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

FORM 10-Q/A
(Amendment No. 1)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 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	**04-2693383**
(State or other jurisdiction of incorporation or organization)	*(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:

Title of each class	*Trading Symbol(s)*	*Name of each exchange on which registered*
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 May 3, 2022, the number of shares outstanding of the Registrant's Class A common stock, par value $.01 per share, was 43,246,147 and the number of shares outstanding of the Registrant's Class B common stock, par value $.01 per share, was 31,099,011.

Explanatory Note

In accordance with Rule 12b-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), World Wrestling Entertainment, Inc. (the "Company," "we," "us," or "our") is filing this Amendment No. 1 on Form 10-Q/A (this "Form 10-Q/A") to its Quarterly Report on Form 10-Q for the three months ended March 31, 2022, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on May 5, 2022 (the "Form 10-Q" or the "Original Filing"), to amend and revise the following Items of our Original Filing:

Part I – Item 1.	Consolidated Financial Statements (unaudited)
Part I – Item 4.	Controls and Procedures
Part II – Item 1A.	Risk Factors
Part II – Item 6.	Exhibits

The complete text of those Items is revised in this Quarterly Report on Form 10-Q/A.

The only changes to the Original Filing are those related to the matters described below and only in the items listed above. Except as described herein, this Form 10-Q/A does not modify, amend or update any of the other financial information or other information contained in the Original Filing. In addition, in accordance with Securities and Exchange Commission ("SEC") rules, this Form 10-Q/A includes updated certifications from our co-Chief Executive Officers and Chief Financial and Administrative Officer as Exhibits 31.1, 31.2, 32.1 and 32.2. Otherwise, the information contained in this Form 10-Q/A is as of the date of the Original Filing and does not reflect any information or events occurring after the date of the Original Filing. Such subsequent information or events include, among other things, the information and events described in our Original Filing and in our Quarterly Report on Form 10-Q ("Form 10-Q") for the fiscal quarter ended June 30, 2022, which is being filed concurrently with this Form 10-Q/A, and the information and events described in our Current Reports on Form 8-K filed subsequent to the date of the Original Filing. For a description of such subsequent information and events, please read our reports filed pursuant to the Exchange Act subsequent to the date of the Original Filing, which update and supersede certain information contained in the Original Filing and this Form 10-Q/A.

On June 17, 2022, the Company and its Board of Directors announced that 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, 2002, 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"). 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. All payments underlying the Unrecorded Expenses were or will be paid by Mr. McMahon personally. The Special Committee investigation is substantially complete.

Management evaluated the quantitative and qualitative impact of these accounting errors on the Company's previously issued unaudited interim Consolidated Financial Statements included in the Original Filing and concluded that the errors were not material to its previously issued financial statements. 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 three months ended March 31, 2022 and 2021.

In addition, the Company re-evaluated the effectiveness of its internal controls over financial reporting and identified control deficiencies associated with the accounting errors, which the Company has concluded represent material weaknesses in the Company's internal control over financial reporting as of March 31, 2022. Accordingly, the Company is filing this Form 10-Q/A to amend management's assessment of the Company's internal control over financial reporting and its disclosure controls and procedures to indicate that they were not effective as of March 31 2022.

As a result of the determination to file this Form 10-Q/A, for the reasons outlined in the preceding paragraph, the Audit Committee of the Board of Directors (the "Audit Committee") of the Company, after discussion with management and the Company's independent registered public accounting firm, Deloitte & Touche LLP, determined that the Company will revise its unaudited interim Consolidated Financial Statements for the three months ended March 31, 2022 and 2021, included in the Original Filing, to disclose the existence of the related material weaknesses and to correct the accounting error for all periods presented. The correction of these accounting errors does not impact the Company's previously reported revenue during any financial statement period. For a more detailed description of the correction of the accounting error refer to Note 20, *Revision of Previously Issued Unaudited Interim Consolidated Financial Information* to the Consolidated Financial Statements of the Company included in this Form 10-Q/A.

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WORLD WRESTLING ENTERTAINMENT, INC.

Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net revenues	$ 333,448	$ 263,524
Operating expenses	180,685	142,154
Marketing and selling expenses	18,420	18,912
General and administrative expenses	32,227	26,560
Depreciation and amortization	9,707	10,842
Operating income	92,409	65,056
Interest expense	6,345	8,508
Other income, net	321	556
Income before income taxes	86,385	57,104
Provision for income taxes	20,344	13,272
Net income	$ 66,041	$ 43,832
Earnings per share: basic	$ 0.88	$ 0.57
Earnings per share: diluted	$ 0.77	$ 0.51
Weighted average common shares outstanding:		
Basic	74,781	77,376
Diluted	87,575	85,686
Dividends declared per common share (Class A and B)	$ 0.12	$ 0.12

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.

Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Net income	$ 66,041	$ 43,832
Other comprehensive loss:		
Foreign currency translation adjustments	(60)	(46)
Net unrealized holding losses on available-for-sale debt securities (net of tax benefit of $525 and $7, respectively)	(1,663)	(21)
Total other comprehensive loss	(1,723)	(67)
Comprehensive income	$ 64,318	$ 43,765

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.

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

	As of	
	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 105,594	$ 134,828
Short-term investments, net	342,219	280,957
Accounts receivable (net of allowance for doubtful accounts and returns of $5,157 and $5,155, respectively)	163,192	171,196
Inventory, net	9,200	8,033
Prepaid expenses and other current assets	30,716	32,242
Total current assets	650,921	627,256
Property and equipment, net	183,793	172,677
Finance lease right-of-use assets, net	308,549	313,360
Operating lease right-of-use assets, net	14,723	8,973
Content production assets, net	15,798	13,781
Investment securities	11,618	11,618
Deferred income tax assets, net	16,745	13,100
Other assets, net	43,201	43,302
Total assets	$ 1,245,348	$ 1,204,067
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 435	$ 430
Finance lease liabilities	12,465	12,190
Operating lease liabilities	3,783	4,755
Convertible debt	213,396	201,093
Accounts payable and accrued expenses	112,821	122,716
Deferred revenues	83,947	74,633
Total current liabilities	426,847	415,817
Long-term debt	21,173	21,284
Finance lease liabilities	370,948	374,681
Operating lease liabilities	11,547	5,063
Other non-current liabilities	13,389	12,562
Total liabilities	843,904	829,407
Commitments and contingencies		
Stockholders' equity:		
Class A common stock: ($0.01 par value; 180,000,000 shares authorized; 43,242,334 and 43,732,977 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively)	433	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	401,762	422,884
Accumulated other comprehensive income	697	2,420
Accumulated deficit	(1,759)	(51,393)
Total stockholders' equity	401,444	374,660
Total liabilities and stockholders' equity	$ 1,245,348	$ 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 March 31, 2022

	Common Stock				Additional	Accumulated Other	Retained Earnings	
	Class A		Class B		Paid - in	Comprehensive	(Accumulated	
	Shares	Amount	Shares	Amount	Capital	Income	Deficit)	Total
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	—	—	—	—	—	—	66,041	66,041
Other comprehensive loss	—	—	—	—	—	(1,723)	—	(1,723)
Repurchases and retirements of common stock	(525)	(5)	—	—	(4,916)	—	(25,085)	(30,006)
Stock issuances and other, net	34	—	—	—	3,439	—	—	3,439
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(32)	—	—	(32)
Cash dividends declared	—	—	—	—	—	—	(8,931)	(8,931)
Stock-based compensation	—	—	—	—	6,770	—	—	6,770
Balance, March 31, 2022	**43,242**	**$ 433**	**31,099**	**$ 311**	**$ 401,762**	**$ 697**	**$ (1,759)**	**$ 401,444**

Three Months Ended March 31, 2021

	Common Stock				Additional	Accumulated Other	Retained Earnings	
	Class A		Class B		Paid - in	Comprehensive	(Accumulated	
	Shares	Amount	Shares	Amount	Capital	Income	Deficit)	Total
Balance, December 31, 2020	**46,695**	**$ 467**	**31,099**	**$ 311**	**$ 436,558**	**$ 2,985**	**$ (56,327)**	**$ 383,994**
Net income	—	—	—	—	—	—	43,832	43,832
Other comprehensive loss	—	—	—	—	—	(67)	—	(67)
Repurchases and retirements of common stock	(1,498)	(15)	—	—	(13,625)	—	(61,360)	(75,000)
Stock issuances and other, net	60	1	—	—	3,162	—	—	3,163
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(629)	—	—	(629)
Cash dividends declared	—	—	—	—	—	—	(9,160)	(9,160)
Stock-based compensation	—	—	—	—	7,548	—	—	7,548
Balance, March 31, 2021	**45,257**	**$ 453**	**31,099**	**$ 311**	**$ 433,014**	**$ 2,918**	**$ (83,015)**	**$ 353,681**

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.

Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
OPERATING ACTIVITIES:		
Net income	$ 66,041	$ 43,832
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and impairments of content production assets	9,820	5,823
Depreciation and amortization	11,980	12,643
Other amortization	3,516	4,222
Stock-based compensation	9,618	7,980
Provision for (benefit from) deferred income taxes	297	(453)
Other non-cash adjustments	345	817
Cash provided by (used in) changes in operating assets and liabilities:		
Accounts receivable	7,799	(32,864)
Inventory	(872)	282
Prepaid expenses and other assets	(1,388)	12,184
Content production assets	(11,714)	(5,771)
Accounts payable, accrued expenses and other liabilities	(9,278)	12,530
Deferred revenues	9,286	(1,319)
Net cash provided by operating activities	95,450	59,906
INVESTING ACTIVITIES:		
Purchases of property and equipment and other assets	(21,487)	(6,167)
Purchases of short-term investments	(111,623)	(52,405)
Proceeds from sales and maturities of short-term investments	47,424	22,842
Purchase of investment securities	—	(210)
Net cash used in investing activities	(85,686)	(35,940)
FINANCING ACTIVITIES:		
Repayment of long-term debt	(106)	(100,101)
Repayment of finance leases	(3,435)	(2,723)
Dividends paid	(8,931)	(9,160)
Proceeds from tenant improvement allowances	2,273	—
Taxes paid related to net settlement upon vesting of equity awards	(32)	(629)
Proceeds from issuance of stock and other	1,239	1,963
Repurchase and retirement of common stock	(30,006)	(75,000)
Net cash used in financing activities	(38,998)	(185,650)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,234)	(161,684)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	134,828	462,102
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 105,594	$ 300,418
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Purchases of property and equipment recorded in accounts payable and accrued expenses (See Note 12)	$ 21,352	$ 2,696
Principal stockholder contributions (See Note 18)	$ 2,200	$ 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 year ended December 31, 2021 Form 10-K, 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 three months ended March 31, 2021 include the upfront revenue recognition related to the delivery of certain intellectual property rights under this agreement.

Live Events:

- Live events provide ongoing content for our media platforms. Live Event segment revenues consist primarily of ticket sales, revenues from events for which we receive a fixed fee, as well as the sale of travel packages associated with the Company's global live events. As a result of the global spread of the coronavirus pandemic ("COVID-19"), these revenues had been greatly limited from March 2020 through the first half of 2021. 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 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.

(In thousands, except share data)

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 March 31,	
	2022	**2021**
Amortization and impairment of content production assets	$ 9,820	$ 5,823
Depreciation and amortization of WWE Network content delivery and technology assets	2,176	1,724
Amortization of right-of-use assets - finance leases of equipment	2,222	2,385
Depreciation on equipment used directly to support operations	166	147
Total depreciation and amortization included in operating expenses	$ 14,384	$ 10,079

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 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 March 31, 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 March 31, 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:

(In thousands, except share data)

	December 31, 2021 As Reported	ASU 2020-06 Adoption Impact	January 1, 2022 As Adjusted
Consolidated Balance Sheet line item:			
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.

WORLD WRESTLING ENTERTAINMENT, INC.

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

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net revenues:		
Media	$ 278,119	$ 242,027
Live Events	23,101	472
Consumer Products	32,228	21,025
Total net revenues	$ 333,448	$ 263,524
Adjusted OIBDA:		
Media	$ 128,217	$ 106,599
Live Events	2,814	(4,308)
Consumer Products	11,873	6,670
Corporate	(31,170)	(25,083)
Total Adjusted OIBDA	$ 111,734	$ 83,878

Reconciliation of Total Operating Income to Total Adjusted OIBDA

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Total operating income	$ 92,409	$ 65,056
Depreciation and amortization	9,707	10,842
Stock-based compensation	9,618	7,980
Other adjustments	—	—
Total Adjusted OIBDA	$ 111,734	$ 83,878

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.

(In thousands, except share data)

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 March 31,	
	2022	2021
Net revenues:		
Media Segment:		
Network (including pay-per-view) (1)	$ 56,335	$ 79,392
Core content rights fees (2)	141,523	139,739
Advertising and sponsorships (3)	19,767	15,596
Other (4)	60,494	7,300
Total Media Segment net revenues	278,119	242,027
Live Events Segment:		
North American ticket sales	19,888	—
International ticket sales	—	—
Advertising and sponsorships (5)	1,145	—
Other (6)	2,068	472
Total Live Events Segment net revenues	23,101	472
Consumer Products Segment:		
Consumer product licensing	20,006	11,039
eCommerce	7,717	9,986
Venue merchandise	4,505	—
Total Consumer Products Segment net revenues	32,228	21,025
Total net revenues	$ 333,448	$ 263,524

(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 three months ended March 31, 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.

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 March 31, 2022, for contracts greater than one year, the aggregate amount of the transaction price allocated to remaining performance obligations is $3,240,938, 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 March 31, 2022 and December 31, 2021 was $83,947 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 $600 and $625 at March 31, 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 months ended March 31, 2022 and 2021, the amount of amortization was $25, and there was no impairment in relation to the costs capitalized.

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 March 31,	
	2022	2021
Net income for basic earnings per share	$ 66,041	$ 43,832
Effect of potentially diluted shares:		
Interest expense related to the Convertible Notes (1)	1,566	—
Net income for diluted earnings per share	$ 67,607	$ 43,832
Weighted average basic common shares outstanding	74,781	77,376
Dilutive effect of restricted and performance stock units	526	383
Dilutive effect of convertible debt instruments	12,266	7,925
Dilutive effect of employee share purchase plan	2	2
Weighted average dilutive common shares outstanding	87,575	85,686
Earnings per share:		
Basic	$ 0.88	$ 0.57
Diluted	$ 0.77	$ 0.51
Anti-dilutive shares (excluded from per-share calculations):		
Net shares received on purchased call of convertible debt hedge	4,728	4,536

(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 months ended March 31, 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 March 31, 2022, calculated using the if-converted method, had a $0.13 impact on diluted earnings per share, as compared to a $0.05 impact on diluted earnings per share for the three months ended March 31, 2021, which was calculated under the Treasury Stock method.

(In thousands, except share data)

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 $9,618 and $7,980 for the three months ended March 31, 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.

The following table summarizes the RSU activity during the three months ended March 31, 2022:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	300,003	$ 55.03
Granted	149,137	$ 51.77
Vested	(1,474)	$ 44.97
Forfeited	(15,503)	$ 52.51
Dividend equivalents	844	$ 53.99
Unvested at March 31, 2022	433,007	$ 54.00

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 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 March 31, 2022, the liability portion of the award was $5,315, 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 March 31, 2022 since the initial target number of shares will be determined by the Compensation Committee in 2022 based on the terms of the award.

(In thousands, except share data)

The following table summarizes the PSU activity during the three months ended March 31, 2022:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	433,267	$ 50.14
Granted	573,324	$ 62.44
Achievement adjustment	83,250	$ 47.81
Forfeited	(10,667)	$ 50.89
Dividend equivalents	732	$ 49.04
Unvested at March 31, 2022	1,079,906	$ 57.81

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.

The following table summarizes the PSU-TSR activity during the three months ended March 31, 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	—	$ —
Unvested at March 31, 2022	57,965	$ 47.30

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.

(In thousands, except share data)

7. Property and Equipment

Property and equipment consisted of the following:

	As of	
	March 31, 2022	December 31, 2021
Land, buildings and improvements	$ 154,679	$ 154,826
Equipment	153,780	148,193
Corporate aircraft	32,249	32,249
Vehicles	993	993
Projects in progress	63,522	49,660
	405,223	385,921
Less: accumulated depreciation and amortization	(221,430)	(213,244)
Total	$ 183,793	$ 172,677

Depreciation expense for property and equipment totaled $9,316 and $10,116 for the three months ended March 31, 2022 and 2021, respectively.

8. Leases

Information about the Nature of WWE's Lease Portfolio

As of March 31, 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 $6,492 as of March 31, 2022, with $5,250 included as a component of Other non-current liabilities and $1,242 included as a component of Accounts payable and accrued expenses 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.

(In thousands, except share data)

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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 March 31,	
	2022	2021
Lease costs		
Finance lease costs:		
Amortization of right-of-use assets	$ 4,671	$ 4,658
Interest on lease liabilities	3,804	4,706
Operating lease costs	1,172	1,518
Other short-term and variable lease costs	673	408
Sublease income (1)	(26)	—
Total lease costs	$ 10,294	$ 11,290
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 3,805	$ 2,763
Operating cash flows from operating leases	$ 1,075	$ 1,328
Finance cash flows from finance leases	$ 3,435	$ 2,723
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	$ 8,605	$ 3,457

	As of March 31,	
	2022	2021
Weighted-average remaining lease term - finance leases	26.9 years	27.3 years
Weighted-average remaining lease term - operating leases	7.2 years	3.9 years
Weighted-average discount rate - finance leases	4.0%	4.8%
Weighted-average discount rate - operating leases	3.5%	3.9%

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

Maturity of lease liabilities as of March 31, 2022 were as follows:

	Operating Leases	Finance Leases
2022	$ 3,405	$ 20,099
2023	3,042	27,409
2024	1,577	24,311
2025	1,444	21,140
2026	1,465	21,472
Thereafter	6,523	536,643
Total lease payment	17,456	651,074
Less: imputed interest	(2,126)	(267,661)
Total future minimum lease payments	$ 15,330	$ 383,413

(In thousands, except share data)

9. Content Production Assets, Net

Content production assets consisted of the following:

	Predominantly Monetized Individually As of March 31, 2022	Predominantly Monetized Individually As of December 31, 2021	Predominantly Monetized as a Film Group As of March 31, 2022	Predominantly Monetized as a Film Group As of December 31, 2021
In release	$ 6,905	$ 3,291	$ 32	$ 139
In production	8,585	9,581	199	627
In development	77	143	—	—
Total	$ 15,567	$ 13,015	$ 231	$ 766

As of March 31, 2022, approximately 87% of the "in release" content assets monetized individually are estimated to be amortized over the next three years.

As of March 31, 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 March 31, 2022	Three Months Ended March 31, 2021
Content production amortization expense - assets monetized individually	$ 8,105	$ 4,496
Content production amortization expense - assets monetized as a film group	1,622	1,298
Content production impairment charges (1)	—	—
Content production development write-offs (2)	93	29
Total amortization and impairment of content production assets	$ 9,820	$ 5,823

(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 March 31, 2022	As of December 31, 2021
Nonmarketable equity investments without readily determinable fair values	$ 11,618	$ 11,618
Total investment securities	$ 11,618	$ 11,618

(In thousands, except share data)

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 months ended March 31, 2022 and 2021. In addition, there were no observable price change events that were completed during the three months ended March 31, 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 March 31, 2022				As of December 31, 2021			
		Gross Unrealized				Gross Unrealized		
	Amortized Cost	Gain	(Loss)	Fair Value	Amortized Cost	Gain	(Loss)	Fair Value
U.S. Treasury securities	$ 190,552	$ —	$ (901)	$ 189,651	$ 90,278	$ —	$ (57)	$ 90,221
Corporate bonds	128,292	2	(1,251)	127,043	147,102	1	(269)	146,834
Government agency bonds	26,013	—	(488)	25,525	44,026	1	(125)	43,902
Total	$ 344,857	$ 2	$ (2,640)	$ 342,219	$ 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 March 31, 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 months ended March 31, 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 March 31, 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	5 months - 2 years

During the three months ended March 31, 2022 and 2021, we recognized $263 and $87, 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 March 31,	
	2022	2021
Proceeds from sales and maturities of short-term investments	$ 47,424	$ 22,842
Purchases of short-term investments	$ 111,623	$ 52,405

(In thousands, except share data)

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 months ended March 31, 2022 and 2021.

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 months ended March 31, 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 months ended March 31, 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 March 31, 2022, the carrying amount of the mortgage loan approximates its fair value.

(In thousands, except share data)

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 March 31, 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:

	March 31, 2022		December 31, 2021	
	Fair Value	Carrying Value (1)	Fair Value	Carrying Value (1)
Convertible senior notes	$ 207,739	$ 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 March 31, 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	
	March 31, 2022	December 31, 2021
Trade related	$ 20,692	$ 11,150
Staff related	16,481	15,558
Management incentive compensation	7,269	30,604
Talent related	7,320	4,428
Accrued WWE Network related expenses	6,481	10,950
Accrued event and television production	11,388	9,687
Accrued legal and professional (1)	6,543	7,706
Accrued purchases of property and equipment	21,352	22,207
Accrued income taxes (2)	1,733	—
Accrued other	13,562	10,426
Total	$ 112,821	$ 122,716

(1) Accrued legal and professional as of March 31, 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 20, *Revision of Previously Issued Unaudited Interim Consolidated Financial Information*, for further information).

(2) At December 31, 2021, income taxes has a refundable balance of $7,156 and was included in Prepaid expenses and other current assets on our Consolidated Balance Sheets.

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 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 June 30, 2022. As of March 31, 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 March 31, 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.

(In thousands, except share data)

The Convertible Notes consisted of the following components:

	As of	
	March 31, 2022	December 31, 2021
Debt component:		
Principal	$ 215,000	$ 215,000
Less: Unamortized debt discount (1)	—	(11,968)
Less: Unamortized debt issuance costs (2)	(1,604)	(1,939)
Net carrying amount	$ 213,396	$ 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 March 31, 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 March 31,	
	2022	2021
3.375% contractual coupon	$ 1,814	$ 1,814
Amortization of debt discount (1)	—	1,356
Amortization of debt issuance costs	235	205
Interest expense	$ 2,049	$ 3,375

(1) The Company adopted ASU 2020-06 during the first quarter of 2022 using the modified retrospective method. Prior year reports 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.

(In thousands, except share data)

14. Long-Term Debt and Credit Facility

Included within Long-Term Debt are the following:

	As of	
	March 31, 2022	December 31, 2021
Current portion of long-term debt:		
Mortgage	$ 435	$ 430
Total current portion of long-term debt	$ 435	$ 430
Long-term debt:		
Mortgage	$ 21,173	$ 21,284
Total long-term debt	$ 21,173	$ 21,284
Total	$ 21,608	$ 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 March 31, 2022, the LIBOR-based rate plus margin was 1.96%, 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 March 31, 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 March 31, 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 March 31, 2022 our two largest receivable balances from customers were 40% and 26% of our gross accounts receivable. At December 31, 2021, our two largest receivable balances from customers were 38% and 26% of our gross accounts receivable. No other customers individually exceeded 10% of our gross accounts receivable balance.

16. Income Taxes

As of March 31, 2022 and December 31, 2021, we had $16,745 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 compliant. 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 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.

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. During the three months ended March 31, 2022, the Company repurchased 524,498 shares of common stock in the open market at an average price of $57.21 for an aggregate amount of $30,006. During the three months ended March 31, 2021, the Company repurchased 1,497,820 shares of common stock in the open market at an average price of $50.07 for an aggregate amount of $75,000. As of March 31, 2022, $220,924 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 March 31, 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 March 31, 2022 and 2021, $25,085 and $61,360, respectively, and $4,916 and $13,625, 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 three months ended March 31, 2022 and 2021, stock issuances and other, net in our Consolidated Statements of Stockholders' Equity include non-cash capital contributions of $2,200 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 20, *Revision of Previously Issued Unaudited Interim Consolidation Financial Information*, for additional information.

19. Related Party Transactions

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. Through the beneficial ownership of a substantial majority of our Class B common stock, Mr. McMahon can effectively exercise control over our affairs.

See Note 20, *Revision of Previously Issued Unaudited Interim Consolidated Financial Information*, for a discussion of certain payments that Mr. McMahon agreed to make during the period 2006 through 2022 (including amounts paid and payable in the future) that were not appropriately recorded as expenses in the Company's previously issued Consolidated Financial Statements.

20. Revision of Previously Issued Unaudited Interim Consolidated Financial Information

On June 17, 2022, the Company and its Board of Directors announced that a special committee of independent members of 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 $14,600), were not appropriately recorded as expenses in the Company's Consolidated Financial Statements. 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 in the Company's Consolidated Financial Statements. Together, these unrecorded expenses total $19,600 (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. 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"). As a result, the Company concluded its previously reported operating income and net income for the fiscal year ended December 31, 2021 was overstated by $3,000, respectively, and the Company's previously reported beginning accumulated deficit as of January 1, 2019 was overstated by $16,600, for which the latter amount represents the aggregate impact of the Unrecorded Expenses on the Company's previously reported operating income and net income between fiscal years 2006 and 2018. As prescribed by Topic 5T, the corresponding impact of the Unrecorded Expenses resulted in an understatement of the Company's previously reported additional paid-in-capital of $9,100, $10,600, $11,800, $13,000, and $15,200 as of January 1, 2019, December 31, 2019, 2020, and 2021, and March 31, 2022, respectively, and an understatement of total liabilities, which represents the amounts that remained payable by Mr. McMahon, of $7,500, $6,000, $4,800, $6,600, and $4,400 as of January 1, 2019, December 31, 2019, 2020, and 2021, and March 31, 2022, respectively. Notwithstanding the foregoing accounting framework required by Topic 5T for the Unrecorded Expenses, all of the payments underlying the Unrecorded Expenses were or will be paid by Mr. McMahon personally. The impact of the Unrecorded Expenses on the Company's previously reported income taxes was inconsequential.

WORLD WRESTLING ENTERTAINMENT, INC.

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

Based on management's evaluation of the Unrecorded Expenses in consideration of the SEC Staff's Accounting Bulletins Nos. 99 ("SAB 99") and 108 ("SAB 108") and interpretations therewith, the Company concluded that the impact of the Unrecorded Expenses is not material, on an individual or aggregate basis, to the Company's previously reported consolidated financial statements included in the Company's previously filed Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Original Annual Filing") and the previously filed Quarterly Reports on Form 10-Q for the interim periods ended March 31, 2022, September 30, 2021, and June 30, 2021, respectively. However, the Company further concluded that the Unrecorded Expenses cannot be corrected as an out-of-period adjustment in the Company's current period unaudited interim consolidated financial information as of and for the three and six months ended June 30, 2022 included in its Quarterly Report on Form 10-Q for the interim period ended June 30, 2022, because to do so would cause a material misstatement in those financial statements. Therefore, the Company referred to the guidance prescribed by SAB 108 which specifies that immaterial errors must be corrected the next time previously reported financial statements are filed. In this regard, the Company concluded that its previously reported internal control certification in Item 9A of the Original Annual Filing and Item 4 of the Original Filing was required to be amended to report the existence of certain material weaknesses in the Company's internal controls over financial reporting as a result of the Unrecorded Expenses and, as such, the Company further concluded that the Unrecorded Expenses were required to be immaterially revised as part of the Company's amendment of the Original Annual Filing and the Original Filing. Accordingly, the Company has corrected the Unrecorded Expenses in the accompanying unaudited interim consolidated financial information as of March 31, 2022 and December 31, 2021 and for the three-month periods ended March 31, 2022 and 2021 and related notes hereto as an immaterial revision of this unaudited interim consolidated financial information.

The following tables present the impact of correcting the Unrecorded Expenses in the Company's previously issued unaudited interim consolidated financial information:

Consolidated Balance Sheet Information

	As of March 31, 2022			As of December 31, 2021		
	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Accounts payable and accrued expenses	$ 111,121	$ 1,700	$ 112,821	$ 120,516	$ 2,200	$ 122,716
Total current liabilities	$ 425,147	$ 1,700	$ 426,847	$ 413,617	$ 2,200	$ 415,817
Other non-current liabilities	$ 10,689	$ 2,700	$ 13,389	$ 8,162	$ 4,400	$ 12,562
Total liabilities	$ 839,504	$ 4,400	$ 843,904	$ 822,807	$ 6,600	$ 829,407
Additional paid-in capital	$ 386,562	$ 15,200	$ 401,762	$ 409,884	$ 13,000	$ 422,884
Retained earnings (accumulated deficit)	$ 17,841	$ (19,600)	$ (1,759)	$ (31,793)	$ (19,600)	$ (51,393)
Total stockholders' equity	$ 405,844	$ (4,400)	$ 401,444	$ 381,260	$ (6,600)	$ 374,660

Consolidated Statement of Stockholders' Equity Information

	For the Three Months Ended March 31, 2022			For the Three Months Ended March 31, 2021		
	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Additional paid-in capital, beginning of period	$ 409,884	$ 13,000	$ 422,884	$ 424,758	$ 11,800	$ 436,558
Retained earnings (accumulated deficit), beginning of period	$ (31,793)	$ (19,600)	$ (51,393)	$ (39,727)	$ (16,600)	$ (56,327)
Stock issuances and other, net	$ 1,239	$ 2,200	$ 3,439	$ 1,963	$ 1,200	$ 3,163
Additional paid-in capital, end of period	$ 386,562	$ 15,200	$ 401,762	$ 420,014	$ 13,000	$ 433,014
Retained earnings (accumulated deficit), beginning of period	$ 17,841	$ (19,600)	$ (1,759)	$ (66,415)	$ (16,600)	$ (83,015)

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

This Form 10-Q/A 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 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 4. ***Controls and Procedures***

Background

As described in the Explanatory Note to this Form 10-Q/A, and 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 former Chairman and Chief Executive Officer and our Chief Financial and Administrative Officer, previously 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. Our management concluded at that time that our disclosure controls and procedures were effective as of March 31, 2022. As a result of the material weaknesses in our internal control over financial reporting described below, our current co-Chief Executive Officers and our Chief Financial and Administrative Officer have re-performed an evaluation and have concluded that the Company's disclosure controls and procedures were not effective as of March 31, 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 originally issued in the Original Filing and as revised in this Quarterly Report on Form 10-Q/A 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 (as revised)

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.

Under the supervision and with the participation of our management, including our former Chairman and Chief Executive Officer and our Chief Financial and Administrative Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 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").

Previously, based upon that evaluation, our management concluded that our internal control over financial reporting was effective as of March 31, 2022. However, 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 December 31, 2021. Accordingly, the Company is filing this Form 10-Q/A to amend management's assessment of the Company's internal control over financial reporting and its disclosure controls and procedures to indicate that they were not effective as of March 31, 2022.

The material weaknesses contributed to the errors in the consolidated financial statements as originally filed the quarterly periods ended March 31, 2022 and 2021, for which 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: our identification and assessment of risks at the entity level.

Control Activities

We did not maintain effective control activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control activities of the COSO framework. 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 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 March 31, 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 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 messaging 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.
- The Company will reconsider delegation of authority by the Board of Directors and revise certain legal and other processes, including code of conduct and contract management.

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 March 31, 2022, and all of these material weaknesses existed as of March 31, 2022. The remediation activities identified above and any material changes to our internal control over financial reporting also occurred after March 31, 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 March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

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 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. 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 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 Part II – Item 8 of 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 6. ***Exhibits***

(a) **Exhibits**:

Exhibit No.	Description of Exhibit
10.1B*	Second Amendment to Amended and Restated Employment Agreement with Vincent K. McMahon, effective as of March 9, 2022 (incorporated by reference to Exhibit 10.1B to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, filed May 5, 2022).
10.20A*	Amended and Restated Employment Agreement with Nick Khan, effective as of March 9, 2022 (incorporated by reference to Exhibit 10.20A to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, filed May 5, 2022).
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/A 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:

6. I have reviewed this quarterly report on Form 10-Q/A of World Wrestling Entertainment, Inc.;

7. 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;

8. 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;

9. 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:

   e) 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;

   f) 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;

   g) 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

   h) 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

10. 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):

   c) 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

   d) 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

Exhibit 31.2

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/A 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

Exhibit 32.1

Certification of co-CEOs 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/A of World Wrestling Entertainment, Inc. (the "Company") for the quarter ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephanie McMahon as 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