

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

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2022

or
**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: 001-16131

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

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, smaller reporting company, or an 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 whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At August 11, 2022, the number of shares outstanding of the Registrant's Class A common stock, par value \$.01 per share, was 43,296,588 and the number of shares outstanding of the Registrant's Class B common stock, par value \$.01 per share, was 31,099,011.

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WORLD WRESTLING ENTERTAINMENT, INC.**Consolidated Statements of Operations**
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Net revenues	\$ 328,135	\$ 265,540	\$ 661,583	\$ 529,064
Operating expenses	196,887	155,999	377,572	298,153
Marketing and selling expenses	20,080	16,014	38,500	34,926
General and administrative expenses	32,390	36,334	64,617	62,894
Depreciation and amortization	9,450	10,842	19,157	21,684
Operating income	69,328	46,351	161,737	111,407
Interest expense	4,635	8,492	10,980	17,000
Other (expense) income, net	(266)	(126)	55	430
Income before income taxes	64,427	37,733	150,812	94,837
Provision for income taxes	15,328	8,532	35,672	21,804
Net income	\$ 49,099	\$ 29,201	\$ 115,140	\$ 73,033
Earnings per share: basic	\$ 0.66	\$ 0.38	\$ 1.54	\$ 0.95
Earnings per share: diluted	\$ 0.58	\$ 0.34	\$ 1.35	\$ 0.85
Weighted average common shares outstanding:				
Basic	74,299	76,257	74,539	76,814
Diluted	87,857	85,452	87,736	85,588
Dividends declared per common share (Class A and B)	\$ 0.12	\$ 0.12	\$ 0.24	\$ 0.24

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$ 49,099	\$ 29,201	\$ 115,140	\$ 73,033
Other comprehensive loss:				
Foreign currency translation adjustments	(128)	(5)	(188)	(51)
Net unrealized holding losses on available-for-sale debt securities (net of tax (benefit) expense of \$(256) and \$(22), and \$(781) and \$8, respectively)	(810)	(4)	(2,473)	(25)
Total other comprehensive loss	(938)	(9)	(2,661)	(76)
Comprehensive income	<u>\$ 48,161</u>	<u>\$ 29,192</u>	<u>\$ 112,479</u>	<u>\$ 72,957</u>

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.

Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

	As of	
	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 110,126	\$ 134,828
Short-term investments, net	333,386	280,957
Accounts receivable (net of allowance for doubtful accounts and returns of \$5,324 and \$5,155, respectively)	176,680	171,196
Inventory, net	4,837	8,033
Prepaid expenses and other current assets	53,497	32,242
Total current assets	678,526	627,256
Property and equipment, net	226,132	172,677
Finance lease right-of-use assets, net	303,878	313,360
Operating lease right-of-use assets, net	13,715	8,973
Content production assets, net	16,777	13,781
Investment securities	11,697	11,618
Deferred income tax assets, net	19,019	13,100
Other assets, net	9,310	43,302
Total assets	\$ 1,279,054	\$ 1,204,067
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 440	\$ 430
Finance lease liabilities	12,624	12,190
Operating lease liabilities	3,703	4,755
Convertible debt	213,631	201,093
Accounts payable and accrued expenses	123,979	122,716
Deferred revenues	70,827	74,633
Total current liabilities	425,204	415,817
Long-term debt	21,067	21,284
Finance lease liabilities	367,332	374,681
Operating lease liabilities	10,736	5,063
Other non-current liabilities	13,883	12,562
Total liabilities	838,222	829,407
Commitments and contingencies		
Stockholders' equity:		
Class A common stock: (\$0.01 par value; 180,000,000 shares authorized; 43,075,788 and 43,732,977 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively)	431	438
Class B convertible common stock: (\$0.01 par value; 60,000,000 shares authorized; 31,099,011 shares issued and outstanding)	311	311
Additional paid-in capital	410,367	422,884
Accumulated other comprehensive (loss) income	(241)	2,420
Retained earnings (accumulated deficit)	29,964	(51,393)
Total stockholders' equity	440,832	374,660
Total liabilities and stockholders' equity	\$ 1,279,054	\$ 1,204,067

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Three Months Ended June 30, 2022							
	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance, March 31, 2022	43,242	\$ 433	31,099	\$ 311	\$ 401,762	\$ 697	\$ (1,759)	\$ 401,444
Net income	—	—	—	—	—	—	49,099	49,099
Other comprehensive loss	—	—	—	—	—	(938)	—	(938)
Repurchase and retirement of common stock	(170)	(2)	—	—	(1,523)	—	(8,475)	(10,000)
Stock issuances and other, net	4	—	—	—	500	—	—	500
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(596)	—	—	(596)
Cash dividends declared	—	—	—	—	—	—	(8,901)	(8,901)
Stock-based compensation	—	—	—	—	10,224	—	—	10,224
Balance, June 30, 2022	43,076	\$ 431	31,099	\$ 311	\$ 410,367	\$ (241)	\$ 29,964	\$ 440,832

	Six Months Ended June 30, 2022							
	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance, December 31, 2021	43,733	\$ 438	31,099	\$ 311	\$ 422,884	\$ 2,420	\$ (51,393)	\$ 374,660
Cumulative effect of adopting ASU 2020-06	—	—	—	—	(26,383)	—	17,609	(8,774)
Net income	—	—	—	—	—	—	115,140	115,140
Other comprehensive loss	—	—	—	—	—	(2,661)	—	(2,661)
Repurchases and retirements of common stock	(695)	(7)	—	—	(6,439)	—	(33,560)	(40,006)
Stock issuances and other, net	38	—	—	—	3,939	—	—	3,939
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(628)	—	—	(628)
Cash dividends declared	—	—	—	—	—	—	(17,832)	(17,832)
Stock-based compensation	—	—	—	—	16,994	—	—	16,994
Balance, June 30, 2022	43,076	\$ 431	31,099	\$ 311	\$ 410,367	\$ (241)	\$ 29,964	\$ 440,832

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Three Months Ended June 30, 2021								
	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total	
	Class A		Class B						
	Shares	Amount	Shares	Amount					
Balance, March 31, 2021	45,257	\$ 453	31,099	\$ 311	\$ 433,014	\$ 2,918	\$ (83,015)	\$ 353,681	
Net income	—	—	—	—	—	—	29,201	29,201	
Other comprehensive income	—	—	—	—	—	(9)	—	(9)	
Repurchase and retirement of common stock	(336)	(3)	—	—	(3,120)	—	(15,627)	(18,750)	
Stock issuances and other, net	7	—	—	—	4	—	—	4	
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(76)	—	—	(76)	
Cash dividends declared	—	—	—	—	—	—	(9,129)	(9,129)	
Stock-based compensation	—	—	—	—	2,417	—	—	2,417	
Balance, June 30, 2021	44,928	\$ 450	31,099	\$ 311	\$ 432,239	\$ 2,909	\$ (78,570)	\$ 357,339	

	Six Months Ended June 30, 2021								
	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total	
	Class A		Class B						
	Shares	Amount	Shares	Amount					
Balance, December 31, 2020	46,695	\$ 467	31,099	\$ 311	\$ 436,558	\$ 2,985	\$ (56,327)	\$ 383,994	
Net income	—	—	—	—	—	—	73,033	73,033	
Other comprehensive loss	—	—	—	—	—	(76)	—	(76)	
Repurchases and retirements of common stock	(1,834)	(18)	—	—	(16,745)	—	(76,987)	(93,750)	
Stock issuances and other, net	67	1	—	—	3,166	—	—	3,167	
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(705)	—	—	(705)	
Cash dividends declared	—	—	—	—	—	—	(18,289)	(18,289)	
Stock-based compensation	—	—	—	—	9,965	—	—	9,965	
Balance, June 30, 2021	44,928	\$ 450	31,099	\$ 311	\$ 432,239	\$ 2,909	\$ (78,570)	\$ 357,339	

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.**Consolidated Statements of Cash Flows**
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
OPERATING ACTIVITIES:		
Net income	\$ 115,140	\$ 73,033
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and impairments of content production assets	16,934	16,020
Depreciation and amortization	23,802	25,375
Other amortization	6,583	8,955
Stock-based compensation	20,645	10,835
Benefit from deferred income taxes	(1,707)	(1,869)
Other non-cash adjustments	1,352	1,252
Cash provided by (used in) changes in operating assets and liabilities:		
Accounts receivable	(5,954)	(63,148)
Inventory	3,473	2,739
Prepaid expenses and other assets	(1,516)	15,179
Content production assets	(19,930)	(9,092)
Accounts payable, accrued expenses and other liabilities	(2,606)	7,655
Deferred revenues	(3,834)	(7,516)
Net cash provided by operating activities	<u>152,382</u>	<u>79,418</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment and other assets	(68,940)	(12,302)
Purchases of short-term investments	(188,819)	(132,640)
Proceeds from sales and maturities of short-term investments	131,974	143,005
Purchase of investment securities	(95)	(610)
Net cash used in investing activities	<u>(125,880)</u>	<u>(2,547)</u>
FINANCING ACTIVITIES:		
Repayment of long-term debt	(207)	(100,198)
Repayment of finance leases	(6,899)	(5,395)
Dividends paid	(17,832)	(18,289)
Proceeds from tenant improvement allowances	13,129	—
Taxes paid related to net settlement upon vesting of equity awards	(628)	(705)
Proceeds from issuance of stock and other	1,239	1,967
Repurchase and retirement of common stock	(40,006)	(93,750)
Net cash used in financing activities	<u>(51,204)</u>	<u>(216,370)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,702)	(139,499)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	134,828	462,102
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 110,126	\$ 322,603
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Purchases of property and equipment recorded in accounts payable and accrued expenses (See Note 12)	\$ 28,210	\$ 2,993
Principal stockholder contributions (See Note 18)	\$ 2,700	\$ 1,200

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.

Notes to Consolidated Financial Statements
(In thousands, except share data)
(Unaudited)

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.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying consolidated financial statements are unaudited. All adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations, and cash flows at the dates and for the periods presented have been included. The results of operations of any interim period are not necessarily indicative of the results of operations for the full year. All intercompany balances are eliminated in consolidation.

Certain information and note disclosures normally included in annual financial statements have been condensed or omitted from these interim financial statements; these financial statements should be read in conjunction with the financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2021, as amended by Form 10-K/A filed on August 15, 2022.

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”) 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. 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 six months ended June 30, 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. In July 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

WORLD WRESTLING ENTERTAINMENT, INC.

Notes to Consolidated Financial Statements
(In thousands, except share data)
(Unaudited)

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.

2. Significant Accounting Policies

Our significant accounting policies are detailed in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements within our Annual Report on Form 10-K/A for the year ended December 31, 2021. Except for the policies on the Company's convertible debt, there have been no material changes to the Company's significant accounting policies described in our Annual Report on Form 10-K/A. The Company's policy on the accounting for its convertible debt was updated due to the Company's adoption of Accounting Standards Update ("ASU") No. 2020-06, as described below.

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, 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Amortization and impairment of content production assets	\$ 7,114	\$ 10,197	\$ 16,934	\$ 16,020
Depreciation and amortization of WWE Network content delivery and technology assets	2,227	1,810	4,403	3,534
Amortization of right-of-use assets - finance leases of equipment	2,221	2,315	4,443	4,700
Depreciation on equipment used directly to support operations	214	149	380	296
Total depreciation and amortization included in operating expenses	<u>\$ 11,776</u>	<u>\$ 14,471</u>	<u>\$ 26,160</u>	<u>\$ 24,550</u>

Costs to produce our live event programming are expensed when the event is first broadcast, and are not included in the 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.

Recent Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued 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 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 adopted the ASU

WORLD WRESTLING ENTERTAINMENT, INC.

Notes to Consolidated Financial Statements
(In thousands, except share data)
(Unaudited)

effective January 1, 2022 under the modified retrospective approach. The cumulative effect of the change was recognized as an adjustment to the opening balance of retained earnings (accumulated deficit) at the date of adoption. The comparative information has not been restated and continues to be presented according to accounting standards in effect for those periods. As a result of the adoption, the Company's Convertible Notes are no longer bifurcated into a separate liability and equity component in the June 30, 2022 consolidated balance sheet. Rather, the Convertible Notes are presented as a single liability at amortized cost, net of unamortized debt issuance costs, on the June 30, 2022 consolidated balance sheet. Upon adoption of the ASU, the Company recorded a net increase of \$12,068 to the Convertible Notes liability component, a \$26,383 net decrease to the equity component (additional paid-in capital) and a net increase of \$17,609 to retained earnings (accumulated deficit) for the cumulative effect of the adoption. The Company also recorded a net increase of \$3,294 to deferred income tax assets. The adjustments were calculated based on the carrying amount of the Convertible Notes as if it had always been treated as a liability only. Furthermore, included in the above adjustments, are adjustments to the debt issuance costs contra-liability and equity (additional paid-in capital) components under the same premise (i.e., as if the total amount of debt issuance costs had always been treated as a contra-liability only). Lastly, the Company derecognized deferred income taxes associated with the Convertible Notes debt discount and adjusted deferred income taxes relative to unamortized debt issuance costs associated with the Convertible Notes. The Company also expects lower interest expense related to the Convertible Notes that will be recognized in future periods subsequent to adoption as a result of accounting for the Convertible Notes as a single liability measured at amortized cost. The following table summarizes the impact of the adoption of ASU 2020-06 on the Company's opening consolidated balance sheet on January 1, 2022:

<u>Consolidated Balance Sheet line item:</u>	<u>December 31, 2021</u> <u>As Reported</u>	<u>ASU 2020-06</u> <u>Adoption Impact</u>	<u>January 1, 2022</u> <u>As Adjusted</u>
Deferred income tax assets, net	\$ 13,100	\$ 3,294	\$ 16,394
Convertible debt (1)	\$ 201,093	\$ 12,068	\$ 213,161
Additional paid-in-capital (conversion feature, net of tax)	\$ 422,884	\$ (26,383)	\$ 396,501
Accumulated deficit (cumulative effect adjustment, net of tax)	\$ (51,393)	\$ 17,609	\$ (33,784)

- (1) Prior to adoption, the carrying value of the Convertible Debt represents the principal amount less the unamortized debt discount and unamortized debt issuance costs. After adoption, the carrying value of the Convertible Debt represents the principal amount less the unamortized debt issuance costs.

3. 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 segments, 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, facilities, 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.

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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenues:				
Media	\$ 243,059	\$ 233,790	\$ 521,178	\$ 475,817
Live Events	41,007	9,239	64,108	9,711
Consumer Products	44,069	22,511	76,297	43,536
Total net revenues	\$ 328,135	\$ 265,540	\$ 661,583	\$ 529,064
Adjusted OIBDA:				
Media	\$ 90,728	\$ 86,197	\$ 218,945	\$ 192,796
Live Events	13,776	1,150	16,590	(3,158)
Consumer Products	16,506	8,409	28,379	15,079
Corporate	(29,507)	(27,601)	(60,677)	(52,684)
Total Adjusted OIBDA	\$ 91,503	\$ 68,155	\$ 203,237	\$ 152,033

Reconciliation of Total Operating Income to Total Adjusted OIBDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total operating income	\$ 69,328	\$ 46,351	\$ 161,737	\$ 111,407
Depreciation and amortization	9,450	10,842	19,157	21,684
Stock-based compensation	11,027	2,855	20,645	10,835
Other adjustments (1)	1,698	8,107	1,698	8,107
Total Adjusted OIBDA	\$ 91,503	\$ 68,155	\$ 203,237	\$ 152,033

- (1) Other adjustments for the three and six months ended June 30, 2022 include certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. Other adjustments for the three and six months ended June 30, 2021 included severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization.

4. Revenues

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. 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 performance obligations. Variable consideration can result from variability in price or quantity, or both. The components of our transaction price generally does not include material amounts of variable consideration. The variable consideration related to the transaction price 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. Most of our contracts do not include material amounts of variable consideration related to quantities in a contract, and when we have this variability, we estimate the quantities each reporting period. 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.

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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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenues:				
<u>Media Segment:</u>				
Network (including pay-per-view) (1)	\$ 63,638	\$ 61,492	\$ 119,973	\$ 140,884
Core content rights fees (2)	151,731	141,765	293,254	281,504
Advertising and sponsorships (3)	17,972	18,640	37,739	34,236
Other (4)	9,718	11,893	70,212	19,193
Total Media Segment net revenues	243,059	233,790	521,178	475,817
<u>Live Events Segment:</u>				
North American ticket sales	34,923	6,692	54,811	6,692
International ticket sales	2,160	—	2,160	—
Advertising and sponsorships (5)	1,613	347	2,758	347
Other (6)	2,311	2,200	4,379	2,672
Total Live Events Segment net revenues	41,007	9,239	64,108	9,711
<u>Consumer Products Segment:</u>				
Consumer product licensing	22,634	11,298	42,640	22,337
eCommerce	12,826	9,918	20,543	19,904
Venue merchandise	8,609	1,295	13,114	1,295
Total Consumer Products Segment net revenues	44,069	22,511	76,297	43,536
Total net revenues	\$ 328,135	\$ 265,540	\$ 661,583	\$ 529,064

- (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 six months ended June 30, 2021 include the upfront revenue recognition related to the delivery of certain WWE Network intellectual property rights.
- (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 content 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.

WWE Network subscriptions revenues for international subscribers, and domestic subscribers through March 17, 2021 (prior to transition of WWE Network content domestically to NBCU), are recorded over time during the subscription term, and our consumer product licensing revenues 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.

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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 June 30, 2022, for contracts greater than one year, the aggregate amount of the transaction price allocated to remaining performance obligations is \$3,071,030, 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 2031. 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 generally do not include any variable consideration, which 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. For transaction prices related to these future obligations that may contain material amounts of variable consideration related to quantities in a contract, we estimate the quantities each reporting period.

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 ASC Topic 606) when cash payments are received or due in advance of our performance. Our deferred revenue 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 revenue (i.e., contract liabilities) as of June 30, 2022 and December 31, 2021 was \$70,827 and \$74,661, respectively, and are included within Deferred revenues and Other non-current liabilities on our Consolidated Balance Sheets.

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 within our Consolidated Statements of Operations. Capitalized commission fees of \$575 and \$625 at June 30, 2022 and December 31, 2021, respectively, relate primarily to incremental costs of obtaining our long-term television content arrangements and these costs are being amortized over the duration of the underlying content agreements on a straight-line basis to marketing and selling expense. During each of the three and six months ended June 30, 2022 and 2021, the amount of amortization was \$25 and \$50, respectively, and there was no impairment in relation to the costs capitalized.

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5. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income for basic earnings per share	\$ 49,099	\$ 29,201	\$ 115,140	\$ 73,033
Effect of potentially diluted shares:				
Interest expense related to the Convertible Notes (1)	1,562	—	3,129	—
Net income for diluted earnings per share	\$ 50,661	\$ 29,201	\$ 118,269	\$ 73,033
Weighted average basic common shares outstanding	74,299	76,257	74,539	76,814
Dilutive effect of restricted and performance stock units	754	572	643	477
Dilutive effect of convertible debt instruments	12,800	8,620	12,548	8,292
Dilutive effect of employee share purchase plan	4	3	6	5
Weighted average dilutive common shares outstanding	87,857	85,452	87,736	85,588
Earnings per share:				
Basic	\$ 0.66	\$ 0.38	\$ 1.54	\$ 0.95
Diluted	\$ 0.58	\$ 0.34	\$ 1.35	\$ 0.85

Anti-dilutive shares (excluded from per-share calculations):

Net shares received on purchased call of convertible debt hedge	5,146	4,841	4,949	4,697
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(1) The Company adopted ASU 2020-06 effective January 1, 2022 under the modified retrospective approach. As such, for purposes of calculating net income for diluted earnings per share, we have not made any adjustments for the three and six months ended June 30, 2021.

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 Warrant transactions as described further in Note 13, *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. The adoption of ASU 2020-06, as described in Note 2, *Significant Accounting Policies – Recent Accounting Pronouncements*, did not impact the accounting for the Convertible Note Hedge and Warrants (i.e., continue to remain classified in equity), as well as the treatment for diluted earnings per share calculation purposes as it relates to the Convertible Note Hedge and Warrants.

We adopted ASU 2020-06 on January 1, 2022 under the modified retrospective method and applied the new guidance to our Convertible Notes outstanding as of January 1, 2022. We have not changed previously disclosed amounts or provided additional disclosures for comparative periods. ASU 2020-06 requires the if-converted method to be applied for all convertible instruments when calculating diluted earnings per share. Under the if-converted method, diluted earnings per share will be calculated assuming that all 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.

Prior to actual conversion, for purposes of calculating diluted earnings per share, the denominator also includes the additional shares issued related to the Warrants using the treasury stock method to the extent the average price of our common stock exceeds the strike price of the Warrants of \$31.89 per share. In addition, 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.

The dilution from the Convertible Notes for the three months ended June 30, 2022, calculated using the if-converted method, had a \$0.10 impact on diluted earnings per share, as compared to a \$0.04 impact on diluted earnings per share for the three months ended June 30, 2021, which was calculated under the Treasury Stock method. The dilution from the Convertible Notes for the six months

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ended June 30, 2022, calculated using the if-converted method, had a \$0.18 impact on diluted earnings per share, as compared to a \$0.09 impact on diluted earnings per share for the six months ended June 30, 2021, which was calculated under the Treasury Stock method.

6. 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.

Stock-based compensation costs, which includes costs related to RSUs, PSUs, PSU-TSRs, the Company’s qualified employee stock purchase plan and shares issued to the Company’s Board of Directors, totaled \$11,027 and \$2,855, and \$20,645 and \$10,835 for the three and six months ended June 30, 2022 and 2021, respectively.

Restricted Stock Units

The Company grants restricted stock units (“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 year 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 second quarter of 2022, the Compensation Committee approved the grant of RSUs to an executive management member for an aggregate value of \$10,000. This award varies from the typical RSU grant in that the award vests in five annual tranches of 20%. The units associated with this award are included in the table below.

The following table summarizes the RSU activity during the six months ended June 30, 2022:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	300,003	\$ 55.03
Granted	348,061	\$ 54.63
Vested	(24,249)	\$ 57.68
Forfeited	(31,195)	\$ 52.51
Dividend equivalents	2,054	\$ 54.53
Unvested at June 30, 2022	<u>594,674</u>	<u>\$ 54.78</u>

Performance Stock Units

The Company grants performance stock units (“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 are 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. Stock compensation costs for our PSUs are recognized over the requisite service 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

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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. During the first quarter of 2022, this agreement was amended to increase the aggregate value to \$22,500. This award vests in two tranches of 27%, and 73%, 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 \$16,500 has performance conditions tied to results through September 2025. The Company began expensing the second award of \$16,500 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 first award. The liability and the corresponding expense are adjusted at the end of each reporting period until the date of settlement, considering the probability that the performance conditions will be satisfied. As of June 30, 2022, the liability portion of the award was \$6,117, 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 June 30, 2022 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 table summarizes the PSU activity during the six months ended June 30, 2022:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	433,267	\$ 50.14
Granted	573,324	\$ 62.49
Achievement adjustment	83,250	\$ 47.81
Forfeited	(34,266)	\$ 61.83
Dividend equivalents	1,467	\$ 49.04
Unvested at June 30, 2022 (1)	<u>1,057,042</u>	\$ 57.73

- (1) Of this amount, 264,700 shares had been granted to Mr. McMahon. At the time of Mr. McMahon's resignation on July 22, 2022, 237,830 shares remained unvested. During the third quarter of 2022, the Company will reverse \$2,419 of stock-based compensation expenses associated with the unvested shares that Mr. McMahon forfeited upon his resignation.

During the year ended December 31, 2021, we granted 304,726 PSUs, which were subject to performance conditions related to the 2021 fiscal year. During the first quarter of 2022, it was determined that the performance conditions related to these PSUs were exceeded, which resulted in an achievement adjustment increase of 83,250 PSUs in 2022 relating to the initial 2021 PSU grant.

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

In March 2018, the Compensation Committee approved certain agreements to grant PSUs with a market condition ("PSU-TSRs") 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 for 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.

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The following table summarizes the PSU-TSR activity during the six months ended June 30, 2022:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	47,736	\$ 47.28
Granted	—	\$ —
Achievement adjustment	10,229	\$ 47.30
Vested	—	\$ —
Forfeited	—	\$ —
Dividend equivalents	45	\$ 47.30
Unvested at June 30, 2022	<u>58,010</u>	<u>\$ 47.30</u>

During the first quarter of 2022, it was determined that the percentile ranking of WWE's total shareholder return performance related to the third performance period were met, which resulted in an achievement adjustment increase of 10,229 PSU-TSRs in 2022 relating to the initial 2018 PSU-TSR grant.

7. Property and Equipment

Property and equipment consisted of the following:

	As of	
	June 30, 2022	December 31, 2021
Land, buildings and improvements	\$ 157,587	\$ 154,826
Equipment	157,009	148,193
Corporate aircraft	32,249	32,249
Vehicles	993	993
Projects in progress	108,648	49,660
	<u>456,486</u>	<u>385,921</u>
Less: accumulated depreciation and amortization	(230,354)	(213,244)
Total	<u>\$ 226,132</u>	<u>\$ 172,677</u>

Depreciation expense for property and equipment totaled \$9,155 and \$10,214, and \$18,471 and \$20,330 for the three and six months ended June 30, 2022 and 2021, respectively.

The Company capitalizes interest during the construction period for significant long-term projects in progress. During the three and six months ended June 30, 2022, the Company capitalized \$1,652 of interest associated with its projects in progress. Included in this amount is an immaterial out-of-period correction of previously omitted capitalized interest that was identified during the three months ended June 30, 2022.

WORLD WRESTLING ENTERTAINMENT, INC.**Notes to Consolidated Financial Statements***(In thousands, except share data)**(Unaudited)***8. Leases***Information about the Nature of WWE's Lease Portfolio*

As of June 30, 2022, 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 headquarter 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 ten years, some of which may also 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 six years. Generally, no covenants are imposed by our lease agreements.

As it relates to the Company's new global headquarter 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 did not account for the concession as a lease modification. In lieu of applying lease modification accounting, the Company accounted for the rent deferral by accruing an accounts payable during the rent concession periods in 2021 and will relieve the payable during 2022 through 2026 when the deferred rents are due. The amount of this deferral was \$6,187 as of June 30, 2022, with \$4,930 included as a component of Other non-current liabilities and \$1,257 included as a component of Accounts payable and accrued expenses on our Consolidated Balance Sheet.

Additionally, as it relates to the Company's new global headquarter lease, upon execution of the original lease agreement and subsequent amendments, the landlord granted a tenant improvement allowance of \$36,551 to reimburse the Company for the costs of preparing the new headquarter space for the Company's initial occupancy. This tenant improvement allowance is eligible to be applied against costs related to the completion, construction and installation, as well as architectural, engineering, cabling, furniture and equipment in connection with any and all alterations to the new headquarter space necessary for the Company to conduct its business. As of June 30, 2022, the Company has received reimbursement for \$13,129 of this allowance, and has a remaining allowance of \$23,422, which is included as a component of Prepaid expenses and other current assets on our Consolidated Balance Sheet.

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Lease costs				
Finance lease costs:				
Amortization of right-of-use assets	\$ 4,670	\$ 4,588	\$ 9,341	\$ 9,246
Interest on lease liabilities	3,774	4,706	7,578	9,412
Operating lease costs	1,268	1,626	2,440	3,144
Other short-term and variable lease costs	439	404	1,112	812
Sublease income (1)	(17)	(5)	(43)	(5)
Total lease costs	\$ 10,134	\$ 11,319	\$ 20,428	\$ 22,609

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$ 3,774	\$ 2,737	\$ 7,579	\$ 5,500
Operating cash flows from operating leases	\$ 892	\$ 1,415	\$ 1,967	\$ 2,743
Finance cash flows from finance leases	\$ 3,464	\$ 2,672	\$ 6,899	\$ 5,395
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ —	\$ —	\$ —	\$ 174
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 74	\$ —	\$ 8,679	\$ 3,457

	As of June 30,	
	2022	2021
Weighted-average remaining lease term - finance leases	26.8 years	27.2 years
Weighted-average remaining lease term - operating leases	7.1 years	3.1 years
Weighted-average discount rate - finance leases	4.0%	4.9%
Weighted-average discount rate - operating leases	3.5%	3.5%

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

Maturity of lease liabilities as of June 30, 2022 were as follows:

	Operating Leases	Finance Leases
2022	\$ 2,493	\$ 12,868
2023	3,022	27,409
2024	1,549	24,311
2025	1,419	21,140
2026	1,440	21,472
Thereafter	6,486	536,643
Total lease payment	16,409	643,843
Less: imputed interest	(1,970)	(263,887)
Total future minimum lease payments	\$ 14,439	\$ 379,956

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(Unaudited)

9. Content Production Assets, Net

Content production assets consisted of the following:

	Predominantly Monetized Individually		Predominantly Monetized as a Film Group	
	As of		As of	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
In release	\$ 4,205	\$ 3,291	\$ 53	\$ 139
In production	12,118	9,581	—	627
In development	74	143	327	—
Total	<u>\$ 16,397</u>	<u>\$ 13,015</u>	<u>\$ 380</u>	<u>\$ 766</u>

As of June 30, 2022, approximately 85% of the “in release” content assets monetized individually are estimated to be amortized over the next three years.

As of June 30, 2022, 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:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Content production amortization expense - assets monetized individually	\$ 5,921	\$ 8,428	\$ 14,026	\$ 12,924
Content production amortization expense - assets monetized as a film group	1,189	1,736	2,811	3,034
Content production impairment charges (1)	—	—	—	—
Content production development write-offs (2)	4	33	97	62
Total amortization and impairment of content production assets	<u>\$ 7,114</u>	<u>\$ 10,197</u>	<u>\$ 16,934</u>	<u>\$ 16,020</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 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.

10. Investment Securities and Short-Term Investments

Investment Securities

Included within Investment Securities are the following:

	As of	
	June 30, 2022	December 31, 2021
Nonmarketable equity investments without readily determinable fair values	\$ 11,697	\$ 11,618
Total investment securities	<u>\$ 11,697</u>	<u>\$ 11,618</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 Company did not record any impairment charges on these investments during the three and six months ended June 30, 2022 and 2021. In addition, there were no observable price change events that were completed during the three and six months ended June 30, 2022 and 2021.

Short-Term Investments

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

	As of June 30, 2022				As of December 31, 2021			
	Amortized Cost	Gross Unrealized		Fair Value	Amortized Cost	Gross Unrealized		Fair Value
		Gain	(Loss)			Gain	(Loss)	
U.S. Treasury securities	\$ 190,528	\$ —	\$ (1,469)	\$ 189,059	\$ 90,278	\$ —	\$ (57)	\$ 90,221
Corporate bonds	120,562	2	(1,643)	118,921	147,102	1	(269)	146,834
Government agency bonds	26,000	—	(594)	25,406	44,026	1	(125)	43,902
Total	\$ 337,090	\$ 2	\$ (3,706)	\$ 333,386	\$ 281,406	\$ 2	\$ (451)	\$ 280,957

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 June 30, 2022 and 2021, 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 three and six months ended June 30, 2022 and 2021, 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 in the Consolidated Statements of Comprehensive Income. Unrealized gains are also reflected, net of tax, as other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income.

Our U.S. Treasury securities, corporate bonds, municipal 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 June 30, 2022, contractual remaining maturities of these securities are as follows:

	Maturities
U.S. Treasury securities	1 month - 2 years
Corporate bonds	1 month - 2 years
Government agency bonds	2 months - 1 year

During the three and six months ended June 30, 2022 and 2021, we recognized \$614 and \$98, and \$876 and \$185, respectively, of interest income on our short-term investments. Interest income is reflected as a component of Other income (expense), net within our Consolidated Statements of Operations.

The following table summarizes the short-term investment activity:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Proceeds from sales and maturities of short-term investments	\$ 84,550	\$ 120,163	\$ 131,974	\$ 143,005
Purchases of short-term investments	\$ 77,196	\$ 80,235	\$ 188,819	\$ 132,640

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11. 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 input 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.

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 investment in U.S. Treasury securities, corporate bonds, municipal 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, municipal 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, municipal bond 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. The Company did not record any impairment charges on our investment securities during the three and six months ended June 30, 2022. During the six months ended June 30, 2021, the Company recorded impairment charges of \$808 on our equity method investments resulting from our impairment evaluations.

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. The Company did not record any impairment charges on long lived property and equipment during the three and six months ended June 30, 2022 and 2021. The Company classifies these assets as Level 3 within the fair value hierarchy due to significant unobservable inputs.

The Company did not record any impairment charges on content production assets during the three and six months ended June 30, 2022 and 2021. Refer to Note 9, *Content Production Assets, Net*, for further discussion. The Company classifies these assets 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 June 30, 2022, the carrying 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 June 30, 2022 and December 31, 2021, 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:

	June 30, 2022		December 31, 2021	
	Fair Value	Carrying Value (1)	Fair Value	Carrying Value (1)
Convertible senior notes	\$ 207,337	\$ 215,000	\$ 210,076	\$ 203,032

- (1) Upon adoption of ASU 2020-06 on January 1, 2022, the carrying value of the convertible debt instrument presented in the table above represents the face value of the convertible note as of June 30, 2022. As of December 31, 2021, prior to the adoption of ASU 2020-06, 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.

12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	As of	
	June 30, 2022	December 31, 2021
Trade related	\$ 25,285	\$ 11,150
Staff related	13,879	15,558
Management incentive compensation (1)	14,246	30,604
Talent related	8,049	4,428
Accrued WWE Network related expenses	6,806	10,950
Accrued event and television production	9,962	9,687
Accrued legal and professional (2)	7,338	7,706
Accrued purchases of property and equipment	28,210	22,207
Accrued other	10,204	10,426
Total	\$ 123,979	\$ 122,716

- (1) Management incentive compensation as of June 30, 2022 includes accrued expenses of \$2,170 related to the pro-rated estimated payout of Mr. McMahon's annual bonus for the year ended December 31, 2022. Upon the resignation of Mr. McMahon on July 22, 2022, the Company will reverse these management incentive compensation expenses during the third quarter of 2022.
- (2) Accrued legal and professional as of June 30, 2022 and December 31, 2021 include certain amounts of \$1,700 and \$2,200, respectively, to be paid by the Company's principal stockholder (see Note 19 for further information). As disclosed in the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2021 filed on August 15, 2022, the Company determined that certain payments that Mr. McMahon, the Company's former Chairman and Chief Executive Officer, who resigned from all positions held with the Company on July 22, 2022 but remains a stockholder with a controlling interest, agreed to make during the period of 2006 through 2022 (including amounts paid and payable in the future) were not appropriately recorded as expenses in the Company's Consolidated Financial Statements. As a result, the previously reported Consolidated Balance Sheet of the Company as of December 31, 2021 has been revised to correct these immaterial accounting errors by increasing the Company's previously reported Accounts payable and accrued expenses by \$2,200.

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.

13. 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

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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 our 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:

- 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 September 30, 2022. As of June 30, 2022, since the Convertible Notes are convertible at the option of the holders, the Convertible Notes are reflected in current liabilities on our Consolidated Balance Sheet. As of June 30, 2022, no actual conversions have occurred to date. See Note 5, *Earnings Per Share*, for a description of the dilutive nature of the Convertible Notes.

In accounting for the issuance of the Convertible Notes, prior to the adoption of ASU 2020-06 on January 1, 2022, we allocated the gross proceeds of the Convertible Notes between the liability and equity components under the cash conversion feature model under prior accounting rules in US GAAP (ASC 470-20). The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument without the associated convertible feature. The carrying amount of the equity component, representing the conversion option, was \$36,657 and was determined by deducting the fair value of the liability component from the \$215,000 par value of the Convertible Notes. The equity component was not re-measured as long as it continued to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount (i.e., the debt discount) was amortized to interest expense using the effective interest method with an effective interest rate of 6.4% per annum. Upon adoption of ASU 2020-06 on January 1, 2022, we reversed the separation of the debt and equity components and accounted for the Convertible Notes wholly as debt. We also reversed the amortization of the debt discount, with a cumulative effect adjustment to retained earnings (accumulated deficit) on the adoption date. Prior to the adoption of ASU 2020-06, debt issuance costs attributable to the liability component of \$5,454 was being amortized to interest expense using the effective interest method and debt issuance costs attributable to the equity component of \$1,110 were netted with the \$36,657 equity component in stockholders' equity. Upon adoption of ASU 2020-06 on January 1, 2022, we reversed the \$1,110 of debt issuance costs attributable to the equity component and will account for the entire amount as debt issuance costs that will be amortized as interest expense using the effective interest method, with a cumulative effect adjustment to retained earnings (accumulated deficit) on the adoption date. Refer to Note 2, *Significant Accounting Policies – Recent Accounting Pronouncements*, for further information regarding the adoption of ASU 2020-06.

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The Convertible Notes consisted of the following components:

	As of	
	June 30, 2022	December 31, 2021
Debt component:		
Principal	\$ 215,000	\$ 215,000
Less: Unamortized debt discount (1)	—	(11,968)
Less: Unamortized debt issuance costs (2)	(1,369)	(1,939)
Net carrying amount	\$ 213,631	\$ 201,093
Equity component (3)	\$ —	\$ 35,547

- (1) The debt discount associated with the Convertible Notes was derecognized upon adoption of ASU 2020-06 on January 1, 2022.
- (2) Unamortized debt issuance costs as of June 30, 2022 reflects the adoption impact from ASU 2020-06 described above.
- (3) The equity component of the Convertible Notes, net of deferred income taxes, was derecognized upon adoption of ASU 2020-06 on January 1, 2022.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
3.375% contractual coupon	\$ 1,814	\$ 1,814	\$ 3,628	\$ 3,628
Amortization of debt discount (1)	—	1,379	—	2,735
Amortization of debt issuance costs	235	210	470	415
Interest expense	\$ 2,049	\$ 3,403	\$ 4,098	\$ 6,778

- (1) The Company adopted ASU 2020-06 during the first quarter of 2022 using the modified retrospective method. Prior year reported amounts were not revised and are presented in accordance with accounting rules prior to the adoption of ASU 2020-06.

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 represents 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.

WORLD WRESTLING ENTERTAINMENT, INC.**Notes to Consolidated Financial Statements**
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*(Unaudited)***14. Long-Term Debt and Credit Facility**

Included within Long-Term Debt are the following:

	As of	
	June 30, 2022	December 31, 2021
Current portion of long-term debt:		
Mortgage	\$ 440	\$ 430
Total current portion of long-term debt	\$ 440	\$ 430
Long-term debt:		
Mortgage	\$ 21,067	\$ 21,284
Total long-term debt	\$ 21,067	\$ 21,284
Total	\$ 21,507	\$ 21,714

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 June 30, 2022, the LIBOR-based rate plus margin was 3.29%, 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.

As of June 30, 2022, 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 June 30, 2022 and December 31, 2021, there were no amounts outstanding under the Revolving Credit Facility.

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 requires 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.

15. 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 premium live event programming 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 June 30, 2022 and 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.

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16. Income Taxes

As of June 30, 2022 and December 31, 2021, we had \$19,019 and \$13,100, respectively, of deferred income tax assets, net, included in our Consolidated Balance Sheets.

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.

17. Commitments and Contingencies

Our future commitments related to our operating and finance leases are separately disclosed in Note 8, *Leases*.

Legal Proceedings

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. On March 15, 2022, the Company moved to dismiss all claims asserted in the complaint. MLW filed its response to the Company’s motion to dismiss on April 22, 2022. The Company believes that all claims in the lawsuit are without merit and intends to defend itself vigorously against them.

As previously announced, a Special Committee of independent members of the Company’s Board of Directors (the “Special Committee”) was formed to investigate alleged misconduct by the Company’s former Chairman and Chief Executive Officer, Vincent K. McMahon. Mr. McMahon resigned from all positions held with the Company on July 22, 2022 but remains a stockholder with a controlling interest. The Company has received, and may receive in the future, regulatory, investigative and enforcement inquiries, subpoenas or demands arising from, related to, or in connection with these matters. The Special Committee investigation is substantially complete.

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.

WORLD WRESTLING ENTERTAINMENT, INC.**Notes to Consolidated Financial Statements***(In thousands, except share data)**(Unaudited)***18. 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. In light of the Special Committee investigation, the Company suspended the stock repurchase program during the second quarter of 2022. The Special Committee investigation is substantially complete. During the three months ended June 30, 2022, the Company repurchased 170,359 shares of common stock in the open market at an average price of \$58.70 for an aggregate amount of \$10,000. During the six months ended June 30, 2022, the Company repurchased 694,857 shares of common stock in the open market at an average price of \$57.57 for an aggregate amount of \$40,006. During the three months ended June 30, 2021, the Company repurchased 336,177 shares of common stock in the open market at an average price of \$55.77 for an aggregate amount of \$18,750. During the six months ended June 30, 2021, the Company repurchased 1,833,997 shares of common stock in the open market at an average price of \$51.12 for an aggregate amount of \$93,750. As of June 30, 2022, \$210,924 of common stock remained under the original stock repurchase program authorization.

Stock repurchases are accounted for under the cost method. All shares repurchased to date have been retired by the Company with no unsettled share repurchases as of June 30, 2022. When the Company retires its own common stock, the excess of the repurchase price over par value is allocated between additional paid-in capital and retained earnings, with certain limitations. 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 were not material and were expensed in the period incurred. For the three months ended June 30, 2022 and 2021, \$8,475 and \$15,627, and \$1,523 and \$3,120, respectively, was deducted from retained earnings and additional paid-in capital, respectively, related to the common stock shares retired. For the six months ended June 30, 2022 and 2021, \$33,560 and \$76,987, and \$6,439 and \$16,745, respectively, was deducted from retained earnings and additional paid-in capital, respectively, related to the common stock shares retired.

Stock issuances and other, net

During the six months ended June 30, 2022 and 2021, stock issuances and other, net in our Consolidated Statements of Stockholders' Equity include non-cash capital contributions of \$2,700 and \$1,200, respectively, from our majority stockholder. These non-cash capital contributions represent amounts paid personally by Mr. McMahon, our majority stockholder, to certain counterparties. See Note 19, *Related Parties*, for additional information. Included in the amount of non-cash capital contributions for the six months ended June 30, 2022 is an immaterial out-of-period correction of previously omitted non-cash capital contributions that were identified during the three months ended June 30, 2022.

19. Related Parties

Vincent K. McMahon, the Company's former Chairman of the Board of Directors and Chief Executive Officer, who resigned from all positions held with the Company on July 22, 2022, controls a substantial majority of the voting power of the issued and outstanding shares of our common stock ("Mr. McMahon"). Through the beneficial ownership of a substantial majority of our Class B common stock, Mr. McMahon can effectively exercise control over our affairs.

On June 17, 2022, the Company and its Board of Directors announced that the Special Committee was formed to investigate alleged misconduct by Mr. McMahon, who remains a stockholder with a controlling interest, and another executive, who is also no longer with the Company. The findings of the Special Committee investigation identified agreements executed by Mr. McMahon which were previously unknown to the Company. On July 25, 2022, the Company announced that it had determined that certain payments that Mr. McMahon agreed to make during the period from 2006 through 2022 (including amounts paid and payable in the future totaling \$14,600), were not appropriately recorded as expenses in the Company's Consolidated Financial Statements during the periods in which the expenses became probable and estimable. The Company subsequently identified two additional payments totaling \$5,000, unrelated to the alleged misconduct by Mr. McMahon that led to the Special Committee investigation, that Mr. McMahon made in 2007 and 2009 that were not appropriately recorded as expenses in the Company's Consolidated Financial Statements during the periods in which the expenses became probable and estimable. Together, these previously unrecorded expenses total \$19,600 (the "Previously Unrecorded

WORLD WRESTLING ENTERTAINMENT, INC.

Notes to Consolidated Financial Statements

(In thousands, except share data)

(Unaudited)

Expenses”). As disclosed on the Company’s Form 10-K/A filed August 15, 2022 for the fiscal year ended December 31, 2021 and the Company’s Form 10-Q/A filed August 15, 2022 for the three months ended March 31, 2022, the Company has revised its previously reported Consolidated Financial Statements to correct these immaterial accounting errors resulting from the Previously Unrecorded Expenses. All payments underlying the Previously Unrecorded Expenses were or will be paid by Mr. McMahon personally. The Special Committee investigation is substantially complete.

During the six months ended June 30, 2022 and 2021, Mr. McMahon made payments of \$2,200 and \$1,200, respectively, associated with the Previously Unrecorded Expenses. These payments are included as a component of Stock issuances and other, net on our Consolidated Statements of Stockholders’ Equity. As of June 30, 2022 and December 31, 2021, total liabilities of \$4,400 and \$6,600, respectively, were included on our Consolidated Balance Sheets related to the Previously Unrecorded Expenses.

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

You should read the following discussion in conjunction with the 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, 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 six months ended June 30, 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. In July 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 Operation

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 than 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. See Note 3, *Segment Information*, in the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to operating income for the periods presented.

Unallocated corporate general and administrative expenses largely relate to corporate functions such as finance, investor relations, community relations, corporate communications, information technology, legal, facilities, 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.

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Summary

Three Months Ended June 30, 2022 compared to Three Months Ended June 30, 2021
(dollars in millions, except where noted)

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

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Net revenues			
Media	\$ 243.1	\$ 233.9	4 %
Live Events	41.0	9.2	346 %
Consumer Products	44.1	22.5	96 %
Total net revenues (1)	<u>328.2</u>	<u>265.6</u>	24 %
Operating expenses			
Media	145.2	134.5	8 %
Live Events	24.7	8.0	209 %
Consumer Products	27.0	13.6	99 %
Total operating expenses (2)	<u>196.9</u>	<u>156.1</u>	26 %
Marketing and selling expenses			
Media	15.8	14.8	7 %
Live Events	3.1	0.4	675 %
Consumer Products	1.2	0.8	50 %
Total marketing and selling expenses	<u>20.1</u>	<u>16.0</u>	26 %
General and administrative expenses (3)	32.4	36.3	(11)%
Depreciation and amortization	9.5	10.9	(13)%
Operating income	<u>69.3</u>	<u>46.3</u>	50 %
Interest expense	4.7	8.5	(45)%
Other expense, net	(0.2)	(0.1)	100%
Income before income taxes	<u>64.4</u>	<u>37.7</u>	71%
Provision for income taxes	15.4	8.5	81%
Net income	<u>\$ 49.0</u>	<u>\$ 29.2</u>	68%

- (1) Our consolidated net revenues increased by \$62.6 million, or 24%, in the current year quarter as compared to the prior year quarter. This increase was driven by \$37.7 million of higher ticket and merchandise sales at our live events. The current year quarter also includes additional consumer product licensing revenues of \$11.3 million driven by higher sales of the Company's licensed products, including video games and collectibles, coupled with \$10.0 million of additional revenues associated with the contractual escalations of our domestic and international distribution agreements for our flagship programs. For further analysis, refer to Management's Discussion and Analysis of our business segments.
- (2) Our consolidated operating expenses increased by \$40.8 million, or 26%, in the current year quarter as compared to the prior year quarter. This increase was primarily driven by higher event-related costs associated with our live events coupled with higher production-related costs associated with our premium live events. In the current year quarter, we incurred \$14.6 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. We also incurred \$7.9 million of higher production-related costs within our Media segment, primarily associated with the creation of the Company's premium live events, including *WrestleMania*. These costs were partially offset by \$4.8 million of lower production-related costs associated with the creation of the Company's weekly, in-ring content and third-party programming. The current year quarter also includes \$9.3 million of variable costs within our Consumer Products segment driven by higher sales of our licensed products and merchandise. The prior year quarter included lower management incentive compensation costs resulting from the benefit associated with the combination of WWE's television, digital and studios teams into one organization. For further analysis, refer to Management's Discussion and Analysis of our business segments.
- (3) Our consolidated general and administrative expenses decreased by \$3.9 million, or 11%, in the current year quarter as compared to the prior year quarter. This decrease was primarily driven by a decline in severance expenses of \$10.1 million. The prior year quarter included \$8.1 million of severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization. This decline was partially offset by \$2.0 million of additional staff-related costs and \$1.7 million of certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. For further analysis, refer to Management's Discussion and Analysis of our business segments.

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	Three Months Ended			
	June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 69.3	21 %	\$ 46.3	17 %
Depreciation and amortization	9.5	3 %	10.9	4 %
Stock-based compensation	11.0	3 %	2.8	1 %
Other adjustments (1)	1.7	1 %	8.1	3 %
Adjusted OIBDA	<u>\$ 91.5</u>	<u>28 %</u>	<u>\$ 68.1</u>	<u>26 %</u>

- (1) Other adjustments in the current year quarter include certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. Other adjustments in the prior year quarter included severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization.

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Adjusted OIBDA			
Media	\$ 90.7	\$ 86.2	5%
Live Events	13.8	1.1	1,155 %
Consumer Products	16.5	8.4	96 %
Corporate	(29.5)	(27.6)	(7)%
Total Adjusted OIBDA	<u>\$ 91.5</u>	<u>\$ 68.1</u>	<u>34%</u>

Media

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

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Net Revenues			
Network (including pay-per-view) (1)	\$ 63.7	\$ 61.5	4%
Core content rights fees (2)	151.8	141.8	7 %
Advertising and sponsorship (3)	17.9	18.7	(4)%
Other (4)	9.7	11.9	(18)%
Total net revenues	<u>\$ 243.1</u>	<u>\$ 233.9</u>	<u>4 %</u>

- (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.
- (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.

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	Three Months Ended			
	June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 78.4	32 %	\$ 80.8	35 %
Depreciation and amortization	3.6	1 %	3.8	2 %
Stock-based compensation	8.7	4 %	1.6	1 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 90.7</u>	<u>37 %</u>	<u>\$ 86.2</u>	<u>37 %</u>

Media net revenues increased by \$9.2 million, or 4%, in the current year quarter as compared to the prior year quarter. This increase was primarily driven by an increase in our core content rights fees of \$10.0 million, or 7%, driven primarily by the contractual escalations of our domestic and international distribution agreements for our flagship programs, *RAW* and *SmackDown*. Other revenues within the Media segment declined by \$2.2 million, or 18%, primarily driven by the timing of delivery associated with third-party original programming.

Media Adjusted OIBDA as a percentage of revenues remained consistent in the current year quarter as compared to the prior year quarter, as the increase in core content rights fees, as discussed above, was mostly offset by \$8.4 million of higher production-related costs associated with the creation of the Company's premium live events.

Live Events

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

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Net Revenues			
North American ticket sales	\$ 34.9	\$ 6.7	421%
International ticket sales	2.2	—	NM
Advertising and sponsorship (1)	1.6	0.3	433%
Other (2)	2.3	2.2	5 %
Total net revenues	<u>\$ 41.0</u>	<u>\$ 9.2</u>	<u>346 %</u>
Operating Metrics (3)			
Total live event attendance	400,300	40,400	891%
Number of North American events	55	2	2,650%
Average North American attendance	6,800	20,190	(66)%
Average North American ticket price (dollars)	\$ 91.62	\$ 161.35	(43)%
Number of international events	4	—	NM
Average international attendance	6,550	—	NM
Average international ticket price (dollars)	\$ 82.41	\$ —	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.

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	Three Months Ended June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Income (Loss) to Adjusted OIBDA				
Operating income (loss)	\$ 13.2	32 %	\$ 0.9	10%
Depreciation and amortization	0.1	0 %	—	— %
Stock-based compensation	0.5	1 %	0.2	2 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 13.8</u>	<u>34 %</u>	<u>\$ 1.1</u>	<u>12%</u>

Live Events net revenues, which include revenues from ticket sales and travel packages, increased by \$31.8 million in the current year quarter as compared to the prior year quarter. Revenues from our ticket sales increased by \$30.4 million due to impact of the return of ticketed events which resumed in July 2021, coupled with an increase in ticket sales from our annual *WrestleMania* events. The ticket sales revenues in the prior year quarter related to our annual *WrestleMania* events, as all other ticketed events were cancelled as a result of COVID-19. The increase in ticket sales revenues for *WrestleMania* was primarily driven by a return to full capacity attendance.

Live Events Adjusted OIBDA increased in the current year quarter as compared to the prior year quarter. This increase was driven by the increase in ticket sales, as discussed above, partially offset by increased event-related costs associated with conducting 57 additional events in the current year quarter.

Consumer Products

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

	Three Months Ended June 30,		Increase (decrease)
	2022	2021	
Net Revenues			
Consumer product licensing	\$ 22.6	\$ 11.3	100 %
eCommerce	12.9	9.9	30%
Venue merchandise	8.6	1.3	562%
Total net revenues	<u>\$ 44.1</u>	<u>\$ 22.5</u>	<u>96 %</u>

Operating Metrics

Average eCommerce revenue per order (dollars)	\$ 65.13	\$ 73.46	(11) %
Number of eCommerce orders	148,500	134,000	11%
Venue merchandise domestic per capita spending (dollars)	\$ 17.24	\$ 32.09	(46)%

	Three Months Ended June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 15.9	36 %	\$ 7.9	35 %
Depreciation and amortization	—	— %	0.1	0 %
Stock-based compensation	0.6	1 %	0.4	2 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 16.5</u>	<u>37 %</u>	<u>\$ 8.4</u>	<u>37 %</u>

Consumer Products net revenues increased by \$21.6 million, or 96%, in the current year quarter as compared to the prior year quarter. This increase was primarily driven by an increase in consumer product licensing revenues of \$11.3 million, or 100%, primarily due to \$5.6 million of higher sales related to the Company's licensed video games, including our franchise game *WWE 2K22*, as well as \$3.1 million of higher sales associated with our trading cards and other collectibles. Venue merchandise revenues increased by \$7.3 million resulting from the sale of merchandise at our ticketed events in the current year. With the exception of our annual *WrestleMania* events, we did not hold any ticketed events in the prior year quarter as a result of COVID-19. eCommerce revenues increased by \$3.0 million, or 30%, primarily driven by the sales of merchandise inventory to the new operator of WWE's official online merchandise stores in advance of the July 19, 2022 launch of the updated eCommerce platform.

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Consumer Products Adjusted OIBDA as a percentage of revenues remained consistent in the current year quarter as compared to the prior year quarter, as the increased revenues, as discussed above, were mostly offset by an increase in variable costs driven by higher sales activity.

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.

	Three Months Ended			
	June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Loss to Adjusted OIBDA				
Operating loss	\$ (38.2)	(12)%	\$ (43.3)	(16)%
Depreciation and amortization	5.8	2 %	7.0	3 %
Stock-based compensation	1.2	0 %	0.6	0 %
Other adjustments (1)	1.7	1 %	8.1	3 %
Adjusted OIBDA	<u>\$ (29.5)</u>	<u>(9)%</u>	<u>\$ (27.6)</u>	<u>(10)%</u>

- (1) Other adjustments in the current year quarter include certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. Other adjustments in the prior year quarter included severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization.

Corporate Adjusted OIBDA decreased by \$1.9 million, or 7%, in the current year quarter as compared to the prior year quarter. This decrease was primarily driven by \$2.0 million of additional staff-related costs to support the Company's strategic initiatives.

Depreciation and Amortization

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Depreciation and amortization	\$ 9.5	\$ 10.9	(13) %

Depreciation and amortization expense declined by \$1.4 million in the current year quarter as compared to the prior year quarter. This decline was driven by the impact of prior period capital expenditures that have fully depreciated.

Interest Expense

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Interest expense	\$ 4.7	\$ 8.5	(45)%

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 \$3.8 million in the current year quarter as compared to the prior year quarter. In the current year quarter, the Company capitalized \$1.7 million of interest expense associated with its projects in progress. The prior period included \$1.4 million of interest expense related to the unamortized debt discount associated with our convertible notes, which was derecognized as of January 1, 2022 upon the adoption of ASU 2020-06.

Other Expense, Net

	Three Months Ended		Increase (decrease)
	June 30,		
	2022	2021	
Other expense, net	\$ (0.2)	\$ (0.1)	100%

Other expense, net is comprised of interest income, gains and losses recorded on our equity investments, realized translation gains and losses, and rental income.

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Income Taxes

	Three Months Ended		Increase (decrease)
	2022	June 30, 2021	
Provision for income taxes	\$ 15.4	\$ 8.5	81 %
Effective tax rate	24 %	23 %	

The effective tax rate was essentially unchanged in the current year quarter as compared to the prior year quarter.

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Six Months Ended June 30, 2022 compared to Six Months Ended June 30, 2021

(dollars in millions, except where noted)

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

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Net revenues			
Media	\$ 521.2	\$ 475.9	10%
Live Events	64.1	9.7	561 %
Consumer Products	76.3	43.5	75%
Total net revenues (1)	<u>661.6</u>	<u>529.1</u>	25%
Operating expenses			
Media	287.6	258.4	11%
Live Events	43.4	12.4	250 %
Consumer Products	46.6	27.4	70%
Total operating expenses (2)	<u>377.6</u>	<u>298.2</u>	27%
Marketing and selling expenses			
Media	30.5	32.1	(5)%
Live Events	5.5	0.9	511 %
Consumer Products	2.5	1.9	32%
Total marketing and selling expenses	<u>38.5</u>	<u>34.9</u>	10%
General and administrative expenses (3)	64.6	62.9	3%
Depreciation and amortization	19.2	21.7	(12)%
Operating income	<u>161.7</u>	<u>111.4</u>	45%
Interest expense	11.0	17.0	(35)%
Other income, net	0.1	0.4	(75)%
Income before income taxes	<u>150.8</u>	<u>94.8</u>	59%
Provision for income taxes	35.7	21.8	64%
Net income	<u>\$ 115.1</u>	<u>\$ 73.0</u>	58%

- (1) Our consolidated net revenues increased by \$132.5 million, or 25%, in the current year period as compared to the prior year period. This increase was driven by \$62.1 million of incremental ticket and merchandise sales due to the return of ticketed audiences at our live events, coupled with the timing of a large-scale international event. The current year period also includes additional consumer product licensing revenues of \$20.3 million driven by higher sales of the Company's licensed video games, coupled with \$11.8 million of additional revenues associated with the contractual escalations of our key domestic distribution agreements for our flagship programs. These increases were partially offset by a decline in network revenues of \$20.9 million due primarily to the impact of upfront revenue recognition during the first quarter of 2021 related to the delivery of certain WWE Network intellectual property rights. For further analysis, refer to Management's Discussion and Analysis of our business segments.
- (2) Our consolidated operating expenses increased by \$79.4 million, or 27%, in the current year period as compared to the prior year period. This increase was primarily driven by the timing of a large-scale international event, coupled with higher event-related costs associated with the resumption of live event touring and higher production-related costs associated with our premium live events. In the current year period, we incurred \$31.1 million of higher production-related costs within our Media segment, primarily driven by the timing of a large-scale international event and additional production costs associated with our annual *WrestleMania* events. This increase was partially offset by lower production-related costs of \$5.1 million associated with the creation of the Company's weekly, in-ring content. In the prior year period, the Company produced its weekly, televised programs utilizing the higher cost environment of *WWE ThunderDome*. We also incurred \$26.6 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. The current year period also includes \$12.7 million of certain variable costs within our Consumer Products segment driven by higher sales of our licensed products and merchandise. The prior year period included lower management incentive compensation costs resulting from the benefit associated with the combination of WWE's television, digital and studios teams into one organization. For further analysis, refer to Management's Discussion and Analysis of our business segments.
- (3) Our consolidated general and administrative expenses increased by \$1.7 million, or 3%, in the current year period as compared to the prior year period. This increase was primarily driven by additional professional fees of \$2.5 million, which includes \$1.7 million of certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. In the current year period, we also incurred \$2.6 million of additional staff-related costs and \$1.7 million of additional insurance expenses to support the Company's strategic initiatives. These increases were partially offset by a decline in severance expenses of \$8.7 million. The prior year period included \$8.1 million of severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization. For further analysis, refer to Management's Discussion and Analysis of our business segments.

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	Six Months Ended June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 161.7	24 %	\$ 111.4	21 %
Depreciation and amortization	19.2	3 %	21.7	4 %
Stock-based compensation	20.6	3 %	10.8	2 %
Other adjustments (1)	1.7	0 %	8.1	2 %
Adjusted OIBDA	<u>\$ 203.2</u>	<u>31 %</u>	<u>\$ 152.0</u>	<u>29 %</u>

- (1) Other adjustments in the current year period include certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. Other adjustments in the prior year period included severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization.

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Adjusted OIBDA			
Media	\$ 218.9	\$ 192.8	14%
Live Events	16.6	(3.2)	619 %
Consumer Products	28.4	15.1	88%
Corporate	(60.7)	(52.7)	(15)%
Total Adjusted OIBDA	<u>\$ 203.2</u>	<u>\$ 152.0</u>	<u>34%</u>

Media

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

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Net Revenues			
Network (including pay-per-view) (1)	\$ 120.0	\$ 140.9	(15)%
Core content rights fees (2)	293.3	281.5	4%
Advertising and sponsorship (3)	37.7	34.3	10%
Other (4)	70.2	19.2	266 %
Total net revenues	<u>\$ 521.2</u>	<u>\$ 475.9</u>	<u>10%</u>

- (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 six months ended June 30, 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.

	Six Months Ended June 30,			
	2022		2021	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 195.8	38 %	\$ 177.9	37 %
Depreciation and amortization	7.2	1 %	7.5	2 %
Stock-based compensation	15.9	3 %	7.4	2 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 218.9</u>	<u>42 %</u>	<u>\$ 192.8</u>	<u>41 %</u>

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Media net revenues increased by \$45.3 million, or 10%, in the current year period as compared to the prior year period. Other revenues within the Media segment increased by \$51.0 million, driven primarily by the impact of a large-scale international event. Our core content rights fees increased by \$11.8 million, or 4%, driven primarily by the contractual escalations of our key domestic distribution agreements for our flagship programs, *RAW* and *SmackDown*. These increases were partially offset by a decrease in Network revenues of \$20.9 million, or 15%, primarily driven by the upfront revenue recognition during the first quarter of 2021 related to the delivery of certain WWE intellectual property rights to NBCU. The decline was partially offset by increased content license fees associated with the delivery of new WWE Network content in the current year period.

Media Adjusted OIBDA as a percentage of revenues increased slightly in the current year period as compared to the prior year period. This increase was primarily driven by the impact of a large-scale international event and increased core content rights fees, mostly offset by the reduction in Network revenues, as discussed above.

Live Events

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

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Net Revenues			
North American ticket sales	\$ 54.8	\$ 6.7	718 %
International ticket sales	2.2	—	NM
Advertising and sponsorship (1)	2.7	0.3	800 %
Other (2)	4.4	2.7	63 %
Total net revenues	<u>\$ 64.1</u>	<u>\$ 9.7</u>	561 %

Operating Metrics (3)

Total live event attendance	697,100	40,400	1,625 %
Number of North American events	107	2	5,250 %
Average North American attendance	6,270	20,190	(69)%
Average North American ticket price (dollars)	\$ 80.72	\$ 161.35	(50)%
Number of international events	5	—	NM
Average international attendance	5,240	—	NM
Average international ticket price (dollars)	\$ 82.41	\$ —	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.

	Six Months Ended June 30,		Six Months Ended June 30,	
	2022	% of Rev	2021	% of Rev
Reconciliation of Operating Loss to Adjusted OIBDA				
Operating income (loss)	\$ 15.2	24 %	\$ (3.6)	(37)%
Depreciation and amortization	0.1	0 %	—	— %
Stock-based compensation	1.3	2 %	0.4	4 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 16.6</u>	26 %	<u>\$ (3.2)</u>	(33)%

Live Events net revenues, which include revenues from ticket sales and travel packages, increased by \$54.4 million in the current year period as compared to the prior year period. Revenues from our ticket sales increased by \$50.3 million due to impact of the return of ticketed events, including the resumption our domestic and international touring schedules in July 2021. The ticket sales revenues in the prior year period related to our annual *WrestleMania* events, as all other ticketed events were cancelled as a result of COVID-19.

Live Events Adjusted OIBDA increased in the current year period as compared to the prior year period. This increase was driven by the increase in ticket sales, as discussed above, partially offset by increased event-related costs associated with conducting 110 additional events in the current year period.

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Consumer Products

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

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Net Revenues			
Consumer product licensing	\$ 42.6	\$ 22.3	91%
eCommerce	20.6	19.9	4%
Venue merchandise	13.1	1.3	908%
Total net revenues	<u>\$ 76.3</u>	<u>\$ 43.5</u>	75%

Operating Metrics

	2022	2021	
Average eCommerce revenue per order (dollars)	\$ 65.55	\$ 67.53	(3)%
Number of eCommerce orders	263,900	292,700	(10)%
Venue merchandise domestic per capita spending (dollars)	\$ 15.39	\$ 32.09	(52)%

	Six Months Ended June 30,		2021	% of Rev
	2022	2021		
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 27.1	36 %	\$ 14.1	32 %
Depreciation and amortization	0.1	0 %	0.1	0 %
Stock-based compensation	1.2	2 %	0.9	2 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 28.4</u>	37 %	<u>\$ 15.1</u>	35 %

Consumer Products net revenues increased by \$32.8 million, or 75%, in the current year period as compared to the prior year period. This increase was driven by an increase in consumer product licensing revenues of \$20.3 million, or 91%, primarily due to higher sales of the Company's licensed video games, including our franchise game *WWE 2K22*, as well as higher sales associated with our trading cards and other collectibles. Venue merchandise revenues increased by \$11.8 million resulting from the sale of merchandise at our ticketed events in the current year. With the exception of our annual *WrestleMania* events, we did not hold any ticketed events in the prior year period as a result of COVID-19.

Consumer Products Adjusted OIBDA as a percentage of revenues increased in the current year period as compared to the prior year period. This increase was driven by increased revenues, as discussed above, partially offset by an increase in certain variable costs, including higher costs related to global supply chain constraints.

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.

	Six Months Ended June 30,		2021	% of Rev
	2022	2021		
Reconciliation of Operating Loss to Adjusted OIBDA				
Operating loss	\$ (76.4)	(12)%	\$ (77.0)	(15)%
Depreciation and amortization	11.8	2 %	14.1	3 %
Stock-based compensation	2.2	0 %	2.1	0 %
Other adjustments (1)	1.7	0 %	8.1	2 %
Adjusted OIBDA	<u>\$ (60.7)</u>	(9)%	<u>\$ (52.7)</u>	(10)%

- (1) Other adjustments in the current year period include certain costs associated with the investigation by the Special Committee of independent members of the Company's Board of Directors. Other adjustments in the prior year period included severance expenses primarily associated with the combination of WWE's television, digital and studios teams into one organization.

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Corporate Adjusted OIBDA decreased by \$8.0 million, or 15%, in the current year period as compared to the prior year period. This decrease was primarily driven by \$4.9 million of additional staff-related, insurance and consulting costs to support the Company's strategic initiatives.

Depreciation and Amortization

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Depreciation and amortization	\$ 19.2	\$ 21.7	(12)%

Depreciation and amortization expense declined by \$2.5 million in the current year period as compared to the prior year period. This decline was driven by the impact of prior period capital expenditures that have fully depreciated.

Interest Expense

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Interest expense	\$ 11.0	\$ 17.0	(35)%

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 \$6.0 million in the current year period as compared to the prior year period. The prior year period included \$2.7 million of interest expense related to the unamortized debt discount associated with our convertible notes, which was derecognized as of January 1, 2022 upon the adoption of ASU 2020-06. The current year period includes a reduction of \$1.8 million of interest expense associated with the Company's finance leases. This reduction was primarily driven by the amendment to the Company's Stamford headquarter lease during the fourth quarter of 2021 that reduced the lease space by approximately 33,000 rentable square feet. Additionally, in the current year period the Company capitalized \$1.7 million of interest expense associated with its projects in progress.

Other Income, Net

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Other income, net	\$ 0.1	\$ 0.4	(75)%

Other income, net is comprised of interest income, gains and losses recorded on our equity investments, realized translation gains and losses, and rental income.

Income Taxes

	Six Months Ended June 30,		Increase (decrease)
	2022	2021	
Provision for income taxes	\$ 35.7	\$ 21.8	64%
Effective tax rate	24 %	23 %	

The effective tax rate was essentially unchanged in the current year period as compared to the prior year period.

Liquidity and Capital Resources

We had cash and cash equivalents and short-term investments of \$443.5 million and \$415.8 million as of June 30, 2022 and December 31, 2021, respectively. Our short-term investments consist primarily of U.S. Treasury securities, corporate bonds, municipal bonds, and government agency bonds. Our debt balance totaled \$235.1 million and \$222.8 million as of June 30, 2022 and December 31, 2021, respectively, and includes the carrying value of \$213.6 million and \$201.1 million related to our convertible senior notes due 2023 as of June 30, 2022 and December 31, 2021, respectively.

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, refer to the risk factors previously disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2021, 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.

During 2021, the Company resumed construction on the build out of its new headquarter facility. The Company estimates that total capital expenditures related to the new headquarter facility through 2023 will be approximately \$270 million to \$300 million. The Company expects the total project spend will be partially offset by tenant improvement allowances, tax credits and proceeds from the sale of other real estate assets. The total net cost of the Company's new headquarter through completion, net of all aforementioned items, is estimated within a range of \$160 million to \$180 million. The Company expects total capital expenditures will return to approximately 4% to 5% of revenues once construction of the Company's new headquarter has been completed.

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. In light of the Special Committee investigation, the Company suspended the stock repurchase program during the second quarter of 2022. The Special Committee investigation is substantially complete. We repurchased approximately 695,000 shares of our common stock in the open market for an aggregate cost of \$40.0 million during the six months ended June 30, 2022.

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 13, *Convertible Debt*, and Note 5, *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. As of June 30, 2022, 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

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obligations due to any other creditors of the Company. As of June 30, 2022 and December 31, 2021, the amounts outstanding of the mortgage were \$21.5 million and \$21.7 million, respectively.

Cash Flows from Operating Activities

Cash generated from operating activities was \$152.4 million in the six months ended June 30, 2022, as compared to \$79.4 million for the corresponding period in the prior year. The \$73.0 million increase in the current year period was primarily driven by timing of collections associated with WWE Network revenues and, to a lesser extent, improved operating performance. These increases were partially offset by unfavorable changes in working capital.

In the current year period, we spent \$19.9 million on content production activities, including content for *A&E* programming, *Miz & Mrs.*, *WWE Evil*, and various programs for WWE Network and other digital platforms, as compared to \$9.1 million in the prior year period. We anticipate spending approximately \$20 million to \$30 million on content production activities during the remainder of the current year. We received content production incentives of \$4.0 million in the current year period, as compared to \$9.5 million received in the prior year period. We anticipate receiving approximately \$10 million of content production related incentives during the remainder of the year.

As previously announced, a Special Committee of independent members of the Company's Board of Directors was formed to investigate alleged misconduct by the Company's former Chairman and Chief Executive Officer, Vincent K. McMahon. The Special Committee investigation is substantially complete. Mr. McMahon resigned from all positions held with the Company on July 22, 2022 but remains a stockholder with a controlling interest. While we currently anticipate spending approximately \$10 million during the remainder of the year related to this investigation, the related costs could exceed this estimate.

Our accounts receivable represents a significant portion of our current assets and relate principally to a limited number of distributors and licensees. At June 30, 2022, 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 \$125.9 million in the six months ended June 30, 2022, as compared to \$2.5 million in the prior year period. During the current year period, we purchased \$188.8 million of new short-term investments and received proceeds from the maturities of these investments of \$132.0 million, as compared to proceeds of \$143.0 million and purchases of \$132.6 million in the prior year period. Capital expenditures increased by \$56.6 million in the current year period, including an additional \$50.5 million related to construction activity on the Company's new global headquarter space in Stamford, Connecticut. Capital expenditures for the remainder of the current year are estimated to range between \$170 million and \$190 million, with a large portion of this spend associated with the Company's new global headquarter, as previously discussed.

Cash Flows from Financing Activities

Cash used in financing activities was \$51.2 million for the six months ended June 30, 2022, as compared to \$216.4 million in the prior year period. In the prior year period, the Company repaid \$100.0 million from borrowings under the Revolving Credit Facility. The Company paid \$40.0 million and \$93.8 million for stock repurchases under its approved stock repurchase program during the six months ended June 30, 2022 and 2021, respectively. Additionally, the Company made dividend payments of \$17.8 million and \$18.3 million during the six months ended June 30, 2022 and 2021, respectively. During the current year period, the Company received \$13.1 million related to tenant improvements associated with construction of its new global headquarter space. We anticipate receiving approximately \$20 million related to these tenant improvements during the remainder of the year.

Contractual Obligations

Other than for obligations in the ordinary course of business, there have been no significant changes to our contractual obligations that were previously disclosed in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2021.

Application of Critical Accounting Policies

There have been no significant changes to our critical accounting policies that were previously disclosed in our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2021 or in the methodology used in formulating these significant judgments and estimates that affect the application of these policies.

Recent Accounting Pronouncements

The information set forth under Note 2 to the Consolidated Financial Statements under the caption “*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

This Form 10-Q contains, and oral statements made from time to time by our representatives may contain, forward-looking statements pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Forward looking statements include statements regarding, our outlook for future financial results, the impact of recent management changes, the scope, duration and findings of the investigation being conducted by the special committee of independent members of our Board of Directors; our plans to remediate identified material weaknesses in our disclosure control and procedures and our internal control over financial reporting, and regulatory, investigative or enforcement inquiries, subpoenas or demands arising from, related to, or in connection with these matters. In addition, the words “may,” “will,” “could,” “anticipate,” “plan,” “continue,” “project,” “intend,” “estimate,” “believe,” “expect,” “outlook,” “target,” “goal,” “guidance” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These statements relate to future possible events, as well as our 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. These forward-looking statements are subject to uncertainties relating to, without limitation, the departure of Vince McMahon from the Company and the appointment of Stephanie McMahon and Nick Khan as co-Chief Executive Officers; the scope, duration and findings of the ongoing investigation by the special committee of independent members of our Board of Directors; regulatory, investigative or enforcement inquiries, subpoenas or demands arising from, related to, or in connection with these matters; our ability to remediate material weaknesses in our disclosure controls and procedures and our internal control over financial reporting; and reputational harm to the Company’s relationships with its stockholders, customers, talent and partners, which may have adverse financial and operational impacts, among other factors. The following additional factors, among others, could cause actual results to differ materially from those contained in forward-looking statements: the COVID-19 outbreak, which may continue to affect negatively world economies as well as our industry, business and results of operations; entering, maintaining and renewing major distribution and licensing agreements; a rapidly evolving and highly competitive media landscape; WWE Network; computer systems, content delivery and online operations of our Company and our business partners; privacy norms and regulations; our need to continue to develop creative and entertaining programs and events; our need to retain and continue to recruit key performers; the possibility of a decline in the popularity of our brand of sports entertainment; the resignation of Vincent K. McMahon; possible adverse changes in the regulatory atmosphere and related private sector initiatives; 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; uncertainties associated with international markets including possible disruptions and reputational risks; our difficulty or inability to promote and conduct our live events and/or other businesses if we do not comply with applicable regulations; our dependence on our intellectual property rights, our need to protect those rights, and the risks of our infringement of others’ intellectual property rights; the complexity of our rights agreements across distribution mechanisms and geographical areas; potential substantial liability in the event of accidents or injuries occurring during our physically demanding events; large public events as well as travel to and from such events; our expansion into new or complementary businesses, strategic investments and/or acquisitions; our accounts receivable; the construction and move to our new leased corporate and media production headquarters; litigation and other actions, investigations or proceedings; a change in the tax laws of key jurisdictions; our feature film business; a possible decline in general economic conditions and disruption in financial markets including any resulting from COVID-19; our indebtedness including our convertible notes; our potential failure to meet market expectations for our financial performance; through his beneficial ownership of a substantial majority of our Class B common stock, our controlling stockholder, Vincent K. McMahon could exercise ultimate control over our affairs, and his interests may conflict with the holders of our Class A common stock; our share repurchase program; a substantial number of shares are eligible for sale by the McMahons and the sale, or the perception of possible sales, of those shares could lower our stock price; and the volatility of our Class A common stock. In addition, our dividend and share repurchases are 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 and are subject to change without any obligation on the part of the Company to update or revise them. 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

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Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections of the Company’s SEC filings, including, but not limited to, our annual report on Form 10-K/A and quarterly reports on Form 10-Q/A and Form 10-Q.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

There have been no significant changes to our market risk factors that were previously disclosed in our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2021.

Item 4. *Controls and Procedures*

Background

As previously announced on June 17, 2022, a special committee of independent members of the Company’s Board of Directors (the “Special Committee”) was formed to investigate alleged misconduct by the Company’s former Chairman and Chief Executive Officer, Vincent K. McMahon, who resigned from all positions held with the Company on July 22, 2022 but remains a stockholder with a controlling interest (“Mr. McMahon”), and another executive, who is also no longer with the Company.

The findings of the investigation identified agreements executed by Mr. McMahon which were previously unknown to the Company. On July 25, 2022, the Company announced that it had determined that certain payments that Mr. McMahon agreed to make during the period from 2006 through 2022 (including amounts paid and payable in the future totaling \$14.6 million), were not appropriately recorded as expenses in the Company’s Consolidated Financial Statements. The Company subsequently identified two additional payments totaling \$5.0 million, unrelated to the alleged misconduct by Mr. McMahon that led to the Special Committee investigation, that Mr. McMahon made in 2007 and 2009 that were not appropriately recorded as expenses in the Company’s Consolidated Financial Statements. Together, these unrecorded expenses total \$19.6 million (the “Unrecorded Expenses”). All payments underlying the Unrecorded Expenses were or will be paid by Mr. McMahon personally. The Special Committee investigation is substantially complete.

The Company evaluated the relevant guidance associated with the Unrecorded Expenses and concluded that these amounts should have been recognized by the Company as expenses in each of the periods in which they became probable and estimable in accordance with the SEC’s Staff Accounting Bulletin Topic 5T, *Miscellaneous Accounting, Accounting for Expenses or Liabilities Paid by Principal Stockholders* (“Topic 5T”).

Disclosure Controls and Procedures

Our management, with the participation of our co-Chief Executive Officers and our Chief Financial and Administrative Officer, have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. As a result of the material weaknesses in our internal control over financial reporting described below, our co-Chief Executive Officers and our Chief Financial and Administrative Officer have concluded the Company’s disclosure controls and procedures were not effective as of June 30, 2022 due to the material weaknesses in the Company’s internal control over financial reporting described below.

Notwithstanding the ineffective disclosure controls and procedures as a result of the identified material weaknesses, our co-Chief Executive Officers and our Chief Financial and Administrative Officer have concluded that the consolidated financial statements as issued in this Quarterly Report on Form 10-Q present fairly, in all material respects, the Company’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

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). The Company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) 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 (iii) 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.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all 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.

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Under the supervision and with the participation of our management, including our co-Chief Executive Officers and our Chief Financial and Administrative Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2022 based on the criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO framework”).

As discussed above, based upon the evaluation of these criteria and considering the material weaknesses described below, management, with the participation of our co-Chief Executive Officers and our Chief Financial and Administrative Officer, concluded that the Company’s internal control over financial reporting was not effective as of June 30, 2022.

The material weaknesses contributed to the errors in the consolidated financial statements as originally filed for the annual periods ended December 31, 2021, 2020 and 2019, as well as the quarterly periods ended March 31, 2022 and 2021. We have concluded such errors are not material to those previously issued consolidated financial statements. The errors resulted from the Company’s untimely identification, evaluation and recognition of the Unrecorded Expenses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Based on our evaluation, we have concluded that we have material weaknesses in each of the following areas:

Control Environment

We did not maintain an effective control environment based on the criteria established in the COSO framework which resulted in deficiencies in principles associated with the control environment. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) our commitment to integrity and ethical values; and (ii) establishing structures, reporting lines, and appropriate authorities and responsibilities.

We did not maintain an effective control environment to enable the identification and mitigation of risks of accounting errors. The following were contributing factors to the material weaknesses in the control environment:

- The tone from executive management was insufficient to create the proper environment for effective internal control over financial reporting and to ensure that: (i) the expectations of the board of directors concerning the importance of integrity and ethical values was demonstrated by current and former executive management; (ii) there was accountability for the performance of internal control over financial reporting responsibilities; and (iii) personnel with key positions had the appropriate training to carry out their responsibilities.
- Our processes and procedures that guide accountable individuals in applying internal control over financial reporting were not adequate in preventing or detecting omissions in contractual arrangements and agreements that require accounting evaluation.

The control environment material weaknesses contributed to other material weaknesses within our system of internal controls over financial reporting in the following COSO components.

Risk Assessment

We did not maintain effective risk assessment based on the criteria established in the COSO framework which resulted in deficiencies in principles associated with risk assessment. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: identifying and analyzing risks to the achievement of objectives across the entity.

Control Activities

We did not maintain effective control activities based on the criteria established in the COSO framework which resulted in deficiencies in the principles associated with the control activities. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: selecting and developing control activities that contribute to the mitigation of risks and support achievement of objectives.

The following were contributing factors to the material weaknesses in control activities:

- We did not adequately consider the specific characteristics of our organization that could impact our accounting for certain transactions, such as a controlling stockholder in the positions of Chairman of the Board and Chief Executive Officer, when selecting and developing control activities to respond to risks.
- We did not have robust control activities to identify and report agreements to the accounting team for evaluation of accounting and reporting requirements.

Monitoring

We did not maintain effective monitoring activities based on the criteria established in the COSO framework which resulted in deficiencies in the principles associated with the monitoring component. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: developing and performing an ongoing evaluation to ascertain whether the components of internal controls are present and functioning.

The following was a contributing factor to the material weaknesses in monitoring activities:

- Management did not build ongoing evaluations into the business processes and adjust for changing conditions.

Remediation Plan and Status

As of June 30, 2022, the material weaknesses described above have not yet been fully remediated.

Our management is committed to remediating identified control deficiencies (including both those that rise to the level of a material weakness and those that do not), fostering continuous improvement in our internal controls and enhancing our overall internal controls environment. Our management believes that these remediation actions, along with additional actions, when fully implemented, will remediate the material weaknesses we have identified and strengthen our internal control over financial reporting. Our remediation efforts are ongoing and additional remediation initiatives may be necessary.

The following remediation activities highlight our commitment to remediating our identified material weaknesses:

Control Environment

We have undertaken steps to address material weaknesses in the control environment. The control environment, which is the responsibility of management, sets the tone of the organization, influences the control consciousness of its people, and is the foundation for all other components of internal control over financial reporting. Our Audit Committee and executive management team have emphasized and continue to emphasize the importance of internal control over financial reporting, as well as the integrity of our financial statements.

Our management has taken and will continue to take steps to ensure that identified control deficiencies will be remediated through the implementation of internal control policies and procedures with proper oversight. We have implemented certain changes and plan to implement additional changes including:

- The Company has initiated certain personnel changes, including the promotion of new co-CEOs who have the appropriate experience and commitment to integrity and ethical values, to improve the tone at the top, communication and compliance within the Company.
- The Company's management will provide training to employees with internal control responsibilities, particularly the new co-CEOs, to ensure adequate knowledge of, and adherence to, our processes supporting internal controls over financial reporting, including increased education regarding the Company's disclosure and other regulatory requirements.
- The Company's management will further promote and communicate the importance of its core values, including our commitment to integrity and ethical values, through Company-wide, consistent in employee and leadership meetings and on the Company's intranet site.
- The Special Committee of the Board of Directors has engaged a third-party consultant with expertise in culture assessment and change to partner with management to conducting a comprehensive culture review and recommending human capital initiatives and best practices.
- The Company will distribute an updated employee handbook and implement an annual Company-wide Code of Conduct training to ensure that all employees, particularly those with internal control responsibilities, understand the Company's standards, rules and expectations to ensure compliance, the importance of communicating matters to accounting, and the availability and use of the Company's whistleblower program.
- Reconsider delegation of authority by the Board of Directors and revise certain legal and other processes, including code of conduct and contract management.

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Risk Assessment

We plan to review our existing overall Company-wide risk assessment process to ensure that it is robust and frequent enough for the Company's dynamic business and closely-held publicly traded organization, including the identification of risks, the level of detail in our risk assessment, and the clarity of the linkage between risks and internal controls associated with the material weaknesses. The results of this effort are expected to enable us to effectively identify, develop, evolve and implement controls and procedures to address risks.

Control Activities

Our management has taken and will continue to take steps to ensure that identified control deficiencies will be remediated through the implementation of internal control policies and procedures with proper oversight. We are in the process of strengthening our control activities, including:

- The Company's management is designing control activities to enhance the process for the identification and reporting of agreements to the accounting department. In particular, the quarterly certification statements reviewed and attested to by senior executives will include appropriate representation that all agreements have been properly reported to the accounting department.
- The Company's management will provide education and reinforce requirements to executives with responsibilities for internal controls, including increased education regarding the Company's disclosure and other regulatory requirements.

Monitoring

Our management has taken and will continue to take steps to ensure that identified control deficiencies will be remediated through the implementation of internal control policies and procedures with proper oversight. We are in the process of strengthening our monitoring, including:

- In connection with the review our existing overall Company-wide risk assessment process, we plan to revisit our entity-level controls to ensure that they adequately address focal points of the COSO framework as they relate to our business and organization.
- Management will develop a monitoring program to periodically evaluate and assess whether those responsible for controls are conducting their activities in accordance with their design, such that there is contemporaneous evidence that the controls are present and functioning.

Remediation of the identified material weaknesses and strengthening our internal control environment will require a substantial effort. We will test the ongoing operating effectiveness of the new and existing controls in future periods. The material weaknesses cannot be considered completely remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

While we believe the steps planned will remediate the effectiveness of our internal control over financial reporting, we have not completed all remediation efforts identified herein. Accordingly, as we continue to monitor the effectiveness of our internal control over financial reporting in the areas affected by the material weaknesses described above, we have and will continue to perform additional procedures prescribed by management, including the use of manual mitigating control procedures and employing any additional tools and resources deemed necessary, to ensure that our consolidated financial statements are fairly stated in all material respects.

Changes in Internal Control over Financial Reporting

The material weaknesses identified above were discovered after June 30, 2022, and all of these material weaknesses existed as of June 30, 2022. The remediation activities identified above and any material changes to our internal control over financial reporting also occurred after June 30, 2022. Therefore, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

Information with respect to this item may be found in Note 17, *Commitments and Contingencies*, to the Consolidated Financial Statements.

Item 1A. *Risk Factors*

Other than the following risk factors, we do not believe there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2021.

The Company's recent Special Committee investigation could result in a material adverse effect on our financial performance.

On June 17, 2022, the Company and its Board of Directors announced that a special committee of independent members of our Board of Directors (the "Special Committee") was formed to investigate alleged misconduct by the Company's former Chairman and Chief Executive Officer, Vincent K. McMahon. The Special Committee investigation is substantially complete. Mr. McMahon resigned from all positions held with the Company on July 22, 2022 but remains a stockholder with a controlling interest. On July 25, 2022, based on the findings of the Special Committee investigation, the Company announced that it had determined that certain payments that Mr. McMahon agreed to make during the period from 2006 through 2022 (including amounts paid and payable in the future totaling \$14.6 million) were not appropriately recorded as expenses in the Company's Consolidated Financial Statements. The Company subsequently identified two additional payments totaling \$5.0 million, unrelated to the alleged misconduct by Mr. McMahon that led to the Special Committee investigation, that Mr. McMahon made in 2007 and 2009 that were not appropriately recorded as expenses in the Company's Consolidated Financial Statements. Together, these unrecorded expenses total \$19.6 million (the "Unrecorded Expenses"). All payments underlying the Unrecorded Expenses were or will be paid by Mr. McMahon personally. The Company has determined that, while the amount of Unrecorded Expenses was not material in any individual period in which the Unrecorded Expenses arose, the aggregate amount of Unrecorded Expenses would be material if recorded entirely in the second quarter of 2022. Accordingly, the Company is revising its previously issued financial statements to record the Unrecorded Expenses in the applicable periods for the years ended December 31, 2019, 2020 and 2021, as well as the first quarter of 2021 and 2022. In light of the Unrecorded Expenses and related facts, the Company has concluded that its internal control over financial reporting was not effective as a result of one or more material weaknesses. The Company has also received, and may receive in the future, regulatory, investigative and enforcement inquiries, subpoenas or demands arising from, related to, or in connection with these matters. Professional costs resulting from the Special Committee's investigation have been significant and are expected to continue to be significant as the investigation continues and/or if litigation costs relating to these regulatory, investigative and enforcement inquiries, subpoenas and demands grow. Although we believe that no significant business has been lost to date, it is possible that a change in the perceptions of our business partners could occur as a result of the investigation. In addition, as a result of the investigation, certain operational changes including without limitation personnel changes have occurred and may continue to occur in the future. Any or all of these impacts based on the findings of the investigation and related matters and the surrounding circumstances could exacerbate the other risks described herein and directly or indirectly have a material adverse effect on our operations and/or financial performance.

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

Until he resigned from all positions held with the Company on July 22, 2022, in addition to serving as Chairman of our Board of Directors and Chief Executive Officer, Mr. McMahon led the creative team that develops the storylines and the characters for our programming (including our television, WWE Network and other programming) and live events. On July 22, 2022, the Board appointed Stephanie McMahon, at that time Chief Brand Officer, interim Chief Executive Officer, interim Chairwoman and a director of the Company, and Nick Khan, at that time President, Chief Revenue Officer and a director of the Company, to serve as the Company's co-Chief Executive Officers. The Board has also appointed Stephanie McMahon to serve as the Company's Chairwoman. Furthermore, in the wake of Mr. McMahon's departure, our creative effort will be led by Paul Levesque, the Company's Executive Vice President, Talent Relations and Creative and Ms. McMahon's husband, who has decades of experience in our Company and has been an important player in all aspects of our creative process, including television, talent and live events. Although Mr. Levesque has extensive practical experience with many of our revenue streams and, with Ms. McMahon, has been critically involved in our business transformation over the past several years as well as our continuing brand development, these collective changes at the top of our organization are extensive

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and recent, and it is therefore possible that the loss of services of Mr. McMahon could have a material adverse effect on our ability to create popular characters and creative storylines or could otherwise adversely affect our operations and/or financial performance.

Failure to remediate a material weakness in internal accounting controls could result in material misstatements in our financial statements.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to achieve and maintain an effective internal control environment, we could suffer misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiencies and lead to a decline in our stock price.

Subsequent to the Original Filing, management of the Company evaluated immaterial accounting errors related to certain payments that Mr. McMahon, the Company's former Chairman and Chief Executive Officer, who resigned from all positions held with the Company on July 22, 2022 but remains a stockholder with a controlling interest, agreed to make during the period from 2006 through 2022. The Company determined that these payments (including amounts paid and payable in the future totaling \$14.6 million) were not appropriately recorded as expenses in the Company's Consolidated Financial Statements. The Company subsequently identified two additional payments totaling \$5.0 million, unrelated to the alleged misconduct by Mr. McMahon that led to the Special Committee investigation, that Mr. McMahon made in 2007 and 2009 that were not appropriately recorded as expenses in the Company's Consolidated Financial Statements. Together, these unrecorded expenses total \$19.6 million (the "Unrecorded Expenses"). The Company has evaluated the Unrecorded Expenses and has determined that such amounts should have been recorded as expenses in each of the periods in which they became probable and estimable.

As a result of the accounting errors, the Company has re-evaluated the effectiveness of the Company's internal control over financial reporting and identified material weaknesses in the Company's internal control over financial reporting as of December 31, 2021 and March 31, 2022. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. For further discussion regarding the accounting error and the correction of such error to the Company's previously issued Consolidated Financial Statements, see Note 22, *Revision of Previously Issued Consolidated Financial Statements*, to the Consolidated Financial Statements of the Company included in the Company's Form 10-K/A.

Our management may be unable to conclude in future periods that our disclosure controls and procedures are effective due to the effects of various factors, which may, in part, include unremediated material weaknesses in internal controls over financial reporting. For further discussion of the material weaknesses, see Item 4, *Controls and Procedures*. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in those reports is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management is committed to maintaining a strong internal control environment and believes its remediation efforts will represent an improvement in existing controls. Management anticipates that the new controls, as implemented and when tested for a sufficient period of time, will remediate the material weaknesses. We may not be successful in promptly remediating the material weaknesses identified by management, or be able to identify and remediate additional control deficiencies, including material weaknesses, in the future. If not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock.

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

The following table presents information with respect to purchases of common stock of the Company made during the three months ended June 30, 2022 pursuant to the Company's authorized share repurchase program:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value that May Yet Be Purchased Under the Program ⁽¹⁾
April 1, 2022 to April 30, 2022	—	\$ —	—	\$ 220,923,517
May 1, 2022 to May 31, 2022	170,359	\$ 58.70	170,359	\$ 210,923,524
June 1, 2022 to June 30, 2022	—	\$ —	—	\$ 210,923,524
Total	170,359	\$ 58.70	170,359	\$ 210,923,524

- (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. In light of the Special Committee investigation, the Company suspended the stock repurchase program during the second quarter of 2022. The Special Committee investigation is substantially complete. Since the program's inception, the Company has repurchased approximately 5.3 million shares of common stock in the open market for an aggregate amount of \$289.1 million. All repurchased shares were subsequently retired.

Item 6. *Exhibits*

(a) Exhibits:

Exhibit No.	Description of Exhibit
31.1	Certification by Stephanie McMahon and Nick Khan 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 Stephanie McMahon, Nick Khan 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.

SIGNATURES

Pursuant to the requirements 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: August 15, 2022

By: /s/ FRANK A. RIDDICK III

Frank A. Riddick III

Chief Financial & Administrative Officer
(principal financial officer and authorized
signatory)

By: /s/ KAREN MULLANE

Karen Mullane

Chief Accounting Officer

(principal accounting officer and authorized
signatory)

Certification required by Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Stephanie McMahon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Wrestling Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 15, 2022

By: /s/ STEPHANIE MCMAHON

Stephanie McMahon

Chairwoman of the Board and

co-Chief Executive Officer

Certification required by Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Nick Khan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Wrestling Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 15, 2022

By: /s/ NICK KHAN

Nick Khan

co-Chief Executive Officer

Certification required by Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Frank A. Riddick III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Wrestling Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 15, 2022

By: /s/ FRANK A. RIDDICK III

Frank A. Riddick III

Chief Financial and Administrative Officer

Certification of Chairwoman and Co-CEO, Co-CEO and CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report on Form 10-Q of World Wrestling Entertainment, Inc. (the "Company") for the quarter ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephanie McMahon as Chairwoman of the Board and Co-Chief Executive Officer of the Company, Nick Khan as Co-Chief Executive Officer of the Company and Frank A. Riddick III as Chief Financial and Administrative Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

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

Dated: August 15, 2022

By: /s/ STEPHANIE MCMAHON

Stephanie McMahon
*Chairwoman of the Board and
co-Chief Executive Officer*

By: /s/ NICK KHAN

Nick Khan
co-Chief Executive Officer

By: /s/ FRANK A. RIDDICK III

Frank A. Riddick III
Chief Financial and Administrative Officer
