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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 28, 2020
or

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

Commission File Number 1-6682

HASBRO, INC.
(Exact name of registrant as specified in its charter)

Rhode Island	**05-0155090**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1027 Newport Avenue **Pawtucket, Rhode Island**	**02861**
(Address of Principal Executive Offices)	(Zip Code)

(401) 431-8697
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 par value per share	HAS	The 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 [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [x] 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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No [x]

The number of shares of Common Stock, par value $.50 per share, outstanding as of July 27, 2020 was 137,022,714.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Thousands of Dollars Except Share Data)
(Unaudited)

	June 28, 2020	June 30, 2019	December 29, 2019
ASSETS			
Current assets			
Cash and cash equivalents including restricted cash of $71,900, $0 and $0	$ 1,038,016	1,151,042	4,580,369
Accounts receivable, less allowance for doubtful accounts of $28,000 $17,000 and $17,200	911,320	805,288	1,410,597
Inventories	564,168	564,769	446,105
Prepaid expenses and other current assets	672,163	308,996	310,450
Total current assets	3,185,667	2,830,095	6,747,521
Property, plant and equipment, less accumulated depreciation of $528,200 $490,000 and $505,900	482,215	387,372	382,248
Other assets			
Goodwill	3,666,045	485,765	494,584
Other intangible assets, net of accumulated amortization of $855,000 $759,900 and $783,500	1,559,050	670,214	646,305
Other	1,329,073	665,164	584,970
Total other assets	6,554,168	1,821,143	1,725,859
Total assets	$ 10,222,050	5,038,610	8,855,628
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 6,419	12,787	503
Current portion of long-term debt	378,558	—	—
Accounts payable	335,236	330,053	343,927
Accrued liabilities	1,261,352	729,856	912,652
Total current liabilities	1,981,565	1,072,696	1,257,082
Long-term debt	4,802,509	1,695,833	4,046,457
Other liabilities	771,692	554,212	556,559
Total liabilities	7,555,766	3,322,741	5,860,098
Redeemable noncontrolling interests	24,133	—	—
Shareholders' equity			
Preference stock of $2.50 par value. Authorized 5,000,000 shares; none issued	—	—	—
Common stock of $0.50 par value. Authorized 600,000,000 shares; issued 220,286,736 shares at June 28, 2020, 209,694,630 shares at June 30, 2019, and 220,286,736 shares at December 29, 2019	110,143	104,847	110,143
Additional paid-in capital	2,297,267	1,290,540	2,275,726
Retained earnings	4,064,715	4,053,266	4,354,619
Accumulated other comprehensive loss	(308,128)	(173,175)	(184,220)
Treasury stock, at cost; 83,264,365 shares at June 28, 2020; 83,488,022 shares at June 30, 2019; and 83,424,129 shares at December 29, 2019	(3,559,990)	(3,559,609)	(3,560,738)
Noncontrolling interests	38,144	—	—
Total shareholders' equity	2,642,151	1,715,869	2,995,530
Total liabilities, noncontrolling interests and shareholders' equity	$ 10,222,050	5,038,610	8,855,628

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Thousands of Dollars Except Per Share Data)
(Unaudited)

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Net revenues	$ 860,279	984,537	$ 1,965,849	1,717,047
Costs and expenses:				
Cost of sales	253,245	343,694	515,939	603,681
Program cost amortization	50,675	23,502	182,821	30,077
Royalties	97,337	71,061	210,159	130,949
Product development	58,325	65,632	112,154	121,892
Advertising	72,366	92,799	174,007	169,403
Amortization of intangibles	34,702	11,815	71,513	23,631
Selling, distribution and administration	281,192	247,701	560,320	472,954
Acquisition and related costs	10,262	—	160,044	—
Total costs and expenses	858,104	856,204	1,986,957	1,552,587
Operating profit (loss)	2,175	128,333	(21,108)	164,460
Non-operating (income) expense:				
Interest expense	49,577	22,018	104,302	44,332
Interest income	(1,031)	(5,996)	(5,698)	(13,678)
Other expense (income), net	(2,643)	106,203	(4,102)	98,103
Total non-operating expense, net	45,903	122,225	94,502	128,757
Earnings (loss) before income taxes	(43,728)	6,108	(115,610)	35,703
Income tax (benefit) expense	(10,830)	(7,325)	(14,902)	(4,457)
Net earnings (loss)	(32,898)	13,433	(100,708)	40,160
Net earnings attributable to noncontrolling interests	1,017	—	2,844	—
Net earnings (loss) attributable to Hasbro, Inc.	$ (33,915)	13,433	$ (103,552)	40,160
Net earnings (loss) per common share:				
Basic	$ (0.25)	0.11	$ (0.75)	0.32
Diluted	$ (0.25)	0.11	$ (0.75)	0.32
Cash dividends declared per common share	$ 0.68	0.68	$ 1.36	1.36

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings (Loss)
(Thousands of Dollars)
(Unaudited)

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Net earnings (loss)	$ (32,898)	13,433	$ (100,708)	40,160
Other comprehensive earnings (loss):				
Foreign currency translation adjustments, net of tax	(7,197)	3,334	(138,964)	10,327
Unrealized holding gains on available-for-sale securities, net of tax	2,534	290	2,124	555
Net (losses) gains on cash flow hedging activities, net of tax	(3,691)	(2,079)	21,324	4,513
Changes in unrecognized pension amounts, net of tax	—	19,589	—	19,589
Reclassifications to earnings (loss), net of tax:				
Net gains on cash flow hedging activities	(5,278)	(1,982)	(8,942)	(4,796)
Amortization of unrecognized pension and postretirement amounts	276	4,160	550	5,299
Settlement of U.S. defined benefit plan	—	85,852	—	85,852
Total other comprehensive earnings (loss), net of tax	(13,356)	109,164	(123,908)	121,339
Total comprehensive earnings attributable to noncontrolling interests	1,017	—	2,844	—
Total comprehensive earnings (loss) attributable to Hasbro, Inc.	$ (47,271)	122,597	$ (227,460)	161,499

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Thousands of Dollars)
(Unaudited)

	Six Months Ended	
	June 28, 2020	June 30, 2019
Cash flows from operating activities:		
Net earnings (loss)	$ (100,708)	40,160
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation of plant and equipment	56,587	62,408
Amortization of intangibles	71,513	23,631
Asset impairments	40,878	—
Program cost amortization	182,821	30,077
Deferred income taxes	(11,086)	(15,236)
Stock-based compensation	26,130	15,894
Non-cash pension settlement	—	110,777
Other non-cash items	7	(8,241)
Change in operating assets and liabilities net of acquired balances:		
Decrease in accounts receivable	721,973	431,557
Increase in inventories	(125,356)	(119,647)
Increase in prepaid expenses and other current assets	(40,190)	(33,073)
Program production costs, net	(220,376)	(59,417)
Decrease in accounts payable and accrued liabilities	(344,414)	(134,574)
Change in net deemed repatriation tax	—	(14,550)
Other	560	6,510
Net cash provided by operating activities	258,339	336,276
Cash flows from investing activities:		
Additions to property, plant and equipment	(64,009)	(58,195)
Acquisitions, net of cash acquired	(4,403,929)	—
Other	13,152	(2,281)
Net cash utilized by investing activities	(4,454,786)	(60,476)
Cash flows from financing activities:		
Proceeds from borrowings with maturity greater than three months	1,023,453	—
Repayments of borrowings with maturity greater than three months	(98,193)	—
Net (repayments of) proceeds from other short-term borrowings	(4,480)	3,095
Purchases of common stock	—	(58,633)
Stock-based compensation transactions	1,830	25,779
Dividends paid	(186,243)	(164,908)
Payments related to tax withholding for share-based compensation	(5,669)	(11,889)
Redemption of equity instruments	(47,399)	—
Deferred acquisition payments	—	(100,000)
Other	(4,835)	—
Net cash provided (utilized) by financing activities	678,464	(306,556)
Effect of exchange rate changes on cash	(24,370)	(573)
Decrease in cash, cash equivalents and restricted cash	(3,542,353)	(31,329)
Cash, cash equivalents and restricted cash at beginning of year	4,580,369	1,182,371
Cash, cash equivalents and restricted cash at end of period	$ 1,038,016	1,151,042
Supplemental information		
Cash paid during the period for:		
Interest	$ 81,456	40,807
Income taxes	$ 30,449	40,014

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity and Redeemable Noncontrolling Interests
(Thousands of Dollars)
(Unaudited)

	Quarter Ended June 28, 2020							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, March 29, 2020	$ 110,143	2,282,379	4,191,810	(294,772)	(3,560,336)	35,283	$ 2,764,507	$ 26,041
Noncontrolling interests related to acquisition of Entertainment One Ltd.	—	—	—	—	—	(1,364)	(1,364)	2,645
Net loss attributable to Hasbro, Inc.	—	—	(33,915)	—	—	—	(33,915)	—
Net earnings (loss) attributable to noncontrolling interests	—	—	—	—	—	1,104	1,104	(87)
Other comprehensive loss	—	—	—	(13,356)	—	—	(13,356)	—
Stock-based compensation transactions	—	(290)	—	—	45	—	(245)	—
Stock-based compensation expense	—	15,178	—	—	301	—	15,479	—
Dividends declared	—	—	(93,180)	—	—	—	(93,180)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	—	—	—	—	3,121	3,121	(4,466)
Balance, June 28, 2020	$ 110,143	2,297,267	4,064,715	(308,128)	(3,559,990)	38,144	$ 2,642,151	$ 24,133

	Quarter Ended June 30, 2019							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, March 31, 2019	$ 104,847	1,269,230	4,125,686	(282,339)	(3,562,893)	—	$ 1,654,531	$ —
Net earnings	—	—	13,433	—	—	—	13,433	—
Other comprehensive earnings	—	—	—	109,164	—	—	109,164	—
Stock-based compensation transactions	—	10,937	—	—	12,499	—	23,436	—
Purchases of common stock	—	—	—	—	(9,451)	—	(9,451)	—
Stock-based compensation expense	—	10,373	—	—	236	—	10,609	—
Dividends declared	—	—	(85,853)	—	—	—	(85,853)	—
Balance, June 30, 2019	$ 104,847	1,290,540	4,053,266	(173,175)	(3,559,609)	—	$ 1,715,869	$ —

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity and Redeemable Noncontrolling Interests
(Thousands of Dollars)
(Unaudited)

Six Months Ended June 28, 2020

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, December 29, 2019	$ 110,143	2,275,726	4,354,619	(184,220)	(3,560,738)	—	$ 2,995,530	$ —
Noncontrolling interests related to acquisition of Entertainment One Ltd.	—	—	—	—	—	38,561	38,561	26,241
Net loss attributable to Hasbro, Inc.	—	—	(103,552)	—	—	—	(103,552)	
Net earnings (loss) attributable to noncontrolling interests	—	—	—	—	—	2,968	2,968	(124)
Other comprehensive loss	—	—	—	(123,908)	—	—	(123,908)	—
Stock-based compensation transactions	—	(4,288)	—	—	447	—	(3,841)	—
Stock-based compensation expense	—	25,829	—	—	301	—	26,130	—
Dividends declared	—	—	(186,352)	—	—	—	(186,352)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	—	—	—	—	(3,385)	(3,385)	(1,984)
Balance, June 28, 2020	$ 110,143	2,297,267	4,064,715	(308,128)	(3,559,990)	38,144	$ 2,642,151	$ 24,133

Six Months Ended June 30, 2019

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, December 30, 2018	$ 104,847	1,275,059	4,184,374	(294,514)	(3,515,280)	—	$ 1,754,486	$ —
Net earnings	—	—	40,160	—	—	—	40,160	—
Other comprehensive earnings	—	—	—	121,339	—	—	121,339	—
Stock-based compensation transactions	—	(177)	—	—	14,068	—	13,891	—
Purchases of common stock	—	—	—	—	(58,633)	—	(58,633)	—
Stock-based compensation expense	—	15,658	—	—	236	—	15,894	—
Dividends declared	—	—	(171,268)	—	—	—	(171,268)	—
Balance, June 30, 2019	$ 104,847	1,290,540	4,053,266	(173,175)	(3,559,609)	—	$ 1,715,869	$ —

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(1) Basis of Presentation

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial position of Hasbro, Inc. and all majority-owned subsidiaries ("Hasbro" or the "Company") as of June 28, 2020 and June 30, 2019, and the results of its operations and cash flows and shareholders' equity for the periods then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes thereto. Actual results could differ from those estimates.

The quarters ended June 28, 2020 and June 30, 2019 were each 13-week periods. The six-month periods ended June 28, 2020 and June 30, 2019 were each 26-week periods.

The results of operations for the quarter ended June 28, 2020 are not necessarily indicative of results to be expected for the full year 2020, nor were those of the comparable 2019 period representative of those actually experienced for the full year 2019.

Following the Company's acquisition of Entertainment One Ltd. ("eOne" or "eOne Acquisition") (see Note 3), beginning with the first quarter of 2020, the eOne operating segment was added to the Company's reporting structure and is comprised of all legacy eOne operations. Over time, the Company plans to transition towards reflecting all of its entertainment operations within the eOne segment. The Company also expects to shift the consumer product and digital licensing business and toy and game sales related to the eOne preschool brands to legacy Hasbro segments; including related toy and game operations into the Company's geographic commercial segments in late 2021 and 2022. In addition to the eOne segment, the Company's brand architecture now reflects the addition of the TV, Film and Entertainment brand portfolio which consists of legacy eOne film and TV revenues. Operations related to eOne brands, including PEPPA PIG, PJ MASKS and RICKY ZOOM, are reported in the Emerging Brands portfolio.

eOne's results of operations and financial position are included in the Company's consolidated financial statements and accompanying condensed footnotes since the date of acquisition. For more information on the eOne Acquisition see Note 3.

Significant Accounting Policies

The Company's significant accounting policies are summarized in Note 1 to the consolidated financial statements included in our Form 10-K for the year ended December 29, 2019. An update and supplement to these accounting policies associated with our acquisition of eOne is below.

Noncontrolling Interests

The financial results and position of the noncontrolling interests acquired through the acquisition of eOne are included in their entirety in the Company's consolidated statements of operations and consolidated balance sheets beginning with the first quarter of 2020. The value of the redeemable noncontrolling interests is presented in the consolidated balance sheets as temporary equity between liabilities and shareholders' equity. The value of the noncontrolling interests is presented in the consolidated balance sheets within total shareholders' equity. Earnings (losses) attributable to the redeemable noncontrolling interests and non-redeemable noncontrolling interests are presented as a separate line on the consolidated statements of operations which is necessary to identify those earnings (losses) specifically attributable to Hasbro. A breakout of the redeemable noncontrolling interests and noncontrolling interests acquired is listed below.

Name	Country of Incorporation	Ownership Interest	Proportion Held	Principal Activity
Astley Baker Davies Limited	England and Wales	Nonredeemable	70 %	Ownership of intellectual property
Whizz Kid Entertainment Limited	England and Wales	Redeemable	70 %	Production of television programs
MR Productions Holdings, LLC	United States	Redeemable	75 %	Film development
Renegade Entertainment, LLC	United States	Redeemable	65 %	Production of television programs
Round Room Live, LLC	United States	Nonredeemable	60 %	Production of live events

Production Financing

Production financing relates to financing facilities for certain of the Company's television and film productions. Beginning in the first quarter of 2020 with the acquisition of eOne, the Company funded certain of its television and film productions using production financing facilities. Production financing facilities are secured by the assets and future revenues of the individual production subsidiaries, typically have maturities of less than two years while the titles are in production, and are repaid once the production is delivered and all tax credits, broadcaster pre-sales and international sales have been received. In connection with the production of a television or film program, the Company records initial cash outflows within cash flows from operating activities due to its investment in the production and concurrently records cash inflows within cash flows from financing activities from the production financing it normally obtains. Under these facilities, certain of the Company's cash is restricted while the financing is outstanding. At June 28, 2020, $71,903 of the Company's cash was restricted by such facilities.

Investment in Productions and Acquired Content Rights

The cost of investments in programming ("IIP") and investments in content rights ("IIC") for eOne's television and film libraries are recorded in the consolidated balance sheets at amounts considered recoverable against future revenues. These amounts are amortized to program cost amortization using a model that reflects the consumption of the asset as it is released through different exploitation windows (e.g., broadcast licenses, theatrical release and home entertainment) and the expected revenue earned in each of those stages of release over a period not exceeding 10 years. Amounts capitalized are reviewed regularly and any portion of the unamortized amount that appears not to be recoverable from future net revenues will be written off to program cost amortization during the period in which the loss becomes evident. Certain of these agreements require the Company to pay minimum guaranteed advances ("MGs") for participations and residuals. MGs are recognized in the consolidated balance sheets when a liability arises, usually on delivery of the television or film program to the Company. The current portion of MGs are recorded as Payables and Accrued Liabilities and the long-term portion are recorded as Other Liabilities.

These consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company filed with the SEC audited consolidated financial statements for the fiscal year ended December 29, 2019 in its Annual Report on Form 10-K ("2019 Form 10-K"), which includes all such information and disclosures and, accordingly, should be read in conjunction with the financial information included herein.

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-13 (ASU 2016-13) Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this update provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The standard update replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and early adoption was permitted. The Company adopted the standard in the first quarter of 2020 and the adoption of the standard did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13 (ASU 2018-13), Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, specifically related to disclosures surrounding Level 3 asset balances, fair value measurement methods, related gains and losses and fair value hierarchy transfers. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and early adoption was permitted. The Company adopted the standard in the first quarter of 2020 and the adoption of the standard did not have a material impact on its consolidated financial statements.

In March 2019, the FASB issued Accounting Standards Update No. 2019-02 (ASU 2019-02) Entertainment-Films-Other Assets-Film Costs (Subtopic 926-20) and Entertainment-Broadcasters-Intangibles-Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials. The amendments in this update align cost capitalization of episodic television series production costs with that of film production cost capitalization. In addition, this update addresses impairment testing procedures with regard to film groups, when a film or license agreement is expected to be monetized with other films and/or license agreements. The intention of this update is to align accounting treatment with changes in production and distribution models within the entertainment industry and to provide increased transparency of information provided to users of financial statements about produced and licensed content. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and early adoption was permitted. The Company adopted the standard in the first quarter of 2020 and the adoption of the standard did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update No. 2018-14 (ASU 2018-14) Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans. The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2020, and early adoption is permitted. The standard relates to financial statement disclosure only and will not have an impact on the Company's consolidated statement of financial position, statements of operations and comprehensive earnings (loss) or statement of cash flows.

In March 2020, the FASB issued Accounting Standards Update No. 2020-04 (ASU 2020-04) Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The amendments in this update provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions, for a limited period of time, to ease the potential burden of recognizing the effects of reference rate reform on financial reporting. The amendments in this update apply to contracts, hedging relationships and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to the global transition away from LIBOR and certain other interbank offered rates. An entity may elect to apply the amendments provided by this update beginning March 12, 2020 through December 31, 2022. The Company is currently evaluating this option as it relates to its contracts that reference LIBOR, as well as the impact of the standard to the Company's consolidated financial statements.

(2) Revenue Recognition

Revenue Recognition

Revenue is recognized when control of the promised goods or content is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods or content. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

Contract Assets and Liabilities

Within our Entertainment, Licensing and Digital segment and our eOne segment the Company may receive royalty payments from licensees in advance of the licensees' subsequent sales to their customers, or in advance of the Company's performance obligation being satisfied. In addition, the Company may receive payments from its digital gaming business in advance of the recognition of the revenues. The Company defers revenues on these advanced payments until its performance obligation is satisfied and records the aggregate deferred revenues as contract liabilities. The current portion of contract liabilities were recorded within Accrued Liabilities and the long-term portion were recorded as Other Non-current Liabilities in the Company's consolidated balance sheets. The Company records contract assets in the case of minimum guarantees that are being recognized ratably over the term of the respective license periods which varies based on sales over and above the contracts' minimum guarantee. The current portion of contract assets were recorded in Prepaid Expenses and Other Current Assets, respectively, and the long-term portion were recorded as Other Long-Term Assets.

At June 28, 2020 and June 30, 2019, the Company had the following contract assets and liabilities in its consolidated balance sheets:

		June 28, 2020	June 30, 2019
Assets			
Contract assets - current	$	252,870	32,199
Contract assets - long term		108,538	9,215
Total	$	361,408	41,414
Liabilities			
Contract liabilities - current	$	141,650	53,804
Contract liabilities - long term		24,374	8,411
Total	$	166,024	62,215

In connection with the Company's acquisition of eOne, the Company acquired $283,327 of contract assets, of which $226,432 were recorded in Prepaid Expenses and Other Current Assets and $56,895 were recorded in Other Long-term Assets, within the Company's consolidated balances sheets. In addition, the Company acquired deferred revenues from eOne in the amount of $152,266, of which $144,094 were recorded in Accrued Liabilities and $8,172 were recorded in Other Non-current Liabilities within the Company's consolidated balance sheets. For the six months ended June 28, 2020, the Company recognized all revenues related to the acquired current contract liabilities.

Contract assets and liabilities attributable to eOne represent approximately 77% and 57% of total contract asset balances and total contract liability balances, respectively, as of June 28, 2020.

Disaggregation of revenues

The Company disaggregates its revenues from contracts with customers by segment: U.S. and Canada, International, Entertainment, Licensing and Digital, and eOne. The Company further disaggregates revenues within its International segment by major geographic region: Europe, Latin America, and Asia Pacific. Finally, the Company disaggregates its revenues by brand portfolio into five brand categories: Franchise brands, Partner brands, Hasbro gaming, Emerging brands, and TV/Film/Entertainment. We believe these collectively depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See Note 13 for further information.

(3) Business Combination

On December 30, 2019, the Company completed its acquisition of eOne, a global independent studio that specializes in the development, acquisition, production, financing, distribution and sales of entertainment content. eOne's principal brand, PEPPA PIG, which was launched in the United Kingdom in May 2004, entertains preschool children worldwide with much of its historical revenue generated through licensing and merchandising programs across multiple retail categories. eOne's portfolio of preschool brands also includes PJ MASKS and RICKY ZOOM.

The addition of eOne accelerates the Company's brand blueprint strategy by expanding our brand portfolio with eOne's global preschool brands, adding proven TV and film expertise and executive leadership as well as by enhancing brand building capabilities and our storytelling capabilities to strengthen Hasbro brands.

The all-cash transaction was valued at approximately £2,900,000 based on the consideration of £5.60 per common share of eOne. Converted at the rate of $1.31 USD/GBP on December 30, 2019, the cash consideration for shares outstanding was approximately $3,658,000. The Company also redeemed eOne's outstanding senior secured notes and paid off the debt outstanding under eOne's revolving credit facility, which together represented approximately $831,000 of eOne's indebtedness. The total cash consideration transferred by the Company was approximately $4,635,000.

The total consideration transferred, in thousands of dollars except per share data, was as follows:

Acquisition Consideration		
eOne common shares outstanding as of December 30, 2019		498,040
Cash consideration per share	$	7.35
Total consideration for shares outstanding		3,658,345
Cash consideration for employee share based payment awards outstanding		145,566
Cash consideration for extinguishment of debt		831,130
Total cash consideration		4,635,041
Less: Employee awards to be recorded as future stock compensation expense		47,399
Total consideration transferred	$	4,587,642

The Company financed the acquisition with proceeds from the following debt and equity financings: (1) the issuance of senior unsecured notes in an aggregate principal amount of $2,375,000 in November 2019, (2) the issuance of 10,592 shares of common stock at a public offering price of $95.00 per share in November 2019 (resulting in net proceeds of $975,185) and (3) $1,000,000 in term loans provided by a term loan agreement, which were borrowed on the date of closing. See Note 7 for further discussion of the issuance of the senior unsecured notes and term loan agreement.

The acquisition was accounted for as a business combination under FASB Accounting Standards Codification Topic 805, Business Combinations (“Topic 805”). Pursuant to Topic 805, the Company allocated the eOne purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, December 30, 2019. The excess of the purchase price over those fair values was recorded to goodwill. The Company's evaluations of the facts and circumstances available as of December 30, 2019, to assign fair values to assets acquired and liabilities assumed, including income tax related amounts, are ongoing. As we complete further analysis of assets including program rights, investment in films and television content, intangible assets, as well as deferred revenue, noncontrolling interest, tax and certain other liabilities, additional information on the assets acquired and liabilities assumed may become available. A change in information related to the net assets acquired may change the amount of the purchase price assigned to goodwill, and as a result, the preliminary fair values set forth below are subject to adjustment as additional information is obtained and valuations are completed. Provisional adjustments, if any, will be recognized during the reporting period in which the adjustments are determined. We expect to finalize the purchase price allocation as soon as practicable, but no later than one year from the acquisition date.

During the second quarter of 2020 the Company made adjustments to the preliminary allocation based on more detailed information obtained about the specific assets acquired and liabilities assumed. The adjustments made to the fair value of acquired investments in productions and content and intangible assets did not result in material changes to the amortization expense recorded in the previous quarter.

The following table summarizes our preliminary allocation of the December 30, 2019 eOne purchase price (in thousands of dollars), as adjusted during the second quarter of 2020:

	Initial Estimated Fair Value	Measurement Period Adjustments	Updated Estimated Fair Value
Cash, cash equivalents and restricted cash	$ 183,713	$ —	$ 183,713
Accounts receivable, net	259,061	35,097	294,158
Inventories	7,029	—	7,029
Other current assets	286,270	(8,100)	278,170
Property, plant and equipment (including right of use assets)	90,339	26,503	116,842
Intangible assets	1,055,249	5,505	1,060,754
Content assets - IIC and IIP	751,524	(139,881)	611,643
Other assets	183,209	(76,591)	106,618
Current portion of long-term debt	(60,533)	—	(60,533)
Accounts payable, and accrued liabilities	(772,097)	46,637	(725,460)
Long-term debt	(149,118)	—	(149,118)
Other liabilities	(262,644)	19,661	(242,983)
Noncontrolling interests	(63,541)	(1,261)	(64,802)
Estimated fair value of net assets acquired	1,508,461	(92,430)	1,416,031
Goodwill	3,079,181	92,430	3,171,611
Total purchase price	$ 4,587,642	$ —	$ 4,587,642

Intangible assets consist of intellectual property associated with established brands, eOne artist relationships, eOne music catalogs and trademarks and tradenames with estimated useful lives ranging from 7 to 15 years, determined based on when the related cash flows are expected to be realized. The fair value of the intangible assets acquired was determined based on the estimated future cash flows to be generated from the acquired assets, considering assumptions related to contract renewal rates and estimated brand franchise revenue growth.

Investments in productions and content, or IIP and IIC, includes the fair value of completed films and television programs which have been produced by eOne or for which eOne has acquired distribution rights, as well as the fair value of films and television programs in production, pre-production and development. For films and television programs, fair values were estimated based on forecasted cash flows, discounted to present value. For titles less than 3 years old and titles in development, the content assets will be amortized using the individual film forecast method, wherein the amortization will phase to the revenues incurred. For titles over 3 years old, the estimated useful life is 10 years, and will be amortized straight-line over that period.

Deferred tax liabilities within other liabilities were adjusted to record the deferred tax impact of purchase price accounting adjustments, primarily related to intangible assets.

Other fair value adjustments were made to accounts receivable, net and other assets to reflect the fair value of certain assets upon acquisition.

The former eOne senior notes were adjusted to fair value prior to extinguishment using quoted market values, and the fair value of the outstanding amounts under eOne's credit facility were estimated to approximate their carrying values.

Goodwill of $3,171,611 represents the excess of the purchase price over the fair value of the underlying tangible and identifiable intangible assets acquired and liabilities assumed. The acquisition goodwill represents the value placed on the combined company’s brand building capabilities, our storytelling capabilities and franchise economics in TV, film and other mediums to strengthen Hasbro brands. In addition, the acquisition goodwill depicts added benefits of long-term profitable growth through in-sourcing toy and game production for the acquired preschool brands and cost-synergies, as well as future revenue growth opportunities. The goodwill recorded as part of this acquisition is included in the newly created eOne segment. The goodwill associated with the fair value step-up of the acquisition will not be amortized for financial reporting purposes and will not be deductible for federal tax purposes.

Changes in the carrying amount of goodwill, by operating segment, for the quarter and six months ended June 28, 2020 is as follows:

	Six Months Ended June 28, 2020				
(in thousands of dollars)	U.S and Canada	International	Entertainment, Licensing and Digital	eOne	Total
Balance at December 29, 2019	$ 291,577	170,218	32,789	—	$ 494,584
Acquired during the period	—	—	—	3,079,181	3,079,181
Measurement period adjustments	—	—	—	92,430	92,430
Foreign exchange translation	—	514	(664)	—	(150)
Balance at June 28, 2020	$ 291,577	170,732	32,125	3,171,611	$ 3,666,045

The following table summarizes net revenues and loss before income taxes of eOne included in the Company's Consolidated Statement of Operations since the date of acquisition for the quarter and six months ended June 28, 2020 (in thousands of dollars).

	Quarter Ended June 28, 2020	Six Months Ended June 28, 2020
eOne:		
Net revenues	$ 160,922	$ 503,415
Loss before income taxes	(11,028)	(44,648)

For the quarter and six months ended June 28, 2020 the Company incurred $10,262 and $160,044, respectively, of charges related to the eOne Acquisition, which are recorded in acquisition and related charges within the Company's Consolidated Statement of Operations.

The acquisition and related costs for the quarter and six months ended June 28, 2020 consisted of the following:

- Acquisition and integration costs of $3,966 and $99,684 for the quarter and six months ended June 28, 2020, respectively, including, for the six months ended June 28, 2020, $47,339 of expense associated with the acceleration of eOne stock-based compensation and $38,168 of advisor fees settled at the closing of the acquisition, as well as integration costs; and

- Restructuring and related costs of $6,296 and $60,360 for the quarter and six months ended June 28, 2020, respectively, including severance and retention costs for the quarter and six months ended June 28, 2020 of $6,296 and $19,482, respectively, as well as $40,878 in impairment charges for certain definite-lived intangible and production assets for the six months ended June 28, 2020. The impairment charges of $40,878 were driven by the change in strategy for the combined company's entertainment assets.

For the quarter ended June 28, 2020, all acquisition and related costs were included in Corporate and Eliminations. For the six months ended June 28, 2020, $77,729 and $20,831 of acquisition and related charges were included within the eOne and Entertainment, Licensing and Digital results, respectively. The remaining charges were included in Corporate and Eliminations.

Pursuant to Topic 805, unaudited supplemental pro forma results of operations for the quarter and six months ended June 30, 2019, as if the acquisition of eOne had occurred on December 31, 2018, the first day of the Company's 2019 fiscal year are presented below (in thousands, except per share amounts):

	Quarter Ended June 30, 2019	Six Months Ended June 30, 2019
Revenues	$ 1,215,628	$ 2,414,350
Net earnings (loss)	(42,219)	36,499
Net earnings (loss) attributable to Hasbro, Inc.	(42,621)	33,907
Net earnings (loss) per common share:		
Diluted	$ (0.31)	$ 0.25
Basic	$ (0.31)	$ 0.25

The Company acquired eOne on the first day of fiscal year 2020, as such our actual results reflect the acquisition occurring on the first day of the current period.

These pro forma results do not represent financial results that would have been realized had the acquisition occurred on December 31, 2018, nor are they intended to be a projection of future results.

The unaudited pro forma results include certain pro forma adjustments to net earnings (loss) that were directly attributable to the acquisition, as if the acquisition had occurred on December 31, 2018, including the following:

- additional amortization expense of $8,572 and $21,052 for the quarter and six months ended June 30, 2019, respectively, that would have been recognized as a result of the allocation of purchase consideration to definite-lived intangible assets subject to amortization;
- estimated differences in interest expense of $19,106 and $38,211 for the quarter and six months ended June 30, 2019, respectively, as a result of incurring new debt and extinguishing historical eOne debt; and
- the income tax effect of the pro forma adjustments in the amount of $1,344 and $8,024 for the quarter and six months ended June 30, 2019, respectively, calculated using a blended statutory income tax rate of 22.5% for the eOne amortization and elimination of historical interest adjustments, and a blended statutory tax rate of 21% for the interest on the new debt.

(4) Earnings (Loss) Per Share

Net earnings (loss) per share data for the quarters and six months ended June 28, 2020 and June 30, 2019 were computed as follows:

	2020		2019	
Quarter	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings (loss) attributable to Hasbro, Inc.	$ (33,915)	(33,915)	$ 13,433	13,433
Average shares outstanding	137,238	137,238	126,329	126,329
Effect of dilutive securities:				
Options and other share-based awards	—	—	—	518
Equivalent Shares	137,238	137,238	126,329	126,847
Net earnings (loss) attributable to Hasbro, Inc. per common share	$ (0.25)	(0.25)	$ 0.11	0.11

	2020		2019	
Six Months	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings (loss) attributable to Hasbro, Inc.	$ (103,552)	(103,552)	$ 40,160	40,160
Average shares outstanding	137,193	137,193	126,308	126,308
Effect of dilutive securities:				
Options and other share-based awards	—	—	—	523
Equivalent Shares	137,193	137,193	126,308	126,831
Net earnings (loss) attributable to Hasbro, Inc. per common share	$ (0.75)	(0.75)	$ 0.32	0.32

For the quarter and six months ended June 28, 2020, options and restricted stock units totaling 4,030 and 4,043, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been anti-dilutive. For the quarter and six months ended June 30, 2019, options and restricted stock units totaling 1,570 and 1,631, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been anti-dilutive. Of the fiscal 2020 amount, 648 and 900 shares, respectively, would have been included in the calculation of diluted shares had the Company not had a net loss for the quarter and six months ended June 28, 2020. Assuming that these awards and options were included, under the treasury stock method, they would have resulted in an additional 148 and 260 shares, respectively, being included in the diluted earnings per share calculation for the quarter and six months ended June 28, 2020.

(5) <u>Other Comprehensive Earnings (Loss)</u>

Components of other comprehensive earnings (loss) are presented within the consolidated statements of comprehensive earnings (loss). The following table presents the related tax effects on changes in other comprehensive earnings (loss) for the quarters and six months ended June 28, 2020 and June 30, 2019.

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Other comprehensive earnings (loss), tax effect:				
Tax expense on unrealized holding gains (losses)	$ (734)	(85)	$ (616)	(162)
Tax benefit (expense) on cash flow hedging activities	1,443	49	(5,759)	46
Tax benefit on foreign currency translation adjustments	8,406	—	8,406	—
Tax expense on changes in unrecognized pension amounts	—	(5,687)	—	(5,687)
Reclassifications to earnings, tax effect:				
Tax expense on cash flow hedging activities	1,184	188	1,451	534
Amortization of unrecognized pension and postretirement amounts	(79)	(1,208)	(159)	(1,539)
Tax benefit on settlement of U.S defined benefit plan	—	(24,925)	—	(24,925)
Total tax effect on other comprehensive earnings (loss)	$ 10,220	(31,668)	$ 3,323	(31,733)

Changes in the components of accumulated other comprehensive earnings (loss) for the six months ended June 28, 2020 and June 30, 2019 are as follows:

	Pension and Postretirement Amounts	Gains (Losses) on Derivative Instruments	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss
<u>2020</u>					
Balance at December 29, 2019	$ (36,129)	(5,232)	(230)	(142,629)	(184,220)
Current period other comprehensive earnings (loss)	550	12,382	2,124	(138,964)	(123,908)
Balance at June 28, 2020	$ (35,579)	7,150	1,894	(281,593)	(308,128)
<u>2019</u>					
Balance at December 30, 2018	$ (143,134)	1,549	(744)	(152,185)	(294,514)
Current period other comprehensive earnings (loss)	110,740	(283)	555	10,327	121,339
Balance at June 30, 2019	$ (32,394)	1,266	(189)	(141,858)	(173,175)

<u>Gains (Losses) on Derivative Instruments</u>

At June 28, 2020, the Company had remaining net deferred gains on foreign currency forward contracts, net of tax, of $24,371 in accumulated other comprehensive loss ("AOCE"). These instruments hedge payments related to inventory purchased in the second quarter of 2020 or forecasted to be purchased during the remainder of 2020 through 2022, intercompany expenses expected to be paid or received during 2020, television and movie production costs paid in 2020, and cash receipts for sales made at the end of the second quarter of 2020 or forecasted to be made in the remainder of 2020 and, to a lesser extent, 2021 through 2022. These amounts will be reclassified into the consolidated statements of operations upon the sale of the related inventory or recognition of the related sales or expenses.

In addition to foreign currency forward contracts, the Company entered into hedging contracts on future interest payments related to the long-term notes due in 2021 and 2044. At the date of debt issuance, these contracts were terminated and the fair value on the date of settlement was deferred in AOCE and is being amortized to interest expense over the life of the related notes using the effective interest rate method. At June 28, 2020, deferred losses, net of tax of $17,219 related to these instruments remained in AOCE. For the quarters ended June 28, 2020 and June 30, 2019, previously deferred losses of $449, were reclassified from AOCE to net earnings. For the six-month periods ended June 28, 2020 and June 30, 2019, previously deferred losses of $899 were reclassified from AOCE to net earnings.

Of the amount included in AOCE at June 28, 2020, the Company expects net gains of approximately $17,263 to be reclassified to the consolidated statements of operations within the next 12 months. However, the amount ultimately realized in earnings is dependent on the fair value of the hedging instruments on the settlement dates.

(6) Accrued Liabilities

Components of accrued liabilities for the periods ended June 28, 2020, June 30, 2019 and December 29, 2019 were as follows:

	June 28, 2020	June 30, 2019	December 29, 2019
Royalties	$ 135,555	$ 113,436	$ 196,558
Advertising	53,217	67,258	59,440
Payroll and management services	48,880	32,946	85,635
Dividends	93,175	85,820	93,067
Severance	47,204	56,362	35,039
Participations and Residuals	335,630	10,324	10,432
Other Taxes	51,670	42,154	66,715
Lease liability -Current	42,371	29,298	30,673
Accrued income taxes	36,727	18,364	14,276
Deferred revenue	141,650	53,804	48,465
Other	275,273	220,090	272,352
Total accrued liabilities	$ 1,261,352	$ 729,856	$ 912,652

(7) <u>Financial Instruments</u>

The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and certain accrued liabilities. At June 28, 2020, June 30, 2019 and December 29, 2019, the carrying cost of these instruments approximated their fair value. The Company's financial instruments at June 28, 2020, June 30, 2019 and December 29, 2019 also include certain assets and liabilities measured at fair value (see Notes 10 and 11) as well as long-term borrowings. The carrying costs, which are equal to the outstanding principal amounts, and fair values of the Company's long-term borrowings as of June 28, 2020, June 30, 2019 and December 29, 2019 are as follows:

	June 28, 2020		June 30, 2019		December 29, 2019	
	Carrying Cost	Fair Value	Carrying Cost	Fair Value	Carrying Cost	Fair Value
3.90% Notes Due 2029	$ 900,000	938,070	$ —	—	$ 900,000	893,430
3.55% Notes Due 2026	675,000	712,193	—	—	675,000	680,670
3.00% Notes Due 2024	500,000	523,450	—	—	500,000	502,150
6.35% Notes Due 2040	500,000	579,650	500,000	591,850	500,000	581,600
3.50% Notes Due 2027	500,000	515,950	500,000	507,200	500,000	500,550
2.60% Notes Due 2022	300,000	309,690	—	—	300,000	300,960
5.10% Notes Due 2044	300,000	304,020	300,000	310,860	300,000	301,980
3.15% Notes Due 2021	300,000	318,630	300,000	303,900	300,000	303,900
6.60% Debentures Due 2028	109,895	124,544	109,895	132,984	109,895	130,610
Variable % Notes Due December 30, 2022	400,000	400,000	—	—	—	—
Variable % Notes Due December 30, 2024	592,500	592,500	—	—	—	—
Production Financing Facilities	141,965	141,965	—	—	—	—
Total long-term debt	5,219,360	5,460,662	1,709,895	1,846,794	4,084,895	4,195,850
Less: Deferred debt expenses	38,293	—	14,062	—	38,438	—
Less: Current portion	378,558	—	—	—	—	—
Long-term debt	$ 4,802,509	5,460,662	$ 1,695,833	1,846,794	$ 4,046,457	4,195,850

In November 2019, in conjunction with the Company's acquisition of eOne, the Company issued an aggregate of $2,375,000 of senior unsecured debt securities (the "Notes") consisting of the following tranches: $300,000 of notes due 2022 (the "2022 Notes") that bear interest at a fixed rate of 2.60%, $500,000 of notes due 2024 (the "2024 Notes") that bear interest at a fixed rate of 3.00%, $675,000 of notes due 2026 (the "2026 Notes") that bear interest at a fixed rate of 3.55% and $900,000 of notes due 2029 (the "2029 Notes") that bear interest at a fixed rate of 3.90%. Net proceeds from the issuance of the Notes, after deduction of $20,043 of underwriting discount and fees, totaled $2,354,957. These costs are being amortized over the life of the Notes, which range from three to ten years. The Notes bear interest at the stated rates but may be subject to upward adjustment if the credit rating of the Company is reduced by Moody's or Standard & Poors. The adjustment can be from 0.25% to 2.00% based on the extent of the ratings decrease. The Company may redeem the Notes at its option at the greater of the principal amount of the Notes or the present value of the remaining scheduled payments discounted using the effective interest rate on applicable U.S. Treasury bills at the time of repurchase, plus (1) 15 basis points (in the case of the 2022 Notes); (2) 25 basis points (in the case of the 2024 Notes); (3) 30 basis points (in the case of the 2026 Notes); and (4) 35 basis points (in the case of the 2029 Notes). In addition, on and after October 19, 2024 for the 2024 Notes, September 19, 2026 for the 2026 Notes and August 19, 2029 for the 2029 Notes, such series of Notes will be redeemable, in whole at any time or in part from time to time, at the Company's option at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus any accrued and unpaid interest.

In September 2019, the Company entered into a $1.0 billion Term Loan Agreement (the "Term Loan Agreement") with Bank of America N.A. ("Bank of America"), as administrative agent, and certain financial institutions as lenders, pursuant to which such lenders committed to provide, contingent upon the completion of the eOne Acquisition and certain other customary conditions to funding, (1) a three-year senior unsecured term loan facility in an aggregate principal amount of $400,000 (the "Three-Year Tranche") and (2) a five-year senior unsecured term loan facility in an aggregate principal amount of $600,000 (the "Five-Year Tranche" and together with the Three-Year Tranche, the "Term Loan Facilities"). Loans under the Term Loan Facilities will bear interest at the Company's option, at either the Eurocurrency Rate or the Base Rate, in each case plus a per annum applicable rate that fluctuates (1) in the case of the Three-Year Tranche, between 87.5 basis points and 175.0 basis points, in the case of loans priced at the Eurocurrency Rate, and between 0.0 basis points and 75.0 basis points, in the case of loans priced at the Base Rate, and (2) in the case of the Five-Year Tranche, between 100.0 basis points and 187.5 basis points, in the case of loans priced at the Eurocurrency Rate, and between 0.0 basis points and 87.5 basis points, in the case of loans priced at the Base Rate, in each case, based upon the non-credit enhanced, senior unsecured long-term debt ratings of the Company by Fitch Ratings Inc., Moody's Investor Service, Inc. and S&P Global Rankings, subject to certain provisions taking into account potential differences in ratings issued to the relevant rating agencies or a lack of ratings issued by such rating agencies. Loans under the Five-Year Tranche will require principal amortization payments that will be payable in equal quarterly installments of 5.0% per annum of the original principal amount thereof for each of the first two years after funding, increasing to 10.0% per annum of the original principal amount thereof for each subsequent year. The Term Loan Agreement contains affirmative and negative covenants typical of this type of facility, including: (i) restrictions on the Company's and its domestic subsidiaries' ability to allow liens on their assets, (ii) restrictions on the incurrence of indebtedness, (iii) restrictions on the Company's and certain of its subsidiaries' ability to engage in certain mergers, (iv) the requirement that the Company maintain a Consolidated Interest Coverage Ratio of no less than 3.00:1.00 as of the end of any fiscal quarter and (v) the requirement that the Company maintain a Consolidated Total Leverage Ratio of no more than, depending on the gross proceeds of equity securities issued after the effective date of the acquisition of eOne, 5.65:1.00 or 5.40:1.00 for each of the first, second and third fiscal quarters ended after the funding of the Term Loan Facilities, with periodic step downs to 3.50:1.00 for the fiscal quarter ending December 31, 2023 and thereafter. The notes were drawn down on December 30, 2019, the closing date of the eOne Acquisition. During the second quarter of 2020, the Company made the required quarterly principal amortization payment of $7,500 on the 5 Tranche loans. As of June 28, 2020, the Company was in compliance with the financial covenants contained in the Term Loan Agreement.

Current portion long-term debt at June 28, 2020 of $378,558, as shown on the consolidated balance sheet represents the $300,000 of 3.15% Notes that mature during the second quarter of 2021, as well as the current portion of required quarterly principal amortization payments for the Term Loan Facilities and other production financing facilities. All of the Company's other long-term borrowings have contractual maturities that occur subsequent to 2021 with the exception of certain of the Company's production financing facilities.

The fair values of the Company's long-term debt are considered Level 3 fair values (see Note 10 for further discussion of the fair value hierarchy) and are measured using the discounted future cash flows method. In addition to the debt terms, the valuation methodology includes an assumption of a discount rate that approximates the current yield on a similar debt security. This assumption is considered an unobservable input in that it reflects the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that this is the best information available for use in the fair value measurement.

Production Financing

In addition to the Company's financial instruments, the Company uses production financing to fund certain of its television and film productions which are arranged on an individual production basis by special purpose production subsidiaries.

Production financing facilities are secured by the assets and future revenue of the individual production subsidiaries and are non-recourse to the Company's assets.

Production financing facilities typically have maturities of less than two years, while the titles are in production, and are repaid once delivered and all credits, broadcaster pre-sales and international sales have been received.

	Quarter Ended June 28, 2020
Production financing held by production subsidiaries	$ 141,965
Other loans	6,419
Total	$ 148,384
Production financing shown in the consolidated balance sheet as:	
Non-current	$ 93,407
Current	53,541
Total	$ 146,948

Interest is charged at bank prime rate plus a margin based on the risk of the respective production. The weighted average interest rate on all production financing as of June 28, 2020 was 3.6%.

The Company has Canadian dollar and U.S. dollar production credit facilities with various banks. The carrying amounts are denominated in the following currencies:

	Canadian Dollars	U.S. Dollars	Total
As of June 28, 2020	$ 60,829	87,555	148,384

The following table represents the movements in production financing and other related loans acquired as a result of the eOne Acquisition during the first six months of 2020:

	Production Financing	Other Loans	Total
December 30, 2019	$ 209,651	9,102	218,753
Drawdowns	26,275	12,904	39,179
Repayments	(90,693)	(15,169)	(105,862)
Foreign exchange differences	(3,268)	(418)	(3,686)
Balance at June 28, 2020	$ 141,965	6,419	148,384

(8) <u>eOne Investments in Productions and Investments in Acquired Content Rights</u>

In connection with the Company's acquisition of eOne, the Company acquired eOne's library of television and film and music content rights, which amounted to $614,871 as of June 28, 2020 and was recorded in other assets within the Company's consolidated balance sheets.

Investments in productions and investments in acquired content rights are predominantly monetized on a title-by-title basis and are recorded in the consolidated balance sheets to the extent they are considered recoverable against future revenues. These amounts are being amortized to program cost amortization using a model that reflects the consumption of the asset as it is released through various channels including broadcast licenses, theatrical release and home entertainment. Amounts capitalized are to be reviewed periodically on an individual film basis and any portion of the unamortized amount that appears not to be recoverable from future net revenues will be expensed as part of program cost amortization during the period the loss becomes evident.

Costs associated with the Company's investments in eOne productions and investments in acquired content rights consisted of the following at June 28, 2020:

	June 28, 2020
Film and TV Programming	
Released, less amortization	$ 346,800
Completed and not released	128,140
In production	41,363
Pre-production	70,411
	586,714
Other Programming	
Released, less amortization	12,684
Completed and not released	2,942
In production	7,044
Pre-production	5,487
	28,157
Total program costs	$ 614,871

The Company recorded $167,248 of program cost amortization related to the above programming in the six months ended June 28, 2020, consisting of the following:

		Investment in Production	Investment in Content	Total
Program cost amortization	$	118,184	49,064	167,248

(9) Income Taxes

The Company and its subsidiaries file income tax returns in the United States and various state and international jurisdictions. In the normal course of business, the Company is regularly audited by U.S. federal, state and local, and international tax authorities in various tax jurisdictions.

Our effective tax rate ("ETR") from continuing operations was 12.9% for the six months ended June 28, 2020 and (12.5)% for the six months ended June 30, 2019.

The following items caused the year to date ETR to be significantly different from the prior year ETR:

- during the six months ended June 28, 2020, the Company recorded a discrete net tax benefit of $24,002, of which $24,079 is a result of the eOne acquisition and related costs incurred. Additionally, our estimated annual ETR increased to 20.5% from 18.3% as a result of the eOne acquisition during the first six months of 2020, and a change in the mix of forecasted income by jurisdiction.

- during the six months ended June 30, 2019, the Company recorded a discrete net tax benefit of $31,263 primarily associated with the settlement of the U.S. defined benefit pension plan liability, excess tax benefits on share-based payments and expiration of statutes of limitation of uncertain tax positions.

In May 2019, a public referendum held in Switzerland approved Swiss Federal Act on Tax Reform and AHV Financing ("TRAF") proposals previously approved by Swiss Parliament. The Swiss tax reform measures were effective on January 1, 2020. Changes in tax reform include the abolishment of preferential tax regimes for holding companies, domicile companies and mixed companies at the cantonal level. The enacted changes in Swiss federal tax were not material to the Company's consolidated financial statements. Swiss cantonal tax was enacted in December 2019. The Company is still assessing the transitional provision options it may elect; however, the legislation is not expected to have a material effect on the Company’s consolidated financial statements. We will continue to review TRAF as the Swiss authorities provide additional interpretive guidance on the new law and related transitional methodology.

The Company is subject to U.S. federal income tax examinations for years 2013 and 2016 forward. With few exceptions, the Company is no longer subject to U.S. state or local and non-U.S. income tax examinations by tax authorities in its major jurisdictions for years before 2013. The Company is currently under income tax examination in several U.S. state and local and non-U.S. jurisdictions.

(10) Fair Value of Financial Instruments

The Company measures certain financial instruments at fair value. The fair value hierarchy consists of three levels: Level 1 fair values are based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access; Level 2 fair values are those based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities; and Level 3 fair values are based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Accounting standards permit entities to measure many financial instruments and certain other items at fair value and establish presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar assets and liabilities. The Company has elected the fair value option for certain available-for-sale investments. At June 28, 2020, June 30, 2019 and December 29, 2019, these investments totaled $12,837, $24,358 and $25,518, respectively, and are included in prepaid expenses and other current assets in the consolidated balance sheets. In the second quarter of 2020, the Company liquidated $11,470 of these investments, which are included in Other Investing Activities in the consolidated statement of cash flows. The Company recorded net losses of $(780) and $(1,211) on these investments in other (income) expense, net for the quarter and six months ended June 28, 2020, respectively, related to the change in fair value of such instruments. For the quarter and six month periods ended June 30, 2019, the Company recorded net gains of $177 and $727, respectively, in other (income) expense related to the change in fair value of such instruments.

At June 28, 2020, June 30, 2019 and December 29, 2019, the Company had the following assets and liabilities measured at fair value in its consolidated balance sheets (excluding assets for which the fair value is measured using net asset value per share):

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 28, 2020				
Assets:				
Available-for-sale securities	$ 2,741	2,741	—	—
Derivatives	28,941	—	28,941	—
Total assets	$ 31,682	2,741	28,941	—
Liabilities:				
Derivatives	$ 2,893	—	2,893	—
Option agreement	20,690	—	—	20,690
Total liabilities	$ 23,583	—	2,893	20,690
June 30, 2019				
Assets:				
Available-for-sale securities	$ 1,349	1,349	—	—
Derivatives	24,622	—	24,622	—
Total assets	$ 25,971	1,349	24,622	—
Liabilities:				
Derivatives	$ 1,894	—	1,894	—
Option agreement	22,471	—	—	22,471
Total liabilities	$ 24,365	—	1,894	22,471
December 29, 2019				
Assets:				
Available-for-sale securities	$ 1,296	1,296	—	—
Derivatives	48,973	—	48,973	—
Total assets	$ 50,269	1,296	48,973	—
Liabilities:				
Derivatives	$ 5,733	—	5,733	—
Option agreement	22,145	—	—	22,145
Total Liabilities	$ 27,878	—	5,733	22,145

Available-for-sale securities include equity securities of one company quoted on an active public market.

The Company's derivatives consist of foreign currency forward and option contracts and zero-cost collar options. The Company used current forward rates of the respective foreign currencies to measure the fair value of these contracts. The Company’s option agreement relates to an equity method investment in Discovery Family Channel ("Discovery"). The option agreement is included in other liabilities at June 28, 2020, June 30, 2019 and December 29, 2019, and is valued using an option pricing model based on the fair value of the related investment. Inputs used in the option pricing model include the volatility and fair value of the underlying company which are considered unobservable inputs as they reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that this is the best information available for use in the fair value measurement. There were no changes in these valuation techniques during the six month period ended June 28, 2020.

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Company's financial instruments which use significant unobservable inputs (Level 3):

		2020	2019
Balance at beginning of year	$	(22,145)	(23,440)
Gain from change in fair value		1,455	969
Balance at end of second quarter	$	(20,690)	(22,471)

In addition to the above, the Company has three investments for which the fair value is measured using net asset value per share. At June 28, 2020, June 30, 2019 and December 29, 2019, these investments had fair values of $12,837, $24,358 and $25,518, respectively. Two of the investments have net asset values that are predominantly based on underlying investments which are traded on an active market and are redeemable within 45 days. The third investment invests in hedge funds which are generally redeemable on a quarterly basis with 30 days – 90 days’ notice.

(11) Derivative Financial Instruments

Hasbro uses foreign currency forward contracts and zero-cost collar options to mitigate the impact of currency rate fluctuations on firmly committed and projected future foreign currency transactions. These over-the-counter contracts, which hedge future currency requirements related to purchases of inventory, product sales, television and film production cost and production financing loans (see Note 7) as well as other cross-border transactions not denominated in the functional currency of the business unit, are primarily denominated in United States and Hong Kong dollars, and Euros. All contracts are entered into with a number of counterparties, all of which are major financial institutions. The Company believes that a default by a single counterparty would not have a material adverse effect on the financial condition of the Company. Hasbro does not enter into derivative financial instruments for speculative purposes.

Cash Flow Hedges

The Company uses foreign currency forward contracts and zero-cost collar options to reduce the impact of currency rate fluctuations on firmly committed and projected future foreign currency transactions. All of the Company's designated foreign currency forward contracts and zero-cost collar options are considered to be cash flow hedges. These instruments hedge a portion of the Company's currency requirements associated with anticipated inventory purchases, product sales, certain production financing loans and other cross-border transactions in 2020 through 2022.

At June 28, 2020, June 30, 2019 and December 29, 2019, the notional amounts and fair values of the Company's foreign currency forward contracts designated as cash flow hedging instruments were as follows:

	June 28, 2020			June 30, 2019			December 29, 2019		
Hedged transaction		Notional Amount	Fair Value		Notional Amount	Fair Value		Notional Amount	Fair Value
Inventory purchases	$	255,549	20,093	$	480,244	16,062	$	398,800	8,727
Sales		77,267	4,859		235,874	8,452		124,920	4,037
Production financing and other		110,648	3,989		12,228	15		19,499	140
Total	$	443,464	28,941	$	728,346	24,529	$	543,219	12,904

The Company has a master agreement with each of its counterparties that allows for the netting of outstanding forward contracts. The fair values of the Company's foreign currency forward contracts designated as cash flow hedges are recorded in the consolidated balance sheets at June 28, 2020, June 30, 2019 and December 29, 2019 as follows:

	June 28, 2020	June 30, 2019	December 29, 2019
Prepaid expenses and other current assets			
Unrealized gains	$ 23,684	18,554	12,133
Unrealized losses	(1,033)	(1,911)	(3,955)
Net unrealized gains	$ 22,651	16,643	8,178
Other assets			
Unrealized gains	$ 6,310	8,250	6,652
Unrealized losses	(20)	(271)	—
Net unrealized gains	$ 6,290	7,979	6,652
Accrued liabilities			
Unrealized gains	$ —	—	293
Unrealized losses	—	(78)	(2,219)
Net unrealized losses	$ —	(78)	(1,926)
Other liabilities			
Unrealized gains	$ —	—	—
Unrealized losses	—	(15)	—
Net unrealized losses	$ —	(15)	—

Net gains (losses) on cash flow hedging activities have been reclassified from other comprehensive earnings (loss) to net earnings for the quarters and six months ended June 28, 2020 and June 30, 2019 as follows:

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Statements of Operations Classification				
Cost of sales	$ 5,607	1,986	$ 9,564	4,600
Net revenues	833	599	1,176	1,477
Other	471	34	552	152
Net realized gains	$ 6,911	2,619	$ 11,292	6,229

Undesignated Hedges

The Company also enters into foreign currency forward contracts to minimize the impact of changes in the fair value of intercompany loans due to foreign currency changes. The Company does not use hedge accounting for these contracts as changes in the fair values of these contracts are substantially offset by changes in the fair value of the intercompany loans. Additionally, with the acquisition of eOne during the first quarter of 2020, the Company continued eOne's balance sheet hedging program designed to manage transactional exposure to fair value movements on certain of eOne's foreign currency denominated monetary assets and liabilities. The Company does not use hedge accounting for these contracts as changes in the fair values of these contracts are offset by changes in the fair value of the balance sheet item. As of June 28, 2020, June 30, 2019 and December 29, 2019 the total notional amounts of the Company's undesignated derivative instruments were $436,567, $247,295 and $307,351, respectively.

At June 28, 2020, June 30, 2019 and December 29, 2019, the fair values of the Company's undesignated derivative financial instruments were recorded in the consolidated balance sheets as follows:

		June 28, 2020	June 30, 2019	December 29, 2019
Prepaid expenses and other current assets				
Unrealized gains	$	—	2,391	—
Unrealized losses		—	(337)	—
Net unrealized gains	$	—	2,054	—
Accrued liabilities				
Unrealized gains	$	4,496	164	13
Unrealized losses		(7,389)	(1,965)	(3,820)
Net unrealized losses	$	(2,893)	(1,801)	(3,807)
Total unrealized (losses) gains, net	$	(2,893)	253	(3,807)

The Company recorded net losses of $(15,726) and $(13,227) on these instruments to other (income) expense, net for the quarter and six months ended June 28, 2020, respectively, and net gains of $1,776 and $6,584 on these instruments to other (income) expense, net for the quarter and six months ended June 30, 2019, respectively, relating to the change in fair value of such derivatives, substantially offsetting gains and losses from the change in fair value of intercompany loans to which the contracts relate.

eOne Purchase Price Hedge

During the third quarter of 2019 the Company hedged a portion of its exposure to fluctuations in the British pound sterling in relation to the eOne Acquisition using a series of both foreign exchange forward and option contracts. These contracts did not qualify for hedge accounting and, as such, were marked to market through the Company's Consolidated Statement of Operations. For tax purposes these contracts qualified as nontaxable integrated tax hedges. These contracts matured on December 30, 2019 (the closing date of the transaction) and net gains or losses recognized on these contracts in the Company's 2020 results were immaterial.

For additional information related to the Company's derivative financial instruments see Notes 5 and 10.

(12) Leases

The Company occupies offices and uses certain equipment under various operating lease arrangements. The Company has no finance leases. These leases have remaining lease terms of 1 to 18 years, some of which include options to extend lease terms or options to terminate current lease terms at certain times, subject to notice requirements set out in the lease agreement. Payments under certain of the lease agreements may be subject to adjustment based on a consumer price index or other inflationary indices. The lease liability for such lease agreements as of the adoption date, was based on fixed payments as of the adoption date. Any adjustments to these payments based on the related indices will be recorded to expense as incurred. Leases with an expected term of 12 months or less are not capitalized. Lease expense under such leases is recorded straight line over the life of the lease. The Company capitalizes non-lease components for equipment leases, but expenses non-lease components as incurred for real estate leases.

For the quarter and six months ended June 28, 2020, the Company's operating lease and other rental expenses were $22,386 and $45,283, respectively. For the quarter and six months ended June 30, 2019, operating lease and other rental expenses were $9,133 and $18,075, respectively. Expense related to short-term leases (expected terms less than 12 months) and variable lease payments was not material in the quarter or six months ended June 28, 2020 or June 30, 2019.

Information related to the Company’s leases for the quarter and six months ended June 28, 2020 and June 30, 2019 are as follows:

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 14,014	9,240	$ 25,616	18,814
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$ 36,210	579	$ 100,424	24,259
Weighted Average Remaining Lease Term				
Operating leases	6.4 years	6.5 years	6.4 years	6.5 years
Weighted Average Discount Rate				
Operating leases	3.1 %	4.4 %	3.1 %	4.4 %

The following is a reconciliation of future undiscounted cash flows to the operating liabilities, and the related right of use assets, included in our Consolidated Balance Sheets as of June 28, 2020:

	June 28, 2020
2020 (excluding the six months ended June 28,2020)	$ 24,719
2021	46,383
2022	42,980
2023	35,261
2024	24,220
2025 and thereafter	65,208
Total future lease payments	238,771
Less imputed interest	26,840
Present value of future operating lease payments	211,931
Less current portion of operating lease liabilities (1)	42,371
Non-current operating lease liability (2)	169,560
Operating lease right-of-use assets, net (3)	$ 195,011

(1) Included in Accrued liabilities on the consolidated balance sheets.
(2) Included in Other liabilities on the consolidated balance sheets.
(3) Included in Property, plant, and equipment on the consolidated balance sheets.

(13) Segment Reporting

Hasbro is a global play and entertainment company with a broad portfolio of brands and entertainment content spanning toys, games, licensed products ranging from traditional to high-tech and digital, and film, television and music entertainment. The Company's segments are (i) U.S. and Canada, (ii) International, (iii) Entertainment, Licensing and Digital, (iv) eOne, and (v) Global Operations. Following the eOne Acquisition on December 30, 2019, the eOne operating segment was added to the Company's existing reporting structure.

The U.S. and Canada segment includes the marketing and selling of action figures, arts and crafts and creative play products, electronic toys and related electronic interactive products, fashion and other dolls, infant products, play sets, preschool toys, plush products, sports action blasters and accessories, vehicles and toy-related specialty products, as well as traditional board games, and trading card and role-playing games primarily within the United States and Canada. Within the International segment, the Company markets and sells both toy and game products in markets outside of the U.S. and Canada, primarily in the European, Asia Pacific, and Latin and South American regions. The Company's Entertainment, Licensing and Digital segment includes the Company's Wizards of the Coast digital gaming business, consumer products licensing, owned and licensed digital gaming, movie and television entertainment operations. The eOne segment engages in the development, acquisition, production, financing, distribution and sales of entertainment content and is comprised of all legacy eOne operations. These diversified offerings span across film, television and music production and sales, family programming, merchandising and licensing, and digital content. Over time, the Company plans to transition towards reflecting all of its entertainment operations in the eOne segment. The Company also expects to shift the consumer product and digital licensing business and toy and game sales related to the eOne preschool brands to legacy Hasbro segments; including related toy and game operations into the Company's geographic commercial segments in late 2021 and 2022.

The Global Operations segment is responsible for sourcing finished products for the Company's U.S. and Canada and International segments.

Segment performance is measured at the operating profit level. Included in Corporate and Eliminations are certain corporate expenses, including the elimination of intersegment transactions and certain assets benefiting more than one segment. Intersegment sales and transfers are reflected in management reports at amounts approximating cost. Certain shared costs, including global development and marketing expenses and corporate administration, are allocated to segments based upon expenses and foreign exchange rates fixed at the beginning of the year, with adjustments to actual expenses and foreign exchange rates included in Corporate and Eliminations. The significant accounting policies of the segments are the same as those referenced in Note 1.

Results shown for the quarter and six months ended June 28, 2020 are not necessarily representative of those which may be expected for the full year 2020, nor were those of the comparable 2019 periods representative of those actually experienced for the full year 2019. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

Information by segment and a reconciliation to reported amounts for the quarters and six months ended June 28, 2020 and June 30, 2019 are as follows:

	Quarter Ended			
	June 28, 2020		June 30, 2019	
Net revenues	External	Affiliate	External	Affiliate
U.S. and Canada	$ 359,720	3,724	$ 510,529	2,996
International	249,812	—	377,438	145
Entertainment, Licensing and Digital	89,825	838	96,506	2,165
eOne	160,922	—	—	—
Global Operations (a)	—	272,213	64	320,618
Corporate and Eliminations (b)	—	(276,775)	—	(325,924)
	$ 860,279	—	$ 984,537	—

	Six Months Ended			
	June 28, 2020		June 30, 2019	
Net revenues	External	Affiliate	External	Affiliate
U.S. and Canada	$ 788,367	7,052	$ 868,380	4,845
International	500,215	—	660,087	186
Entertainment, Licensing and Digital	173,852	1,808	188,500	4,140
eOne	503,415	—	—	—
Global Operations (a)	—	467,069	80	550,043
Corporate and Eliminations (b)	—	(475,929)	—	(559,214)
	$ 1,965,849	—	$ 1,717,047	—

Operating profit (loss)	Quarter Ended June 28, 2020	Quarter Ended June 30, 2019	Six Months Ended June 28, 2020	Six Months Ended June 30, 2019
U.S. and Canada	$ 24,271	106,577	$ 96,051	120,109
International	(24,900)	14,583	(51,591)	(15,828)
Entertainment, Licensing and Digital	27,793	7,936	32,967	37,956
eOne	(5,967)	—	(39,048)	—
Global Operations (a)	(5,945)	(5,986)	(1,296)	(4,732)
Corporate and Eliminations (b)	(13,077)	5,223	(58,191)	26,955
	$ 2,175	128,333	$ (21,108)	164,460

Total assets	June 28, 2020	June 30, 2019	December 29, 2019
U.S. and Canada	$ 3,470,896	2,845,806	3,244,950
International	2,052,708	2,093,725	2,482,170
Entertainment, Licensing and Digital	1,018,453	945,196	695,898
eOne	5,713,517	—	—
Global Operations (a)	3,944,699	1,036,919	3,334,190
Corporate and Eliminations (b)	(5,978,223)	(1,883,036)	(901,580)
	$ 10,222,050	5,038,610	8,855,628

(a) The Global Operations segment derives substantially all of its revenues, and thus its operating results, from intersegment activities.

(b) Certain long-term assets, including property, plant and equipment, goodwill and other intangibles, which benefit multiple operating segments, are included in Corporate and Eliminations. Allocations of certain expenses related to these assets to the individual operating segments are done at the beginning of the year based on budgeted amounts. Any differences between actual and budgeted amounts are reflected in Corporate and Eliminations because allocations are translated from the U.S. Dollar to local currency at budgeted rates when recorded. Corporate and Eliminations also includes the elimination of inter-company balance sheet amounts.

The following table represents consolidated International segment net revenues by major geographic region for the quarters and six months ended June 28, 2020 and June 30, 2019:

	Quarter Ended June 28, 2020	Quarter Ended June 30, 2019	Six Months Ended June 28, 2020	Six Months Ended June 30, 2019
Europe	$ 157,672	201,072	$ 319,921	354,451
Latin America	32,488	90,342	66,409	153,119
Asia Pacific	59,652	86,024	113,885	152,517
Net revenues	$ 249,812	377,438	$ 500,215	660,087

As a result of the Company's acquisition of eOne, beginning in 2020, the Company's brand architecture reflects the addition of the eOne Entertainment portfolio which consists of legacy eOne film and TV revenues. Revenues related to eOne brands, including PEPPA PIG, PJ MASKS and RICKY ZOOM, are reported in the Emerging Brands portfolio.

The following table presents consolidated net revenues by brand and entertainment portfolio for the quarters and six months ended June 28, 2020 and June 30, 2019:

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Franchise Brands	$ 376,826	576,715	$ 773,323	970,289
Partner Brands	138,227	213,448	320,558	385,437
Hasbro Gaming [(1)]	137,031	123,420	277,115	230,985
Emerging Brands [(2)]	75,991	70,954	170,136	130,336
TV/Film/Entertainment [(3)]	132,204	—	424,717	—
Total	$ 860,279	984,537	$ 1,965,849	1,717,047

(1) Hasbro's total gaming category, which includes all gaming net revenues, both those reported in Hasbro Gaming and those reported elsewhere, most notably MAGIC: THE GATHERING and MONOPOLY, totaled $319,017 and $659,497 for the quarter and six months ended June 28, 2020, respectively. For the quarter and six months ended June 30, 2019, total gaming revenues were $393,367 and $636,758, respectively.
(2) Emerging Brands portfolio balances for the quarter and six month period ended June 28, 2020 include eOne brands PEPPA PIG, PJ MASKS and RICKY ZOOM.
(3) TV/Film/Entertainment represents eOne revenues not allocated to the Emerging Brands portfolio.

(14) Restructuring Actions

During 2018, the Company announced a comprehensive restructuring plan which consisted of re-designing its go-to market strategy and re-shaping its organization to become a more responsive, innovative and digitally-driven play and entertainment company. As part of this process the Company took certain actions, which continued through 2019. The actions primarily included headcount reduction aimed at right-sizing the Company's cost-structure and giving it the ability to add required new talent in the future.

In connection with the eOne Acquisition, in the first six months of 2020, the Company recorded severance and other employee charges related to the integration of eOne. Charges related to the eOne restructuring costs were recorded within acquisition and related charges on the Consolidated Statements of Operations for the quarter and six months ended June 28, 2020, and reported within Corporate and Eliminations.

In the second quarter of 2020, the Company recorded severance charges of $11,554 associated with cost-savings initiatives within the Company's commercial and Film and TV businesses. These charges were included within selling, distribution and administrative costs on the Consolidated Statement of Operations for the quarter ended June 28, 2020, and reported within Corporate and Eliminations.

The detail of activity related to the programs for the six months ended June 28, 2020 is as follows:

	2018 Restructuring Program	eOne Integration Program	Other	Total
Remaining amounts to be paid as of December 29, 2019	$ 31,113	—	—	$ 31,113
2020 restructuring charges	—	19,482	11,554	31,036
Payments made in the first six months of 2020	(15,045)	(5,908)	—	(20,953)
Remaining amounts as of June 28, 2020	$ 16,068	13,574	11,554	$ 41,196

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

This Quarterly Report on Form 10-Q, including the following section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements expressing management's current expectations, goals, objectives and similar matters. These forward-looking statements may include statements concerning: the impact of, and actions and initiatives taken and planned to be taken to try and manage the negative impact of, the global coronavirus outbreak on our business, including the negative impact on supply of products and production of entertainment content, demand for our products and entertainment, our liquidity and our community; the expected adequacy of supply and operation of our manufacturing facilities; the ability to achieve our financial and business goals and objectives; the Company's product and entertainment plans; anticipated product and entertainment performance; anticipated expenses; and working capital and liquidity. See Item 1A, in Part II of this report and Item 1A, in Part I of the Annual Report on Form 10-K for the year ended December 29, 2019 (“2019 Form 10-K”), for a discussion of factors which may cause the Company's actual results or experience to differ materially from that anticipated in these forward-looking statements. The Company undertakes no obligation to revise the forward-looking statements in this report after the date of the filing.

EXECUTIVE SUMMARY

Completion of Acquisition

On December 30, 2019, Hasbro, Inc. ("Hasbro" or the "Company") completed the acquisition of Entertainment One Ltd. ("eOne") for an aggregate purchase price of approximately $4.6 billion, comprised of $3.8 billion of cash consideration for shares outstanding and $0.8 billion related to the redemption of eOne’s outstanding senior secured notes and the payoff of eOne’s revolving credit facility. We financed the acquisition through a combination of debt and equity financings, including (i) the issuance of senior unsecured notes in an aggregate principal amount of $2.4 billion, (ii) the issuance of 10,592,106 shares of common stock at a public offering price of $95.00 per share and (iii) $1.0 billion in term loans. eOne's results of operations and financial position are included in the Company's consolidated financial statements and accompanying condensed footnotes since the date of acquisition. The addition of eOne accelerates the Company's brand blueprint strategy by expanding our brand portfolio with eOne's global preschool brands, adding proven TV and film expertise and executive leadership as well as by enhancing brand building capabilities and our storytelling capabilities to strengthen Hasbro brands.

For more information on the eOne Acquisition see Note 3, "Business Combination" to the Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

For purposes of identifying Hasbro activities that existed before the eOne Acquisition, in some instances, Hasbro may be referred to herein as legacy Hasbro. For purposes of identifying certain activities derived from eOne's historical business, in some instances these activities may be referred to herein as legacy eOne.

Hasbro, Inc. is a global play and entertainment company committed to Creating the World's Best Play and Entertainment Experiences. From toys, games and consumer products to television, movies, digital gaming, live action, music, and virtual reality experiences, Hasbro connects to global audiences by bringing to life great innovations, stories and brands and developing and delivering the very best content across established and inventive platforms. Hasbro’s iconic brands include MAGIC: THE GATHERING, MY LITTLE PONY, NERF, TRANSFORMERS, PLAY-DOH, MONOPOLY, BABY ALIVE, POWER RANGERS, and through the acquisition of eOne, Hasbro expanded its portfolio with popular preschool brands including PEPPA PIG, PJ MASKS and RICKY ZOOM. In addition, Hasbro leverages its portfolio of premier partner brands. Through our global entertainment studio, we are building our brands worldwide through great storytelling and content on all screens, including content based on our children’s and family entertainment brands as well as offering the production and distribution of a broad spectrum of live action scripted and unscripted entertainment content geared toward all audiences. Hasbro is committed to making the world a better place for children and their families through corporate social responsibility and philanthropy.

Hasbro's strategic plan is centered around its brand blueprint. Under the brand blueprint strategy, Hasbro re-imagines, re-invents and re-ignites its owned and controlled brands and imagines, invents and ignites new brands, through product innovation, immersive entertainment offerings, including television, film and music, digital gaming and a broad range of consumer products. As the global consumer landscape, shopping behaviors and the retail and entertainment environments continue to evolve, the Company continues to transform and reimagine its business strategy. This transformation includes reexamining the ways Hasbro organizes across its brand blueprint and re-shaping the Company to become a better equipped and adaptive, digitally-driven organization, including the development of an omni-channel retail presence and adding new capabilities through the on-boarding of new skill sets and talent. More recently, to enhance its long-term competitive position the Company has identified and pursued key growth opportunities through strategic acquisitions, to excel in today’s converged retail environment as a leading global play and entertainment company across all platforms.

Hasbro generates revenue and earns cash by developing, marketing and selling products based on global brands in a broad variety of consumer goods categories and distribution of television programming and other content based on the Company's properties, as well as through the out-licensing of rights for third parties to use its properties in connection with products, including digital media and games and other consumer products. Hasbro also leverages its competencies to develop and market products based on well-known licensed brands including, but not limited to, BEYBLADE, DISNEY PRINCESS and DISNEY FROZEN, DISNEY'S DESCENDANTS, MARVEL, SESAME STREET, STAR WARS, and DREAMWORKS' TROLLS. MARVEL, STAR WARS, DISNEY PRINCESS, DISNEY FROZEN and DISNEY'S DESCENDANTS are owned by The Walt Disney Company. The eOne business also generates revenue and earnings from the production and distribution of a broad spectrum of television and film entertainment, as well as music production and distribution, that is not based on our children's and family entertainment brands.

The Company's business is separated into four principal business segments: U.S. and Canada, International, Entertainment, Licensing and Digital and, following the eOne Acquisition, the eOne operating segment was added to the Company's reporting structure. The U.S. and Canada segment markets and sells both toy and game products primarily in the United States and Canada. The International segment consists of the Company's European, Asia Pacific and Latin and South American toy and game marketing and sales operations. The Company's Entertainment, Licensing and Digital segment includes the Company's Wizards of the Coast digital gaming business, consumer products licensing, owned and licensed digital gaming, movie and television entertainment operations. The eOne segment engages in the development, acquisition, production, financing, distribution and sales of entertainment content and is comprised of all legacy eOne operations. These diversified offerings span across film, television and music production and sales, family programming, merchandising and licensing, and digital content. Over time, the Company plans to transition towards reflecting all of its entertainment operations in the eOne segment. The Company also expects to shift the consumer product and digital licensing business and toy and game sales related to the eOne preschool brands, to legacy Hasbro segments; including related toy and game operations into the Company's geographic commercial segments in late 2021 and 2022.

Coronavirus Outbreak

In the first quarter of 2020, the outbreak of the coronavirus disease (COVID-19) was recognized as a pandemic by the World Health Organization. The impact of the global outbreak of COVID-19 currently being experienced in markets in which Hasbro, our employees, consumers, customers, partners, licensees, suppliers and manufacturers operate, has been significant and is reflected in our revenues, profitability and business operations overall. As a result of the preventative actions taken worldwide, such as restrictions on travel and business operations, temporary closures or limited reopenings of non-essential businesses, shelter-in-place and stay-at-home orders and other voluntary and government imposed restrictions, the outbreak has had a negative impact on economic conditions in all of our markets. These preventative actions although necessary, have led to market uncertainty and some economic disruption.

We have experienced disruptions in supply of products and production of entertainment content, negative impact on sales due to changes in consumer purchasing behavior and availability of product to consumers, including; due to retail store closures, limited reopenings of retail stores and limitations on the capacity of e-comm channels to supply additional products; delays or postponements of entertainment productions and releases of entertainment content both internally and by our partners; and challenges of working remotely. While we have developed and continue to develop plans to help mitigate the negative impact of the coronavirus to our business, the efforts will not prevent our business from being adversely affected, and the longer the outbreak continues or if the virus continues to reemerge or surge in areas in which we do business the more negative the impact on our business, revenues and earnings, and the more limited our ability will be to try and make up for delayed or lost product development, production and sales in future periods.

During the first half of 2020, the Company's supply chain experienced lower than planned production levels in certain of its third-party manufacturing facilities across several geographies including, but not limited to, China, India and the United Sates, due to the impact of COVID-19. After operating at lower than planned production levels during the first quarter due to COVID-19, facilities in China began to reopen during the second quarter and have returned to planned operating capacity and production output for this time of year. Outside of China, manufacturing operated at varying levels during the first half depending on local government action and overall safety considerations. In response, the Company utilized its global supply chain and existing inventory to work to meet demand and the Company currently expects to make up for remaining lost production in the third quarter, to be well positioned for holiday demand later in the year, as nearly all of Hasbro's partner factories and warehouses were open and operating, heading into the third quarter. However, if manufacturing facilities are impacted by a resurgence in COVID-19, we may not be able to make up for the disruption in supply in the nearer term.

During the first half of 2020, as more of our consumers remained at home, we creatively found ways to accelerate our business online, expand omni-channel and skip the shopping cart to get our products into cars and homes. For example, we launched *Bring Home the Fun*, a global initiative created to further the Company's purpose to make the world a better place for children and their families. The initiative provides parents and caregivers resources to help keep kids occupied and engaged during extended time at home and indoors. Another example is the initiative our Wizards of the Coast team undertook to enable players to play MAGIC: THE GATHERING games while in-person play events are not happening.

Markets with more developed e-comm and omni-channel business operations performed better during the first half of 2020 than those markets that rely more heavily on physical stores for reaching consumers. Markets in Latin America, which have less advanced ecomm business and where retail store closures remain high, have been and are expected to continue to be challenged during 2020. The negative impact to future periods from store closures or limited reopenings remains unknown.

Beginning late in the first quarter and continuing throughout the second quarter of 2020, production and delivery of television and film projects for Hasbro's eOne TV and Film business have been delayed, negatively impacting the level and timing of revenues. For many months live-action productions have been shut down and the industry is still working to resume them in a significant way. It is not clear when that will happen. The eOne team continues to develop new projects and work on animation production, which can be done remotely. The team now expects to deliver finished episodes and film projects later than initially planned. Additionally, several film release dates have moved to later in 2020, into 2021 and in some instances, releases are going straight to video on demand/electronic sell-through windows impacting the timing and level of anticipated revenues. As more people remain at home, content viewership remains high, which we believe bodes well for long-term brand engagement and the Company expects a robust 2021 entertainment slate for eOne productions and from our Partner Brands.

We believe we have sufficient liquidity and capital resources available at this time, including approximately $1.0 billion of cash on hand and $1.5 billion available under our revolving credit facility. We are in compliance with our covenants under our revolving credit facility and, while we do not currently foresee a need to borrow under the facility, we believe we would be able to access the facility for the foreseeable future. Our top three customers during the first half of 2020 were Walmart, Target and Amazon. During this time of uncertainty, however, we are managing our expenses to further preserve our liquidity and we are closely monitoring our customers' health and collectability of receivables, with some customers having difficulty making payments or requesting extended payment terms at a time when retailers are experiencing challenges such as store closures and in some cases, bankruptcy filings.

The health and safety of Hasbro employees, stakeholders and communities is a top priority. In China, Hasbro's offices reopened in late March when the COVID-19 outbreak there improved, following shutdowns earlier in the first quarter. Hasbro's global offices, outside of China, were closed in March due to the COVID-19 outbreak and only recently have begun to re-open on a limited, as needed basis as we continue to actively work on plans to safely bring workers back to our offices. The majority of our workforce has been able to work remotely in an effective manner since the closure and the timing of re-opening offices will be based on need as well as local governmental, health and safety guidelines.

The coronavirus outbreak continues to be fluid and uncertain, making it difficult to forecast the final impact it could have on our future operations. Please see Part II, Item 1A, Risk Factors, for further information.

Second quarter 2020 highlights:

- Second quarter net revenues of $860.3 million, including the 2020 acquisition of eOne, decreased 13% compared to $984.5 million in the second quarter of 2019. The decrease in net revenues included an unfavorable foreign currency translation of $15.8 million.
    - Net revenues in the U.S. and Canada segment decreased 30% to $359.7 million; International segment net revenues decreased 34% to $249.8 million, including an unfavorable foreign currency translation impact of $12.4 million; Entertainment, Licensing and Digital segment net revenues decreased 7% to $89.8 million; and eOne segment net revenues were $160.9 million.
    - Net revenues from Hasbro Gaming increased 11%; Emerging Brands net revenues increased 7%; Franchise Brands and Partner Brands both decreased 35%; and TV, Film and Entertainment portfolio net revenues were $132.2 million and represented 15% of total net revenues in the second quarter of 2020.
- Operating profit was $2.2 million, or 0.3% of net revenue, in the second quarter of 2020 compared to operating profit of $128.3 million, or 13.0% of net revenue, in the second quarter of 2019.
    - Second quarter 2020 operating profit was negatively impacted by acquisition and related expenses of $10.3 million ($8.5 million after-tax); $22.6 million ($17.9 million after-tax) of eOne acquired intangible asset amortization; and $11.6 million ($10.1 million after-tax) of restructuring charges associated with cost savings initiatives.
- The net loss attributable to Hasbro, Inc. of $33.9 million, or $0.25 per diluted share, in the second quarter of 2020 compared to net earnings of $13.4 million, or $0.11 per diluted share, in the second quarter of 2019.

- Second quarter 2019 net earnings included a non-cash charge of $110.8 million ($85.9 million after-tax), or $0.68 per diluted share, related to the Company's settlement of its U.S. defined benefit pension plan liability.

First half 2020 highlights:

- Net revenues increased 14% to $1,965.8 million in first six months of 2020, including the 2020 acquisition of eOne, compared to $1,717.0 million in the first six months of 2019. The increase in net revenues included $27.5 million of unfavorable foreign currency translation.
  - Net revenues in the U.S. and Canada segment decreased 9% to $788.4 million; International segment net revenues decreased 24% to $500.2 million; Entertainment, Licensing and Digital segment net revenues decreased 8% to $173.9 million; while eOne segment net revenues were $503.4 million in the first half of 2020. International segment net revenues were unfavorably impacted by $21.8 million in foreign currency translation.
  - Net revenues from Emerging Brands increased 31%; Hasbro Gaming increased 20%; Franchise Brands, and Partner Brands net revenues decreased 20% and 17%, respectively; and TV Film and Entertainment portfolio net revenues were $424.7 million representing 22% of total net revenues in the first half of 2020.
- Operating losses were $21.1 million, or 1.1% of net revenues, in the first six months of 2020 compared to operating profit of $164.5 million, or 9.6% of net revenues, in the first six months of 2019.
  - Operating profit in the first half of 2020 was negatively impacted by acquisition and related expenses of $160.0 million ($136.0 million after-tax); $47.6 million ($37.8 million after-tax) of eOne acquired intangible asset amortization; and $11.6 million ($10.1 million after-tax) of restructuring charges associated with cost savings initiatives.
- The net loss attributable to Hasbro, Inc. of $103.6 million, or $0.75 per diluted share, in the first six months of 2020 compared to a net earnings attributable to Hasbro, Inc. of $40.2 million, or $0.32 per diluted share, in the first six months of 2019.
  - Net earnings for the first six months of 2019 included a non-cash charge of $110.8 million ($85.9 million after-tax), or $0.68 per diluted share, related to the Company's settlement of its U.S. defined benefit pension plan liability.

The impact of changes in foreign currency exchange rates used to translate the consolidated statements of operations is quantified by translating the current period revenues at the prior period exchange rates and comparing this amount to the prior period reported revenues. The Company believes that the presentation of the impact of changes in exchange rates, which are beyond the Company’s control, is helpful to an investor’s understanding of the performance of the underlying business.

Amounts Returned to Shareholders

The Company has a long history of returning cash to its shareholders through quarterly dividends and share repurchases. Hasbro maintained its quarterly dividend rate of $0.68 per share for the dividend paid in May 2020 and expects to maintain this rate for the remaining dividend payments in 2020. In addition to the dividend, the Company historically has returned cash through its share repurchase program. As part of this initiative, since 2005, the Company's Board of Directors (the "Board") adopted nine share repurchase authorizations with a cumulative authorized repurchase amount of $4,325.0 million. The ninth authorization was approved in May 2018 for $500 million. As of June 28, 2020, the Company had $366.6 million remaining under these authorizations. Share repurchases are subject to market conditions, the availability of funds and other uses of funds. As a result of the financing activities related to the eOne Acquisition, the Company has suspended its current share repurchase program while it prioritizes deleveraging.

SUMMARY OF FINANCIAL PERFORMANCE

A summary of the results of operations is illustrated below for the quarter and six month periods ended June 28, 2020 and June 30, 2019.

	Quarter Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Net revenues	$ 860.3	$ 984.5	$ 1,965.8	$ 1,717.0
Operating profit (loss)	2.2	128.3	(21.1)	164.5
(Loss) earnings before income taxes	(43.7)	6.1	(115.6)	35.7
Income tax benefit	(10.8)	(7.3)	(14.9)	(4.5)
Net (loss) earnings	(32.9)	13.4	(100.7)	40.2
Net earnings attributable to noncontrolling interests	1.0	—	2.8	—
Net (loss) earnings attributable to Hasbro, Inc.	(33.9)	13.4	(103.6)	40.2
Diluted (loss) earnings per share	(0.25)	0.11	(0.75)	0.32

RESULTS OF OPERATIONS – CONSOLIDATED

Second Quarter of 2020

The quarters ended June 28, 2020 and June 30, 2019 were each 13-week periods.

Consolidated net revenues for the second quarter of 2020 decreased $124.3 million, or 13% compared to the second quarter of 2019 and reflect the inclusion of eOne revenues which represent 19% of consolidated net revenues for the quarter. Second quarter 2020 net revenues include an $15.8 million unfavorable impact from foreign currency translation as a result of weakening currencies compared to the U.S. dollar, primarily in the Latin American, European and Asia Pacific markets in 2020 compared to 2019.

Operating profit for the second quarter of 2020 was $2.2 million, or 0.3% of net revenues, compared to operating profit of $128.3 million, or 13.0% of net revenues, for the second quarter of 2019. Operating profit during the second quarter of 2020 reflects the consolidation of eOne results of operations and was negatively impacted by acquisition and related costs of $10.3 million ($8.5 million after-tax); $22.6 million ($17.9 million after-tax) of expenses related to eOne acquired intangible asset amortization; and restructuring charges associated with cost savings initiatives of $11.6 million ($10.1 million after-tax).

Net losses attributable to Hasbro, Inc. were $33.9 million for the second quarter of 2020 compared to net earnings of $13.4 million for the second quarter of 2019. The diluted loss per share attributable to Hasbro, Inc. for the second quarter of 2020 was $0.25, compared to diluted earnings per share of $0.11 in the second quarter of 2019 and reflects the negative impact of eOne acquired intangible asset amortization, acquisition and related costs and restructuring charges associated with cost savings initiatives of $0.13 per diluted share, $0.06 per diluted share and $0.07 per diluted share, respectively.

As a result of the 2020 acquisition of eOne, the Company's brand architecture reflects the addition of the TV, Film and Entertainment brand portfolio which consists of legacy eOne film and TV revenues. Revenues related to eOne brands, including PEPPA PIG, PJ MASKS and RICKY ZOOM, are reported in the Emerging Brands portfolio.

The following table presents net revenues by brand and entertainment portfolio for the quarters ended June 28, 2020 and June 30, 2019.

	Quarter Ended		
	June 28, 2020	June 30, 2019	% Change
Franchise Brands	$ 376.8	576.7	-35 %
Partner Brands	138.2	213.4	-35 %
Hasbro Gaming	137.0	123.4	11 %
Emerging Brands	76.0	71.0	7 %
TV, Film and Entertainment	132.2	—	100 %
Total	$ 860.3	984.5	-13 %

FRANCHISE BRANDS: Net revenues in the Franchise Brands portfolio decreased 35% in the second quarter of 2020 compared to the second quarter of 2019. Net revenues from all of the Company's Franchise Brands products declined during the second quarter of 2020.

PARTNER BRANDS: Net revenues from the Partner Brands portfolio decreased 35% in the second quarter of 2020 compared to the second quarter of 2019. Partner Brands net revenues are reliant on related entertainment, including television and movie releases. During the second quarter of 2020, the Company’s Partner Brands portfolio was supported by fourth quarter 2019 theatrical releases *DISNEY’S FROZEN 2* in November and *STAR WARS: THE RISE OF SKYWALKER* in December, as well as through various distribution channels including home entertainment and streaming video. During the second quarter of 2019, the Company’s Partner Brands portfolio was supported by a strong lineup of theatrical releases including MARVEL’S AVENGERS: END GAME in April of 2019 and DISNEY’S ALADDIN in May of 2019. The Company’s 2020 Partner Brand entertainment releases include *TROLLS WORLD TOUR*, which was released in the premium video-on-demand format in April, as a sequel to the 2016 film, *TROLLS* from DREAMWORKS and *BLACK WIDOW* from DISNEY'S MARVEL franchise expected to be in theaters in November, as well as continuous entertainment provided by the subscription video on-demand streaming service, Disney+.

Net revenue declines from MARVEL, BEY BLADE and DISNEY PRINCESS products were partially offset by net revenue increases from DISNEY FROZEN, STAR WARS and DREAMWORKS' TROLLS products during the second quarter of 2020.

HASBRO GAMING: Net revenues in the Hasbro Gaming portfolio increased 11% in the second quarter of 2020 compared to the second quarter of 2019. Higher net revenues from classic games including, JENGA and CONNECT 4 products were partially offset by lower net revenues from DON'T STEP IN IT and certain other Hasbro Gaming products in the second quarter of 2020.

Net revenues for Hasbro’s total gaming category, including the Hasbro Gaming portfolio as reported above and all other gaming revenue, most notably MAGIC: THE GATHERING and MONOPOLY, which are included in the Franchise Brands portfolio, totaled $319.0 million for the second quarter of 2020, a decrease of 19%, as compared to $393.4 million in the second quarter of 2019. The decrease relates primarily to the timing of MAGIC: THE GATHERING product releases during the second quarter of 2020 compared to the same period in 2019.

EMERGING BRANDS: Net revenues from the Emerging Brands portfolio increased 7% during the second quarter of 2020 compared to the second quarter of 2019. Contributing to the net revenue increases were the inclusion of brands acquired through the eOne Acquisition including PEPPA PIG and PJ MASKS, as well as net revenue increases from EASY BAKE and GI JOE products. These increases were partially offset by declines in LITTLEST PET SHOP, PLAYSKOOL and FURREAL FRIENDS products during the second quarter of 2020.

TV, FILM and ENTERTAINMENT: The TV, Film and Entertainment portfolio includes eOne revenues not allocated to the Emerging Brands portfolio. Operations contributing to the TV, Film and Entertainment portfolio focus on high quality, premium film, television and music production and content rights around the world and selling this content globally.

During the second quarter of 2020, net revenues from the TV, Film and Entertainment portfolio were approximately 15% of total Company net revenues and included broadcast and licensing net revenues from key scripted deliveries including season two of *THE ROOKIE*, a television drama series currently airing on ABC. In addition to these offerings, TV, Film and Entertainment net revenues benefited from the Company's lineup of unscripted television programming and its library of subscription video on demand ("SVOD") content.

First Six Months of 2020

The six month periods ended June 28, 2020 and June 30, 2019 were each 26-week periods.

For the first six months of 2020, consolidated net revenues increased 14% compared to the first six months of 2019 and reflect the inclusion of eOne revenues which represent 26% of consolidated net revenues for the period. The net revenue increase in the first six months of 2020 included an unfavorable variance of $27.5 million as a result of foreign currency translation due to weaker currencies across the Company's international markets when compared to the first six months of 2019.

The operating loss for the first six months of 2020 was $21.1 million, or 1.1% of net revenues, compared to an operating profit of $164.5 million, or 9.6% of net revenues, for the first six months of 2019. The operating loss during the first six months of 2020 reflects the consolidation of eOne results of operations and was negatively impacted by acquisition and related costs of $160.1 million ($136.0 million after-tax); $47.6 million ($37.8 million after-tax) of expenses related to eOne acquired intangible asset amortization; and restructuring charges associated with cost savings initiatives of $11.6 million ($10.1 million after-tax).

The net loss attributable to Hasbro, Inc. was $103.6 million for the first six months of 2020 compared to net earnings of $40.2 million for the first six months of 2019. The diluted net loss per share attributable to Hasbro, Inc. was $0.75 in the first six months of 2020, compared to diluted earnings per share of $0.32 in 2019. The net loss attributable to Hasbro, Inc. for the first six months of 2020 reflects the negative impact of acquisition related costs and eOne acquired intangible asset amortization of $0.99 per diluted share and $0.28 per diluted share, respectively, as well as restructuring charges associated with cost savings initiatives of $0.07 per diluted share. Net earnings for the first six months of 2019 included a non-cash, net of tax charge of $0.68 per diluted share, related to the settlement of the Company's U.S. defined benefit pension plan.

The following table presents net revenues by product category for the first six months of 2020 and 2019.

	Six Months Ended		
	June 28, 2020	**June 30, 2019**	**% Change**
Franchise Brands	$ 773.3	970.3	-20 %
Partner Brands	320.6	385.4	-17 %
Hasbro Gaming	277.1	231.0	20 %
Emerging Brands	170.1	130.3	31 %
TV, Film and Entertainment	424.7	—	100 %
Total	$ 1,965.8	1,717.0	14 %

FRANCHISE BRANDS: Net revenues in the Franchise Brands portfolio decreased 20% in the first six months of 2020 compared to 2019. Net revenues from substantially all of the Company's Franchise brands products declined during the first six months of 2020.

PARTNER BRANDS: Net revenues from the Partner Brands portfolio decreased 17% during the first six months of 2020 compared to 2019. Partner Brands net revenues are reliant on related entertainment, including television and movie releases. During the first half of 2020, certain scheduled theatrical releases were delayed or postponed due to the closure or limited reopening of theaters as a result of the impact of COVID-19, which negatively impacted sales of the Company’s Partner Brands products. During the first six months of 2020, the Company’s Partner Brands portfolio was supported by fourth quarter 2019 theatrical releases *DISNEY’S FROZEN 2* in November and *STAR WARS: THE RISE OF SKYWALKER* in December, as well as through various distribution channels including home entertainment and streaming video. During the first half of 2019, the Company’s Partner Brands portfolio was supported by theatrical releases from MARVEL’S AVENGERS: END GAME in April and DISNEY’S ALADDIN in May. In addition to the 2019 films *DISNEY’S FROZEN 2 and STAR WARS: THE RISE OF SKYWALKER*, the Company’s 2020 Partner Brand entertainment releases include *TROLLS WORLD TOUR*, which was released in the premium video-on-demand format in April, as a sequel to the 2016 film, *TROLLS* from DREAMWORKS and *BLACK WIDOW* from DISNEY'S MARVEL franchise expected to be in theaters in November, as well as continuous entertainment provided by the subscription video on-demand streaming service, Disney+.

Net revenue increases from DISNEY FROZEN and DREAMWORKS' TROLLS products as well as increases from STAR WARS products, were partially offset by net revenue declines from MARVEL, DISNEY PRINCESS and BEY BLADE products during the first half of 2020.

HASBRO GAMING: Net revenues in the Hasbro Gaming portfolio increased 20% in the first six months of 2020 compared to the first six months of 2019. Increased net revenues from DUNGEONS & DRAGONS, JENGA and CONNECT 4 products were partially offset by lower net revenues from DON'T STEP IN IT and SPEAK OUT products.

Net revenues for Hasbro’s total gaming category, including the Hasbro Gaming portfolio as reported above and all other gaming revenue, most notably from MAGIC: THE GATHERING and MONOPOLY products, which are included in the Franchise Brands portfolio, increased to $659.5 million in the first six months of 2020 versus $636.8 million in the first six months of 2019.

EMERGING BRANDS: Net revenues from the Emerging Brands portfolio grew 31% for the first six months of 2020 compared to the first six months of 2019. Contributing to the net revenue increases in the first half of 2020 were the inclusion of brands acquired through the eOne Acquisition including PEPPA PIG and PJ MASKS. These net revenue increases were partially offset by net revenue declines from LITTLEST PET SHOP, PLAYSKOOL and LOST KITTIES products.

TV, FILM and ENTERTAINMENT: Net revenues from the TV, Film and Entertainment portfolio were approximately 22% of total Company net revenues and included theatrical contributions from the Amblin Partners film *1917*, released in December 2019 and broadcast and licensing net revenues from key scripted deliveries including season two of *THE ROOKIE*, a television drama series currently airing on ABC. In addition to these offerings, net revenues benefited from the Company's lineup of unscripted television programming and its library of SVOD content.

SEGMENT RESULTS

The Company's net revenues and operating profits (losses) are primarily derived from its four principal business segments: the U.S. and Canada segment, the International segment, the Entertainment, Licensing and Digital segment and, as a result of the 2020 eOne Acquisition, the eOne operating segment. The eOne segment was added to the Company's reporting structure in the first quarter of 2020 and is comprised of the legacy eOne business. The results of these operations are discussed in detail below.

Second Quarter of 2020

The following table presents net external revenues and operating profit (loss) data for the Company's principal segments for the quarters ended June 28, 2020 and June 30, 2019:

	Quarter Ended		
	June 28, 2020	June 30, 2019	% Change
Net Revenues			
U.S. and Canada segment	$ 359.7	$ 510.5	-30 %
International segment	249.8	377.4	-34 %
Entertainment, Licensing and Digital segment	89.8	96.5	-7 %
eOne segment	160.9	—	100 %
Operating Profit (Loss)			
U.S. and Canada segment	$ 24.3	$ 106.6	-77 %
International segment	(24.9)	14.6	>-100%
Entertainment, Licensing and Digital segment	27.8	7.9	>100%
eOne segment	(6.0)	—	-100 %

U.S. and Canada Segment

The U.S. and Canada segment net revenues declined 30% for the second quarter of 2020 compared to the second quarter of 2019, driven in part by disruptions to the business, as a result of the impact of the COVID-19 pandemic. Net revenue decreases from the Company's Franchise Brands, Partner Brands and Emerging Brands portfolios, were partially offset by higher net revenues from the Hasbro Gaming portfolio during the second quarter of 2020.

Net revenue declines were noted across the Company's Franchise Brands portfolio during the second quarter; most notably in MAGIC: THE GATHERING and NERF. In the Partner Brands portfolio, higher net revenues from STAR WARS, DISNEY FROZEN and DREAMWORKS' TROLLS products were more than offset by net revenue decreases from MARVEL products and to a lesser extent, BEY BLADE and DISNEY PRINCESS products during the second quarter of 2020. In the Hasbro Gaming portfolio, higher net revenues were delivered across many of the Company's games brands including JENGA, CONNECT 4, SORRY and TWISTER products. In the Emerging Brands portfolio, lower net revenues from POWER RANGERS and FURREAL FRIENDS products, were partially offset by net revenue contributions from the 2020 relaunch of the Company's GI JOE product line during the second quarter of 2020.

U.S. and Canada segment operating profit for the second quarter of 2020 was $24.3 million or 6.7% of segment net revenues, compared to segment operating profit of $106.6 million or 20.9% of segment net revenues, for the second quarter of 2019. The operating profit decrease in the second quarter of 2020 was driven by lower segment net revenues described above, partially offset by reduced royalty expenses associated with lower Partner Brand sales, and lower advertising, administrative and marketing expense.

International Segment

International segment net revenues declined 34% in the second quarter of 2020 to $249.8 million from $377.4 million in the second quarter of 2019 and included the impact of an unfavorable $12.4 million currency translation. The following table presents net revenues by geographic region for the Company's International segment for the quarters ended June 28, 2020 and June 30, 2019.

	Quarter Ended		
	June 28, 2020	**June 30, 2019**	**% Change**
Europe	$ 157.7	201.1	-22 %
Latin America	32.5	90.3	-64 %
Asia Pacific	59.7	86.0	-31 %
Net revenues	$ 249.8	377.4	-34 %

The decline in International segment net revenues during the second quarter of 2020 was attributable to disruptions to the business related to the COVID-19 pandemic as well as the unfavorable foreign currency translation of $12.4 million. Unfavorable foreign currency translation impacted the Company's major geographic regions as follows: Europe - $3.5 million, Latin America - $6.7 million and Asia Pacific - $2.2 million. International segment net revenues declined in all brand portfolios including Franchise Brands, Partner Brands, Hasbro Gaming and Emerging Brands during the second quarter of 2020 compared to the second quarter of 2019. In the International segment, net revenues declined from substantially all of the Company's Franchise Brands products during the second quarter, most notably NERF, PLAY-DOH and MAGIC: THE GATHERING products. In the Partner Brands portfolio, net revenue decreases from MARVEL, BEYBLADE and DISNEY PRINCESS products were partially offset by net revenue increases from DISNEY FROZEN, STAR WARS and to a lesser extent, DREAMWORKS' TROLLS products. In the Hasbro Gaming portfolio, higher net revenues from JENGA products were more than offset by lower net revenues from certain other Hasbro Gaming products. In the Emerging Brands portfolio, net revenues declined from PLAYSKOOL and LITTLEST PET SHOP products in the second quarter of 2020.

International segment operating losses were $24.9 million, or -10.0% of segment net revenues for the second quarter of 2020, compared to operating profit of $14.6 million, or 3.9% of segment net revenues, for the second quarter of 2019. International segment operating losses during the second quarter of 2020 were the result of lower sales and unfavorable product mix, partially offset by lower royalty expense as a result of lower partner brand sales and lower advertising and marketing costs as well as lower administrative costs as a result of global cost savings initiatives.

Entertainment, Licensing and Digital Segment

Entertainment, Licensing and Digital segment net revenues declined 7% to $89.8 million for the second quarter of 2020, compared to $96.5 million for the second quarter of 2019. Net revenue declines were primarily driven by lower digital gaming revenues during the second quarter of 2020 due to the closure of the Backflip business in the fourth quarter of 2019 and lower consumer product licensing revenues during the second quarter of 2020.

Entertainment, Licensing and Digital segment operating profit increased to $27.8 million, or 30.9% of segment net revenues for the second quarter of 2020, from $7.9 million, or 8.2% of segment net revenues for the second quarter of 2019. The increase in Entertainment, Licensing and Digital segment operating profit was driven primarily by lower program production expense and amortization and lower advertising costs during the second quarter of 2020 compared to 2019.

eOne Segment

During the second quarter of 2020, eOne segment net revenues were $160.9 million. The following table presents eOne segment net revenues by channel for the quarter ended June 28, 2020.

	Three Months Ended June 28, 2020
eOne Segment Net Revenues	
Film and TV	$ 106.0
Family Brands	29.0
Music and Other	25.9
Segment Total	$ 160.9

The COVID-19 outbreak had a significant and varied impact on the eOne segment during the second quarter of 2020. Specifically, certain scheduled productions have been delayed or postponed due to the shutdown of production work and the closure or limited reopening of studios. Theatrical releases have been delayed due to the closure or limited reopening of theaters, and in some cases, global film releases have moved from theaters to alternative media platforms such as streaming services.

During the second quarter of 2020, drivers of the eOne segment net revenues included: (i) broadcast and licensing revenues associated with internationally recognized brands, PEPPA PIG and PJ MASKS: (ii) broadcast and licensing contributions from key scripted deliveries including season two of *THE ROOKIE*, a television drama series currently airing on ABC; and (iii) the Company's strong lineup of unscripted television programming as well as demand for the Company's vast SVOD library. In addition to these entertainment driven revenues, the Company's music business benefited from both streaming and publishing revenues during the second quarter of 2020.

eOne segment operating losses were $6.0 million, or -3.7% of segment net revenues for the second quarter of 2020. This loss was driven by $22.6 million of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition.

Global Operations

The Global Operations segment operating loss of $5.9 million for the second quarter of 2020 compared to an operating loss of $6.0 million for the second quarter of 2019.

Corporate and Eliminations

Operating losses in Corporate and Eliminations totaled $13.1 million for the second quarter of 2020 compared to operating profit of $5.2 million for the second quarter of 2019. Operating losses in 2020 were driven primarily by $11.6 million of charges associated with cost-savings initiatives within the Company's commercial and Film and TV businesses combined with charges related to the eOne Acquisition; including acquisition and integration costs of $4.0 million and restructuring and related costs of $6.3 million, comprised of severance and retention costs.

First Six Months of 2020

The following table presents net revenues and operating profit (loss) for the Company's principal segments for each of the six month periods ended June 28, 2020 and June 30, 2019.

	Six Months Ended		
	June 28, 2020	**June 30, 2019**	**% Change**
Net Revenues			
U.S. and Canada segment	$ 788.4	$ 868.4	-9 %
International segment	500.2	660.1	-24 %
Entertainment, Licensing and Digital segment	173.9	188.5	-8 %
eOne segment	503.4	—	100 %
Operating Profit (Loss)			
U.S. and Canada segment	$ 96.1	$ 120.1	-20 %
International segment	(51.6)	(15.8)	>-100%
Entertainment, Licensing and Digital segment	33.0	38.0	-13 %
eOne segment	(39.0)	—	-100 %

U.S. and Canada Segment

The U.S. and Canada segment net revenues for the six months ended June 28, 2020 decreased 9% compared to 2019. The net revenue declines in the first half of 2020 were driven in part by disruptions to the Company's business operations, as a result of the impact of COVID-19. In the first six months of 2020, net revenue declines in the Franchise Brands, Partner Brands and Emerging Brands portfolios were partially offset by higher net revenues in the Hasbro Gaming portfolio.

In the Franchise Brands portfolio, net revenue declines from PLAY-DOH, NERF and TRANSFORMERS products and, to a lesser extent, MAGIC: THE GATHERING products, were partially offset by higher net revenues from MONOPOLY products. In the Partner Brands portfolio, lower net revenues from MARVEL and DISNEY PRINCESS products, as well as net revenue declines from the Company's UGLY DOLL and OVERWATCH products, were partially offset by net revenue increases from DISNEY FROZEN, DREAMWORKS' TROLLS and STAR WARS products. In the Hasbro Gaming portfolio, higher net revenues were delivered across many brands in the portfolio, most notably from DUNGEONS & DRAGONS, JENGA, CONNECT 4, SORRY and THE GAME OF LIFE products. In the Emerging Brands portfolio, net revenue declines from FURREAL FRIENDS, POWER RANGERS and PLAYSKOOL products, were partially offset by net revenues contributions from the 2020 relaunch of the Company's GI JOE product line.

U.S. and Canada segment operating profit for the six months ended June 28, 2020 decreased to $96.1 million, or 12.2% of segment net revenues, compared to $120.1 million, or 13.8% of segment net revenues, for the six months ended June 30, 2019. The decrease in operating profit in the first six months of 2020 was driven by lower net revenues partially offset by reduced administrative costs as a result of cost-savings initiatives, lower royalty expenses driven by the associated reduction in Partner Brands sales and lower sales, marketing and advertising costs during the first half of 2020.

International Segment

International segment net revenues decreased 24% to $500.2 million for the six months ended June 28, 2020 from $660.1 million for the six months ended June 30, 2019 and included an unfavorable $21.8 million impact from foreign currency exchange. The following table presents net revenues by geographic region for the Company's International segment for the six month periods ended June 28, 2020 and June 30, 2019.

	Six Months Ended		
	June 28, 2020	**June 30, 2019**	**% Change**
Europe	$ 319.9	354.5	-10 %
Latin America	66.4	153.1	-57 %
Asia Pacific	113.9	152.5	-25 %
Net revenues	$ 500.2	660.1	-24 %

Foreign currency translation negatively impacted the major geographic regions as follows: Europe - $7.3 million, Latin America - $10.5 million and Asia Pacific - $4.0 million. International segment net revenues declined in all brand portfolios including Franchise Brands, Partner Brands, Hasbro Gaming and Emerging Brands during the first six months of 2020 compared to 2019. The declines in Franchise Brands were the result of lower sales from substantially all Franchise Brands products during the first half of 2020, most notably NERF, PLAY-DOH and TRANSFORMERS. In the Partner Brands portfolio, lower net revenues from MARVEL and to a lesser extent, BEYBLADE and DISNEY PRINCESS products were partially offset by higher net revenues from DISNEY FROZEN, DREAMWORKS' TROLLS and STAR WARS products. In the Hasbro Gaming portfolio, lower net revenues from PIE FACE and certain other Hasbro Gaming products were partially offset by net revenue increases from JENGA and DUNGEONS & DRAGONS products. In the Emerging Brands portfolio, net revenue declines from LITTLEST PET SHOP and PLAYSKOOL products were partially offset by net revenue increases from POWER RANGERS products in the first six months of 2020.

International segment operating losses were $51.6 million for the first six months of 2020, compared to operating losses of $15.8 million for the first six months of 2019. The increase in International segment operating losses for the first six months of 2020 was the result of lower net revenues partially offset by reduced advertising, sales and marketing costs, and administrative and royalty expenses.

Entertainment, Licensing and Digital Segment

Entertainment, Licensing and Digital segment net revenues for the six months ended June 28, 2020 decreased 8% to $173.9 million from $188.5 million for the six months ended June 30, 2019. The net revenue declines during the first half of 2020 were driven by lower digital gaming revenues due to the closure of the Backflip business in the fourth quarter of 2019, lower net revenues from *MAGIC: THE GATHERING ARENA*, the Company's free-to-play digital collectible card game due to the timing of product releases and lower consumer product licensing revenues.

Entertainment, Licensing and Digital segment operating profit was $33.0 million, or 19.0% of net revenues, for the six months ended June 28, 2020 down from $38.0 million, or 20.1% of segment net revenues, for the six months ended June 30, 2019. The decline in operating profit in the Entertainment, Licensing and Digital segment was driven by lower net revenues as well as asset impairment charges of $20.8 million in production assets driven by the change in entertainment strategy as a result of the eOne Acquisition during the first quarter of 2020. Partially offsetting these negative impacts to operating profit were lower program production expenses and amortization costs as well as lower advertising and development costs during the first half of 2020.

eOne Segment

During the first half of 2020, eOne segment net revenues were $503.4 million. The following table presents eOne segment net revenues by channel for the six months ended June 28, 2020.

	Six Months Ended June 28, 2020	
eOne Segment Net Revenues		
Film and TV	$	365.5
Family Brands		79.8
Music and Other		58.1
Segment Total	$	503.4

The impact of the COVID-19 outbreak on the eOne segment during the first half of 2020 was felt most significantly during the second quarter of the year. Specifically, scheduled productions were and continue to be delayed or postponed due to the shutdown of production work and the closure or limited reopening of studios. In addition, theatrical releases have been delayed due to the closure or limited reopening of theaters, and in some cases, global film releases were moved from theaters to alternative media platforms such as streaming services.

In the first half of 2020, drivers of the eOne segment net revenues included: (i) broadcast and licensing revenues associated with internationally recognized brands, PEPPA PIG and PJ MASKS, (ii) theatrical contributions from the Amblin Partners film *1917*, released in December 2019, (iii) broadcast and licensing contributions from key scripted deliveries including season two of *THE ROOKIE*, a television drama series currently airing on ABC, the Company's strong lineup of unscripted television programming as well as the Company's SVOD library. In addition to these entertainment driven revenues, the Company's music business benefited from both strong streaming and publishing revenues during the first half of 2020.

eOne segment operating losses were $39.0 million, or -7.8% of segment net revenues for the first half of 2020. This loss was driven by $77.7 million of acquisition and integration costs, including $47.4 million of expense associated with the acceleration of eOne stock-based compensation and $24.5 million of advisor fees settled at the closing of the acquisition. Also contributing to the loss is $47.6 million of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition.

Global Operations

The Global Operations segment operating loss of $1.3 million for the first six months of 2020 compares to an operating loss of $4.7 million for the first six months of 2019.

Corporate and Eliminations

Operating losses in Corporate and Eliminations for the first six months of 2020 were $58.2 million, compared to operating profit of $27.0 million for the first six months of 2019. The Corporate and Eliminations operating loss in the first half of 2020 was driven primarily by charges related to the eOne Acquisition; including acquisition and integration costs of $22.0 million and restructuring and related costs of $39.5 million, comprised of severance and retention costs, as well as impairment charges for certain definite-lived intangible assets driven by the change in strategy for the combined company's entertainment assets. In addition to the charges associated with the eOne Acquisition, the Company incurred $11.6 million of severance charges associated with cost-savings initiatives within the Company's commercial and Film and TV businesses.

OPERATING COSTS AND EXPENSES

Second Quarter 2020

Overall, the Company's costs and expenses in the second quarter of 2020 increased compared to the second quarter of 2019 driven by the inclusion of eOne’s operations in the Company’s consolidated financial statements. Costs and expenses stated as percentages of net revenues, are illustrated below for the quarters ended June 28, 2020 and June 30, 2019.

	Quarter Ended	
	June 28, 2020	**June 30, 2019**
Cost of sales	29.4 %	34.9 %
Program cost amortization	5.9	2.4
Royalties	11.3	7.2
Product development	6.8	6.7
Advertising	8.4	9.4
Amortization of intangibles	4.0	1.2
Selling, distribution and administration	32.7	25.2
Acquisition and related costs	1.2	0.0

Cost of sales for the second quarter of 2020 was $253.2 million, or 29.4% of net revenues, compared to $343.7 million, or 34.9% of net revenues, for the second quarter of 2019. The decrease of cost of sales in dollars was attributable to lower net revenues during the second quarter of 2020 compared to the same period in 2019. The decrease as a percentage of net revenues is primarily related to the inclusion of net revenues from eOne, which experiences lower costs of sales sold as a percentage of net sales. To a lesser extent, the cost of sales decrease as a percent of net revenues was driven by the impact of $6.4 million of unfavorable foreign exchange and improved inventory closeout rates during the second quarter of 2020 as compared to 2019.

Program cost amortization increased to $50.7 million, or 5.9% of net revenues, for the second quarter of 2020 from $23.5 million, or 2.4% of net revenues, for the second quarter of 2019. The increase in this expense both in dollars and as a percentage of net revenues is related to eOne, which experiences higher program cost amortization as a percentage of net sales. Program costs are capitalized as incurred and amortized using the individual-film-forecast method which matches costs to the related recognized revenue.

Royalty expense for the second quarter of 2020 increased to $97.3 million, or 11.3% of net revenues, compared to $71.1 million, or 7.2% of net revenues, for the second quarter of 2019. The increase in royalty expense in dollars and as a percent of net revenues was driven by eOne which was partially offset by lower sales of Partner Brand products in the second quarter of 2020 as compared to the second quarter of 2019.

Product development expense for the second quarter of 2020 was $58.3 million, or 6.8% of net revenues, compared to $65.6 million, or 6.7% of net revenues, for the second quarter of 2019. The decrease in dollars was primarily related to lower spending as a result of global cost savings initiatives combined with savings related to the closure of the Backflip business in the fourth quarter of 2019, partially offset by increased investments in *MAGIC: THE GATHERING* tabletop gaming. Product development expense was consistent as a percent of net revenues.

Advertising expense for the second quarter of 2020 was $72.4 million, or 8.4% of net revenues, compared to $92.8 million, or 9.4% of net revenues, for the second quarter of 2019. The advertising expense decrease in dollars and as a percent of net revenues was driven by lower advertising levels across the regions reflecting the current environment due to COVID-19 impacts.

Amortization of intangible assets increased to $34.7 million, or 4.0% of net revenues, for the second quarter of 2020, compared to $11.8 million, or 1.2% of net revenues, for the second quarter of 2019. The increase in dollars and as a percent of net revenues is primarily related to the acquisition of eOne, which contributed $22.6 million to amortization. Excluding the intangible asset amortization associated with eOne, amortization of intangible assets was consistent with 2019.

For the second quarter of 2020, the Company's selling, distribution and administration expenses increased to $281.2 million, or 32.7% of net revenues, from $247.7 million, or 25.2% of net revenues, for the second quarter of 2019. The increase in selling, distribution and administration expenses in dollars was driven primarily by the inclusion and consolidation of eOne's operations during 2020. In addition, the increase in selling, distribution and administration expenses reflects $11.6 million of severance charges associated with cost-savings initiatives within the Company’s commercial and Film and TV businesses and increased bad debt expense. These increases were partially offset by lower freight and warehousing expenses as a result of lower shipments and decreased general and administrative spending due to the Company’s ongoing cost-reduction efforts in the second quarter of 2020 as compared to the second quarter of 2019.

During the three months ended June 28, 2020, the Company incurred $10.3 million of acquisition and related costs in connection with the eOne Acquisition. These expenses comprised of $4.0 million of acquisition and integration costs, and $6.3 million of severance and retention costs.

First Six Months of 2020

The Company's costs and expenses, stated as percentages of net revenues, are illustrated below for the six month periods ended June 28, 2020 and June 30, 2019.

	Six Months Ended	
	June 28, 2020	**June 30, 2019**
Cost of sales	26.2 %	35.2 %
Program cost amortization	9.3	1.8
Royalties	10.7	7.6
Product development	5.7	7.1
Advertising	8.9	9.9
Amortization of intangibles	3.6	1.4
Selling, distribution and administration	28.5	27.5
Acquisition and related costs	8.1	—

Cost of sales for the six months ended June 28, 2020 decreased to $515.9, million or 26.2% of net revenues, from $603.7 million, or 35.2% of net revenues for the six months ended June 30, 2019. The decrease as a percentage of net revenues is primarily related to the acquisition of eOne, which experiences lower cost of sales as a percentage of net sales as well as the impact of $10.3 million of unfavorable foreign exchange. The cost of sales decrease in dollars during the first six months of 2020 was driven by lower volumes, partially offset by a less favorable brand mix from lower sales of Partner Brand products.

Program cost amortization increased in the first six months of 2020 to $182.8 million, or 9.3% of net revenues, from $30.1 million, or 1.8% of net revenues, in the first six months of 2019. Program production costs are capitalized as incurred and amortized using the individual-film-forecast method which matches costs to the related recognized revenue. The increase in dollars, and as a percent of net revenues, is primarily related to eOne, which experiences higher program cost amortization as a percentage of net sales.

Royalty expense for the six months ended June 28, 2020 was $210.2 million, or 10.7% of net revenues, compared to $130.9 million, or 7.6% of net revenues, for the six months ended June 30, 2019. The increase in royalty expense in dollars, and as a percent of net revenues, was driven by the inclusion of eOne operations during the first half of 2020, partially offset by lower sales of Partner Brand product during the first six months of 2020 as compared to the first half of 2019.

Product development expense for the six months ended June 28, 2020 decreased to $112.2 million, or 5.7% of net revenues, from $121.9 million, or 7.1% of net revenues, for the six months ended June 30, 2019. The decrease as a percent of net revenues was primarily related to eOne, which experiences lower product development expense as a percentage of net sales. The decrease in dollars during the first six months of 2020 was driven by lower spending as a result of global cost savings initiatives combined with lower investments in digital gaming, primarily related to the closure of the Company's Backflip business during the fourth quarter of 2019.

Advertising expense for the six months ended June 28, 2020 was $174.0 million, or 8.9% of net revenues, compared to $169.4 million, or 9.9% of net revenues, for the six months ended June 30, 2019. The advertising expense increase in dollars was driven by eOne advertising expenses and higher costs in support of the MAGIC: THE GATHERING tabletop set release during the first quarter of 2020, partially offset by reduced advertising levels globally, reflecting the current environment due to COVID-19 impacts.

Amortization of intangibles was $71.5 million, or 3.6% of net revenues, for the six months ended June 28, 2020 compared to $23.6 million, or 1.4% of net revenues, in the first six months of 2019. The increase in dollars and as a percent of net revenues is primarily related to the acquisition of eOne, which contributed $47.6 million to amortization. Excluding the intangible asset amortization associated with eOne, amortization of intangible assets was consistent with 2019.

For the six months ended June 28, 2020, the Company's selling, distribution and administration expenses increased to $560.3 million, or 28.5% of net revenues, from $473.0 million, or 27.5% of net revenues, for the six months ended June 30, 2019. The increase in selling, distribution and administration expenses was driven primarily by the inclusion and consolidation of eOne's operations during the first half of 2020 combined with $11.6 million of severance charges associated with cost-savings initiatives within the Company’s commercial and Film and TV businesses. This increase was offset by lower freight and warehousing expenses as a result of lower shipments during the first six months and decreased general and administrative spending due to the Company’s ongoing cost-reduction efforts.

During the first half 2020, the Company incurred $160.0 million of acquisition and related costs in connection with the eOne Acquisition. These expenses comprised of $99.7 million of acquisition and integration costs, primarily related to $47.4 million of expense associated with the acceleration of eOne stock-based compensation and $39.0 million of advisor fees settled at the closing of the acquisition. Also included in the acquisition and related costs were $60.4 million of restructuring and related costs including severance and retention costs of $19.5 million as well as $40.9 million in impairment charges for certain definite-lived intangible and production assets. The impairment charges of $40.9 million were driven by the change in strategy for the combined company’s entertainment assets.

NON-OPERATING (INCOME) EXPENSE

Interest expense for the second quarter and first six months of 2020 totaled $49.6 million and $104.3 million, respectively, compared to $22.0 million and $44.3 million in the second quarter and first six months of 2019, respectively. In connection with the financing of the eOne acquisition, the Company issued an aggregate of $2.4 billion of senior unsecured debt securities during November 2019 and in the first quarter of 2020, on the date of the closing, borrowed $1.0 billion in term loans provided by a term loan agreement. The increase in interest expense for the second quarter and first six months of 2020 reflects interest related to these notes and other borrowings associated with the eOne business, partially offset by lower average short-term borrowings during the first half of 2020.

Interest income was $1.0 million and $5.7 million for the second quarter and first six months of 2020, respectively, compared to $6.0 million and $13.7 million in the second quarter and first six months of 2019, respectively. Lower average interest rates in 2020 compared to 2019 contributed to the decrease.

Other income, net was $2.6 million and $4.1 million for the second quarter and first six months of 2020, respectively, compared to other expense, net of $106.2 million and $98.1 million in the second quarter and first six months of 2019, respectively. The increase was driven by lower pension expense in 2020 due to the $110.8 million non-cash pension charge as a result of the settlement of the Company's U.S. pension plan liability during the second quarter of 2019, offset by foreign currency losses in 2020 compared to foreign currency gains in 2019.

INCOME TAXES

Income tax benefit totaled $10.8 million on pre-tax loss of $43.7 million in the second quarter of 2020 compared to income tax benefit of $7.3 million on pre-tax earnings of $6.1 million in the second quarter of 2019. For the six-month period, the income tax benefit totaled $14.9 million on pre-tax loss of $115.6 million in 2020 compared to income tax benefit of $4.5 million on pre-tax earnings of $35.7 million in 2019. Both periods, as well as the full year 2019, were impacted by discrete tax events including the accrual of potential interest and penalties on uncertain tax positions. During the first six months of 2020, favorable discrete tax adjustments were a net benefit of $24.0 million compared to a net benefit of $31.3 million in the first six months of 2019. The favorable discrete tax adjustments for the first six months of 2020 primarily relate to the costs related to the acquisition of eOne. The favorable discrete tax adjustments for the first six months of 2019 primarily related to the settlement of the U.S. defined benefits pension plan liability, excess tax benefits on share-based payments and the expiration of statutes of limitations for uncertain tax positions. Absent discrete items, the adjusted tax rates for the first six months of 2020 and 2019 were 20.5% and 18.3%, respectively. The increase in the adjusted tax rate of 20.5% for the first six months of 2020 is primarily due to the mix of jurisdictions where the Company earned its profits and the impact of the eOne Acquisition.

The United Kingdom enacted the Finance Act of 2020 after receiving royal assent on July 22, 2020. Effective back to April 1, 2020, the new law maintains the corporate income tax rate at 19% instead of the planned reduction to 17% that was previously enacted in the UK Finance Act of 2016. Changes in tax laws and rates will impact recorded deferred tax assets and liabilities and our effective tax rate in the future. The primary impact will come from the revaluation of Hasbro’s UK tax attributes, which will likely result in an increased tax provision of approximately $16.0 million in the third quarter of 2020.

OTHER INFORMATION

Brexit Referendum

On June 23, 2016, the United Kingdom (“UK”) voted in a referendum to leave the European Union (“EU”), commonly referred to as Brexit. The UK government triggered the formal two-year period to negotiate the terms of the UK’s exit on March 29, 2017. These events resulted in an immediate weakening of British pound sterling against the US dollar, and increased volatility in the foreign currency markets which continued into 2020. These fluctuations initially affected Hasbro’s financial results, although the impact was partially mitigated by the Company’s hedging strategy. On January 31, 2020, the UK formally withdrew from the EU, entering a transitional period which is currently expected to end on December 31, 2020. During this transitional period, EU law will continue to apply in the UK while providing time for the UK and EU to negotiate the details of their future relationship. Financial, trade and legal implications of the UK leaving the EU remain uncertain. The Company continues to closely monitor the negotiations and the impact to foreign currency markets, taking appropriate actions to support the Company’s long-term strategy and to mitigate risks in its operational and financial activities. However, the Company cannot predict the direction of Brexit-related developments nor the impact of those developments on our European operations and the economies of the markets in which they operate.

Business Seasonality and Shipments

Historically, the revenue pattern of Hasbro’s legacy business has shown the second half of the year to be more significant to its overall business than the first half. The Company expects that this concentration will continue, particularly as more of its business has shifted to larger customers with order patterns concentrated in the second half of the year around the holiday season. The concentration of sales in the second half of the year increases the risk of (a) underproduction of popular items, (b) overproduction of less popular items, and (c) failure to achieve tight and compressed shipping schedules.

The Company’s business is characterized by customer order patterns which vary from year to year largely because of differences each year in the degree of consumer acceptance of product lines, product availability, marketing strategies and inventory policies of retailers, the dates of theatrical releases of major motion pictures for which the Company sells products, and changes in overall economic conditions. As a result, comparisons of the Company's unshipped orders on any date with those at the same date in a prior year are not necessarily indicative of the Company's expected sales for the year. Moreover, quick response inventory management practices result in fewer orders being placed significantly in advance of shipment and more orders being placed for immediate delivery. Although the Company may receive orders from customers in advance, it is a general industry practice that these orders are subject to amendment or cancellation by customers prior to shipment and, as such, the Company does not believe that these unshipped orders, at any given date, are indicative of future sales. Additionally, the impact of the COVID-19 outbreak to the Company's business seasonality and shipments remains uncertain. After operating at lower than planned production levels during most of the first quarter due to COVID-19, the Company's third-party manufacturing facilities in China are currently operating at planned capacity for this time of year. Manufacturing and warehouse partners outside of China operated at close to normal levels during much of the first quarter. Beginning in mid-March and into the second quarter, these locations were operating at varying levels of productivity depending on local government and safety considerations however the majority of manufacturing facilities are now up and running. The COVID-19 situation continues to be fluid, but we currently expect all manufacturing facilities to remain operational in the second half of 2020, based upon our understanding of local governments directions at this time. As production typically builds to peak levels during the summer months, the Company anticipates making up remaining lost production during the third quarter of 2020, unless a resurgence of COVID-19 cases were to cause further manufacturing shutdowns or restrictions, and to be well positioned to meet shipping schedule demands in the second half of the year. However, if manufacturing facilities are impacted by a resurgence in COVID-19, we may not be able to make up for the disruption in supply in the nearer term.

Accounting Pronouncement Updates

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-13 (ASU 2016-13) Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments.* The amendments in this update provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The standard update replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and early adoption was permitted. The Company adopted the standard in the first quarter of 2020 and the adoption of the standard did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13 (ASU 2018-13), Fair Value Measurement (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.* The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, specifically related to disclosures surrounding Level 3 asset balances, fair value measurement methods, related gains and losses and fair value hierarchy transfers. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and early adoption was permitted. The Company adopted the standard in the first quarter of 2020 and the adoption of the standard did not have a material impact on its consolidated financial statements.

In March 2019, the FASB issued Accounting Standards Update No. 2019-02 (ASU 2019-02) Entertainment-Films-Other Assets-Film Costs (Subtopic 926-20) and Entertainment-Broadcasters-Intangibles-Goodwill and Other (Subtopic 920-350): *Improvements to Accounting for Costs of Films and License Agreements for Program Materials.* The amendments in this update align cost capitalization of episodic television series production costs with that of film production cost capitalization. In addition, this update addresses impairment testing procedures with regard to film groups, when a film or license agreement is expected to be monetized with other films and/or license agreements. The intention of this update is to align accounting treatment with changes in production and distribution models within the entertainment industry and to provide increased transparency of information provided to users of financial statements about produced and licensed content. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and early adoption was permitted. The Company adopted the standard in the first quarter of 2020 and the adoption of the standard did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update No. 2018-14 (ASU 2018-14) Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): *Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans.* The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2020, and early adoption is permitted. The standard relates to financial statement disclosure only and will not have an impact on the Company's consolidated statement of financial position, statement of operations or statement of cash flows.

In March of 2020, the FASB issued Accounting Standards Update No. 2020-04 (ASU 2020-04) Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles ("GAAP") to contracts, hedging relationships, and other transactions, for a limited period of time, to ease the potential burden of recognizing the effects of reference rate reform on financial reporting. The amendments in this update apply to contracts, hedging relationships and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to the global transition away from LIBOR and certain other interbank offered rates. An entity may elect to apply the amendments provided by this update beginning March 12, 2020 through December 31, 2022. The Company is currently evaluating this option as it relates to its contracts that reference LIBOR, as well as the impact of the standard to the Company's consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated a significant amount of cash from operations. In the first six months of 2020 and 2019 the Company has primarily funded its operations and liquidity needs through cash flows from operations, and when needed, used borrowings under its available lines of credit. In 2020, the Company’s eOne operating segment has used production financing to fund certain of its television and film productions which are arranged on an individual production basis by special purpose production subsidiaries.

The Company expects to continue to fund its working capital needs primarily through available cash and cash flows from operations as well as its production financing facilities and, when needed, by issuing commercial paper or borrowing under its revolving credit agreement. In the event that the Company is not able to issue commercial paper, the Company intends to utilize its available lines of credit. In addition, beginning in 2020 with the acquisition of eOne, the Company commenced funding certain of its television and film productions using production financing facilities which are secured by the assets and future revenues of the individual production subsidiaries. Under these facilities, the cash generated by the production may be restricted until the production financing is paid. The Company believes that the funds available to it, including cash expected to be generated from operations and funds available through its available lines of credit and commercial paper program are adequate to meet its working capital needs over the next twelve months. However, unexpected events or circumstances such as material operating losses or increased capital or other expenditures or inability to otherwise access the commercial paper market, may reduce or eliminate the availability of external financial resources. In addition, significant disruptions to credit markets may also reduce or eliminate the availability of external financial resources. Although management believes the risk of nonperformance by the counterparties to the Company's financial facilities is not significant, in times of severe economic downturn in the credit markets it is possible that one or more sources of external financing may be unable or unwilling to provide funding to the Company.

During November of 2019, in conjunction with the Company's acquisition of eOne, the Company issued an aggregate of $2.4 billion of senior unsecured debt securities (collectively, the "Notes") consisting of the following tranches: $300 million of notes due 2022 (the "2022 Notes") that bear interest at a fixed rate of 2.60%; $500 million of notes due 2024 (the "2024 Notes") that bear interest at a fixed rate of 3.00%; $675 million of notes due 2026 (the "2026 Notes") that bear interest at a fixed rate of 3.55%; and $900 million of notes due 2029 (the "2029 Notes") that bear interest at a fixed rate of 3.90%. The interest rate payable on each series of the Notes will be subject to adjustment from time to time if either Moody's or S&P (or a substitute rating agency therefor) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the Notes. Underwriting discount and fees of $20.0 million were deducted from the gross proceeds of the Notes. These costs are being amortized over the life of the Notes, which range from three to ten years. Prior to October 19, 2024 (in the case of the 2024 Notes), September 19, 2026 (in the case of the 2026 Notes), August 19, 2029 (in the case of the 2029 Notes) and at any time (in the case of the 2022 Notes), the Company may redeem the Notes at its option at the greater of the principal amount of the Notes or the present value of the remaining scheduled payments discounted using the effective interest rate on applicable U.S. Treasury bills at the time of repurchase, plus (1) 15 basis points (in the case of the 2022 Notes); (2) 25 basis points (in the case of the 2024 Notes); (3) 30 basis points (in the case of the 2026 Notes); and (4) 35 basis points (in the case of the 2029 Notes). In addition, on and after (1) October 19, 2024 for the 2024 Notes; (2) September 19, 2026 for the 2026 Notes; and (3) August 19, 2029 for the 2029 Notes, such series of Notes will be redeemable, in whole at any time or in part from time to time, at the Company's option at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest.

Of the Company's long-term borrowings, the $300.0 million of 3.15% Notes mature in 2021. All of the Company's other long-term borrowings have contractual maturities that occur subsequent to 2021 with the exception of certain of the Company's production financing facilities.

In November of 2019, the Company completed an underwritten public offering of 10,592,106 shares of common stock, par value $0.50 per share, at a public offering price of $95.00 per share. Net proceeds from this public offering were approximately $975.2 million, after deducting underwriting discounts and commissions and offering expenses of approximately $31.1 million. The net proceeds were used to finance, in part, the acquisition of eOne and to pay related costs and expenses.

As of June 28, 2020, the Company's cash and cash equivalents totaled $1,038.0 million, of which $71.9 million is restricted under the Company's production financing facilities. Prior to 2017, deferred income taxes had not been provided on the majority of undistributed earnings of international subsidiaries as such earnings were considered indefinitely reinvested by the Company. The Tax Act provided significant changes to the U.S. tax system including the elimination of the ability to defer U.S. income tax on unrepatriated earnings by imposing a one-time mandatory deemed repatriation tax on undistributed foreign earnings. As of June 28, 2020, the Company has a total liability of $192.9 million related to this tax, $36.7 million is reflected in current liabilities while the remaining long-term payable related to the Tax Act of $156.2 million is presented within other liabilities, non-current on the Consolidated Balance Sheets. As permitted by the Tax Act, the Company will pay the transition tax in annual interest-free installments through 2025. As a result, the related earnings in foreign jurisdictions are available with greater investment flexibility. The majority of the Company's cash and cash equivalents held outside of the United States as of June 28, 2020 is denominated in the U.S. dollar.

Because of the seasonality in the Company's cash flow, management believes that on an interim basis, rather than discussing only its cash flows, a better understanding of its liquidity and capital resources can be obtained through a discussion of the various balance sheet categories as well. Also, as several of the major categories, including cash and cash equivalents, accounts receivable, inventories and short-term borrowings, fluctuate significantly from quarter to quarter, due to the seasonality of its business, management believes that a comparison to the comparable period in the prior year is generally more meaningful than a comparison to the prior year-end.

The table below outlines key financial information (in millions of dollars) pertaining to our consolidated balance sheets including the period-over-period changes.

	June 28, 2020	June 30, 2019	% Change
Cash and cash equivalents (including restricted cash of $86.2 and $0)	$ 1,038.0	1,151.0	-10 %
Accounts receivable, net	911.3	805.3	13 %
Inventories	564.2	564.8	— %
Prepaid expenses and other current assets	672.2	309.0	>100%
Other assets	1,329.1	665.2	100 %
Accounts payable and accrued liabilities	1,596.6	1,059.9	51 %
Other liabilities	771.7	554.2	39 %

Accounts receivable increased to $911.3 million at June 28, 2020, compared to $805.3 million at June 30, 2019. Absent the unfavorable foreign currency impact of $31.1 million, accounts receivable increased 17%, or $137.2 million. The increase in accounts receivable during the first half of 2020 was driven primarily by the inclusion of eOne balances of $206.2 million. Partially offsetting these increases were lower accounts receivable balances across the Company's Latin American, U.S. and Canada and European regions due to lower revenues as a result of the impact of the COVID-19 pandemic during the six months ended June 28, 2020 compared to the same period in 2019. Days sales outstanding increased from 74 days at June 30, 2019 to 96 days at June 28, 2020 as a result of decreased collections and payment term extensions, primarily in the Company's international markets, due to market disruptions caused by the COVID-19 pandemic.

Inventories remained flat at $564.2 million as of June 28, 2020 compared to $564.8 million at June 30, 2019. Absent the unfavorable foreign currency impact of $28.0 million, inventories increased 5% reflecting higher inventory levels in the Company's Latin American and European markets due to lower sales in the first half of 2020, and higher than normal inventory levels remaining from the fourth quarter of 2019 in Latin America. These increases were partially offset by lower inventory levels in U.S. and Canada as a result of lower shipments from China due to the impact of COVID-19.

Prepaid expenses and other current assets increased to $672.2 million at June 28, 2020 from $309.0 million at June 30, 2019. The increase was due to higher accrued royalty and licensing income, primarily attributable to accrued revenue balances associated with eOne's intellectual property of $194.3 million, higher accrued tax credits related to film and television production costs, the majority of which are attributable to eOne productions, higher prepaid tax balances as a result of lower earnings relative to estimated tax payments and higher prepaid royalty amounts due to the current portion payments made in the first quarter of 2020 for the extension of the Company’s Marvel and Lucas agreements. These increases were partially offset by lower short-term investment balances in the first half of 2020.

Other assets increased to approximately $1,329.1 million at June 28, 2020 from $665.2 million at June 30, 2019. The increase was primarily due to eOne's investments in acquired content of $435.0 million, investments in film and television productions of $146.6 million and investments in development of $30.5 million. Also contributing to the increase are higher long-term accrued royalty income balances primarily driven by eOne, increased non-current royalty advances due to the non-current portion of payments made in the first quarter of 2020 related to certain of the Company’s partner brands as well as higher deferred tax balances. These increases were partially offset by lower capitalized television production costs in the legacy Hasbro business, primarily related to impairment charges recorded on certain production assets during the first quarter of 2020, lower capitalized film production costs in the legacy Hasbro business, as a result of higher amortization of film production assets in 2020 and lower long-term receivable balances related to third-party production studio rebates.

Accounts payable and accrued liabilities increased to $1,596.6 million at June 28, 2020 from $1,059.9 million at June 30, 2019. The increase was primarily attributable to the acquisition of eOne and inclusion of significant accrued participation balances, deferred revenue balances primarily related to broadcast licensing obligations and the addition of eOne's current lease liability and account payable balances. In addition, increases included higher accrued royalty balances, higher accrued interest as a result of higher debt levels in 2020 from the issuance of notes in November 2019 and January 2020 and higher accrued income tax balances as a result of an extension provided to U.S. companies for transition tax installment payments. These increases were partially offset by lower accrued advertising balances due to lower levels of advertising expense in the second quarter of 2020.

Other liabilities increased to $771.7 million at June 28, 2020 from $554.2 million at June 30, 2019. The increase was primarily driven by deferred tax liabilities recorded as a result of the eOne Acquisition accounting adjustments during the first quarter of 2020, higher long-term lease liability balances resulting from the eOne Acquisition, and higher deferred revenue balances as a result of the inclusion of eOne operations in the Company's consolidated financial statements beginning in the first quarter of 2020. In addition to these increases, there were higher long-term international pension balances due to the 2019 year-end actuarial valuations and higher reserves for uncertain tax positions. These increases were offset by a lower transition tax liability balance reflecting the reclassification of the 2020 installment payment.

Cash Flow

The following table summarizes the changes in the Consolidated Statement of Cash Flows, expressed in millions of dollars, for the quarters ended June 28, 2020 and June 30, 2019.

	June 28, 2020	June 30, 2019
Net cash provided by (used in)		
Operating activities	$ 258.3	$ 336.3
Investing activities	(4,454.8)	(60.5)
Financing activities	678.5	(306.6)

Net cash provided by operating activities in the first six months of 2020 was $258.3 million compared to $336.3 million in the first six months of 2019. The $77.9 million decrease in net cash provided by operating activities was primarily attributable to the decrease in earnings before depreciation, intangible amortization and program cost amortization, and higher film and television production spend as a result of the inclusion of eOne operations during the first half of 2020 as well as royalty advances paid in the first half of 2020 related to the extension of the Company’s Marvel and Lucas license agreements that were due to expire in 2020.

Net cash utilized in investing activities was $4,454.8 million in the first six months of 2020 compared to $60.5 million in the first six months of 2019. The increase in 2020 reflects $4.4 billion of cash utilized to acquire eOne, net of cash acquired. As discussed in the Executive Summary, the cash used for the purchase of eOne consisted of the net proceeds from the issuance of an aggregate principal amount of $2.4 billion in senior secured notes, net proceeds $975.2 million from of the issuance of approximately 10.6 million shares of common stock and $1.0 billion in term loans drawn in the first quarter of 2020.

Additions to property, plant and equipment were $64.0 million in the first six months of 2020 compared to $58.2 million in the first six months of 2019.

Net cash provided by financing activities was $678.5 million in the first six months of 2020 compared to net cash utilized of $306.6 million, in the first six months of 2019. The increase in cash provided by financing activities was primarily driven by the proceeds from the drawdown of the Company's $1.0 billion in term loans. Also, in the first quarter of 2020, the Company had drawdowns of $26.3 million and repayments of $90.7 million related to eOne production financing loans and paid $47.4 million associated with the redemption of eOne stock awards that were accelerated as a result of the acquisition as well as a $7.5 million payment for the Company's first installment towards the repayment of the $1.0 billion term loans described above.

During the first half of 2019, the Company paid $100.0 million to Saban Properties related to the 2018 POWER RANGERS acquisition which consisted of a $75.0 million deferred purchase price payment and $25.0 million released from escrow. Cash payments related to the purchases of the Company’s common stock were $58.6 million in the first half of 2019. There were no repurchases of the Company’s common stock in the first half of 2020 as the Company suspended the program while it prioritizes deleveraging. Dividends paid in the first half of 2020 totaled $186.2 million compared to $164.9 million in the first half of 2019 primarily reflecting the additional shares issued in the fourth quarter of 2019.

Sources and Uses of Cash

The Company has an agreement with a group of banks which provides for a commercial paper program (the "Program"). Under the Program, at the request of the Company and subject to market conditions, the banks may either purchase from the Company, or arrange for the sale by the Company, of unsecured commercial paper notes. The Company may issue notes from time to time up to an aggregate principal amount outstanding at any given time of $1,000.0 million. The maturities of the notes may vary but may not exceed 397 days. The notes are sold under customary terms in the commercial paper market and are issued at a discount to par, or alternatively, sold at par and bear varying interest rates based on a fixed or floating rate basis. The interest rates vary based on market conditions and the ratings assigned to the notes by the credit rating agencies at the time of issuance. Subject to market conditions, the Company intends to utilize the Program as its primary short-term borrowing facility and does not intend to sell unsecured commercial paper notes in excess of the available amount under the revolving credit agreement discussed below. If, for any reason, the Company is unable to access the commercial paper market, the Company intends to use the revolving credit agreement to meet the Company's short-term liquidity needs. At June 28, 2020, the Company had no outstanding borrowings related to the Program.

The Company has a second amended and restated revolving credit agreement with Bank of America, N.A., as administrative agent, swing line lender and a letter of credit issuer and lender and certain other financial institutions, as lenders thereto (the "Amended Revolving Credit Agreement"), which provides the Company with commitments having a maximum aggregate principal amount of $1,500.0 million. The Amended Revolving Credit Agreement also provides for a potential additional incremental commitment increase of up to $500.0 million subject to agreement of the lenders. The Amended Revolving Credit Agreement contains certain financial covenants setting forth leverage and coverage requirements, and certain other limitations typical of an investment grade facility, including with respect to liens, mergers and incurrence of indebtedness. The Amended Revolving Credit Agreement extends through September 20, 2024. The Company was in compliance with all covenants as of and for the quarter ended June 28, 2020. The Company had no borrowings outstanding under its committed revolving credit facility as of June 28, 2020. However, letters of credit outstanding under this facility as of June 28, 2020 were approximately $2.7 million. Amounts available and unused under the committed line, at June 28, 2020 were approximately $1,497.3 million, inclusive of borrowings under the Company's commercial paper program. The Company also has other uncommitted lines from various banks, of which approximately $19.3 million was utilized at June 28, 2020. Of the amount utilized under, or supported by, the uncommitted lines, approximately $6.4 million and $12.9 million represent outstanding short-term borrowings and letters of credit, respectively.

In September of 2019, the Company entered into a $1.0 billion Term Loan Agreement (the "Term Loan Agreement") with Bank of America N.A. ("Bank of America"), as administrative agent, and certain financial institutions as lenders, pursuant to which such lenders committed to provide, contingent upon the completion of the eOne Acquisition and certain other customary conditions to funding, (1) a three-year senior unsecured term loan facility in an aggregate principal amount of $400.0 million (the "Three-Year Tranche") and (2) a five-year senior unsecured term loan facility in an aggregate principal amount of $600.0 million (the "Five-Year Tranche" and together with the Three-Year Tranche, the "Term Loan Facilities"). On December 30, 2019, the Company completed the acquisition of eOne and on that date, borrowed the full amount of $1.0 billion under the Term Loan Facilities. Loans under the Term Loan Facilities bear interest, at the Company's option, at either the Eurocurrency Rate or the Base Rate, in each case plus a per annum applicable rate that fluctuates (1) in the case of the Three-Year Tranche, between 87.5 basis points and 175.0 basis points, in the case of loans priced at the Eurocurrency Rate, and between 0.0 basis points and 75.0 basis points, in the case of loans priced at the Base Rate, and (2) in the case of the Five-Year Tranche, between 100.0 basis points and 187.5 basis points, in the case of loans priced at the Eurocurrency Rate, and between 0.0 basis points and 87.5 basis points, in the case of loans priced at the Base Rate, in each case, based upon the non-credit enhanced, senior unsecured long-term debt ratings of the Company by Fitch Ratings Inc., Moody's Investor Service, Inc. and S&P Global Rankings, subject to certain provisions taking into account potential differences in ratings issued to the relevant rating agencies or a lack of ratings issued by such ratings agencies. Loans under the Five-Year Tranche require principal amortization payments, payable in equal quarterly installments of 5.0% per annum of the original principal amount thereof for each of the first two years after funding, increasing to 10.0% per annum of the original principal amount thereof for each subsequent year. The Term Loan Agreement contains affirmative and negative covenants typical of this type of facility, including: (i) restrictions on the Company's and its domestic subsidiaries' ability to allow liens on their assets, (ii) restrictions on the incurrence of indebtedness, (iii) restrictions on the Company's and certain of its subsidiaries' ability to engage in certain mergers, (iv) the requirement that the Company maintain a Consolidated Interest Coverage Ratio of no less than 3.00:1.00 as of the end of any fiscal quarter and (v) the requirement that the Company maintain a Consolidated Total Leverage Ratio of no more than, depending on the gross proceeds of equity securities issued after the effective date of the eOne Acquisition, 5.65:1.00 or 5.40:1.00 for each of the first, second and third fiscal quarters ended after the funding of the Term Loan Facilities, with periodic step downs to 3.50:1.00 for the fiscal quarter ending December 31, 2023 and thereafter. The loans were drawn down on December 30, 2019 to fund the acquisition of eOne.

The Company has principal amounts of long-term debt at June 28, 2020 of $5.2 billion, due at varying times from 2021 through 2044. As described above, the Company issued an aggregate of $2.4 billion of senior unsecured long-term debt securities in November 2019 and borrowed $1.0 billion under its term loan facilities on December 30, 2019 in connection with the financing of the eOne Acquisition. Of the total principal amount of long-term debt, $378.6 million is current at June 28, 2020 of which $300.0 million is related to the 3.15% 2021 Notes and $30.0 million is related to principal amortization of the 5-year term loans due December 2024. Additionally, the Company has outstanding production financing facilities at June 28, 2020 of $142.0 million of which $93.4 million is included in long-term debt and $48.6 million is reported as the current portion of long-term debt within the Company's consolidated financial statements, included in Item 1 of this Form10-Q.

The Company also had letters of credit and other similar instruments of approximately $15.6 million and purchase commitments of approximately $676.7 million outstanding at June 28, 2020.

Through the eOne Acquisition, the Company assumed eOne's existing future obligations for film and television content, future minimum contractual royalty payment obligations and operating lease commitments. Future payments required under these obligations, expressed in millions of dollars as of June 28, 2020, are as follows:

	Remainder 2020	2021	2022	2023	2024	Thereafter	Total
Future film and television obligations	$ 35.9	42.4	1.8	—	—	—	$ 80.1
First-look commitments	10.4	16.0	7.3	—	—	—	33.7
Operating lease commitments	32.4	14.3	11.6	10.5	9.3	23.0	101.1
	$ 78.7	72.7	20.7	10.5	9.3	23.0	$ 214.9

Other contractual obligations and commercial commitments, as detailed in the Company's 2019 Form 10-K, did not materially change outside of commitments assumed as part of the eOne Acquisition and certain payments made in the normal course of business and as otherwise set forth in this report. The table of contractual obligations and commercial commitments, as detailed in the Company's 2019 Form 10-K does not include certain tax liabilities related to uncertain tax positions. See Note 3, "Business Combinations" to our consolidated financial statements, which is included in Part I of this Form 10-Q for contractual commitments assumed through the eOne Acquisition.

The Company believes that cash from operations, and, if necessary, its committed line of credit and other borrowing facilities, will allow the Company to meet its obligations over the next twelve months.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. As such, management is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. The significant accounting policies which management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results include recoverability of goodwill, intangible assets, income taxes and the valuation of the Company’s equity method investment in Discovery Family Channel. These critical accounting policies are the same as those detailed in the 2019 Form 10-K with the exception of the use of estimates for business combinations in relation to the Company’s 2020 acquisition of eOne, which is detailed below.

Business Combinations. The Company accounts for business combination under FASB Accounting Standards Codification Topic 805, Business Combinations (“Topic 805”). Identifiable assets acquired, liabilities assumed and any noncontrolling interests in the acquiree are recognized and measured as of the acquisition date at fair value. Goodwill is recognized to the extent by which the aggregate of the acquisition-date fair value of the consideration transferred and any noncontrolling interests in the acquiree exceed the recognized basis of the identifiable assets acquired, net of assumed liabilities. Determining the fair value of assets acquired, liabilities assumed and noncontrolling interests requires management’s judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates and asset lives among other items.

The Company's evaluation of the facts and circumstances available as of December 30, 2019, to assign fair values to assets acquired and liabilities assumed, including income tax related amounts are ongoing. As further analysis of assets including program rights, investment in films and television content, intangible assets, as well as deferred revenue, noncontrolling interests, tax and certain other liabilities is completed, additional information on the assets acquired and liabilities assumed may become available. A change in the information related to the net assets acquired may change the amount of the purchase price assigned to goodwill, and as a result, the preliminary fair values disclosed are subject to adjustment as additional information is obtained and valuations are completed. Provisional adjustments, if any, will be recognized during the reporting period in which the adjustments are determined. We expect to finalize the purchase price allocation as soon as practicable, but no later than one year from the acquisition date. For more information on the eOne Acquisition see Note 3, "Business Combinations" to the Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

FINANCIAL RISK MANAGEMENT

The Company is exposed to market risks attributable to fluctuations in foreign currency exchange rates, primarily as the result of sourcing products priced in U.S. dollars, Hong Kong dollars and Euros while marketing those products in more than twenty currencies. Results of operations may be affected primarily by changes in the value of the U.S. dollar, Hong Kong dollar, Euro, British pound sterling, Canadian dollar, Brazilian real, Russian ruble and Mexican peso and, to a lesser extent, other currencies in Latin American and Asia Pacific countries.

To manage this exposure, the Company has hedged a portion of its forecasted foreign currency transactions for fiscal years 2020 through 2022 using foreign exchange forward contracts. In addition, during the third quarter of 2019 the Company hedged a portion of its exposure to fluctuations in the British pound sterling in relation to the eOne Acquisition purchase price and other transaction related costs using a series of both foreign exchange forward and option contracts. These contracts did not qualify for hedge accounting and as such, were marked to market through the Company's Consolidated Statement of Operations. For tax purposes these contracts qualified as nontaxable integrated tax hedges. These contracts matured on December 30, 2019 (the closing date of the transaction) and net gains or losses recognized on these contracts in the first half of 2020 were immaterial.

The Company is also exposed to foreign currency risk with respect to its net cash and cash equivalents or short-term borrowing positions in currencies other than the U.S. dollar. The Company believes, however, that the on-going risk on the net exposure should not be material to its financial condition. In addition, the Company's revenues and costs have been, and will likely continue to be, affected by changes in foreign currency rates. A significant change in foreign exchange rates can materially impact the Company's revenues and earnings due to translation of foreign-denominated revenues and expenses. The Company does not hedge against translation impacts of foreign exchange. From time to time, affiliates of the Company may make or receive intercompany loans in currencies other than their functional currency. The Company manages this exposure at the time the loan is made by using foreign exchange contracts. Other than as set forth above, the Company does not hedge foreign currency exposures.

The Company reflects all forward and option contracts at their fair value as an asset or liability on the consolidated balance sheets. The Company does not speculate in foreign currency exchange contracts. At June 28, 2020, these contracts had net unrealized gains of $26.1 million, of which $22.7 million of unrealized gains are recorded in prepaid expenses and other current assets, $6.3 million of unrealized gains are recorded in other assets and $2.9 million of unrealized losses are recorded in accrued liabilities. Included in accumulated other comprehensive loss at June 28, 2020 are deferred gains, net of tax, of $24.4 million, related to these derivatives.

At June 28, 2020, the Company had fixed rate long-term debt of $5.2 billion. Of this long-term debt, $600 million represents the aggregate issuance of long-term debt in May 2014 which consists of $300 million of 3.15% Notes Due 2021 and $300 million of 5.10% Notes Due 2044. Prior to the debt issuance, the Company entered into forward-starting interest rate swap agreements with a total notional value of $500 million to hedge the anticipated underlying U.S. Treasury interest rate. These interest rate swaps were matched with this debt issuance and were designated and effective as hedges of the change in future interest payments. At the date of debt issuance, the Company terminated these interest rate swap agreements and their fair value at the date of issuance was recorded in accumulated other comprehensive loss and is being amortized through the consolidated statements of operations using an effective interest rate method over the life of the related debt. Included in accumulated other comprehensive loss at June 28, 2020 are deferred losses, net of tax, of $17.2 million related to these derivatives.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The information required by this item is included in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated herein by reference.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 28, 2020. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in internal control over financial reporting

Except for the acquisition of eOne described below, there were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the quarter ended June 28, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

On December 30, 2019, the Company completed the acquisition of eOne. We are currently integrating eOne into our operations and internal control processes and, pursuant to the Securities and Exchange Commission’s guidance that an assessment of a recently acquired business may be omitted from the scope of an assessment in the year of acquisition, the scope of our assessment of the effectiveness of our internal controls over financial reporting at December 27, 2020 will not include eOne.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is currently party to certain legal proceedings, none of which it believes to be material to its business or financial condition.

Item 1A. Risk Factors.

In connection with information set forth in this Quarterly Report on Form 10-Q, the risk factors discussed under Item 1A. Risk Factors, in Part I of our 2019 Form 10-K and in our 2020 Form 10-Qs, should be considered, together with the discussion below, which includes a supplement to our risk factors relating to the impact of the coronavirus on our business. The risks set forth in our 2019 Form 10-K, as supplemented by our 2020 Form 10-Qs, could materially and adversely affect our business, financial condition, and results of operations.

The global coronavirus outbreak or other similar outbreaks of communicable infections, diseases, or public health pandemics in the markets in which we and our employees, consumers, customers, partners, licensees, suppliers and manufacturers operate, could substantially harm our business.

The global outbreak of the coronavirus currently being experienced, and any other outbreaks of communicable infections, diseases or other adverse public health conditions in markets in which we, our employees, consumers, customers, partners, licensees, licensors, suppliers and manufacturers operate, could have a significant negative impact on our business, revenues and profitability. The occurrence of these types of events can result, and in the case of the coronavirus has resulted in, disruptions and damage to our business, caused by a number of factors:

- the negative impact to our ability to design, develop, manufacture and ship product as well as produce and distribute entertainment content;
- delays in entertainment content releases from our partners and licensors, or changes in release plans, that can adversely impact our product sales; examples of releases that have been delayed include Disney’s *MULAN*, MARVEL’S *BLACK WIDOW* and SONY PICTURES *GHOSTBUSTERS AFTERLIFE;*
- the negative impact on consumer purchasing behavior and availability of product to consumers, including due to retail store closures, limited reopenings, shelter at home instructions and limitations on the capacity of e-commerce;
- disruptions or restrictions on the ability of some of our employees, suppliers and manufacturers to work effectively, including due to illness, quarantines, government actions, and facility closures or other similar restrictions;
- temporary or permanent closures of, limited reopenings or other restrictions on businesses, such as retail stores, in which our products and/or the products or our licensees are sold, as well as studios and theaters in which or for which we produce and distribute entertainment content; and
- other negative effects of the coronavirus on our business, including increased risks of accounts receivable collection, delays in payment and negotiations with customers or licensees over payment terms or the ability to perform under contracts or licenses.

Although our principal manufacturers across the world are currently operating, during 2020 we have experienced and could experience further disruptions in supply of product, which has been and can be driven by: manufacturing and other work stoppages, factory and other business closings, slowdowns or delays, including in China, India and other places where a substantial portion of our manufacturing occurs; restrictions and limitations placed on workers and factories, including quarantines and other limitations on the ability to travel and return to work; and shortages or delays in production or shipment of products or raw materials. Even as facilities reopen or workers return to work, such reopenings and returns have been and we expect will continue to be measured and gradual so as to minimize the risk of further outbreaks of the virus, and that despite precautions further outbreaks may occur and result in future negative impacts.

Certain aspects of our entertainment business continue without significant disruption, such as development and pre-production work and our animation business. Other aspects of our entertainment business have been and continue to be adversely affected by the coronavirus. Specifically, scheduled productions have been delayed or postponed due to the shutdown of production work and the closure or limited reopening of studios, theatrical releases have been delayed due to the closure or limited reopening of theaters, and in some cases, global releases have moved to different media platforms, such as streaming services. During this time, we have seen increased interest in our content library as consumers increase watching content at home and we continue to identify other innovative ways of making our content accessible to consumers. In the near term, this interest and these efforts are unlikely to offset declines in our entertainment business due the shutdown of production and closure and limited reopening of studios and theaters.

The negative impact to demand can be caused by delays in or reduced purchases from customers and consumers who may not be able to leave home or otherwise shop in a normal manner due to restrictions on or closure, either temporarily or permanently, of many retail stores and hobby stores in which our products are sold. Demand has been and may be further impacted due to consumers' lower discretionary income due to reduced or limited work or unemployment, which has increased dramatically due to the coronavirus.

It is also a possibility that one or more countries may, in reaction to the coronavirus outbreak, place tariffs or other restrictions on products coming from China. As we discuss elsewhere in our risk factors, any tariffs or other restrictions, placed on products we source from China or another significant location for our global supply chain, and imported into significant markets for our products could harm our revenues and earnings.

Due the nature of our global business, we have experienced and expect to continue to experience fluctuations in our performance based on the progress of the country in controlling the coronavirus and the maturity of e-commerce in that jurisdiction. For example, we are currently experiencing difficulties in certain countries in Latin America, which is experiencing a spike in positive cases and does not have a robust e-commerce business. Further, countries that may currently be controlling the virus may suffer setbacks as markets, businesses, schools and communities reopen, thereby causing further restrictions or closures of retail stores, studios and production work, all of which could adversely impact our business.

Since mid-March, most of our workforce has been working remotely. Reopening of our offices has begun on a limited basis, and we continue to actively work on a plan to safely bring additional workers back to the office. While most of our workforce has been able to work remotely in an effective manner, certain employees whose job responsibilities require in person work, such as those whose job it is to go into retail stores or are involved in design or production work, have seen reduced productivity and, in some cases, have been furloughed or terminated. We regularly communicate and engage with our employees to minimize the disruption and stress of working remotely, provide flexibility and ensure that our employees are getting access to information and accommodations as we continue to plan for a successful and safe reentry to the workplace.

We believe we have sufficient liquidity and capital resources available at this time, including approximately $1.0 billion of cash on hand and $1.5 billion available under our revolving credit facility. We are in compliance with our covenants under our revolving credit facility and, while we do not currently foresee a need to borrow under the facility, we believe we would be able to access the facility for the foreseeable future. During this time of uncertainty, however, we are managing our expenses to further preserve our liquidity and we are closely monitoring our customers' health and collectability of receivables, with some customers having difficulty making payments or requesting extended payment terms at a time when retailers are experiencing challenges and some have filed for bankruptcy.

While we have developed and continue to develop plans to help mitigate the negative impact of the coronavirus to our business, such as our *Bring Home the Fun* campaign, these efforts will not completely prevent our business from being adversely affected, and the longer the outbreak continues, the more negative the impact it will have on our business, revenues and earnings, and the more limited our ability will be to try and make up for delayed or lost product development, production and sales.

The impact of coronavirus outbreak continues to be fluid and uncertain, making it difficult to forecast the final impact it could have on our future operations. If our business experiences prolonged occurrence of adverse public health conditions due to the coronavirus or other similar outbreaks, we believe our business could be substantially harmed.

Forward Looking Statement Safe Harbor

Certain statements in this Form 10-Q contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which may be identified by the use of forward-looking words or phrases, include statements relating to: the impact of, and actions and initiatives taken and planned to be taken, to try and manage the negative impact of the global coronavirus outbreak on our business, including the negative impact on supply of products and production of entertainment content, demand for our products and entertainment, our liquidity and our community; the expected adequacy of supply and operation of our manufacturing facilities; the ability to achieve our financial and business goals and objectives; the Company's product and entertainment plans, including anticipated entertainment production; anticipated product and entertainment performance; anticipated expenses; and working capital and liquidity. Our actual actions or results may differ materially from those expected or anticipated in the forward-looking statements due to both known and unknown risks and uncertainties. For example, as described in the risk factor above, the global coronavirus outbreak has resulted, and may continue to result, in significant disruptions in the markets in which we and our employees, consumers, customers, partners, licensees, suppliers and manufacturers operate. We have experienced, and expect to continue to experience, disruptions in supply of products and production of entertainment content, negative impact on sales due to changes in consumer purchasing behavior and availability of product to consumers, including due to retail store closures, limited store reopenings and limitations on the capacity of e-commerce; delays or postponements of productions and releases of entertainment content both internally and by our partners; and challenges of working remotely. Our efforts to develop and execute plans to help mitigate the negative impact of the coronavirus to our business will not prevent our business from being adversely affected, and the longer the outbreak continues the more negative the impact will be on our business, revenues, earnings and liquidity, and the more limited our ability will be to try and make up for delayed or lost product development, production and sales. Other factors that might cause such a difference include, but are not limited to:

- our ability to design, develop, produce, manufacture, source and ship products on a timely, cost-effective and profitable basis;
- rapidly changing consumer interests in the types of products and entertainment we offer;
- the challenge of developing and offering products and storytelling experiences that are sought after by children, families and audiences given increasing technology and entertainment offerings available;
- our ability to develop and distribute engaging storytelling across media to drive brand awareness;
- our dependence on third party relationships, including with third party manufacturers, licensors of brands, studios, content producers and entertainment distribution channels;
- our ability to successfully compete in the global play and entertainment industry, including with manufacturers, marketers, and sellers of toys and games, digital gaming products and digital media, as well as with film studios, television production companies and independent distributors and content producers;
- our ability to successfully evolve and transform our business and capabilities to address a changing global consumer landscape and retail environment, including changing inventory policies and practices of our customers;
- our ability to develop new and expanded areas of our business, such as through eOne, Wizards of the Coast, and our other entertainment, digital gaming and esports initiatives;
- risks associated with international operations, such as currency conversion, currency fluctuations, the imposition of tariffs, quotas, border adjustment taxes or other protectionist measures, and other challenges in the territories in which we operate;
- our ability to successfully implement actions to lessen the impact of potential and enacted tariffs imposed on our products, including any changes to our supply chain, inventory management, sales policies or pricing of our products;
- downturns in global and regional economic conditions impacting one or more of the markets in which we sell products, which can negatively impact our retail customers and consumers, result in lower employment levels, consumer disposable income, retailer inventories and spending, including lower spending on purchases of our products;
- other economic and public health conditions or regulatory changes in the markets in which we and our customers, partners, licensees, suppliers and manufacturers operate, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease, such as the coronavirus, the occurrence of which could create work slowdowns, delays or shortages in production or shipment of products, increases in costs or delays in revenue;
- the success of our key partner brands, including the ability to secure, maintain and extend agreements with our key partners or the risk of delays, increased costs or difficulties associated with any of our or our partners' planned digital applications or media initiatives;
- fluctuations in our business due to seasonality;
- the concentration of our customers, potentially increasing the negative impact to our business of difficulties experienced by any of our customers or changes in their purchasing or selling patterns;
- the bankruptcy or other lack of success of one of our significant retailers, such as the bankruptcy of Toys"R"Us in the United States and Canada;
- the bankruptcy or other lack of success of one or more of our licensees and other business partners;
- risks relating to the use of third party manufacturers for the manufacturing of our products, including the concentration of manufacturing for many of our products in the People's Republic of China and our ability to successfully diversify sourcing of our products to reduce reliance on sources of supply in China;
- our ability to attract and retain talented employees;
- our ability to realize the benefits of cost-savings and efficiency and/or revenue enhancing initiatives, including initiatives to integrate eOne into our business;
- our ability to protect our assets and intellectual property, including as a result of infringement, theft, misappropriation, cyber-attacks or other acts compromising the integrity of our assets or intellectual property;
- risks relating to the impairment and/or write-offs of products and films and television programs we acquire and produce;

- risks relating to investments and acquisitions, such as our acquisition of eOne, which risks include: integration difficulties; inability to retain key personnel; diversion of management time and resources; failure to achieve anticipated benefits or synergies of acquisitions or investments; and risks relating to the additional indebtedness incurred in connection with a transaction;
- the risk of product recalls or product liability suits and costs associated with product safety regulations;
- changes in tax laws or regulations, or the interpretation and application of such laws and regulations, which may cause us to alter tax reserves or make other changes which would significantly impact our reported financial results;
- the impact of litigation or arbitration decisions or settlement actions; and
- other risks and uncertainties as may be detailed from time to time in our public announcements and SEC filings.

The statements contained herein are based on our current beliefs and expectations. We undertake no obligation to make any revisions to the forward-looking statements contained in this Form 10-Q or to update them to reflect events or circumstances occurring after the date of this Form 10-Q.

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

There were no share repurchases made in the first half of 2020. Following the Company's acquisition of eOne, the Company suspended its share repurchase program while it prioritizes deleveraging. For further discussion related to the eOne Acquisition, see Note 3, "Business Combinations" to our consolidated financial statements, which are included in Part I, Item 1 of this Form 10-Q.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 2020				
3/30/20 – 4/26/20	—	$ —	—	$ 366,592,558
May 2020				
4/27/20 – 5/31/20	—	$ —	—	$ 366,592,558
June 2020				
6/1/20 – 6/28/20	—	$ —	—	$ 366,592,558
Total	—	$ —	—	$ 366,592,558

In May 2018, the Company announced that its Board of Directors authorized the repurchase of an additional $500 million of common stock. Purchases of the Company's common stock may be made from time to time, subject to market conditions. These shares may be repurchased in the open market or through privately negotiated transactions. The Company has no obligation to repurchase shares under this authorization and there is no expiration date. The timing, actual number, and value of shares that are repurchased will depend on a number of factors, including the price of the Company's stock and the Company's generation of, and uses for, cash.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

3.1 Restated Articles of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.2 Amendment to Articles of Incorporation, dated June 28, 2000. (Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.3 Amendment to Articles of Incorporation, dated May 19, 2003. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

3.4 Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, File No. 1-6682.)

3.5 Amendment to Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated August 6, 2014, File No. 1-6682.)

3.6 Amendment to Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated October 5, 2015, File No. 1-6682.)

3.7 Amendment to Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated December 10, 2015, File No. 1-6682.)

3.8 Certificate of Designations of Series C Junior Participating Preference Stock of Hasbro, Inc. dated June 29, 1999. (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.9 Certificate of Vote(s) authorizing a decrease of class or series of any class of shares. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No 1-6682.)

4.1 Indenture, dated as of July 17, 1998, by and between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to Citibank, N.A. as Trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 14, 1998, File No. 1-6682.)

4.2 Indenture, dated as of March 15, 2000, by and between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4(b)(i) to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1999, File No. 1-6682.)

4.3 First Supplemental Indenture, dated as of September 17, 2007, between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 17, 2007, File No. 1-6682.)

4.4 Second Supplemental Indenture, dated as of May 13, 2009, between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 13, 2009, File No. 1-6682.)

4.5 Third Supplemental Indenture, dated as of March 11, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 11, 2010, File No. 1-6682.)

4.6 Fourth Supplemental Indenture, dated May 13, 2014, between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 13, 2014, file No. 1-6682.)

4.7 Fifth Supplemental Indenture, dated September 13, 2017, between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 13, 2017, file No. 1-6682.)

4.8 Sixth Supplemental Indenture dated as of November 19, 2019, among the Company and The Bank of New York Mellon Trust Company, N.A. and U.S. Bank, National Association, supplementing the Indenture dated as of March 15, 2000. (Incorporated by reference to Exhibit 1.2 to the Company’s Current Report on Form 8-K filed November 19, 2019, File No. 1-6682.)

10.1* Hasbro, Inc. 2020 Performance Rewards Program.

10.2*	Second Amendment to Hasbro, Inc. Restated 2003 Stock Incentive Performance Plan. (Incorporated by reference to Appendix C to the definitive proxy statement for the Company's 2020 Annual Meeting of Shareholders, File No. 1-6682.)
31.1**	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2**	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.
32.2**	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* *Indicates management contract or compensatory plan, contract or arrangement*

** *Furnished 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.

HASBRO, INC.

(Registrant)

Date: July 30, 2020

By: /s/ Deborah Thomas

Deborah Thomas

Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

EXHIBIT 10.1

Hasbro, Inc.

Performance Rewards Program

January 1, 2020

Hasbro, Inc.
Performance Rewards Program

1.0 Background

1.1 Performance Rewards Program (“PRP”)

- Establishes standard criteria to determine PRP eligibility and overall company or business objectives.
- Provides guidelines for the establishment of target incentive awards.

There are two plans to be funded under the PRP.

- 1) Corporate Plan - Funding under the PRP for eligible employees of Hasbro, Inc. (the “Company”) and its subsidiaries is based on Company performance.
- 2) WotC Plan - Funding under the PRP for eligible employees of Wizards of the Coast (“WotC”) and certain of its subsidiaries will be based on the performance of WotC and its subsidiaries.
- Performance objectives and goals are established to measure performance achievement and may be based on one or more of the following: Sales (Net Revenues), Operating Margin and Returns (Free Cash Flow) for Company performance, and Sales (Net Revenues) and Operating Margin for WotC performance.

1.2 Purpose

The Company has established this PRP (the “Plan”) for the purpose of providing incentive compensation to those employees who contribute significantly to the growth and success of the Company’s business; to attract and retain, in the employ of the Company, individuals of outstanding ability; and to align the interests of employees with the interest of the Company’s shareholders.

1.3 General Guideline

No employee has any legal entitlement to participate in the PRP or to receive an incentive award under the PRP.

1.4 Scope

The PRP is applicable to eligible employees of all global subsidiaries and divisions of the Company.

1.5 Eligibility

Management shall determine, in its sole discretion, those employees whose duties and responsibilities contribute significantly to the growth and success of the Company’s business and are eligible to participate in the PRP. Eligibility to participate in the PRP does not guarantee the receipt of an incentive award under the PRP. Unless otherwise required by law or determined by management, if an employee is eligible to participate in the PRP and/or any other annual incentive (or similar) plan implemented from time to time by the Company, such employee may only participate in one plan at the same time, as determined by the Company in its sole discretion. For purposes of clarity, the Sales Rewards Program for 2020 has been terminated, and employees who participated in such plan shall be subject to the PRP as follows: participation for employees of North America shall commence effective January 1, 2020, and participation for employees of EMEA, Latin America and Asia Pacific shall be effective as of April 1, 2020, and any amounts to which such employees may become eligible shall be pro-rated from April 1, 2020 through the end of the fiscal year.

Eligible employees will be assigned to the Corporate Plan or the WotC Plan at the Company's sole discretion.

2.0 Incentive Award Levels

2.1 Target Incentive Award

Except as otherwise determined by the Company, target incentive awards are expressed as a percentage of earned salary for the PRP year. For purposes of this PRP, earned salary means all base compensation for the participant for the year in question, which base compensation shall include all base compensation amounts deferred into the Company's retirement savings plan, the Company's Non-Qualified Deferred Compensation Plan and/or any similar successor plans for the fiscal year and excludes, where allowed by law, any bonus or other benefits, other than base compensation, for the PRP year. By design, the target incentive awards are the award levels that PRP participants are eligible to earn when they, the Company or their applicable business units perform as expected (i.e., achieve their goals and objectives). Target incentive awards may be determined by job level, previously determined percentage of base salary in the case of employees of Entertainment One entities (collectively, "eOne"), or previously determined percentage in the case of employees of the Company previously subject to the Sales Rewards Program. Target incentive awards may also vary by region.

2.2 Maximum Incentive Award

Under the PRP, the maximum incentive award for employees below job level 80 is 200% of the target incentive award. The maximum incentive award for employees in a job level 80 or above is 300% of the target incentive award.

3.0 Measures of Performance for 2020

- PRP funding for the Corporate Plan is based on 100% Company performance.
- PRP funding for the WotC Plan is 80% WotC performance and 20% Company performance.

3.1 Establishing Company or WotC Performance Targets

In the first quarter of the PRP year, the Company's senior management will establish the level of target performance for the year associated with each of the performance metrics for the Corporate Plan and the WotC Plan. Those target levels are reviewed and approved by the Company's Chief Executive Officer ("CEO") and by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee").

3.2 Company Performance

For 2020, the Company performance is measured by Net Revenue, Operating Margin and Returns. Company performance is determined by individually assessing performance against goals for each metric, applying the acceleration/deceleration scale, weighting each metric and summing the total. The weighting and definitions of the overall Company measures are:

Measure	**Definition**	**% of Company Measure**
Net Revenue (Sales)	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty Income, Digital Gaming Revenue, TV Programming Revenue and Production & Distribution Revenue	40%
Operating Margin	Operating Profit divided by Net Revenues	40%
Returns (Free Cash Flow)	Net cash provided by operating activities -Capital Expenditures	20%

The applicable metric must achieve a threshold performance or no award is payable under that metric before the acceleration/deceleration scale is applied to the applicable metric. The threshold for Net Revenue performance is 85%. The threshold for Operating Margin and for Returns performance is 80%.

3.3 WotC Performance

For 2020, WotC will assess performance based on Net Revenue and Operating Margin specific to WotC. Unlike the Corporate Plan where an individual metric’s failure to reach the threshold performance does not impact another individual metric’s ability to reach the threshold performance and payout, for the WotC Plan, both metrics must meet a minimum threshold performance before the acceleration/deceleration scale is applied to both metrics or no award is payable for the WotC component of the WotC Plan. The threshold for WotC Net Revenue performance is 85%. The threshold for WotC Operating Margin performance is 80%.

The weighting and definitions of the WotC Plan are:

Measure	**Definition**	**% of Measure**
Net Revenue (Sales) of WotC	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty Income, Digital Gaming Revenue and TV Programming Revenue	50%
Operating Margin of WotC	Operating Profit divided by Net Revenues	50%

Bonus formula metrics are subject to review annually by the CEO.

4.0 Development of Funding Pools

At the end of the fiscal year, the actual performance for the Company and WotC for each financial component of the funding pool for the PRP will be calculated (based on the Company's and WotC's performance as of year-end) and approved by the Company's Chief Financial Officer.

The funding pool scales for the metrics used in the Corporate Plan and the WotC plan, as applicable, are as follows:

Revenue Scale:
Performance % Funding Pool Scale %
< 85% 0% Minimum performance 85%
85% 60% For every 1% below target, 2.6%-2.7% decrease in award
100% 100% Target performance = 100% payout
101% 106.7% For every 1% above 100%, 6.6%-6.8% increase in award
115%+ 200% Maximum payout

Operating Margin Scale:
Performance % Funding Pool Scale %
< 80% 0% Minimum performance 80%
80% 60% For every 1% below target, 2% decrease in award
100% 100% Target performance = 100% payout
101% 104% For every 1% above 100%, 4% increase in award
125%+ 200% Maximum payout

Returns (Free Cash Flow) Scale:
Performance % Funding Pool Scale %
< 80% 0% Minimum performance 80%
80% 60% For every 1% below target, 2% decrease in award
100% 100% Target performance = 100% payout
101% 104% For every 1% above 100%, 4% increase in award
125%+ 200% Maximum payout

In the case of the Corporate Plan and the Company component of the WotC Plan, the threshold performance must be met for a metric before the acceleration/deceleration scale is applied to that metric. If the threshold performance is not achieved for a specific metric, no award is payable under the specific metric that did not achieve the threshold performance. The payout attributable to each metric will then be weighted and added to arrive at the overall achievement.

An illustrative example of the development of a funding pool for the Corporate Plan and the Company component of the WotC Plan is as follows:

> If Net Revenue is achieved at 100% of target (which results in 100% funding based on the acceleration/deceleration scale) and Operating Margin is achieved at 85% of target (which results in a 70% funding) but Returns does not reach threshold performance, then overall Company performance will only pay out on Net Revenue and Operating Margin. The aggregate weighted payout would be:
>
> (100% x 40%) + (70% x 40%) + (0% x 20%) = 68%
>
> The Company payout under the Corporate Plan would be 68% (and the Company component of the WotC Plan would be 13.6%)

In the case of the WotC Plan, the Net Revenue and Operating Margin for WotC metrics must both individually achieve a minimum threshold performance against target to qualify for that component of the WotC Plan funding pool. If the Net Revenue and Operating Margin for the WotC metrics each achieve a minimum threshold performance against target, an acceleration/deceleration scale will then be applied to each individual metric to develop the component funding pool for each metric. If the Net Revenue metric achieves threshold or higher, and the corresponding Operating Margin metric does not, the funding pool for that component of the WotC Plan will be 0%. Similarly, if the Operating Margin metric achieves threshold or higher, and the corresponding Net Revenue metric does not, the funding pool for that component of the WotC Plan will be 0%.

Illustrative examples of the development of a funding pool for the WotC component of the WotC Plan are as follows:

> If WotC Revenue is achieved at 90% of target (which results in an 73% funding based on the acceleration/deceleration scale) and Operating Margin is at 65% (which is below 80% threshold) the WotC component of the WotC Plan will not fund (0% funding of the WotC component).

or

> If WotC Revenue is achieved at 91% target (which results in an 76% funding), and Operating Margin is achieved at 85% target (which results in a 70% funding) the aggregate weighted funding is:
>
> (76% x 50%) + (70% x 50%) = 73% WotC funding

Once all WotC results have been calculated, the funding pool of WotC component is developed. The WotC component funding pool (weighted at 80%), combined with the Corporate component funding pool (weighted at 20%), will equal the aggregate of the PRP funding pool for the WotC Plan.

4.1 Funding Pools

The Company calculates the component funding pools, based on the Company’s performance through the end of the year, the performance at the corporate level and WotC against the applicable performance targets. Those component funding pools as established (composed of the pools for the Company’s performance and the performance of WotC) are aggregated. Collectively these amounts constitute one aggregate funding pool (the “Funding Pool”), based on performance as of the end of the year, which the Company will pay out to all participants in the PRP collectively for performance during the year.

Although the CEO and the Compensation Committee reserve the right to alter the Funding Pool after year end, but prior to the actual payment of awards to participants in the PRP, it is expected that such discretion will only be exercised in rare or extreme circumstances, and that generally the entire Funding Pool, as it has been computed, will be paid (absent any affirmative exercise of this discretion) out to the participants in the PRP collectively following the closing of the year in question.

4.2 High Performer Pool Funding for Corporate

Following the end of the year, but prior to the payment of all awards under the Plan with respect to the completed fiscal year, management of the Company, in its sole discretion, may determine to add additional funding to the Plan, to cover individual performance awards for some employees or officers (the “Corporate High Performer Pool”). To the extent such determinations are made, they are subject to the approval of the appropriate management of the Company. Funding of the Corporate High Performer Pool is determined by the achievement of the Company’s Operating Profit, overall Company performance and affordability. The aggregate amount of the Corporate High Performer Pool is subject to the approval of both the CEO and the Compensation Committee.

Employees on the WotC Plan are not eligible to participate in the Corporate High Performer Pool.

4.3 High Performer Pool Funding for WotC

Following the end of the year, but prior to the payment of all awards under the Plan with respect to the completed fiscal year, management of the Company, in its sole discretion, may determine to add additional funding to the Plan, to cover individual performance awards for WotC (the “WotC High Performer Pool”). To the extent such determinations are made, they are subject to the approval of the appropriate management of the Company. Funding of the WotC High Performer Pool is determined by the achievement of WotC’s Operating Profit and Revenue, overall performance and affordability. The aggregate amount of the WotC High Performer Pool is subject to the approval of both the CEO and the Compensation Committee.
Employees on the Corporate Plan are not eligible to participate in the WotC High Performer Pool.

4.4 Total Awards Under the PRP

The aggregate of all incentive awards under the PRP shall consist of the sum of the Funding Pool, the Corporate High Performer Pool and the WotC High Performer Pool. In addition to the procedures set forth above, any incentive awards recommended under the PRP which exceed one times a participant's base salary must be reviewed and approved by the Company's CEO.

4.5 Management Review

Payment of any incentive award to an employee is subject to management's review.

- For purposes of the PRP, management has the ability to review the proposed payout of any incentive award under the PRP to an eligible employee and to determine whether such proposed incentive award should be adjusted based on the participant's performance, contributions to the organization, or any other factor allowed by law. In completing this review, management has the option of providing a zero value incentive award to the employee regardless of Company or WotC performance. For participants that do not receive an incentive award or that receive a reduced incentive award, the portion of such person's potential incentive award that might have been reflected in the Funding Pool will remain in the Funding Pool and be allocated to other PRP participants in the manner determined by management.

5.0 Removals, Transfers, Terminations, Promotions and Hiring Eligibility

Except to the extent applicable legal requirements mandate a different result for a Plan participant, the following scenarios will be dealt with under the PRP in the manner set forth below.

5.1 Participants whose employment with the Company is terminated because of retirement or disability:

- After the close of the PRP year, but prior to the actual distribution of incentive awards for such year, may be awarded an incentive award for the plan year at the discretion of the Chief Human Resource Officer. For any such participant who is not given an incentive award, the portion of such person's potential incentive award that might have been reflected in the Funding Pool will remain in the Funding Pool and be allocated to other PRP participants in the manner determined by management.

- After the beginning, but prior to the close of the PRP year, no award shall be granted unless authorized at the discretion of the Chief Human Resource Officer.

5.2 Participants whose employment with the Company is terminated because of death:

- After the close of the PRP year, but prior to the actual distribution of awards for such year, shall be awarded an incentive award for the PRP year. Such payment will be made to the deceased employee's estate or designated beneficiary.

- After the beginning, but prior to the close of the PRP year, no award shall be granted unless authorized at the discretion of the Chief Human Resource Officer. Any such payments will be made to the deceased employee's estate or designated beneficiary.

5.3 Participants who resign for any reason after the close of the PRP year, but prior to the distribution of incentive awards for such year, will not receive an incentive award. For any such participant, the portion of such person's potential incentive award that might have been reflected in the Funding Pool will remain in the Funding Pool and be allocated to other plan participants in the manner determined by management if the planning budgets have already been established.

5.4 Participants who are discharged from the employ of the Company or any of its subsidiaries for cause or for any offense involving moral turpitude or an offense involving breach of the fiduciary duty owed by the individual to the Company will not be entitled to an incentive award for any PRP year. For any such participant, the portion of such person's potential incentive award that might have been reflected in the Funding Pool will remain in the Funding Pool and be allocated to other plan participants in the manner determined by management.

5.5 Participants who are discharged from the employ of the Company or any of its subsidiaries due to any reason other than the ones enumerated above, including, without limitation, participants who are discharged due to job elimination:

- After the close of the PRP year, but prior to the actual distribution of incentive awards for such year, may be awarded an incentive award for the PRP year. No award shall be granted unless authorized at the discretion of the Chief Human Resource Officer. For any such participant who is not given an incentive award, the portion of such person's potential incentive award that might have been reflected in the Funding Pool will remain in the Funding Pool and be allocated to other plan participants in the manner determined by management.

- After the beginning, but prior to the close of the PRP year, the participant is no longer eligible for that year. However, a discretionary incentive award may be granted by the Chief Human Resource Officer.

5.6 Participants under statutory or contractual notices as may be required by applicable law:

- At the close of the PRP year, may be awarded an incentive award for the PRP year. Except as may be required by applicable laws, no award shall be granted unless authorized at the discretion of the Chief Human Resource Officer. For any such participant who is not given an incentive award, the portion of such person's potential incentive award that might have been reflected in the Funding Pool will remain in the Funding Pool and be allocated to other plan participants in the manner determined by management.

- Which ends prior to the close of the PRP year, shall not be eligible for an incentive award for that plan year. However, a discretionary incentive award may be granted by the Chief Human Resource Officer.

5.7 Participants transferred during the PRP year from one division of the Company to another will be eligible to receive an incentive award (subject to achievement of the requisite organizational and individual performance) through the division in which he or she is employed at the end of the PRP year, but the award amount may be based on the performance made in each division in which the individual was employed during the PRP year.

5.8 Employees hired during the PRP year must be actively employed on or before October 1st or another date designated by the Chief Human Resource Officer or his designee of the PRP year to participate in the PRP for that PRP year. Incentive awards will be made based upon the employee's earned salary during the period of their employment with the Company during the PRP year.

- For employees formerly on the Sales Rewards Plan (SRP) in EMEA, Latin America or Asia Pacific who were on a quarterly paid plan, eligibility will be effective April 1, 2020. For employees on the SRP in North America who were paid on an annual-incentive plan, eligibility will be effective January 1, 2020.

5.9 The eligibility for an incentive award under the PRP for employees who remain employed with the Company during the PRP year but whose change in employment status through promotion or reclassification affects their level of participation:

- Prior to October 1st or another date designated by the Chief Human Resource Officer or his designee, of the PRP year, will participate at the level consistent with the promotion or reclassification.

- After October 1st or another date designated by the Chief Human Resource Officer or his designee, but prior to the close of the PRP year, will participate at the level consistent with their classification prior to the promotion or reclassification.

5.10 The eligibility for an incentive award under the PRP for employees who remain employed with the Company during the PRP year but whose change in employment status through demotion affects their level of participation will be determined by the Chief Human Resource Officer.

6.0 <u>Administration of the PRP</u>

6.1 <u>Amendments to the PRP</u> (Contingency Clause)

The CEO and the Compensation Committee reserve the right to interpret, amend, modify, or terminate the PRP in accordance with changing conditions at any time in their sole discretion.

6.2 <u>Incentive Award Distribution</u>

Incentive awards, when payable, shall be paid as near to the close of the Company’s fiscal year as may be feasible. In furtherance of the preceding sentence, any incentive awards under the PRP will be paid no later than the date allowable to ensure tax deductibility in the year of accrual, which in the case of the United States is two and a half months after the fiscal year end. Participants in the PRP must be employed at the time of award distribution in order to receive an incentive award, except as provided in Section 5.0.

No individual has the rights to receive an incentive award until it has been approved and distributed in accordance with the provisions of the PRP.

6.3 Non-Assignment of Awards

Participants eligible to receive incentive awards shall not have any right to pledge, assign, or otherwise dispose of any unpaid or projected awards.

6.4 Deferral of Awards

Participants eligible to defer incentive awards through the Deferred Compensation Program (DCP) may elect to do so during the annual DCP enrollment.

6.5 Clawback of Awards

By accepting any incentive awards under the Plan, the participant hereby acknowledges and agrees that (i) any incentive compensation the participant is awarded is subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors (the "Board") in October 2012, and (ii) any incentive award the participant is awarded will be subject to the terms of such Clawback Policy, as it may be amended from time to time by the Board in the future. Such acknowledgement and agreement is a material condition to receiving any incentive award under the Plan, which would not have been awarded to the participant otherwise.

6.6 Stock Ownership

Additionally, the participant acknowledges and agrees that if the participant is now, or becomes subject in the future to, the Hasbro, Inc. Executive Stock Ownership Policy, effective as of March 1, 2014 as it may be amended from time to time by the Board in the future (the "Stock Ownership Policy"), then the receipt of any incentive award under the PRP is contingent upon the participant's compliance with the terms of the Stock Ownership Policy, including without limitation, the requirement to retain an amount equal to at least 50% of the net shares received as a result of the exercise, vesting or payment of any equity awards granted until the Participant's applicable requirement levels are met. Failure to comply with the Stock Ownership Policy may, in the Company's sole discretion, result in the reduction or total elimination of any incentive award that otherwise might be payable under the PRP and/or result in the Company determining to substitute other forms of compensation, such as equity, for any award the participant otherwise might have received under the PRP.

Exhibit 31.1

CERTIFICATION

I, Brian Goldner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hasbro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2020

/s/ Brian Goldner

Brian Goldner
Chairman and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, Deborah Thomas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hasbro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2020

/s/ Deborah Thomas

Deborah Thomas
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Hasbro, Inc., a Rhode Island corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2020, as filed with the Securities and Exchange Commission (the "10-Q Report"), 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 Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian Goldner
Brian Goldner
Chairman and Chief Executive Officer of Hasbro, Inc.

Dated: July 30, 2020

A signed original of this written statement required by Section 906 has been provided to Hasbro, Inc. and will be retained by Hasbro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Hasbro, Inc., a Rhode Island corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2020, as filed with the Securities and Exchange Commission (the "10-Q Report"), 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 Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Deborah Thomas
Deborah Thomas
Executive Vice President and Chief Financial Officer of Hasbro, Inc.

Dated: July 30, 2020

A signed original of this written statement required by Section 906 has been provided to Hasbro, Inc. and will be retained by Hasbro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.