



**Third Quarter 2025  
Financial Results Conference Call Management Remarks  
October 23, 2025**

**Fred Wightman, Vice President, Investor Relations**

Thank you and good morning, everyone.

Joining me today are Chris Cocks, Hasbro's chief executive officer, and Gina Goetter, Hasbro's chief financial officer and chief operating officer. Today, we will begin with Chris and Gina providing commentary on the Company's performance. Then we will take your questions.

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

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

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

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

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

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

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

I would now like to introduce Chris Cocks, Chris.

## Chris Cocks, Hasbro CEO

Thanks, Fred, and good morning.

Hasbro delivered another strong quarter in Q3, extending our growth trajectory in 2025. Net revenue and operating profit both showed robust year-over-year gains, underscoring the power of our *Playing to Win* strategy which positions Hasbro as a diversified, digitally forward play company uniquely resilient in today's tariff-sensitive market.

Key drivers were MAGIC, MARVEL, MONOPOLY, PEPPA PIG, BEYBLADE, and GI JOE, brands exemplifying durable, diversified growth that differentiate Hasbro from traditional competitors.

Year-to-date, revenue is up 7%, and adjusted operating profit has increased 14%. We anticipate full-year revenue growth in the high-single digits and adjusted operating profit growth exceeding 20%.

MAGIC continues to outperform expectations, posting 40% growth year-to-date. This success is fueled by unprecedented new player acquisition and standout collaborations with brands like *Spider-Man* and *Final Fantasy*. Our Universes Beyond strategy, leveraging MAGIC'S depth with beloved IPs, is generating extraordinary engagement. Looking ahead, we'll build on this momentum in 2026 with original Magic IP sets and blockbuster collaborations, including Teenage Mutant Ninja Turtles, The Hobbit, Star Trek, and Marvel Superheroes.

Interest indicators like event attendance, search metrics, MagicCon participation, sales in new channels like Mass and convenience and player growth - - - are all at record levels. We expect momentum to continue into the fourth quarter fueled by upcoming MAGIC releases including *The Last Airbender* and *Final Fantasy's* holiday set, alongside sustained momentum in Secret Lair & backlist offerings.

Wizards of the Coast is more than MAGIC. The refreshed 2024 editions of D&D's *Monster Manual*, *Players Handbook*, and DM Guide are off to the strongest-ever start for D&D books. D&D BEYOND'S new, accessible virtual tabletop has driven weekly traffic up nearly 50% since its September launch.

Meanwhile, our digital licensing business, highlighted by *Monopoly Go!* and our recent launch of *Sorry! World* with Gameberry Labs, continues to outperform, with both games topping mobile player charts.

In digital gaming, the Game Awards this December will showcase some new announcements from Hasbro including updates on our upcoming sci-fi RPG, *Exodus*, further cementing our commitment to innovative digital play experiences.

Consumer Products met our Q3 expectations, although retailer shifts pushed some revenue into Q4. We anticipate a solid bounce-back in the fourth quarter, driven by innovation, entertainment tie-ins, and strategic partnerships.

Key highlights include momentum from PEPPA PIG and MARVEL'S blockbuster content lineup, steady growth from BEYBLADE, GI JOE's rebound post-supplier transition, and solid traction for new products like NANO-MALS, DJ FURBY, Baby Evie, Star Wars Kyber Forge Lightsabers, PRIORITIES, and PLAY- DOH Barbie.

Retail shelf resets since late August have led to a mid-single digit POS increase entering the holiday season and share gains for Hasbro across our focus categories.

We expect Consumer Products to finish the year down mid-single digits, primarily impacted by tariffs. However, because of our proactive supply-chain diversification initiatives, we expect that by year-end 2026, no single country outside the U.S. will represent more than a third of Hasbro's supply chain. Additionally, new vendor and manufacturing partnerships will unlock attractive pricing opportunities globally from bodegas in Santiago to dollar stores in Peoria, expanding our retail footprint and total addressable market significantly.

After a long turnaround effort, we expect Q4 to be the start of a long term growth period for our Toys business driven by innovation, a killer entertainment slate, and new partnerships. Just this week, we announced an exciting collaboration tied to Netflix's hit film *K-Pop Demon Hunters*. Product is expected to hit shelves in 2026, but for fans who can't wait, preorders are already live for our MONOPOLY DEAL card game inspired by the film.

In summary, Q3 reinforces that Hasbro's *Playing to Win* strategy is delivering results. We're confident in our ability to sustain long-term growth through diversified digital initiatives, strategic partnerships, and resilience against external pressures.

Before I close, I want to thank our incredible employees and partners around the world. Hasbro's return to growth is a direct result of your creativity, focus, and belief in inspiring a lifetime of play.

Now, over to Gina.

## **Gina Goetter, Hasbro CFO and COO**

Thanks, Chris, and good morning, everyone.

We delivered another solid quarter, outperforming expectations on revenue and profit while operating with discipline in a dynamic macro environment. Our results reflect the strength of Wizards, ongoing cost transformation, and continued progress toward our 2027 profitability goals.

Net revenue in the third quarter was \$1.4 billion, up 8% versus last year, driven by double-digit growth in Wizards and steady execution across Consumer Products. Adjusted operating profit increased 8% to \$356 million, with an adjusted operating margin of 25.6%, holding steady versus last year despite increased cost pressure. Adjusted earnings per diluted share were \$1.68, down 3% driven by a higher tax rate and F/X impacts.

Year-to-date, total Hasbro revenue is up 7%, and adjusted operating profit has increased 14%, underscoring the strength of our diversified portfolio and the impact of our transformation efforts. The growth in MAGIC, coupled with sequential improvement in Consumer Products, is fueling our overall financial performance.

Turning to our Segments, Wizards once again led our performance in the quarter. Revenue grew 42% to \$572 million, with broad-based gains across both Tabletop and Digital.

MAGIC revenue increased 55% to \$459 million, driven by engagement with our Universes Beyond sets, our core IP *Edge of Eternities*, as well as continued momentum across Secret Lair and backlist product.

Operating profit rose 39% to \$252 million, delivering an exceptional 44% operating margin, reflecting the positive benefit of scale and mix within the MAGIC portfolio.

Consumer Products navigated a complex quarter and the team demonstrated agility as we adjusted to delayed on-shelf dates from retailers and lapped a difficult comparison last year in licensing.

Revenue of \$797 million was down 7% versus last year, with growth in Europe offsetting softer performance in North America. Adjusted operating profit was \$89 million, with an 11.2% margin compared to 15.1% last year. The margin change was driven primarily by tariff expense and unfavorable mix, offset in part by productivity improvements across our supply chain and expense management.

The Entertainment segment delivered revenue of \$19 million, up 8% and an adjusted operating margin of 61%, which is consistent with the asset-light model we're building in this segment.

Year-to-date adjusted EBITDA stands at \$989 million, up 11% versus last year, demonstrating the combined impact of top-line growth, operational excellence, and disciplined investment.

Year-to-date, we generated \$490 million in operating cash flow, returned \$294 million to shareholders via the dividend, and spent \$120 million on debt reduction through the combination of bond repurchases and prefunding our 2026 maturity via treasuries, a proactive step that provides flexibility while keeping us ahead of our long-term leverage targets.

We continue to see tangible benefits from our cost transformation efforts. Through the first nine months, we've delivered approximately \$150 million in realized gross savings, keeping us on track to achieve our full-year target.

Operational efficiencies, expense management, and productivity gains across sourcing and logistics are driving strong margin performance even as we absorb higher royalty costs at Wizards and trade-related headwinds in Consumer Products. These savings are translating directly into margin resilience and giving us the flexibility to reinvest behind our highest-return growth engines.

We're executing our tariff remediation playbook decisively, mitigating risk and protecting profitability. Maintaining our assumption that the China tariff rate stays at 30% and Vietnam at 20%, we continue to expect \$60M of impact in our 2025 P&L.

Owned inventory levels remain healthy and firmly aligned with our year-end targets. We believe we have appropriate inventory in our warehouses to fulfil the anticipated holiday build & replenishment orders. With a robust entertainment lineup scheduled for 2026, we remain laser focused on exiting the year with clean company-owned and retail inventories.

We are continuing with our diversification efforts to build resiliency across the supply chain and coupling those with the incredible growth in MAGIC, by 2026 we expect approximately 30% of our total Hasbro Toy & Game revenue will be sourced from China and 30% of our revenue will be based in the U.S. as we opportunistically lean into our U.S. manufacturing capacity.

As we enter the final quarter, our momentum remains strong and we are raising full-year guidance. We now expect Hasbro revenue to grow high single-digits with an adjusted operating margin between 22–23%. This results in our Adjusted EBITDA increasing to approximately \$1.25 billion at the mid-point.

For Wizards, we expect full-year revenue growth between 36 to 38% with an operating margin of approximately 44%. This improved guidance reflects the MAGIC over-delivery in Q3 and sustained engagement and high demand through year-end releases.

In Consumer Products, we are holding our latest guidance and continue to expect revenue to decline 5–8% year-over-year, with margins between 4–6% as productivity works to mitigate cost pressures.

Our capital allocation priorities are unchanged, and with our updated outlook we will likely achieve our 2.5x leverage target at the end of this year. The Board has declared a quarterly dividend of \$0.70 per share, consistent with our capital allocation priorities to return cash to shareholders.

We remain focused on execution and operational efficiency in our core toy business. At the same time, we're thoughtfully investing for the future with a disciplined, returns-driven approach, particularly in digital gaming and with strategic partners who help bring our brands to new audiences and categories.

We are on track to close the year from a position of strength, delivering profitable growth, deepening engagement in our most valuable brands, and advancing toward our long-term financial and strategic goals.

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