



**First Quarter 2026
Financial Results Conference Call Management Remarks
May 20, 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 started 2026 with momentum. Revenue grew 13%, powered by Wizards of the Coast, while Consumer Products posted point-of-sale growth and share gains across our key GEM² categories.

These results reinforce our confidence in the Playing to Win strategy, as Hasbro's deep IP vault, industry-leading licensing capabilities, and world-class partners position us for success today and into the future.

Let's dig into results, starting with Wizards of the Coast...

Q1 showed that MAGIC'S record 2025 was no fluke. *Lorwyn Eclipsed*, which debuted in January, became the best-selling MAGIC Premiere set of all-time and delivered the highest engagement & Organized Play statistics we've seen since the pandemic.

We followed that with a *Teenage Mutant Ninja Turtles Universes Beyond* collaboration that outpaced internal expectations, more proof that our multi-franchise strategy is expanding the MAGIC audience.

Backlist was once again a standout, setting a quarterly record thanks to demand for *Avatar: The Last Airbender* and *Final Fantasy*. We're only one quarter into the year, but 2026 already represents the third-largest backlist year in MAGIC'S history.

We're seeing record demand extend beyond tabletop and digital into live experiences, too. MAGICCON Las Vegas sold more than 23,000 badges, making it the largest MAGIC event ever. That demand is global-MAGICCON Amsterdam is on track to sell out as well.

From our tentpole MAGICCONS to weekly Organized Play events across more than 11,000 Wizards Play Network stores, the flywheel of new player acquisition, distribution growth, and durable retention are showing up in the numbers.

MAGIC'S momentum has carried into Q2 where *Secrets of Strixhaven* already surpassed *Lorwyn Eclipsed* as the largest MAGIC Premier set ever. The rest of the year features a blockbuster Universes Beyond slate with *Marvel Super Heroes*, *The Hobbit*, and *Star Trek*. And yesterday, in partnership with The Walt Disney Company, we announced MAGIC ARENA will feature full digital rights for the upcoming *Marvel Super Heroes* launch. This is a meaningful step forward in our strategy to extend the MAGIC ecosystem across platforms and reach new fans wherever they play.

Outside of MAGIC, Wizards of the Coast teams are polishing our AAA video game launches: *Exodus* from Archetype and *Warlock* from Invoke. Both titles remain on schedule to launch next year, and we're excited to share *Exodus*' extended showcase with fans later this summer.

D&D is on a great trajectory. We launched *Dungeon Masters*, our first official D&D actual-play series on YouTube, featuring talent from *Baldur's Gate 3* alongside top creators in the tabletop space.

Turning to Consumer Products...

We're continuing to see POS momentum with positive trends in 1Q that have continued through the end of April. With lean retailer inventories, we remain on plan to grow the segment for the year.

Our focus on GEM² categories, those parts of the toy industry that are gamified, entertainment-driven, multi-purchase and multigenerational, continues to pay dividends. These are structurally advantaged categories with above industry growth, and we gained share in many of our key categories in the first quarter.

Looking ahead, we're two days away from Star Wars' return to theaters for the first time since 2019 with *The Mandalorian and Grogu*. We have a strong lineup of product on shelves, and if early demand for our Ultimate Grogu is any indication, fans are as excited as we are.

We have three additional tentpole releases ahead including Disney and Pixar's *Toy Story 5*, *Spider-Man: Brand New Day*, and Marvel Studios' *Avengers: Doomsday*. That is a stacked content lineup that creates real opportunity across Consumer Products.

With positive early reads from FIFA MONOPOLY, including blaster boxes that are resonating with collectors and live sellers alike, category-first innovation from the PLAY-DOH brand this summer, and KPop Demon Hunters product hitting shelves in July, there's a lot to look forward to at Hasbro.

Before I hand off to Gina to walk through the financials, I want to offer a sincere thank you to our team and partners for delivering a great start to 2026. I want to give a special call out to our IT, Sales, Finance and Operations teams that have kept Hasbro open for business despite the cyber security incident and enhanced precautions we have taken.

With that, I'll turn it over to Gina

Gina Goetter, Hasbro CFO and COO

Thanks, Chris, and good morning, everyone.

We delivered a strong start to 2026, with Q1 results on track across revenue, profit, and margin.

Net revenue in the first quarter was \$1.0 billion, up 13% year-over-year, driven by performance in Wizards. Adjusted operating profit of \$287 million increased 29%, with an adjusted operating margin of 28.7%, up 360 basis points versus last year from favorable business mix and cost savings.

Adjusted earnings per diluted share were \$1.47, up 41% year-over-year, reflecting strong operating leverage, and disciplined execution.

Looking more closely at the Segments, Wizards momentum continued. Segment revenue grew 26% to \$582 million, behind the strength in MAGIC. Operating profit increased 29% to \$298 million, with a 51.2% operating margin, up 140 basis points versus last year.

Product mix and scale were more than able to offset the headwind of higher royalty and operating expense.

The MAGIC ecosystem remained healthy through the quarter with both Backlist and Secret Lair posting double-digit growth, and we achieved meaningful distribution gains within the Wizards Play Network, underscoring the durability of the franchise.

Digital & Licensing revenue was up 3% and Monopoly Go! delivered \$41M of revenue, in line with our expectations.

Consumer Products revenue was \$398 million, essentially flat year-over-year with growth in Toy & Game volume offset by a decline in licensing as we lapped challenging prior year compares.

Adjusted operating loss was \$41 million, a decline of roughly \$10 million versus last year on an adjusted basis. The loss reflects higher royalty expense, incremental tariffs and the impact of prior year licensing strength.

As we moved through the quarter POS performance was in line with expectations and both owned and retail inventory levels remain healthy, providing a good set-up in advance of key theatrical windows, as well as the upcoming seasonal build.

The Entertainment Segment delivered \$20 million in revenue and \$20 million in adjusted operating profit, which was also in line with expectations.

Q1 profitability was favorably impacted by the timing of entertainment backed revenues in the Consumer Product segment, namely for PEPPA PIG.

Our cost transformation efforts delivered \$37M in gross savings, which has us on track for our full-year commitment of \$150M.

Total Hasbro Adjusted EBITDA was \$339M and up 24% versus last year behind planned efficiencies across supply chain, product development, and SG&A supporting margin expansion even as we absorbed elevated royalties and incremental investments for our upcoming 2027 digital game launches.

From a balance sheet and cash flow perspective, we generated \$338 million in operating cash flow, funded \$50 million in strategic investments, returned \$99 million to shareholders via our dividend, and we started share repurchases under our recently authorized share repurchase program.

Finally, we issued \$400M of new notes with the proceeds going towards fully repaying the November 2026 maturities and the balance applied to the repurchase of higher-rate, longer-dated debt.

We are encouraged by our strong start to the year and believe we are well positioned to continue the momentum and deliver on our full-year financial commitments. The macro environment continues to require agility, including absorbing and offsetting the impact of rising oil costs across the business, which impacts our freight, resin and packaging costs.

While the impact of higher inputs won't be realized until the back-half of 2026, we have several actions underway across a variety of operating levers, including freight optimization, mix management and operating spend reductions, to mitigate the impact.

As we look to our full-year outlook, we are maintaining guidance for the year. We continue to expect consolidated revenue to grow 3% to 5% year-over-year on a constant currency basis, with growth planned across each segment. We expect adjusted operating margins of 24% to 25%, and adjusted EBITDA in the range of \$1.40 to \$1.45 billion.

At the segment level, Wizards is on track to deliver mid-single digit revenue growth, with operating margins in the low-40% range. The volume growth is absorbing the impact of incremental royalties and back-half investments behind our 2027 digital game releases, Exodus and Warlock.

From a phasing standpoint, revenue growth remains robust during the first half of the year, supported by the upcoming Marvel Super Heroes release, before moderating in the back-half due to tougher Q4 compares.

On operating margin, year to go performance incorporates higher royalties, as well as a step-up in operating expenses behind video game marketing spend and other investments.

Consumer Products is expected to grow low single digits for the year, with adjusted operating margins in the 6% to 8% range.

Relative to our initial guidance, the CP margin range reflects the benefit of lower tariff expense, offset by higher oil-related input costs, with continued productivity and pricing mix providing further support.

Operating margin continues to strengthen as we move through the year driven by volume leverage and these productivity step-ups.

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

Our capital allocation priorities remain unchanged. We will continue to invest in the business, specifically behind our highest-return growth opportunities led by Wizards, Digital Gaming and Licensing.

Second, we are focused on paying down debt and maintaining a healthy balance sheet. And we remain firmly committed to returning cash to shareholders through our dividend and share repurchases. As part of today's release, the Board has authorized the second quarter dividend.

In connection with the cyber incident that occurred at the end of March we expect three impacts to 2026.

First, we expect to incur approximately \$20M of additional operating expenses associated with remediation. These expenses are one-time and will not impact adjusted EBITDA.

Second, we expect approximately \$40 to \$60M of Consumer Product revenue to be delayed from Q2 to the back-half of the year. Given the strong POS we're seeing, along with upcoming entertainment slate, we have good line-of-sight into the recovery.

And finally, given our delay in invoicing, we expect some receivables to shift from Q2 into Q3, impacting cash flow. All these impacts are embedded in our guidance.

As we wrap up, Q1 gives us a clean foundation. We are on track, our capital allocation priorities are clear, and we are focused on execution. Wizards is providing growth momentum, Consumer Products is stable and improving, and our cost discipline continues to translate into real margin performance.

We are managing through a dynamic macro environment and changing consumer patterns with clarity and focus. We remain fully committed to delivering on our full-year guidance.

Before we open the line for questions, I want to echo Chris' comments and again recognize the Hasbro teams for their outstanding work navigating a dynamic environment over the past few months. Their focus, agility and execution have helped mitigate the impact of the cyber event and have us on track to deliver the year.

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