Second Quarter 2026
Financial Results Conference Call Management Remarks
July 21, 2026

Fred Wightman, Vice President, Investor Relations

Thank you and good morning, everyone.

Joining me today are Chris Cocks, Hasbro's Chief Executive Officer, and Gina Goetter, Hasbro's Chief Financial Officer and Chief Operating Officer. We will begin today's call with Chris and Gina providing commentary on the Company's performance before taking your questions.

Our earnings release and presentation slides for today's call are posted on our investor website.

The press release and presentation include information regarding Non-GAAP adjustments and Non-GAAP financial measures. Our call today will discuss certain Adjusted measures, which exclude these Non-GAAP Adjustments. A reconciliation of GAAP to non-GAAP measures is included in the press release and presentation.

Please note that whenever we discuss earnings per share or EPS, we are referring to earnings per diluted share.

Before we begin, I would like to remind you that during this call and the question and answer session that follows, members of Hasbro management may make forward-looking statements concerning management's expectations, goals, objectives and similar matters.

There are many factors that could cause actual results or events to differ materially from the anticipated results or other expectations expressed in these forward-looking statements.

These factors include those set forth in our annual report on form 10-K, our most recent 10-Q, in today's press release and in our other public disclosures.

We undertake no obligation to update any forward-looking statements made today to reflect events or circumstances occurring after the date of this call.

I would now like to introduce Chris Cocks, Chris.

Chris Cocks, Hasbro CEO

Thanks Fred, and good morning, everyone.

Hasbro delivered another strong quarter, capping off a remarkable first half of 2026. Despite headwinds from oil and trade policy, the business delivered 15% growth for the first half, with profits up appreciably. Wizards continues to grow at a strong clip, the Toy business posted another quarter of growth, and our momentum is broad based, with *Magic*, *D&D*, *Hasbro Games*, *Peppa Pig*, *Star Wars*, and *Marvel* all showing solid year over year performance.

Magic is off to a ripping start, up over 32% in Q2 and over 34% in the first half, and on that strength we're raising our full-year Wizards outlook, which Gina will size in her section. Marvel Super Heroes set a record for Day One and Month One revenue and became the fastest set to reach $300M in revenue with solid re-orders and sell thru. The Hobbit is already tracking like a fan favorite. And the growth is broad-based: expanded distribution, real player growth, and Universes Beyond continuing to pull new fans in through IP they already love.

I'm not surprised by the level of interest and questions we get about *Magic*. While it's by far our biggest brand, in many ways it is also the least understood. So let's define it: While *Magic's* roots are based in the thousands of local game stores around the world, *Magic* is not a niche hobby business. It is a mega franchise. *Magic: The Gathering* belongs in the same company as Pokémon, EA Sports, World of Warcraft, and Minecraft: profitable, durable franchises built to compound for decades. What sets Magic apart is longevity. Magic has been compounding for more than 30 years.

It's also a deep game, and that depth and complexity is precisely what our players love. *Magic* fans play and collect for years because mastery never ends, and that retention is what powers a robust secondary market and a passionate community of tens of millions of fans who treat the game as a lifelong pursuit rather than a passing trend.

The numbers bear it out. Since 2009, our tabletop and digital *Magic* businesses compounded revenue at over 17% a year and grew in 15 of the last 17 years. And those two years it didn't grow? Each were declines of less than 3%.

Step back and look at *Magic* over any real horizon and you see one of the most consistent compounding franchises in entertainment, a genuine peer to the biggest names in gaming. It is a leader in one of the biggest categories in toys, collectibles and games. And with Universes Beyond it is bigger than just a game: it is a platform with platform level economics and potential.

Turning to Consumer Products. Revenue grew 5% in the quarter, and our Toy and Game business delivered its third consecutive quarter of growth.

We're continuing to see benefits from our focus on GEM^2 categories—those parts of the toy industry that are Gamified, Entertainment-Driven, Multi-Purchase and Multigenerational—which continue to outperform the broader industry.

We're continuing to expand the reach of our brands through product innovation and partnerships. We recently launched *Blooms*, our new aged-up product for *Play-Doh*. Response from consumers, creators and retail partners has been strong, with the initial launch selling out at major retailers in less than 24 hours.

And late last week, we announced a multi-year licensing agreement with Nintendo to develop products inspired by The Legend of Zelda franchise. You'll begin to see that collaboration come to life in 2027, starting with product reveals at San Diego Comic-Con later this week.

Our licensing team continues to extend Hasbro's brands through great partners and new categories. Tonies launched the first Hasbro Games for Tonie Box 2, delivering the strongest pre-orders in Tonie's history. Kayou brought *My Little Pony* trading cards to the US and *Monopoly* Big Board Bucks became one of the top new premium slot titles in the industry for our partners at Aristocrat.

Taken together, our second quarter results reinforce what makes Hasbro different. *Magic* continues to lead the category through product innovation and fan engagement. Licensing is expanding the reach of our brands across categories and channels. And in Toys and Games, better execution and stronger innovation are driving growth. That's a balanced portfolio built for durable, long-term value.

Before I turn things over to Gina, I want to spend a few minutes on digital.

Over the last several quarters, we have reviewed our portfolio and updated our plans for Hasbro's digital future. That work included cancelling several games scheduled for release in 2028 and beyond and recording a $56M non-cash write down this quarter for related capitalized costs.

The write down reflects the standard we are applying to the portfolio. We are focusing our digital investment behind the franchises, platforms, and partners where we see the clearest upside and where Hasbro has the strongest right to win.

Four priorities will guide our digital strategy: focus, cost discipline, ownable platforms and partnership.

First, focus. Our digital investment will center on trading card games and role-playing games, with brands that can become a significant digital franchise and expand across media over time.

We already have strong proof points. *Magic: The Gathering Arena* is one of the most successful digital TCGs of all time. Baldur's Gate 3 is one of the biggest and most awarded role-playing games of the last decade.

Exodus and *Warlock* are our next two significant owned game offerings, both planned for 2027. Exodus extends our role-playing strength into science fiction. *Warlock* expands on one of the most popular classes in *D&D*. Both meet the bar we are setting for owned publishing: big audience potential, strong genre fit, franchise potential and meaningful opportunities beyond the initial game.

Second, cost discipline. 2026 should be our peak year for digital investment as *Exodus* and *Warlock* enter their finishing phases. As we move into the next generation of games, our model becomes more efficient. We are past the start-up phase. We now have more mature tools, teams, and production processes. We are shifting more development to lower cost regions with strong talent, with Montreal as our base for digital games. And we are increasingly co-developing and co-publishing with partners who bring genre expertise, operating discipline, and cost advantages.

As a result, we expect our total digital spend to decrease at least 25% annually by 2028.

Third, ownable platforms. Hasbro already controls two of the more valuable platforms in TCGs and tabletop role playing games. *Magic: The Gathering Arena* has generated nearly $1 billion since its introduction in 2019. D&D Beyond has more than 30 million registered accounts and reaches more than three in four hobby role playing gamers each year.

We also recently announced CharacterOS, our new behavioral licensing platform. CharacterOS is early, but it is a comparatively modest and scalable B2B investment that can bring Hasbro characters into new digital contexts, from location-based entertainment to customer support to interactive avatars. A dozen Hasbro characters are already available for licensing pilots through our Sixth Wall AI studio and our close partner ElevenLabs' Iconic Marketplace. Arena, D&D Beyond and CharacterOS are uniquely Hasbro opportunities, with attractive underlying economics and meaningful upside.

Fourth, partnership. As Scopely previously shared, Monopoly Go! is on track to exceed $8 billion in lifetime revenue this summer. It proves that Hasbro can create major digital economics without carrying all the cost and risk ourselves.

Going forward, Hasbro will lean into a focused set of platforms and genres to create community hubs and major franchise moments for our brands. Our partners will help us scale, with more than 200 projects that are active or in-development across mobile, casino gaming, console and PC. That includes work with Scopely, Aristocrat, TripleDot, Marmalade, Gameberry Labs, Ubisoft and Gameloft.

So the digital strategy is straightforward. We are taking lower conviction projects out of the portfolio, reducing our annual spend base and concentrating investment behind the places where Hasbro has the best chance to build durable digital franchises: *Magic*, *D&D*, owned platforms, partner led economics and a concentrated number of high-conviction owned titles.

Hasbro is already the number one digital licensor in the world. Between our internal teams and a robust partner roadmap, our plan is to press that advantage for more upside for our brands and our investors.

Now, I'll pass it over to Gina to share more about the numbers and the growth we delivered across our brands and segments. Gina.

Gina Goetter, Hasbro CFO and COO

Thanks, Chris, and good morning, everyone.

We delivered another strong quarter, with continued revenue momentum across both Wizards and Consumer Products and focused operations as we fully recovered from the cyber incident.

In the second quarter, net revenue was $1.14 billion, up 16% year-over-year, with growth across both Wizards and Consumer Products. Adjusted operating profit was $282 million, up 14% vs. last year with an adjusted operating margin of 24.8%, down about 40 basis points, driven by incremental operating expenses and a non-cash impairment as we tighten the scope of our digital gaming efforts initially planned for release in 2028 and beyond. Adjusted earnings per diluted share were $1.28, down 2% as a result of the write-off.

Through the first half of the year net revenue of $2.1 billion grew 15%, adjusted operating profit of $569M grew 21% and adjusted operating margin expanded by 150 basis points largely driven by the out-performance in *Magic*.

Total Hasbro Adjusted EBITDA was $330 million in the quarter, up 9%, and $670 million for the first half, up 16%, as savings across supply chain, product development and operating expense continue to support margin even as we absorb higher input costs, royalties and ongoing investment behind our upcoming digital game launches in 2027. Through the first half, our cost transformation program remains on track, contributing $70M against our full-year commitment of $150.

Turning to the segments, Wizards delivered another stellar quarter. Segment revenue grew 27% to $664 million, powered by *Magic*, which was up 32% behind the release slate of Strixhaven and Marvel Super Heroes. Operating profit grew 12% to $270 million, and margin came in at 40.7%, down 560 basis points from a year ago due to the impairment, with volume growth and supply chain productivity more than offsetting the impact.

Entering the year, we made a deliberate decision to increase initial print and distribution runs for *Magic* releases. That reflected our confidence in the strength of the brand, while also improving operational efficiency and positioning us to better meet demand at launch.

We saw the benefits of that strategy in the second quarter. Our operations teams, together with our print partners, successfully executed the largest *Magic* Premier release in the brand's history with Secrets of Strixhaven, followed by our largest Day One release with Marvel Super Heroes. Delivering both milestones in a single quarter speaks to the progress we've made in scaling our supply chain and manufacturing capabilities.

We're continuing to invest in those capabilities. Across products, regions and formats—from Secret Lair drops to Commander decks —we're expanding production capacity to better serve players while supporting the long-term growth of the *Magic* franchise.

Consumer Products revenue grew 5% to $463 million, with the North America business up 17% as we lapped the impact from last year's later shelf set timing. The revenue impact from the cyber event was less than we forecasted with our operations being fully restored ahead of schedule. In total, approximately $25M of revenue was lost in the quarter compared to our previous assumption of $40 – $60M. Adjusted operating loss was $7.5M due to higher input costs, royalties and timing within our operating expenses.

Entertainment segment revenue was $12.8 million, down 20% against a difficult prior-year compare, and adjusted operating profit of $8.6 million contributed at a 67.2% margin, up more than 400 basis points, on favorable mix within Family Brands and Film and TV.

From a balance sheet and cash flow perspective, through the first half of the year we generated $604 million in operating cash flow, contributed $147M towards debt reduction and returned $239M to shareholders via dividends and share repurchases.

Regarding the cyber incident, operations are back to normal. Cash flow remained healthy throughout the quarter and outstanding receivables are in line with historical averages. A huge thank you to the Technology, Finance and Operations teams who successfully navigated the challenge.

Our performance through the first half of the year puts us on pace to exceed our initial expectations. In the second quarter, we accomplished several milestones, including exceeding expectations on our Marvel Super Heroes launch, resuming normal business operations, and executing the playbook to offset rising oil costs.

Turning to our full-year outlook, we are increasing our guidance for the year. We now expect consolidated revenue to grow 5% to 7% year-over-year on a constant currency basis, with growth across each segment. We are raising adjusted operating margins to 25% to 26% and adjusted EBITDA in the range of $1.45 to $1.50 billion.

At the segment level, Wizards is now expected to grow revenue in the low double-digit range, with operating margins continuing in the low-40% range, as volume growth more than offsets the impact of higher royalties, the digital game impairment and operating expense. On operating margin, the back half includes a step-up in royalties, as well as operating expense, including approximately $20M of marketing spend associated with the video game launches.

For Consumer Products, we continue to expect revenue to grow low single digits for the year, with adjusted operating margin in the 6% to 8% range. Overall volume growth and cost productivity will offset higher royalties and inflation. The lost revenue in Q2 is expected to be recouped in the back-half behind the entertainment slate and as we accelerate innovation for the holidays. Back-half operating margin will be buoyed by cost productivity across the P&L including distribution, advertising & promotion and operating expenses.

Entertainment segment revenue is expected to be slightly positive year-over-year, with operating margins of approximately 50%.

As we look forward into 2027, we continue to expect that Wizards operating margins will remain in the high 30 to low 40 percent range inclusive of the video game releases and amortization expense. As Chris mentioned, we believe 2026 is the peak investment year for digital games and we expect total digital spend to decline at least 25% by 2028.

For 2026, we are making a slight change to our capital allocation priorities for the year. We will continue to invest in the business, specifically behind our highest-return growth opportunities, led by Wizards, Digital Gaming and Licensing. Second, we remain focused on paying down debt and maintaining a healthy balance sheet. Based on the underlying strength in our cash flow, we are increasing our share repurchase target for the year from $100 million to a minimum of $200 million, and we remain committed to our dividend. As part of today's release, the Board has authorized the third-quarter dividend.

As we wrap up, Q2 was an important milestone putting us on track for another year of growing both the top and bottom line. Wizards continues to be our biggest driver of growth, Consumer Products is navigating near-term cost pressure while continuing to grow the top line, and our cost discipline is giving us room to invest behind the business. We are raising our full-year outlook with confidence, and we remain focused on translating this momentum into results for the balance of the year.

With that, I'll turn it back to the Operator for questions.