UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended 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 001-10701

THE E.W. SCRIPPS COMPANY

(Exact name of registrant as specified in its charter)

Ohio	31-1223339
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*
312 Walnut Street Cincinnati, Ohio	45202
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (513) 977-3000

Not applicable
(Former name, former address and former fiscal year, if changed since last report.)

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	SSP	NASDAQ Global Select Market

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” “smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting 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 Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 31, 2022, there were 71,357,810 of the registrant’s Class A Common shares, $0.01 par value per share, outstanding and 11,932,722 of the registrant’s Common Voting shares, $0.01 par value per share, outstanding.

Index to The E.W. Scripps Company Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2022

PART I

As used in this Quarterly Report on Form 10-Q, the terms “Scripps,” “Company,” “we,” “our,” or “us” may, depending on the context, refer to The E.W. Scripps Company, to one or more of its consolidated subsidiary companies, or to all of them taken as a whole.

Item 1. Financial Statements

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

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

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

Item 4. Controls and Procedures

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

PART II

Item 1. Legal Proceedings

We are involved in litigation and regulatory proceedings arising in the ordinary course of business, such as defamation actions and governmental proceedings primarily relating to renewal of broadcast licenses, none of which is expected to result in material loss.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our 2021 Annual Report on Form 10-K.

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

There were no sales of unregistered equity securities during the quarter ended March 31, 2022.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the quarter ended March 31, 2022.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

The following table presents information on matters submitted to a vote of security holders at our May 2, 2022 Annual Meeting of Shareholders:

Descriptions of Matters Submitted	In Favor	Against	Authority Withheld
1. Election of Directors			
Directors elected by holders of Class A Common Shares:			
Lauren Rich Fine	55,918,787	—	1,562,013
Burton F. Jablin	56,860,227	—	620,573
Kim Williams	53,555,834	—	3,924,966
Directors elected by holders of Common Voting Shares:			
Marcellus W. Alexander, Jr.	11,130,722	—	—
Charles L. Barmonde	11,130,722	—	—
Kelly P. Conlin	11,130,722	—	—
John W. Hayden	11,130,722	—	—
Anne M. La Dow	11,130,722	—	—
Leigh B. Radford	11,130,722	—	—
R. Michael Scagliotti	11,130,722	—	—
Adam P. Symson	11,130,722	—	—
2. Votes by holders of Common Voting Shares to ratify Deloitte & Touche LLP as the independent registered public accountant	11,130,722	—	—
3. Advisory (non-binding) vote by holders of Common Voting Shares on executive compensation of named executive officers	11,130,722	—	—

Item 6. Exhibits

Exhibit Number	Exhibit Description
31(a)	Section 302 Certifications
31(b)	Section 302 Certifications
32(a)	Section 906 Certifications
32(b)	Section 906 Certifications
101	The Company's unaudited Condensed Consolidated Financial Statements and related Notes for the quarter ended March 31, 2022 from this Quarterly Report on Form 10-Q, formatted in iXBRL (Inline eXtensible Business Reporting Language).*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* - Filed herewith

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, thereunto duly authorized.

	THE E.W. SCRIPPS COMPANY
Dated: May 6, 2022	By: /s/ Daniel W. Perschke
	Daniel W. Perschke Vice President, Controller (Principal Accounting Officer)

The E.W. Scripps Company
Index to Financial Information (Unaudited)

The E.W. Scripps Company
Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)	As of March 31, 2022	As of December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 35,026	$ 66,223
Restricted cash	—	34,257
Accounts receivable (less allowances — $4,940 and $4,256)	563,862	572,525
FCC repack receivable	185	773
Miscellaneous	28,671	28,503
Total current assets	627,744	702,281
Investments	26,700	21,632
Property and equipment	450,975	456,945
Operating lease right-of-use assets	119,643	124,821
Goodwill	2,920,466	2,913,384
Other intangible assets	1,893,129	1,910,311
Programming	483,232	510,316
Miscellaneous	19,972	18,624
Total Assets	$ 6,541,861	$ 6,658,314
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 90,578	$ 83,931
Unearned revenue	19,381	20,000
Current portion of long-term debt	18,612	18,612
Accrued liabilities:		
Employee compensation and benefits	44,832	68,545
Programming liability	173,083	180,269
Accrued interest	15,051	34,973
Miscellaneous	41,752	50,667
Other current liabilities	54,050	54,883
Total current liabilities	457,339	511,880
Long-term debt (less current portion)	3,081,513	3,129,393
Deferred income taxes	370,739	356,777
Operating lease liabilities	108,373	113,892
Other liabilities (less current portion)	539,868	575,938
Equity:		
Preferred stock, $0.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Preferred stock — Series A, $100,000 par; 6,000 shares at March 31, 2022	410,515	409,939
Common stock, $0.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 71,357,810 and 70,646,007 shares	714	707
Voting — authorized: 60,000,000 shares; issued and outstanding: 11,932,722 and 11,932,722 shares	119	119
Total preferred and common stock	411,348	410,765
Additional paid-in capital	1,430,853	1,428,460
Retained earnings	214,907	205,118
Accumulated other comprehensive loss, net of income taxes	(73,079)	(73,909)
Total equity	1,984,029	1,970,434
Total Liabilities and Equity	$ 6,541,861	$ 6,658,314

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except per share data)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating Revenues:		
Advertising	$ 398,481	$ 362,614
Retransmission and carriage	155,820	156,497
Other	11,405	21,810
Total operating revenues	565,706	540,921
Operating Expenses:		
Cost of revenues, excluding depreciation and amortization	297,834	264,395
Selling, general and administrative expenses, excluding depreciation and amortization	152,727	144,026
Acquisition and related integration costs	1,642	28,645
Restructuring costs	—	7,050
Depreciation	15,370	14,125
Amortization of intangible assets	24,375	25,382
Losses (gains), net on disposal of property and equipment	2,481	80
Total operating expenses	494,429	483,703
Operating income	71,277	57,218
Interest expense	(36,499)	(43,882)
Gain on extinguishment of debt	1,234	—
Defined benefit pension plan income	663	7
Gain on sale of Triton business	—	81,784
Losses on stock warrant	—	(67,244)
Miscellaneous, net	(407)	(4,851)
Income from continuing operations before income taxes	36,268	23,032
Provision for income taxes	13,903	19,529
Income from continuing operations, net of tax	22,365	3,503
Income from discontinued operations, net of tax	—	2,064
Net income	22,365	5,567
Preferred stock dividends	(12,576)	(11,643)
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$ 9,789	$ (6,076)
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:		
Income (loss) from continuing operations	$ 0.11	$ (0.10)
Income from discontinued operations	—	0.02
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:	$ 0.11	$ (0.07)
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:		
Income (loss) from continuing operations	$ 0.10	$ (0.10)
Income from discontinued operations	—	0.02
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:	$ 0.10	$ (0.07)

See notes to condensed consolidated financial statements.
The sum of net income (loss) per share from continuing and discontinued operations may not equal the reported total net income(loss) per share as each is calculated independently.

The E.W. Scripps Company
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended March 31,	
(in thousands)	2022	2021
Net income	$ 22,365	$ 5,567
Changes in defined benefit pension plans, net of tax of $257 and $374	827	1,187
Other	3	18
Total comprehensive income attributable to preferred and common stockholders	$ 23,195	$ 6,772

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash Flows from Operating Activities:		
Net income	$ 22,365	$ 5,567
Income from discontinued operations, net of tax	—	2,064
Income from continuing operations, net of tax	22,365	3,503
Adjustments to reconcile net income from continuing operations to net cash flows from operating activities:		
Depreciation and amortization	39,745	39,507
Losses (gains), net on disposal of property and equipment	2,481	80
Gain on extinguishment of debt	(1,234)	—
Gain on sale of Triton business	—	(81,784)
Losses on stock warrant	—	67,244
Programming assets and liabilities	(13,970)	(37,042)
Restructuring impairment charges	—	7,050
Deferred income taxes	11,906	6,951
Stock and deferred compensation plans	10,481	11,092
Pension contributions, net of income/expense	(930)	(5,987)
Other changes in certain working capital accounts, net	(33,761)	41,045
Miscellaneous, net	296	(1,565)
Net cash provided by operating activities from continuing operations	37,379	50,094
Net cash provided by (used in) operating activities from discontinued operations	—	—
Net operating activities	37,379	50,094
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(13,797)	(2,679,798)
Proceeds from sale of Triton Digital, net of cash disposed	—	224,990
Acquisition of intangible assets	—	(430)
Additions to property and equipment	(12,685)	(4,139)
Purchase of investments	(5,117)	(1,263)
Proceeds from FCC repack	1,201	5,345
Miscellaneous, net	(2,456)	12
Net cash used in investing activities from continuing operations	(32,854)	(2,455,283)
Net cash provided by (used in) investing activities from discontinued operations	—	—
Net investing activities	(32,854)	(2,455,283)
Cash Flows from Financing Activities:		
Net borrowings under revolving credit facility	75,000	—
Proceeds from issuance of long-term debt	—	800,000
Proceeds from issuance of preferred stock	—	600,000
Payments on long-term debt	(124,197)	(4,653)
Payments on financing costs	—	(50,597)
Payments for capitalized preferred stock issuance costs	—	(11,526)
Dividends paid on common and preferred stock	(12,000)	(9,067)
Tax payments related to shares withheld for vested stock and RSUs	(8,341)	(6,369)
Miscellaneous, net	(441)	(415)
Net cash provided by (used in) financing activities from continuing operations	(69,979)	1,317,373
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	—	(20)
Decrease in cash, cash equivalents and restricted cash	(65,454)	(1,087,836)
Cash, cash equivalents and restricted cash:		
Beginning of year	100,480	1,626,021
End of period	$ 35,026	$ 538,185
Supplemental Cash Flow Disclosures		
Interest paid	$ 52,668	$ 29,354
Income taxes paid (refunded)	$ (431)	$ (547)
Non-cash investing information		
Capital expenditures included in accounts payable	$ 4,047	$ 5,764

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Condensed Consolidated Statements of Equity (Unaudited)

Three Months Ended March 31, 2022 and 2021 *(in thousands, except per share data)*	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Total Equity
As of December 31, 2021	$ 409,939	$ 826	$ 1,428,460	$ 205,118	$ (73,909)	$ 1,970,434
Comprehensive income (loss)	—	—	—	22,365	830	23,195
Preferred stock dividends, $2,000 per share	576	—	—	(12,576)	—	(12,000)
Compensation plans: 711,803 net shares issued *	—	7	2,393	—	—	2,400
As of March 31, 2022	$ 410,515	$ 833	$ 1,430,853	$ 214,907	$ (73,079)	$ 1,984,029

* *Net of tax payments related to shares withheld for vested RSUs of $8,341 for the three months ended March 31, 2022.*

As of December 31, 2020	$ —	$ 817	$ 1,130,789	$ 131,778	$ (100,119)	$ 1,163,265
Comprehensive income (loss)	—	—	—	5,567	1,205	6,772
Issuance of preferred stock, net of discount and issuance costs	407,634	—	—	—	—	407,634
Preferred stock dividends, $1,511 per share	576	—	—	(11,643)	—	(11,067)
Compensation plans: 554,279 net shares issued *	—	6	2,577	—	—	2,583
As of March 31, 2021	$ 408,210	$ 823	$ 1,133,366	$ 125,702	$ (98,914)	$ 1,569,187

* *Net of tax payments related to shares withheld for vested RSUs of $6,369 for the three months ended March 31, 2021.*

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

As used in the Notes to Condensed Consolidated Financial Statements, the terms “Scripps,” “Company,” “we,” “our,” or “us” may, depending on the context, refer to The E.W. Scripps Company, to one or more of its consolidated subsidiary companies, or to all of them taken as a whole.

Basis of Presentation — The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto included in our 2021 Annual Report on Form 10-K. In management's opinion, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made.

Results of operations are not necessarily indicative of the results that may be expected for future interim periods or for the full year.

Principles of Consolidation — The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and variable interest entities (VIEs) for which we are the primary beneficiary. We are the primary beneficiary of a VIE when we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. Noncontrolling interest represents an owner’s share of the equity in certain of our consolidated entities. All intercompany transactions and account balances have been eliminated in consolidation.

Investments in entities over which we have significant influence but not control are accounted for using the equity method of accounting. Income from equity method investments represents our proportionate share of net income generated by equity method investees.

Nature of Operations — We are a diverse media enterprise, serving audiences and businesses through a portfolio of local television stations and national media brands. All of our businesses provide content and services via digital platforms, including the Internet, smartphones and tablets. Our media businesses are organized into the following reportable business segments: Local Media, Scripps Networks and Other. Additional information for our business segments is presented in Note 13. Segment Information.

Use of Estimates — Preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make a variety of decisions that affect the reported amounts and the related disclosures. Such decisions include the selection of accounting principles that reflect the economic substance of the underlying transactions and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions.

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the periods over which long-lived assets are depreciated or amortized; the fair value of long-lived assets, goodwill and indefinite lived assets; the liability for uncertain tax positions and valuation allowances against deferred income tax assets; the fair value of assets acquired and liabilities assumed in business combinations; and self-insured risks.

While we re-evaluate our estimates and assumptions on an ongoing basis, actual results could differ from those estimated at the time of preparation of the financial statements.

Nature of Products and Services — The following is a description of principal activities from which we generate revenue.

Core Advertising **—** Core advertising is comprised of sales to local and national customers. The advertising includes a combination of broadcast airtime, as well as digital advertising. Pricing of advertising time is based on audience size and share, the demographic of our audiences and the demand for our limited inventory of commercial time. Advertising time is sold through a combination of local and national sales staff and national sales representative firms. Digital revenues are primarily generated from the sale of advertising to local and national customers on our local television websites, smartphone apps, tablet apps and other platforms.

Political Advertising — Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, Senate and House of Representative candidates, as well as for state and local issues. It is also sold to political action groups (PACs) or other advocacy groups.

Retransmission Revenues — We earn revenue from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. The MVPDs are cable operators and satellite carriers who pay us to offer our programming to their customers. We also receive fees from over-the-top virtual MVPDs. The fees we receive are typically based on the number of subscribers in our local market and the contracted rate per subscriber.

Other Products and Services — We derive revenue from sponsorships and community events through our Local Media segment. Our Scripps Networks segment offers subscription services for access to premium content to its customers.

Refer to Note 13. Segment Information for further information, including revenue by significant product and service offering.

Revenue Recognition — Revenue is measured based on the consideration we expect to be entitled to in exchange for promised goods or services provided to customers, and excludes any amounts collected on behalf of third parties. Revenue is recognized upon transfer of control of promised products or services to customers.

Advertising — Advertising revenue is recognized, net of agency commissions, over time primarily as ads are aired or impressions are delivered and any contracted audience guarantees are met. We apply the practical expedient to recognize revenue at the amount we have the right to invoice, which corresponds directly to the value a customer has received relative to our performance. For advertising sold based on audience guarantees, audience deficiency may result in an obligation to deliver additional advertisements to the customer. To the extent that we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience guarantee has been satisfied.

Retransmission — Retransmission revenues are considered licenses of functional intellectual property and are recognized at the point in time the content is transferred to the customer. MVPDs report their subscriber numbers to us generally on a 30- to 90-day lag. Prior to receiving the MVPD reporting, we record revenue based on estimates of the number of subscribers, utilizing historical levels and trends of subscribers for each MVPD.

Contract Balances — Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing.

Payment terms may vary by contract type, although our terms generally include a requirement of payment within 30 to 90 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers.

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We estimate the allowance based on expected credit losses, including our historical experience of actual losses and known troubled accounts. The allowance for doubtful accounts totaled $4.9 million at March 31, 2022 and $4.3 million at December 31, 2021.

We record unearned revenue when cash payments are received in advance of our performance. We generally require amounts payable under advertising contracts with political advertising customers to be paid in advance. Unearned revenue totaled $19.4 million at March 31, 2022 and is expected to be recognized within revenue over the next 12 months. Unearned revenue totaled $20.0 million at December 31, 2021. We recorded $7.3 million of revenue in the three months ended March 31, 2022 that was included in unearned revenue at December 31, 2021.

Leases — We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities and operating lease liabilities in our Condensed Consolidated Balance Sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable for most of our leases, we use our incremental borrowing rate when determining the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease. The operating lease ROU asset also includes any payments made at or before commencement and is reduced by any lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Share-Based Compensation — We have a Long-Term Incentive Plan (the "Plan") which is described more fully in our 2021 Annual Report on Form 10-K. The Plan provides for the award of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs) and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

Share-based compensation costs totaled $9.3 million and $8.3 million for the first quarter of 2022 and 2021, respectively.

Earnings Per Share ("EPS") — Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our RSUs, are considered participating securities for purposes of calculating EPS. Under the two-class method, we allocate a portion of net income to these participating securities and, therefore, exclude that income from the calculation of EPS for common stock. We do not allocate losses to the participating securities.

The following table presents information about basic and diluted weighted-average shares outstanding:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Numerator (for basic and diluted earnings per share)		
Income from continuing operations, net of tax	$ 22,365	$ 3,503
Less income allocated to RSUs	(276)	—
Less preferred stock dividends	(12,576)	(11,643)
Numerator for basic and diluted earnings per share	$ 9,513	$ (8,140)
Denominator		
Basic weighted-average shares outstanding	82,788	81,902
Effect of dilutive securities:		
Restricted stock units	613	—
Common stock warrant	8,872	—
Diluted weighted-average shares outstanding	92,273	81,902

For the three month period ended March 31, 2021, we incurred a net loss and the inclusion of RSUs would have been anti-dilutive. The March 31, 2021 diluted EPS calculation excludes the effect from 2.4 million of outstanding RSUs that were anti-dilutive. On May 14, 2021, we amended our common stock warrant agreement with Berkshire Hathaway. Prior to the May 14, 2021 amendment of the common stock warrant agreement, the basic and dilutive EPS calculations excluded the impact of the common stock warrant as the effect would have been anti-dilutive. Following the amendment date, the EPS calculations include the dilutive impact of the common stock warrant.

2. Recently Adopted and Issued Accounting Standards

Recently Adopted Accounting Standards — In October 2021, the Financial Accounting Standards Board ("FASB") issued new guidance requiring entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with the revenue from contracts with customers accounting standard. The guidance will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The guidance is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. We adopted the new guidance effective January 1, 2022. The adoption of the guidance did not have an impact on our condensed consolidated financial statements.

In May 2021, the FASB issued new guidance that clarifies an issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. Specifically, the guidance provides a "principles-based framework to determine whether an issuer should recognize the modification or exchange as an adjustment to equity or an expense." The guidance is effective for all entities with fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. We adopted the new guidance effective January 1, 2022. The adoption of the guidance did not have an impact on our condensed consolidated financial statements.

Recently Issued Accounting Standards — In November 2021, the FASB issued new guidance for entities to provide certain disclosures for material government assistance transactions that are accounted for by applying a grant or contribution accounting model by analogy. The guidance is effective for our 2022 annual reporting period and we do not expect adoption of the guidance to have a material impact on our annual consolidated financial statements and related disclosures.

In March 2020, the FASB issued new guidance that provides optional expedients and exceptions to certain accounting requirements to facilitate the transition away from the use of the London Interbank Offered Rate (LIBOR) and other interbank offered rates. The guidance is effective as of March 12, 2020 and will apply through December 31, 2022 to all entities, subject to meeting certain criteria, that have contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. We will evaluate transactions or contract modifications occurring as a result of reference rate reform to determine whether to apply the optional guidance on an ongoing basis.

3. Acquisitions

Nuvyyo Acquisition

On January 5, 2022, we acquired Nuvyyo for net cash consideration totaling $13.8 million. Nuvyyo provides consumers DVR product solutions to watch and record free over-the-air HDTV on connected devices. The preliminary purchase price allocation assigned $7.2 million to intangible assets with useful lives ranging from three to five years, $7.1 million to goodwill and the remainder was allocated to various working capital and deferred tax liability accounts. The estimated goodwill, which is not tax deductible, reflects the synergies and increased market penetration expected from combining the operations of Nuvyyo with Scripps. We allocated the goodwill to our Other segment.

ION Acquisition

On January 7, 2021, we completed the acquisition of national broadcast network ION Media Networks, Inc. ("ION") for $2.65 billion. ION is a national network of broadcast stations and is the largest holder of U.S. broadcast television spectrum. The business distributes its programming through owned Federal Communications Commission-licensed television stations as well as affiliated TV stations, reaching 100 million of U.S. homes through its over-the-air broadcast and pay TV platforms. The acquisition of ION enabled us to create a full-scale national television networks business by combining the ION network with our other news and entertainment networks.

The transaction was financed with a combination of cash, debt financing and preferred equity financing, including Berkshire Hathaway's $600 million preferred equity investment in Scripps. Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of $13 per share.

To comply with ownership rules of the Federal Communications Commission, we simultaneously divested 23 of ION's television stations for a total consideration of $30 million, which were purchased by INYO Broadcast Holdings, LLC upon completion of the acquisition. These divested stations became independent affiliates of ION pursuant to long-term affiliation agreements.

The following table summarizes the net cash consideration for the ION transaction.

(in thousands)		
Total purchase price	$	2,650,000
Plus: Cash acquired		14,493
Plus: Working capital		57,755
Total transaction gross cash consideration		2,722,248
Less: Proceeds from ION stations divested		(30,000)
Total transaction net cash consideration		2,692,248
Less: Cash acquired		(14,493)
Total consideration, net of cash acquired	$	2,677,755

The following table summarizes the final fair values of the ION assets acquired and liabilities assumed at the closing date.

(in thousands)		
Accounts receivable	$	135,006
Other current assets		25,353
Programming rights		169,027
Property and equipment		122,520
Operating lease right-of-use assets		72,717
Other assets		2,295
Goodwill		1,796,148
Indefinite-lived intangible assets - FCC licenses		424,200
Amortizable intangible assets:		
INYO affiliation agreement		422,000
Other affiliation relationships		22,000
Advertiser relationships		143,000
Trade names		72,000
Accounts payable		(9,674)
Unearned revenue		(13,043)
Accrued expenses		(15,814)
Current portion of programming liabilities		(92,721)
Other current liabilities		(24,810)
Programming liabilities		(191,837)
Deferred tax liabilities		(265,291)
Operating lease liabilities		(78,438)
Other long-term liabilities		(36,883)
Total consideration, net of cash acquired	$	2,677,755

Of the value allocated to amortizable intangible assets, the INYO affiliation agreement has an estimated amortization period of 20 years, advertiser relationships have an estimated amortization period of 7 years, other affiliation relationships have an estimated amortization period of 10 years and the value allocated to trade names has an estimated amortization period of 10 years.

The goodwill of $1.8 billion arising from the transactions consists largely of synergies, economies of scale and other benefits of a larger national broadcast footprint and becoming the largest holder of broadcast spectrum. We allocated the goodwill to our Scripps Networks segment. The transaction is accounted for as a stock acquisition which applies carryover tax basis to the assets and liabilities acquired. The goodwill is not deductible for income tax purposes.

Pro forma results of operations

Pro forma results of operations, assuming the ION acquisition had taken place at the beginning of 2021, are presented in the following table. The pro forma results do not include Nuvyyo, as the impact of this acquisition, individually or in the aggregate, is not material to prior year results of operations. The pro forma information includes the historical results of operations of Scripps and ION (excluding the results of the divested stations sold to INYO), as well as adjustments for additional depreciation and amortization of the assets acquired, additional interest expense related to the financing of the transactions and other transactional adjustments. The pro forma results do not include efficiencies, cost reductions or synergies expected to result from the acquisition, or retrospective fair value adjustments to the warrant. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisition been completed at the beginning of the period.

(in thousands, except per share data) (unaudited)	Three Months Ended March 31, 2021
Operating revenues	$ 547,643
Net income attributable to Scripps shareholders	13,009
Net income per share:	
Basic	$ 0.15
Diluted	0.15

The pro forma results in 2021 reflect a $26.2 million reversal of ION transaction costs incurred that were already captured in the 2020 pro forma results.

4. Asset Write-Downs and Other Charges and Credits

Income from continuing operations before income taxes was affected by the following:

2022 - Acquisition and related integration costs of $1.6 million in the first three months of 2022 primarily reflect professional service costs associated with the ION acquisition.

During the first quarter of 2022, we redeemed $42.2 million of the 2027 Senior Notes, $26.6 million of the 2029 Senior Notes and $54.5 million of the 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $1.2 million as the notes were redeemed for total consideration below par value of the notes.

2021 - Acquisition and related integration costs of $28.6 million in the first quarter of 2021 primarily reflect investment banking, legal and professional service costs incurred to complete and integrate the ION Media Networks, Inc. acquisition, which closed on January 7, 2021.

Restructuring costs totaled $7.1 million in the first quarter of 2021. In connection with the Newsy restructuring plan, we incurred charges for the write-downs of both capitalized carriage agreement payments and certain Newsy intangible assets.

During the first quarter of 2021, we completed the sale of our Triton business. The sale generated total net proceeds of $225 million and we recognized a pre-tax gain from disposition totaling $81.8 million.

The first quarter of 2021 included a $67.2 million non-cash charge related to our outstanding common stock warrant. The warrant obligation was being marked-to-market each reporting period with the increase in our common stock price being the significant contributor to the higher valuation. Following an amendment to the common stock warrant agreement on May 14, 2021, the fair value of the warrant was reclassified to equity and no longer marked-to-market each reporting period.

5. Income Taxes

We file a consolidated federal income tax return, consolidated unitary tax returns in certain states and other separate state income tax returns for our subsidiary companies.

The income tax provision for interim periods is generally determined based upon the expected effective income tax rate for the full year and the tax rate applicable to certain discrete transactions in the interim period. To determine the annual effective income tax rate, we must estimate both the total income (loss) before income tax for the full year and the jurisdictions in which that income (loss) is subject to tax. The actual effective income tax rate for the full year may differ from these estimates if income (loss) before income tax is greater than or less than what was estimated or if the allocation of income (loss) to jurisdictions in which it is taxed is different from the estimated allocations. We review and adjust our estimated effective income tax rate for the full year each quarter based upon our most recent estimates of income (loss) before income tax for the full year and the jurisdictions in which we expect that income will be taxed.

The effective income tax rate for the three months ended March 31, 2022 and 2021 was 38% and 85%, respectively. Differences between our effective income tax rate and the U.S. federal statutory rate are the impact of state taxes, foreign taxes, non-deductible expenses, changes in reserves for uncertain tax positions, excess tax benefits or expense from the exercise and vesting of share-based compensation awards ($1.1 million benefit in 2022 and $1.3 million benefit in 2021), state deferred rate changes ($4.7 million expense in 2022) and state NOL valuation allowance changes ($1.2 million benefit in 2021). Additionally, in the first quarter of 2021, the income tax provision was impacted by a net discrete tax provision charge of $17.1 million related to a taxable gain on the sale of the Triton business, a $1.0 million discrete tax provision charge related to nondeductible transaction costs for the ION acquisition and a non-deductible expense of $70.7 million related to issuance costs and unrealized losses on mark-to-market adjustments recorded on the common stock warrants issued in connection with the ION acquisition.

We recognize state NOL carryforwards as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included in the valuation allowance.

6. Restricted Cash

At December 31, 2021, we had restricted cash of $34.3 million. The balance reflected restricted cash held in escrow from the KMGH Denver television station building sale, which was received in January 2022.

7. Leases

We have operating leases for office space, data centers and certain equipment. Our leases have remaining lease terms of 1 year to 30 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 1 year. Operating lease costs recognized in our Condensed Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021 totaled $6.5 million and $5.9 million, including short-term lease costs of $0.4 million and $0.5 million, respectively.

Other information related to our operating leases was as follows:

(in thousands, except lease term and discount rate)	As of March 31, 2022	As of December 31, 2021
Balance Sheet Information		
Right-of-use assets	$ 119,643	$ 124,821
Other current liabilities	18,851	20,066
Operating lease liabilities	108,373	113,892
Weighted Average Remaining Lease Term		
Operating leases	8.21 years	8.35 years
Weighted Average Discount Rate		
Operating leases	4.14 %	4.16 %

(in thousands)	Three Months Ended March 31, 2022	2021
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liabilities	$ 6,058	$ 4,875
Right-of-use assets obtained in exchange for lease obligations	231	5,980

Future minimum lease payments under non-cancellable operating leases as of March 31, 2022 were as follows:

(in thousands)	Operating Leases
Remainder of 2022	$ 19,471
2023	24,104
2024	21,175
2025	17,048
2026	15,063
Thereafter	54,497
Total future minimum lease payments	151,358
Less: Imputed interest	(24,134)
Total	$ 127,224

8. Goodwill and Other Intangible Assets

Goodwill consisted of the following:

(in thousands)	Local Media	Scripps Networks	Other	Total
Gross balance as of December 31, 2021	$ 1,122,408	$ 2,028,890	$ —	$ 3,151,298
Accumulated impairment losses	(216,914)	(21,000)	—	(237,914)
Net balance as of December 31, 2021	$ 905,494	$ 2,007,890	$ —	$ 2,913,384
Gross balance as of March 31, 2022	$ 1,122,408	$ 2,028,890	$ 7,082	$ 3,158,380
Accumulated impairment losses	(216,914)	(21,000)	—	(237,914)
Net balance as of March 31, 2022	$ 905,494	$ 2,007,890	$ 7,082	$ 2,920,466

Other intangible assets consisted of the following:

(in thousands)	As of March 31, 2022	As of December 31, 2021
Amortizable intangible assets:		
Carrying amount:		
Television affiliation relationships	$ 1,060,244	$ 1,060,244
Customer lists and advertiser relationships	220,997	217,400
Other	133,862	130,265
Total carrying amount	1,415,103	1,407,909
Accumulated amortization:		
Television affiliation relationships	(181,539)	(168,021)
Customer lists and advertiser relationships	(85,252)	(77,711)
Other	(36,198)	(32,881)
Total accumulated amortization	(302,989)	(278,613)
Net amortizable intangible assets	1,112,114	1,129,296
Indefinite-lived intangible assets — FCC licenses	781,015	781,015
Total other intangible assets	$ 1,893,129	$ 1,910,311

Estimated amortization expense of intangible assets for each of the next five years is $71.9 million for the remainder of 2022, $92.7 million in 2023, $91.4 million in 2024, $88.4 million in 2025, $85.5 million in 2026, $83.9 million in 2027 and $598.3 million in later years.

9. Long-Term Debt

Long-term debt consisted of the following:

(in thousands)	As of March 31, 2022	As of December 31, 2021
Revolving credit facility	$ 75,000	$ —
Senior secured notes, due in 2029	523,356	550,000
Senior unsecured notes, due in 2027	442,473	484,655
Senior unsecured notes, due in 2031	423,463	477,958
Term loan, due in 2024	286,500	287,250
Term loan, due in 2026	742,146	744,049
Term loan, due in 2028	665,000	667,000
Total outstanding principal	3,157,938	3,210,912
Less: Debt issuance costs and issuance discounts	(57,813)	(62,907)
Less: Current portion	(18,612)	(18,612)
Net carrying value of long-term debt	$ 3,081,513	$ 3,129,393
Fair value of long-term debt *	$ 3,095,414	$ 3,249,278

* The fair values of debt are estimated based on either quoted private market transactions or observable estimates provided by third party financial professionals, and as such, are classified within Level 2 of the fair value hierarchy.

Scripps Senior Secured Credit Agreement

On January 7, 2021, we entered into the Sixth Amendment to the Third Amended Restated Credit Agreement ("Sixth Amendment"). Under the Sixth Amendment, the capacity of our Revolving Credit Facility was increased from $210 million to $400 million. Additionally, the Sixth Amendment extended the facility's maturity date to the earlier of January 2026 or 91 days prior to the stated maturity date for any of our existing loans and our existing unsecured notes that mature within the facility's term. Commitment fees of 0.30% to 0.50% per annum, based on our leverage ratio, of the total unused commitment are payable under the Revolving Credit Facility. Interest is payable on the Revolving Credit Facility at rates based on LIBOR, plus a margin based on our leverage ratio, ranging from 1.75% to 2.50%. As of March 31, 2022, we had $75 million outstanding under the Revolving Credit Facility with an interest rate of 2.94%. The weighted-average interest rate over the period during which we had a drawn revolver balance in 2022 was 2.87%. As of March 31, 2022 and December 31, 2021, we had outstanding letters of credit totaling $7.1 million and $6.9 million, respectively, under the Revolving Credit Facility.

On October 2, 2017, we issued a $300 million term loan B which matures in October 2024 ("2024 term loan"). Interest is currently payable on the 2024 term loan at a rate based on LIBOR, plus a fixed margin of 2.00%. Interest will reduce to a rate of LIBOR plus a fixed margin of 1.75% if the Company's total net leverage, as defined by the amended agreement, is below 2.75. The 2024 term loan requires annual principal payments of $3 million. As of March 31, 2022 and December 31, 2021, the interest rate on the 2024 term loan was 2.46% and 2.10%, respectively. The weighted-average interest rate was 2.15% and 2.13% for the three months ended March 31, 2022 and 2021, respectively.

On May 1, 2019, we issued a $765 million term loan B ("2026 term loan") that matures in May 2026. Interest is currently payable on the 2026 term loan at a rate based on LIBOR, plus a fixed margin of 2.56%. The 2026 term loan requires annual principal payments of $7.6 million. Deferred financing costs and original issuance discount totaled approximately $23.0 million with this term loan, which are being amortized over the life of the loan.

As of March 31, 2022 and December 31, 2021, the interest rate on the 2026 term loan was 3.31%. The weighted-average interest rate on the 2026 term loan was 3.31% and 3.26% for the three months ended March 31, 2022 and 2021, respectively.

Under the Sixth Amendment, we also issued an $800 million term loan B ("2028 term loan") that contributed to the financing of the ION acquisition. The term loan matures in 2028 with interest payable at rates based on LIBOR, plus a fixed margin of 3.00%. Additionally, the Sixth Amendment provided that the LIBOR rate could not be less than 0.75% for our term loans that mature in 2026 and 2028. The 2028 term loan requires annual principal payments of $8.0 million. We incurred deferred financing costs totaling $23.4 million related to this term loan and the amendment to the Revolving Credit Facility, which are being amortized over the life of the term loan.

As of March 31, 2022 and December 31, 2021, the interest rate on the 2028 term loan was 3.75%. The weighted-average interest rate on the 2028 term loan was 3.75% for the three months ended March 31, 2022 and 2021.

The Senior Secured Credit Agreement contains covenants that limit our ability to incur additional debt and provides for restrictions on certain payments (dividends and share repurchases). Additionally, we must be in compliance with certain leverage ratios in order to proceed with acquisitions. Our credit agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. We granted the lenders pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property including cash, accounts receivables and equipment. In addition, the Revolving Credit Facility contains a covenant to comply with a maximum first lien net leverage ratio of 4.75 to 1.0 when we have outstanding borrowings on the facility. As of March 31, 2022, we were in compliance with our financial covenants.

2029 Senior Secured Notes

On December 30, 2020, we issued $550 million of senior secured notes (the "2029 Senior Notes"), which bear interest at a rate of 3.875% per annum and mature on January 15, 2029. The proceeds of the 2029 Senior Notes were deposited into a segregated escrow account. The escrow account was subsequently released on January 7, 2021 and used toward the financing of the ION acquisition (See Note 3). The 2029 Senior Notes were priced at 100% of par value and interest is payable semi-annually on January 15 and July 15, commencing on July 15, 2021. Prior to January 15, 2024 we may redeem up to 40% of the aggregate principal amount of the 2029 Senior Notes at a redemption price of 103.875% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the 2029 Senior Notes before January 15, 2024 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after January 15, 2024 and before January 15, 2026, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement. If we sell certain of our assets or have a change of control, the holders of the 2029 Senior Notes may require us to repurchase some or all of the notes. Our credit agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. The 2029 Senior Notes are guaranteed by us and the majority our subsidiaries and are secured on equal footing with the obligations under the Senior Secured Credit Agreement. Following the release of the proceeds from escrow on January 7, 2021, the notes became secured, on a first lien basis, from pledges of equity interests in our subsidiaries and by substantially all of the existing and future assets of Scripps. The 2029 Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature.

We incurred approximately $13.8 million of deferred financing costs in connection with the issuance of the 2029 Senior Notes, which are being amortized over the life of the notes.

2027 Senior Unsecured Notes

On July 26, 2019, we issued $500 million of senior unsecured notes, which bear interest at a rate of 5.875% per annum and mature on July 15, 2027 ("the 2027 Senior Notes"). The 2027 Senior Notes were priced at 100% of par value and interest is payable semi-annually on July 15 and January 15. Prior to July 15, 2022, we may redeem up to 40% of the aggregate principal amount of the 2027 Senior Notes at a redemption price of 105.875% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the notes before July 15, 2022 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after July 15, 2022 and before July 15, 2025, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement. If we sell certain of our assets or have a change of control, the holders of the 2027 Senior Notes may require us to repurchase some or all of the notes. The 2027 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by certain of our existing and future domestic restricted subsidiaries. The 2027 Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature. There are no registration rights associated with the 2027 Senior Notes.

We incurred approximately $10.7 million of deferred financing costs in connection with the issuance of the 2027 Senior Notes, which are being amortized over the life of the notes.

2031 Senior Unsecured Notes

On December 30, 2020, we issued $500 million of senior unsecured notes (the "2031 Senior Notes"), which bear interest at a rate of 5.375% per annum and mature on January 15, 2031. The proceeds of the 2031 Senior Notes were deposited into a segregated escrow account. The escrow account was subsequently released on January 7, 2021 and used toward the financing of the ION acquisition (See Note 3). The 2031 Senior Notes were priced at 100% of par value and interest is payable semi-annually on January 15 and July 15, commencing on July 15, 2021. Prior to January 15, 2024 we may redeem up to 40% of the aggregate principal amount of the 2031 Senior Notes at a redemption price of 105.375% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the 2031 Senior Notes before January 15, 2026 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after January 15, 2026 and before January 15, 2029, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement. If we sell certain of our assets or have a change of control, the holders of the 2031 Senior Notes may require us to repurchase some or all of the notes. The 2031 Senior Notes are also guaranteed by us and the majority our subsidiaries. The 2031 Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature.

We incurred approximately $12.5 million of deferred financing costs in connection with the issuance of the 2031 Senior Notes, which are being amortized over the life of the notes.

Debt Repurchase Authorization

In May 2021, our Board of Directors provided additional debt repurchase program authorization pursuant to which we may reduce, through redemptions or open market purchases and retirement, a combination of the outstanding principal balance of our senior secured and senior unsecured notes. The authorization currently permits an aggregate principal amount reduction of up to $439.3 million and expires on March 1, 2023.

Debt Repurchase Transactions

During the first quarter of 2022, we redeemed $42.2 million of our 2027 Senior Notes, $26.6 million of our 2029 Senior Notes and $54.5 million of our 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $1.2 million as the notes were redeemed for total consideration below par value of the notes.

On May 15, 2021, we redeemed the $400 million outstanding principal amount of our senior unsecured notes that were due to mature in 2025. The redemption price was equal to 102.563% of the aggregate principal amount plus accrued and unpaid interest. The notes were redeemed with cash on hand.

During the fourth quarter of 2021, we redeemed $15.4 million of our 2027 Senior Notes and $22.0 million of our 2031 Senior Notes.

During the full year of 2021, we made additional principal payments on the 2028 term loan totaling $125 million.

10. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	As of March 31, 2022	As of December 31, 2021
Employee compensation and benefits	$ 29,159	$ 29,175
Deferred FCC repack income	47,863	47,977
Programming liability	319,752	352,686
Liability for pension benefits	100,244	102,831
Liabilities for uncertain tax positions	12,363	12,280
Other	30,487	30,989
Other liabilities (less current portion)	$ 539,868	$ 575,938

11. Supplemental Cash Flow Information

The following table presents additional information about the change in certain working capital accounts:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Accounts receivable	$ 9,361	$ 43,559
Other current assets	2,585	1,851
Accounts payable	7,555	6,342
Accrued employee compensation and benefits	(24,552)	(19,387)
Accrued interest	(19,922)	7,687
Other accrued liabilities	(6,608)	(16,151)
Unearned revenue	(1,917)	(5,672)
Other, net	(263)	22,816
Total	$ (33,761)	$ 41,045

12. Employee Benefit Plans

We sponsor a noncontributory defined benefit pension plan and non-qualified Supplemental Executive Retirement Plans ("SERPs"). The accrual for future benefits has been frozen in our defined benefit pension plan and SERPs.

We sponsor a defined contribution plan covering substantially all non-union and certain union employees. We match a portion of employees' voluntary contributions to this plan.

Other union-represented employees are covered by defined benefit pension plans jointly sponsored by us and the union, or by union-sponsored multi-employer plans.

The components of the employee benefit plan expense consisted of the following:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Interest cost	$ 4,333	$ 4,103
Expected return on plan assets, net of expenses	(6,224)	(5,820)
Amortization of actuarial loss and prior service cost	1,014	1,487
Total for defined benefit pension plan	(877)	(230)
SERPs	214	223
Defined contribution plan	4,453	3,978
Net periodic benefit cost	$ 3,790	$ 3,971

We contributed $0.3 million to fund current benefit payments for our SERPs. During the remainder of 2022, we anticipate contributing an additional $1.6 million to fund the SERPs' benefit payments. We have met our 2022 funding requirements under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006.

13. Segment Information

We determine our business segments based upon our management and internal reporting structures, as well as the basis on which our chief operating decision maker makes resource-allocation decisions.

Our Local Media segment includes our 61 local broadcast stations and their related digital operations. It is comprised of 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 12 CW affiliates - four on full power stations and eight on multicast; five independent stations and 10 additional low power stations. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunications companies, satellite carriers and over-the-top virtual MVPDs.

Our Scripps Networks segment is comprised of nine national television networks that reach nearly every U.S. television home through free over-the-air broadcast, cable/satellite, connected TV and digital distribution. These operations earn revenue primarily through the sale of advertising.

Our respective business segment results reflect the impact of intercompany carriage agreements between our local broadcast television stations and our national networks. We also allocate a portion of certain corporate costs and expenses, including accounting, procurement, human resources, employee benefit and information technology to our business segments. These intercompany agreements and allocations are generally amounts agreed upon by management, which may differ from an arms-length amount.

The other segment caption aggregates our operating segments that are too small to report separately. Costs for centrally provided services and certain corporate costs that are not allocated to the business segments are included in shared services and corporate costs. These unallocated corporate costs would also include the costs associated with being a public company. Corporate assets are primarily cash and cash equivalents, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

Our chief operating decision maker evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan amounts, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

Information regarding our business segments is as follows:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Segment operating revenues:		
Local Media	$ 326,661	$ 312,581
Scripps Networks	239,068	213,660
Other	4,151	18,121
Intersegment eliminations	(4,174)	(3,441)
Total operating revenues	$ 565,706	$ 540,921
Segment profit (loss):		
Local Media	$ 54,393	$ 55,937
Scripps Networks	85,076	92,203
Other	(1,113)	3,281
Shared services and corporate	(23,211)	(18,921)
Acquisition and related integration costs	(1,642)	(28,645)
Restructuring costs	—	(7,050)
Depreciation and amortization of intangible assets	(39,745)	(39,507)
Gains (losses), net on disposal of property and equipment	(2,481)	(80)
Interest expense	(36,499)	(43,882)
Gain on extinguishment of debt	1,234	—
Defined benefit pension plan income	663	7
Gain on sale of Triton business	—	81,784
Losses on stock warrant	—	(67,244)
Miscellaneous, net	(407)	(4,851)
Income from continuing operations before income taxes	$ 36,268	$ 23,032
Depreciation:		
Local Media	$ 10,142	$ 9,685
Scripps Networks	4,785	3,835
Other	44	249
Shared services and corporate	399	356
Total depreciation	$ 15,370	$ 14,125
Amortization of intangible assets:		
Local Media	$ 8,980	$ 9,597
Scripps Networks	14,209	13,117
Other	481	2,147
Shared services and corporate	705	521
Total amortization of intangible assets	$ 24,375	$ 25,382
Additions to property and equipment:		
Local Media	$ 9,313	$ 5,454
Scripps Networks	3,209	1,489
Other	9	430
Shared services and corporate	56	19
Total additions to property and equipment	$ 12,587	$ 7,392

A disaggregation of the principal activities from which we generate revenue is as follows:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Operating revenues:		
Core advertising	$ 392,535	$ 361,303
Political	5,946	1,311
Retransmission and carriage fees	155,820	156,497
Other	11,405	21,810
Total operating revenues	$ 565,706	$ 540,921

14. Capital Stock

Capital Stock — We have two classes of common shares, Common Voting shares and Class A Common shares. The Class A Common shares are only entitled to vote on the election of the greater of three or one-third of the directors and other matters as required by Ohio law.

In connection with the January 7, 2021 closing of the ION acquisition, we entered into a Securities Purchase Agreement with Berkshire Hathaway Inc., ("Berkshire Hathaway"), pursuant to which Berkshire Hathaway provided $600 million of financing in exchange for 6,000 Series A Preferred Shares of the Company. The Preferred Shares, having a face value of $100,000 per share, are perpetual and will be redeemable at the option of the Company beginning on the fifth anniversary of issuance, and redeemable at the option of the holders in the event of a Change of Control (as defined in the terms of the Preferred Shares), in each case at a redemption price of 105% of the face value, plus accrued and unpaid dividends (whether or not declared). As long as the Company pays quarterly dividends in cash on the Preferred Shares, the dividend rate will be 8% per annum. If dividends on the Preferred Shares, which compound quarterly, are not paid in full in cash, the rate will increase to 9% per annum for the remaining period of time that the Preferred Shares are outstanding. Preferred stock dividends were $12.0 million and $9.1 million in the first quarter of 2022 and 2021, respectively. Under the terms of the Preferred Shares, we are prohibited from paying dividends on and repurchasing our common shares until all Preferred Shares are redeemed.

Class A Common Shares Stock Warrant — In connection with the Preferred Shares issuance, Berkshire Hathaway also received a warrant to purchases up to 23.1 million Class A shares, at an exercise price of $13 per share. The warrant is exercisable at the holder's option at any time or from time to time, in whole or in part, until the first anniversary of the date on which no Preferred Shares remain outstanding. Since the holder had the option to settle the warrant through cash payment of the exercise price and/or through surrendering portions of their Preferred Shares for the stated par value, a liability was recognized for the fair value of the warrant. The valuation model, classified within Level 3 of the fair value hierarchy, included inputs for the estimated term of the warrant, the historical volatility rate of Scripps common stock and the exercise price for the warrant. At time of issuance, the fair value of the warrant totaled $181 million and was being remeasured each reporting period with the changes in fair value of the warrant captured in the gains/losses on stock warrants caption in the Condensed Consolidated Statements of Operations.

On May 14, 2021, the warrant agreement was amended to only permit settlement of the warrant through cash payment of the exercise price. Following the warrant amendment, the warrant is no longer accounted for as a liability award where mark-to-market changes in the fair value of the warrant are captured as gains or losses in our operating results. The fair value of the warrant was remeasured on May 14, 2021 at $280 million. The increase in our stock price during 2021 was the primary contributor to the increase in the fair value of the warrant. The value of the liability on the amendment date was reclassified to equity within the caption Additional Paid-in Capital.

15. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) ("AOCI") by component, including items reclassified out of AOCI, were as follows:

	Three Months Ended March 31, 2022		
(in thousands)	Defined Benefit Pension Items	Other	Total
Beginning balance, December 31, 2021	$ (73,713)	$ (196)	$ (73,909)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $257[(a)]	827	3	830
Net current-period other comprehensive income (loss)	827	3	830
Ending balance, March 31, 2022	$ (72,886)	$ (193)	$ (73,079)

	Three Months Ended March 31, 2021		
(in thousands)	Defined Benefit Pension Items	Other	Total
Beginning balance, December 31, 2020	$ (99,789)	$ (330)	$ (100,119)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $374[(a)]	1,187	18	1,205
Net current-period other comprehensive income (loss)	1,187	18	1,205
Ending balance, March 31, 2021	$ (98,602)	$ (312)	$ (98,914)

[(a)] Actuarial gain (loss) is included in defined benefit pension plan expense in the Condensed Consolidated Statements of Operations

16. Assets Held for Sale and Discontinued Operations

Stitcher

On October 16, 2020, we closed on the sale of our Stitcher podcasting business. Stitcher is classified as discontinued operations in our condensed consolidated financial statements for the three months ended March 31, 2021.

Operating results of our discontinued Stitcher operations were as follows:

(in thousands)	Three Months Ended March 31, 2021
Operating revenues	$ —
Total costs and expenses	—
Depreciation and amortization of intangible assets	—
Other, net	2,686
Income from discontinued operations before income taxes	2,686
Provision for income taxes	622
Income from discontinued operations, net of tax	$ 2,064

During the first quarter of 2021, the estimate for the contingent earnout consideration was increased by $2.7 million. The fair value estimate for the contingent earnout consideration was $12.7 million as of March 31, 2021.

Triton Digital

During the first quarter of 2021, our Board of Directors approved the sale of our Triton Digital business. On February 16, 2021, we signed a definitive agreement to sell the business and the transaction closed on March 31, 2021. The sale generated total net proceeds of $225 million and we recognized a pre-tax gain from disposition totaling $81.8 million.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis of financial condition and results of operations is based upon the Condensed Consolidated Financial Statements and the Notes to Condensed Consolidated Financial Statements. You should read this discussion in conjunction with those financial statements.

Forward-Looking Statements

This document contains certain forward-looking statements related to the Company's businesses that are based on management’s current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties that may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors.” Such Risk Factors include the potential materially adverse impact of the COVID-19 pandemic on the Company’s financial results or condition as a result of financial market volatility, government and regulatory actions, and disruptions to the Company’s businesses. The Company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

Executive Overview

The E.W. Scripps Company (“Scripps”) is a diverse media enterprise that serves audiences and businesses through a portfolio of 61 local television stations in 41 markets and nine national news and entertainment networks. Our local stations have programming agreements with ABC, NBC, CBS, FOX and the CW. Our nine Scripps Networks – ION, Bounce, Court TV, Defy TV, Grit, ION Mystery, Laff, Newsy and TrueReal – each reaches well over 90% of U.S. television households over the air. We also operate an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee.

Scripps is a leader in free, ad-supported television. All of our local stations and national networks reach consumers over the air, and many of our television brands can also be found on free streaming platforms. During 2022, we plan to continue to expand in the fast-growing connected television marketplace as well as continuing to leverage our leadership position in the growing over-the-air marketplace. Currently, one in four broadband homes is watching television over the air alongside their subscription services, and industry data shows the use of free television over antenna is expected to surpass 50 million households in 2025. Scripps is launching a major national consumer marketing campaign to broaden antenna use even more, as well as working with key partners in retail, manufacturing and antenna installation, to help television owners understand the quality and quantity of programming available over the air and the ease of antenna use. In the first quarter of 2022, we incurred $1.2 million of costs related to this $20 million advertising campaign.

During the first quarter of 2022, we redeemed $42.2 million of the 2027 Senior Notes at a weighted-average redemption price equal to 100.61% of the aggregate principal amount plus accrued and unpaid interest, we redeemed $26.6 million of the 2029 Senior Notes at a weighted-average redemption price equal to 93.59% of the aggregate principal amount plus accrued and unpaid interest and we redeemed $54.5 million of the 2031 Senior Notes at a weighted-average redemption price equal to 95.64% of the aggregate principal amount plus accrued and unpaid interest. The notes were redeemed with cash on hand.

Preferred stock dividends paid in the first quarter of 2022 totaled $12.0 million. Under the terms of Berkshire Hathaway's preferred equity investment in Scripps, we are prohibited from paying dividends on and repurchasing our common shares until all preferred shares are redeemed.

Results of Operations

The trends and underlying economic conditions affecting the operating performance and future prospects differ for each of our business segments. Accordingly, you should read the following discussion of our consolidated results of operations in conjunction with the discussion of the operating performance of our business segments that follows.

Consolidated Results of Operations

Consolidated results of operations were as follows:

	Three Months Ended March 31,		
(in thousands)	2022	Change	2021
Operating revenues	$ 565,706	4.6 %	$ 540,921
Cost of revenues, excluding depreciation and amortization	(297,834)	12.6 %	(264,395)
Selling, general and administrative expenses, excluding depreciation and amortization	(152,727)	6.0 %	(144,026)
Acquisition and related integration costs	(1,642)		(28,645)
Restructuring costs	—		(7,050)
Depreciation and amortization of intangible assets	(39,745)		(39,507)
Gains (losses), net on disposal of property and equipment	(2,481)		(80)
Operating income	71,277		57,218
Interest expense	(36,499)		(43,882)
Gain on extinguishment of debt	1,234		—
Defined benefit pension plan income	663		7
Gain on sale of Triton business	—		81,784
Losses on stock warrant	—		(67,244)
Miscellaneous, net	(407)		(4,851)
Income from continuing operations before income taxes	36,268		23,032
Provision for income taxes	(13,903)		(19,529)
Income from continuing operations, net of tax	22,365		3,503
Income from discontinued operations, net of tax	—		2,064
Net income	$ 22,365		$ 5,567

Operating revenues increased $24.8 million or 4.6% for the first three months of 2022 when compared to the prior year quarter. Revenues benefited from higher core, political and retransmission revenues in our Local Media group and overall growth in our Scripps Networks operations.

Cost of revenues, which is comprised of programming costs and costs associated with distributing our content, increased $33.4 million or 13% for the first three months of 2022 when compared to the prior year quarter. Programming costs, the primary driver of fluctuations in cost of revenues, increased $27.9 million year-over-year, attributed to higher network affiliation fees at our Local Media stations and Scripps Networks, reflecting contractual rate increases. Additionally, syndicated programming expense increased at Scripps Networks attributed to the new networks launched in 2021 and continued investment in new series programming for the networks.

Selling, general and administrative expenses are primarily comprised of sales, marketing and advertising expenses, research costs and costs related to corporate administrative functions. Selling, general and administrative expenses increased $8.7 million or 6.0% for the first three months of 2022 when compared to the prior year quarter, primarily attributed to increases in employee compensation and higher costs tied to revenue growth at Scripps Networks, as well as the return of marketing and advertising costs across our businesses.

Acquisition and related integration costs of $1.6 million incurred in the first three months of 2022 primarily reflect professional service costs associated with the ION acquisition, which closed on January 7, 2021.

During the first three months of 2021, in connection with the Newsy restructuring plan, we incurred charges totaling $7.1 million for the write-downs of both capitalized carriage agreement payments and certain Newsy intangible assets.

Depreciation and amortization of intangible assets remained relatively flat at $39.5 million in 2021 and $39.7 million in 2022.

Interest expense decreased in the first three months of 2022 due to the additional term loan B payments and bond repurchases made during the second half of 2021 and first quarter of 2022.

During the first quarter of 2022, we redeemed $42.2 million of the 2027 Senior Notes, $26.6 million of the 2029 Senior Notes and $54.5 million of the 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $1.2 million as the notes were redeemed for total consideration below par value of the notes.

In the first quarter of 2021, we recognized an $81.8 million pre-tax gain from the disposition of the Triton business. The transaction closed on March 31, 2021 for total net proceeds of $225 million.

The first quarter of 2021 included a $67.2 million non-cash charge related to our outstanding common stock warrant. The warrant obligation was being marked-to-market each reporting period with the increase in our common stock price being the significant contributor to a higher valuation. Following an amendment to the common stock warrant agreement on May 14, 2021, the fair value of the warrant was reclassified to equity and no longer marked-to-market each reporting period.

The effective income tax rate was 38% and 85% for the three months ended March 31, 2022 and 2021, respectively. Differences between our effective income tax rate and the U.S. federal statutory rate are the impact of state taxes, foreign taxes, non-deductible expenses, changes in reserves for uncertain tax positions, excess tax benefits or expense from the exercise and vesting of share-based compensation awards ($1.1 million benefit in 2022 and $1.3 million benefit in 2021), state deferred rate changes ($4.7 million expense in 2022) and state NOL valuation allowance changes ($1.2 million benefit in 2021). Additionally, in the first quarter of 2021, the income tax provision was impacted by a net discrete tax provision charge of $17.1 million related to a taxable gain on the sale of the Triton business, a $1.0 million discrete tax provision charge related to nondeductible transaction costs for the ION acquisition and a non-deductible expense of $70.7 million related to issuance costs and unrealized losses on mark-to-market adjustments recorded on the common stock warrants issued in connection with the ION acquisition.

Business Segment Results — As discussed in the Notes to Condensed Consolidated Financial Statements, our chief operating decision maker evaluates the operating performance of our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan amounts, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

Items excluded from segment profit generally result from decisions made in prior periods or from decisions made by corporate executives rather than the managers of the business segments. Depreciation and amortization charges are the result of decisions made in prior periods regarding the allocation of resources and are, therefore, excluded from the measure. Generally, our corporate executives make financing, tax structure and divestiture decisions. Excluding these items from measurement of our business segment performance enables us to evaluate business segment operating performance based upon current economic conditions and decisions made by the managers of those business segments in the current period.

Our respective business segment results reflect the impact of intercompany carriage agreements between our local broadcast television stations and our national networks. We also allocate a portion of certain corporate costs and expenses, including accounting, procurement, human resources, employee benefit and information technology to our business segments. These intercompany agreements and allocations are generally amounts agreed upon by management, which may differ from an arms-length amount.

The other segment caption aggregates our operating segments that are too small to report separately. Costs for centrally provided services and certain corporate costs that are not allocated to the business segments are included in shared services and corporate costs. These unallocated corporate costs would also include the costs associated with being a public company. Corporate assets are primarily cash and cash equivalents, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

Information regarding the operating performance of our business segments and a reconciliation of such information to the condensed consolidated financial statements is as follows:

	Three Months Ended March 31,		
(in thousands)	2022	Change	2021
Segment operating revenues:			
Local Media	$ 326,661	4.5 %	$ 312,581
Scripps Networks	239,068	11.9 %	213,660
Other	4,151	(77.1)%	18,121
Intersegment eliminations	(4,174)	21.3 %	(3,441)
Total operating revenues	$ 565,706	4.6 %	$ 540,921
Segment profit (loss):			
Local Media	$ 54,393	(2.8)%	$ 55,937
Scripps Networks	85,076	(7.7)%	92,203
Other	(1,113)		3,281
Shared services and corporate	(23,211)	22.7 %	(18,921)
Acquisition and related integration costs	(1,642)		(28,645)
Restructuring costs	—		(7,050)
Depreciation and amortization of intangible assets	(39,745)		(39,507)
Gains (losses), net on disposal of property and equipment	(2,481)		(80)
Interest expense	(36,499)		(43,882)
Gain on extinguishment of debt	1,234		—
Defined benefit pension plan income	663		7
Gain on sale of Triton business	—		81,784
Losses on stock warrant	—		(67,244)
Miscellaneous, net	(407)		(4,851)
Income from continuing operations before income taxes	$ 36,268		$ 23,032

Local Media — Our Local Media segment includes our 61 local broadcast stations and their related digital operations. It is comprised of 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 12 CW affiliates - four on full power stations and eight on multicast; five independent stations and 10 additional low power stations. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunications companies, satellite carriers and over-the-top virtual MVPDs.

National television networks offer affiliates a variety of programming and sell the majority of advertising within those programs. In addition to network programs, we broadcast internally produced local and national programs, syndicated programs, sporting events and other programs of interest in each station's market. News is the primary focus of our locally produced programming.

The operating performance of our Local Media group is most affected by local and national economic conditions, particularly conditions within the automotive and services categories, and by the volume of advertising purchased by campaigns for elective office and political issues. The demand for political advertising is significantly higher in the third and fourth quarters of even-numbered years.

Operating results for our Local Media segment were as follows:

	Three Months Ended March 31,		
(in thousands)	2022	Change	2021
Segment operating revenues:			
Core advertising	$ 157,337	3.4 %	$ 152,138
Political	5,768		1,311
Retransmission and carriage fees	159,582	2.5 %	155,659
Other	3,974	14.4 %	3,473
Total operating revenues	326,661	4.5 %	312,581
Segment costs and expenses:			
Employee compensation and benefits	104,716	(2.0)%	106,828
Programming	118,603	7.5 %	110,330
Other expenses	48,949	24.0 %	39,486
Total costs and expenses	272,268	6.1 %	256,644
Segment profit	$ 54,393	(2.8)%	$ 55,937

Revenues

Total Local Media revenues increased $14.1 million or 4.5% for the first three months of 2022 when compared to the prior year quarter. Year-over-year, core advertising revenues increased $5.2 million, political revenues increased $4.5 million and retransmission revenues increased $3.9 million. While retransmission revenues have been affected by subscriber losses from traditional MVPDs, rate increases have more than offset those subscriber declines.

Costs and expenses

Employee compensation and benefits decreased $2.1 million or 2.0% for the first three months of 2022 when compared to the prior year quarter due to a decrease in employee benefits cost.

Programming expense increased $8.3 million or 7.5% for the first three months of 2022 when compared to the prior year quarter. Network affiliation fees have been increasing industry-wide due to higher rates on renewals, as well as contractual rate increases during the terms of the affiliation agreements.

Other expenses increased $9.5 million or 24.0% for the first three months of 2022 when compared to the prior year quarter. The increase in the period reflects increased business costs across various categories as we go back to work in the stations and resume more normal operating procedures.

Scripps Networks — Our Scripps Networks segment is comprised of nine national television networks - ION, Bounce, Court TV, Defy TV, Grit, ION Mystery, Laff, Newsy and TrueReal. The networks reach nearly every U.S. television home through free over-the-air broadcast, cable/satellite, connected TV and digital distribution. Our Scripps Networks group earns revenue primarily through the sale of advertising. The advertising received by our national networks can be subject to seasonal and cyclical variations and is most impacted by national economic conditions.

Operating results for our Scripps Networks segment were as follows:

	Three Months Ended March 31,		
(in thousands)	2022	Change	2021
Total operating revenues	$ 239,068	11.9 %	$ 213,660
Segment costs and expenses:			
Employee compensation and benefits	29,615	25.3 %	23,637
Programming	81,999	33.1 %	61,627
Other expenses	42,378	17.1 %	36,193
Total costs and expenses	153,992	26.8 %	121,457
Segment profit	$ 85,076	(7.7)%	$ 92,203

On January 7, 2021, we acquired the national broadcast network ION. The inclusion of operating results from this business for the periods subsequent to the acquisition impacts the comparability of our consolidated and segment operating results.

Revenues

Scripps Networks revenues, which are primarily comprised of advertising revenues, increased $25.4 million or 12% for the first three months of 2022 when compared to the prior year quarter. The amount of advertising revenue we earn is a function of the pricing negotiated with advertisers, the number of advertising spots sold and the audience impressions delivered. More than half of the first quarter 2022 revenue increase is attributed to incremental revenues earned from the July 2021 launch of Defy TV and TrueReal networks and the acquisition of ION, which closed on January 7, 2021. The remaining increase in Scripps Networks revenues reflects an increase in advertising spots sold during the first quarter of 2022 compared to 2021 and higher pricing in general market advertising, partially offset by lower ratings in our key monetized demographics and a decline in direct response advertising rates.

Costs and expenses

Employee compensation and benefits increased $6.0 million or 25% for the first three months of 2022 when compared to the prior year quarter reflecting additional hiring to support recent network launches.

Programming expense increased $20.4 million or 33% for the first three months of 2022 when compared to the prior year quarter. The increase is driven by the launch of two new networks in July 2021, continued investment in new series programming for the networks and higher affiliate fees reflecting both contractual rate increases and increased distribution across the Scripps Networks' businesses.

Other expenses increased $6.2 million or 17% for the first three months of 2022 when compared to the prior quarter. The increase includes higher national representation commission costs tied to revenue growth and higher rating services costs, reflecting the addition of new networks in 2021 as well as increases from the contractual fees that are tied to our revenues.

Liquidity and Capital Resources

Our primary source of liquidity is our available cash and borrowing capacity under our revolving credit facility. Our primary source of cash is generated from our ongoing operations. Cash from operations can be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic. At the end of March 31, 2022, we had approximately $35.0 million of cash on hand and $318 million of additional borrowing capacity under our revolving credit facility. Based on our current business plan, we believe our cash flow from operations will provide sufficient liquidity to meet the Company's operating needs for the next 12 months.

Cash Flows

	Three Months Ended March 31,	
(in thousands)	2022	2021
Net cash provided by operating activities	$ 37,379	$ 50,094
Net cash used in investing activities	(32,854)	(2,455,283)
Net cash provided by (used in) financing activities	(69,979)	1,317,373
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	—	(20)
Decrease in cash, cash equivalents and restricted cash	$ (65,454)	$ (1,087,836)

Cash flows from operating activities

Cash provided by operating activities decreased $12.7 million in 2022 compared to 2021. The decrease reflects a $17.4 million year-over-year decrease in segment profit and a $23.3 million increase in interest paid. In January 2022, all three of our senior notes had interest payments due versus only one having a payment due in January 2021. These were offset by a $27.0 million decrease in acquisition and integration costs and year-over-year cash outlay decrease of $23.1 million for programming investments in excess of programming amortization.

Cash flows from investing activities

Cash used in investing activities was $32.9 million in 2022 compared to $2.5 billion in 2021. Investing activities in 2022 reflect the $13.8 million acquisition of Nuvyyo. Investing activities in 2021 reflect the $2.7 billion acquisition of ION and $225 million of net proceeds from the sale of our Triton business. Capital expenditures were $12.7 million in 2022 and $4.1 million in 2021.

Cash flows from financing activities

Cash used in financing activities was $70.0 million in 2022 compared to cash provided by financing activities of $1.3 billion in 2021. On January 7, 2021 we issued an $800 million term loan B and $600 million of preferred equity shares to Berkshire Hathaway in connection with the closing of the ION acquisition. During the first quarter of 2022, we redeemed $42.2 million of our 2027 Senior Notes, $26.6 million of our 2029 Senior Notes and $54.5 million of our 2031 Senior Notes. We also had net debt proceeds of $75 million, reflecting borrowings on our Revolving Credit Facility, during the first quarter of 2022. Preferred stock dividends were $12.0 million and $9.1 million in the first quarter of 2022 and 2021, respectively.

Debt

On January 7, 2021, we entered into the Sixth Amendment to the Third Amended Restated Credit Agreement ("Sixth Amendment"). The Sixth Amendment increased the capacity of the Revolving Credit Facility to $400 million and extended the facility's maturity date to the earlier of January 2026 or 91 days prior to the stated maturity date for any of our existing loans and our existing unsecured notes that mature within the facility's term. In connection with our credit agreement, we also have $1.7 billion of outstanding balance on our term loans. The annual required principal payments on these term loans total $18.6 million and the earliest maturity date for any of the loans is October of 2024.

As of March 31, 2022, we also have $1.4 billion of senior notes outstanding. Senior secured notes totaling $523 million bear interest at a rate of 3.875% per annum and mature on January 15, 2029. Senior unsecured notes have a total outstanding principal balance of $866 million. The senior notes that mature on July 15, 2027 bear interest at 5.875% per annum and the senior notes that mature on January 15, 2031 bear interest at a rate of 5.375% per annum. Additionally, as of March 31, 2022, we had $75 million outstanding under the Revolving Credit Facility with an interest rate of 2.94%.

Debt Covenants

Our term loans and our unsecured notes do not have maintenance covenants. The earliest maturity of our term loans and unsecured notes is the fourth quarter of 2024. Our revolving credit facility permits maximum leverage of 4.75 times the two-year average earnings before interest, taxes, depreciation and amortization (EBITDA) as defined by our credit agreement, through second quarter of 2022, at which point it steps down to 4.5 times. Based upon our current outlook, we expect to be in compliance with that covenant.

Debt Repurchase Program

In May 2021, our Board of Directors provided additional debt repurchase program authorization pursuant to which we may reduce, through redemptions or open market purchases and retirement, a combination of the outstanding principal balance of our senior secured and senior unsecured notes. The authorization currently permits an aggregate principal amount reduction of up to $439.3 million and expires on March 1, 2023.

Equity

With the closing of the ION acquisition, we entered into a Securities Purchase Agreement with Berkshire Hathaway Inc., ("Berkshire Hathaway"), pursuant to which Berkshire Hathaway provided $600 million of financing in exchange for 6,000 Series A Preferred Shares of the Company. The Preferred Shares, having a face value of $100,000 per share, are perpetual and will be redeemable at the option of the Company beginning on the fifth anniversary of issuance, and redeemable at the option of the holders in the event of a Change of Control (as defined in the terms of the Preferred Shares), in each case at a redemption price of 105% of the face value, plus accrued and unpaid dividends (whether or not declared). Preferred stock dividends, effective through March 15, 2022, were paid in first quarter totaling $12.0 million. Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of $13 per share.

Under the terms of the Preferred Shares, we are prohibited from paying dividends on and repurchasing our common shares until all Preferred Shares are redeemed.

Other

During the remainder of 2022, we anticipate contributing an additional $1.6 million to fund the SERPs' benefit payments. We have met our 2022 funding requirements under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Arrangements

There have been no material changes to the off-balance sheet arrangements disclosed in our 2021 Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make a variety of decisions that affect reported amounts and related disclosures, including the selection of appropriate accounting principles and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. We are committed to incorporating accounting principles, assumptions and estimates that promote the representational faithfulness, verifiability, neutrality and transparency of the accounting information included in the financial statements.

Note 1 to the Consolidated Financial Statements included in our 2021 Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if different estimates that reasonably could have been used or changes in estimates that are likely to occur could materially change the financial statements. We believe the accounting for acquisitions, goodwill and indefinite-lived intangible assets and pension plans to be our most critical accounting policies and estimates. A detailed description of these accounting policies is included in the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2021 Annual Report on Form 10-K.

Recent Accounting Guidance

Refer to Note 2. Recently Adopted and Issued Accounting Standards of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further discussion.

Quantitative and Qualitative Disclosures About Market Risk

Earnings and cash flow can be affected by, among other things, economic conditions and interest rate changes. We are also exposed to changes in the market value of our investments.

Our objectives in managing interest rate risk are to limit the impact of interest rate changes on our earnings and cash flows and to reduce overall borrowing costs. We may use derivative financial instruments to modify exposure to risks from fluctuations in interest rates. In accordance with our policy, we do not use derivative instruments unless there is an underlying exposure, and we do not hold or enter into financial instruments for speculative trading purposes.

We are subject to interest rate risk associated with our credit agreement, as borrowings bear interest at LIBOR plus respective fixed margin spreads or spreads determined relative to our Company’s leverage ratio. Accordingly, the interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. With consideration for the LIBOR floor that is present in our term loans due in 2026 and 2028, a 100 basis point increase in LIBOR would increase annual interest expense on our variable rate borrowings by approximately $12.8 million.

The following table presents additional information about market-risk-sensitive financial instruments:

	As of March 31, 2022		As of December 31, 2021	
(in thousands)	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Revolving credit facility	$ 75,000	$ 75,000	$ —	$ —
Senior secured notes, due in 2029	523,356	488,029	550,000	553,377
Senior unsecured notes, due in 2027	442,473	444,132	484,655	508,282
Senior unsecured notes, due in 2031	423,463	407,054	477,958	488,712
Term loan, due in 2024	286,500	283,456	287,250	286,999
Term loan, due in 2026	742,146	735,652	744,049	744,168
Term loan, due in 2028	665,000	662,091	667,000	667,740
Long-term debt, including current portion	$ 3,157,938	$ 3,095,414	$ 3,210,912	$ 3,249,278
Financial instruments subject to market value risk:				
Investments held at cost	$ 20,466	(a)	$ 15,431	(a)

(a) Includes securities that do not trade in public markets, thus the securities do not have readily determinable fair values. We estimate the fair value of these securities approximates their carrying value.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Scripps management is responsible for establishing and maintaining adequate internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error, collusion and the improper overriding of controls by management. Accordingly, even effective internal control can only provide reasonable but not absolute assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

The effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) was evaluated as of the date of the financial statements. This evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective.

Exhibit 31.A
Section 302 Certifications

Certification

I, Adam P. Symson, certify that:

1. I have reviewed this report on Form 10-Q of The E.W. Scripps Company;
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 officer 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 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 that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

BY: /s/ Adam P. Symson
Adam P. Symson
President and Chief Executive Officer

Exhibit 31.B
Section 302 Certifications

Certification

I, Jason Combs, certify that:

1. I have reviewed this report on Form 10-Q of The E.W. Scripps Company;
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 officer 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 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 that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

BY: /s/ Jason Combs
Jason Combs
Executive Vice President and Chief Financial Officer

Exhibit 32.A
Section 906 Certifications

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

I, Adam P. Symson, President and Chief Executive Officer of The E.W. Scripps Company (the "Company"), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2022 (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

BY: /s/ Adam P. Symson
Adam P. Symson
President and Chief Executive Officer
May 6, 2022

Exhibit 32.B
Section 906 Certifications

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

I, Jason Combs, Executive Vice President and Chief Financial Officer of The E.W. Scripps Company (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2022 (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

BY: /s/ Jason Combs
Jason Combs
Executive Vice President and Chief Financial Officer
May 6, 2022