

HASBRO, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Thousands of Dollars and Shares, Except Per Share Data)

	Quarter Ended		Year Ended	
	December 29, 2019	% Net Revenues	December 29, 2019	% Net Revenues
Net Revenues	\$ 1,428,007	100.0%	\$ 4,720,227	100.0%
Costs and Expenses:				
Cost of Sales	577,049	40.4%	1,807,849	38.3%
Program Cost Amortization	27,480	1.9%	85,585	1.8%
Royalties	155,592	10.9%	414,549	8.8%
Product Development	72,910	5.1%	262,156	5.6%
Advertising	104,017	7.3%	413,676	8.8%
Amortization of Intangibles	11,814	0.8%	47,259	1.0%
Selling, Distribution and Administration	288,765	20.2%	1,037,103	22.0%
Operating Profit	190,380	13.3%	652,050	13.8%
Interest Expense	34,782	2.4%	101,878	2.2%
Other Income, Net	(143,163)	-10.0%	(44,038)	-0.9%
Earnings before Income Taxes	298,761	20.9%	594,210	12.6%
Income Tax Expense	31,416	2.2%	73,756	1.6%
Net Earnings	267,345	18.7%	520,454	11.0%
Net Earnings (Loss) Attributable to Noncontrolling Interests	-	0.0%	-	0.0%
Net Earnings Attributable to Hasbro, Inc.	\$ 267,345	18.7%	\$ 520,454	11.0%
Per Common Share				
Net Earnings				
Basic	\$ 2.02		\$ 4.07	
Diluted	\$ 2.01		\$ 4.05	
Weighted Average Number of Shares				
Basic	132,516		127,896	
Diluted	133,128		128,499	

HASBRO, INC.

SUPPLEMENTAL FINANCIAL DATA

RECONCILIATION OF 2019 AS REPORTED TO PRO FORMA RESULTS

(Unaudited)

(Thousands of Dollars)

Pro forma results were prepared by combining the results of Hasbro and eOne for the quarter ended December 29, 2019, after giving effect to the eOne Acquisition as if it had been consummated on December 31, 2018.

These pro forma results do not represent financial results that would have been realized had the acquisition actually occurred on December 31, 2018, nor are they intended to be a projection of future results. The pro forma financial information is presented for illustrative purposes only and does not reflect the costs of any integration activities or cost savings or synergies that may be achieved as a result of the acquisition.

	Quarter Ended December 29, 2019			
	Hasbro As Reported	eOne (under U.S. GAAP)	Pro Forma Adjustments ⁽¹⁾	Pro Forma Combined
Net Revenues	\$ 1,428,007	\$ 235,160	\$ -	\$ 1,663,167
Operating Profit (Loss)	\$ 190,380	\$ (66,580)	\$ 12,978	\$ 136,778
Non-GAAP Adjustments	17,778	31,781	(12,978)	36,581
Adjusted Operating Profit (Loss) *	<u>\$ 208,158</u>	<u>\$ (34,799)</u>	<u>\$ -</u>	<u>\$ 173,359</u>

* Reconciliation to Pro Forma Adjusted results is as follows:

Net Earnings (Loss)	\$ 267,345	\$ (50,266)	\$ (121,611)	\$ 95,468
Interest Expense	34,782	10,772	18,035	63,589
Other Income, net	(143,163)	(759)	120,097	(23,825)
Income Tax Expense (Benefit)	31,416	(26,815)	(3,543)	1,058
Net Earnings Attributable to Noncontrolling Interests	-	488	-	488
Operating Profit (Loss)	<u>190,380</u>	<u>(66,580)</u>	<u>12,978</u>	<u>136,778</u>
<u>Non-GAAP Adjustments</u>				
Hasbro:				
eOne Acquisition Costs	\$ 17,778	\$ -	\$ (17,778)	-
eOne:				
Restructuring and Related Charges	-	11,526	-	11,526
Acquisition Costs - eOne Deals	-	458	-	458
Hasbro Transaction Costs	-	3,245	(3,245)	-
Acquired Intangible Amortization	-	16,552	8,045	24,597
	<u>17,778</u>	<u>31,781</u>	<u>(12,978)</u>	<u>36,581</u>
Adjusted Operating Profit (Loss)	<u>\$ 208,158</u>	<u>\$ (34,799)</u>	<u>\$ -</u>	<u>\$ 173,359</u>

⁽¹⁾ The pro forma results include certain pro forma adjustments to net earnings that were directly attributable to the acquisition, as if the acquisition had occurred on December 31, 2018, including the following:

- elimination of acquisition and deal costs of \$17,778 incurred by Hasbro and \$3,245 incurred by eOne related to the eOne acquisition, included in Selling, Distribution and Administration;
- additional amortization expense of \$8,045 that would have been recognized as a result of the allocation of purchase consideration to definite-lived intangible assets subject to amortization;
- estimated differences in Interest Expense of \$18,035 as a result of incurring new debt and extinguishing historical eOne debt;
- elimination of \$120,097 gain in Other Income, net, related to the mark to market of foreign exchange forward and option contracts, which the Company entered into in order to hedge a portion of the British pound sterling purchase price for the eOne acquisition; and
- the income tax effect of the pro forma adjustments in the amount of \$3,543, calculated using a blended statutory income tax rate of 22.5% for the eOne adjustments and 21% for the Hasbro interest adjustments.

HASBRO, INC.

SUPPLEMENTAL FINANCIAL DATA

RECONCILIATION OF 2019 AS REPORTED TO PRO FORMA RESULTS

(Unaudited)

(Thousands of Dollars)

Pro forma results were prepared by combining the results of Hasbro and eOne for the year ended December 29, 2019, after giving effect to the eOne Acquisition as if it had been consummated on December 31, 2018.

These pro forma results do not represent financial results that would have been realized had the acquisition actually occurred on December 31, 2018, nor are they intended to be a projection of future results. The pro forma financial information is presented for illustrative purposes only and does not reflect the costs of any integration activities or cost savings or synergies that may be achieved as a result of the acquisition.

	Year Ended December 29, 2019			
	Hasbro As Reported	eOne (under U.S. GAAP)	Pro Forma Adjustments ⁽¹⁾	Pro Forma Combined
Net Revenues	\$ 4,720,227	\$ 1,215,773	\$ -	\$ 5,936,000
Operating Profit	\$ 652,050	\$ 52,321	\$ (14,556)	\$ 689,815
Non-GAAP Adjustments	17,778	110,637	14,556	142,971
Adjusted Operating Profit *	<u>\$ 669,828</u>	<u>\$ 162,958</u>	<u>\$ -</u>	<u>\$ 832,786</u>

* Reconciliation to Pro Forma Adjusted results is as follows:

Net Earnings (Loss)	\$ 520,454	\$ (22,134)	\$ (152,409)	\$ 345,911
Interest Expense	101,878	45,845	75,351	223,074
Other (Income) Expense, net	(44,038)	27,720	74,752	58,434
Income Tax Expense (Benefit)	73,756	(4,512)	(12,250)	56,994
Net Earnings Attributable to Noncontrolling Interests	-	5,402	-	5,402
Operating Profit	<u>652,050</u>	<u>52,321</u>	<u>(14,556)</u>	<u>689,815</u>
<u>Non-GAAP Adjustments</u>				
Hasbro:				
eOne Acquisition Costs	17,778	-	(17,778)	-
eOne:				
Restructuring and Related Charges	-	33,408	-	33,408
Acquisition Costs - eOne Deals	-	11,175	-	11,175
Hasbro Transaction Costs	-	6,489	(6,489)	-
Acquired Intangible Amortization	-	59,565	38,823	98,388
	<u>17,778</u>	<u>110,637</u>	<u>14,556</u>	<u>142,971</u>
Adjusted Operating Profit	<u>\$ 669,828</u>	<u>\$ 162,958</u>	<u>\$ -</u>	<u>\$ 832,786</u>

⁽¹⁾ The pro forma results include certain pro forma adjustments to net earnings that were directly attributable to the acquisition, as if the acquisition had occurred on December 31, 2018, including the following:

- elimination of acquisition and deal costs of \$17,778 incurred by Hasbro and \$6,489 incurred by eOne related to the eOne acquisition, included in Selling, Distribution and Administration;
- additional amortization expense of \$38,823 that would have been recognized as a result of the allocation of purchase consideration to definite-lived intangible assets subject to amortization;
- estimated differences in Interest Expense of \$75,351 as a result of incurring new debt and extinguishing historical eOne debt;
- total adjustments to Other (Income) Expense, net of \$74,752, consisting of:
 - elimination of \$19,812 expense related to premiums paid by eOne in connection with the early redemption of its senior secured notes and the related write-off of unamortized deferred finance charges associated with the senior secured notes, and
 - elimination of \$94,564 net gain related to the mark to market of foreign exchange forward and option contracts, which the Company entered into in order to hedge a portion of the British pound sterling purchase price for the eOne acquisition; and
- the income tax effect of the pro forma adjustments in the amount of \$12,250, calculated using a blended statutory income tax rate of 22.5% for the eOne adjustments and 21% for the Hasbro interest adjustments.

HASBRO, INC.

SUPPLEMENTAL FINANCIAL DATA

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited)

(Thousands of Dollars and Shares, Except Per Share Data)

See "Reconciliation of 2019 As Reported to Pro Forma Results" for the pro forma and non-GAAP adjustments.

Reconciliation of Net Earnings and Earnings per Share

	Quarter Ended	
	Pro Forma December 29, 2019	Pro Forma Diluted Per Share Amount ⁽¹⁾
<i>(all adjustments reported after-tax)</i>		
Net Earnings Attributable to Hasbro, Inc.	\$ 95,468	\$ 0.69
Acquired Intangible Amortization ⁽²⁾	19,063	0.14
Pro Forma eOne Adjustments	9,288	0.07
Pension ⁽³⁾	143	-
Net Earnings Attributable to Hasbro, Inc., as Adjusted	<u>\$ 123,962</u>	<u>\$ 0.90</u>

	Year Ended	
	Pro Forma December 29, 2019	Pro Forma Diluted Per Share Amount ⁽¹⁾
<i>(all adjustments reported after-tax)</i>		
Net Earnings Attributable to Hasbro, Inc.	\$ 345,911	\$ 2.51
Acquired Intangible Amortization ⁽²⁾	76,251	0.55
Pro Forma eOne Adjustments	34,552	0.25
Pension ⁽³⁾	85,995	0.63
Net Earnings Attributable to Hasbro, Inc., as Adjusted	<u>\$ 542,709</u>	<u>\$ 3.94</u>

⁽¹⁾ 2019 Pro Forma Diluted Per Share Amount is calculated using weighted average shares outstanding of 137,586 for the quarter and year ended December 29, 2019, which includes the pro forma impact of issuing shares associated with the financing of the eOne Acquisition.

⁽²⁾ The Company incurred incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition.

⁽³⁾ In the second quarter of 2019, the Company recognized a \$110,778 non-cash charge (\$85,995 after-tax) related to the settlement of its U.S. defined benefit pension plan. In the fourth quarter of 2019, the Company recognized an additional \$185 non-cash charge (\$143 after-tax) related to the settlement.