

Hasbro Investor Day, October 4, 2022

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As Chris noted, this is a new day for Hasbro, and we are intently focused on the strategic evolution of our Blueprint with the introduction of Blueprint 2.0.

With the consumer as our north star, unlocking brand value through the lens of multigenerational play takes on even more importance. For us that means an integrated and disciplined approach across all consumer touchpoints...toys, gaming, digital gaming, entertainment, and licensed consumer products. And again, Brands and Content will fuel our Blueprint 2.0 but the consumer will continue to be the focal point and the spark at the center.

As we shift our mindset from toymaker to global branded entertainment leader, we're unlocking all new opportunities. We'll look to monetize our vault of IP across multimedia channels, evaluating what makes strategic sense for each brand and to deliver superior returns. So let me spend a minute sharing some of the ways we're going to do this.

We have accelerated investment and increased focus on analytics and insights to put our consumer at the center as we build multi-generational brands. This is our AIM advantage. AIM is our Analytics, Insights & Measurement team, which connects all of Hasbro to gather the most relevant and timely consumer data. We have grown investment in AIM by +30% over the past two years, enabling us to develop key capabilities such as broad, proprietary consumer panels, simulated test marketing, and bespoke brand trackers that allow us to comprehensively understand engagement with our brands across entertainment, toy and digital experiences.

In games in particular, through investments in market analytics and direct consumer inquiry, we have an industry leading understanding of the digital games and tabletop markets. Across Hasbro's digital investments, we engage with over 15M monthly active users, enabling us to understand their play and spend behaviors.

Investment in Hasbro's analytics platforms has resulted in a "big data" system that is cloud-enabled and data-science ready. We are now poised to leverage a unique opportunity to build predictive models and analyses based on combined consumer data across all of Hasbro.

These consumer analytics will accelerate our transition from Toy Makers to Brand Builders. A key element of our future success will be our laser focus on fewer, bigger, more profitable brands that showcase our leadership in preschool, games, creativity, outdoor and action brands across an expanded range of consumers. Ultimately, we will leverage scale to deliver both top and bottom-line growth across the company while exiting unprofitable categories and partnerships.

The prize...through More Franchise Focus & Brand Building we will create three, One Billion Dollar Brands versus one today, and drive meaningful growth across our other Franchise and Portfolio brands. Our most profitable brands will lead the way... with a stronger focus on gaming Including MTG, D&D and HASBRO GAMING, in addition to NERF, PEPPA PIG, TRANSFORMERS and PLAY-DOH.

In addition to our Franchise Brands, we have important partner brands like Star Wars and Marvel. Lastly, our portfolio brands which we feel have high upside in both revenue and profitability in the future. These brands are uniquely situated to drive the Blueprint 2.0 for many years to come.

Powered by entertainment and play experiences, they allow us to expand our Toy business in categories where we have leadership, our licensing business to reach the consumer in new and unexpected ways and our Direct Business to reach fans with innovative, higher margin products.

This approach will allow us to maximize brand value and drive shareholder return. And, while in the short term we may lose manufacturer market share in the categories where we chose to out license, over time this more profitable approach to brand building will lead to greater overall market share for Hasbro.

This approach increases the total addressable market across all Toy and Game categories, Digital Gaming and complimentary hard- and soft-line businesses, as more companies will be manufacturing and marketing products for our brands.

Now that you understand our approach, let's talk about our three pillars of growth. We are targeting mid-single digit revenue growth and expansion of our operating profit margin, which will be supported by these key growth pillars:

First, Franchise Brand Innovation & Games Leadership: We have introduced a new innovation investment model across the company – with a focused approach to brand development, focusing our manufacturing and marketing on categories where we have the opportunity to be #1 in market share globally in a highly-profitable way: Gaming, Action Brands, Outdoor Sports, Sports Collectibles, Arts & Crafts and Preschool.

This approach has allowed us to both maximize our existing categories and expand our Total Addressable Market in Toy and Game to over \$40B, with our entry into Sports Collectibles, in addition to allowing us to focus our efforts and move away from unprofitable licenses. In 2021, Hasbro was the leader in four super categories (Arts and Crafts, Action Figures and Accessories, Games and Puzzles, Outdoor and Sports Toys) which represented 40% of total toys and games sales and a total addressable market of \$26BN across the G10. Through YTD August 2022, Hasbro has a combined 12% share among these super categories, as per NPD.

We will drive our Franchise Brands across the Blueprint 2.0 to maximize total brand value.

To support our core brand growth, we will continue to invest in Entertainment & Content to fuel the Franchise flywheel taking a long-term view to content creation over 3-5 years, including Animation, Feature Films, Unscripted and Scripted TV.

This approach creates an always-on strategy leveraging multiple platforms to reach the broadest group of consumers for years to come. You'll hear more about this from the team shortly.

Second, our new approach opens up significant opportunity to expand our high margin Licensed Consumer Products business. When we compliment Hasbro's toy and game business with the power of our licensed consumer products team, we not only magnify brand exposure and consumer reach but also improve brand profitability through the addition of high margin items.

Our licensing plan will take us to over \$400M in royalties earned over the next five years, with a 10% CAGR and an operating profit that is 2-3x higher than the company average. This will equate to over \$5B in retail sales and should position us to be a top Entertainment Licensor behind only Disney Consumer Products.

Hasbro's vault of over 1500 brands creates a unique opportunity for us to out-license brands or product categories that are outside of our key focus areas. LITE BRIGHT, TONKA and LITTLEST PET SHOP all build out the full brand experience for the consumer while generating high margin returns and creating upside opportunities.

And finally, we are aggressively investing to drive our Hasbro Direct business, inclusive of HASBRO PULSE, SECRET LAIR, *Magic Arena* and our recently acquired D&D BEYOND. Hasbro's unique approach to building destinations "Where Fans Come First" creates a direct connection with our consumer. We are investing for growth and calculated expansion as we double down to serve our high value fan customers, with unique product and brand experiences tailored to their interests.

This allows for accelerated growth that is member led and expands our highly profitable fan business into new categories and geographies.

We believe that Hasbro Direct has the potential within the next five years to drive over \$1B in high-margin, direct sales annually. Our Hasbro Direct business is powered today by over 20MM consumer engagements with our goal over 50 MM active consumer engagements across HASBRO PULSE, SECRET LAIR, *Magic Arena* and D&D BEYOND, and new initiatives that we are actively pursuing.

Our teams are here today and will share more about the work we are doing in our Direct business.

Now I will outline the significant operational savings opportunity that comes from the Blueprint 2.0 and increased rigor around thresholds for brand investment.

We believe that over the next three years, we will build to \$250 - \$300M in cost savings annually, with \$150M planned in 2023 alone. This improvement will be driven through our focus on fewer, bigger, better brands, our end-to-end execution and significant supply chain transformation, all of which will drive profit margin improvements and the ensuing cost savings mentioned above. To ensure our success, we recently established the Hasbro Transformation Office, backed by some of our strongest internal talent, to drive and deliver against the initiatives tied to our Blueprint reinvention, capture operational savings and the associated re-investment.

Let me discuss this in a bit more detail...Led by the HTO, we initiated an extensive review of our cost drivers across the company and identified three key areas of savings.

First our approach to Fewer, Bigger Brands: A right-sized portfolio will improve efficiencies and reduce costs in product development, manufacturing and overhead...for example we have already deployed a 20% reduction in item development as we removed inefficient SKUs that weren't generating meaningful consumer demand, saving both tooling and resource requirements. In conjunction with our focus on play system innovation, this approach will allow us to direct our best resources towards innovation that will generate the greatest ROI.

Second, how we are doubling down on our end-to-end execution. Through market evaluation we have identified opportunities for cost savings and profit growth as we move away from a one-size-fits-all global approach to a more bespoke model that best leverages the dynamics of each market.

For example, we believe that in many markets, a strong focus on ecommerce is a critical element to our strategy. With 62% of sales being digitally influenced, and ecomm sales forecasted to outgrow other channels over the next four years, Digital Commerce will continue to be a critical driver of market penetration. We will find cost savings as we shift out of underperforming geographies focused on brick and mortar and migrate those customers to digital commerce solutions.

Through our already successful approach, we are currently a leading T&G manufacturer on Amazon globally and now we're applying our expertise to other platforms around the world. Leveraging Digital Commerce solutions will improve our speed to market, extend consumer reach and accelerate share shift.

And, finally, Supply Chain transformation is a key driver of our operational cost savings opportunity. We are laser focused on modernizing and developing the capabilities across our supply chain to deliver productivity and performance. Through rigorous analysis on procurement, sourcing, demand planning, and logistics, we have found significant areas of opportunity to drive bottom line savings and performance improvement to our customers and

consumers. And we are already in the early days of implementing this plan and you'll hear more about this in our panel presentation today.

Again, with these three bold steps, we will generate \$250-\$300mm of cost savings annually.

Before I turn it over to our brand leaders, let me highlight some additional optimism for the coming year. With the Blueprint 2.0 in action, blockbuster storytelling, amazing play system innovation and cost savings performance, we are poised to grow our business.

Starting with Q4, this week we launched the highly anticipated NERF GelFire, Wordle: The Party Game and Black Panther: Wakanda Forever in collaboration with Marvel.

And in 23', our content calendar is stronger than ever. Led by Hasbro's own D&D and TRANSFORMERS, alongside a strong slate of partner content.

Several of these titles highlight our incredible partnerships here at Hasbro, with partners at Paramount, Sony and the Walt Disney Company. Regarding the Walt Disney company, for over 40 years, we've had a successful relationship covering their Disney, Marvel, and Star Wars brands and we have a bright future ahead of us...

Now, I'm thrilled to introduce several members of our leadership team to talk more about what's to come as we execute the Blueprint 2.0 to drive consumer-led innovation with a focus on bottom line performance in 2023 and beyond.