principal financial officer)	February 3, 2022
/s/ Karen Mullane Karen Mullane	Controller and Chief Accounting Officer (principal accounting officer)	February 3, 2022

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WORLD WRESTLING ENTERTAINMENT, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of World Wrestling Entertainment, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of World Wrestling Entertainment, Inc. and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 3, 2022, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Net Revenues — See Notes 2, 4 and 20 to the financial statements

Critical Audit Matter Description

The Company enters into arrangements with customers which include multiple distinct performance obligations, such as production of live events, content licensing and broadcasting rights, and advertising and sponsorship rights, sold for a single fixed transaction price. The Company allocates the transaction price to all performance obligations contained within an arrangement based upon their relative standalone selling price. Standalone selling prices based on observable and estimated standalone selling prices, including adjusted market assessment and expected cost plus margin approaches, are used to determine pricing for individual components.

Given the judgement involved in determining the standalone selling price and estimating the portion of the transaction price allocated to each performance obligation, auditing the related revenue required both extensive audit effort and a high degree of audit judgement when performing audit procedures and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to determination of standalone selling price and the allocation of transaction price for arrangements with multiple distinct performance obligations included the following, among others:

- We tested the effectiveness of controls over arrangements, including management’s controls over the identification of performance obligations, allocation of transaction price to distinct performance obligations, and determination of the standalone selling price.
- We evaluated the Company’s revenue recognition policy and management’s current year accounting assessment for arrangements with multiple performance obligations.
- We obtained and read a sample of contracts, including master agreements, amended agreements, and other source documents that were part of the contract.
- We tested management’s identification of the performance obligations within the customer contract, including whether material rights that gave rise to a performance obligation were identified.
- We evaluated the accuracy and completeness of the data and factors used in management’s determination of standalone selling price for each performance obligation.
- We evaluated the methodologies used to develop the standalone selling price for each performance obligation.
- For certain contracts, with the assistance of our valuation specialists, we evaluated the reasonableness of the (1) valuation methodologies utilized to determine the standalone selling price of performance obligations, (2) royalty rate, and (3) discount rate by:
 - Testing the source information underlying the determination of the royalty rate and discount rate and testing the mathematical accuracy of each calculation
 - Developing a range of independent estimates and comparing those to the royalty rate and discount rate selected by management

Deloitte & Touche LLP

Stamford, Connecticut

February 3, 2022

We have served as the Company’s auditor since 1999.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	<u>For the years ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net revenues	\$ 1,095,174	\$974,207	\$960,442
Operating expenses	608,174	549,480	638,199
Marketing and selling expenses	69,242	71,385	84,713
General and administrative expenses	117,840	102,182	86,893
Depreciation and amortization	40,901	42,616	34,127
Operating income	<u>259,017</u>	<u>208,544</u>	<u>116,510</u>
Interest expense	33,610	35,601	26,121
Other income (expense), net	7,455	(1,834)	4,289
Income before income taxes	<u>232,862</u>	<u>171,109</u>	<u>94,678</u>
Provision for income taxes	52,454	39,338	17,617
Net income	<u>\$ 180,408</u>	<u>\$131,771</u>	<u>\$ 77,061</u>
Earnings per share: basic	<u>\$ 2.36</u>	<u>\$ 1.70</u>	<u>\$ 0.99</u>
Earnings per share: diluted	<u>\$ 2.12</u>	<u>\$ 1.56</u>	<u>\$ 0.85</u>
Weighted average common shares outstanding:			
Basic	76,324	77,564	78,157
Diluted	84,943	84,219	90,231
Dividends declared per common share (Class A and B)	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 0.48</u>

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the years ended December 31,		
	2021	2020	2019
Net income	\$ 180,408	\$ 131,771	\$ 77,061
Other comprehensive income (loss):			
Foreign currency translation adjustments	(180)	107	63
Unrealized holding (losses) gains on available-for-sale debt securities (net of tax expense (benefit) of \$(122), \$4 and \$410, respectively).	(385)	14	1,299
Total other comprehensive (loss) income	(565)	121	1,362
Comprehensive income	\$ 179,843	\$ 131,892	\$ 78,423

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	As of December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 134,828	\$ 462,102
Short-term investments, net	280,957	131,295
Accounts receivable (net of allowance for doubtful accounts and returns of \$5,155 and \$4,050, respectively)	171,196	52,007
Inventory	8,033	8,386
Prepaid expenses and other current assets	32,242	73,062
Total current assets	627,256	726,852
PROPERTY AND EQUIPMENT, NET	172,677	161,545
FINANCE LEASE RIGHT-OF-USE ASSETS, NET	313,360	310,844
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	8,973	13,476
CONTENT PRODUCTION ASSETS, NET	13,781	15,425
INVESTMENT SECURITIES	11,618	11,148
DEFERRED INCOME TAX ASSETS, NET	13,100	10,052
OTHER ASSETS, NET	43,302	47,980
TOTAL ASSETS	\$1,204,067	\$1,297,322
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 430	\$ 100,412
Finance lease liabilities	12,190	9,587
Operating lease liabilities	4,755	3,963
Convertible debt	201,093	194,683
Accounts payable and accrued expenses	120,516	124,742
Deferred income	74,633	62,887
Total current liabilities	413,617	496,274
LONG-TERM DEBT	21,284	21,700
FINANCE LEASE LIABILITIES	374,681	379,894
OPERATING LEASE LIABILITIES	5,063	9,723
OTHER NON-CURRENT LIABILITIES	8,162	937
Total liabilities	822,807	908,528
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock: (\$0.01 par value; 180,000,000 shares authorized; 43,732,977 and 46,694,963 shares issued and outstanding as of December 31, 2021 and 2020, respectively)	438	467
Class B convertible common stock: (\$0.01 par value; 60,000,000 shares authorized; 31,099,011 and 31,099,011 shares issued and outstanding as of December 31, 2021 and 2020, respectively)	311	311
Additional paid-in capital	409,884	424,758
Accumulated other comprehensive income	2,420	2,985
Accumulated deficit	(31,793)	(39,727)
Total stockholders' equity	381,260	388,794
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,204,067	\$1,297,322

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except per share data)

	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive		Total
	Class A		Class B			Income	Accumulated Deficit	
	Shares	Amount	Shares	Amount				
Balance, December 31, 2018	43,721	\$437	34,303	\$343	\$415,281	\$1,502	\$(101,326)	\$ 316,237
Net income	—	—	—	—	—	—	77,061	77,061
Other comprehensive income	—	—	—	—	—	1,362	—	1,362
Repurchases and retirements of common stock	(1,398)	(14)	—	—	(12,436)	—	(70,991)	(83,441)
Stock issuances, net	654	7	—	—	2,318	—	—	2,325
Conversion of Class B common stock by shareholder (See Note 17)	3,204	32	(3,204)	(32)	—	—	—	—
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(30,183)	—	—	(30,183)
Cash dividends declared	—	—	—	—	977	—	(38,408)	(37,431)
Stock-based compensation	—	—	—	—	29,396	—	—	29,396
Balance, December 31, 2019	46,181	\$462	31,099	\$311	\$405,353	\$2,864	\$(133,664)	\$ 275,326
Net income	—	—	—	—	—	—	131,771	131,771
Other comprehensive income	—	—	—	—	—	121	—	121
Stock issuances, net	514	5	—	—	2,625	—	—	2,630
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(11,082)	—	—	(11,082)
Cash dividends declared	—	—	—	—	585	—	(37,834)	(37,249)
Stock-based compensation	—	—	—	—	27,277	—	—	27,277
Balance, December 31, 2020	46,695	\$467	31,099	\$311	\$424,758	\$2,985	\$(39,727)	\$ 388,794
Net income	—	—	—	—	—	—	180,408	180,408
Other comprehensive loss	—	—	—	—	—	(565)	—	(565)
Repurchases and retirements of common stock	(3,251)	(32)	—	—	(29,923)	—	(135,675)	(165,630)
Stock issuances and other, net	289	3	—	—	2,970	—	—	2,973
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(5,640)	—	—	(5,640)
Cash dividends declared	—	—	—	—	386	—	(36,799)	(36,413)
Stock-based compensation	—	—	—	—	17,333	—	—	17,333
Balance, December 31, 2021	46,695	\$438	31,099	\$311	\$409,884	\$2,420	\$(31,793)	\$ 381,260

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the years ended December 31,		
	2021	2020	2019
OPERATING ACTIVITIES:			
Net income	\$ 180,408	\$ 131,771	\$ 77,061
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and impairments of content production assets	19,714	26,309	35,708
Depreciation and amortization	48,785	48,533	39,552
Other amortization	18,849	17,998	13,905
Loss on equity investments, net	808	5,720	3,309
Stock-based compensation	19,086	27,989	29,396
(Benefit from) provision for deferred income taxes	(2,993)	(3,015)	9,921
Other non-cash adjustments	(6,302)	22,398	8,189
Cash provided by (used in) changes in operating assets and liabilities:			
Accounts receivable	(120,629)	70,037	(41,486)
Inventory	1,160	(1,287)	(499)
Prepaid expenses and other assets	3,011	(12,171)	2,642
Content production assets	(17,738)	(25,645)	(34,349)
Accounts payable, accrued expenses and other liabilities	22,719	5,088	(31,954)
Deferred income	11,718	6,149	10,297
Net cash provided by operating activities	178,596	319,874	121,692
INVESTING ACTIVITIES:			
Purchases of property and equipment and other assets	(39,231)	(27,662)	(69,086)
Purchases of short-term investments	(374,502)	(153,904)	(124,282)
Proceeds from sales and maturities of short-term investments	222,060	182,316	157,487
Purchase of investment securities	(1,470)	(589)	(1,366)
Proceeds from sale of investment securities	—	11,715	—
Other	4,329	—	1,438
Net cash (used in) provided by investing activities	(188,814)	11,876	(35,809)
FINANCING ACTIVITIES:			
Repayment of debt	(100,398)	(103,599)	(5,103)
Repayment of finance leases	(11,948)	(10,795)	(8,352)
Dividends paid	(36,413)	(37,249)	(37,431)
Debt issuance costs	—	—	(708)
Proceeds from borrowings under the credit facility	—	200,000	—
Taxes paid related to net settlement upon vesting of equity awards	(5,640)	(11,082)	(30,183)
Proceeds from issuance of stock and other	2,973	2,630	2,325
Repurchase and retirement of common stock	(165,630)	—	(83,441)
Net cash (used in) provided by financing activities	(317,056)	39,905	(162,893)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(327,274)	371,655	(77,010)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	462,102	90,447	167,457
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 134,828	\$ 462,102	\$ 90,447
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for income taxes, net of refunds	\$ 55,500	\$ 45,586	\$ 7,386
Cash paid for interest	\$ 9,927	\$ 12,262	\$ 10,706
NON-CASH INVESTING AND FINANCING TRANSACTIONS:			
Purchases of property and equipment recorded in accounts payable and accrued expenses (See Note 10)	\$ 22,207	\$ 4,365	\$ 4,997

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

1. Basis of Presentation and Business Description

The accompanying Consolidated Financial Statements include the accounts of WWE. “WWE” refers to World Wrestling Entertainment, Inc. and its subsidiaries, unless the context otherwise requires. References to “we,” “us,” “our” and the “Company” refer to WWE.

We are an integrated media and entertainment company, principally engaged in the production and distribution of wrestling entertainment content through various channels, including our premium over-the-top network (“WWE Network”), content rights agreements, premium live event programming, filmed entertainment, live events, licensing of various WWE themed products, and the sale of consumer products featuring our brands. Our operations are organized around the following principal activities:

Media:

- The Media segment reflects the production and monetization of long-form and short-form video content across various platforms, including WWE Network, broadcast and pay television, digital and social media, as well as filmed entertainment. Across these platforms, revenues principally consist of content rights fees associated with the distribution of our programming content, subscriptions to WWE Network, and advertising and sponsorships. Effective March 18, 2021, the domestic monetization of WWE Network is generated from content license fees and certain shared sponsorship revenues from NBC Universal (“NBCU”). Media segment revenues for the year ended December 31, 2021 include the upfront revenue recognition related to the delivery of certain intellectual property rights under this agreement.

Live Events:

- Live events provide ongoing content for our media platforms. Live Event segment revenues consist primarily of ticket sales, revenues from events for which we receive a fixed fee, as well as the sale of travel packages associated with the Company’s global live events. As a result of the global spread of the coronavirus pandemic (“COVID-19”), these revenues had been greatly limited from March 2020 through the first half of 2021. We held our annual *WrestleMania* events on April 10 and 11, 2021 with ticketed audiences, and on July 16, 2021, we resumed our domestic and international live event touring schedules.

Consumer Products:

- The Consumer Products segment engages in the merchandising of WWE branded products, such as video games, toys and apparel, through licensing arrangements and direct-to-consumer sales. Revenues principally consist of royalties and licensee fees related to WWE branded products, and sales of merchandise distributed at our live events and through eCommerce platforms.

Note on the COVID-19 Pandemic

The global spread of COVID-19 and the various attempts to contain it resulted in restrictions, postponements and cancellations of various sports and other events and required us to cancel, postpone or relocate certain of our live events since March 2020. While restrictions have lessened and we have resumed our domestic and international live event touring schedules, COVID-19 and its variants continue to create significant uncertainty and the full extent of the impact will depend on numerous evolving factors that we can neither predict nor control, including the pandemic’s duration and severity and the governmental, business and individual responses to it. We will continue to actively monitor the issues raised by the COVID-19 pandemic and may take further actions that alter our business operations that are required by applicable governmental authorities and/or that we determine to be in the best interests of our employees, talent, customers, partners and stockholders. Any of the foregoing could have a material negative effect on our business and results of operations.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

2. Summary of Significant Accounting Policies

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Basis of Consolidation — The Consolidated Financial Statements include the accounts of WWE and all of its domestic and foreign subsidiaries. Included in Corporate are intersegment eliminations recorded in consolidation. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents — Cash and cash equivalents include cash on deposit in overnight deposit accounts, investments in Treasury bills and investments in money market accounts with original maturities of three months or less at the time of purchase.

Short-term Investments, Net — Our short-term investments consist of U.S. Treasury securities, corporate bonds and government agency bonds. We classify and account for these securities as available-for-sale debt securities and carry these securities at fair value. We report the unrealized gains and losses, net of tax, as other comprehensive income (loss) in stockholders' equity, with the exception, if applicable, of unrealized losses due to loss of credit worthiness or unrealized gains due to recovery of credit worthiness, which are recorded to other income, net on the Consolidated Statements of Operations. Realized gains and losses on investments are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

Accounts Receivable, Net — Accounts receivable relate principally to amounts due to us from distributors of our content, as well as from licensees that produce consumer products containing our intellectual property and/or trademarks. We estimate the collectability of our receivables and establish allowances for the amount of accounts receivable that we estimate to be uncollectible. We base these allowances on our historical collection experience, the length of time our accounts receivable are outstanding, the financial condition of individual customers and current economic conditions that may affect a customer's ability to pay. An individual balance is charged to the allowance when all collection efforts have been exhausted and it is deemed likely to be uncollectible, taking into consideration the financial condition of the customer and other factors.

Inventory — Inventory consists of merchandise sold on our websites and on distribution platforms, including Amazon, and merchandise sold at live events. Substantially all of our inventory is comprised of finished goods. Inventory is stated at the lower of cost or net realizable value. The valuation of our inventories requires management to make market estimates assessing the quantities and the prices at which we believe the inventory can be sold.

Property and Equipment, Net — Property and equipment are carried at historical cost net of benefits associated with tax incentives less accumulated depreciation and amortization. Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets or, when applicable, the life of the lease, whichever is shorter. Vehicles and equipment are depreciated based on estimated useful lives varying from three years to five years. Buildings and related improvements are depreciated based on estimated useful lives varying from five years to thirty-nine years. Our corporate aircraft is depreciated over ten years on a straight-line basis less an estimated residual value.

Leases — The Company determines if a contract contains a lease at the inception of the arrangement. The Company has elected the short-term lease exemption, whereby leases with initial terms of one year or less are not capitalized and instead expensed generally on a straight-line basis over the lease term. The depreciable life of the underlying leased assets are generally limited to the expected lease term inclusive of any optional lease terms where we conclude at the inception of the lease that we are reasonably certain of exercising those renewal options. The Company is primarily a lessee with a lease portfolio comprised mainly of real estate and equipment leases. Operating

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

and finance lease assets are included on our Consolidated Balance Sheets in non-current assets as an operating or finance right-of-use asset. Operating and finance lease liabilities are included on our Consolidated Balance Sheets in non-current liabilities for the portion that is due on a long-term basis and in current liabilities for portion that is due within 12 months of the financial statement date.

The right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term using an appropriate discount rate. Since the implicit rate is not readily available for our leases, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The right-of-use asset also may include any initial direct costs paid and is reduced by any lease incentives provided by the lessor. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term for our operating leases and for our finance leases, we record interest expense on the lease liability and straight-line amortization of the right-of-use asset over the lease term.

Content Production Assets, Net — The Company is primarily a content producer with content production assets consisting of feature films, non-live event episodic television series, and original programming content for WWE Network. Feature film titles are predominantly monetized on their own through exploitation and exhibition through individual film distribution arrangements or by sale to a third party. The non-live event episodic television series are predominantly monetized on their own through individual television distribution arrangements. The original WWE Network programming content are predominantly monetized as a film group through the collection of licensing fees from distribution partners or through the collection of monthly subscription fees from WWE Network.

Amounts capitalized for content production assets typically include development costs, production costs, production overhead, and employee salaries and are net of any film production incentives associated with our feature films. Content production assets related to our feature films are amortized in the proportion that revenues bear to management's estimates of the ultimate revenue expected to be recognized from exploitation, exhibition or sale. Content production assets related to non-live event episodic television series are expensed upon delivery of the completed programming content to the individual television distributors. Our programming content distributed on the WWE Network is expensed based upon delivery to distribution partners or based on viewership consumption patterns if on the subscription-based WWE Network.

Unamortized content production costs are evaluated for impairment whenever events or changes in circumstances indicate that the fair value of a film predominantly monetized on its own or a film group may be less than its unamortized costs. As it relates to our unamortized feature film production assets, if estimates for a feature film's ultimate revenues and/or costs are revised and indicate a significant decline in a film's profitability or if events or circumstances change that indicate we should assess whether the fair value of a film is less than its unamortized film costs, we calculate the film's estimated fair value using a discounted cash flows model. If fair value is less than the unamortized cost, the film is written down to fair value. Our estimate of ultimate revenues for feature films includes revenues from all sources for ten years from the date of a film's initial release. We estimate the ultimate revenues based on industry and Company specific trends, the historical performance of similar films, the star power of the lead actors, and the genre of the film. Prior to the release of a feature film and throughout its life, we revise our estimates of revenues based on expected future results, actual results and other known factors affecting the various distribution markets. As it relates to our unamortized non-live event episodic television series content assets, if conditions indicate a potential impairment, and the estimated future cash flows using a discounted cash flow model are not sufficient to recover the unamortized asset, the asset is written down to fair value. As it relates to our unamortized original WWE Network programming content assets, which are predominantly monetized as film group, we review in aggregate at a group level when an event or change in circumstances indicates a change in the expected usefulness of the content or that the fair value may be less than unamortized cost. In addition, if we determine that a program will not likely air, we expense the remaining unamortized asset.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

Valuation of Long-Lived Assets — We periodically evaluate the carrying amount of long-lived assets for impairment when events and circumstances warrant such a review.

Investment Securities — Equity investments that are marketable and have a readily determinable fair value are carried at fair value with changes in the fair value recorded through income and reflected in Other income, net on the Consolidated Statements of Operations. For nonmarketable equity securities (those without a readily determinable fair value), the Company elected to apply the practicality exception to apply fair value measurement, under which such securities will be measured at cost, less impairment, plus or minus observable price changes for identical or similar securities of the same issuer with such changes recorded in Other income, net on the Consolidated Statements of Operations.

For equity investments where the Company does not control the investee, and where it is not the primary beneficiary of a variable interest entity but can exert significant influence over the financial and operating policies of the investee, the Company applies the equity method of accounting. Under the equity method of accounting, the Company's share of the investee's underlying net income or loss is recorded as investment income or loss within Other income, net on the Consolidated Statements of Operations, and is also included, net of cash dividends received, in Equity in earnings of affiliate, net of dividends received, on the Consolidated Statements of Cash Flows. Dividend distributions received from the investee reduces the Company's carrying value of the investee and the cost basis if deemed a return of capital.

Nonmarketable equity securities and equity method investments are also subject to periodic impairment evaluations, and when factors indicate that a significant decrease in value has occurred. Factors considered in making such assessments may include near-term prospects of the investees, subsequent rounds of financing activities of the investees, and the investees' capital structure as well as other economic variables, which reflect assumptions market participants may use in pricing these assets. If an equity method investment is deemed to have experienced an other-than-temporary decline below its carrying amount, we reduce the carrying amount of the equity method investment to its quoted or estimated fair value, as applicable, and establish a new carrying amount for the investment. For nonmarketable equity securities that are accounted for under the measurement alternative to fair value, the Company applies the impairment model that does not require the Company to consider whether the impairment is other-than-temporary. We record these impairment charges on our equity investments in Other income, net on the Consolidated Statements of Operations.

Income Taxes — Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been reflected in the Consolidated Financial Statements. Amounts are determined based on the differences between the book and tax bases of particular assets and liabilities and operating loss carry forwards, using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset deferred tax assets if, based upon the available evidence, it is more-likely-than-not that some or all of the deferred tax assets will not be realized. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. Conversely, if we determine we might not be able to realize our deferred tax assets, we would record a valuation allowance which would result in a charge to the provision for income taxes.

We use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate tax positions taken or expected to be taken in a tax return by assessing whether they are more likely than not sustainable, based solely on their technical merits, upon examination, and including resolution of any related appeals or litigation process. The second step is to measure the associated tax benefit of each position, as the largest amount that we believe is more likely than not realizable. Differences between the amount of tax benefits taken or expected to be taken in our income tax returns and the amount of tax benefits recognized in our financial statements represent our unrecognized income tax benefits, which we record as a liability. Our policy is to include interest and penalties related to unrecognized income tax benefits as a component of income tax expense.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

Revenue Recognition — Revenues are generally recognized when control of the promised goods or services is transferred to our customers, either at a point in time or over time, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Most of our contracts have one performance obligation and all consideration is allocated to that performance obligation. In contracts that have multiple performance obligations, we allocate the transaction price to each identified performance obligation based upon their relative standalone selling price. The standalone selling prices are determined using observable standalone selling prices when available as well as estimates of standalone selling prices using adjusted market assessment and expected cost plus margin approaches to estimate the price for individual components. Our revenues do not include material estimated amounts of variable consideration. The variable consideration contained in our contracts relates primarily to sales or usage-based royalties earned on consumer product licensing contracts. The variability related to these sales or usage-based royalties will be resolved in the periods when the licensee generates sales related to the intellectual property license. As it relates to our Consumer Products segment, the Company accounts for shipping and handling activities as fulfillment activities.

We derive our revenues principally from the following sources: (i) content rights fees associated with the distribution of WWE's media content, (ii) content license fees and subscriptions to WWE Network, (iii) fees for viewing our premium live event programming, (iv) feature film distribution, (v) advertising and sponsorship sales, (vi) live event ticket sales, (vii) consumer product licensing royalties from the sale by third-party licensees of WWE branded merchandise, (viii) direct-to-consumer sales of merchandise at our live event venues, and (ix) direct-to-consumer sales of our merchandise through eCommerce platforms. The below describes our revenue recognition policies in further detail for each major revenue source of the Company.

- Content rights fees:

Rights fees received from distributors of our programming, both domestically and internationally, are recorded when the program (functional intellectual property) has been delivered and control has been transferred to the distributor and the license period has begun. Any advance payments received from the distributors are deferred upon collection and recognized into revenue as content is delivered. Our content rights distribution agreements are generally between one year and five years in length and frequently provide for contractual increases over their terms.

- WWE Network Subscriptions:

Revenues from the sale of subscriptions to WWE Network are recognized ratably over each paid monthly membership period. Deferred revenues consist of subscription fees billed to members that have not been recognized and gift memberships that have not been redeemed.

- Pay-per-view programming:

Revenues from our pay-per-view programming are recorded when the event is aired/performed and are based upon our initial estimate of the number of buys achieved. This initial estimate is based on preliminary buy information received from our pay-per-view distributors. These estimates are updated each reporting period based on the latest information available.

- Advertising and sponsorships:

Through our sponsorship packages, we offer advertisers a full range of our promotional vehicles, including online and print advertising, on-air announcements and special appearances by our Superstars. We allocate the transaction price to all performance obligations contained within a sponsorship and advertising arrangement based upon their relative standalone selling price. Standalone selling prices are determined generally based on a rate card used to determine pricing for individual components. Revenues are recognized as each performance obligation is satisfied, which generally occurs when the sponsorship and advertising is aired, exhibited, performed or played on the applicable WWE platform. We are generally the principal in our advertising and sponsorship arrangements because we control the advertising and sponsorship inventory before it is transferred to our customers. Our control is evidenced by our sole ability to monetize the advertising and sponsorship inventory and being primarily responsible to our customers.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

- Live event ticket sales:

Revenues from our live event ticket sales are recognized upon the occurrence of the related live event.

- Consumer product licensing royalties:

Licensing revenues consist principally of royalties or license fees related to various WWE themed products, such as video games, toys and apparel, which are created using WWE brands and marks (symbolic intellectual property). Revenues from our licensed products are recognized in the period of the underlying product sales based on estimates from licensees and adjustments to the estimated amounts are recorded when final statements are received. The estimates are derived from the best available recent information from our licensees of underlying sales performance and represent the most likely amount of revenues expected. Any upfront license fees or minimum guarantees received from the licensee are deferred upon collection and recognized into revenue over the contract term as the amounts are earned.

- Direct-to-consumer venue merchandise sales:

Direct-to-consumer merchandise sales consist of sales of merchandise at our live events. Revenues are recognized at the point of sale, as control is transferred to the customer.

- Direct-to-consumer eCommerce sales:

Direct-to-consumer eCommerce revenues consist of sales of merchandise on our websites, including through our WWEShop Internet storefront, and on distribution platforms, including Amazon. Revenues are recognized at a point in time, as control is transferred to the customer upon shipment.

Operating Expenses — Operating expenses consist of our production costs associated with developing our content, venue rental and related costs associated with the staging of our live events, compensation costs for our talent, and material and related costs associated with our consumer product merchandise sales, and costs associated with operating WWE Network. In addition, operating expenses include the operating costs associated with talent development, data analytics, data engineering, business strategy and real estate and facilities functions. Included within operating expenses are the following depreciation and amortization expenses:

- Amortization and impairment of feature film production assets:

We amortize feature film production assets based on the estimated future cash flows. Unamortized feature film production assets are evaluated for impairment each reporting period.

- Amortization and impairment of television production assets:

Television production assets consist primarily of non-live event episodic television series we have produced for distribution through a variety of platforms, including on WWE Network. Costs to produce episodic programming for television or distribution on WWE Network are amortized in the proportion that revenues bear to management's estimates of the ultimate revenue expected to be recognized from exploitation, exhibition or sale. Unamortized television production assets are evaluated for impairment each reporting period. Program amortization for WWE Network is included in operating expenses as a component of amortization of television production assets. For episodic programming debuting and currently expected to air exclusively on WWE Network, the cost of the programming is expensed upon delivery of the content to distribution partners or the initial release on the subscription-based WWE Network, as the vast majority of viewership occurs in close proximity to the initial release.

- Depreciation and amortization of costs related to content delivery and technology assets utilized for WWE Network:

These costs are depreciated or amortized on a straight-line basis over the shorter of the expected useful life or the term of the respective assets.

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- Amortization of right-of-use assets on finance leases of equipment:

The amortization expense associated with the right-of-use assets pertain predominantly to equipment utilized to produce and distribute our live event programming and are therefore included in operating expenses.

- Depreciation on equipment used directly in revenue generating activities:

We capitalize equipment consisting primarily of television set components and related equipment that is utilized as part of our programming content. These assets are depreciated over their respective estimated useful lives.

The following table presents the depreciation and amortization expense amounts included within Operating expenses for the periods presented:

	<u>Year Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Amortization and impairment of content production assets	\$19,714	\$26,309	\$35,708
Depreciation and amortization of WWE Network content delivery and technology assets	7,530	5,632	5,317
Amortization of right-of-use assets - finance leases of equipment	9,149	11,070	8,020
Depreciation on equipment used directly to support operations	630	561	108
Total depreciation and amortization included in operating expenses	<u>\$37,023</u>	<u>\$43,572</u>	<u>\$49,153</u>

Costs to produce our live event programming are expensed when the event is first broadcast, and are not included in the depreciation and amortization table noted above. These costs include production-related costs, such as lighting, pyrotechnics and staging, associated with our weekly, in-ring televised programming as well as our premium live events, which are included as a component of our Media segment operating expenses. We also incur event-related costs, such as venue rental, security and travel, associated with our premium live events as well as our televised and non-televised events, which are included as a component of our Live Events segment operating expenses. Talent-related costs primarily associated with our premium live events and televised programming are included within our Media segment, while talent-related costs associated with our non-televised events are included within our Live Events segment.

Marketing and Selling Expenses – Marketing and selling expenses consist of costs associated with the promotion and marketing of our services and products. These expenses include advertising and promotional costs, and the costs associated with our sales and marketing functions, creative services functions and our international offices.

General and Administrative Expenses – General and administrative expenses are unallocated and include costs associated with our corporate administrative functions, including finance, investor relations, community relations, corporate communications, information technology, legal, human resources and our Board of Directors. We record all Company-wide severance expenses as unallocated corporate general and administrative expenses.

Content Production Incentives — The Company has access to various governmental programs that are designed to promote content production within the United States and certain international jurisdictions. Tax credits earned with respect to expenditures on qualifying content production activities, including qualifying capital projects, are included as an offset to the related asset or as an offset to production expenses when we have reasonable assurance regarding the realizable amount of the tax credits.

Advertising Expense — Advertising costs are expensed as incurred, except for costs related to the development of a major commercial or media campaign, which are expensed in the period in which the commercial or campaign is first presented. For the years ended December 31, 2021, 2020 and 2019, we recorded advertising expenses of \$9,219, \$13,539 and \$21,165, respectively.

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Foreign Currency Translation — For the translation of the financial statements of our foreign subsidiaries whose functional currencies are non-U.S. Dollars, assets and liabilities are translated at the year-end exchange rate, and income statement accounts are translated at monthly average exchange rates for the year. The resulting translation adjustments are recorded in accumulated other comprehensive income, a component of stockholders' equity, and also in comprehensive income. Foreign currency transactions are recorded at the exchange rate prevailing at the transaction date, with any gains/losses recorded in other income/expense.

Stock-Based Compensation — Equity awards are granted to directors, officers and employees of the Company. Stock-based compensation costs associated with our restricted stock units ("RSUs") are determined using the fair market value of the Company's common stock on the date of the grant. These costs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. RSUs have a service requirement typically over a 3.5 years vesting schedule and vest in equal annual installments. Unvested RSUs accrue dividend equivalents at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying RSUs.

Stock-based compensation costs associated with our performance stock units ("PSUs") are initially determined using the fair market value of the Company's common stock on the date the awards are approved by our Compensation Committee (service inception date). The vesting of these PSUs are subject to certain performance conditions and a service requirement of typically 3.5 years. Until such time as the performance conditions are met, stock compensation costs associated with these PSUs are re-measured each reporting period based upon the fair market value of the Company's common stock and the estimated performance attainment on the reporting date. The ultimate number of PSUs that are issued to an employee is the result of the actual performance of the Company at the end of the performance period compared to the performance conditions. Stock compensation costs for our PSUs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. Unvested PSUs accrue dividend equivalents once the performance conditions are met at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying PSUs.

During the third quarter of 2020, the Compensation Committee approved an agreement to grant PSUs to an executive management member for an aggregate value of \$15,000. The award vests in two tranches of 40%, and 60%, during the years 2022 and 2025, respectively. The first award tranche of \$6,000 has performance conditions tied to results through September 2022, and the second award tranche of \$9,000 has performance conditions tied to results through September 2025. The Company began expensing the second award of \$9,000 concurrent with the first award beginning on the service inception date in August 2020. The Company accounts for the first award as an equity award since the target shares are known at inception, while the second award is classified as a liability award until the number of shares is determined upon settlement of the award. The liability and the corresponding expense are adjusted at the end of each quarter until the date of settlement, considering the probability that the performance conditions will be satisfied. As of December 31, 2021, the liability portion of the award was \$2,466, which is included in Other non-current liabilities on the Consolidated Balance Sheet.

We estimate forfeitures based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ or as forfeitures occur.

Earnings Per Share (EPS) — Basic EPS is calculated by dividing net income by the weighted average common shares outstanding during the period. Diluted EPS is calculated by dividing net income by the weighted average common shares outstanding during the period plus dilutive potential common shares which are calculated using the treasury-stock method. Under the treasury-stock method, potential common shares are excluded from the computation of EPS in periods in which they have an anti-dilutive effect.

Net income per share of Class A and Class B common stock is computed in accordance with a two-class method of earnings allocation. As such, any undistributed earnings for each period are allocated to each class of common stock based on the proportionate share of cash dividends that each class is entitled to receive. During 2021, 2020 and 2019, the dividends declared and paid per share of Class A and Class B common stock were the same.

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Treasury Stock Retirement — The Company accounts for treasury stock transactions using the cost method. All share repurchases to date have been retired by the Company. When the Company retires its own common stock, the excess of the repurchase price of the common stock over the par value of the common stock is allocated between additional paid-in capital and retained earnings. The portion allocated to additional paid-in capital is determined by applying a percentage, determined by dividing the number of shares to be retired by the number of shares issued and outstanding as of the retirement date, to the balance of additional paid-in capital as of the retirement date. Direct costs incurred to repurchase the common stock are not material and are expensed in the period incurred.

Recent Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-06, “*Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*” (ASU 2020-06). The new guidance eliminates two of the three models in ASC 470-20, “*Debt with Conversion and Other Options*”, that require separating embedded conversion features from convertible instruments. Specifically, the ASU removes the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. The Company’s existing 3.375% convertible senior notes due December 2023 (“Convertible Notes”) are currently accounted for under the cash conversion feature model, which is one of the models being eliminated. As a result, after adopting the new guidance, the Company will no longer separately present in stockholders’ equity an embedded conversion feature of such debt. Instead, the Company will account for a convertible debt instrument wholly as debt unless (i) a convertible debt instrument contains features that require bifurcation as a derivative or (ii) a convertible debt instrument was issued at a substantial premium. Additionally, the ASU revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments (e.g., warrants) and embedded features (e.g., conversion features) that are both indexed to the issuer’s own stock and classified in stockholders’ equity, by removing certain criteria required for equity classification. The new guidance also requires the use of the if-converted method when calculating diluted earnings per share (“EPS”) for convertible instruments and the treasury stock method should no longer be used. Under the new guidance, convertible instruments that may be settled in cash or shares (e.g., the Company’s Convertible Notes) are to be included in the calculation of diluted EPS if the effect is more dilutive, with no option for rebutting the presumption of share settlement based on stated policy or past experience. The ASU is effective for fiscal years beginning after December 15, 2021 (fiscal year 2022 for the Company) and can be adopted on either a fully retrospective or modified retrospective basis. The Company intends to adopt the ASU using the modified retrospective approach. The adoption of the ASU will result in a reclassification of certain conversion feature-related balance sheet amounts from stockholders’ equity to liabilities related to the Company’s Convertible Notes. Subsequent to the adoption date, the ASU is expected to reduce reported interest expense and correspondingly, increase net income due to the elimination of non-cash interest amortization associated with the debt discount that was created under the prior cash conversion feature separation model.

In March 2019, the FASB issued Accounting Standards Update (“ASU”) No. 2019-02, “*Improvements to Accounting for Costs of Films and License Agreements for Program Materials*”, in order to align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. The amendments also require that an entity reassess estimates of the use of a film in a film group and account for any changes prospectively. In addition, the amendments require that an entity test films and license agreements for program material for impairment at a film group level when the film or license agreements are predominantly monetized with other films and license agreements. The Company evaluated its portfolio of content assets in order to determine the predominant monetization strategies which now dictates the appropriate impairment model to apply. In general, the Company’s content assets related to original programming content airing on WWE Network are predominantly monetized as a film group through monthly subscription fees collected from WWE Network subscribers, while the Company’s other content assets comprised largely of feature films and episodic television series which are licensed or sold to distributors are predominantly monetized individually through the underlying rights fees collected under the distribution arrangements. The Company previously provided separate captions within noncurrent

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assets on the face of the consolidated balance sheet for episodic television production assets and feature film production assets. With the adoption of the amendments, the Company now presents both episodic television and feature film production assets under one combined caption, Content production assets, net, within the noncurrent assets section of the consolidated balance sheet. To conform to the current period presentation, the Content productions assets, net balance of \$20,045 as of December 31, 2019 is comprised of \$15,873 of feature film production assets and \$4,172 of television production assets. ASU 2019-02 is effective for fiscal years beginning after December 15, 2019. The Company adopted the amendments on January 1, 2020 with no material impact to our consolidated financial statements upon adoption. See Note 9, *Content Production Assets, Net*, for further details.

In November 2018, the FASB issued ASU No. 2018-18, “*Collaborative Arrangements (Topic 808) – Clarifying the Interaction between Topic 808 and Topic 606*.” The amendments in this ASU clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606, *Revenue from Contracts with Customers*, when the collaborative arrangement participant is a customer in the context of a unit of account and precludes recognizing as revenue consideration received from a collaborative arrangement participant if the participant is not a customer. The new guidance is effective for fiscal years beginning after December 15, 2019. The Company adopted the amendment on January 1, 2020 with no impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, “*Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*.” The new guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this update. The new guidance is effective for fiscal years beginning after December 15, 2019. The Company adopted the amendments on January 1, 2020 with no material impact to our consolidated financial statements and applied the amendments prospectively to all implementation costs incurred after the date of adoption.

In August 2018, the FASB issued ASU No. 2018-13, “*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*”, which modifies the disclosure requirements on fair value measurements. The new guidance is effective for fiscal years beginning after December 15, 2019. Upon the effective date, certain provisions are to be applied prospectively, while others are to be applied retrospectively to all periods presented. The amendments eliminated certain disclosure requirements such as the elimination of disclosing the valuation process for Level 3 fair value measurements. Other amendments in the update did not largely impact the Company. The Company adopted the amendments on January 1, 2020 with no impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” (“ASU 2016-13”), which requires an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance. The provisions of ASU 2016-13 and the related amendments are effective for fiscal years beginning after December 15, 2019. Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company evaluated its financial instruments and determined that its trade accounts receivables are subject to the new current expected credit loss model and the Company’s available-for-sale debt securities are subject to the new modified credit impairment guidance. Based upon the application of the new current expected credit loss model on our opening balance of accounts receivable as of January 1, 2020, we determined that no material incremental credit loss reserve is needed and accordingly did not record a cumulative effect adjustment. As of the adoption date on January 1, 2020, the Company applied the new credit impairment guidance for available-for-sale debt securities on a prospective basis. See Note 5, *Investment Securities and Short-Term Investments*, for further information on our available-for-sale debt securities.

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3. Earnings Per Share

For purposes of calculating basic and diluted earnings per share, we used the following weighted average common shares outstanding (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Net income	<u>\$180,408</u>	<u>\$131,771</u>	<u>\$77,061</u>
Weighted average basic common shares outstanding	76,324	77,564	78,157
Dilutive effect of restricted and performance stock units	447	492	1,361
Dilutive effect of convertible debt instruments	8,166	6,160	10,707
Dilutive effect of employee share purchase plan	6	3	6
Weighted average dilutive common shares outstanding	<u>84,943</u>	<u>84,219</u>	<u>90,231</u>
Earnings per share:			
Basic	<u>\$ 2.36</u>	<u>\$ 1.70</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 2.12</u>	<u>\$ 1.56</u>	<u>\$ 0.85</u>
Anti-dilutive shares (excluded from per-share calculations):			
Net shares received on purchased call of convertible debt hedge	4,641	3,762	5,756
Outstanding restricted and performance stock units	—	—	—

Effect of Convertible Notes and Related Convertible Note Hedge and Warrants

In connection with the issuance of the Convertible Notes, the Company entered into Convertible Note Hedge and Warrants transactions as described further in Note 11, *Convertible Debt*. The collective impact of the Convertible Note Hedge and Warrants effectively eliminates any economic dilution that may occur from the actual conversion of the Convertible Notes between the conversion price of \$24.91 per share and the strike price of the Warrants of \$31.89 per share.

For reporting periods with net income, the denominator of our diluted earnings per share calculation includes the effect of additional shares issued using the treasury stock method since the average price of our common stock exceeded the conversion price of the Convertible Notes of \$24.91 per share. In addition, the denominator also includes the additional shares issued related to the Warrants using the treasury stock method since the average price of our common stock exceeded the strike price of the Warrants of \$31.89 per share. The dilution from the Convertible Notes had a \$0.23, \$0.13 and \$0.12 impact on diluted earnings per share for the years ended December 31, 2021, 2020 and 2019, respectively. Prior to actual conversion, the Convertible Note Hedges are not considered for purposes of the calculation of diluted earnings per share, as their effect would be anti-dilutive.

4. Revenues

See Note 2, *Summary of Significant Accounting Policies – Revenue Recognition* for information on our revenue recognition accounting policies.

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Disaggregated Revenues

The following table presents our revenues disaggregated by primary revenue sources. Sales and usage-based taxes are excluded from revenues.

	Year Ended December 31,		
	2021	2020	2019
Net revenues:			
<u>Media Segment:</u>			
Network (including pay-per-view)(1)	\$ 215,404	\$185,667	\$184,553
Core content rights fees(2)	575,812	538,334	348,593
Advertising and sponsorships(3)	71,495	65,333	72,428
Other(4)	73,501	78,882	137,525
Total Media Segment net revenues	936,212	868,216	743,099
<u>Live Events Segment:</u>			
North American ticket sales	46,301	15,206	93,812
International ticket sales	4,639	210	19,048
Advertising and sponsorships(5)	896	354	2,072
Other(6)	5,967	4,151	10,653
Total Live Events Segment net revenues	57,803	19,921	125,585
<u>Consumer Products Segment:</u>			
Consumer product licensing	51,982	41,675	43,197
eCommerce	39,085	41,196	29,882
Venue merchandise	10,092	3,199	18,679
Total Consumer Products Segment net revenues	101,159	86,070	91,758
Total net revenues	\$1,095,174	\$974,207	\$960,442

- (1) Network revenues consist primarily of license fees associated with the domestic distribution of WWE Network content to NBCU (effective March 18, 2021), as well as subscription fees from customers of WWE Network and license fees associated with our international licensed partner agreements. Network revenues for the year ended December 31, 2021 include the upfront revenue recognition related to the delivery of certain WWE Network intellectual property rights to NBCU during the first quarter of 2021.
- (2) Core content rights fees consist primarily of licensing revenues from the distribution of our flagship programs, *Raw* and *SmackDown*, as well as our *NXT* programming, through global broadcast, pay television and digital platforms.
- (3) Advertising and sponsorships revenues within our Media segment consist primarily of advertising revenues from the Company's content on third-party social media platforms and sponsorship fees from sponsors who promote their products utilizing the Company's media platforms, including promotion on the Company's digital websites and on-air promotional media spots.
- (4) Other revenues within our Media segment reflect revenues earned from the distribution of other WWE content, including, but not limited to, certain live in-ring programming in international markets, scripted, reality and other programming, as well as theatrical and direct-to-home video releases.
- (5) Advertising and sponsorships revenues within our Live Events segment primarily consists of fees from advertisers and sponsors who promote their products utilizing the Company's live events (i.e., presenting sponsor of fan engagement events and advertising signage at the event).
- (6) Other revenues within our Live Events segment primarily consists of the sale of travel packages associated with the Company's global live events, as well as revenues from events for which the Company receives a fixed fee.

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WWE Network subscriptions revenues for international subscribers, and domestic subscribers through March 17, 2021, are recorded over time during the subscription term, and our consumer product licensing revenues which are recorded over time during the licensing period. Other revenue streams identified in the table above are generally recognized at a point-in-time when the performance obligations are satisfied.

Payment Terms and Other

Our revenues do not include material amounts of variable consideration, other than the sale or usage-based royalties earned related to our consumer product licensing and certain other content rights contracts. Our payment terms vary by the type of products or services offered and may be subject to contractual payment terms, which may include advance payment requirements. The time between invoicing and when payment is due is not significant, generally within 30 to 60 days. We have elected the practical expedient to not adjust the total consideration within a contract to reflect a financing component when the duration of the financing is one year or less. Our contracts do not generally include a significant financing component. Our contracts with customers do not generally result in significant obligations associated with returns, refunds or warranties.

Remaining Performance Obligations

As of December 31, 2021, for contracts greater than one year, the aggregate amount of the transaction price allocated to remaining performance obligations is \$3,351,340, comprised of our multi-year content distribution, consumer product licensing and sponsorship contracts. We will recognize rights fees related to our multi-year content distribution contracts as content is delivered to the distributors during the periods 2022 through 2028. We will recognize the revenues associated with the minimum guarantees on our multi-year consumer product licensing arrangements by the end of the licensing periods, which range from 2022 through 2026. For our multi-year sponsorship arrangements, we will recognize sponsorship revenues as the sponsorship obligations are satisfied during the periods 2022 through 2028. The transaction prices related to these future obligations do not include any variable consideration, which generally consists of sales or usage-based royalties earned on consumer product licensing and certain other content rights contracts. The variability related to these sales or usage-based royalties will be resolved in the periods when the licensee generates sales related to the intellectual property license.

Contract Assets and Contract Liabilities (Deferred Revenues)

A contract asset results when goods or services have been transferred to the customer, but payment is contingent upon a future event, other than the passage of time. The Company does not have any material contract assets, only accounts receivable as disclosed on our Consolidated Balance Sheets.

We record deferred revenues (also referred to as contract liabilities under Topic 606) when cash payments are received or due in advance of our performance. Our deferred revenues balance primarily relates to advance payments received related to our content distribution rights agreements, our consumer product licensing agreements, and our sponsorship and advertising arrangements. The Company's deferred revenues (i.e. contract liabilities) as of December 31, 2021 and 2020 were \$74,661 and \$62,943, respectively, and are included within Deferred income and Other non-current liabilities on our Consolidated Balance Sheets.

The net increase in the deferred revenue balance for the year ended December 31, 2021 of \$11,718 is primarily driven by advances received, partially offset by revenue recognized in 2021 as a result of satisfying our performance obligations. The balance of the current portion of deferred revenue recorded as of December 31, 2020 of \$62,887 was recognized into revenue during 2021.

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Contract Costs (Costs of Obtaining a Contract)

Except for certain multi-year television content arrangements, we generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within Marketing and selling expenses on our Consolidated Statements of Operations. Capitalized commission fees of \$625 and \$725 at December 31, 2021 and 2020, respectively, relate primarily to incremental costs of obtaining our long-term content distribution arrangements and these costs are being amortized over the duration of the underlying content agreements on a straight-line basis to Marketing and selling expenses. The amount of amortization was \$100, \$100 and \$1,061 for the years ended December 31, 2021, 2020 and 2019, respectively, and there was no impairment in relation to the costs capitalized.

5. Investment Securities and Short-Term Investments

Investment Securities

Included within Investment Securities are the following:

	As of December 31,	
	2021	2020
Equity method investments	\$ —	\$ 1,000
Nonmarketable equity investments without readily determinable fair values	11,618	10,148
Total investment securities	<u>\$11,618</u>	<u>\$11,148</u>

Equity Method Investments

Our equity method investments related primarily to an investment in an apparel and lifestyle brand. To the extent the investees recorded income or losses, the Company recorded our share proportionate to our ownership percentage, and any dividends received reduced the carrying value amount of the investments. Net equity method earnings from our equity method investments are included as a component of Other income (expense), net on the Consolidated Statements of Operations. Net dividends received from our equity method investments are reflected on the Consolidated Statements of Cash Flows within Net cash provided by operating activities.

We evaluated our equity method investments for impairment when events indicated that the fair value of the investments may be below the carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value. During the year ended December 31, 2021, the Company exited its equity method investment in an apparel and lifestyle brand and recorded an impairment charge of \$808 to write-down the carrying value of the investment to zero as a result of the settlement with the investee. During the year ended December 31, 2020, the Company recorded impairment charges of \$13,231 on our equity method investments for the excess of the carrying value over its estimated fair value as a result of our impairment evaluation. We determined fair value using a discounted cash flow model using recent forecasts from the investee, which indicated a decline in the value of the investment. The decline in value is due to the significant adverse impact on retail market conditions caused by COVID-19 combined with lower sales forecasts. These impairment charges are included as a component of Other income (expense), net on the Consolidated Statements of Operations. The Company did not record any impairment charges related to our equity method investments during the year ended December 31, 2019.

The following table presents the net equity method earnings from our equity method investments and net dividends received from our equity method investments for the periods presented:

	Year Ended December 31,		
	2021	2020	2019
Net equity method earnings	\$ 445	\$ 760	\$ 911
Net dividends received	(638)	(872)	(1,061)
Equity in earnings of affiliate, net of dividends received	<u>\$(193)</u>	<u>\$(112)</u>	<u>\$ (150)</u>

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Nonmarketable Equity Investments Without Readily Determinable Fair Values

We evaluate our nonmarketable equity investments without readily determinable fair values for impairment if factors indicate that a significant decrease in value has occurred. The Company has elected to use the measurement alternative to fair value that will allow these investments to be recorded at cost, less impairment, and adjusted for subsequent observable price changes.

The following table summarizes the impairments and observable price change event adjustments recorded on our nonmarketable equity investments without readily determinable fair values for the periods presented:

	Year Ended December 31,		
	2021	2020	2019
Impairments(1)	\$ —	\$(2,715)	\$ —
Observable price change upward adjustments(2)	—	—	1,151
Observable price change downward adjustments	—	(29)	—
Total income (loss) from adjustments to nonmarketable equity investments . . .	<u>\$ —</u>	<u>\$(2,744)</u>	<u>\$ 1,151</u>

- (1) During the year ended December 31, 2020, the Company recorded an impairment charge on our investment in a themed attraction touring company for the excess of the carrying value over its estimated fair value resulting from significant adverse changes in the economic and market conditions caused by COVID-19. These charges are reflected in Other income, net on our Consolidated Statements of Operations.
- (2) During the year ended December 31, 2019, the Company recorded upward adjustments to the carrying value related to two of the Company's equity investments. The adjustments were the result of an observable price change events in connection with financing rounds completed by the investees where the underlying value of the preferred shares issued were greater than the value of WWE's substantially similar preferred shares in the investees. These upward adjustments are reflected in Other income, net on our Consolidated Statements of Operations.

Marketable Equity Investments With Readily Determinable Fair Value

In November 2020, the Company sold all of its common shares of our investments in DraftKings, Inc. and Phunware, Inc., receiving cash proceeds totaling \$11,715, which are reflected in cash flows from investing activities on the Consolidated Statements of Cash Flows for the year ended December 31, 2020. The Company recorded net realized gains of \$10,254 on the securities during the year ended December 31, 2020. We recorded net unrealized holding losses of \$4,444 during the year ended December 31, 2019. Realized and unrealized holding gains and losses are included as a component of Other income (expense), net on the Consolidated Statements of Operations.

Short-Term Investments

Our short-term investments consist of available-for-sale debt securities which are measured at fair value and consist of the following:

	December 31, 2021				December 31, 2020			
	Amortized Cost	Gross Unrealized		Fair Value	Amortized Cost	Gross Unrealized		Fair Value
		Gain	(Loss)			Gain	(Loss)	
U.S. Treasury securities	\$ 90,278	\$—	\$ (57)	\$ 90,221	\$ 99,973	\$21	\$—	\$ 99,994
Corporate bonds	147,102	1	(269)	146,834	25,078	6	(1)	25,083
Government agency bonds	44,026	1	(125)	43,902	6,187	31	—	6,218
Total	<u>\$281,406</u>	<u>\$ 2</u>	<u>\$(451)</u>	<u>\$280,957</u>	<u>\$131,238</u>	<u>\$58</u>	<u>\$(1)</u>	<u>\$131,295</u>

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The Company evaluates its individual available-for-sale debt securities that are in an unrealized loss position each reporting period and determines whether the decline in fair value below the amortized cost basis results from a credit loss or other factors. The amount of the decline related to credit losses are recorded as a credit loss expense in earnings with a corresponding allowance for credit losses and the amount of the decline not related to credit losses are recorded through other comprehensive income, net of tax. As of December 31, 2021 and 2020, the aggregate total amount of unrealized losses (that is, the amount by which amortized cost basis exceeds fair value) was insignificant. We did not record an allowance for credit losses on these securities. Accordingly, during the years ended December 31, 2021 and 2020, the entire amount of the decline in fair value below the amortized cost basis was recorded as an unrealized loss, net of tax, in other comprehensive loss on the Consolidated Statements of Comprehensive Income. Unrealized gains are also reflected, net of tax, as other comprehensive income (loss) on the Consolidated Statements of Comprehensive Income.

Our U.S. Treasury securities, corporate bonds and government agency bonds are included in Short-term investments, net on our Consolidated Balance Sheets. Realized gains and losses on investments are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

As of December 31, 2021, contractual maturities of these securities are as follows:

	<u>Maturities</u>
U.S. Treasury securities	3 months - 2 years
Corporate bonds	1 month - 2 years
Government agency bonds	1 month - 2 years

During the years ended December 31, 2021, 2020 and 2019, we recognized \$395, \$1,819 and \$4,728, respectively, of interest income on our short-term investments. Interest income is reflected as a component of Other income, net on our Consolidated Statements of Operations.

The following table summarizes the short-term investment activity:

	<u>Year Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proceeds from sale of short-term investments	\$ 27,911	\$ 22,613	\$ —
Proceeds from maturities and calls of short-term investments	\$194,149	\$159,703	\$157,487
Purchases of short-term investments	\$374,502	\$153,904	\$124,282
Gross realized (losses) gains on sale of short-term investments	\$ (2)	\$ 64	\$ —

6. Fair Value Measurement

Fair value is determined based on the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The accounting guidance establishes a three-level hierarchy that ranks the quality and reliability of information used in developing fair value estimates. The hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In cases where two or more levels of inputs are used to determine fair value, a financial instrument's level is determined based on the lowest level input that is considered significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are summarized as follows:

- Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices in active markets for similar assets and liabilities that are directly or indirectly observable; or
- Level 3 - Unobservable inputs, such as discounted cash flow models or valuations, in which little or no market data exists.

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Certain financial instruments are carried at cost on the Consolidated Balance Sheets, which approximates fair value due to their short-term, highly liquid nature. The carrying amounts of cash and cash equivalents, money market accounts, accounts receivable and accounts payable approximate fair value because of the short-term nature of such instruments.

We have classified our investments in U.S. Treasury securities, corporate bonds and government agency bonds, which collectively are investments in available-for-sale debt securities, within Level 2, as their valuation requires quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and/or model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data. The U.S. Treasury securities, corporate bonds and government agency bonds are valued based on model-driven valuations. A third-party service provider assists the Company with compiling market prices from a variety of industry standard data sources, security master files from large financial institutions and other third-party sources that are used to value our corporate bond, U.S. Treasury securities and government agency bond investments. The Company did not have any transfers between Level 1, Level 2 and Level 3 fair value investments during the periods presented.

The fair value measurements of our equity investments without readily determinable fair values and our equity method investments are classified within Level 3 as significant unobservable inputs are used as part of the determination of fair value. Significant unobservable inputs may include variables such as near-term prospects of the investees, recent financing activities of the investees, and the investees' capital structure, as well as other economic variables, which reflect assumptions market participants would use in pricing these assets. For our equity investments without readily determinable fair values, the Company has elected to use the measurement alternative to fair value that will allow these investments to be recorded at cost, less impairment, and adjusted for subsequent observable price changes. See Note 5, *Investment Securities and Short-Term Investments*, for details on impairments and observable pricing event adjustments related to our equity investments without readily determinable fair values.

The Company's long-lived property and equipment and content production assets are required to be measured at fair value on a non-recurring basis if it is determined that indicators of impairment exist. These assets are recorded at fair value only when an impairment is recognized. During the years ended December 31, 2021, 2020 and 2019, we recorded non-cash abandonment charges of \$175, \$1,783 and \$940, respectively, to write off the carrying value of certain assets included within property and equipment that we deemed will no longer be used by the Company and had no further alternative use. These charges are included as a component of Operating expenses on our Consolidated Statements of Operations. Apart from these charges, the Company did not record any other impairment charges on long lived property and equipment and television production assets during the years ended December 31, 2021, 2020 and 2019. The Company classifies these assets as Level 3 within the fair value hierarchy due to significant unobservable inputs.

During the years ended December 31, 2021, 2020 and 2019, the Company recorded impairment charges of \$313, \$3,171 and \$1,301 on content production assets based upon fair value measurements of \$528, \$3,276, and \$943, respectively. See Note 9, *Content Production Assets*, for further discussion. The Company classifies these fair values as Level 3 within the fair value hierarchy due to significant unobservable inputs. The Company utilizes a discounted cash flows model to determine the fair value of content production assets where indicators of impairment exist.

The fair value of the Company's debt, consisting of a mortgage loan assumed in connection with a building purchase, is estimated based upon quoted price estimates for similar debt arrangements. At December 31, 2021, the face amount of the mortgage loan approximates its fair value.

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The convertible debt is not marked to fair value at the end of each reporting period, but instead is reported at amortized cost. As of December 31, 2021 and 2020, the calculation of the fair value of the debt component of the Company's convertible debt required the use of Level 3 inputs, and was determined by calculating the fair value of similar debt without the associated conversion feature based on market conditions at that time:

	December 31, 2021		December 31, 2020	
	Fair Value	Carrying Value(1)	Fair Value	Carrying Value(1)
Convertible senior notes	\$210,076	\$203,032	\$208,437	\$197,475

(1) The carrying value of the convertible debt instrument presented in the table above represents the face value of the convertible note less unamortized debt discount.

7. Property and Equipment

Property and equipment consist of the following:

	As of December 31,	
	2021	2020
Land, buildings and improvements	\$ 154,826	\$ 163,597
Equipment	148,193	145,243
Corporate aircraft	32,249	32,249
Vehicles	993	1,007
Projects in progress	49,660	17,681
	<u>385,921</u>	<u>359,777</u>
Less accumulated depreciation and amortization	(213,244)	(198,232)
Total	<u>\$ 172,677</u>	<u>\$ 161,545</u>

Depreciation expense for property and equipment totaled \$38,609, \$38,411 and \$30,190 for the years ended December 31, 2021, 2020 and 2019, respectively.

8. Leases

Information about the Nature of WWE's Lease Portfolio

As of December 31, 2021, the Company's lease portfolio consists of operating and finance real estate leases for its sales offices, performance centers, warehouses and corporate related facilities. In addition, we have various live event production service arrangements that contain operating and finance equipment leases. With the exception of our new global headquarters lease that commenced on July 1, 2019 with an 18-month free rent period followed by an initial base term of 15 years with options to renew, our other real estate leases have remaining lease terms of approximately one year to seven years, some of which may include options to extend the leases. Our equipment leases, which are included as part of various operating service arrangements, generally have remaining lease terms of approximately one year to five years. Generally, no covenants are imposed by our lease agreements.

As it relates to the Company's new global headquarters lease, in November 2020, the landlord granted a rent deferral of \$6,590 for a portion of the rental payments due during 2021. The rent deferral amount will be payable over a five year period from 2022 through 2026. The FASB has provided relief under ASC 842, "Leases," related to the COVID-19 pandemic. Under this relief, companies can make an accounting policy election on how to treat lease concessions resulting directly from COVID-19, provided that the modified lease contract results in total cash flows that are substantially the same or less than the cash flows in the original lease contract. The Company has elected to account for the rent deferral resulting directly from COVID-19 as though the enforceable rights and obligations to the deferral existed in the original lease contract at lease inception, and will not account for the concession as a lease modification.

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In lieu of applying lease modification accounting, the Company will account for the rent deferral by accruing an accounts payable during the rent concession periods in 2021 and relieve the payable during 2022 through 2026 when the deferred rents are due. The amount of this deferral, including interest, was \$6,793 as of December 31, 2021, with \$5,567 included as a component of Other non-current liabilities and \$1,226 included as a component of Accounts payable and accrued expenses on our Consolidated Balance Sheet.

On October 26, 2021, the Company amended its Stamford headquarters lease to reduce the leased space by approximately 33,000 rentable square feet. The lease reduction will result in rental savings of approximately \$31,000 over the remainder of the initial 15-year base term. The lease amendment requires a partial termination fee of \$3,875 to be paid through June 30, 2023. No other material changes were made to the existing lease terms. The lease amendment was accounted for as a lease modification, which resulted in upward remeasurements of the right-of-use asset and lease liability of \$16,639 and \$9,919, respectively. As a result, the Company recognized a gain on the partial termination of \$6,720, which is included as a component of Other income (expense), net within our Statement of Operations.

Key Estimates and Judgments

Key estimates and judgments made in applying the lease accounting rules include how the Company determines (i) the discount rate it uses to discount the unpaid lease payments to present value, (ii) lease term and (iii) lease payments. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot readily determine the interest rate implicit in the lease and therefore uses the incremental borrowing rate for its leases. The incremental borrowing rate reflects the rate of interest that the Company would pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The incremental borrowing rates were generally determined by estimating the appropriate collateralized borrowing rates to be used for our leases and considered certain factors, including the lease term, economic environment, and the assumed credit rating profile of the Company. The lease term for all of the Company's lease arrangements include the noncancelable period of the lease plus, if applicable, any additional periods covered by an option to extend the lease that is reasonably certain to be exercised by the Company.

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Quantitative Disclosures Related to Leases

The following table provides quantitative disclosure about the Company's operating and financing leases for the periods presented:

	For the year ended December 31,		
	2021	2020	2019
Lease costs			
Finance lease costs:			
Amortization of right-of-use assets	\$18,360	\$20,172	\$ 12,556
Interest on lease liabilities	18,299	18,359	10,020
Operating lease costs	6,185	5,695	8,693
Other short-term and variable lease costs	1,805	1,678	1,914
Sublease income(1)	(69)	(16)	(64)
Total lease costs	<u>\$44,580</u>	<u>\$45,888</u>	<u>\$ 33,119</u>
Other information			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from finance leases	\$11,506	\$ 1,244	\$ 607
Operating cash flows from operating leases	\$ 5,548	\$ 4,850	\$ 7,945
Finance cash flows from finance leases	\$11,948	\$10,795	\$ 8,352
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 174	\$40,212	\$286,330
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 3,457	\$ 2,518	\$ 6,283

	As of December 31,		
	2021	2020	2019
Weighted-average remaining lease term - finance leases	27.0 years	28.8 years	29.8 years
Weighted-average remaining lease term - operating leases	3.0 years	4.3 years	4.3 years
Weighted-average discount rate - finance leases	4.0%	4.8%	4.8%
Weighted-average discount rate - operating leases	3.5%	4.3%	4.6%

(1) Sublease income excludes rental income from owned properties.

Maturity of lease liabilities as of December 31, 2021 were as follows:

	Operating Leases	Finance Leases
2022	\$ 5,034	\$ 27,229
2023	2,747	27,418
2024	1,186	24,319
2025	590	21,149
2026	338	21,480
Thereafter	507	536,840
Total lease payment	<u>10,402</u>	<u>658,435</u>
Less: imputed interest	(584)	(271,564)
Total future minimum lease payments	<u>\$ 9,818</u>	<u>\$ 386,871</u>

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9. Content Production Assets, Net

See Note 2, *Summary of Significant Accounting Policies – Content Production Assets, Net* for information on our content production accounting policies.

Content production assets consisted of the following:

	Predominantly Monetized Individually		Predominantly Monetized as a Film Group	
	As of December 31,		As of December 31,	
	2021	2020	2021	2020
In release	\$ 3,291	\$ 6,608	\$139	\$ 173
In production	9,581	7,926	627	340
In development.	143	378	—	—
Total	<u>\$13,015</u>	<u>\$14,912</u>	<u>\$766</u>	<u>\$ 513</u>

As of December 31, 2021, approximately 70% of the “in release” content assets monetized individually are estimated to be amortized over the next three years.

As of December 31, 2021, all of the “in release” content assets monetized as a film group are estimated to be amortized over the next 12 months.

Amortization and impairment of content production assets consisted of the following:

	Year Ended December 31,		
	2021	2020	2019
Content production amortization expense - assets monetized individually	\$13,720	\$17,676	\$28,950
Content production amortization expense - assets monetized as a film group	5,316	5,333	5,175
Content production impairment charges(1).	313	3,171	1,301
Content production development write-offs(2).	365	129	282
Total amortization and impairment of content production assets.	<u>\$19,714</u>	<u>\$26,309</u>	<u>\$35,708</u>

(1) Unamortized content production assets are evaluated for impairment whenever events or changes in circumstances indicate that the fair value of a film predominantly monetized on its own or as part of a film group may be less than its unamortized costs. If conditions indicate a potential impairment, and the estimated future cash flows are not sufficient to recover the unamortized asset, the asset is written down to fair value. In addition, if we determine that content will not likely air, we will expense the remaining unamortized asset.

(2) Capitalized script development costs are evaluated at each reporting period for impairment and to determine if a project is deemed to be abandoned.

Amortization and impairment expenses related to content production assets are included in the Company’s Media segment, and as a component of Operating expenses on the Consolidated Statements of Operations. Costs to produce our live event programming are expensed immediately when the event is first broadcast and are not included in the content asset amortization amounts above.

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10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
Trade related	\$ 11,150	\$ 7,274
Staff related	15,558	17,682
Management incentive compensation	30,604	14,266
Talent related	4,428	4,605
Accrued WWE Network related expenses	10,950	4,253
Accrued event and television production	9,687	12,888
Accrued legal and professional	5,506	4,614
Accrued legal settlements (1).	—	39,000
Accrued purchases of property and equipment.	22,207	4,365
Accrued film liability	29	6,100
Accrued other	10,397	9,695
Total	<u>\$120,516</u>	<u>\$124,742</u>

(1) Accrued legal settlements as of December 31, 2020 included a settlement that was fully covered by an insurance recovery through the Company’s insurance carriers. Accordingly, an insurance loss recovery asset was recorded as a component of Prepaid expenses and other current assets on the Company’s Consolidated Balance Sheets as of December 31, 2020.

Accrued other includes accruals for our international and licensing business activities, as well as other miscellaneous accruals, none of which categories individually exceeds 5% of current liabilities.

11. Convertible Debt

In December 2016 and January 2017, we issued \$215,000 aggregate principal amount of 3.375% convertible senior notes due 2023 (the “Convertible Notes”). The Convertible Notes are due December 15, 2023, unless earlier repurchased by us or converted. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2017.

The Convertible Notes are governed by an Indenture between us, as issuer, and U.S. Bank, National Association, as trustee. The Convertible Notes will be our general unsecured obligations and will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to any of our unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure secured debt will be available to pay obligations on the Convertible Notes only after all indebtedness under such secured debt has been repaid in full from such assets.

Upon conversion of the Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election, at a conversion rate of approximately 40.1405 shares of common stock per \$1 principal amount of the Convertible Notes, which corresponds to an initial conversion price of approximately \$24.91 per share of Class A common stock. At any time, prior to the close on the business day immediately preceding June 15, 2023, the Convertible Notes will be convertible under the following circumstances:

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a) During any calendar quarter beginning after the calendar quarter ending on December 31, 2016 (and only during such calendar quarter), if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

b) During the 5 business day period after any 10 consecutive trading day period (the “measurement period”) in which the trading price per \$1 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate on each such trading day;

c) Upon the occurrence of specified corporate events; or

d) On or after June 15, 2023 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Convertible Notes, in multiples of \$1 principal amount, at the option of the holder regardless of the foregoing circumstances.

Pursuant to item (a) noted above, the Convertible Notes have been convertible since April 1, 2018, and holders of the Convertible Notes have the right to convert their notes at any time through at least March 31, 2022. As of December 31, 2021, since the Convertible Notes are convertible at the option of the holders, the Convertible Notes are reflected in current liabilities on our Consolidated Balance Sheets. As of December 31, 2021, no actual conversions have occurred. See Note 3, *Earnings Per Share*, for a description of the dilutive nature of the Convertible Notes.

As a result of our cash conversion option, we separately accounted for the value of the embedded conversion option as a debt discount at its issuance date estimated fair value. The debt discount is amortized as additional non-cash interest expense over the term of the Convertible Notes using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the transaction costs related to the Note issuances, we allocated the total amount of offering costs incurred to the debt and equity components based on their relative values. Offering costs attributable to the debt component are amortized as non-cash interest expense over the term of the Convertible Notes. Offering costs attributable to the equity component were netted with the equity component in stockholders’ equity.

The Convertible Notes consisted of the following components:

	As of December 31,	
	2021	2020
<u>Debt component:</u>		
Principal	\$215,000	\$215,000
Less: Unamortized debt discount	(11,968)	(17,525)
Less: Unamortized debt issuance costs	(1,939)	(2,792)
Net carrying amount	\$201,093	\$194,683
Equity component(1)	\$ 35,547	\$ 35,547

(1) Recorded on the Consolidated Balance Sheets within Additional paid-in capital.

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The following table sets forth total interest expense recognized related to the Convertible Notes:

	For the year ended December 31,		
	2021	2020	2019
3.375% contractual coupon	\$ 7,256	\$ 7,256	\$ 7,256
Amortization of debt discount	5,557	5,213	4,891
Amortization of debt issuance costs	852	803	686
Additional interest on Convertible Notes(1)	—	—	1,370
Interest expense	<u>\$13,665</u>	<u>\$13,272</u>	<u>\$14,203</u>

(1) During the year ended December 31, 2019, additional nonrecurring interest expense was incurred pursuant to the notes' indenture related to the removal of the restrictive legend and assignment of the unrestricted CUSIP on the Convertible Notes.

Convertible Note Hedge

In connection with the pricing of the Convertible Notes in December 2016 and January 2017, we entered into convertible note hedge transactions with respect to our Class A common stock (the "Note Hedge"). The Note Hedge transactions cover approximately 8.63 million shares of our Class A common stock and are exercisable upon conversion of the Convertible Notes. The Note Hedge will expire on December 15, 2023, unless earlier terminated. The Note Hedge transactions have been accounted for as part of additional paid-in capital.

Warrant Transactions

In connection with entering into the Note Hedge transactions described above, we also concurrently entered into separate warrant transactions (the "Warrants"), to sell warrants to acquire approximately 8.63 million shares of our Class A common stock in connection with the Note Hedge transactions at an initial strike price of approximately \$31.89 per share, which represented a premium of approximately 60.0% over the last reported sale price of our Class A common stock of \$19.93 on December 12, 2016 (initial issuance date of the Convertible Notes). The Warrants transactions have been accounted for as part of Additional paid-in capital.

12. Long-Term Debt and Credit Facility

Long-Term Debt

Included within Long-Term Debt are the following:

	As of	
	December 31, 2021	December 31, 2020
<u>Current portion of long-term debt:</u>		
Revolving Credit Facility	\$ —	\$100,000
Mortgage	430	412
Total current portion of long-term debt	<u>430</u>	<u>100,412</u>
<u>Long-term debt:</u>		
Mortgage	\$ 21,284	\$ 21,700
Total long-term debt	<u>21,284</u>	<u>21,700</u>
Total	<u>\$ 21,714</u>	<u>\$122,112</u>

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Revolving Credit Facility

In May 2019, the Company entered into an amended and restated \$200,000 senior unsecured revolving credit facility with a syndicated group of banks, with JPMorgan Chase Bank, N.A. acting as Administrative Agent (the “Revolving Credit Facility”). The Revolving Credit Facility has a maturity date of May 24, 2024. Applicable interest rates for the borrowings under the Revolving Credit Facility are based on the Company’s current consolidated leverage ratio. As of December 31, 2021, the LIBOR-based rate plus margin was 1.21%, and the Company is required to pay a commitment fee calculated at a rate per annum of 0.15% on the average daily unused portion of the Revolving Credit Facility. Under the terms of the Revolving Credit Facility, the Company is subject to certain financial covenants and restrictions, including restrictions on our ability to pay dividends and limitations with respect to our indebtedness, liens, mergers and acquisitions, dispositions of assets, investments, capital expenditures and transactions with affiliates.

In April 2020, as a precautionary measure to further strengthen liquidity due to the impact of COVID-19, the Company borrowed \$200,000 under its Revolving Credit Facility. In December 2020, the Company repaid \$100,000 of the borrowings, and in January 2021, the Company repaid the remaining \$100,000. As of December 31, 2021, the Company was in compliance with the terms of the Revolving Credit Facility and had available debt capacity under the Revolving Credit Facility of \$200,000. As of December 31, 2021 and 2020, there was \$0 and \$100,000 outstanding under the Revolving Credit Facility, respectively.

Mortgage

In September 2016, the Company acquired real property and assumed future obligations under a loan agreement, dated June 8, 2015, in the principal amount of \$23,000, which loan is secured by a mortgage on the property. The loan bears interest at the rate of 4.50% per annum and required monthly interest only payments of \$86 until June 2018 and interest and principal payments of \$117 per month thereafter, with a balloon payment upon maturity on July 5, 2025. There is a significant yield maintenance premium for prepayments. Pursuant to the loan agreement, since the assets of WWE Real Estate, a subsidiary of the Company, represent collateral for the underlying mortgage, these assets will not be available to satisfy debts and obligations due to any other creditors of the Company.

As of December 31, 2021, the scheduled principal repayments under our mortgage obligation for the remaining term of the mortgage are as follows:

December 31, 2022	\$	430
December 31, 2023		450
December 31, 2024		471
December 31, 2025		<u>20,363</u>
		<u>\$21,714</u>

13. Income Taxes

For the years ended December 31, 2021, 2020 and 2019, the effective tax rate on income from continuing operations was 22.5%, 23.0% and 18.6%, respectively.

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The components of our tax provision are as follows:

	Year Ended December 31,		
	2021	2020	2019
Current taxes:			
Federal	\$40,389	\$ 9,386	\$ (294)
State and local	7,985	8,843	1,422
Foreign	7,126	23,945	7,028
Deferred taxes:			
Federal	(2,499)	(1,391)	8,015
State and local	(528)	(1,445)	1,412
Foreign	(19)	—	34
Total income tax expense	<u>\$52,454</u>	<u>\$39,338</u>	<u>\$17,617</u>

Within the current foreign tax provision for the years ended December 31, 2021, 2020 and 2019 is \$6,840, \$24,106 and \$7,587, respectively, of foreign withholding taxes paid on income included within the US pre-tax book income below.

Components of income before income taxes are as follows:

	Year Ended December 31,		
	2021	2020	2019
United States	\$231,578	\$170,668	\$92,701
Foreign	1,284	441	1,977
Total income before income taxes	<u>\$232,862</u>	<u>\$171,109</u>	<u>\$94,678</u>

The following sets forth the difference between the provision/(benefit) for income taxes computed at the U.S. federal statutory income tax rate of 21% and that reported for financial statement purposes:

	Year Ended December 31,		
	2021	2020	2019
Statutory U.S. federal tax	\$48,901	\$35,930	\$19,880
State and local taxes, net of federal tax benefit	5,890	5,061	3,962
Foreign rate differential	(5)	38	(53)
Tax exempt interest income	—	—	(16)
Nondeductible executive compensation	3,159	2,427	1,669
Unrecognized tax benefits	(56)	(127)	(23)
Meals and entertainment	2	119	261
Employee Stock Purchase Plan	122	53	(87)
Foreign-derived intangible income (FDII)	(5,628)	(4,892)	(422)
Global intangible low-taxed income (GILTI)	231	175	273
Excess tax benefits related to the vesting of share-based compensation	524	388	(9,394)
Other	(686)	166	1,567
Provision for income taxes	<u>\$52,454</u>	<u>\$39,338</u>	<u>\$17,617</u>

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The tax effects of temporary differences and net operating losses that give rise to significant portions of the deferred tax assets and deferred tax liabilities consisted of the following:

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
Deferred tax assets:		
Accounts receivable	\$ 1,150	\$ 869
Inventory	384	615
Deferred income	7,815	8,020
Stock compensation	3,323	3,955
Net operating loss carryforward	1,118	1,187
Investments	121	257
Intangible assets	1,700	1,645
Capitalized content production costs	2,164	1,857
Accrued liabilities and reserves	1,737	2,857
Lease obligations	10,719	11,513
Federal benefit related to uncertain tax positions	23	29
Deferred tax assets, gross	<u>30,254</u>	<u>32,804</u>
Valuation allowance	<u>(1,118)</u>	<u>(1,187)</u>
Deferred tax assets, net	<u>29,136</u>	<u>31,617</u>
Deferred tax liabilities:		
Property and equipment depreciation	(12,514)	(15,927)
Deferred revenue	—	(781)
Right-of-use assets	(1,778)	(2,587)
Investments	<u>(1,744)</u>	<u>(2,270)</u>
Deferred tax liabilities	<u>(16,036)</u>	<u>(21,565)</u>
Total deferred tax assets, net	<u>\$ 13,100</u>	<u>\$ 10,052</u>

The temporary differences described above represent differences between the tax basis of assets or liabilities and amounts reported in the consolidated financial statements that will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. The Company received tax deductions from the vesting of restricted stock units and performance stock units of \$11,234, \$27,349 and \$65,885 in 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, we had \$13,100 and \$10,052, respectively, of deferred tax assets, net, included on our Consolidated Balance Sheets. The increase in our net deferred tax asset balance was primarily driven by a reduction in deferred tax liabilities related to bonus depreciation for fixed assets.

During the years ended December 31, 2021 and 2020, we recognized \$524 and \$388 of excess tax expenses, respectively, related to the Company's share-based compensation awards at vesting. During the year ended December 31, 2019, we recognized \$9,394 of excess tax benefits related to the Company's share-based compensation awards at vesting. Income tax effects of vested awards are included within the provision for income taxes on the Consolidated Statements of Operations. The tax expenses and benefit recorded are driven by the change in the Company's stock price between the original grant date of the awards and their subsequent vesting date. The corresponding offset of these tax expenses and benefits is included as a component of Prepaid expenses and other current assets on the Consolidated Balance Sheets.

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Discrete tax items, including the aforementioned excess tax expenses and benefits, resulted in a net tax benefit of \$887, \$351 and \$7,919 during the years ended December 31, 2021, 2020 and 2019, respectively. Excluding these items, our effective tax rate was 23%, 23% and 27% for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, we had valuation allowances of \$1,118 and \$1,187 respectively, to reduce our deferred tax assets to an amount more likely than not to be recovered. This valuation allowance relates to foreign income taxes and the resulting net operating losses in foreign jurisdictions where we have ceased operations.

The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is required to reduce the net deferred tax assets to the amount that is more likely than not to be realized in future periods. The Company believes that based on past performance, expected future taxable income and prudent and feasible tax planning strategies, it is more likely than not that the net deferred tax assets will be realized. Changes in these factors may cause us to increase our valuation allowance on deferred tax assets, which would impact our income tax expense in the period we determine that these factors have changed.

We are subject to periodic audits of our various tax returns by government agencies which could result in possible tax liabilities. Although the outcome of these matters cannot currently be determined, we believe the outcome of these audits will not have a material effect on our financial statements.

Unrecognized Tax Benefits

For the year ended December 31, 2021, we recognized \$70 of previously unrecognized tax benefits. This primarily relates to the statute of limitations expiring in certain state and local jurisdictions. Included in the amount recognized was \$34 of potential interest and penalties related to uncertain tax positions. For the year ended December 31, 2020, we recognized \$169 of previously unrecognized tax benefits relating to the statute of limitations expiring in certain state and local jurisdictions. Included in the amount recognized was \$30 of potential interest and penalties related to uncertain tax positions. The recognition of these amounts contributed to our effective tax rate of 22.5% for the year ended December 31, 2021 as compared to 23.0% for the year ended December 31, 2020.

At December 31, 2021, we had \$68 of unrecognized tax benefits, which if recognized, would affect our effective tax rate, which is classified in Other non-current liabilities. At December 31, 2020, we had \$130 of unrecognized tax benefits, which is classified in Other non-current liabilities.

Unrecognized tax benefit activity is as follows:

	Year Ended	
	December 31,	
	2021	2020
Beginning Balance- January 1	\$130	\$ 251
Increase to unrecognized tax benefits recorded for positions taken during the current year	8	41
(Decrease) Increase to unrecognized tax benefits recorded for positions taken during a prior period	—	(2)
Decrease to unrecognized tax benefits resulting from a lapse of the applicable statute of limitations	(70)	(160)
Ending Balance- December 31	<u>\$ 68</u>	<u>\$ 130</u>

We recognize potential accrued interest and penalties related to uncertain tax positions in income tax expense. We have \$23 of accrued interest and \$11 of accrued penalties related to uncertain tax positions as of December 31, 2021 classified in Other non-current liabilities. At December 31, 2020, we had \$25 of accrued interest and \$15 of accrued penalties related to uncertain tax positions classified in Other non-current liabilities.

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Based upon the expiration of statutes of limitations and possible settlements in several jurisdictions, we believe it is reasonably possible that the total amount of previously unrecognized tax benefits may decrease by \$28 within 12 months after December 31, 2021.

We file income tax returns in the United States and various state, local, and foreign jurisdictions. During 2021 and 2020, the Company settled audits with various state and local jurisdictions. We are generally subject to examination by the IRS for years ending on or after December 31, 2016. We are also subject to examination by various state and local jurisdictions for years ending on or after December 31, 2016.

14. Content Production Incentives

The Company has access to various governmental programs that are designed to promote content production within the United States of America and certain international jurisdictions. Incentives earned with respect to expenditures on qualifying film production activities and capital projects are recorded as an offset to the related asset balances. Incentives earned with respect to television and other production activities are recorded as an offset to production expenses. The Company recognizes these benefits when we have reasonable assurance regarding the realizable amount of the incentives.

We recorded the following incentives during the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
Television production incentives	\$13,845	\$18,367	\$13,539
Feature film production incentives	—	—	288
Infrastructure improvement incentives on qualifying capital projects(1)	4,329	—	1,438
Total	\$18,174	\$18,367	\$15,265

(1) Of this amount, \$3,290 was recorded as a reduction in property and equipment, with the remainder recorded as a reduction to depreciation expense.

15. Commitments and Contingencies

We have certain commitments, including various service contracts with certain vendors and various talent. Our future commitments related to our operating and finance leases are separately disclosed in Note 8, *Leases*.

Future minimum payments as of December 31, 2021 under the agreements described above were as follows:

	Service Contracts and Talent Commitments
2022	\$37,510
2023	16,760
2024	11,651
2025	10,273
2026	7,885
Thereafter	—
Total	\$84,079

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Legal Proceedings

On October 23, 2014, a lawsuit was filed in the U. S. District Court for the District of Oregon, entitled William Albert Haynes III, on behalf of himself and others similarly situated, v. World Wrestling Entertainment, Inc. This complaint was amended on January 30, 2015 and alleged that the Company ignored, downplayed, and/or failed to disclose the risks associated with traumatic brain injuries suffered by WWE's performers and sought class action status. On March 31, 2015, the Company filed a motion to dismiss the first amended class action complaint in its entirety or, if not dismissed, to transfer the lawsuit to the U.S. District Court for the District of Connecticut. Without addressing the merits of the Company's motion to dismiss, the Court transferred the case to Connecticut on June 25, 2015. The plaintiffs filed an objection to such transfer, which was denied on July 27, 2015. On January 16, 2015, a second lawsuit was filed in the U.S. District Court for the Eastern District of Pennsylvania, entitled Evan Singleton and Vito LoGrasso, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., alleging many of the same allegations as Haynes. On February 27, 2015, the Company moved to transfer venue to the U.S. District Court for the District of Connecticut due to forum-selection clauses in the contracts between WWE and the plaintiffs and that motion was granted on March 23, 2015. The plaintiffs filed an amended complaint on May 22, 2015 and, following a scheduling conference in which the court ordered the plaintiffs to cure various pleading deficiencies, the plaintiffs filed a second amended complaint on June 15, 2015. On June 29, 2015, WWE moved to dismiss the second amended complaint in its entirety. On April 9, 2015, a third lawsuit was filed in the U. S. District Court for the Central District of California, entitled Russ McCullough, a/k/a "Big Russ McCullough," Ryan Sakoda, and Matthew R. Wiese a/k/a "Luther Reigns," individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., asserting similar allegations to Haynes. The Company again moved to transfer the lawsuit to Connecticut due to forum-selection clauses in the contracts between WWE and the plaintiffs, which the California court granted on July 10, 2015. On September 21, 2015, the plaintiffs amended this complaint, and, on November 16, 2015, the Company moved to dismiss the amended complaint. Each of these suits sought unspecified actual, compensatory and punitive damages and injunctive relief, including ordering medical monitoring. The Haynes and McCullough cases purported to be class actions. On February 18, 2015, a lawsuit was filed in Tennessee state court and subsequently removed to the U.S. District Court for the Western District of Tennessee, entitled Cassandra Frazier, individually and as next of kin to her deceased husband, Nelson Lee Frazier, Jr., and as personal representative of the Estate of Nelson Lee Frazier, Jr. Deceased, v. World Wrestling Entertainment, Inc. A similar suit was filed in the U. S. District Court for the Northern District of Texas entitled Michelle James, as mother and next friend of Matthew Osborne, minor child, and Teagan Osborne, a minor child v. World Wrestling Entertainment, Inc. These lawsuits contained many of the same allegations as the other lawsuits alleging traumatic brain injuries and further alleged that the injuries contributed to these former talents' deaths. WWE moved to transfer the Frazier and Osborne lawsuits to the U.S. District Court for the District of Connecticut based on forum-selection clauses in the decedents' contracts with WWE, which motions were granted by the respective courts. On November 23, 2015, amended complaints were filed in Frazier and Osborne, which the Company moved to dismiss on December 16, 2015 and December 21, 2015, respectively. On November 10, 2016, the Court granted the Company's motions to dismiss the Frazier and Osborne lawsuits in their entirety. On June 29, 2015, the Company filed a declaratory judgment action in the U. S. District Court for the District of Connecticut entitled World Wrestling Entertainment, Inc. v. Robert Windham, Thomas Billington, James Ware, Oreal Perras and various John and Jane Does seeking a declaration against these former performers that their threatened claims related to alleged traumatic brain injuries and/or other tort claims were time-barred. On September 21, 2015, the defendants filed a motion to dismiss this complaint, which the Company opposed. The Court previously ordered a stay of discovery in all cases pending decisions on the motions to dismiss. On January 15, 2016, the Court partially lifted the stay and permitted discovery only on three issues in the case involving Singleton and LoGrasso. Such discovery was completed by June 1, 2016. On March 21, 2016, the Court issued a memorandum of decision granting in part and denying in part the Company's motions to dismiss the Haynes, Singleton/LoGrasso, and McCullough lawsuits. The Court granted the Company's motions to dismiss the Haynes and McCullough lawsuits in their entirety and granted the Company's motion to dismiss all claims in the Singleton/LoGrasso lawsuit except for the claim of fraud by omission. On March 22, 2016, the Court issued an order dismissing the Windham lawsuit based on the Court's memorandum of

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decision on the motions to dismiss. On April 4, 2016, the Company filed a motion for reconsideration with respect to the Court's decision not to dismiss the fraud by omission claim in the Singleton/LoGrasso lawsuit and, on April 5, 2016, the Company filed a motion for reconsideration with respect to the Court's dismissal of the Windham lawsuit. On July 21, 2016, the Court denied the Company's motion in the Singleton/LoGrasso lawsuit and granted in part the Company's motion in the Windham lawsuit. On April 20, 2016, the plaintiffs filed notices of appeal of the Haynes and McCullough lawsuits. On April 27, 2016, the Company moved to dismiss the appeals for lack of appellate jurisdiction, which motions were granted, and the appeals were dismissed with leave to appeal upon the resolution of all of the consolidated cases. The Company filed a motion for summary judgment on the sole remaining claim in the Singleton/LoGrasso lawsuit, which was granted on March 28, 2018. The Company also filed a motion for judgment on the pleadings against the Windham defendants. Lastly, on July 18, 2016, a lawsuit was filed in the U.S. District Court for the District of Connecticut, entitled Joseph M. Laurinaitis, et al. vs. World Wrestling Entertainment, Inc. and Vincent K. McMahon, individually and as the trustee of certain trusts. This lawsuit contains many of the same allegations as the other lawsuits alleging traumatic brain injuries and further alleges, among other things, that the plaintiffs were misclassified as independent contractors rather than employees denying them, among other things, rights and benefits under the Occupational Safety and Health Act (OSHA), the National Labor Relations Act (NLRA), the Family and Medical Leave Act (FMLA), federal tax law, and various state Worker's Compensation laws. This lawsuit also alleged that the booking contracts and other agreements between the plaintiffs and the Company were unconscionable and should be declared void, entitling the plaintiffs to certain damages relating to the Company's use of their intellectual property. The lawsuit alleged claims for violation of RICO, unjust enrichment, and an accounting against Mr. McMahon. The Company and Mr. McMahon moved to dismiss and for sanctions with respect to this complaint on October 19, 2016. On November 9, 2016, the Laurinaitis plaintiffs filed an amended complaint. On December 23, 2016, the Company and Mr. McMahon moved to dismiss and for sanctions with respect to the amended complaint. On September 29, 2017, the Court issued an order on the motion to dismiss pending in the Laurinaitis case and on the motion for judgment on the pleadings pending in the Windham case. The Court reserved judgment on the pending motions and ordered that within thirty-five (35) days of the date of the order the Laurinaitis plaintiffs and the Windham defendants file amended pleadings that comply with the Federal Rules of Civil Procedure. The Court further ordered that each of the Laurinaitis plaintiffs and the Windham defendants submit to the Court for in camera review affidavits signed and sworn under penalty of perjury setting forth facts within each plaintiff's or declaratory judgment-defendant's personal knowledge that form the factual basis of their claim or defense. On November 3, 2017, the Laurinaitis plaintiffs filed a second amended complaint. The Company and Mr. McMahon believed that the second amended complaint failed to comply with the Court's September 29, 2017 order and otherwise remained legally defective for all of the reasons set forth in their motion to dismiss the amended complaint. Also on November 3, 2017, the Windham defendants filed a second answer. On November 17, 2017, the Company and Mr. McMahon filed a response that, among other things, urged the Court to grant the motion for judgment on the pleadings against the Windham defendants and dismiss the Laurinaitis plaintiffs' complaint with prejudice and award sanctions against the Laurinaitis plaintiffs' counsel because the amended pleadings failed to comply with the Court's September 29, 2017 order and the Federal Rules of Civil Procedure. On September 17, 2018, the Court granted the motion to dismiss filed by the Company and Mr. McMahon in the Laurinaitis case in its entirety, awarded sanctions against the Laurinaitis plaintiffs' counsel, and granted the Company's motion for judgment on the pleadings against the Windham defendants. The plaintiffs attempted to appeal these decisions. On November 16, 2018, the Company moved to dismiss all of the appeals, except for the appeal of the dismissal of the Laurinaitis case, for being filed untimely. On April 4, 2019, the Second Circuit issued an order referring the Company's motions to dismiss to the panel that was going to determine the merits of the appeals. The plaintiffs-appellants' opening brief was filed on July 8, 2019. The Company and Mr. McMahon filed their appellees' brief on October 7, 2019. The plaintiffs-appellants filed a reply brief on October 28, 2019. The Second Circuit held oral argument on June 5, 2020. On September 9, 2020, the Second Circuit issued a summary order, dismissing the appeals of the sanctions orders and the merits appeals of the dismissal of all claims in the Haynes, McCullough, Frazier, and Singleton cases for lack of appellate jurisdiction and affirming the judgment of the district court on all other claims. On September 23, 2020, the plaintiffs-appellants filed a petition for rehearing/rehearing en banc, which was denied on October 15, 2020. On

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February 24, 2021, the plaintiffs-appellants filed a petition for writ of certiorari with the U.S. Supreme Court. On March 26, 2021, the Company filed an opposition to the petition for writ of certiorari. On April 26, 2021, the U.S. Supreme Court denied the plaintiffs-appellants' petition for writ of certiorari. On September 2, 2021, the magistrate judge recommended that fees be awarded to the Company in respect of the Company's pending motions for sanctions in the amount of \$312, and on September 30, 2021, the Court adopted that recommendation. On December 24, 2021, Attorney Konstantine Kyros appealed the sanctions ruling to the Second Circuit; on December 28, 2021, the Company cross-appealed with respect to the amount of sanctions. The Company believes all claims and threatened claims against the Company in these various lawsuits were prompted by the same plaintiffs' lawyer and that all are without merit.

On March 6, 2020, the Company along with its Chairman and CEO, Vince McMahon, and former-WWE officers and directors, Michelle Wilson and George Barrios (collectively, the "Individual Defendants"), were sued in the U.S. District Court for the Southern District of New York in a case captioned City of Warren Police and Fire Retirement System, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon, George A. Barrios, and Michelle D. Wilson, No. 1:20-cv-02031-JSR. The complaint alleges that the Company and the Individual Defendants made materially false and misleading statements in violation of the Securities Exchange Act of 1934 regarding WWE's strategic relationship with the Kingdom of Saudi Arabia. Specifically, the complaint alleges that various public statements made by the Company and the Individual Defendants were false and misleading because they failed to disclose certain adverse facts regarding WWE's strategic relationship with Saudi Arabia that supposedly was known by them and, as a result, the plaintiff class allegedly purchased WWE stock at artificially inflated prices. On March 12, 2020 a nearly-identical lawsuit was filed in the U.S. District Court for the Southern District of New York captioned Paul Szaniawski, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon, George A. Barrios, and Michelle D. Wilson, No. 1:20-cv-02223-JSR. This lawsuit was filed as related to the City of Warren case and was assigned to the same judge handling the City of Warren case. By Order dated May 12, 2020, the City of Warren and Szaniawski lawsuits were consolidated for all purposes. After multiple parties filed motions to be appointed lead plaintiff for the putative class in the consolidated action, on May 22, 2020, the Court issued a memorandum order selecting the Firefighters' Pension System of the City of Kansas City, Missouri to be lead plaintiff and their attorneys, Labaton Sucharow LLP, to be lead counsel for the putative class. On May 26, 2020, the Company served Rule 11 motion for sanctions on the attorneys for the City of Warren Police and Fire Retirement System, the attorneys for Paul Szaniawski, and Labaton Sucharow LLP. The Rule 11 motion identified false allegations in the originally filed complaints and was supported by six declarations from Company executives and third-parties with direct first-hand knowledge of the matters at issue. Following service of the Rule 11 motion, the attorneys for the City of Warren Police and Fire Retirement System and the attorneys for Paul Szaniawski voluntarily dismissed their complaints before the expiration of the Rule 11 safe-harbor period. On June 8, 2020, the Firefighters' Pension System of the City of Kansas City, Missouri filed a consolidated amended class action complaint. On June 26, 2020, the Company moved to dismiss the consolidated amended complaint in its entirety. The Court held oral argument on the Company's motion to dismiss on July 30, 2020. On August 6, 2020, the Court denied the Company's motion to dismiss. On November 18, 2020, the Company entered into a term sheet (the "Term Sheet") to settle this action, subject to notice to the class and preliminary and final approval by the Court. The settlement includes a full release of all Defendants in connection with the allegations made in the lawsuit, and does not contain any admission of liability or admission as to the validity or truth of any or all allegations or claims by any of the Defendants. The Term Sheet provided for a settlement payment of \$39,000 (inclusive of all Plaintiffs' attorneys fees and expenses and settlement costs), which was paid by the Company's insurance carriers. The Company believed that resolving the matter is the right business decision and that it is prudent to end the protracted and uncertain class action process. On December 23, 2020, lead plaintiff filed an unopposed motion for preliminary approval of settlement with the Court. On March 8, 2021, the Court granted preliminary approval of the class action settlement, and on July 1, 2021, the Court granted final approval of the class action settlement and entered final judgment.

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Additionally, six purported shareholder derivative suits have been filed against the members of the Company's Board of Directors and former-senior executives of the Company patterned after the securities class action complaints filed in the U.S. District Court for the Southern District of New York. Merholz et al. v. Vincent K. McMahon et al., No. 3:20-cv-00557-VAB, was filed in the U.S. District Court for the District of Connecticut and assigned to the Honorable Victor A. Bolden. On May 29, 2020, the Defendants served Merholz's counsel with a Rule 11 motion that identified the false allegations in the complaint. On May 19, 2020, Merholz filed an amended complaint prior to the expiration of the Rule 11 safe-harbor period, which is substantially similar to the consolidated amended class action complaint filed in the securities class action. Because Merholz's amended complaint continued to assert allegations that were proven to be false by the Defendants' Rule 11 motion regarding the original complaint, the Defendants served Merholz's counsel with a Rule 11 motion regarding the amended complaint on July 2, 2020. On July 28, 2020, Merholz filed a second amended complaint. Kooi et al. v. Vincent K. McMahon et al., No. 3:20-cv-00743-VAB, was originally filed in Connecticut Superior Court and was removed by the Defendants to the U.S. District Court for the District of Connecticut on June 1, 2020. The Kooi lawsuit was deemed to be related to the Merholz lawsuit and transferred to Judge Bolden. On June 8, 2020, Kooi filed a motion to remand the lawsuit to state court. The Defendants filed its opposition to the motion to remand on June 29, 2020. Following Kooi's affirmation of the allegations of the complaint in federal court by filing the motion to remand, on June 12, 2020, the Defendants served Kooi's counsel with a Rule 11 motion similar to that served on counsel in the Merholz lawsuit. On July 3, 2020, Kooi filed an amended complaint that withdrew the false allegations identified in the Defendants' Rule 11 motion. Nordstrom et al. v. Vincent K. McMahon et al., No. 3:20-cv-00904-VAB, was originally filed in Connecticut Superior Court, and also removed by the Defendants to the U.S. District Court for the District of Connecticut on July 1, 2020. The Nordstrom lawsuit was deemed to be related to the Merholz and Kooi lawsuits and was also transferred to Judge Bolden. Following Nordstrom's affirmation of the allegations of the complaint in federal court, on July 24, 2020, the Defendants served Nordstrom's counsel with a Rule 11 motion similar to that served on counsel in the Merholz and Kooi lawsuits. On July 31, 2020, Nordstrom filed a motion to remand the lawsuit to state court, which the Defendants opposed. On August 14, 2020, Nordstrom filed an amended complaint in the U.S. District Court for the District of Connecticut. On July 2, 2020, the Defendants moved to consolidate the Merholz, Kooi, and Nordstrom lawsuits for all purposes. Following a status conference held on July 24, 2020, on August 1, 2020, the Court denied the Defendants' motion to consolidate without prejudice to renew following resolution of any motions to dismiss and motions to remand. The Defendants filed a consolidated motion to dismiss the complaints in the Merholz, Kooi, and Nordstrom lawsuits on August 28, 2020. Merholz, Kooi, and Nordstrom filed oppositions to the motion to dismiss on September 18, 2020 and the Defendants filed its reply on October 2, 2020. On October 23, 2020, another shareholder, Dennis Palkon, moved to intervene in the proceedings before Judge Bolden, to have his counsel appointed as lead counsel, to designate the proposed complaint that he filed with his motion to intervene as the operative complaint, and to deny as moot Defendants' pending motions to dismiss in light of the newly-filed complaint. On November 7, 2020, the Court granted the Defendants' motion to dismiss the Merholz, Kooi, and Nordstrom actions without prejudice, while reserving a determination on whether the dismissal would be with prejudice pending resolution of the motion to intervene. On November 20, 2020, the Defendants filed their Opposition to Palkon's motion to intervene and Palkon filed his reply on December 4, 2020. On October 28, 2020, another shareholder, Bernard Leavy, filed a notice of joinder in Palkon's motion to intervene, which the Defendants opposed. On May 13, 2021, Merholz, along with another shareholder, Nicholas Jiminez, filed a new complaint in Connecticut Superior Court containing substantially similar allegations to those in the Merholz federal action. Defendants removed the Merholz/Jiminez state court action to the U.S. District Court for the District of Connecticut on June 9, 2021, and it was transferred to Judge Bolden as a related case. Merholz/Jiminez moved to remand the case to state court on June 22, 2021. Defendants filed an opposition to the motion to remand on July 13, 2021. On June 16, 2021, Defendants moved to dismiss the new complaint in its entirety. Merholz/Jiminez filed an opposition to the motion to dismiss on July 7, 2021. On June 7, 2021, another shareholder, City of Pontiac Police and Fire Retirement System, filed a complaint in Connecticut Superior Court, asserting substantially similar allegations as in the other derivative actions. Defendants removed that action to the U.S. District Court for the District of Connecticut on July 7, 2021 and, the same day, filed a motion to dismiss that complaint in its entirety. The City of Pontiac lawsuit also was transferred to Judge

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Bolden as a related case. On June 10, 2021, another shareholder, Jesse Rezendez, filed a complaint in the U.S. District Court for the District of Connecticut, asserting substantially similar allegations as in the other derivative actions. On August 17, 2021, the parties in all of the shareholder derivative lawsuits pending in Connecticut and Delaware filed a joint notice that they had reached a settlement in principle. On August 18, 2021, the Court ordered all of the pending cases to be administratively closed in light of the parties' settlement in principle. On September 17, 2021, the parties entered into a Stipulation and Agreement of Settlement. On September 20, 2021, the plaintiffs in all of the pending cases moved for preliminary approval of the parties' settlement. On October 20, 2021, the Court preliminarily approved the parties' settlement and authorized dissemination of the notice of settlement. On November 17, 2021, the plaintiffs in all of the pending cases moved for final approval of the parties' settlement. Following a hearing on December 22, 2021, the Court issued an Order and Final Judgment Approving Settlement of Derivative Actions on December 23, 2021, granting the plaintiffs' motions for final approval of settlement, dismissing the derivative actions with prejudice, and directing that judgment be entered and the cases be closed.

On January 11, 2022, a complaint was filed against the Company by MLW Media LLC ("MLW") alleging that the Company supposedly interfered with MLW's contractual relationship with Tubi, a streaming service owned by Fox Corp., and MLW's prospective economic advantage with respect to its relationship with VICE TV, and supposedly engaged in unfair business practices in violation of the Sherman Antitrust Act and California law. Such supposedly unfair business practices are alleged to include cutting off competitors' access to viewers and licensing opportunities, interfering with contracts, poaching talent, eliminating price competition, and misappropriating and attempting to misappropriate confidential information of its competitors. The Company believes that all claims in the lawsuit are without merit and intends to defend itself vigorously against them.

In addition to the foregoing, from time to time we become a party to other lawsuits and claims. By its nature, the outcome of litigation is not known, but the Company does not currently expect this ordinary course litigation to have a material adverse effect on our financial condition, results of operations or liquidity.

16. Related Party Transactions

Vincent K. McMahon, Chairman of the Board of Directors and Chief Executive Officer, controls a substantial majority of the voting power of the issued and outstanding shares of our common stock. Through the beneficial ownership of a substantial majority of our Class B common stock, Mr. McMahon can effectively exercise control over our affairs.

As previously announced, in April 2018, the Company entered into transactions with Alpha Entertainment, LLC ("Alpha"), an entity controlled by Vincent K. McMahon, granting Alpha rights to launch a professional football league under the name "XFL". Under these agreements, WWE received, among other things, an equity interest in Alpha without payment by, or other financial obligation on the part of, WWE. The investment was accounted for under the equity method of accounting. WWE's equity interest in the net assets of Alpha at the transaction closing date on April 3, 2018 was insignificant. After Alpha's formation, we recorded our proportionate share of Alpha's reported net losses which exceeded the carrying amount of the investment and reduced the investment value to zero as of June 30, 2018. In connection with the Alpha transactions, WWE also entered into a support services agreement to provide Alpha with certain administrative support services with such services billed to Alpha on a cost-plus margin basis. On April 13, 2020, Alpha filed for Chapter 11 bankruptcy, and the support services agreement was subsequently amended and assigned to Alpha's successor. During the years ended December 31, 2020 and 2019, the Company billed Alpha \$1,006 and \$3,250, respectively, for services rendered under the support services agreement. As of December 31, 2021 and 2020, the Company had \$0 and \$506, respectively, of current receivables for amounts billed to Alpha. All amounts due from Alpha under the support services agreement have been recouped.

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17. Stockholders' Equity

Stock Repurchase Program

In February 2019, the Company's Board of Directors authorized a stock repurchase program of up to \$500,000 of our common stock. Repurchases may be made from time to time at management's discretion subject to certain pre-approved parameters and in accordance with all applicable securities and other laws and regulations. The stock repurchase program does not obligate the Company to repurchase any minimum dollar amount or number of shares and may be modified, suspended or discontinued at any time.

During the year ended December 31, 2021, the Company repurchased 3,251,313 shares of common stock in the open market at an average price of \$50.94 for an aggregate amount of \$165,630. The Company did not repurchase any shares of common stock in the open market during the year ended December 31, 2020. During the year ended December 31, 2019, the Company repurchased 1,398,385 shares of common stock in the open market at an average price of \$59.67 for an aggregate amount of \$83,441. All share repurchases have been retired. As of December 31, 2021, \$250,929 of common stock may be repurchased under the stock repurchase program announced in February 2019.

Class B Convertible Common Stock

Our Class B common stock is fully convertible into Class A common stock, on a one for one basis, at any time at the option of the holder. The two classes are entitled to equal per share dividends and distributions and vote together as a class with each share of Class B entitled to ten votes and each share of Class A entitled to one vote, except when separate class voting is required by applicable law. If, at any time, any shares of Class B common stock are beneficially owned by any person other than Vincent McMahon, Linda McMahon, any descendant of either of them, any entity which is wholly owned and is controlled by any combination of such persons or any trust, all the beneficiaries of which are any combination of such persons, each of those shares will automatically convert into shares of Class A common stock. During the year ended December 31, 2019, Class B shares were sold, resulting in their conversion to Class A shares. Through his beneficial ownership of a substantial majority of our Class B common stock, our controlling stockholder, Vincent McMahon, can effectively exercise control over our affairs, and his interests could conflict with the holders of our Class A common stock.

Dividends

We declared and paid quarterly dividends of \$0.12 per share, totaling \$36,413, \$37,249, and \$37,431 on all Class A and Class B shares for the years ended December 31, 2021, 2020 and 2019, respectively.

18. Stock-based Compensation

Our 2016 Omnibus Incentive Plan (the "2016 Plan") provides for the grant of incentive or non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and performance awards to eligible participants as determined by the Compensation Committee of the Board of Directors. Awards may be granted as incentives and rewards to encourage officers, employees, consultants, advisors and independent contractors of the Company and its affiliates and to non-employee directors of the Company to participate in our long-term success.

As of December 31, 2021, there were approximately 3.2 million shares available for future grants under the 2016 Plan. It is our policy to issue new shares to satisfy option exercises and the vesting of RSUs, PSUs and PSU-TSRs.

Stock-based compensation costs related to RSUs, PSUs and PSU-TSRs totaled \$17,503, \$26,737 and \$28,025 for the years ended December 31, 2021, 2020 and 2019, respectively.

WORLD WRESTLING ENTERTAINMENT, INC.
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(In thousands, except share data)

Restricted Stock Units

The Company grants RSUs to officers and employees under the 2016 Plan. Stock-based compensation costs associated with our RSUs are determined using the fair market value of the Company's common stock on the date of the grant. These costs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. RSUs have a service requirement typically over a 3.5 years vesting schedule and vest in equal annual installments. We estimate forfeitures based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ or as forfeitures occur. Unvested RSUs accrue dividend equivalents at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying RSUs.

During the first quarter of 2021, the Compensation Committee approved the grant of RSUs to certain eligible employees for an aggregate value of \$1,666. These awards vary from the typical RSU grant in that the awards vested immediately upon grant. The units associated with these awards are included in the table below.

The following tables summarize the RSU activity for the year ended December 31, 2021:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2021	250,306	\$53.78
Granted	283,646	\$53.10
Vested	(131,786)	\$53.88
Forfeited(1)	(104,999)	\$51.53
Dividend equivalents	<u>2,836</u>	\$53.66
Unvested at December 31, 2021	<u>300,003</u>	\$55.03

(1) Of this amount, 38,266 shares were forfeited during the second quarter of 2021 as a result of certain terminations primarily associated with the combination of WWE's television, digital and studios teams into one organization.

	Year Ended December 31,		
	2021	2020	2019
Tax benefits realized	\$ 6,310	\$14,319	\$13,813
Weighted-average grant-date fair value of RSUs granted	15,061	16,106	7,327
Fair value of RSUs vested	7,101	13,434	4,763

As of December 31, 2021, total unrecognized stock-based compensation expense related to unvested RSUs net of estimated forfeitures was \$10,161 before income taxes and is expected to be recognized over a weighted-average period of approximately 1.8 years.

Performance Stock Units

The Company grants PSUs to officers and employees under the 2016 Plan. Stock-based compensation costs associated with our PSUs are initially determined using the fair market value of the Company's common stock on the date the awards are approved by our Compensation Committee (service inception date). The vesting of these PSUs is subject to certain performance conditions and a service requirement of typically 3.5 years. Until the performance conditions are met, stock compensation costs associated with these PSUs are re-measured each reporting period based upon the fair market value of the Company's common stock and the estimated performance attainment on the reporting date. The ultimate number of PSUs that are issued to an employee is the result of the actual performance of the Company at the end of the performance period compared to the performance conditions and can range from 0% to 200% of the initial grant. Stock compensation costs for our PSUs are recognized over the requisite service

WORLD WRESTLING ENTERTAINMENT, INC.
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period using the graded vesting method, net of estimated forfeitures. We estimate forfeitures based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ or as forfeitures occur. Unvested PSUs accrue dividend equivalents once the performance conditions are met at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying PSUs.

During the third quarter of 2020, the Compensation Committee approved an agreement to grant PSUs to an executive management member for an aggregate value of \$15,000. The award vests in two tranches of 40%, and 60%, during the years 2022 and 2025, respectively. The first award tranche of \$6,000 has performance conditions tied to results through September 2022, and the second award of \$9,000 has performance conditions tied to results through September 2025. The Company began expensing the second award of \$9,000 concurrent with the first award beginning on the service inception date in August 2020. The Company accounts for the first award as an equity award since the target shares are known at inception, while the second award is classified as a liability award until the number of shares is determined upon settlement of the award. The liability and the corresponding expense are adjusted at the end of each quarter until the date of settlement, considering the probability that the performance conditions will be satisfied. As of December 31, 2021, the liability portion of the award was \$2,466, which is included in Other non-current liabilities on the Consolidated Balance Sheet. There are no units associated with the second award in the table below as of December 31, 2021 since the initial target number of shares will be determined by the Compensation Committee in 2022 based on the terms of the award.

The following tables summarize the PSU activity for the year ended December 31, 2021:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2021	578,750	\$57.13
Granted	304,726	\$49.34
Achievement adjustment	(97,532)	\$55.96
Vested	(177,423)	\$73.39
Forfeited(1)	(177,491)	\$61.10
Dividend equivalents	2,237	\$59.84
Unvested at December 31, 2021	<u>433,267</u>	\$50.14

(1) Of this amount, 66,702 shares were forfeited during the second quarter of 2021 as a result of certain terminations primarily associated with the combination of WWE's television, digital and studios teams into one organization.

	Year Ended December 31,		
	2021	2020	2019
Tax benefits realized	\$ 4,824	\$13,030	\$52,072
Weighted-average grant-date fair value of PSUs granted	15,035	19,592	10,111
Fair value of PSUs vested	13,021	20,830	32,523

During the year ended December 31, 2020 we granted 274,663 PSUs, which were subject to performance conditions. During the first quarter of 2021, it was determined that the performance conditions related to these PSUs were partially met, which resulted in an achievement adjustment decrease of 97,532 PSUs in 2021 relating to the initial 2020 PSU grant.

As of December 31, 2021, total unrecognized stock-based compensation expense related to unvested PSUs, net of estimated forfeitures, was \$11,798 before income taxes, and is expected to be recognized over a weighted-average period of approximately 1.6 years.

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Performance Stock Units with a Market Condition Tied to Relative Total Shareholder Return

In March 2018, the Compensation Committee approved certain agreements to grant PSU-TSRs with a market condition where vesting is conditioned upon the total shareholder return performance of the Company's stock relative to the performance of a peer group over five distinct performance periods from 2018 through 2024. The five distinct performance periods end in March from 2020 to 2024, with the awards from each performance period vesting in July of each year. The payout for each performance period can vest at between 50% and 175% of the target award based on the percentile ranking of WWE's total shareholder return performance with vesting capped at 100% if WWE's absolute total shareholder return is negative. The grant date fair value of the award was calculated using a Monte-Carlo simulation model which factors in the number of awards to be earned based on the achievement of the market condition. This model simulates the various stock price movements of the Company and peer group companies using certain assumptions, including the stock price of WWE and those of the peer group, stock price volatility, the risk-free interest rate, correlation coefficients, and expected dividend yield. The grant date fair value of the award is being amortized as compensation cost over the requisite service period using the graded vesting method.

The following tables summarize the PSU-TSR activity for the year ended December 31, 2021:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2021	57,965	\$47.30
Granted	—	\$ —
Achievement adjustment	5,319	\$47.28
Vested	(15,579)	\$46.97
Forfeited	—	\$ —
Dividend equivalents	31	\$47.28
Unvested at December 31, 2021	47,736	\$47.28

	Year Ended December 31,		
	2021	2020	2019
Tax benefits realized	\$ —	\$ —	—
Weighted-average grant-date fair value of PSU-TSRs granted	—	—	—
Fair value of PSU-TSRs vested	732	830	—

As of December 31, 2021, total unrecognized stock-based compensation expense related to unvested PSU-TSRs, net of estimated forfeitures, was \$666 before income taxes, and is expected to be recognized over a weighted-average period of approximately 2.0 years.

Employee Stock Purchase Plan

We provide a stock purchase plan for our employees. Under the plan, all eligible regular full-time employees may contribute up to 10% of their base compensation (subject to certain dollar limits) to the semi-annual purchase of shares of our common stock. The purchase price is 85% of the fair market value at certain plan-defined dates. As this plan is defined as compensatory, a charge is recorded to General and administrative expenses for the difference between the fair market value and the discounted price. During 2021, 2020 and 2019, employees purchased 59,685, 57,020 and 34,001 shares of our common stock which resulted in an expense of \$598, \$473, and \$488, respectively. As of December 31, 2021, approximately 1.4 million shares of the Company's common stock are available for issuance under the 2012 Employee Stock Purchase Plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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19. Employee Benefit Plans

We sponsor a 401(k) defined contribution plan covering substantially all employees. Under this plan, participants are allowed to make contributions based on a percentage of their salary, subject to a statutorily prescribed annual limit. We make matching contributions of 50% of each participant's contributions, up to 6% of eligible compensation. We may also make additional discretionary contributions to the 401(k) plan. Our expense for matching contributions to the 401(k) plan was \$3,119, \$2,968 and \$2,977 for the years ended December 31, 2021, 2020 and 2019, respectively. The Company did not make any discretionary contributions for the years ended December 31, 2021, 2020 or 2019.

20. Segment Information

The Company currently classifies its operations into three reportable segments: Media, Live Events and Consumer Products. Segment information is prepared on the same basis that our chief operating decision maker manages the business, evaluates financial results, and makes key operating decisions.

Unallocated corporate general and administrative expenses largely relate to corporate functions such as finance, investor relations, community relations, corporate communications, information technology, legal, human resources and our Board of Directors. These unallocated corporate general and administrative expenses will be shown, as applicable, as a reconciling item in tables where segment and consolidated results are both shown. Revenues from transactions between our operating segments are not material.

The Company presents Adjusted OIBDA as the primary measure of segment profit (loss). The Company defines Adjusted OIBDA as operating income before depreciation and amortization, excluding stock-based compensation, certain impairment charges and other non-recurring material items. Adjusted OIBDA includes depreciation and amortization expenses directly related to supporting the operations of our segments, including content production asset amortization, depreciation and amortization of costs related to content delivery and technology assets utilized for WWE Network, as well as amortization of right-of-use assets related to finance leases of equipment used to produce and broadcast our live events. The Company believes the presentation of Adjusted OIBDA is relevant and useful for investors because it allows investors to view our segment performance in the same manner as the primary method used by management to evaluate segment performance and make decisions about allocating resources. Additionally, we believe that Adjusted OIBDA is a primary measure used by media investors, analysts and peers for comparative purposes.

We do not disclose assets by segment information. We do not provide assets by segment information to our chief operating decision maker, as that information is not typically used in the determination of resource allocation and assessing business performance of each reportable segment.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

The following tables present summarized financial information for each of the Company's reportable segments:

	Year Ended December 31,		
	2021	2020	2019
Net revenues:			
Media	\$ 936,212	\$ 868,216	\$ 743,099
Live Events.	57,803	19,921	125,585
Consumer Products	101,159	86,070	91,758
Total net revenues.	<u>\$1,095,174</u>	<u>\$ 974,207</u>	<u>\$960,442</u>
Depreciation and amortization:			
Media	\$ 13,427	\$ 15,119	\$ 12,592
Live Events.	43	23	—
Consumer Products	178	8	—
Corporate	27,253	27,466	21,535
Total depreciation and amortization.	<u>\$ 40,901</u>	<u>\$ 42,616</u>	<u>\$ 34,127</u>
Adjusted OIBDA:			
Media	\$ 390,506	\$ 367,818	\$ 224,136
Live Events.	7,652	(17,655)	9,376
Consumer Products	35,530	26,638	28,559
Corporate	(106,577)	(90,613)	(82,038)
Total Adjusted OIBDA.	<u>\$ 327,111</u>	<u>\$ 286,188</u>	<u>\$ 180,033</u>

Reconciliation of Total Operating Income to Total Adjusted OIBDA

	Year Ended December 31,		
	2021	2020	2019
Total operating income	\$ 259,017	\$ 208,544	\$ 116,510
Depreciation and amortization(1)	40,901	42,616	34,127
Stock-based compensation.	19,086	27,989	29,396
Other adjustments(2)	8,107	7,039	—
Total Adjusted OIBDA.	<u>\$ 327,111</u>	<u>\$ 286,188</u>	<u>\$ 180,033</u>

- (1) Depreciation and amortization for the years ended December 31, 2021, 2020 and 2019 includes \$9,210, \$9,103 and \$4,535, respectively, of amortization related to the right-of-use asset for the Company's new global headquarters lease, which commenced on July 1, 2019 and is accounted for as a finance lease.
- (2) Other adjustments for the year ended December 31, 2021 include severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization. Other adjustments for the year ended December 31, 2020 include severance expenses associated with a reduction in our workforce as a result of COVID-19.

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Geographic Information

Net revenues by major geographic region are based upon the geographic location of where our content is distributed. The information below summarizes net revenues to unaffiliated customers by geographic area:

	Year Ended December 31,		
	2021	2020	2019
North America	\$ 873,686	\$764,938	\$656,642
Europe/Middle East/Africa	147,978	135,876	223,471
Asia Pacific	61,852	62,327	67,493
Latin America	11,658	11,066	12,836
Total net revenues.	<u>\$1,095,174</u>	<u>\$974,207</u>	<u>\$960,442</u>

The Company's property and equipment was almost entirely located in the United States at December 31, 2021 and 2020. During the years ended December 31, 2021, 2020 and 2019, there were two customers with revenues individually in excess of 10% of total consolidated net revenues. Net revenues for these customers were approximately \$412,000 and \$200,000 in 2021, approximately \$270,000 and \$183,000 in 2020, and approximately \$207,000 and \$110,000 in 2019. These revenues are primarily reflected in our Media segment.

21. Concentration of Credit Risk

We continually monitor our position with, and the credit quality of, the financial institutions that are counterparties to our financial instruments. Our accounts receivable relates principally to a limited number of distributors, including WWE Network, television, and pay-per-view distributors, and licensees. We closely monitor the status of receivables with these customers and maintain allowances for anticipated losses as deemed appropriate. We believe credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers. At December 31, 2021, our two largest receivable balances from customers were 38% and 26% of our gross accounts receivable. No other customers individually exceeded 10% of our gross accounts receivable balance. At December 31, 2020, there were no customers that individually exceeded 10% of our gross accounts receivable balance.

WORLD WRESTLING ENTERTAINMENT, INC.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at Beginning of Year	Charges to Expense/ Against Revenues	Deductions/ Adjustments*	Balance at End of Year
For the Year Ended December 31, 2021				
Allowance for doubtful accounts	\$3,660	\$1,260	\$ (79)	\$ 4,841
Home video allowance for returns	350	—	(43)	307
Allowance for WWE Network refunds and chargebacks . . .	40	158	(191)	7
For the Year Ended December 31, 2020				
Allowance for doubtful accounts	\$ 419	\$3,572	\$(331)	\$ 3,660
Home video allowance for returns	349	—	1	350
Allowance for WWE Network refunds and chargebacks . . .	50	452	(462)	40
For the Year Ended December 31, 2019				
Allowance for doubtful accounts	\$ 651	\$ 31	\$(263)	\$ 419
Home video allowance for returns	343	—	6	349
Allowance for WWE Network refunds and chargebacks . . .	15	410	(375)	50

* Includes deductions which are comprised primarily of write-offs of specific bad debts and returns of products, as well as certain adjustments to the allowance account, including reserves for amounts due from customers that have not been recognized as revenue.

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BOARD OF DIRECTORS

Vincent K. McMahon

Chairman of the Board of Directors and Chief Executive Officer, WWE

Nick Khan

President & Chief Revenue Officer, WWE

Stephanie McMahon

Chief Brand Officer, WWE

Paul Levesque

Executive Vice President, Global Talent Strategy & Development, WWE

Steve Koonin

Chief Executive Officer, Atlanta Hawks & State Farm Arena

Erika Nardini

CEO of Barstool Sports

Laureen Ong

Former President, Travel Channel

Steve Pamon

President, Verzuz

Connor Schell

Founder & CEO, Words + Pictures

Man Jit Singh

Former President of Home Entertainment for Sony Pictures Entertainment

Jeffrey R. Speed

Former Executive Vice President and Chief Financial Officer, Six Flags, Inc.

Alan M. Wexler

SVP of Innovation & Growth at GM

TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

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SHAREHOLDER INFORMATION

Our stock is listed for trading on the New York Stock Exchange under the ticker symbol WWE. For investor information, please visit our website at corporate.wwe.com or write to Corporate Headquarters, Attention: Investor Relations or call 203-352-8600.

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