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 September 26, 2021

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 September 26, 2021 was 137,946,906.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

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

	September 26, 2021	September 27, 2020	December 27, 2020
ASSETS			
Current assets			
Cash and cash equivalents including restricted cash of $94.9 million, $71.2 million and $73.2 million	$ 1,181.2	$ 1,132.4	$ 1,449.7
Accounts receivable, less allowance for doubtful accounts of $30.4 million, $23.7 million and $28.1 million	1,476.6	1,438.4	1,391.7
Inventories	544.1	540.0	395.6
Prepaid expenses and other current assets	528.5	648.2	609.6
Total current assets	3,730.4	3,759.0	3,846.6
Property, plant and equipment, less accumulated depreciation of $607.6 million, $546.8 million and $553.0 million	441.9	477.2	489.0
Other assets			
Goodwill	3,420.2	3,644.1	3,691.7
Other intangible assets, net of accumulated amortization of $1,027.4 million, $885.8 million and $964.6 million	1,209.5	1,546.8	1,530.8
Other	1,428.4	1,276.1	1,260.2
Total other assets	6,058.1	6,467.0	6,482.7
Total assets	$ 10,230.4	$ 10,703.2	$ 10,818.3
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 0.9	$ 10.0	$ 6.6
Current portion of long-term debt	187.6	369.3	432.6
Accounts payable	598.2	466.2	425.5
Accrued liabilities	1,663.7	1,470.1	1,538.6
Total current liabilities	2,450.4	2,315.6	2,403.3
Long-term debt	3,977.4	4,777.8	4,660.0
Other liabilities	722.5	778.5	793.9
Total liabilities	$ 7,150.3	$ 7,871.9	$ 7,857.2
Redeemable noncontrolling interests	22.9	22.9	24.4
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 September 26, 2021, September 27, 2020, and December 27, 2020	110.1	110.1	110.1
Additional paid-in capital	2,388.9	2,311.4	2,329.1
Retained earnings	4,269.6	4,192.4	4,204.2
Accumulated other comprehensive loss	(208.6)	(280.3)	(195.0)
Treasury stock, at cost; 82,359,425 shares at September 26, 2021; 83,256,622 shares at September 27, 2020; and 82,979,403 shares at December 27, 2020	(3,541.0)	(3,559.9)	(3,551.7)
Noncontrolling interests	38.2	34.7	40.0
Total shareholders' equity	3,057.2	2,808.4	2,936.7
Total liabilities, noncontrolling interests and shareholders' equity	$ 10,230.4	$ 10,703.2	$ 10,818.3

See accompanying condensed notes to consolidated financial statements.

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

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net revenues	$ 1,970.0	$ 1,776.6	$ 4,407.0	$ 3,742.5
Costs and expenses:				
Cost of sales	609.5	610.1	1,244.4	1,126.0
Program cost amortization	187.9	85.4	396.1	268.2
Royalties	171.8	176.9	392.2	387.1
Product development	80.1	62.7	229.1	174.9
Advertising	163.3	137.4	356.6	311.4
Amortization of intangibles	27.7	36.2	90.3	107.7
Loss on disposal of business	—	—	101.8	—
Selling, distribution and administration	361.8	325.4	1,004.7	885.7
Acquisition and related costs	—	5.9	—	166.0
Total costs and expenses	1,602.1	1,440.0	3,815.2	3,427.0
Operating profit	367.9	336.6	591.8	315.5
Non-operating expense (income):				
Interest expense	43.3	49.4	137.3	153.7
Interest income	(1.8)	(0.7)	(4.2)	(6.3)
Other income (expense), net	3.0	(11.3)	(35.3)	(15.4)
Total non-operating expense, net	44.5	37.4	97.8	132.0
Earnings before income taxes	323.4	299.2	494.0	183.5
Income tax expense	68.5	79.2	143.5	64.3
Net earnings	254.9	220.0	350.5	119.2
Net earnings (loss) attributable to noncontrolling interests	1.7	(0.9)	4.0	1.9
Net earnings attributable to Hasbro, Inc.	$ 253.2	$ 220.9	$ 346.5	$ 117.3
Net earnings per common share:				
Basic	$ 1.83	$ 1.61	$ 2.51	$ 0.86
Diluted	$ 1.83	$ 1.61	$ 2.51	$ 0.85
Cash dividends declared per common share	$ 0.68	$ 0.68	$ 2.04	$ 2.04

See accompanying condensed notes to consolidated financial statements.

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

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net earnings	$ 254.9	$ 220.0	$ 350.5	$ 119.2
Other comprehensive earnings:				
Foreign currency translation adjustments, net of tax	(31.4)	40.8	(23.6)	(98.1)
Unrealized holding (gains) losses on available-for-sale securities, net of tax	(0.3)	(0.8)	(0.1)	1.3
Net gains (losses) on cash flow hedging activities, net of tax	5.2	(5.7)	7.8	15.7
Reclassifications to earnings, net of tax:				
Net losses (gains) on cash flow hedging activities	1.1	(6.8)	1.7	(15.8)
Amortization of unrecognized pension and postretirement amounts	0.2	0.3	0.6	0.8
Total other comprehensive (loss) earnings, net of tax	$ (25.1)	$ 27.8	$ (13.6)	$ (96.1)
Total comprehensive earnings (loss) attributable to noncontrolling interests	1.7	(0.9)	4.0	1.9
Total comprehensive earnings attributable to Hasbro, Inc.	$ 228.1	$ 248.7	$ 332.9	$ 21.2

See accompanying condensed notes to consolidated financial statements.

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

	Nine Months Ended	
	September 26, 2021	September 27, 2020
Cash flows from operating activities:		
Net earnings	$ 350.5	$ 119.2
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of plant and equipment	116.2	94.2
Amortization of intangibles	90.3	107.7
Asset impairments	—	40.9
Loss on disposal of business	101.8	—
Program cost amortization	396.1	268.2
Deferred income taxes	47.9	12.5
Stock-based compensation	56.2	40.0
Other non-cash items	5.7	(1.7)
Change in operating assets and liabilities net of acquired balances:		
(Increase) decrease in accounts receivable	(83.8)	165.6
Increase in inventories	(159.4)	(96.9)
Decrease (increase) in prepaid expenses and other current assets	56.7	(10.0)
Program spend, net	(526.3)	(294.6)
Increase in accounts payable and accrued liabilities	310.5	19.0
Change in net deemed repatriation tax	(18.4)	(18.3)
Other	(58.4)	48.5
Net cash provided by operating activities	685.6	494.3
Cash flows from investing activities:		
Additions to property, plant and equipment	(98.1)	(92.1)
Acquisitions, net of cash acquired	—	(4,403.9)
Proceeds from sale of business, net of cash	379.2	—
Other	(3.6)	24.3
Net cash provided (utilized) by investing activities	277.5	(4,471.7)
Cash flows from financing activities:		
Proceeds from borrowings with maturity greater than three months	127.6	1,036.0
Repayments of borrowings with maturity greater than three months	(1,062.1)	(147.3)
Net repayments of other short-term borrowings	(6.2)	(0.3)
Stock-based compensation transactions	24.6	1.8
Dividends paid	(280.7)	(279.4)
Payments related to tax withholding for share-based compensation	(10.8)	(5.9)
Debt extinguishment costs	(9.1)	—
Redemption of equity instruments	—	(47.4)
Other	(6.8)	(7.0)
Net cash (utilized) provided by financing activities	(1,223.5)	550.5
Effect of exchange rate changes on cash	(8.1)	(21.1)
Net decrease in cash, cash equivalents and restricted cash	(268.5)	(3,448.0)
Cash, cash equivalents and restricted cash at beginning of year	1,449.7	4,580.4
Cash, cash equivalents and restricted cash at end of period	$ 1,181.2	$ 1,132.4
Supplemental information		
Cash paid during the period for:		
Interest	$ 123.7	$ 123.6
Income taxes	$ 124.1	$ 66.0

See accompanying condensed notes to consolidated financial statements.

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

Three Months Ended September 26, 2021	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, June 27, 2021	$ 110.1	2,361.2	4,110.3	(183.5)	(3,547.6)	39.9	$ 2,890.4	$ 24.5
Net earnings attributable to Hasbro, Inc.	—	—	253.2	—	—	—	253.2	—
Net earnings attributable to noncontrolling interests	—	—	—	—	—	0.4	0.4	1.3
Other comprehensive earnings	—	—	—	(25.1)	—	—	(25.1)	—
Stock-based compensation transactions	—	7.4	—	—	6.6	—	14.0	—
Stock-based compensation expense	—	19.1	—	—	—	—	19.1	—
Dividends declared	—	—	(93.9)	—	—	—	(93.9)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	1.2	—	—	—	(2.1)	(0.9)	(2.9)
Balance, September 26, 2021	$ 110.1	2,388.9	4,269.6	(208.6)	(3,541.0)	38.2	$ 3,057.2	$ 22.9

Three Months Ended September 27, 2020	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, June 28, 2020	$ 110.1	2,297.3	4,064.7	(308.1)	(3,560.0)	38.1	$ 2,642.1	$ 24.1
Noncontrolling interests related to acquisition of Entertainment One Ltd.	—	—	—	—	—	—	—	—
Net earnings attributable to Hasbro, Inc.	—	—	220.9	—	—	—	220.9	—
Net earnings (loss) attributable to noncontrolling interests	—	—	—	—	—	(0.9)	(0.9)	—
Other comprehensive earnings	—	—	—	27.8	—	—	27.8	—
Stock-based compensation transactions	—	(0.3)	—	—	0.1	—	(0.3)	—
Buyout of noncontrolling interest	—	0.6	—	—	—	—	0.6	—
Stock-based compensation expense	—	13.9	—	—	—	—	13.9	—
Dividends declared	—	—	(93.2)	—	—	—	(93.2)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	—	—	—	—	(2.6)	(2.6)	(1.2)
Balance, September 27, 2020	$ 110.1	2,311.4	4,192.4	(280.3)	(3,559.9)	34.7	$ 2,808.4	$ 22.9

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

Nine Months Ended September 26, 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, December 27, 2020	$ 110.1	2,329.1	4,204.2	(195.0)	(3,551.7)	40.0	$ 2,936.7	$ 24.4
Net earnings attributable to Hasbro, Inc.	—	—	346.5	—	—	—	346.5	
Net earnings attributable to noncontrolling interests	—	—	—	—	—	2.4	2.4	1.6
Other comprehensive earnings	—	—	—	(13.6)	—	—	(13.6)	—
Stock-based compensation transactions	—	4.2	—	—	9.6	—	13.8	—
Stock-based compensation expense	—	55.1	—	—	1.1	—	56.2	—
Dividends declared	—	—	(281.1)	—	—	—	(281.1)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	0.5	—	—	—	(4.2)	(3.7)	(3.1)
Balance, September 26, 2021	$ 110.1	2,388.9	4,269.6	(208.6)	(3,541.0)	38.2	$ 3,057.2	$ 22.9

Nine Months Ended September 27, 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	$ 110.1	2,275.7	4,354.6	(184.2)	(3,560.7)	—	$ 2,995.5	$ —
Noncontrolling interests related to acquisition of Entertainment One Ltd.	—	—	—	—	—	38.6	38.6	26.2
Net earnings attributable to Hasbro, Inc.	—	—	117.3	—	—	—	117.3	—
Net earnings (loss) attributable to noncontrolling interests	—	—	—	—	—	2.1	2.1	(0.1)
Buyout of noncontrolling interest	—	0.6	—	—	—	—	0.6	—
Other comprehensive loss	—	—	—	(96.1)	—	—	(96.1)	—
Stock-based compensation transactions	—	(4.6)	—	—	0.5	—	(4.1)	—
Stock-based compensation expense	—	39.7	—	—	0.3	—	40.0	—
Dividends declared	—	—	(279.5)	—	—	—	(279.5)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	—	—	—	—	(5.9)	(5.9)	(3.2)
Balance, September 27, 2020	$ 110.1	2,311.4	4,192.4	(280.3)	(3,559.9)	34.7	$ 2,808.4	$ 22.9

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements
(Millions 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 September 26, 2021 and September 27, 2020, 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 September 26, 2021 and September 27, 2020 were each 13-week periods. The nine-month periods ended September 26, 2021 and September 27, 2020 were each 39-week periods.

The results of operations for the quarter ended September 26, 2021 are not necessarily indicative of results to be expected for the full year 2021, nor were those of the comparable 2020 period representative of those actually experienced for the full year 2020.

Segment Realignment

Beginning with the first quarter of 2021, the Company realigned its financial reporting segments and business units, in order to align its reportable segments more closely with its current business structure. Reclassifications of certain prior year financial information has been made to conform to the current-year presentation. None of the changes impact the Company's previously reported consolidated net revenue, operating profits (losses), net earnings (losses) or net earnings (losses) per share. See Note 14 for more information on the Company’s 2021 segment realignment.

Legal Settlement

During the first quarter of 2021, the Company realized a gain of $26.7 million from a legal settlement related to a dispute associated with historical Entertainment One Ltd. ("eOne"). The gain is included in other income, net within the Company's consolidated financial statements, included in Part I of this Form 10-Q.

Significant Accounting Policies

The Company's significant accounting policies are summarized in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 27, 2020 ("2020 Form 10-K").

These consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the 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 27, 2020 in its 2020 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 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 Company adopted the standard in the first quarter of 2021 and the adoption of the standard did not have a material impact on its consolidated financial statements.

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 (ASU 2019-12), Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. The amendments in this update remove certain exceptions for performing intra-period tax allocations, recognizing deferred taxes for investments, and calculating income taxes in interim periods. The guidance also simplifies the accounting for franchise taxes, transactions that result in a step-up in the tax basis of goodwill, and the effect of enacted changes in tax laws or rates in interim periods. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and early adoption is permitted. The Company adopted the standard in the first quarter of 2021 and the adoption of the standard did not have a material impact on its consolidated financial statements.

(Millions of Dollars and Shares Except Per Share Data)

Issued Accounting Pronouncements

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 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 does not currently expect the change from LIBOR to an alternate rate to have a material impact on its consolidated financial statements, and is continuing to evaluate the standard's potential impact to its 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 Consumer Products and Entertainment segments 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 was recorded within Accrued Liabilities and the long-term portion was recorded as Other Non-current Liabilities in the Company's consolidated balance sheets. The Company records contract assets in the case of (1) minimum guarantees, which are recognized ratably over the term of the respective license period, being recognized in advance of contractual invoicing, and (2) film and television distribution revenue recorded for content delivered but for which payment will occur over the license term. The current portion of contract assets was recorded in Prepaid Expenses and Other Current Assets, respectively, and the long-term portion was recorded as Other Long-Term Assets.

At September 26, 2021, September 27, 2020 and December 27, 2020 the Company had the following contract assets and liabilities in its consolidated balance sheets:

	September 26, 2021	September 27, 2020	December 27, 2020
Assets			
Contract assets - current	$ 263.3	$ 271.8	$ 284.4
Contract assets - long term	108.1	84.9	77.0
Total	$ 371.4	$ 356.7	$ 361.4
Liabilities			
Contract liabilities - current	$ 147.0	$ 147.6	$ 161.0
Contract liabilities - long term	9.7	17.9	18.2
Total	$ 156.7	$ 165.5	$ 179.2

For the nine months ended September 26, 2021, the Company collected $35.0 million of the contract assets and recognized $88.9 million of contract liabilities that were included in the December 27, 2020 balances.

(Millions of Dollars and Shares Except Per Share Data)

Unsatisfied performance obligations

Unsatisfied performance obligations relate primarily to in-production television content to be delivered in the future under existing agreements with partnering content providers such as broadcasters, distributors, television networks and subscription video on demand services. As of September 26, 2021, unrecognized revenue attributable to unsatisfied performance obligations expected to be recognized in the future were $456.0 million. Of this amount, we expect to recognize $195.5 million in the remainder of 2021, $252.7 million in 2022, $4.3 million in 2023 and $3.5 million in 2024. These amounts include only fixed considerations.

Disaggregation of revenues

The Company disaggregates its revenues from contracts with customers by reportable segment: Consumer Products, Entertainment, and Wizards of the Coast and Digital Gaming. The Company further disaggregates revenues within its Consumer Products segment by major geographic region: North America, Europe, Latin America, and Asia Pacific; and within its Entertainment segment by category: Film & TV, Family Brands, and Other. 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 14 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. The aggregate purchase price of $4.6 billion was 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. 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 $2.4 billion in November 2019, (2) the issuance of 10.6 million shares of common stock at a public offering price of $95.00 per share in November 2019 (resulting in net proceeds of $975.2 million) and (3) $1.0 billion in term loans provided by a term loan agreement, which were borrowed on the date of closing. See Note 8 for further discussion of the issuance of the senior unsecured notes and term loan agreement.

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.

eOne's results of operations and financial position have been included in the Company's consolidated financial statements and accompanying condensed footnotes since the date of the acquisition.

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 following table summarizes the intangible assets acquired as part of the eOne Acquisition:

Intangible assets acquired	Weighted Average Amortization Period	Fair Value
Established brands	10 years	$ 615.0
Trade names	15 years	100.0
Artist relationships	14 years	100.0
Music catalogs	12 years	120.0
Other	8 years	121.0
Total intangible assets acquired	11 years	$ 1,056.0

Intangible assets consisted of intellectual property associated with established brands, eOne artist relationships, eOne music catalogs and trademarks and trade names 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. eOne acquired intangible asset amortization expense for the quarter and nine months ended September 26, 2021 were $19.7 million and $66.4 million, respectively. For the quarter and nine months ended September 27, 2020, eOne acquired intangible asset amortization expense was $24.7 million and $72.3 million, respectively.

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

Investments in productions and content, or IIP and IIC, were valued at $564.8 million on the acquisition date, and include 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.

Goodwill of $3.2 billion 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 was included within the Entertainment and Consumer Products segments for the year ended December 27, 2020. The goodwill associated with the acquisition will not be amortized for financial reporting purposes and will not be deductible for federal tax purposes. See Note 5 for information on the Company's goodwill reallocation during the first quarter of 2021 and the goodwill impairment charge recorded in the second quarter of 2021 as a result of the sale of the eOne music business, which was completed during the third quarter of 2021.

For the quarter and nine months ended September 27, 2020, the Company incurred $5.9 million and $166.0 million, respectively, of charges related to the eOne Acquisition, which were recorded in acquisition and related costs within the Company’s Consolidated Statement of Operations. Included within the Entertainment segment results for the nine months ended September 27, 2020 were $98.5 million of acquisition and related charges. The remaining charges were included in Corporate and Other.

The acquisition and related costs for the quarter and nine months ended September 27, 2020 consisted of the following:

- Acquisition and integration costs of $4.6 million and $104.3 million for the quarter and nine months ended September 27, 2020, respectively, including, for the nine months ended September 27, 2020, $47.4 million of expense associated with the acceleration of eOne stock-based compensation and $38.2 million of advisor fees settled at the closing of the acquisition, as well as integration costs; and

- Restructuring and related costs of $1.4 million and $61.7 million for the quarter and nine months ended September 27, 2020, respectively, including severance and retention costs for the quarter and nine months ended September 27, 2020 of $1.4 million and $20.8 million, respectively, as well as $40.9 million in impairment charges for certain definite-lived intangible and production assets for the nine months ended September 27, 2020. The impairment charges of $40.9 million were driven by the change in strategy for the combined company’s entertainment assets.

(Millions of Dollars and Shares Except Per Share Data)

(4) Earnings Per Share

Net earnings per share data for the quarters and nine months ended September 26, 2021 and September 27, 2020 were computed as follows:

	2021		2020	
Quarter	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings attributable to Hasbro, Inc.	$ 253.2	253.2	$ 220.9	220.9
Average shares outstanding	138.1	138.1	137.3	137.3
Effect of dilutive securities:				
Options and other share-based awards	—	0.4	—	0.2
Equivalent Shares	138.1	138.5	137.3	137.5
Net earnings attributable to Hasbro, Inc. per common share	$ 1.83	1.83	$ 1.61	1.61

	2021		2020	
Nine Months	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings attributable to Hasbro, Inc.	$ 346.5	346.5	$ 117.3	117.3
Average shares outstanding	137.9	137.9	137.2	137.2
Effect of dilutive securities:				
Options and other share-based awards	—	0.4	—	0.3
Equivalent Shares	137.9	138.3	137.2	137.5
Net earnings attributable to Hasbro, Inc. per common share	$ 2.51	2.51	$ 0.86	0.85

For the quarter and nine months ended September 26, 2021, options and restricted stock units totaling 2.1 million and 2.2 million respectively, were excluded from the calculation of diluted earnings per share because to include them would have been anti-dilutive. For the quarter and nine months ended September 27, 2020, options and restricted stock units totaling 2.9 million and 3.0 million, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been anti-dilutive.

(5) Goodwill

During the first quarter of 2021, the Company realigned its financial reporting structure creating the following three principal reportable segments: Consumer Products, Wizards of the Coast and Digital Gaming and Entertainment. In our realignment, some, but not all, of our reporting units were changed. As a result of these changes, the Company reallocated its goodwill among the revised reporting units based on the change in relative fair values of the respective reporting units.

	Consumer Products	Wizards of the Coast and Digital Gaming	Entertainment	Total
2021				
Balance at December 27, 2020	$ 1,385.7	53.1	2,252.9	$ 3,691.7
Goodwill allocation	199.4	254.2	(453.6)	—
Foreign exchange translation	(0.1)	0.2	(0.6)	(0.5)
Impairment during the period	—	—	(101.8)	(101.8)
Goodwill associated with the disposal of business	—	—	(169.2)	(169.2)
Balance at September 26, 2021	$ 1,585.0	307.5	1,527.7	$ 3,420.2

(Millions of Dollars and Shares Except Per Share Data)

In conjunction with the goodwill reallocation described above, during the first quarter of 2021, the Company performed an impairment test of goodwill balances held by the reporting units impacted by the segment realignment. The reporting units were tested as of December 28, 2020 and included our Europe, Asia Pacific, Global Consumer Products Licensing, Wizards of the Coast and Family Brands reporting units. Based on the results of the goodwill assessment, we determined that the fair values of each of these reporting units exceeded their carrying values, and as such, we concluded that there was no indication of goodwill impairment for these reporting units as of December 28, 2020.

During the second quarter of 2021, the Company entered into a definitive agreement to sell the Entertainment One Music business ("eOne Music") for an aggregate sales price of $385.0 million, subject to certain closing adjustments related to working capital and net debt. Based on the value of the net assets held by eOne Music, which included goodwill and intangible assets allocated to eOne Music as part of the eOne acquisition, the Company recorded a pre-tax non-cash goodwill impairment charge of $101.8 million, during the second quarter of 2021, within Loss on Disposal of Business in the Consolidated Statements of Operations, and within the Entertainment segment. On June 29, 2021, during the Company's fiscal third quarter, the eOne Music sale was completed and associated goodwill and intangible assets were removed from the consolidated financial statements.

(6) Other Comprehensive Earnings (Loss)

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 nine months ended September 26, 2021 and September 27, 2020.

	Quarter Ended		Nine Months Ended	
	September 26, 2021	**September 27, 2020**	**September 26, 2021**	**September 27, 2020**
Other comprehensive earnings (loss), tax effect:				
Tax benefit (expense) on unrealized holding gains (losses)	$ 0.1	$ 0.2	$ —	(0.4)
Tax (expense) benefit on cash flow hedging activities	(0.3)	0.3	(0.7)	(5.5)
Tax benefit on foreign currency translation adjustments	—	—	—	8.4
Reclassifications to earnings, tax effect:				
Tax expense (benefit) on cash flow hedging activities	(0.3)	1.9	(0.3)	3.4
Amortization of unrecognized pension and postretirement amounts	(0.1)	(0.1)	(0.2)	(0.2)
Total tax effect on other comprehensive earnings (loss)	$ (0.6)	$ 2.3	$ (1.2)	5.7

(Millions of Dollars and Shares Except Per Share Data)

Changes in the components of accumulated other comprehensive earnings (loss) for the nine months ended September 26, 2021 and September 27, 2020 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
2021					
Balance at December 27, 2020	$ (40.7)	(22.1)	0.4	(132.6)	(195.0)
Current period other comprehensive earnings (loss)	0.6	9.5	(0.1)	(23.6)	(13.6)
Balance at September 26, 2021	$ (40.1)	(12.6)	0.3	(156.2)	(208.6)
2020					
Balance at December 29, 2019	$ (36.1)	(5.2)	(0.2)	(142.6)	(184.2)
Current period other comprehensive earnings (loss)	0.8	(0.1)	1.3	(98.1)	(96.1)
Balance at September 27, 2020	$ (35.3)	(5.3)	1.1	(240.8)	(280.3)

Gains (Losses) on Derivative Instruments

At September 26, 2021, the Company had remaining net deferred gains on foreign currency forward contracts, net of tax, of $3.2 million in accumulated other comprehensive earnings (loss) ("AOCE"). These instruments hedge payments related to inventory purchased in the third quarter of 2021 or forecasted to be purchased during the remainder of 2021 through 2022, intercompany expenses expected to be paid or received during 2021, television and movie production costs paid in 2021, and cash receipts for sales made at the end of the third quarter of 2021 or forecasted to be made in the remainder of 2021 and, to a lesser extent, 2022 through 2023. 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 3.15% Notes, that were repaid in full in the aggregate principal amount of $300.0 million during the first quarter of 2021 (See Note 8), and the 5.10% Notes due 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 September 26, 2021, deferred losses, net of tax of $15.7 million related to these instruments remained in AOCE. For the quarters ended September 26, 2021 and September 27, 2020, previously deferred losses of $0.2 million and $0.5 million, respectively, were reclassified from AOCE to net earnings. For the nine-month periods ended September 26, 2021 and September 27, 2020, previously deferred losses of $1.0 million and $1.3 million, respectively, were reclassified from AOCE to net earnings.

Of the amount included in AOCE at September 26, 2021, the Company expects net gains of approximately $2.2 million 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.

(Millions of Dollars and Shares Except Per Share Data)

(7) Accrued Liabilities

Components of accrued liabilities for the periods ended September 26, 2021, September 27, 2020 and December 27, 2020 were as follows:

	September 26, 2021	September 27, 2020	December 27, 2020
Participations and residuals	$ 272.9	$ 309.2	$ 295.6
Royalties	203.9	206.6	229.2
Deferred revenue	147.0	147.6	161.0
Payroll and management incentives	156.1	89.2	132.4
Dividends	93.8	93.2	93.4
Other taxes	69.9	70.6	81.9
Advertising	148.5	131.5	58.6
Severance	33.0	41.7	49.7
Lease liability - Current	43.9	42.8	45.0
Freight	72.6	35.8	32.3
Accrued income taxes	55.3	18.4	29.7
Other	366.8	283.5	329.8
Total accrued liabilities	$ 1,663.7	$ 1,470.1	$ 1,538.6

(Millions of Dollars and Shares Except Per Share Data)

(8) Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and certain accrued liabilities. At September 26, 2021, September 27, 2020 and December 27, 2020, the carrying cost of these instruments approximated their fair value. The Company's financial instruments at September 26, 2021, September 27, 2020 and December 27, 2020 also include certain assets and liabilities measured at fair value (see Notes 11 and 12) 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 September 26, 2021, September 27, 2020 and December 27, 2020 are as follows:

	September 26, 2021		September 27, 2020		December 27, 2020	
	Carrying Cost	Fair Value	Carrying Cost	Fair Value	Carrying Cost	Fair Value
3.90% Notes Due 2029	$ 900.0	1,001.7	$ 900.0	947.5	$ 900.0	1,011.2
3.55% Notes Due 2026	675.0	737.2	675.0	716.1	675.0	752.7
3.00% Notes Due 2024	500.0	529.1	500.0	531.9	500.0	540.6
6.35% Notes Due 2040	500.0	702.3	500.0	587.4	500.0	636.5
3.50% Notes Due 2027	500.0	546.2	500.0	518.8	500.0	544.5
2.60% Notes Due 2022 (1)	—	—	300.0	310.7	300.0	311.5
5.10% Notes Due 2044	300.0	375.0	300.0	313.4	300.0	338.1
3.15% Notes Due 2021 (2)	—	—	300.0	303.5	300.0	302.3
6.60% Debentures Due 2028	109.9	137.2	109.9	130.3	109.9	137.4
Variable % Notes Due December 30, 2022 (3)	—	—	400.0	400.0	300.0	300.0
Variable % Notes Due December 30, 2024 (4)	505.0	505.0	577.5	577.5	577.5	577.5
Production Financing Facilities	204.7	204.7	121.4	121.4	165.5	165.5
Total long-term debt	$ 4,194.6	4,738.4	$ 5,183.8	5,458.5	$ 5,127.9	5,617.8
Less: Deferred debt expenses	29.6	—	36.8	—	35.3	—
Less: Current portion	187.6	—	369.3	—	432.6	—
Long-term debt	$ 3,977.4	4,738.4	$ 4,777.8	5,458.5	$ 4,660.0	5,617.8

(1) During the third quarter of 2021, the Company repaid in full its 2.60% Notes, in the aggregate principal amount of $300.0 million due in November 2022.

(2) During the first quarter of 2021, the Company repaid in full its 3.15% Notes, in the aggregate principal amount of $300.0 million due in May 2021.

(3) During the second quarter of 2021, the Company repaid $250.0 million of the Variable % Notes Due December 30, 2022 and during the third quarter of 2021, the Company repaid the remaining balance of $50.0 million of the Variable % Notes Due December 30, 2022.

(4) During the third quarter of 2021, the Company repaid $50.0 million of the Variable % Notes Due December 30, 2024.

In November 2019, in conjunction with the Company's acquisition of eOne, the Company issued an aggregate of $2.4 billion of senior unsecured debt securities (the "Notes") consisting of the following tranches: $300.0 million of notes due 2022 (the "2022 Notes") that bear interest at a fixed rate of 2.60%, $500.0 million of notes due 2024 (the "2024 Notes") that bear interest at a fixed rate of 3.00%, $675.0 million of notes due 2026 (the "2026 Notes") that bear interest at a fixed rate of 3.55% and $900.0 million 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 $20.0 million of underwriting discount and fees, totaled $2.4 billion. These costs are being amortized over the life of the Notes outstanding, which range from five years to ten years from the date of issuance. During the third quarter of 2021, the Company repaid in full the $300.0 million of 2022 Notes and recorded $9.1 million of debt extinguishment costs within other expense (income) in the Consolidated Statements of Operations.

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) 25 basis points (in the case of the 2024 Notes); (2) 30 basis points (in the case of the 2026 Notes); and (3) 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 $400.0 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"). The full amount of the Term Loan Facilities were drawn down on December 30, 2019, the closing date of the eOne Acquisition. During 2020, the Company made $122.5 million in payments towards the $1.0 billion term loan notes consisting of $100.0 million on the principal balance of the Three-Year Tranche loans in addition to the required quarterly principal amortization payments totaling $22.5 million on the Five-Year Tranche loans. During the first nine months of 2021, the Company paid $372.5 million toward the $1.0 billion term loan notes consisting of the remaining $300.0 million of the principal balance of the Three-Year Tranche loans as well as $50.0 million principal balance and principal amortization payments totaling $22.5 million on the Five-Year Tranche loans.

Loans under the remaining Five-Year Tranche bear interest at the Company's option, at either the Eurocurrency Rate or the Base Rate, plus a per annum applicable rate that fluctuates 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 by the relevant rating agencies or a lack of ratings issued by such rating agencies. Loans under the Five-Year Tranche require principal amortization payments that are 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 Company may redeem its 5.10% notes due in 2044 (the "2044 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.

Current portion of long-term debt at September 26, 2021 of $187.6 million, as shown on the consolidated balance sheet, represents the current portion of required quarterly principal amortization payments for the Term Loan Facilities and production financing facilities. All of the Company's other long-term borrowings have contractual maturities that occur subsequent to the third quarter of 2024.

The fair values of the Company's long-term debt are considered Level 3 fair values (see Note 11 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.

(Millions of Dollars and Shares Except Per Share Data)

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 typically 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. The production financing facilities as of September 26, 2021, September 27, 2020 and December 27, 2020 are as follows:

	September 26, 2021	September 27, 2020	December 27, 2020
Production financing held by production subsidiaries	$ 204.7	$ 121.4	$ 165.5
Other loans [1]	—	9.0	5.4
Total	$ 204.7	$ 130.4	$ 170.9
Production financing included in the consolidated balance sheet as:			
Non-current	$ 47.0	$ 82.2	$ 62.9
Current	157.7	39.2	102.6
Total	$ 204.7	$ 121.4	$ 165.5

[1] Other loans consist of production related demand loans, and are recorded within Short-term Borrowings in the Company's consolidated balance sheets.

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 September 26, 2021 was 2.9%.

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 September 26, 2021	$ 37.0	$ 167.7	$ 204.7

The following table represents the movements in production financing and other related loans during the first nine months of 2021:

	Production Financing	Other Loans	Total
December 27, 2020	$ 165.5	$ 5.4	$ 170.9
Drawdowns	127.6	16.7	144.3
Repayments	(89.6)	(22.9)	(112.5)
Foreign exchange differences	1.2	0.8	2.0
Balance at September 26, 2021	$ 204.7	$ —	$ 204.7

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

Investments in productions and investments in acquired content rights are predominantly monetized on a title-by-title basis and are recorded within other assets in the Company's 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 reviewed periodically on an individual film basis and any portion of the unamortized amount that appears not to be recoverable from future net revenues is expensed as part of program cost amortization during the period the loss becomes evident.

(Millions of Dollars and Shares Except Per Share Data)

The Company's unamortized investments in productions and investments in acquired content rights consisted of the following at September 26, 2021, September 27, 2020, and December 27, 2020:

	September 26, 2021	September 27, 2020	December 27, 2020
Film and TV Programming			
Released, net of amortization	$ 512.6	$ 477.3	$ 428.0
Completed and not released	20.1	18.1	17.3
In production	202.1	51.0	185.5
Pre-production	91.9	41.1	67.6
	826.7	587.5	698.4
Other Programming			
Released, net of amortization	3.9	11.5	13.7
Completed and not released	0.4	3.4	2.1
In production	5.9	9.1	5.4
Pre-production	2.5	8.0	7.6
	12.7	32.0	28.8
Total Program Investments	$ 839.4	$ 619.5	$ 727.2

The Company recorded $396.1 million of program cost amortization related to released programming in the nine months ended September 26, 2021, consisting of the following:

	Investment in Production	Investment in Content	Other	Total
Program cost amortization	$ 334.6	$ 59.9	$ 1.6	$ 396.1

(10) 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 29.0% for the nine months ended September 26, 2021 and 35.0% for the nine months ended September 27, 2020.

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

- during the nine months ended September 26, 2021, the Company recorded a net discrete tax expense of $8.8 million. The expense is primarily associated with (i) the revaluation of net deferred tax liabilities as a result of the United Kingdom's ("UK") enactment of Finance Act 2021 during the second quarter, which increases the UK corporate income tax rate from 19% to 25% as of April 1, 2023; (ii) a one-time tax charge related to an ongoing tax audit; (iii) a release of a valuation allowance on net operating losses that offsets income received from a one-time legal settlement; and (iv) certain tax benefits, including the reversal of uncertain tax positions and operational tax planning;
- the year-to-date ETR also includes a goodwill impairment charge on the sale of the eOne Music business, recorded during the second quarter of 2021 for which there is no corresponding tax benefit; and
- during the nine months ended September 27, 2020, the Company recorded a net discrete tax benefit of $5.3 million primarily associated with (i) a tax benefit resulting from the eOne acquisition and related costs incurred; (ii) a tax expense related to the revaluation of net deferred tax liabilities as a result of the UK's enactment during the third quarter of Finance Act 2020 which maintained the corporate income tax rate at 19%; and (iii) a tax expense related to an increase of uncertain tax positions.

In May 2019, a public referendum held in Switzerland approved the Swiss Federal Act on Tax Reform and AHV Financing ("TRAF") proposals previously approved by the 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 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 financial statements.

The Company is no longer subject to U.S. federal income tax examinations for years before 2012. 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 2015. The Company is currently under income tax examination by the Internal Revenue Service and in several U.S. state and local and non-U.S. jurisdictions.

(11) 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 elected the fair value option for certain available-for-sale investments using net asset value per share and during 2020, the Company liquidated these investments as part of its global cash management strategy. At September 27, 2020, prior to their liquidation, these investments totaled $13.4 million and were included in prepaid expenses and other current assets within the Company's consolidated balance sheet. The Company recorded a net gain of $1.1 million and a net loss of $0.1 million, respectively, on these investments in other (income) expense, net, related to the change in fair value of such instruments net for the quarter and nine months ended September 27, 2020.

(Millions of Dollars and Shares Except Per Share Data)

At September 26, 2021, September 27, 2020 and December 27, 2020, 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)
September 26, 2021				
Assets:				
Available-for-sale securities	$ 2.0	2.0	—	—
Derivatives	9.8	—	9.8	—
Total assets	$ 11.8	2.0	9.8	—
Liabilities:				
Derivatives	$ 1.7	—	1.7	—
Option agreement	21.8	—	—	21.8
Total liabilities	$ 23.5	—	1.7	21.8
September 27, 2020				
Assets:				
Available-for-sale securities	$ 3.7	3.7	—	—
Derivatives	15.7	—	15.7	—
Total assets	$ 19.4	3.7	15.7	—
Liabilities:				
Derivatives	$ 0.4	—	0.4	—
Option agreement	20.6	—	—	20.6
Total liabilities	$ 21.0	—	0.4	20.6
December 27, 2020				
Assets:				
Available-for-sale securities	$ 2.1	2.1	—	—
Derivatives	4.8	—	4.8	—
Total assets	$ 6.9	2.1	4.8	—
Liabilities:				
Derivatives	$ 12.7	—	12.7	—
Option agreement	20.6	—	—	20.6
Total Liabilities	$ 33.3	—	12.7	20.6

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

(Millions of Dollars and Shares Except Per Share Data)

The Company's derivatives consist of foreign currency forward and option contracts. The Company uses 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 September 26, 2021, September 27, 2020 and December 27, 2020, 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 quarter ended September 26, 2021.

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):

	2021	2020
Balance at beginning of year	$ (20.6)	$ (22.1)
Gain from change in fair value	(1.2)	1.5
Balance at end of third quarter	$ (21.8)	$ (20.6)

(12) <u>Derivative Financial Instruments</u>

Hasbro uses foreign currency forward contracts 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 8) 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

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 2021 through 2022.

At September 26, 2021, September 27, 2020 and December 27, 2020, the notional amounts and fair values of the Company's foreign currency forward contracts designated as cash flow hedging instruments were as follows:

	September 26, 2021		September 27, 2020		December 27, 2020	
Hedged transaction	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
Inventory purchases	$ 261.8	6.0	$ 315.9	9.1	$ 316.8	(10.0)
Sales	164.5	(0.5)	111.8	3.9	111.6	1.4
Production financing and other	261.4	0.3	115.2	2.2	89.9	0.3
Total	$ 687.7	5.8	$ 542.9	15.2	$ 518.3	(8.3)

(Millions of Dollars and Shares Except Per Share Data)

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 September 26, 2021, September 27, 2020 and December 27, 2020 as follows:

	September 26, 2021	September 27, 2020	December 27, 2020
Prepaid expenses and other current assets			
Unrealized gains	$ 8.6	$ 13.4	$ 2.3
Unrealized losses	(3.7)	(1.7)	(1.6)
Net unrealized gains	$ 4.9	$ 11.6	$ 0.7
Other assets			
Unrealized gains	$ 2.0	$ 4.2	$ 1.1
Unrealized losses	(0.1)	(0.2)	—
Net unrealized gains	$ 1.9	$ 4.0	$ 1.1
Accrued liabilities			
Unrealized gains	$ 0.3	$ 0.7	$ 3.0
Unrealized losses	(1.3)	(1.0)	(12.9)
Net unrealized losses	$ (1.0)	$ (0.3)	$ (9.9)
Other liabilities			
Unrealized gains	$ —	$ —	$ —
Unrealized losses	—	(0.1)	(0.2)
Net unrealized losses	$ —	$ (0.1)	$ (0.2)

Net gains on cash flow hedging activities have been reclassified from other comprehensive earnings (loss) to net earnings for the quarters and nine months ended September 26, 2021 and September 27, 2020 as follows:

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Statements of Operations Classification				
Cost of sales	$ (2.0)	$ 7.1	$ (4.4)	16.7
Net revenues	0.1	1.2	1.4	2.4
Other	0.8	0.9	2.0	1.4
Net realized gains	$ (1.1)	$ 9.2	$ (1.0)	20.5

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, to manage transactional exposure to fair value movements on certain monetary assets and liabilities denominated in foreign currencies, the Company has implemented a balance sheet hedging program. 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 items. As of September 26, 2021, September 27, 2020 and December 27, 2020 the total notional amounts of the Company's undesignated derivative instruments were $663.2 million, $538.9 million and $590.6 million, respectively.

(Millions of Dollars and Shares Except Per Share Data)

At September 26, 2021, September 27, 2020 and December 27, 2020, the fair values of the Company's undesignated derivative financial instruments were recorded in the consolidated balance sheets as follows:

	September 26, 2021	September 27, 2020	December 27, 2020
Prepaid expenses and other current assets			
Unrealized gains	$ 6.5	$ 3.3	$ 3.5
Unrealized losses	(3.4)	(3.2)	(0.5)
Net unrealized gains	$ 3.1	$ 0.1	$ 3.0
Accrued liabilities			
Unrealized gains	$ —	$ —	$ —
Unrealized losses	(0.8)	—	(2.6)
Net unrealized losses	$ (0.8)	$ —	$ (2.6)
Total unrealized gains (losses), net	$ 2.3	$ 0.1	$ 0.4

The Company recorded net gains of $3.6 million and $2.9 million on these instruments to other (income) expense, net for the quarter and nine months ended September 26, 2021, respectively, and net losses of $(6.9) million and $(20.1) million for the quarter and nine months ended September 27, 2020, 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.

For additional information related to the Company's derivative financial instruments (see Notes 6 and 11).

(13) 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 nine months ended September 26, 2021, the Company's operating lease and other rental expenses were $21.8 million and $66.0 million, respectively. For the quarter and nine months ended September 27, 2020, the Company's operating lease and other rental expenses were $22.3 million and $67.6 million, respectively. Expense related to short-term leases (expected terms less than 12 months) and variable lease payments was not material in the quarter or nine months ended September 26, 2021 or September 27, 2020.

(Millions of Dollars and Shares Except Per Share Data)

Information related to the Company's leases for the quarter and nine months ended September 26, 2021 and September 27, 2020 are as follows:

	Quarter Ended		Nine Months Ended	
	September 26, 2021	**September 27, 2020**	**September 26, 2021**	**September 27, 2020**
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 13.7	$ 13.2	$ 39.9	38.8
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$ 10.4	$ 2.1	$ 21.8	102.5
Weighted Average Remaining Lease Term				
Operating leases	5.6 years	6.2 years	5.6 years	6.2 years
Weighted Average Discount Rate				
Operating leases	3.1 %	3.1 %	3.1 %	3.1 %

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 September 26, 2021:

	September 26, 2021
2021 (excluding the nine months ended September 26, 2021)	$ 13.2
2022	49.8
2023	41.6
2024	29.9
2025	23.9
2026 and thereafter	49.9
Total future lease payments	208.3
Less imputed interest	25.2
Present value of future operating lease payments	183.1
Less current portion of operating lease liabilities (1)	43.9
Non-current operating lease liability (2)	139.2
Operating lease right-of-use assets, net (3)	$ 165.6

(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.

(Millions of Dollars and Shares Except Per Share Data)

(14) 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 digital, as well as film and television entertainment. In the first quarter of 2020 the Company completed its acquisition of the global independent studio, eOne. Throughout 2020, the Company successfully integrated many parts of the eOne business and started to achieve synergies as a combined company. Effective for the three months ended March 28, 2021, the Company realigned its reportable segment structure to: (1) align with changes to its business structure subsequent to the integration of eOne; and (2) reflect changes to its reporting structure and provide transparency into how operating performance is measured. The Company's three principal reportable segments are (i) Consumer Products, (ii) Wizards of the Coast and Digital Gaming, and (iii) Entertainment.

The Consumer Products segment engages in the sourcing, marketing and sales of toy and game products around the world. The Consumer Products business also promotes the Company's brands through the out-licensing of our trademarks, characters and other brand and intellectual property rights to third parties, through the sale of branded consumer products such as toys and apparel. The Wizards of the Coast and Digital Gaming business engages in the promotion of the Company's brands through the development of trading card, role-playing and digital game experiences based on Hasbro and Wizards of the Coast games. The Entertainment segment engages in the development, acquisition, production, financing, distribution and sale of world-class entertainment content including film, scripted and unscripted television, family programming, digital content and live entertainment.

The significant accounting policies of the Company's segments are the same as those referenced in Note 1.

Results shown for the quarter and nine months ended September 26, 2021 are not necessarily representative of those which may be expected for the full year 2021, nor were those of the comparable 2020 periods representative of those actually experienced for the full year 2020. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

Reclassifications of certain prior year segment results and account balances have been made to conform to the current-year presentation. None of the segment changes impact the Company's previously reported consolidated net revenue, operating profits, net earnings or net earnings per share.

On June 29, 2021, the Company completed the sale of eOne Music. The financial results of eOne Music were recorded within the Company's Entertainment segment through the date of the closing of the sale. The assets and liabilities of eOne Music were de-consolidated as of the closing date and there are no remaining carrying amounts in the Company's Consolidated Balance Sheets as of September 26, 2021. The sale of eOne Music in 2021 did not impact the Company's previously reported 2020 net revenues, operating profits, earnings, assets or liabilities.

Information by segment and a reconciliation to reported amounts for the quarters and nine months ended September 26, 2021 and September 27, 2020 are as follows:

	Quarter Ended			
	September 26, 2021		September 27, 2020	
Net revenues	**External**	**Affiliate (b)**	**External**	**Affiliate (b)**
Consumer Products	$ 1,282.7	$ (149.6)	$ 1,317.8	$ (110.1)
Wizards of the Coast and Digital Gaming	360.2	(38.0)	273.4	(23.4)
Entertainment	327.1	(13.7)	185.4	(2.2)
Corporate and Other (b)	—	201.3	—	135.7
	$ 1,970.0	$ —	$ 1,776.6	$ —

(Millions of Dollars and Shares Except Per Share Data)

	Nine Months Ended			
	September 26, 2021		September 27, 2020	
Net revenues	External	Affiliate (b)	External	Affiliate (b)
Consumer Products	$ 2,625.8	$ (316.8)	$ 2,409.8	$ (268.8)
Wizards of the Coast and Digital Gaming	1,008.7	(93.1)	670.7	(56.4)
Entertainment	772.5	(40.4)	662.0	(3.9)
Corporate and Other (b)	—	450.3	—	329.1
	$ 4,407.0	$ —	$ 3,742.5	$ —

	Quarter Ended		Nine Months Ended	
Operating profit (loss)	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Consumer Products	$ 210.4	$ 226.2	$ 260.5	$ 171.2
Wizards of the Coast and Digital Gaming	159.4	141.6	462.3	311.5
Entertainment	22.4	(28.3)	(74.3)	(106.1)
Corporate and Other (b)	(24.3)	(2.9)	(56.7)	(61.1)
	$ 367.9	$ 336.6	$ 591.8	$ 315.5

Total assets	September 26, 2021	September 27, 2020	December 27, 2020
Consumer Products (a)	$ 4,754.0	$ 6,323.4	$ 5,552.5
Wizards of the Coast and Digital Gaming	915.1	926.9	585.7
Entertainment (b)	5,570.0	6,199.7	6,003.0
Corporate and Other (b)	(1,008.7)	(2,746.8)	(1,322.9)
	$ 10,230.4	$ 10,703.2	$ 10,818.3

(a) During the second quarter of 2021, the Company adjusted certain inter-segment balance sheet amounts which impacted the Consumer Products and Corporate and Other total asset values. These adjustments did not impact the Company's total assets.

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

(Millions of Dollars and Shares Except Per Share Data)

The following table represents consolidated Consumer Products segment net revenues by major geographic region for the quarters and nine months ended September 26, 2021 and September 27, 2020:

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
North America	$ 805.0	$ 830.1	$ 1,559.1	$ 1,434.9
Europe	304.2	316.8	669.2	615.4
Asia Pacific	75.5	78.2	208.7	197.1
Latin America	98.0	92.7	188.8	162.4
Net revenues	$ 1,282.7	$ 1,317.8	$ 2,625.8	$ 2,409.8

The following table represents consolidated Entertainment segment net revenues by category for the quarters and nine months ended September 26, 2021 and September 27, 2020:

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Film and TV	$ 255.4	$ 141.6	$ 586.1	$ 514.5
Family Brands	60.5	14.2	105.4	58.9
Music and Other	11.2	29.6	81.0	88.6
Net revenues	$ 327.1	$ 185.4	$ 772.5	$ 662.0

The following table presents consolidated net revenues by brand and entertainment portfolio for the quarters and nine months ended September 26, 2021 and September 27, 2020:

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Franchise Brands	$ 882.0	$ 807.5	$ 2,023.4	$ 1,580.9
Partner Brands	366.7	409.2	766.7	729.8
Hasbro Gaming (1)	281.9	239.2	565.3	516.3
Emerging Brands	177.5	155.0	399.2	325.1
TV/Film/Entertainment	261.9	165.7	652.4	590.4
Total	$ 1,970.0	$ 1,776.6	$ 4,407.0	$ 3,742.5

(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 which are reported within Franchise Brands, totaled $658.6 million and $1,543.3 million for the quarter and nine months ended September 26, 2021, respectively. For the quarter and nine months ended September 27, 2020, total gaming revenues were $543.1 million and $1,202.6 million, respectively.

(15) eOne Music Sale

On April 25, 2021, the Company entered into a definitive agreement to sell eOne Music for an aggregate sales price of $385.0 million, subject to certain closing adjustments related to working capital and net debt.

On June 29, 2021, the Company completed the sale of eOne Music for net proceeds of $397.0 million, including the sales price of $385.0 million and $12.0 million of closing adjustments related to working capital and net debt calculations. The final proceeds are subject to further adjustments upon completion of closing working capital, which will be recognized in the fourth quarter of 2021. The Company acquired eOne Music through its acquisition of eOne in December 2019 ("eOne Acquisition"). Based on the value of the net assets held by eOne Music, which included goodwill and intangible assets allocated to eOne Music as part of the eOne Acquisition, the Company recorded a pre-tax non-cash goodwill impairment charge of $101.8 million within Loss on Disposal of Business on the Consolidated Statements of Operations for the nine months ended September 26, 2021. The Company also recorded pre-tax cash transaction expenses of $9.5 million within Selling, Distribution and Administration expenses on the Consolidated Statements of Operations during the second quarter of 2021. The impairment charge was recorded within the Entertainment segment and the transaction costs were recorded within the Corporate and Other segment.

(Millions of Dollars and Shares Except Per Share Data)

The operations of eOne Music did not meet the criteria to be presented as discontinued operations in accordance with Accounting Standards Update No. 2014-08 (ASU 2014-08) Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360) - *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* and eOne Music did not represent an individually significant component of the Company's business. Income from operations before income taxes, attributable to eOne Music, was recorded to the Company's Consolidated Statements of Operations, within the Entertainment segment through the sale transaction closing date. Assets of $479.5 million and liabilities of $76.3 million, attributable to eOne Music, were de-consolidated as of the closing date and, as of September 26, 2021, there are no remaining carrying amounts in the Company's Consolidated Balance Sheets.

The following table presents the carrying amounts of the major classes of eOne Music assets and liabilities sold on June 29, 2021:

	June 29, 2021
Cash and Cash Equivalents	$ 18.2
Goodwill and Other Intangible Assets	410.3
Prepaid Expenses	31.0
Other Assets	20.0
Total Assets	479.5
Accrued Liabilities	24.4
Deferred Taxes	36.9
Other Liabilities	15.0
Total Liabilities	$ 76.3

(16) 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 restructuring 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 the first nine months of 2020, the Company continued to streamline its commercial organization, and recorded severance of $11.5 million associated with these cost-savings initiatives.

During 2020, in connection with the eOne Acquisition, the Company recorded $32.5 million of severance and other employee charges related to the integration of eOne. For the quarter and nine months ended September 27, 2020, the related charge was $1.4 million and $20.8 million, respectively, which was recorded within acquisition and related costs on the Consolidated Statements of Operations, and reported within Corporate and Eliminations.

The detail of activity related to the programs for the nine months ended September 26, 2021 is as follows:

	2018 Restructuring & 2020 Commercial Program	eOne Integration Program	Other	Total
Remaining amounts to be paid as of December 27, 2020	$ 17.3	16.9	0.8	$ 35.0
Payments made in the first nine months of 2021	(6.3)	(8.8)	—	(15.1)
Remaining amounts as of September 26, 2021	$ 11.0	8.1	0.8	$ 19.9

(17) Subsequent Event

Leadership Matters

On October 12, 2021, we announced the passing of our leader and longtime Chairman and Chief Executive Officer, Brian D. Goldner. The Company's Board of Directors (the "Board") has appointed Richard S. Stoddart to serve as Hasbro's interim CEO while the Board completes its process for appointing a permanent CEO. Mr. Stoddart has served as a member of the Board since 2014, most recently as the Board's Lead Independent Director and is the former President and Chief Executive Officer of global marketing execution firm InnerWorkings, Inc., serving in that role from 2017 until 2020 when InnerWorkings, Inc. was acquired. In addition to the appointment of Mr. Stoddart, Tracy A. Leinbach has been appointed to serve as Chair of the Board. Mrs. Leinbach has been a member of the Board since 2008.

Under Mr. Goldner's employment agreement, we expect to incur additional compensation expense in the fourth quarter of 2021 due to the accelerated vesting of certain equity awards as a result of Mr. Goldner's passing. A description of Mr. Goldner's employment agreement can be found in the Company's proxy statement filed with the SEC on April 1, 2021 and filed as an exhibit to our 2020 Form 10-K. In future periods, we may incur additional compensation related expenses in connection with our succession plans and the appointment of a permanent CEO.

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 ability to achieve our financial and business goals and objectives, including continued profitable growth and successful integration of eOne; our efforts to ship sufficient product to meet demand due to supply chain issues affecting businesses globally which are expected to continue for the remainder of 2021 and possibly into 2022; operation of our third-party manufacturing facilities; the impact of global coronavirus outbreak on our business; the Company's product and entertainment plans, including the timing of product and content releases; changes in the methods of content distribution, including increased reliance on streaming outlets; marketing and promotional efforts; anticipated expenses, including compensation related expenses due to the passing of our former Chairman and CEO and the appointment of a successor CEO; working capital and liquidity; anticipated impact of acquisitions and dispositions; and anticipated impact of changes in accounting standards. 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 27, 2020 (“2020 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

Hasbro, Inc. (“Hasbro”) 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, and other entertainment experiences, we connect to global audiences by bringing to life great innovations, stories and brands across established and inventive platforms. Our iconic brands include NERF, MAGIC: THE GATHERING, MY LITTLE PONY, TRANSFORMERS, PLAY-DOH, MONOPOLY, BABY ALIVE, POWER RANGERS, PEPPA PIG and PJ MASKS, as well as premier partner brands. Through our global independent entertainment studio, Entertainment One (“eOne”), we are building our brands globally 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. At Hasbro, we are committed to making the world a better place for all children, fans and families. We believe that doing well includes doing good in the world and for all our constituents. This is demonstrated in all we do, including through our corporate social responsibility and philanthropy initiatives.

2021 Developments

Leadership Matters

On October 12, 2021, we announced the passing of our beloved leader and longtime Chairman and Chief Executive Officer, Brian D. Goldner. Brian joined Hasbro in 2000 and was quickly recognized as a visionary in the industry. He was appointed CEO in 2008 and became Chairman of the Board in 2015. He was instrumental in transforming the Company into a global play and entertainment leader, architecting a strategic Brand Blueprint to create the world’s best play and storytelling experiences. Through his unwavering focus, he expanded the Company beyond toys and games into television, movies, digital gaming and beyond, to ensure Hasbro’s iconic brands reached every consumer.

Richard S. Stoddart, most recently the Lead Independent Director of the Board, has been appointed by the Board to serve as Hasbro’s interim CEO while the Company executes its CEO succession plan. Mr. Stoddart has served as a member of the Board since 2014 and is the former President and Chief Executive Officer of global marketing execution firm InnerWorkings, Inc., serving in that role from 2017 until 2020 when InnerWorkings, Inc. was acquired. Prior to that, Mr. Stoddart was the Chief Executive Officer of Leo Burnett Worldwide from February 2016 to 2017, the Chief Executive Officer of Leo Burnett North America from 2013 to 2016 and the President of Leo Burnett North America from 2005 to 2013. In addition to the appointment of Mr. Stoddart, Tracy A. Leinbach, a member of the Board since 2008, has been appointed to serve as Chair, the Lead Independent Director role has been eliminated, and Edward M. Philip has been appointed to serve as Chair of the Nominating, Governance and Social Responsibility Committee.

Under Mr. Goldner’s employment agreement, we expect to incur additional compensation expense in the fourth quarter of 2021 due to the accelerated vesting of certain equity awards then held by Mr. Goldner. A description of Mr. Goldner’s employment agreement can be found in the Company’s proxy statement filed with the SEC on April 1, 2021. In future periods, we may incur additional compensation related expenses in connection with our succession plans and the appointment of a permanent CEO.

Segment Realignment

In the first quarter of 2020, we completed our acquisition of eOne, our global independent studio. Throughout 2020, we successfully integrated parts of our business and began recognizing synergies as a combined company. Effective for the first quarter of 2021, we realigned our reportable segment structure to correspond with the evolution of our company, including the integration of eOne, to reflect changes in our reporting structure and allocation of decision-making responsibility and for assessing the Company’s performance. Our new reportable segments are: Consumer Products, Wizards of the Coast & Digital Gaming, Entertainment and Corporate and Other.

- ***Consumer Products*** Our Consumer Products business engages in the sourcing, marketing and sales of toy and game products around the world. Our Consumer Products business also promotes our brands through the out-licensing of our trademarks, characters and other brand and intellectual property rights to third parties, through the sale of branded consumer products such as toys and apparel. Additionally, through license agreements with third parties, we develop and sell products based on popular third-party partner brands.

  Our toy and game products are supported by cross-functional teams including members of our global development and marketing groups. Our global development teams develop, design and engineer new products alongside the redesign of existing products, driven by our understanding of consumers and using marketplace insights while leveraging opportunistic toy and game lines and licenses. Our global marketing function establishes a cohesive brand direction and assists our selling entities in establishing local marketing programs. This strategy leverages efforts to increase consumer awareness of our brands through the Company's entertainment experiences, including film and television programming and digital gaming.

- ***Wizards of the Coast and Digital Gaming*** Our Wizards of the Coast and Digital Gaming business engages in the promotion of our brands through the development of trading card, role-playing and digital game experiences based on Hasbro and Wizards of the Coast properties.

  Wizards of the Coast offerings include popular games such as the collectable card game *MAGIC: THE GATHERING* and the fantasy tabletop role-playing game *DUNGEONS & DRAGONS*, as well as other digital games developed for mobile devices, personal computers and video gaming consoles including *MAGIC: THE GATHERING ARENA*. Additionally, we out-license certain of our brands to other third-party digital game developers who transform Hasbro brand-based characters and other intellectual properties, into digital gaming experiences.

- ***Entertainment*** Our Entertainment business engages in the development, acquisition, production, financing, distribution and sale of world-class entertainment content including film, scripted and unscripted television, family programming, digital content and live entertainment.

  Film and TV operations produce film and television content which is sold worldwide to distributors, broadcasters, television networks and streaming platforms. While maintaining ownership of the content rights, we sell content for specific time periods to generate broadcast license fees from television content and to collect minimum guarantees and overage participations from films. The Entertainment business also actively acquires third-party film and television content. In television, the Entertainment segment engages in the sale of acquired third-party content internationally. For acquired films, the Entertainment segment obtains territorial rights from independent producers to distribute in those territories and acquires global rights which are sold internationally. Feature length film and television programming based on our owned and controlled brands provide both immersive storytelling and the ability for our consumers to enjoy these properties in different formats, which also drives product sales, results in increased licensing revenues, and expands overall brand awareness.

- ***Corporate and Other*** Our Corporate and Other segment provides management and administrative services to the Company's principal reporting segments described above. The segment consists of unallocated corporate expenses and administrative costs and activities not considered when evaluating segment performance such as the Company's legal, human resources, finance, facilities and information technology departments as well as certain assets benefiting more than one segment. In addition, intersegment transactions are eliminated within the Corporate and Other segment.

eOne Music Sale

On June 29, 2021, we completed the sale of our Entertainment One Music business (“eOne Music”) for $397 million, including the sales price of $385 million and $12 million of closing adjustments related to working capital and net debt calculations. The final proceeds are subject to further adjustments upon completion of closing working capital, which will be recognized in the fourth quarter of 2021. Based on the value allocated to the music assets as part of the eOne Acquisition, the Company recorded a pre-tax non-cash goodwill impairment charge of $101.8 million included within Loss on Disposal of Business, as well as transaction expenses of $9.5 million ($7.3 million after-tax) within Selling, Distribution and Administration costs, within the Consolidated Statements of Operations during the first nine months of 2021. The impairment charge was recorded within the Entertainment segment and the transaction costs were recorded within the Corporate and Other segment. The financial results of eOne Music were recorded within the Company's Entertainment segment through the date of the closing of the sale. The assets and liabilities of eOne Music were de-consolidated as of the closing date and there are no remaining carrying amounts in the Company's Consolidated Balance Sheets as of September 26, 2021.

Coronavirus Pandemic

Throughout 2020 and continuing through the first nine months of 2021, the novel coronavirus (COVID-19) pandemic has had a substantial adverse impact on our business, as well as our employees, consumers, customers, partners, licensees, suppliers and manufacturers, due in part to the preventative measures taken to reduce the spread of the virus worldwide.

We experienced and in some cases, continue to experience:

- disruptions in supply of products, due to closures or reductions in operations at third-party manufacturing facilities across several geographies including, but not limited to, China, India, Vietnam the United States and Ireland, as well as difficulties in shipping and distributing products due to ongoing port capacity, shipping container and truck transportation shortages, resulting in higher costs for both ocean and air freight and delays in the availability of products, which can result in delayed sales and in some cases result in lost sales. These and other disruptions are expected to continue through the remainder of 2021 and possibly into 2022;
- adverse sales impact due to changes in consumer purchasing behavior and availability of products to consumers, resulting from retail store closures, limited reopening of retail stores and limitations on the capacity of ecommerce channels to supply additional products;
- fluctuations in our performance based on the progress of different countries in controlling the coronavirus and the maturity of e-commerce platforms in those markets.
- limited production of live-action scripted and unscripted entertainment content due to the hard stop and soft reopening of production studios;
- delays or postponements of entertainment productions and releases of entertainment content both internally and by our partners;
- increases in entertainment production costs due to measures required to minimize COVID-19 risks; and
- challenges of working remotely.

In response to these challenges, we developed and continue to develop and execute plans to mitigate the negative impact of COVID-19 to the business. Our responses included:

- utilizing our global supply chain and existing inventory to work to meet demand, while managing freight cost increases across all markets, as our manufacturing facilities returned to varying levels of operation;
- mitigating risk in global supply chain by expanding shipping capacity, activating alternate ports in China and the U.S. and prioritizing supply based on inventory and customer needs, including utilizing air freight if necessary;
- accelerating our business online and expanding omni-channel to get products to customers and consumers;
- developing innovative ways to enable players to continue to play MAGIC: THE GATHERING and DUNGEONS & DRAGONS games remotely;
- continuing to create new entertainment, including post-production work and the development of animation productions remotely; and
- the gradual return of TV and film productions in late 2020. Currently, our studios are back to operating at pre-pandemic production levels across all businesses, with preventative measures and health and safety protocols in place.

We have maintained sufficient liquidity and access to capital resources. We also continue to closely manage expenses to further preserve liquidity and we continually monitor customer health and collectability of receivables. The COVID-19 outbreak continues to be fluid and it is difficult to forecast the impact it could have on our future operations. Please see Part I, Item 1A. Risk Factors, in the Company's Form 10-K for the fiscal year ended December 27, 2020 for further information.

Brand Blueprint Strategy

Hasbro's strategic plan is centered around the Hasbro Brand Blueprint, a framework for bringing compelling and expansive brand experiences to consumers and audiences around the world. Our brands are story-led consumer franchises brought to life through a wide array of consumer products, digital gaming and compelling content offered across a multitude of platforms and media. Hasbro's purpose of making the world a better place for all children, fans and families sits at the center of the Hasbro Brand Blueprint and is a key driver of Hasbro brands and content. The development and execution of our brands and content are informed by our proprietary consumer insights, which help us understand the behavior of our consumers, from a consumption of content and play standpoint. We have learned that consumers will travel with a brand that they love across multiple forms and formats, including our core historical strength of toys and games and licensed consumer products, as well as digital gaming and story-led entertainment, such as short-form content online and long-form content in television and film. As the global consumer landscape, shopping behaviors and the retail and entertainment environments continue to evolve, we continue to adapt and refine our business strategy. This process includes reexamining the ways we organize across the Hasbro Brand Blueprint, re-shaping our business into a more adaptive and digitally-driven organization, expanding our ecommerce capabilities and attracting and developing a high-performing and diverse workforce through human capital investments.

Third quarter 2021 highlights:

- Third quarter net revenues were $1,970.0 million compared to $1,776.6 million in the third quarter of 2020 and included a favorable foreign currency translation of $13.1 million. Absent the favorable impact of foreign currency exchange, third quarter net revenues increased 10%.
    - Net revenues in the Entertainment segment increased 76% to $327.1 million; Wizards of the Coast and Digital Gaming segment net revenues increased 32% to $360.2 million; and Consumer Products segment net revenues declined 3% to $1,282.7 million.
    - TV/Film/Entertainment portfolio net revenues increased 58%; Hasbro Gaming net revenues increased 18%; Emerging Brands net revenues increased 15%; Franchise Brands net revenues increased 9%; and net revenues from Partner Brands decreased 10% in the third quarter of 2021.
- Operating profit was $367.9 million, or 19% of net revenue, in the third quarter of 2021 compared to operating profit of $336.6 million, or 19% of net revenue, in the third quarter of 2020.
    - Third quarter 2021 operating profit was negatively impacted by $19.7 million ($16.3 million after-tax) of eOne acquired intangible asset amortization and $2.0 million ($1.7 million after-tax) of expense associated with retention awards granted in connection with the eOne acquisition.
    - Third quarter 2020 operating profit was negatively impacted by $24.7 million ($19.7 million after-tax) of eOne acquired intangible asset amortization and acquisition and related expenses of $5.9 million ($4.7 million after-tax).
- Net earnings attributable to Hasbro, Inc. of $253.2 million, or $1.83 per diluted share, in the third quarter of 2021 compared to net earnings of $220.9 million, or $1.61 per diluted share, in the third quarter of 2020.
    - Third quarter 2020 net earnings included incremental income tax expense of $13.6 million, or $0.10 per diluted share, related to a change in the United Kingdom ("UK") tax code.

First nine months 2021 highlights:

- Net revenues increased 18% to $4,407.0 million in first nine months of 2021 compared to $3,742.5 million in the first nine months of 2020. The increase in net revenues included $66.5 million of favorable foreign currency translation. Absent the impact of foreign currency exchange, net revenues increased 16%.
    - Net revenues in the Wizards of the Coast and Digital Gaming segment increased 50% to $1,008.7 million; Entertainment segment net revenues increased 17% to $772.5 million; and Consumer Products segment net revenues increased 9% to $2,625.8 million.
    - Net revenues from Franchise Brands increased 28%; Emerging Brands net revenues increased 23%; TV/Film/Entertainment portfolio net revenues increased 11%; Hasbro Gaming net revenues increased 9%; and Partner Brands net revenues increased 5% during the first nine months of 2021.
- Operating profit was $591.8 million, or 13% of net revenues, in the first nine months of 2021 compared to operating profit of $315.5 million, or 8% of net revenues, in the first nine months of 2020.
    - Operating profit in the first nine months of 2021 was negatively impacted by a pre-tax non-cash impairment charge of $101.8 million and pre-tax cash transaction expenses of $9.5 million ($7.3 million after-tax) associated with the sale of eOne Music; $66.4 million ($55.0 million after-tax) of eOne acquired intangible asset amortization; and $5.8 million ($5.0 million after-tax) of expense associated with retention awards granted in connection with the eOne acquisition.

(Millions of Dollars and Shares Except Per Share Data)

    - Operating profit in the first nine months of 2020 was negatively impacted by acquisition and related expenses of $166.0 million ($140.7 million after-tax); $72.3 million ($57.5 million after-tax) of eOne acquired intangible asset amortization; and $11.5 million ($10.2 million after-tax) of restructuring charges associated with cost savings initiatives.

- Net earnings attributable to Hasbro, Inc. were $346.5 million, or $2.51 per diluted share, in the first nine months of 2021 compared to net earnings attributable to Hasbro, Inc. of $117.3 million, or $0.85 per diluted share, in the first nine months of 2020.
    - In addition to the negative impacts to operating profit described above, net earnings in the first nine months of 2021 were impacted by incremental income tax expense of $39.4 million, $0.28 per diluted share, related to a change in the UK tax code.
    - In addition to the negative impacts to operating profit described above, net earnings in the first nine months of 2020 were impacted by incremental income tax expense of $13.6 million, or $0.10 per diluted share, related to a change in the UK tax code.

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.

SUMMARY OF FINANCIAL PERFORMANCE

A summary of the results of operations is illustrated below for the quarters and nine-month periods ended September 26, 2021 and September 27, 2020.

	Quarter Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net revenues	$ 1,970.0	$ 1,776.6	$ 4,407.0	$ 3,742.5
Operating profit	367.9	336.6	591.8	315.5
Earnings before income taxes	323.4	299.2	494.0	183.5
Net earnings	254.9	220.0	350.5	119.2
Net earnings (loss) attributable to noncontrolling interests	1.7	(0.9)	4.0	1.9
Net earnings attributable to Hasbro, Inc.	253.2	220.9	346.5	117.3
Diluted earnings per share	1.83	1.61	2.51	0.85

RESULTS OF OPERATIONS – CONSOLIDATED

Third Quarter 2021

The quarters ended September 26, 2021 and September 27, 2020 were each 13-week periods.

Consolidated net revenues for the third quarter of 2021 increased $193.4 million, or 11%, to $1,970.0 million compared to the third quarter of 2020, including a favorable $13.1 million impact from foreign currency translation as a result of strengthening currencies, primarily in the Company's Latin American and Asia Pacific regions during the third quarter of 2021 compared to 2020.

Operating profit for the third quarter of 2021 was $367.9 million, or 19% of net revenues, compared to operating profit of $336.6 million, or 19% of net revenues, for the third quarter of 2020. The operating profit increase was driven primarily by higher revenues and a favorable product mix, and to a lesser extent, lower royalty expense and lower intangible asset amortization expense. These favorable results were partially offset by higher freight costs due to shipping cost increases and the use of air freight to manage supply chain disruptions, as well as higher product cost amortization, higher development costs and higher advertising costs. Operating profit during the third quarter of 2021 reflects $19.7 million ($16.3 million after-tax) of eOne acquired intangible asset amortization and $2.0 million ($1.7 million after-tax) of expense associated with retention awards granted in connection with the eOne acquisition. Operating profit during the third quarter of 2020 reflects $24.7 million ($19.7 million after-tax) of expenses related to eOne acquired intangible asset amortization and $5.9 million ($4.7 million after-tax) of acquisition and related costs.

(Millions of Dollars and Shares Except Per Share Data)

Net earnings attributable to Hasbro, Inc. were $253.2 million for the third quarter of 2021 compared to net earnings of $220.9 million for the third quarter of 2020. Diluted earnings per share attributable to Hasbro, Inc. for the third quarter of 2021 were $1.83, compared to diluted earnings per share of $1.61 in the third quarter of 2020 and reflect the negative impact of $0.12 per diluted share and $0.01 per diluted share from eOne acquired intangible asset amortization and costs associated with retention awards, respectively. Diluted earnings per share in 2020 reflect the negative impact of eOne acquired intangible asset amortization of $0.14 per diluted share, incremental income tax expense related to a change in the UK tax code of $0.10 per diluted share and acquisition and related costs of $0.03 per diluted share.

The following table presents net revenues by brand and entertainment portfolio for the quarters ended September 26, 2021 and September 27, 2020.

	Quarter Ended		
	September 26, 2021	**September 27, 2020**	**% Change**
Franchise Brands	$ 882.0	$ 807.5	9 %
Partner Brands	366.7	409.2	-10
Hasbro Gaming	281.9	239.2	18
Emerging Brands	177.5	155.0	15
TV/Film/Entertainment	261.9	165.7	58
Total	$ 1,970.0	$ 1,776.6	11 %

FRANCHISE BRANDS: Net revenues in the Franchise Brands portfolio increased 9% in the third quarter of 2021 compared to the third quarter of 2020. The majority of the increase in 2021 was driven by higher net revenues from MAGIC: THE GATHERING products as a result of the *Adventures in Forgotten Realms* and *Innistrad: Midnight Hunt* set releases during the third quarter, and higher net revenues from MY LITTLE PONY due to the September 2021 release of the feature length film, *MY LITTLE PONY: A NEW GENERA*TION and the launch of the associated product line. To a lesser extent, net revenues from TRANSFORMERS increased, supported by the release of the final chapter of the *TRANSFORMERS: WAR FOR CYBERTRON* trilogy in July 2021. These increases were partially offset by lower net revenues from PLAY-DOH products during the third quarter of 2021.

PARTNER BRANDS: Net revenues from the Partner Brands portfolio decreased 10% in the third quarter of 2021 compared to the third quarter of 2020. Within the Partner Brands portfolio, there are a number of brands which are reliant on related entertainment, including television and movie releases. As such, net revenues by partner brand, fluctuate depending on entertainment popularity, release dates and related product line offerings and success. Historically these entertainment-based brands experience higher revenues during years in which new content is released in theaters, for broadcast, and on streaming platforms.

During the third quarter of 2021, Partner Brands net revenue decreases were primarily driven by declines in DISNEY FROZEN products, as a result of the entertainment support in the prior year from the November 2019 theatrical release of *DISNEY'S FROZEN 2*, and net revenue declines from STAR WARS products, compared to a strong third quarter in 2020, in anticipation of the October 2020 release of the Disney+ streaming series *STAR WARS: THE MANDALORIAN*, season two, as well as lower sales of products for TROLLS as a result of the entertainment support in the prior year from the *TROLLS WORLD TOUR* film, released in April 2020. Partially offsetting these declines was growth in Hasbro products for MARVEL and DISNEY PRINCESS and to a lesser extent, GHOSTBUSTERS products. The Company's MARVEL products benefited from fan support, primarily in the U.S., across multiple properties including MARVEL LEGENDS and the launch of the preschool product line supporting *Spidey and His Amazing Friends*, a children's animated television series, as well as from the introduction of products supported by the theatrical release of *Shang-Chi and the Legend of the Ten Rings* in September 2021. The Company's DISNEY PRINCESS products were supported by recent entertainment releases including *RAYA and THE LAST DRAGON* which premiered in March 2021, and from the library of Disney Princess films available on Disney+.

HASBRO GAMING: Net revenues in the Hasbro Gaming portfolio increased 18% in the third quarter of 2021 compared to the third quarter of 2020. Higher net revenues were driven by net revenue increases from DUNGEONS & DRAGONS products as well as net revenue increases from classic games including LIFE and CONNECT 4 products.

Net revenues for Hasbro's total gaming category, including the Hasbro Gaming portfolio as reported above and all other gaming revenue, most notably revenues from MAGIC: THE GATHERING and MONOPOLY products, which are included in the Franchise Brands portfolio, totaled $658.6 million for the third quarter of 2021, an increase of 21%, as compared to $543.1 million in the third quarter of 2020.

(Millions of Dollars and Shares Except Per Share Data)

EMERGING BRANDS: Net revenues from the Emerging Brands portfolio increased 15% during the third quarter of 2021 compared to the third quarter of 2020. Net revenue increases were driven by the launch of the Company's first PEPPA PIG and PJ MASKS product lines during the third quarter of 2021, and to a lesser extent, higher net revenues from GI JOE products. These increases were partially offset by lower net revenues from POWER RANGERS, POTATO HEAD and FURREAL FRIENDS products during the third quarter of 2021.

TV/FILM/ENTERTAINMENT: During the third quarter of 2021, net revenues from the TV/Film/Entertainment portfolio increased 58% compared to the third quarter of 2020 as the entertainment industry continues to recover from the impact of the COVID-19 pandemic. Net revenue increases during the third quarter of 2021 were driven by scripted television deliveries that include *YELLOWJACKETS* and *THE ROOKIE*, as well as from certain other scripted and unscripted programs compared to the third quarter of 2020 where deliveries were limited or delayed. In addition, feature length film deliveries, including *FINCH* and *COME FROM AWAY*, contributed to the TV/Film/Entertainment portfolio net revenue increase during the third quarter of 2021.

First Nine Months 2021

The nine-month periods ended September 26, 2021 and September 27, 2020 were each 39-week periods.

For the first nine months of 2021, consolidated net revenues increased 18% to $4,407.0 million including a favorable variance of $66.5 million as a result of foreign currency translation due to strengthening currencies primarily across the Company's European and to a lesser extent, Asia Pacific and Latin American markets, when compared to the first nine months of 2020.

Operating profit for the first nine months of 2021 was $591.8 million, or 13% of net revenues, compared to operating profit of $315.5 million, or 8% of net revenues, for the first nine months of 2020. The increase in operating profit was driven by higher revenues and favorable product mix, partially offset by increased costs to drive the business including, higher program amortization costs, product development costs, marketing and advertising costs and higher freight costs due to shipping cost increases. Operating profit during the first nine months of 2021 reflects a pre-tax non-cash impairment charge of $101.8 million included within Loss on Disposal of Business and transaction costs of $9.5 million ($7.3 million after-tax) included within Selling, Distribution and Administration, associated with the sale of eOne Music, as well as $66.4 million ($55.0 million after-tax) of expenses related to eOne acquired intangible asset amortization and $5.8 million ($5.0 million after-tax) of expense for retention awards granted in connection with the eOne acquisition. Operating profit during the first nine months of 2020 was reflects acquisition and related costs of $166.0 million ($140.7 million after-tax); $72.3 million ($57.5 million after-tax) of expenses related to eOne acquired intangible asset amortization; and restructuring charges associated with cost savings initiatives of $11.5 million ($10.2 million after-tax).

Net earnings attributable to Hasbro, Inc. were $346.5 million for the first nine months of 2021 compared to net earnings of $117.3 million for the first nine months of 2020. In addition to the negative impacts to operating profit described above, net earnings in the first nine months of 2021 were impacted by incremental income tax expense of $39.4 million related to a change in the UK tax code. Diluted earnings per share attributable to Hasbro, Inc. were $2.51 in the first nine months of 2021, compared to diluted earnings per share of $0.85 in the first nine months of 2020. Net earnings attributable to Hasbro, Inc. for the first nine months of 2021 reflect the negative impact of a non-cash impairment charge and transaction expenses, totaling $0.79 per diluted share, associated with the sale of eOne Music, incremental income tax expense related to a change in the UK tax code of $0.28 per diluted share, as well as the impact of eOne acquired intangible asset amortization of $0.40 per diluted share and costs associated with retention awards of $0.04 per diluted share. Net earnings for the first nine months of 2020 reflect the negative impact of acquisition related costs and eOne acquired intangible asset amortization of $1.02 per diluted share and $0.42 per diluted share, respectively, as well as incremental income tax expense related to a change in the UK tax code of $0.10 per diluted share and restructuring charges associated with cost savings initiatives of $0.07 per diluted share.

The following table presents net revenues by product category for the first nine months of 2021 and 2020.

	Nine Months Ended		
	September 26, 2021	September 27, 2020	% Change
Franchise Brands	$ 2,023.4	$ 1,580.9	28 %
Partner Brands	766.7	729.8	5
Hasbro Gaming	565.3	516.3	9
Emerging Brands	399.2	325.1	23
TV/Film/Entertainment	652.4	590.4	11
Total	$ 4,407.0	$ 3,742.5	18 %

FRANCHISE BRANDS: Net revenues in the Franchise Brands portfolio increased 28% in the first nine months of 2021 compared to 2020. Higher net revenues from MAGIC: THE GATHERING products, as a result of successful card set releases, drove the majority of the increase during the first nine months of 2021. To a lesser extent, higher net revenues from NERF products, most notably in the US, higher net revenues from the MY LITTLE PONY brand, due to the release of *MY LITTLE PONY: A NEW GENERATION* and the launch of the associated product line, and higher net revenues from TRANSFORMERS and PLAY-DOH products contributed to the increase during the first nine months of 2021.

PARTNER BRANDS: Net revenues from the Partner Brands portfolio increased 5% during the first nine months of 2021 compared to 2020. Net revenue increases from the Company's MARVEL, DISNEY PRINCESS and STAR WARS products drove growth in the Partner Brands portfolio during the first nine months of 2021, and to a lesser extent, GHOSTBUSTERS products contributed to net revenue growth. The Company's MARVEL products benefited from fan support, primarily in the U.S., and from the September 2021 theatrical release of *SHANG-CHI AND THE LEGEND OF THE TEN RINGS*. The Company's DISNEY PRINCESS and STAR WARS products benefited from entertainment releases including Disney's *RAYA and THE LAST DRAGON* which premiered in March 2021, availability of the library of Disney Princess films on Disney+, and from the Disney+ streaming series, *STAR WARS: THE MANDALORIAN*, season two, released during the fourth quarter of 2020. These increases were partially offset by net revenue declines from TROLLS and DISNEY FROZEN products as a result of the entertainment support in the prior year from the *TROLLS WORLD TOUR* film, released in April 2020 and the November 2019 theatrical release of *DISNEY'S FROZEN 2*.

HASBRO GAMING: Net revenues in the Hasbro Gaming portfolio increased 9% in the first nine months of 2021 compared to the first nine months of 2020 driven by increased net revenues from DUNGEONS & DRAGONS, GUESS WHO and THE GAME OF LIFE products, partially offset by net revenue decreases from JENGA and certain other Hasbro Gaming 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, were $1,543.3 million, an increase of 28%, in the first nine months of 2021 versus $1,202.6 million in the first nine months of 2020.

EMERGING BRANDS: Net revenues from the Emerging Brands portfolio grew 23% for the first nine months of 2021 compared to the first nine months of 2020. Net revenue increases were primarily driven by the Company's launch of its first PEPPA PIG and PJ MASKS products during the third quarter of 2021, as well as from GI JOE products, which benefited from the July 2021 theatrical release, *SNAKE EYES: G.I. JOE ORIGINS.* These increases were partially offset by lower net revenues from POWER RANGERS and LITTLEST PET SHOP products during the first nine months of 2021.

TV/FILM/ENTERTAINMENT: During the first nine months of 2021, net revenues from the TV/Film/Entertainment portfolio increased 11% compared to the first nine months of 2020. In 2020, the shutdown of live action TV and film productions and theatrical releases, beginning late in the first quarter of 2020 as a result of the COVID-19 pandemic, had a significant impact on entertainment deliveries during the second half of 2020 and first nine months of 2021. However, as of the end of the third quarter 2021, the Company's production studios were operating at pre-pandemic levels across all businesses.

The drivers of the net revenue increase during the first nine months of 2021 include higher scripted television production deliveries, most notably from *YELLOWJACKETS* and *THE ROOKIE* series, and higher licensing, production and transactional revenues from programming featuring the Company's brands. These increases were partially offset by lower distribution revenues overall, due to the gap in available entertainment deliveries in 2021, as a result of the conditions described above.

(Millions of Dollars and Shares Except Per Share Data)

SEGMENT RESULTS

Third Quarter 2021

The following table presents net external revenues and operating profit data for the Company's principal segments for the quarters ended September 26, 2021 and September 27, 2020:

	Quarter Ended		
	September 26, 2021	September 27, 2020	% Change
Net Revenues			
Consumer Products segment	$ 1,282.7	$ 1,317.8	-3 %
Wizards of the Coast and Digital Gaming segment	360.2	273.4	32 %
Entertainment segment *	327.1	185.4	76 %
Operating Profit (Loss)			
Consumer Products segment	$ 210.4	$ 226.2	-7 %
Wizards of the Coast and Digital Gaming segment	159.4	141.6	13 %
Entertainment segment *	22.4	(28.3)	> 100%

** Entertainment segment net revenues and operating profit (loss), for the quarter ended September 27, 2020 include $28.7 million and $1.0 million, respectively, from eOne Music.*

Consumer Products Segment

The Consumer Products segment net revenues declined 3% to $1,282.7 million for the third quarter of 2021 compared to $1,317.8 million for the third quarter of 2020, due in part to declines in shipments as a result of supply chain disruption in the U.S. and Europe and included the impact of a favorable $6.8 million currency translation. Drivers of the net revenue decrease include lower sales of DISNEY FROZEN and STAR WARS products as well as lower sales of PLAY-DOH and TROLLS products during the third quarter. These sales declines were partially offset by higher sales of PJ MASKS and PEPPA PIG products, following the launch of the Company's own product lines for these brands during the third quarter of 2021, higher sales of the Company's products for MARVEL and DISNEY PRINCESS, and higher sales within Hasbro Gaming products. Net revenues declined across North America, Europe and the Asia Pacific regions while in Latin American markets, where the favorable impact of foreign currency exchange was more significant compared to other regions, net revenue remained relatively flat absent the positive impact from foreign currency exchange of $3.4 million.

Consumer Products segment operating profit for the third quarter of 2021 was $210.4 million or 16% of segment net revenues, compared to segment operating profit of $226.2 million or 17% of segment net revenues, for the third quarter of 2020. The operating profit decrease in the third quarter of 2021 was driven by lower segment net revenues as described above, higher product costs and distribution costs as a result of global supply chain disruptions, including higher ocean freight rates and increases in air freight costs. These negative impacts were partially offset by price increases, lower intangible asset amortization costs and lower royalty expenses due to lower sales of Partner Brands products during the third quarter of 2021.

(Millions of Dollars and Shares Except Per Share Data)

The following table presents the Consumer Products segment net revenues by major geographic region for the quarters ended September 26, 2021 and September 27, 2020.

	Quarter Ended	
	September 26, 2021	**September 27, 2020**
North America	$ 805.0	$ 830.1
Europe	304.2	316.8
Asia Pacific	75.5	78.2
Latin America	98.0	92.7
Net Revenues	$ 1,282.7	$ 1,317.8

Wizards of the Coast and Digital Gaming Segment

Wizards of the Coast and Digital Gaming segment net revenues increased 32% in the third quarter of 2021 to $360.2 million from $273.4 million in the third quarter of 2020 and included the impact of a favorable $2.0 million foreign currency translation.

The net revenue increase in the Wizards of the Coast and Digital Gaming segment during the third quarter of 2021 was attributable to net revenue increases from Wizards of the Coast table-top and digital gaming products, most notably, MAGIC: THE GATHERING, driven by the *Adventures in Forgotten Realms* and *Innistrad: Midnight Hunt* set releases, as well as higher sales from *Magic: The Gathering Arena* mobile and net revenue contributions from *Dungeons & Dragons: Dark Alliance*, launched during the first half of 2021.

Wizards of the Coast and Digital Gaming segment operating profit was $159.4 million, or 44% of segment net revenues for the third quarter of 2021, compared to operating profit of $141.6 million, or 52% of segment net revenues, for the third quarter of 2020. The operating profit increase during the third quarter of 2021 was the result of increased sales and product launches described above, partially offset by higher development costs, advertising costs and administrative costs, including depreciation expense, primarily related to costs to support the Company's digital gaming initiatives.

Entertainment Segment

Entertainment segment net revenues increased 76% to $327.1 million for the third quarter of 2021, compared to $185.4 million for the third quarter of 2020 and included the impact of a favorable $4.2 million foreign currency translation. The net revenue increase during the third quarter was driven by higher deliveries of scripted television and film programming following the return of live-action entertainment production in late 2020 and throughout 2021. Also contributing to the increase were higher net revenues from streaming content deals related to programming featuring the Company's brands, as well as revenue recognized due to the delivery of *MY LITTLE PONY: A NEW GENERATION*, the feature length film released on the steaming service, Netflix in September and released theatrically on a limited basis. These increases were partially offset by the sale of the eOne Music business in the third quarter of 2021 and lower film distribution revenues in 2021, as a result of the limited production of live-action feature length films in 2020.

Entertainment segment operating profit was $22.4 million, or 7% of segment net revenues for the third quarter of 2021 compared to operating losses of $28.3 million, or 15% of segment net revenues for the third quarter of 2020.

The operating profit increase during the third quarter of 2021 was driven by the net revenue increase described above and lower administrative costs, partially offset by higher program cost amortization, advertising costs and royalty expenses. The operating results for the third quarter of 2021 and 2020 included $19.7 million and $24.7 million, respectively, of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition.

(Millions of Dollars and Shares Except Per Share Data)

The following table presents Entertainment segment net revenues by category for the quarters ended September 26, 2021 and September 27, 2020.

	Quarter Ended	
	September 26, 2021	September 27, 2020
Film and TV	$ 255.4	$ 141.6
Family Brands	60.5	14.2
Music and Other *	11.2	29.6
Net revenues	$ 327.1	$ 185.4

**Music and Other category net revenues for the quarter ended September 27, 2020 includes $28.7 million related to eOne Music.*

Corporate and Other Segment

The Corporate and Other segment operating losses were $24.3 million for the third quarter of 2021 compared to operating losses of $2.9 million for the third quarter of 2020. Operating losses in 2021 were driven by higher administrative expenses due primarily to higher compensation expense including retention costs of $1.9 million related to the eOne acquisition and higher advertising and promotional costs. Operating losses in 2020 included acquisition and integration costs of $4.6 million and certain restructuring and related costs of $1.3 million associated with the acquisition of eOne.

First Nine Months 2021

The following table presents net revenues and operating profit (loss) for the Company's principal segments for each of the nine-month periods ended September 26, 2021 and September 27, 2020.

	Nine Months Ended		
	September 26, 2021	September 27, 2020	% Change
Net Revenues			
Consumer Products segment	$ 2,625.8	$ 2,409.8	9 %
Wizards of the Coast and Digital Gaming segment	1,008.7	670.7	50 %
Entertainment segment	772.5	662.0	17 %
Operating Profit (Loss)			
Consumer Products segment	$ 260.5	$ 171.2	52 %
Wizards of the Coast and Digital Gaming segment	462.3	311.5	48 %
Entertainment segment	(74.3)	(106.1)	30 %

** Entertainment segment net revenues for nine-month periods ended September 26, 2021 and September 27, 2020 include $65.2 million and $86.6 million, respectively, from eOne Music.*

Consumer Products Segment

The Consumer Products segment net revenues increased 9% to $2,625.8 million for the first nine months of 2021 compared to $2,409.8 million for the first nine months of 2020 and included the impact of a favorable $34.9 million currency translation. The drivers of the net revenue increase include higher sales of NERF and TRANSFORMERS products as well as higher sales of the Company's Partner Brands for MARVEL and DISNEY PRINCESS. To a lesser extent were higher sales of PJ MASKS and PEPPA PIG products, following the launch of the Company's own product lines for these brands during the third quarter of 2021. Partially offsetting these increases were lower sales of certain Partner Brands, notably, the Company's products for DISNEY FROZEN and TROLLS. Revenue grew across all geographic regions, most notably in the U.S. and Europe, and to a lesser extent, in the Company's Latin American and Asia Pacific markets.

Consumer Products segment operating profit for the first nine months of 2021 was $260.5 million or 10% of segment net revenues, compared to segment operating profit of $171.2 million or 7% of segment net revenues, for the first nine months of 2020. The operating profit increase in the first nine months of 2021 was driven by higher segment net revenues as described above, partially offset by higher royalty expenses from higher sales of the Company's Partner Brand products, higher advertising costs as a result of the overall sales increases within the segment as well as higher rates for ocean freight and increases in air freight costs during the first nine months of 2021.

(Millions of Dollars and Shares Except Per Share Data)

The following table presents the Consumer Products segment net revenues by major geographic region for the nine-month periods ended September 26, 2021 and September 27, 2020.

	Nine Months Ended	
	September 26, 2021	September 27, 2020
North America	$ 1,559.1	$ 1,434.9
Europe	669.2	615.4
Asia Pacific	208.7	197.1
Latin America	188.8	162.4
Net Revenues	$ 2,625.8	$ 2,409.8

Wizards of the Coast and Digital Gaming Segment

Wizards of the Coast and Digital Gaming segment net revenues increased 50% in the first nine months of 2021 to $1,008.7 million from $670.7 million in the first nine months of 2020 and included the impact of a favorable $13.6 million foreign currency translation.

The net revenue increase in the Wizards of the Coast and Digital Gaming segment during the first nine months of 2021 was attributable to net revenue increases from Wizards of the Coast table-top and digital gaming products, most notably, MAGIC THE GATHERING, driven by the number of strong performing card set releases, and from DUNGEONS & DRAGONS table-top games. In addition to these increases were higher digital gaming sales from *Magic: The Gathering Arena* and net revenue contributions associated with the launch of *Dungeons & Dragons: Dark Alliance* during the second quarter 2021. In addition to the net revenue increases from the Company's Wizards of the Coast business, the segment benefited from growth in certain of the Company's licensed digital games.

Wizards of the Coast and Digital Gaming segment operating profit was $462.3 million, or 46% of segment net revenues for the first nine months of 2021, compared to operating profit of $311.5 million, or 46% of segment net revenues for the first nine months of 2020. The operating profit increase during the first nine months of 2021 was the result of increased sales volumes as described above, partially offset by higher product development costs and administrative expenses, including depreciation expense, and higher advertising costs, primarily related to support of the Company's digital gaming initiatives and tabletop set releases throughout 2021.

Entertainment Segment

Entertainment segment net revenues for the nine months ended September 26, 2021 increased 17% to $772.5 million from $662.0 million for the nine months ended September 27, 2020 and included the impact of a favorable $18.0 million foreign currency translation. The segment net revenue increase was primarily driven by higher deliveries of scripted programming following the return of live-action entertainment production in late 2020 and throughout 2021. Also contributing to the increase were higher net revenues from streaming content deals related to programming featuring the Company's brands, as well as revenue recognized due to the delivery of *MY LITTLE PONY: A NEW GENERATION*. These increases were partially offset by the sale of the eOne Music business during the third quarter of 2021 and lower film distribution revenues in 2021.

The Entertainment segment operating losses were $74.3 million, or 10% of net revenues, for the nine months ended September 26, 2021, compared to operating losses of $106.1 million, or 16% of segment net revenues, for the nine months ended September 27, 2020. The 2021 results were negatively impacted by a non-cash impairment charge of $101.8 million associated with the sale of eOne Music and $66.4 million of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition. The 2020 results were impacted by $77.7 million of acquisition and integration costs consisting of $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, as well as $72.4 million of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition and $20.8 million in impairment charges for certain production assets.

The improvement in Entertainment segment operating results during the first nine months of 2021 was driven by increased net revenues described above and lower advertising expenses due to declined theatrical activity, partially offset by higher program cost amortization due to the delivery of certain television programming that carries higher costs.

(Millions of Dollars and Shares Except Per Share Data)

The following table presents Entertainment segment net revenues by category for the nine-month periods ended September 26, 2021 and September 27, 2020.

	Nine Months Ended	
	September 26, 2021	**September 27, 2020**
Film and TV	$ 586.1	$ 514.5
Family Brands	105.4	58.9
Music and Other *	81.0	88.6
Net revenues	$ 772.5	$ 662.0

**Music and Other category net revenues for nine-month periods ended September 26, 2021 and September 27, 2020 include $65.2 million and $86.6 million, respectively, from eOne Music.*

Corporate and Other Segment

Operating losses in the Corporate and Other Segment for the first nine months of 2021 were $56.7 million, compared to operating losses of $61.1 million for the first nine months of 2020. Operating losses in 2021 were driven by higher administrative expenses and advertising costs. Administrative expenses include $9.5 million of transaction costs associated with the sale of eOne Music and higher compensation expense, including retention costs of $5.8 million in relation to the eOne acquisition. Operating losses in the first nine months of 2020 were driven primarily by charges related to the eOne Acquisition; including acquisition and integration costs of $26.6 million and restructuring and related costs of $40.8 million. In addition to the charges associated with the eOne Acquisition, the Company incurred $11.6 million of severance charges associated with cost-savings initiatives.

OPERATING COSTS AND EXPENSES

Third Quarter 2021

The Company's costs and expenses, stated as percentages of net revenues, are illustrated below for the quarters ended September 26, 2021 and September 27, 2020.

	Quarter Ended	
	September 26, 2021	**September 27, 2020**
Cost of sales	30.9 %	34.3 %
Program cost amortization	9.5 %	4.8 %
Royalties	8.7 %	10.0 %
Product development	4.1 %	3.5 %
Advertising	8.3 %	7.7 %
Amortization of intangibles	1.4 %	2.0 %
Selling, distribution and administration	18.4 %	18.3 %
Acquisition and related costs	— %	0.3 %

Cost of sales for the third quarter of 2021 was $609.5 million, or 30.9% of net revenues, compared to $610.1 million, or 34.3% of net revenues, for the third quarter of 2020. Cost of sales was consistent in dollars due to higher sales volumes and, to a lesser extent, from the impact of $3.3 million of foreign currency exchange, offset by higher freight costs. The cost of sales decrease as a percent of net revenues was driven by product mix, primarily from higher sales of Wizards of the Coast table-top games and higher entertainment revenues.

Program cost amortization increased to $187.9 million, or 9.5% of net revenues, for the third quarter of 2021 from $85.4 million, or 4.8% of net revenues, for the third quarter of 2020. Program 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 during the third quarter of 2021 was driven by higher programming revenues, primarily from scripted television deliveries and amortization of film production expenses associated with the *MY LITTLE PONY: A NEW GENERATION* production asset, compared to the third quarter of 2020.

Royalty expense for the third quarter of 2021 decreased to $171.8 million, or 8.7% of net revenues, compared to $176.9 million, or 10.0% of net revenues, for the third quarter of 2020. Fluctuations in royalty expense are generally related to the volume of content releases and deliveries and entertainment-driven products sold. The decrease in royalty expense in dollars was driven by the impact of the sale of eOne Music combined with lower sales of Partner Brand products in the third quarter of 2021 as compared to the third quarter of 2020. The decrease in royalty expense as a percent of net revenues during the third quarter of 2021 was the result of a higher percentage of product sales that do not carry significant royalty expenses.

(Millions of Dollars and Shares Except Per Share Data)

Product development expense for the third quarter of 2021 was $80.1 million, or 4.1% of net revenues, compared to $62.7 million, or 3.5% of net revenues, for the third quarter of 2020. The increase was primarily related to increased investments in the development of Wizards of the Coast tabletop and digital gaming initiatives.

Advertising expense for the third quarter of 2021 was $163.3 million, or 8.3% of net revenues, compared to $137.4 million, or 7.7% of net revenues, for the third quarter of 2020. Advertising spend is generally impacted by revenue mix and the number and type of entertainment releases. The advertising expense increase during the third quarter of 2021 was driven by costs associated with promotion of the feature length film, *MY LITTLE PONY: A NEW GENERATION* as well as promotional spend in support of Wizards of the Coast third quarter set releases, including *Adventures in Forgotten Realms* and *Innistrad: Midnight Hunt*.

Amortization of intangible assets decreased to $27.7 million, or 1.4% of net revenues, for the third quarter of 2021, compared to $36.2 million, or 2.0% of net revenues, for the third quarter of 2020. The decrease is related to the discontinuation of amortization related to the eOne Music intangible assets due to the sale of the business in the third quarter of 2021, as well as certain licensed property rights which became fully amortized in the fourth quarter of 2020.

For the third quarter of 2021, the Company's selling, distribution and administration expenses increased to $361.8 million, or 18.4% of net revenues, from $325.4 million, or 18.3% of net revenues, for the third quarter of 2020. The increase in selling, distribution and administration expenses reflects higher freight and warehousing costs due to higher rates for ocean freight and increases in air freight costs, as well as higher compensation expense and higher depreciation expense associated with capitalized games in the Wizards of the Coast business. These increases were partially offset by lower administrative costs as a result of the eOne Music sale.

During the third quarter of 2020, the Company incurred $5.9 million of acquisition and related costs in connection with the eOne Acquisition. These expenses comprised of $4.6 million of acquisition and integration costs, and $1.3 million of severance and retention costs.

First Nine Months of 2021

The Company's costs and expenses, stated as percentages of net revenues, are illustrated below for the nine month periods ended September 26, 2021 and September 27, 2020.

	Nine Months Ended	
	September 26, 2021	**September 27, 2020**
Cost of sales	28.2 %	30.1 %
Program cost amortization	9.0 %	7.2 %
Royalties	8.9 %	10.3 %
Product development	5.2 %	4.7 %
Advertising	8.1 %	8.3 %
Amortization of intangibles	2.0 %	2.9 %
Selling, distribution and administration	22.8 %	23.7 %
Loss on disposal of a business	2.3 %	— %
Acquisition and related costs	— %	4.4 %

Cost of sales for the nine months ended September 26, 2021 increased to $1,244.4 million, or 28.2% of net revenues, from $1,126.0 million, or 30.1% of net revenues for the nine months ended September 27, 2020. The cost of sales increase in dollars was primarily due to higher sales volumes and higher inventory costs as a result of increased freight costs and, to a lesser extent, from the impact of $16.7 million of foreign currency exchange. As a percent of net revenues, the cost of sales decrease was the result of a favorable product mix due to higher sales of Wizards of the Coast table-top games and higher entertainment revenues compared to the first nine months of 2020.

Program cost amortization increased in the first nine months of 2021 to $396.1 million, or 9.0% of net revenues, from $268.2 million, or 7.2% of net revenues, in the first nine months of 2020. Programming costs are capitalized as incurred and amortized using the individual-film-forecast method which matches costs to the related recognized revenue. The increase during the first nine months of 2021 was the result of higher television programming revenues, primarily from deliveries that carry higher programming costs, as well as amortization of film production expenses associated with the *MY LITTLE PONY: A NEW GENERATION* production asset.

Royalty expense for the nine months ended September 26, 2021 was $392.2 million, or 8.9% of net revenues, compared to $387.1 million, or 10.3% of net revenues, for the nine months ended September 27, 2020. Fluctuations in royalty expense are generally related to the volume of content releases and deliveries and entertainment-driven products sold. The increase in royalty expense during the first nine months of 2021 was driven primarily by higher sales of Partner Brand products as compared to the first nine months of 2020. The decrease in royalty expense as a percentage of net revenues was due to product mix, most notably, higher sales of Wizards of the Coast products, Franchise Brands and higher sales of certain of the Company's Emerging Brands during the first nine months of 2021.

Product development expense for the nine months ended September 26, 2021 increased to $229.1 million, or 5.2% of net revenues, from $174.9 million, or 4.7% of net revenues, for the nine months ended September 27, 2020. The increase was primarily related to investments in the Wizards of the Coast and Digital Gaming segment, for both tabletop and digital gaming initiatives, such as for the development MAGIC: THE GATHERING table-top set releases and for the development of digital games such as *MAGIC SPELLSLINGERS* and *Dungeons & Dragons: Dark Alliance,* as well as certain other mobile gaming projects.

Advertising expense for the nine months ended September 26, 2021 was $356.6 million, or 8.1% of net revenues, compared to $311.4 million, or 8.3% of net revenues, for the nine months ended September 27, 2020. The advertising expense increase reflects growth in revenues during the first nine months of 2021 compared to the first nine months of 2020 and higher advertising costs in support of the feature length film *MY LITTLE PONY:A NEW GENERATION*, and for the Company’s digital initiatives, most notably, *Magic: The Gathering Arena* and *Dungeons & Dragons: Dark Alliance.* These increases were partially offset by reduced promotional spend in the Entertainment segment due to fewer theatrical releases during the first nine months of 2021 compared to 2020.

Amortization of intangible assets was $90.3 million, or 2.0% of net revenues, for the nine months ended September 26, 2021 compared to $107.7 million, or 2.9% of net revenues, in the first nine months of 2020. The decrease is primarily related to certain licensed property rights which became fully amortized in the fourth quarter of 2020 combined with the discontinuation of amortization related to the eOne Music intangible assets in the second quarter of 2021, upon being classified as held for sale assets and subsequently sold in the third quarter of 2021.

For the nine months ended September 26, 2021, the Company's selling, distribution and administration expenses increased to $1,004.7 million, or 22.8% of net revenues, from $885.7 million, or 23.7% of net revenues, for the nine months ended September 27, 2020. The increase in selling, distribution and administration expenses reflects higher marketing and sales costs consistent with the increase in net revenues, higher compensation expense and increased freight and warehousing costs primarily due to ongoing global supply chain disruptions. These increases were partially offset by lower expense for credit losses during the first nine months of 2021.

The loss on disposal of business of $101.8 million, or 2.3% of net revenues, represents a non-cash impairment charge associated with the disposition of eOne Music.

During the first nine months of 2020, the Company incurred $166.0 million of acquisition and related costs in connection with the eOne Acquisition. These expenses comprised $104.3 million of acquisition and integration costs, primarily related to $47.4 million of expense associated with the acceleration of eOne stock-based compensation and $38.2 million of advisor fees, substantially all of which were settled at the closing of the acquisition. Also included in the acquisition and related costs were $61.7 million of restructuring and related costs including severance and retention costs of $20.8 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 third quarter and first nine months of 2021 totaled $43.3 million and $137.3 million, respectively, compared to $49.4 million and $153.7 million in the third quarter and first nine months of 2020, respectively. The decrease in interest expense for the third quarter and first nine months of 2021 primarily reflects long-term debt repayments made during 2021 related to borrowings utilized for the eOne acquisition, and lower interest rates. These decreases were partially offset by higher production financing borrowings during the third quarter and first nine months of 2021.

Interest income was $1.8 million and $4.2 million for the third quarter and first nine months of 2021, respectively, compared to $0.7 million and $6.3 million in the third quarter and first nine months of 2020, respectively. Lower average interest rates in 2021 compared to 2020 contributed to the decrease for the nine-month period.

Other expense (income), net was $3.0 million and $(35.3) million for the third quarter and first nine months of 2021, respectively, compared to other (income), net of $(11.3) million and $(15.4) million in the third quarter and first nine months of 2020, respectively. The expense in the third quarter of 2021 included $9.1 million of debt extinguishment costs in connection with the early repayment of the Company's $300.0 million of 2.6% notes due 2022, repaid during the third quarter of 2021. The increase in other income for the first nine months of 2021 was driven by a legal settlement resulting in a $26.7 million gain realized in 2021, partially offset by the $9.1 million of debt extinguishment costs.

INCOME TAXES

Income tax expense totaled $68.5 million on pre-tax earnings of $323.4 million in the third quarter of 2021 compared to income tax expense of $79.2 million on pre-tax earnings of $299.2 million in the third quarter of 2020. For the first nine months of 2021, the income tax expense totaled $143.5 million on pre-tax earnings of $494.0 million compared to an income tax expense of $64.3 million on pre-tax earnings of $183.5 million in the first nine months of 2020. Both periods were impacted by discrete tax events including the accrual of potential interest and penalties on uncertain tax positions. During the first nine months of 2021, unfavorable discrete tax adjustments were a net expense of $8.8 million compared to a net discrete tax benefit of $5.3 million in the first nine months of 2020. The unfavorable discrete tax adjustments for the first nine months of 2021 are primarily associated with (i) the revaluation of net deferred tax liabilities as a result of the United Kingdom's ("UK") enactment of Finance Act 2021 during the second quarter, which increases the UK corporate income tax rate from 19% to 25% as of April 1, 2023; (ii) a one-time tax charge related to an ongoing tax audit; (iii) a release of a valuation allowance on net operating losses that offsets income received from a one-time legal settlement; and (iv) certain tax benefits including the reversal of uncertain tax positions and operational tax planning. In addition, included in first nine months of 2021 is a goodwill impairment charge on the sale of the Music business, recorded in the second quarter of 2021 for which there is no corresponding tax benefit. The favorable discrete tax adjustments for the first nine months of 2020 primarily relate to (i) a tax benefit resulting from the eOne acquisition and related costs incurred; (ii) a tax expense related to the revaluation of net deferred tax liabilities as a result of the UK's enactment during the third quarter of Finance Act 2020 which maintained the corporate income tax rate at 19%; and (iii) a tax expense related to an increase of uncertain tax positions.

Absent discrete items, the tax rate for the first nine months of 2021 and 2020 were 23.3% and 19.9% respectively. The increase in the base rate of 23.3% for the first nine months of 2021 is primarily due to the mix of jurisdictions where the Company earned its profits.

Changes in income tax laws could materially impact our recorded deferred tax assets and liabilities and our effective tax rate. We monitor such rules and adjust our deferred tax assets and liabilities in the quarter in which such laws become enacted. Accordingly, we recorded the impact of the UK's Finance Act 2021 upon receiving royal assent on June 10, 2021. The primary impact from this legislation resulted in the revaluation of deferred net tax liabilities from eOne, increasing the tax provision by $39.4 million in the first nine months of 2021.

OTHER INFORMATION

Business Seasonality and Shipments

Historically, the revenue pattern of Hasbro’s consumer products 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.

Overall, the Company’s consumer products customer order patterns vary from year to year largely due to fluctuations 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 we offer products, and changes in economic conditions. Despite the historical pattern showing a disproportionate volume of net revenues being earned during the third and fourth quarters leading up to the retail industry’s holiday selling season, including Christmas, comparisons of unshipped orders on any date, with those of the same date in the prior year, are not necessarily indicative of our sales for that year. Moreover, quick response, or just-in-time, inventory management practices result in a significant proportion of orders being placed for immediate delivery. Although the Company may receive orders from customers in advance, it is 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 necessarily indicative of future sales. We expect retailers will continue to follow this strategy.

Accounting Pronouncement Updates

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 Company adopted the standard in the first quarter of 2021 and the adoption of the standard did not have a material impact on its consolidated financial statements.

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 (ASU 2019-12), Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. The amendments in this update remove certain exceptions for performing intra-period tax allocations, recognizing deferred taxes for investments, and calculating income taxes in interim periods. The guidance also simplifies the accounting for franchise taxes, transactions that result in a step-up in the tax basis of goodwill, and the effect of enacted changes in tax laws or rates in interim periods. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and early adoption is permitted. The Company adopted the standard in the first quarter of 2021 and the adoption of the standard did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

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 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 does not currently expect the change from LIBOR to an alternate rate to have a material impact on its consolidated financial statements, and the Company is continuing to evaluate the standard's potential impact to its consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated a significant amount of cash from operations. In the first nine months of 2021 and 2020, the Company primarily funded its operations and liquidity needs through cash on hand and cash flows from operations. In addition, the Company’s Entertainment operating segment used production financing to fund certain of its television and film productions which are typically 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 production financing facilities and, when needed, by issuing commercial paper or borrowing under its revolving credit agreement. In the event the Company is not able to issue commercial paper, the Company intends to utilize its available lines of credit. The Company believes that the funds available to it, including cash expected to be generated from operations and funds available through its commercial paper program or its available lines of credit and production financing are adequate to meet its working capital needs for the remainder of 2021. The Company may also issue debt or equity securities from time to time, to provide additional sources of liquidity when pursuing opportunities to enhance our long-term competitive position, while maintaining a strong balance sheet. However, unexpected events or circumstances such as material operating losses or increased capital or other expenditures 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 the Company believes the risk of nonperformance by the counterparties to its 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.

As of September 26, 2021, the Company's cash and cash equivalents totaled $1,181.2 million, of which $94.9 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 Cuts and Jobs Act of 2017 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 September 26, 2021, the Company has a total liability of $156.1 million related to this tax, $18.4 million is reflected in current liabilities while the remaining long-term payable related to the Tax Cuts and Jobs Act of 2017 of $137.7 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 September 26, 2021 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. 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.

	September 26, 2021	September 27, 2020	% Change
Cash and cash equivalents (including restricted cash of $94.9 and $71.2)	$ 1,181.2	$ 1,132.4	4 %
Accounts receivable, net	1,476.6	1,438.4	3 %
Inventories	544.1	540.0	1 %
Prepaid expenses and other current assets	528.5	648.2	-18 %
Other assets	1,428.4	1,276.1	12 %
Accounts payable and accrued liabilities	2,261.9	1,936.3	17 %
Other liabilities	722.5	778.5	-7 %

Accounts receivable increased 3% to $1,476.6 million at September 26, 2021, compared to $1,438.4 million at September 27, 2020. The increase in accounts receivable was driven primarily by higher sales during the first nine months of 2021, partially offset by improved collections, most notably in the Company's Latin American and Asia Pacific markets. Days sales outstanding decreased from 74 days at September 27, 2020 to 68 days at September 26, 2021 primarily due to the increase in revenues and mix of sales during the first nine months of 2021 as well as from improved collections described above.

Inventories increased slightly to $544.1 million as of September 26, 2021, compared to $540.0 million at September 27, 2020 reflecting higher levels, primarily in the U.S, offset by lower levels in the Company's Asia Pacific and Latin American markets.

Prepaid expenses and other current assets decreased to $528.5 million at September 26, 2021 from $648.2 million at September 27, 2020. The decrease was driven by lower accrued income and prepaid expense balances due to the sale of eOne Music as well as lower prepaid royalty balances in relation to the Company's Marvel and Lucasfilm royalty agreements, lower prepaid tax balances, lower short-term investment balances as a result of the Company's global cash management strategy and lower unrealized gains on foreign exchange contracts.

Other assets increased to approximately $1,428.4 million at September 26, 2021 from $1,276.1 million at September 27, 2020. The increase was driven by higher capitalized film and television content and production balances due to increased investments in productions and acquired content and higher non-current receivable balances within the Entertainment segment, partially offset by certain content and production assets sold in connection with the sale of eOne Music during the third quarter of 2021.

Accounts payable and accrued liabilities increased to $2,261.9 million at September 26, 2021 from $1,936.3 million at September 27, 2020 driven by higher account payable balances, higher accrued expenses for investments in content and productions, higher incentive compensation accruals, higher accrued advertising, and higher accrued tax balances due to higher earnings during the first nine months of 2021. These increases were partially offset by lower accrued participations and residuals, lower accrued marketing costs in connection with the release of *MY LITTLE PONY: A NEW GENERATION* and lower balances of certain accounts payable and accrued liabilities associated with the sale of eOne Music.

Other liabilities decreased to $722.5 million at September 26, 2021 from $778.5 million at September 27, 2020. The decrease was driven by lower long-term lease liability balances and a lower transition tax liability balance reflecting the reclassification of the 2021 installment payment, and lower tax reserves partially offset by higher deferred compensation reserves.

Cash Flow

The following table summarizes the changes in the Consolidated Statement of Cash Flows, expressed in millions of dollars, for the quarters ended September 26, 2021 and September 27, 2020.

	September 26, 2021	September 27, 2020
Net cash provided by (used in):		
Operating activities	$ 685.6	$ 494.3
Investing activities	277.5	(4,471.7)
Financing activities	(1,223.5)	550.5

Net cash provided by operating activities in the first nine months of 2021 was $685.6 million compared to $494.3 million in the first nine months of 2020. The $191.3 million increase in net cash provided by operating activities was primarily attributable to higher earnings in 2021 and favorable changes in accounts payable terms, partially offset by higher film and television production spend as a result of increased production activities during the first nine months of 2021.

Net cash provided by investing activities was $277.5 million in the first nine months of 2021 compared to net cash utilized for investing activities of $4,471.7 million in the first nine months of 2020. Investing activities in 2021 include $379.2 million of proceeds, net of cash sold, from the sale of eOne Music. Investing activities in 2020 included $4.4 billion of cash utilized to acquire eOne, net of cash acquired funded by the net proceeds from the issuance of an aggregate principal amount of $2.4 billion in senior secured notes in November 2019, net proceeds of $975.2 million from of the issuance of approximately 10.6 million shares of common stock in November 2019 and $1.0 billion in term loans drawn in the first quarter of 2020. Additions to property, plant and equipment were $98.1 million in the first nine months of 2021 compared to $92.1 million in the first nine months of 2020.

Net cash utilized in financing activities was $1,223.5 million in the first nine months of 2021 compared to net cash provided by financing activities of $550.5 million in the first nine months of 2020.

Financing activities in the first nine months of 2021 include:

- early repayment of $300.0 million aggregate principal of 2.60% Notes due 2022 and related debt extinguishment costs of $9.1 million during the third quarter;
- repayment of $300.0 million aggregate principal amount of 3.15% Notes due 2021, during the first quarter;
- payments totaling $372.5 million related to the $1.0 billion in term loans described below consisting of $300.0 million for the remaining principal balance of the Three-Year Tranche loans and $50.0 million principal and quarterly principal amortization payments totaling $22.5 million toward the Five-Year Tranche loan; and
- drawdowns of $127.6 million and repayments of $89.6 million related to production financing loans.

In the first nine months of 2020, cash provided by financing activities was driven by the proceeds of the Company's $1.0 billion in term loans. Also, in the first nine months of 2020, the Company had drawdowns of $38.9 million and repayments of $124.8 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. In addition, the Company made quarterly principal payments totaling $22.5 million related to the $1.0 billion in term loans described above.

Dividends paid in the first nine months of 2021 totaled $280.7 million, consistent with dividends paid in the first nine months of 2020 of $279.4 million. There were no repurchases of the Company’s common stock in the first nine months of 2021 as the Company suspended its share repurchase program while it prioritizes deleveraging.

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 $1.0 billion. 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 September 26, 2021, 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 $1.5 billion. 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 September 26, 2021. The Company had no borrowings outstanding under its committed revolving credit facility as of September 26, 2021. However, letters of credit outstanding under this facility as of September 26, 2021 were approximately $3.1 million. Amounts available and unused under the committed line, at September 26, 2021 were approximately $1.5 billion, inclusive of borrowings under the Company’s commercial paper program. The Company also has other uncommitted lines from various banks, of which approximately $11.1 million was utilized at September 26, 2021. Of the amount utilized under, or supported by, the uncommitted lines, approximately $10.1 million and $1.0 million represent letters of credit and outstanding short-term borrowings, 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. Of the Three-Year Tranche $400 million principal balance, the Company repaid $100 million during the fourth quarter 2020 and the remaining $300 million balance during the first nine months of 2021. Of the Five-Year Tranche $600.0 million principal balance, the Company repaid $22.5 million and $72.5 million during 2020 and 2021, respectively. The Company is subject to certain financial covenants contained in this agreement and as of September 26, 2021, the Company was in compliance with these covenants. The terms of the Term Loan Facilities are described in Note 8 to the consolidated financial statements included in Part I of this Form 10-Q.

During November 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%. During the third quarter of 2021 the Company repaid in full, its 2022 Notes in the aggregate principal amount of $300.0 million, including early redemption premiums and accrued interest of $10.8 million. The terms of the Notes are described in Note 8 to the consolidated financial statements in Part I of this Form 10-Q.

The Company has principal amounts of long-term debt as of September 26, 2021 of $4.0 billion, due at varying times from 2024 through 2044. Of the total principal amount of long-term debt, $187.6 million is current at September 26, 2021 of which $30.0 million is related to principal amortization of the 5-year term loans due December 2024. In addition to the early repayment of the 2022 Notes described above, during the first quarter of 2021, the Company repaid in full, its 3.15% Notes in the aggregate principal amount of $300.0 million due in May 2021, including accrued interest. Additionally, the Company has outstanding production financing facilities at September 26, 2021 of $204.7 million of which $47.0 million is included in long-term debt and $157.7 million is reported as the current portion of long-term debt within the Company's consolidated financial statements, included in Part I of this Form 10-Q. All of the Company’s other long-term borrowings have contractual maturities that occur subsequent to the third quarter of 2024, with the exception of certain of the Company’s production financing facilities discussed above.

In November of 2019, the Company completed an underwritten public offering of 10.6 million 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.

The Company also had letters of credit and other similar instruments of approximately $13.4 million and purchase commitments of approximately $412.3 million outstanding at September 26, 2021.

Other contractual obligations and commercial commitments, as detailed in the Company's 2020 Form 10-K, did not materially change outside of 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 2020 Form 10-K does not include certain tax liabilities related to uncertain tax positions and certain unsatisfied performance obligations primarily related to in-production television content to be delivered in the future, under existing agreements.

The Company has a long history of returning cash to its shareholders through quarterly dividends and share repurchases. In 2021 Hasbro maintained its quarterly dividend rate of $0.68 per share for the dividend payments made in February, May and August and has declared a fourth cash dividend of $0.68 per share scheduled for November 2021. In addition to the dividend, the Company periodically returns cash to shareholders through its share repurchase program. As part of this initiative, since 2005, the Company's Board of Directors (the "Board") adopted numerous share repurchase authorizations with a cumulative authorized repurchase amount of $4.3 billion. The most recent authorization was approved in May 2018 for $500 million. Since 2005, Hasbro has repurchased 108.6 million shares at a total cost of $4.0 billion and an average price of $36.44 per share. At September 26, 2021, the Company had $366.6 million remaining under these share repurchase 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.

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 film and television production costs, recoverability of goodwill and intangible assets, income taxes and business combinations. Additionally, the Company identified the valuation of the Company’s equity method investment in Discovery Family Channel as a significant accounting estimate. These critical accounting policies are the same as those detailed in the 2020 Form 10-K.

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, 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 2021, 2022 and 2023 using foreign exchange forward contracts. 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.

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 September 26, 2021, these contracts had net unrealized gains of $8.1 million, of which $7.9 million of unrealized gains are recorded in prepaid expenses and other current assets, $1.9 million of unrealized gains are recorded in other assets and $1.7 million of unrealized losses are recorded in accrued liabilities. Included in accumulated other comprehensive loss at September 26, 2021 are deferred gains, net of tax, of $3.2 million, related to these derivatives.

At September 26, 2021, the Company had principal amounts of long-term debt of $4.0 billion. In May 2014, the Company issued an aggregate amount of $600.0 million of long-term debt consisting of $300.0 million of 3.15% Notes, which were repaid in full during the first quarter of 2021, and $300.0 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 September 26, 2021 are deferred losses, net of tax, of $15.7 million, all of which relates to the remaining $300.0 million of 5.10% Notes due 2044.

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 interim 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 September 26, 2021. Based on the evaluation of these disclosure controls and procedures, the interim 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

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 September 26, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. In the first quarter of fiscal 2020, we completed the acquisition of eOne as described in Note 3 to the consolidated financial statements in Part I of this Form 10-Q. We are currently integrating eOne into our internal control over financial reporting processes. This integration will be completed in 2021.

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 2020 Form 10-K should be considered. The risks set forth in our 2020 Form 10-K and in our subsequent filings, including in this filing, could materially and adversely affect our business, financial condition, and results of operations. There are no material changes from the risk factors as previously disclosed in our 2020 10-K or in any of our subsequently filed reports, as amended in this filing.

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 ability to achieve our financial and business goals and objectives, including continued profitable growth and successful integration of eOne; our efforts to ship sufficient product to meet demand due to supply chain issues affecting businesses globally which are expected to continue for the remainder of 2021 and possibly into 2022; operation of our third-party manufacturing facilities; the impact of global coronavirus outbreak on our business; the Company's product and entertainment plans, including the timing of product and content releases; changes in the methods of content distribution, including increased reliance on streaming outlets; marketing and promotional efforts; anticipated expenses, including compensation related expenses due to the passing of our former Chair and CEO and the appointment of a successor CEO; working capital and liquidity; anticipated impact of acquisitions and dispositions; and anticipated impact of changes in accounting standards. 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. 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;
- our ability to implement shipping strategies to lessen the impact of any increased shipping costs, shipping delays or changes in required methods of shipping, as well as our ability to take any any price increases to offset shipping costs, increases in prices of raw materials or other increases in costs of our products;
- 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 technological and entertainment offerings that are available and that compete with our offerings for consumers' attention;
- our ability to develop and distribute engaging storytelling across media to drive brand awareness including our ability to successfully develop and distribute content based on our brands through the capabilities of eOne;
- 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 and supply chain challenges;
- our ability to develop and grow areas of our brand blueprint, such as through eOne, Wizards of the Coast, and our other entertainment and digital gaming initiatives;
- our ability to successfully develop and execute plans to mitigate the negative impact of the coronavirus on our business, including, without limitation, negative impacts to our supply chain and costs that have occurred and could continue to occur in the future in countries where we source significant amounts of product;
- risks associated with international operations, such as currency conversion, currency fluctuations, the imposition of tariffs, quotas, shipping delays or difficulties, 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 inflation, 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 or more of our significant retailers, licensees or other 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;
- risks related to sourcing of products from countries outside of China, such as India and Vietnam, where the COVID-19 pandemic has negatively impacted our vendors and the ability to transport products to our markets;
- our ability to successfully implement our succession plans to appoint a permanent CEO following the passing of our former Chairman and CEO;
- our ability to attract and retain talented officers and 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, acquisitions and dispositions;
- 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.

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 for this repurchase authorization. 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.

There were no share repurchases made in the third quarter of 2021. 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 to our consolidated financial statements, which are included in Part I, Item 1 of this Form 10-Q.

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** Transitional Advisory Services Agreement, dated October 4, 2021 with Dolph Johnson.

(Millions of Dollars and Shares Except Per Share Data)

31.1*	Certification of the Interim 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 Interim 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

** Furnished herewith*

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

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: October 27, 2021

By: /s/ Deborah Thomas
Deborah Thomas
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

EXHIBIT 10.1

TRANSITIONAL ADVISORY SERVICES AGREEMENT

This TRANSITIONAL ADVISORY SERVICES AGREEMENT (the "Agreement") is entered into by and between Hasbro, Inc., a Rhode Island corporation ("Hasbro" or the "Company"), and Dolph Johnson (the "Executive"), as of October 4, 2021 and effective as of such date (the "Effective Date").

WITNESSETH:

WHEREAS, the Executive currently serves as the Company's Executive Vice President and Chief Human Resources Officer;

WHEREAS, the Executive has indicated to the Company that he wishes to retire from employment with the Company in 2024 and assist in the recruitment and/or training of his successor before such retirement;

WHEREAS, the Executive and the Company want to provide for an orderly transition of the Executive's current responsibilities and knowledge and retain the Executive's services during a transitional period during which the Executive will be employed as a Special Advisor to the Company; and

WHEREAS, the Executive and the Company mutually desire to enter into this Agreement.

NOW, THEREFORE, it is hereby agreed as follows:

1. Effectiveness; Term. Subject to Section 6 of this Agreement, the Executive's employment with the Company as Executive Vice President and Chief Human Resources Officer shall continue on the current terms and conditions through at least the Company's Annual Meeting of Shareholders in May 2022, provided that such employment may be extended, at the Company's sole discretion, through a date no later than December 31, 2022, if the Company has not hired and/or promoted a successor to serve as the Company's Chief Human Resources Officer, Chief People Officer, or such other title as the Company may designate, by the May 2022 Annual Meeting of Shareholders. Executive's transitional services to the Company pursuant to this Agreement shall commence on the date of the Company's May 2022 Annual Meeting (if the Company appoints the Executive's successor effective as of such date) or the first day following the Company's Annual Meeting in May 2022 on which the Company has hired and/or elevated a successor to assume the full responsibilities of Executive's current position, but in no event later than January 1, 2023 (such date, once determined, shall be the "Commencement Date" of the transitional services). This Agreement shall continue until the end of the day of the Company's Annual Meeting of Shareholders in May 2024 (the "Retirement Date" and, the Executive's termination of employment on such date,

"Retirement"), unless terminated earlier in accordance with Section 6 of this Agreement (such period of employment hereunder from the Commencement Date to the Retirement Date referred to as the "Term").

2. Transition; Position and Duties; Location.

(a) Transition. Effective as of the Commencement Date, the Executive shall cease to serve as the Executive Vice President and Chief Human Resources Officer of Hasbro and instead shall continue employment with the Company beginning on the Commencement Date in the position of Special Advisor (such position, "Special Advisor"). The Executive's employment in the position of Special Advisor shall continue until the Retirement Date (or, if earlier, the date the Executive's employment with the Company is terminated in accordance with Section 6 of this Agreement). The Executive shall, unless his employment with the Company is earlier terminated in accordance with Section 6 of this Agreement, be deemed to retire voluntarily from all positions of any kind with the Company on the Retirement Date. By executing this Agreement, the Company and the Executive agree to the termination of his employment with the Company as of the Retirement Date, that such retirement shall be automatic and without any further action on the part of the Executive or the Company and that the Executive shall execute such other documentation with respect thereto as is reasonably requested by the Company. The parties intend that the Executive's transition to the role of Special Advisor shall not constitute a "separation from service" within the meaning Section 409A (as defined below) and that the Executive shall provide sufficient services as Special Advisor during the Term such that no separation from service shall occur until the Retirement Date (or, if earlier, the date the Executive's employment is terminated in accordance with Section 6 of this Agreement).

(b) Other Positions. On or following the Commencement Date (or any earlier date of the termination of employment pursuant to Section 6), at the first request of Hasbro, the Executive shall cease to serve in any officer or board positions he has with the Company and its subsidiaries, and the Executive shall execute such documentation with respect thereto as is reasonably requested by the Company.

(c) Duties; Availability. In his role as Special Advisor, the Executive shall report directly to the Chief Executive Officer or Executive Chairman of Hasbro (the "CEO/EC"), if an Executive Chairman position is created before or during the Term, and shall have such duties and responsibilities as are assigned by the CEO/EC from time to time, which may include, but not be limited to, executive coaching; on-going work on the integration of Entertainment One; assistance with CEO and senior management succession planning; on-going support to the Company's Board of Directors; advice and assistance on matters relating to the Executive's duties prior to the Commencement Date; and counsel to the CEO/EC or other members of the senior management team as requested by the CEO/EC. During the Term, the Executive shall devote the time and effort reasonably required to fulfill his duties and responsibilities in his role as Special Advisor, provided that the Executive will not be required to travel without the

Executive's agreement and provided further that the Executive may serve as a member of the board of directors of one or more entities that are not competitive with the Company. The Executive will provide the Company with prompt written notice prior to beginning any such board service.

3. Compensation and Benefits During the Term.

(a) Base Salary. During the Term, the Executive shall receive a base salary at an annualized rate of $775,000 USD (such annualized amount, the "Base Salary"), payable in accordance with past practice and the Company's regular payroll practice for its senior executives, as in effect from time to time, it being expressly understood that the Executive will not be eligible for any annual or other increases in salary during the Term. Similarly, the Base Salary will not be subject to reduction during the Term.

(b) Annual Cash Bonus. During the Term, the Executive shall be eligible to receive annual cash incentive compensation as set forth below:

(i) 2022 Annual Cash Bonus. The Executive shall be eligible to receive an annual cash bonus award for the Company's 2022 fiscal year ("FY 2022"), which shall be determined and settled in accordance with the terms of the Hasbro 2014 Senior Management Annual Incentive Plan, or successor plan for senior executives (the "Bonus Plan"), based on the actual level of attainment of applicable performance goals for FY 2022. For the avoidance of doubt, such cash bonus award shall be equal to a target of 75% of the Executive's FY 2022 base salary earnings (i.e., the target bonus) multiplied by the actual corporate performance factor determined under the Bonus Plan for FY 2022, subject to any other modifications made to the corporate performance payout under the Bonus Plan. Subject to the Executive's continued employment with the Company through the applicable vesting date, such bonus shall be paid in calendar year 2023 at the same time bonuses are paid to the senior executives of Hasbro, but in no event later than March 15, 2023.

(ii) 2023 Annual Cash Bonus. The Executive shall be eligible to receive an annual cash bonus award for the Company's 2023 fiscal year ("FY 2023") in an amount equal to 100% of the three-year average annual bonus paid to Executive for FY2020, 2021 and 2022. Subject to the Executive's continued employment with the Company through the applicable vesting date, such bonus shall be paid in calendar year 2024 at the same time bonuses are paid to the senior executives of Hasbro, but in no event later than March 15, 2024.

(iii) The Executive will not be eligible to receive an annual cash bonus award with respect to any portion of the Company's 2024 fiscal year.

(c) Equity Awards. All equity awards granted to the Executive under Hasbro's 2003 Stock Incentive Performance Plan, or any successor equity plan (the

"Stock Plan") prior to the Effective Date and outstanding on the Effective Date shall remain outstanding and continue to vest in accordance with the terms of the Stock Plan and applicable award agreements as in effect immediately prior to the Effective Date, subject to the Executive's continued employment with the Company through the applicable vesting date and any other vesting and forfeiture provisions of the Stock Plan and applicable award agreements, including those relating to "retirement".

(i) Outstanding equity awards granted to the Executive will continue to vest, in accordance with their terms, through the earlier of the Retirement Date or the Date of Termination (as defined in Section 6(d)). The Retirement Date or, if earlier, the Date of Termination, under this Agreement shall be considered the date of the Executive's retirement from employment with the Company for purposes of the treatment of any outstanding awards upon retirement, including "Early Retirement" as defined in the award agreements. Equity awards that are restricted stock units subject only to service-based vesting criteria that vest in accordance with this Section 3(c) shall be settled at the time that such awards are normally settled for Hasbro's senior executives, which, for the avoidance of doubt, under the terms of the award agreements is on or prior to March 15 of the year in which the applicable "Annual Vesting Date" occurs (as defined in the applicable award agreement). For the avoidance of doubt, such equity awards shall remain subject to Hasbro's Clawback Policy.

(ii) Subject to the Executive's continued employment with the Company through the applicable grant date, in fiscal years 2022 and 2023, Executive shall be entitled to receive annual grants of equity awards at the same time and on the same terms as the Company's annual equity grant to officers and other eligible employees. At such time in fiscal year 2022, and 2023 as the Company makes its annual grant of equity awards to officers and eligible employees pursuant to the Company's long-term incentive program, provided the Executive is still employed with the Company at the time of such grant, the Executive will receive equity awards. In fiscal year 2022, Executive shall be entitled to an aggregate award at least equal in grant date value to the grant date value of Executive's award for fiscal year 2021, which for an avoidance of doubt, had a grant date value of $2,000,000. In fiscal year 2023, Executive will receive an equity award with an aggregate target grant date award level equal to 250% of his annualized Base Salary of $775,000. For purposes of computing the target grant date award level and the amount and form of equity awards to be granted, such equity awards will be valued consistently with the awards being made to other officers of the Company, as if the Executive were going to remain employed with the Company for the full vesting or performance period of such equity grants, subject to the terms of the Stock Plan and applicable award agreements. The forms of the equity awards made to the Executive will be determined by the Company's Compensation Committee of its Board and will have a mix of award types and vesting terms consistent with those granted to other senior executives of the Company (excluding the Company's CEO). Following the annual 2023 long-term equity incentive grant, the Executive shall not be eligible for further grants of additional equity awards during the Term. In furtherance of the foregoing, the Executive will not be granted any equity awards in fiscal 2024.

(d) Other Benefits. During the Term, the Executive shall be entitled to participate in all broad-based retirement, health and welfare plans and programs offered by the Company to its employees, subject to the requirements of applicable law, the terms of such plans and programs and the right of the Company to amend or terminate such plans and programs at any time. In furtherance of the foregoing, the Executive will continue to participate in, and be eligible for Company contributions made pursuant to the terms of, the Hasbro, Inc. Supplemental Benefit Retirement Plan (“Supplemental Retirement Plan”) and the Hasbro, Inc. Retirement Savings Plan (“401(k) Plan”) through the Retirement Date, or, if earlier, the Date of Termination. Executive will remain eligible to participate in the Hasbro, Inc. Nonqualified Deferred Compensation Plan (“Deferred Compensation Plan”) through the Retirement Date, or, if earlier, the Date of Termination.

(e) Vacation. During the Term, the Executive shall continue to accrue vacation or other paid time-off, as he did while employed as Executive Vice President and Chief Human Resources Officer. The Executive acknowledges and agrees that as of the Retirement Date, or, if earlier, the Date of Termination he will have used all accrued vacation and other paid time off that he is entitled to as of the Retirement Date, or, if earlier, the Date of Termination.

(f) Expenses. The Company shall pay or reimburse the Executive for reasonable out-of-pocket expenses incurred by the Executive during the Term in the performance of the Executive’s services under this Agreement, in accordance with Company policy for its senior executives, provided that any such expenses must be approved by the Company’s Chief Executive Officer or Chief Financial Officer in advance in writing. In addition, the Company shall reimburse the Executive for up to $15,000 USD in aggregate for his documented legal fees expended or incurred by the Executive through the Effective Date in connection with negotiating the terms of this Agreement, payable within 60 days of the Executive’s submission of reasonably satisfactory documentation of such fees.

(g) Tax Preparation Assistance. The Executive shall continue to receive tax preparation assistance at the Company’s cost pursuant to the Hasbro, Inc. Executive Tax Preparation and Financial Planning Services Policy dated January 1, 2018, or its successor plan, for any tax returns filed by the Executive in respect of any whole or partial tax year that occurs during the Term.

4. Payments and Benefits at Retirement. Upon the Executive’s Retirement, without duplication:

(a) the Company shall pay to the Executive (or his estate, beneficiary or legal representative, as applicable) any portion of the Base Salary earned through the

Retirement Date that has not yet been paid on the next regular pay day following the Retirement Date, subject to applicable taxes and withholding. Any amount needed to reimburse the Executive for any unreimbursed business expenses properly incurred and documented by the Executive in accordance with Company policy and this Agreement prior to the Retirement Date, subject to advance written approval of such expenses, shall be paid within 20 business days after the Retirement Date;

(b) all outstanding equity awards will be treated in accordance with Section 3(c) of this Agreement, the terms of the Stock Plan and the applicable award agreements, including any applicable provisions of the Stock Plan and such award agreements relating to “Early Retirement” or “Normal Retirement” (provided the Executive satisfies the conditions for such terms as defined under the Stock Plan and such award agreements), which for avoidance of doubt “Normal Retirement” shall (1) result in the full vesting of all outstanding options and one year to exercise all options (although such one-year period will not extend beyond the original option expiration date), (2) the pro-rata vesting of any unvested portion of the Restricted Stock Units based on the portion of the vesting period that has elapsed as of the May 2024 Retirement Date, with the computation and payment timing for such portion to be governed by the grant agreements, and (3) a pro-rata portion of the actual earned payout of the Performance Share Awards based on the portion of the performance period that has elapsed as of the May 2024 Retirement Date, with the computation and payment timing for such portion to be governed by the grant agreements; and

(c) the Executive shall be entitled to tax preparation assistance in accordance with Section 3(g) of this Agreement for purposes of filing his tax returns in respect of the fiscal year in which the Retirement Date occurs.

(d) Except as set forth above in this Section 4 or in another Company plan in which Executive participates, the Executive shall not be entitled to any other payments upon or following the Retirement Date.

5. Announcement. The contents of any announcements or communications, whether directed within the Company or externally, regarding the Executive’s transition from Executive Vice President and Chief Human Resources Officer of Hasbro to the position of Special Advisor shall be determined through mutual consultation between the Company and the Executive, except as required by applicable law, rule, regulation or other binding directive issued by any governmental or regulatory authority.

6. Termination of Employment before or following the Commencement Date and Prior to the Retirement Date.

(a) Death or Disability. The Executive’s employment shall terminate automatically upon the Executive’s death during the Term, or death prior to the Commencement Date. The Company shall be entitled to terminate the Executive’s employment because of the Executive’s Disability during the Term, or prior to the

Commencement Date. "Disability" means that the Executive is disabled within the meaning of the Company's long-term disability policy applicable to the Executive or, if there is no such policy in effect, that (i) based upon appropriate medical evidence, the Executive has become physically or mentally incapacitated so as to render him incapable of performing his duties under this Agreement, with or without a reasonable accommodation, for 180 days or more within a 365-day consecutive period. A termination of the Executive's employment by the Company for Disability shall be communicated to the Executive by written notice and shall be effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), unless the Executive returns to performance of the Executive's duties before the Disability Effective Date.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Term or prior to the Commencement Date for Cause.

For purposes of this Agreement, "Cause" means (i) an unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company, (ii) material breach of a material agreement with the Company, including this Agreement, (iii) a failure to comply with the Company's written policies or rules resulting in material harm to the Company, (iv) a conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof or the equivalent under the applicable laws outside of the United States, (v) gross negligence or willful misconduct resulting in material harm to the Company, (vi) violation of the Hasbro Code of Conduct, (vii) continuing failure to perform duties reasonably assigned to the Executive in accordance with the terms of this Agreement, taking into account that the Executive may serve as a member of the board of directors of one or more entities that are not competitive with the Company during the Term (it being understood it would be a material breach of this Agreement to serve as a member of the board of directors of other entities or persons that are competitive with the Company, looking at the Company's business as of the Commencement Date, during the Term), after receiving written notification of such failure, (viii) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested such cooperation, (ix) an intentional violation of Federal or state securities laws or (x) fraud, embezzlement, theft or dishonesty against the Company; provided that no finding of Cause shall be made pursuant to subsections (i) through (iii) and (v) through (viii) above unless the Company has provided the Executive with written notice stating the facts and circumstances underlying the allegations of Cause and the Executive has failed to cure such violation, if curable, within 30 days following receipt thereof. The Board of Directors of Hasbro (the "Board") or the CEO shall determine whether a violation is curable and/or cured in its or his reasonable discretion.

If, subsequent to the Executive's termination of employment with the Company for any reason other than by the Company for Cause, it is determined in good faith by the Board or the CEO that the Executive's employment could have been terminated by the Company for Cause pursuant to this Section 6(b), the Executive's employment shall, at the election of the Board or the CEO, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

(c) Voluntary Termination.

(i) The Executive may voluntarily terminate employment during the Term, or prior to the Commencement Date, at any time, which shall be effected by giving the Company 30 days advance written notice of such termination.

(d) Date of Termination. The "Date of Termination" means, as applicable, (i) if the Executive's employment is terminated by reason of death, the date of the Executive's death, (ii) if the Executive's employment is terminated by reason of Disability, the Disability Effective Date, and (iii) if the Executive's employment is terminated by the Company for Cause or by the Executive pursuant to Section 6(c)(i) of this Agreement, the date specified in the notice of such termination (which shall not be before any applicable cure period or notice period has expired).

7. Obligations of the Company on Termination Following the Effective Date or Commencement Date and Prior to the Retirement Date.

(a) Obligations on any Termination. If the Executive's employment with the Company terminates for any reason following the Commencement Date and prior to the Retirement Date, including by voluntary termination of employment by the Executive under Section 6(c)(i), then the Executive shall be entitled to the payments and benefits described in Section 4 of this Agreement, in each case, with any such modifications as are set forth below in this Section 7. Unless otherwise specifically set forth in this Agreement or in another Company plan in which the Executive participates, the Executive shall not be entitled to any other payments and benefits from the Company in connection with the termination of his employment with the Company, including, but not limited to, any payments or benefits under any other applicable law, statutory scheme, policy or guideline.

(b) Obligations on a Termination Due to Death or Disability. If the Executive's employment with the Company terminates following the Effective Date or the Commencement Date and prior to the Retirement Date by reason of death or Disability, then:

(i) the Executive, or his estate, beneficiary or legal representative, shall continue to be paid his Base Salary through the planned Retirement Date, as if the Executive had remained employed by the Company pursuant to this Agreement through the Retirement Date,

(ii) in addition to the payments and benefits in this Section 7(b) above, the Executive, or his estate, beneficiary or legal representative, as applicable, shall be entitled to benefits as provided under the applicable death or disability benefit program of the Company in which the Executive was a participant (if any) and any outstanding equity awards will be treated in accordance with their terms applicable in the event of death or Disability.

(c) Voluntary Resignation by the Executive Following the Effective Date or Commencement Date and Prior to the Retirement Date. If, before the Commencement Date or during the Term, the Executive's employment with the Company terminates in accordance with Section 6(c)(i) of this Agreement because the Executive voluntarily chooses to terminate employment with the Company prior to the Retirement Date and ceases providing services to the Company, then for the lesser of (i) 12 months beginning upon the Executive's termination of employment or (ii) the remainder of the Term (if less than 12 months remain in the Term as of the effective date of termination of employment), the Company will continue to pay the Executive, in accordance with the Company's customary payroll practices and subject to Section 13(c)(ii), his Base Salary as severance. The Executive will not be entitled to any other payments except as set forth in this Section 7(c) and in Section 4.

(d) Termination by the Company for Cause Following the Effective Date or the Commencement Date and Prior to the Retirement Date. In the event the Executive's employment hereunder is terminated by the Company for Cause, unless otherwise provided in another Company plan in which the Executive participates, Executive shall only be entitled to the payments set forth in Section 4(a) of this Agreement and will not be entitled to any other payments upon or following the termination of employment.

8. Full Settlement. To the fullest extent permitted by law and provided an acceleration of income or the imposition of an additional tax under Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") would not result, any amounts otherwise due to the Executive hereunder (including any payments pursuant to Section 7 of this Agreement) shall be subject to set-off with respect to any amounts the Executive otherwise owes the Company. Subject to the following sentence, the Executive hereby agrees that in consideration for the payments to be received under this Agreement, the Executive waives any and all rights to any payments or benefits under any severance (but not retirement) plans, programs, contracts or arrangements of the Company, including the Hasbro Change in Control Severance Plan for Designated Senior Executives (the "Hasbro Change in Control Severance Plan") and any payments or benefits under any applicable law or statutory scheme. Notwithstanding the prior sentence, it is agreed that for a termination of employment prior to the Commencement Date, the Hasbro Change in Control Severance Plan (if applicable), shall apply in situations covered by its terms. The payments and benefits described herein are the maximum benefits that the Company shall provide to the Executive, and the Executive hereby acknowledges and agrees that such payments and benefits exceed the value of the payments and benefits he would otherwise be entitled to receive pursuant to any law or statutory scheme providing for payments or benefits in connection with a termination of employment, including in connection with the Retirement or an earlier termination of the

Executive’s employment with the Company in accordance with Section 6 of this Agreement.

9. Restrictive Covenants.

(a) Non-Competition, Non-Solicitation and Confidentiality Agreements. The Executive hereby acknowledges that each Non-Competition, Non-Solicitation and Confidentiality Agreement entered into between the Executive and the Company (collectively, the “Restrictive Covenant Agreements”) shall remain in full force and effect and that the Retirement Date (or, if in the event of an earlier termination of the Executive’s employment with the Company in accordance with Section 6 of this Agreement, the Date of Termination) shall constitute the “Date of Termination” (or term of similar import) for purposes of any Restrictive Covenant Agreement.

(b) Nondisparagement. During the Term and thereafter, (i) the Executive shall not make, either directly or indirectly, any oral or written negative, disparaging or adverse statements or representations of or concerning Hasbro or its subsidiaries, any of their clients, customers or businesses, or the business reputations or character of any of their current or former directors, officers, employees or shareholders and (ii) Hasbro shall instruct the Company Parties (as defined below) not to make any oral or written negative, disparaging or adverse statements or representations of or concerning the business reputation or character of the Executive; provided, however, that nothing herein shall prohibit (A) critical communications between the Executive and the Company Parties in connection with the Executive’s employment, (B) the Executive or any Company Party from disclosing truthful information if legally required (whether by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) or (C) either party from acting in good faith to enforce such party’s rights under this Agreement. For purposes of this Agreement, the term “Company Parties” shall mean the executive officers of the Company (as such persons have been designated by the Company’s Board of Directors pursuant to Section 16 of the Securities Exchange Act of 1934), in each case, acting in his or her capacity as a representative of the Company.

10. Governing Law; Dispute Resolution. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Rhode Island, without reference to principles of conflict of laws. Any action, suit or other legal proceeding arising under or relating to any provision of this Agreement (an “Action”), shall be commenced only in a court of the State of Rhode Island (or, if appropriate, a federal court located within the State of Rhode Island). The Executive consents to the exclusive jurisdiction of the U.S. District Court for the District of Rhode Island, unless there is no federal jurisdiction, and then to the State courts of Rhode Island to resolve all disputes arising out of or pertaining to the Executive’s employment relationship with and/or separation from the Company. The Executive agrees to not contest the applicability of Rhode Island law in any Action. The Executive further agrees to be bound by any monetary and/or equitable order issued by a Federal or state court located within the State

of Rhode Island, and to not contest any such order or the enforceability thereof in the court of any other state or country. The Executive and the Company each hereby irrevocably waive any right to a trial by jury in any Action.

11. Assignment; Successors. This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors. In addition to any obligations imposed by law upon any successor to the Company, unless such assumption happens by operation of law, the Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

12. Absence of Restrictions. The Executive represents and warrants that he is not bound by any employment contracts, restrictive covenants or other restrictions that are in any way inconsistent with any of the terms of this Agreement.

13. Miscellaneous.

(a) Section 21F; Defend Trade Secrets Act.

(i) Notwithstanding anything in this Agreement or any Restrictive Covenant Agreement to the contrary, nothing in or about this Agreement or any Restrictive Covenant Agreement prohibits the Executive from: (A) filing and, as provided for under Section 21F of the Securities Exchange Act of 1934, as amended ("Section 21F"), maintaining the confidentiality of a claim with the Securities and Exchange Commission ("SEC"); (B) providing confidential information to the SEC, to the extent permitted by Section 21F; (C) cooperating, participating or assisting in an SEC investigation or proceeding without notifying the Company; or (D) receiving a monetary award as set forth in Section 21F.

(ii) Furthermore, the Executive shall not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of any confidential information that constitutes a trade secret to which the Defend Trade Secrets Act (18 U.S.C. § 1833(b)) applies that is made (A) in confidence to a Federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law or (B) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

(b) Withholding. Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all

Federal, state, local and foreign taxes that are required to be withheld by applicable laws or regulations.

(c) Entire Agreement: Release.

(i) The Executive and the Company acknowledge that this Agreement (collectively with the Release attached as Exhibit A hereto and executed simultaneously herewith, the Company's form of Inventions Assignment Agreement, which is being re-executed simultaneously herewith, and the Restrictive Covenant Agreements) constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any other prior agreement or other understanding, whether oral or written, express or implied, between them concerning, related to or otherwise in connection with, the subject matter hereof and that, following the date hereof, no such agreement or understanding shall be of any further force or effect, including, without limitation, with respect to the Executive, the Hasbro Change in Control Severance Plan for Designated Senior Executives and any other severance plan or policy sponsored or maintained by the Company (it being understood the Hasbro Change in Control Severance Plan, if applicable, continues to apply to a termination of employment prior to the Commencement Date, but not after the Commencement Date). This Agreement does not amend the terms of the Executive's equity award agreements and the Company's equity plan, to the extent applicable to the Executive's equity awards, or the Executive's rights under the Company's 401(k) Plan, Supplemental Retirement Plan, Deferred Compensation Plan, or other benefit plans in which the Executive participates, all of which will be governed in accordance with their terms based on the termination of the Executive's employment on either the Retirement Date or earlier Termination Date. The Executive and the Company further acknowledge that the Release attached as Exhibit A hereto and executed simultaneously herewith is an integral part of this Agreement and that if the Executive revokes the Release in accordance with its terms, then this Agreement shall be null and void *ab initio* and the Company shall not have any obligations to the Executive hereunder. By executing this Agreement, the Executive and the Company agree to waive any requirement under, to the extent applicable, any other legacy agreement to provide advance written notice prior to their termination.

(ii) The obligation of the Company to make the payments and provide the benefits to the Executive under Sections 4, 6 or 7 is conditioned upon the Executive signing and delivering to the Company an additional release of claims agreement in a form to be provided by the Company (which will include, at a minimum, a release of all releasable claims and non-disparagement and cooperation obligations) (the "Executive Release") both (i) following the Commencement Date and (ii) following the Retirement Date or other earlier Date of Termination (if any), which Executive Release must become irrevocable within sixty (60) days following the Commencement Date or Date of Termination, as applicable. Except as otherwise provided, the Company shall commence or make, as applicable, the payments under Sections 4, 6 or 7 on the first payroll period following the date the Executive Release becomes irrevocable (such date, the "Payment Commencement Date"); provided, however, that if the 60th day following the Date of Termination falls in the calendar year following the year of the Executive's termination of employment, the Payment Commencement Date shall be no earlier than the first payroll period of such later calendar year.

(d) Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Executive or made on Executive's behalf under the terms of this Agreement. Executive agrees and understands that Executive is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Executive further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Executive's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

The intent of the parties is that payments and benefits under this Agreement comply with Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments triggered by a termination of employment shall be due to Executive under this Agreement until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described under this Agreement that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six months following the Separation Date (or death, if earlier). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to Executive under this Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Executive) during any one year may not affect amounts reimbursable or provided in any subsequent year; provided, however, that with respect to any reimbursements for any taxes which Executive would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which Executive remits the related taxes.

(e) Section 280G Matters. Executive acknowledges and agrees that any and all payments under this Agreement are subject to the provisions of Section 12(f) of the Hasbro, Inc. Change in Control Severance Plan for Designated Senior Executives, as amended.

(f) Cooperation. The Executive agrees to cooperate fully with the Company in the investigation, defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with Company counsel to prepare for trial or discovery or an administrative hearing or alternative dispute resolution and to act as a witness when requested by the Company at reasonable times designated by the Company. The Company agrees to take all reasonable steps to make sure its requests for cooperation do not interfere with the Executive's professional and personal obligations.

(g) Each Party the Drafter. This Agreement and the provisions contained in it shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

(h) Reflection period. The Executive is hereby advised of his to right terminate this Agreement, without giving reasons, by means of a written statement addressed to the Company's Chief Legal Officer, Tarrant Sibley, 1011 Newport Avenue, Pawtucket, RI 02862, Tarrant.sibley@hasbro.com. This statement must be received by the Company within seven days after this Agreement has been entered into.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and Hasbro has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written, to become effective as of the Effective Date.

HASBRO, INC.

By

Name: Brian Goldner

Title: Chairman and Chief Executive Officer

Date:

Accepted and Agreed to:

Dolph Johnson

Date:

Exhibit A

RELEASE

Pursuant to the terms of the Transitional Advisory Services Agreement (the "Agreement") between Hasbro, Inc. ("Hasbro" or the "Company") and Dolph Johnson (the "Executive") entered into as of the date indicated therein, the Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company and any affiliated organization of the Company in any country or jurisdiction globally, and/or their current or former officers, directors, stockholders, corporate affiliates, attorneys, agents, plan administrators, fiduciaries, or employees (collectively, the "Released Parties") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities and expenses (including attorneys' fees and costs), of every kind and nature, known or unknown, which the Executive ever had or now has against any and all the Released Parties, including, but not limited to:

(a) all claims arising out of or related to the Executive's employment and his transition to the role of Special Advisor (as defined in the Agreement) (the "Transition");

(b) all claims arising out of or relating to race, sex, national origin, handicap (disability), religion, gender identity or expression, sexual orientation and benefits, genetic information or marital status;

(c) all claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000 et seq., the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, 29 U.S.C. § 621 et seq., the Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001 et seq., the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq., the Family and Medical Leave Act, 29 U.S.C. §2101 et seq., the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101 et seq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 et seq., the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq. and the Genetic Information Nondiscrimination Act, P.L. 110-233, all as amended;

(d) all claims under state or local statutes including the Rhode Island Fair Employment Practices Act, R.I. Gen. Laws §28-5-1 et seq., the Rhode Island Sexual Harassment, Education and Training in the Workplace Law, R.I. Gen. Laws § 28-51-1 et seq., the Rhode Island Wage Discrimination Based on Sex Law, R.I. Gen. Laws § 28-6-17 et seq., the Rhode Island Parental and Family Medical Leave Act, R.I. Gen. Laws § 28-48-1 et seq., the R.I. Temporary Caregiver Leave Law §28-41-35 et seq., the Civil Rights Act, R.I. Gen. Laws § 42-112-1 et seq., the Civil Rights of People with Disabilities Law, §42-87-1, the Rhode Island Healthy and Safe Families and Workplaces Act, R.I. Gen. Laws §28-57-1 et seq., and the Rhode Island Whistleblowers' Protection Act, R.I. Gen. Laws § 28-50-1 et seq., the Massachusetts Fair Employment Practices

Act., M.G.L. c. 151B, § 1 et seq., the Massachusetts Civil Rights Act, M.G.L. c. 12, §§ 11H, the Massachusetts Wage Act, M.G.L. c. 149, §§ 148 and 150, and 11I, the Massachusetts Equal Rights Act, M.G.L. c. 93, § 102 and M.G.L. c. 214, § 1C, the Massachusetts Privacy Act, M.G.L. c. 214, § 1B, the Massachusetts Maternity Leave Act, M.G.L. c. 149, § 105D, the Massachusetts Earned Sick Time Law, M.G.L. c. 148(c), the Massachusetts Equal Pay Act, M.G.L. c. 149, § 105A, all as amended;

(e) all wrongful discharge claims, common law tort, defamation, breach of contract, infliction of emotional distress and other common law claims;

(f) all state and federal whistleblower claims to the maximum extent permitted by law; and

(g) any claim or damage arising out of your employment with the Company and the Transition (including a claim for retaliation) under any common law theory or any Federal, state or local statute or ordinance not expressly referenced above; provided, however, that this release of claims does not (i) prevent the Executive from filing a charge with, cooperating with or participating in any investigation or proceeding before the Equal Employment Opportunity Commission or a state fair employment practices agency (except that the Executive acknowledges that he may not recover any monetary benefits in connection with any such charge, investigation or proceeding, and he further waives any rights or claims to any payment, benefit, attorneys' fees or other remedial relief in connection with any such charge, investigation or proceeding) or (ii) restrict the Executive's right to enforce the Agreement in accordance with its terms. It is also understood that the Hasbro Change in Control Severance Plan (as defined in the Agreement), if applicable, continues to apply to a termination of employment prior to the Commencement Date and for such a termination the Executive has a right to enforce that plan agreement in accordance with its terms. This release does not release the rights of the Executive under the Executive's equity award agreements and the Company's equity plan, to the extent applicable to the Executive's equity awards, or the Executive's rights under the Company's 401(k) Plan, Supplemental Retirement Plan, Deferred Compensation Plan or other benefit plans in which the Executive currently participates, all of which will be governed in accordance with their terms based on the termination of the Executive's employment on either the Retirement Date or earlier Termination Date.

For the purpose of giving a full and complete release, the Executive understands and agrees that this Release includes all claims that the Executive may now have but does not know or suspect to exist in the Executive's favor against the Released Parties, and that this Release extinguishes those claims. Notwithstanding the foregoing, the waiver and release provisions set forth in this Release are not an attempt to cause the Executive to waive or release rights or claims that may arise after the date this Release is executed.

<u>Acknowledgments.</u>

The Executive affirms that he has fully reviewed the terms of this Release, affirms that he understand its terms and states that he is entering into this Release knowingly, voluntarily and in full settlement of all claims which existed in the past or which currently exist, that arise out of his employment with the Company and the Transition.

The Executive acknowledges that he has had at least 21 days to consider this Release thoroughly, and has been specifically advised to consult with an attorney, if he wishes, before he signs below. If the Executive signs and returns this Release before the end of the 21-day period, he certifies that his acceptance of a shortened time period is knowing and voluntary, and the Company did not improperly encourage him to sign through fraud, misrepresentation or a threat to withdraw or alter the offer before the 21-day period expires.

The Executive understands that he may revoke this Release within seven days after he signs it. The Executive's revocation must be in writing and submitted within the seven-day period.

If the Executive does not revoke this Release within the seven-day period, it becomes effective and irrevocable. The Executive further understands that if he revokes this Release during such seven-day period, the Agreement shall be null and void *ab initio* and the Executive will not be eligible to receive the payments and benefits provided for therein.

The Executive acknowledges that the waiver and release provisions set forth in this Release are in exchange for good and valuable consideration that is in addition to anything of value to which he was already entitled.

By: ____
Dolph Johnson

Exhibit 31.1

CERTIFICATION

I, Richard S. Stoddart, 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: October 27, 2021

/s/ Richard S. Stoddart
Richard S. Stoddart
Interim 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: October 27, 2021

/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 Interim 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 September 26, 2021, 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/ Richard S. Stoddart
Richard S. Stoddart
Interim Chief Executive Officer of Hasbro, Inc.

Dated: October 27, 2021

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 September 26, 2021, 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: October 27, 2021

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.