

Hasbro Investor Day, October 4, 2022

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Good morning and welcome! Since becoming CEO in February, I've had the opportunity to speak with many of you and I'm excited to be here today to share our updated plans for Hasbro.

We knew 2022 was going to be a challenging year which is why we conducted a nine-month strategic review of our business with an emphasis on near term, meaningful change that will drive positive impact as early as Q4 of this year. Through this process, we've worked to identify where we should focus and scale, how we can enhance our operational excellence and how to drive accelerated growth and profit.

Just as importantly, this is a mindset shift for all of Hasbro: the importance of bottom-line growth, of pairing creativity with operational discipline and for renewing a laser focus on what matters most, our fans.

Hasbro's strengths will be where we lean in:

- on an updated blueprint that engages and monetizes across games, play and experiences.
- leaning into our gaming leadership, a high growth, high profit \$2B+ business; and
- a focus on fewer, bigger brands with an obsession for delivering for our consumers and delighting our fans.

Today, leaders from across Hasbro will take you through our plans to introduce a new strategic approach to our Blueprint -- Blueprint 2.0. and accelerate our growth with a special focus on games, digital and direct and demonstrate our commitment to superior shareholder return with a plan to grow adjusted operating profits by 50% over the next three years.

Hasbro is a global leader in play and entertainment creating joy and connecting families and fans for a century.

LINCOLN LOGS, POTATO HEAD, PLAY DOH, GI JOE, MY LITTLE PONY, TRANSFORMERS – these are just a few of the beloved brands that make up our hundred year-strong IP portfolio.

Since our earliest years, we've consistently innovated in games with household names such as: CANDY LAND, MONOPOLY, CLUE, MAGIC: THE GATHERING, DUNGEONS & DRAGONS, TRIVIAL PURSUIT, and our latest, *Wordle: The Party Game*.

And since the 1980s we have been building a leading content and production studio producing category-defining entertainment like PEPPA PIG; blockbuster movies like the upcoming D&D film; partnering on some of the biggest Hollywood franchises including the upcoming *Transformers: Rise of The Beasts* with Paramount, and, thanks to our acquisition of eOne, distributing and producing a growing library of premium content including the Emmy-nominated *Yellowjackets*.

The Blueprint has long been a foundational strategy for Hasbro, and we have made a number of changes to it over time to help us serve our consumers and bring our brands to life.

Today we are making the biggest change yet to this company defining strategy — the Blueprint 2.0. At the core of our new blueprint is the consumer, and we are making an all-in bet to be the best in the industry at understanding and delivering for our fans. We call this the BRAND INSIGHTS PLATFORM.

The BRAND INSIGHTS PLATFORM underlies our Blueprint 2.0 and will combine all new technology capabilities, a significant upgrading of our data and analytics team and a network of digital, direct, experiential, and partner-based data feeds.

The Insights Platform will speed our innovation, fuel our category captaincy, and create a wide, sustainable moat for Hasbro across our priority brands.

The bottom line is this: it's a multi-year, hundred million-dollar plus investment and a clarion call for everyone at Hasbro that we are as passionate about understanding and delivering for our fans as our fans are passionate about our beloved brands.

We did it at Wizards of the Coast, with fantastic results, and we will build and expand upon that half decade of learning as a springboard for the rest of the Company.

Our new Blueprint will emphasize fewer, bigger, more profitable brands that showcase our leadership in pre-school, games, creativity, outdoor, and action brands across an expanded range of consumers, from preschoolers to fans to collectors.

This means we are going to stop doing some things. We are exiting unprofitable categories and partnerships. We are moving some classics like EASY BAKE OVEN from owned and operated to a licensed-out model.

Our product portfolio will emphasize play systems with expanded price points from OPP to high end collectibles along with an increased emphasis on licensing our IP to unlock new categories and unleash the potential of our century strong brand portfolio, like our partnership with TRANSFORMERS and Lego or our just announced deal with Basic Fun and LITTLEST PET SHOP.

Our **experienced teams** will field amazing new entertainment like the upcoming *D&D Honor Among Thieves* film and lean into our network of partner owned location-based entertainment experiences with nearly 7,000 locations today ranging from local game stores to mega theme parks that combined drive close to \$700M in annual merchandise sales.

Over the next several years, we see hundreds of new capital-efficient, partner-owned locations opening from themed hotels to cruise ships to new game stores and play centers across hundreds of cities around the world. Our aspiration is to have a Hasbro play experience within easy driving distance of every one of our fans across every major market around the world.

Our review helped uncover significant opportunities in our supply chain and operations.

We are committed to \$250-300M in annual run rate savings between now and 2025, with \$150M planned in 2023 alone. This will entail sharpening our focus on operational excellence allowing us to make our organization and supply chain leaner, faster, and more profitable.

And last but not least, **direct to consumer and digital** will be a major investment focus.

Hasbro Pulse, our direct platform, and the significant investments we are making in all new digital games and live services like D&D BEYOND will drive over \$1B in high profit revenue and be the basis for our direct marketing and engagement platform of the future across our roadmap.

As we support these growth pillars, three priorities will continue to guide our capital allocation decisions:

- First, we will invest in our business to support profitable growth including investments in our Franchise Brands, digital and direct, data and insights, as well as strategic initiatives like our operational efficiency program. These investments will focus on high growth categories and capabilities representing the entertainment trends of tomorrow that meet our rigorous ROI criteria.
- Second, de-levering the balance sheet to ensure we maintain our investment grade rating.
- And finally, returning excess cash to shareholders in the form of dividends and share repurchase – which Deb will cover in more detail in just a bit.

The combination of investing behind fast growth categories, blue ocean channels, new product innovation and doubling down on our biggest brands, while also exploring ways to monetize our IP, will position Hasbro for superior growth driving a mid-single digit revenue CAGR.

Mix shifting to higher profit categories, scaling our Franchise brands, a focus on the fundamentals and exiting or model-shifting underperforming brands and markets will drive an even more significant increase in our operating profits where we see over 400 basis points of improvement over the next five years, including operating profit growth two times that of revenue.

We see this growth starting as early as the first half of 2023 behind one of the best entertainment line-ups we have ever had, including six blockbuster films, combined with the growing impact of our operational efficiency efforts driving enduring bottom line benefits.

Lastly, we will do all of this with a continued focus on doing good while we do well... delivering shareholder return, thrilling fans for generations to come and leaving the world a better place than how we found it.

As I said earlier, entertainment remains a top priority for Hasbro.

Over the last decade, Hasbro branded entertainment has supported over \$4B in merchandise and licensing revenue. Moving forward, our entertainment investments will become increasingly focused on driving our Blueprint and related merchandise and digital engagement opportunities with a particular focus on franchise brands.

Today, we spend a small portion per year in Hasbro branded entertainment primarily in our family brands segment and we see that tripling by 2025 in Film & TV as we expand the number of films, scripted and unscripted TV shows supporting major Hasbro brands like D&D, NERF, TRANSFORMERS and HASBRO GAMING. We expect revenue in our Entertainment segment directly tied to Hasbro brands to grow correspondingly by 2027.

For our non-Hasbro-branded initiatives, our strategic review continues. Over the last 18 months we have divested several non-strategic businesses including eOne Music and are evaluating other assets in the portfolio focused on content unrelated to Hasbro's IP. As part of that process, we are exploring how best to maximize the growth and value of marquis assets like our 10,000+ asset content library including premium hits like *The Rookie*, *Yellowjackets*, *Naked & Afraid* and the Mark Gordon library.

Our entertainment teams are some of the best in the business, our creative relationships are strong, and our library of content continues to grow in value.

As we focus more and more on Hasbro-IP related entertainment, we're looking forward to delighting audiences of all ages with the start of a banner playlist ranging from *Transformers Earth Spark* to *Play-Doh Squished* to *D&D Honor Among Thieves*.

Before I turn it over to Eric and the team, I want to speak about the bigger context for Hasbro.

Our mission is to entertain and connect generations of fans through the wonder of storytelling and exhilaration of play.

As I said before, we've been doing it for 100 years and we plan to do it for over a hundred more. Some trivia about me: It should be no surprise, but I'm a Hasbro fan, have been all my life. Our toys and games inspired me to get into the industry. In fact, I'm one of the youngest people ever to sign an inventor's NDA with Kenner, the toy company from my hometown of Cincinnati we acquired back in the mid 1980's, for an action figure idea I pitched when I was 13. So for me, and for thousands like me at the company, success is more than just numbers. It means keeping the flame of fandom bright for generations to come and sharing the human energy of play from one generation to the next.

With that in mind, our strategic review hasn't just been a chance for us to explore our business opportunity, it's highlighted the special values that drive each and every one of us to do our best for the fans and brands we care so much about.

- Be playful & fearless as you "Jump In Muddy Puddles;"
- Be informed and prepared because "Knowing Is Half The Battle;"
- Think about the bigger picture and be generous of spirit as we "Contribute To The Community Chest;"
- Challenge one another but win together as we follow the old dungeon crawler mantra of "Don't Split The Party" and;
- Finally always assure we create a culture of diversity and inclusion as we appreciate "Friendship Is Magic."

These are the values that drive the spirit of diversity, globalism and community that inform how we do business and keep our brands so vital and enduring.

So, that's it from me. We have an amazing set of speakers from across the Company here for you this morning. They'll talk more about Hasbro's leadership as a Branded Entertainment Company and the transformation we have planned to drive our growth and profitability across our Blueprint.

We'll end with a Q&A and luncheon where you can meet with members of the team. I want to thank each of you again for coming this morning. We're going to cover a lot of ground today – and I want to make sure you take away these three points:

1. We see a big opportunity to unlock value at Hasbro with 50% profit growth over the next three years fueled by special emphasis on direct, digital and immersive entertainment experiences all informed by a category-leading investment in data analytics and customer insight.
2. We are addressing our business with discipline and urgency; we are focusing on the brands and categories with highest growth; and we are behaving like a global branded entertainment IP leader, not just a toymaker, monetizing our brands wherever and however it makes sense supported by rigorous KPIs.
3. And finally, across our business, we have a bold plan for growth that starts **now** supported by a category leading games business, a blockbuster entertainment lineup, exciting product innovation, lucrative new partnerships and a commitment to operational discipline that will drive over \$250-300M of run-rate savings over the next three years.

As a fellow shareholder, in fact one who recently invested personally over the last few months, I hope you are as excited as I am for the journey ahead. This is a new team with big ambitions who are hungry for the win.

Now, I'm going to turn it over to that talented team starting with our President and Chief Operating Officer, Eric Nyman. Eric!