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 27, 2020
or

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

Commission File Number 1-6682

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 par value per share	HAS	The NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The number of shares of Common Stock, par value $.50 per share, outstanding as of October 26, 2020 was 137,030,619.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

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

	September 27, 2020	September 29, 2019	December 29, 2019
ASSETS			
Current assets			
Cash and cash equivalents including restricted cash of $71,200, $0 and $0	$ 1,132,405	1,060,432	4,580,369
Accounts receivable, less allowance for doubtful accounts of $23,700 $18,200 and $17,200	1,438,360	1,416,879	1,410,597
Inventories	540,039	589,132	446,105
Prepaid expenses and other current assets	648,158	346,687	310,450
Total current assets	3,758,962	3,413,130	6,747,521
Property, plant and equipment, less accumulated depreciation of $546,800 $496,700 and $505,900	477,154	371,881	382,248
Other assets			
Goodwill	3,644,118	485,042	494,584
Other intangible assets, net of accumulated amortization of $885,800 $771,700 and $783,500	1,546,810	658,350	646,305
Other	1,276,133	626,221	584,970
Total other assets	6,467,061	1,769,613	1,725,859
Total assets	$ 10,703,177	5,554,624	8,855,628
LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 10,032	7,903	503
Current portion of long-term debt	369,269	—	—
Accounts payable	466,172	501,136	343,927
Accrued liabilities	1,470,076	957,696	912,652
Total current liabilities	2,315,549	1,466,735	1,257,082
Long-term debt	4,777,807	1,696,204	4,046,457
Other liabilities	778,514	550,778	556,559
Total liabilities	7,871,870	3,713,717	5,860,098
Redeemable noncontrolling interests	22,876	—	—
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 27, 2020, 209,694,630 shares at September 29, 2019, and 220,286,736 shares at December 29, 2019	110,143	104,847	110,143
Additional paid-in capital	2,311,433	1,301,366	2,275,726
Retained earnings	4,192,434	4,180,331	4,354,619
Accumulated other comprehensive loss	(280,330)	(185,376)	(184,220)
Treasury stock, at cost; 83,256,622 shares at September 27, 2020; 83,442,005 shares at September 29, 2019; and 83,424,129 shares at December 29, 2019	(3,559,929)	(3,560,261)	(3,560,738)
Noncontrolling interests	34,680	—	—
Total shareholders' equity	2,808,431	1,840,907	2,995,530
Total liabilities, noncontrolling interests and shareholders' equity	$ 10,703,177	5,554,624	8,855,628

See accompanying condensed notes to consolidated financial statements.

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

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Net revenues	$ 1,776,623	1,575,173	$ 3,742,472	3,292,220
Costs and expenses:				
Cost of sales	610,105	627,119	1,126,044	1,230,800
Program cost amortization	85,424	28,028	268,245	58,105
Royalties	176,938	128,008	387,097	258,957
Product development	62,709	67,354	174,863	189,246
Advertising	137,408	140,256	311,415	309,659
Amortization of intangibles	36,172	11,814	107,685	35,445
Selling, distribution and administration	325,360	275,384	885,680	748,338
Acquisition and related costs	5,949	—	165,993	—
Total costs and expenses	1,440,065	1,277,963	3,427,022	2,830,550
Operating profit	336,558	297,210	315,450	461,670
Non-operating expense (income):				
Interest expense	49,400	22,764	153,702	67,096
Interest income	(713)	(5,486)	(6,411)	(19,164)
Other (income) expense, net	(11,327)	20,186	(15,429)	118,289
Total non-operating expense, net	37,360	37,464	131,862	166,221
Earnings before income taxes	299,198	259,746	183,588	295,449
Income tax expense	79,215	46,797	64,313	42,340
Net earnings	219,983	212,949	119,275	253,109
Net earnings (loss) attributable to noncontrolling interests	(915)	—	1,929	—
Net earnings attributable to Hasbro, Inc.	$ 220,898	212,949	$ 117,346	253,109
Net earnings per common share:				
Basic	$ 1.61	1.68	$ 0.86	2.00
Diluted	$ 1.61	1.67	$ 0.85	1.99
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
(Thousands of Dollars)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Net earnings	$ 219,983	212,949	$ 119,275	253,109
Other comprehensive earnings (losses):				
Foreign currency translation adjustments, net of tax	40,821	(16,447)	(98,144)	(6,120)
Unrealized holding (losses) gains on available-for-sale securities, net of tax	(809)	(155)	1,315	400
Net (losses) gains on cash flow hedging activities, net of tax	(5,655)	9,514	15,670	14,027
Changes in unrecognized pension amounts, net of tax	—	—	—	19,589
Reclassifications to earnings, net of tax:				
Net gains on cash flow hedging activities	(6,833)	(5,392)	(15,775)	(10,188)
Amortization of unrecognized pension and postretirement amounts	274	279	824	5,578
Settlement of U.S. defined benefit plan	—	—	—	85,852
Total other comprehensive earnings (loss), net of tax	27,798	(12,201)	(96,110)	109,138
Total comprehensive earnings (loss) attributable to noncontrolling interests	(915)	—	1,929	—
Total comprehensive earnings attributable to Hasbro, Inc.	$ 248,696	200,748	$ 21,236	362,247

See accompanying condensed notes to consolidated financial statements.

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

	Nine Months Ended	
	September 27, 2020	September 29, 2019
Cash flows from operating activities:		
Net earnings	$ 119,275	253,109
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of plant and equipment	94,100	101,016
Amortization of intangibles	107,685	35,445
Asset impairments	40,878	—
Program cost amortization	268,245	58,105
Deferred income taxes	12,549	(27,974)
Stock-based compensation	40,015	24,787
Non-cash pension settlement	—	110,777
Other non-cash items	(1,646)	13,347
Change in operating assets and liabilities net of acquired balances:		
Decrease (increase) in accounts receivable	165,593	(236,010)
Increase in inventories	(96,907)	(154,476)
(Increase) decrease in prepaid expenses and other current assets	(10,007)	2,440
Program spend, net	(294,597)	(43,857)
Increase in accounts payable and accrued liabilities	18,980	236,777
Change in net deemed repatriation tax	(18,364)	(14,550)
Other	48,511	30,632
Net cash provided by operating activities	494,310	389,568
Cash flows from investing activities:		
Additions to property, plant and equipment	(92,059)	(90,800)
Acquisitions, net of cash acquired	(4,403,929)	—
Other	24,297	4,340
Net cash utilized by investing activities	(4,471,691)	(86,460)
Cash flows from financing activities:		
Proceeds from borrowings with maturity greater than three months	1,036,037	—
Repayments of borrowings with maturity greater than three months	(147,324)	—
Net proceeds from other short-term borrowings	(319)	(1,425)
Purchases of common stock	—	(60,137)
Stock-based compensation transactions	1,830	29,737
Dividends paid	(279,423)	(250,760)
Payments related to tax withholding for share-based compensation	(5,935)	(13,061)
Redemption of equity instruments	(47,399)	—
Deferred acquisition payments	—	(100,000)
Debt acquisition costs	—	(21,534)
Other	(6,949)	—
Net cash provided (utilized) by financing activities	550,518	(417,180)
Effect of exchange rate changes on cash	(21,101)	(7,867)
Decrease in cash, cash equivalents and restricted cash	(3,447,964)	(121,939)
Cash, cash equivalents and restricted cash at beginning of year	4,580,369	1,182,371
Cash, cash equivalents and restricted cash at end of period	$ 1,132,405	1,060,432
Supplemental information		
Cash paid during the period for:		
Interest	$ 123,595	69,601
Income taxes	$ 66,008	64,917

See accompanying condensed notes to consolidated financial statements.

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

	Quarter Ended 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	$ 110,143	2,297,267	4,064,715	(308,128)	(3,559,990)	38,144	$ 2,642,151	$ 24,133
Net earnings attributable to Hasbro, Inc.	—	—	220,898	—	—	—	220,898	—
Net loss attributable to noncontrolling interests	—	—	—	—	—	(901)	(901)	(14)
Buyout of noncontrolling interest	—	606	—	—	—	—	606	—
Other comprehensive earnings	—	—	—	27,798	—	—	27,798	—
Stock-based compensation transactions	—	(325)	—	—	61	—	(264)	—
Stock-based compensation expense	—	13,885	—	—	—	—	13,885	—
Dividends declared	—	—	(93,179)	—	—	—	(93,179)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	—	—	—	—	(2,563)	(2,563)	(1,243)
Balance, September 27, 2020	$ 110,143	2,311,433	4,192,434	(280,330)	(3,559,929)	34,680	$ 2,808,431	$ 22,876

	Quarter Ended September 29, 2019							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, June 30, 2019	$ 104,847	1,290,540	4,053,266	(173,175)	(3,559,609)	—	$ 1,715,869	$ —
Net earnings	—	—	212,949	—	—	—	212,949	—
Other comprehensive loss	—	—	—	(12,201)	—	—	(12,201)	—
Stock-based compensation transactions	—	1,933	—	—	852	—	2,785	—
Purchases of common stock	—	—	—	—	(1,504)	—	(1,504)	—
Stock-based compensation expense	—	8,893	—	—	—	—	8,893	—
Dividends declared	—	—	(85,884)	—	—	—	(85,884)	—
Balance, September 29, 2019	$ 104,847	1,301,366	4,180,331	(185,376)	(3,560,261)	—	$ 1,840,907	$ —

See accompanying condensed notes to consolidated financial statements.

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

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	$ 110,143	2,275,726	4,354,619	(184,220)	(3,560,738)	—	$ 2,995,530	$ —
Noncontrolling interests related to acquisition of Entertainment One Ltd.	—	—	—	—	—	38,561	38,561	26,241
Net earnings attributable to Hasbro, Inc.	—	—	117,346	—	—	—	117,346	
Net earnings (loss) attributable to noncontrolling interests	—	—	—	—	—	2,067	2,067	(138)
Buyout of noncontrolling interest	—	606	—	—	—	—	606	—
Other comprehensive loss	—	—	—	(96,110)	—	—	(96,110)	—
Stock-based compensation transactions	—	(4,613)	—	—	508	—	(4,105)	—
Stock-based compensation expense	—	39,714	—	—	301	—	40,015	—
Dividends declared	—	—	(279,531)	—	—	—	(279,531)	—
Distributions paid to noncontrolling owners and other foreign exchange	—	—	—	—	—	(5,948)	(5,948)	(3,227)
Balance, September 27, 2020	$ 110,143	2,311,433	4,192,434	(280,330)	(3,559,929)	34,680	$ 2,808,431	$ 22,876

Nine Months Ended September 29, 2019

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, December 30, 2018	$ 104,847	1,275,059	4,184,374	(294,514)	(3,515,280)	—	$ 1,754,486	$ —
Net earnings	—	—	253,109	—	—	—	253,109	—
Other comprehensive earnings	—	—	—	109,138	—	—	109,138	—
Stock-based compensation transactions	—	1,756	—	—	14,920	—	16,676	—
Purchases of common stock	—	—	—	—	(60,137)	—	(60,137)	—
Stock-based compensation expense	—	24,551	—	—	236	—	24,787	—
Dividends declared	—	—	(257,152)	—	—	—	(257,152)	—
Balance, September 29, 2019	$ 104,847	1,301,366	4,180,331	(185,376)	(3,560,261)	—	$ 1,840,907	$ —

See accompanying condensed notes to consolidated financial statements.

(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 27, 2020 and September 29, 2019, and the results of its operations and cash flows and shareholders' equity for the periods then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes thereto. Actual results could differ from those estimates.

The quarters ended September 27, 2020 and September 29, 2019 were each 13-week periods. The nine-month periods ended September 27, 2020 and September 29, 2019 were each 39-week periods.

The results of operations for the quarter ended September 27, 2020 are not necessarily indicative of results to be expected for the full year 2020, nor were those of the comparable 2019 period representative of those actually experienced for the full year 2019.

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

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

Significant Accounting Policies

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

(Thousands of Dollars and Shares Except Per Share Data)

Noncontrolling Interests

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

Name	Country of Incorporation	Ownership Interest	Proportion Held	Principal Activity
Astley Baker Davies Limited	England and Wales	Nonredeemable	70 %	Ownership of intellectual property
Whizz Kid Entertainment Limited (1)	England and Wales	Redeemable	100 %	Production of television programs
MR Productions Holdings, LLC	United States	Redeemable	75 %	Film development
Renegade Entertainment, LLC	United States	Redeemable	65 %	Production of television programs
Round Room Live, LLC	United States	Nonredeemable	60 %	Production of live events

(1) During the third quarter of 2020, Entertainment One U.K. Holdings Ltd., a subsidiary of the Company, acquired the remaining 30% of Whizz Kid Entertainment Limited, making it a wholly owned affiliate of the Company.

Production Financing

Production financing relates to financing facilities for certain of the Company's television and film productions. Beginning in the first quarter of 2020 with the acquisition of eOne, the Company funded certain of its television and film productions using production financing facilities. Production financing facilities are secured by the assets and future revenues of the individual production subsidiaries, typically have maturities of less than two years while the titles are in production, and are repaid once the production is delivered and all tax credits, broadcaster pre-sales and international sales have been received. In connection with the production of a television or film program, the Company records initial cash outflows within cash flows from operating activities due to its investment in the production and concurrently records cash inflows within cash flows from financing activities from the production financing it normally obtains. Under these facilities, certain of the Company's cash is restricted while the financing is outstanding. At September 27, 2020, $71,194 of the Company's cash was restricted by such facilities.

Investment in Productions and Acquired Content Rights

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

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

<u>Recently Adopted Accounting Standards</u>

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

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

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

<u>Recently Issued Accounting Pronouncements</u>

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

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

(2) <u>Revenue Recognition</u>

<u>Revenue Recognition</u>

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.

(Thousands of Dollars and Shares Except Per Share Data)

Contract Assets and Liabilities

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

At September 27, 2020 and September 29, 2019, the Company had the following contract assets and liabilities in its consolidated balance sheets:

		September 27, 2020	September 29, 2019
Assets			
Contract assets - current	$	271,786	32,199
Contract assets - long term		84,892	12,802
Total	$	356,678	45,001
Liabilities			
Contract liabilities - current	$	147,554	48,465
Contract liabilities - long term		17,872	8,423
Total	$	165,426	56,888

In connection with the Company's acquisition of eOne, the Company acquired $283,329 of contract assets, of which $232,184 were recorded in Prepaid Expenses and Other Current Assets and $51,145 were recorded in Other Long-term Assets, within the Company's consolidated balances sheets. In addition, the Company acquired deferred revenues from eOne in the amount of $152,266, of which $144,094 were recorded in Accrued Liabilities and $8,172 were recorded in Other Non-current Liabilities within the Company's consolidated balance sheets. For the nine months ended September 27, 2020, the Company recognized all revenues related to the acquired current contract liabilities.

Contract assets and liabilities attributable to eOne represent approximately 80% and 56% of total contract asset balances and total contract liability balances, respectively, as of September 27, 2020.

Disaggregation of revenues

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

(3) Business Combination

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

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

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

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

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

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

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

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

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

	Initial Estimated Fair Value	Measurement Period Adjustments	Updated Estimated Fair Value
Cash, cash equivalents and restricted cash	$ 183,713	$ —	$ 183,713
Accounts receivable, net	259,061	36,093	295,154
Inventories	7,029	—	7,029
Other current assets	286,270	(570)	285,700
Property, plant and equipment (including right of use assets)	90,339	35,333	125,672
Intangible assets	1,055,249	751	1,056,000
Content assets - IIC and IIP	751,524	(140,234)	611,290
Other assets	183,209	(93,490)	89,719
Short-term borrowings	(11,011)	—	(11,011)
Current portion of long-term debt	(60,533)	(55,267)	(115,800)
Accounts payable, and accrued liabilities	(761,086)	58,344	(702,742)
Long-term debt	(149,118)	55,267	(93,851)
Other liabilities	(262,644)	34,878	(227,766)
Noncontrolling interests	(63,541)	(1,261)	(64,802)
Estimated fair value of net assets acquired	1,508,461	(70,156)	1,438,305
Goodwill	3,079,181	70,156	3,149,337
Total purchase price	$ 4,587,642	$ —	$ 4,587,642

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

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

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

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

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

Goodwill of $3,149,337 represents the excess of the purchase price over the fair value of the underlying tangible and identifiable intangible assets acquired and liabilities assumed. The acquisition goodwill represents the value placed on the combined company’s brand building capabilities, our storytelling capabilities and franchise economics in TV, film and other mediums to strengthen Hasbro brands. In addition, the acquisition goodwill depicts added benefits of long-term profitable growth through in-sourcing toy and game production for the acquired preschool brands and cost-synergies, as well as future revenue growth opportunities. The goodwill recorded as part of this acquisition is included in the newly created eOne segment. The goodwill associated with the acquisition will not be amortized for financial reporting purposes and will not be deductible for federal tax purposes.

Changes in the carrying amount of goodwill, by operating segment, for the quarter and nine months ended September 27, 2020 is as follows:

	Nine Months Ended September 27, 2020				
(in thousands of dollars)	U.S and Canada	International	Entertainment, Licensing and Digital	eOne	Total
Balance at December 29, 2019	$ 291,577	170,218	32,789	—	$ 494,584
Acquired during the period	—	—	—	3,079,181	3,079,181
Measurement period adjustments	—	—	—	70,156	70,156
Foreign exchange translation	—	188	9	—	197
Balance at September 27, 2020	$ 291,577	170,406	32,798	3,149,337	$ 3,644,118

The following table summarizes net revenues and loss before income taxes of eOne included in the Company's Consolidated Statement of Operations since the date of acquisition for the quarter and nine months ended September 27, 2020 (in thousands of dollars).

	Quarter Ended September 27, 2020	Nine Months Ended September 27, 2020
eOne:		
Net revenues	$ 193,474	$ 696,889
Loss before income taxes	(30,793)	(75,441)

For the quarter and nine months ended September 27, 2020 the Company incurred $5,949 and $165,993, respectively, of charges related to the eOne Acquisition, which are recorded in acquisition and related costs within the Company's Consolidated Statement of Operations.

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

- Acquisition and integration costs of $4,599 and $104,283 for the quarter and nine months ended September 27, 2020, respectively, including, for the nine months ended September 27, 2020, $47,399 of expense associated with the acceleration of eOne stock-based compensation and $38,168 of advisor fees settled at the closing of the acquisition, as well as integration costs; and

- Restructuring and related costs of $1,350 and $61,710 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 $1,350 and $20,832, respectively, as well as $40,878 in impairment charges for certain definite-lived intangible and production assets for the nine months ended September 27, 2020. The impairment charges of $40,878 were driven by the change in strategy for the combined company's entertainment assets.

For the quarter ended September 27, 2020, all acquisition and related costs were included in Corporate and Eliminations. For the nine months ended September 27, 2020, $77,729 and $20,831 of acquisition and related charges were included within the eOne and Entertainment, Licensing and Digital results, respectively. The remaining charges were included in Corporate and Eliminations.

Pursuant to Topic 805, unaudited supplemental pro forma results of operations for the quarter and nine months ended September 29, 2019, as if the acquisition of eOne had occurred on December 31, 2018, the first day of the Company's 2019 fiscal year are presented below (in thousands, except per share amounts):

	Quarter Ended September 29, 2019	Nine Months Ended September 29, 2019
Revenues	$ 1,858,483	$ 4,272,833
Net earnings	218,858	255,357
Net earnings attributable to Hasbro, Inc.	216,536	250,443
Net earnings per common share:		
Diluted	$ 1.57	$ 1.82
Basic	$ 1.57	$ 1.82

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

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

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

- transaction costs of $3,244 for the quarter and nine months ended September 29, 2019 incurred by eOne related to the eOne Acquisition, included in Selling, Distribution and Administration;

- additional amortization expense of $9,726 and $30,778 for the quarter and nine months ended September 29, 2019, respectively, that would have been recognized as a result of the allocation of purchase consideration to definite-lived intangible assets subject to amortization;

- estimated differences in interest expense of $19,105 and $57,316 for the quarter and nine months ended September 29, 2019, respectively, as a result of incurring new debt and extinguishing historical eOne debt;

(Thousands of Dollars and Shares Except Per Share Data)

- total reduction in Other Expense of $25,533 and $45,345 for the quarter and nine months ended September 29, 2019, respectively, consisting of:
  - $25,533 for the quarter and nine months ended September 29, 2019 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
  - $19,812 for the nine months ended September 29, 2019 related to premiums paid by eOne in connection with the 2019 early redemption and refinancing of its senior secured notes and the related write-off of unamortized deferred finance charges associated with the senior secured notes;
- the income tax effect of the pro forma adjustments resulted in income tax benefits of $683 and $8,707 for the quarter and nine months ended September 29, 2019, respectively, calculated using a blended statutory income tax rate of 22.5% for the eOne amortization and elimination of historical interest adjustments, and a blended statutory tax rate of 21% for the interest on the new debt.

(4) Earnings Per Share

Net earnings per share data for the quarters and nine months ended September 27, 2020 and September 29, 2019 were computed as follows:

	2020		2019	
Quarter	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings attributable to Hasbro, Inc.	$ 220,898	220,898	$ 212,949	212,949
Average shares outstanding	137,258	137,258	126,453	126,453
Effect of dilutive securities:				
Options and other share-based awards	—	232	—	751
Equivalent Shares	137,258	137,490	126,453	127,204
Net earnings attributable to Hasbro, Inc. per common share	$ 1.61	1.61	$ 1.68	1.67

	2020		2019	
Nine Months	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings attributable to Hasbro, Inc.	$ 117,346	117,346	$ 253,109	253,109
Average shares outstanding	137,214	137,214	126,356	126,356
Effect of dilutive securities:				
Options and other share-based awards	—	251	—	600
Equivalent Shares	137,214	137,465	126,356	126,956
Net earnings attributable to Hasbro, Inc. per common share	$ 0.86	0.85	$ 2.00	1.99

For the quarter and nine months ended September 27, 2020, options and restricted stock units totaling 2,852 and 3,046, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been anti-dilutive. For the quarter ended September 29, 2019, no options or restricted stock units were anti-dilutive. For the nine months ended September 29, 2019, options and restricted stock units totaling 1,088 were excluded from the calculation of diluted earnings per share because to include them would have been anti-dilutive.

(Thousands of Dollars and Shares Except Per Share Data)

(5) 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 27, 2020 and September 29, 2019.

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Other comprehensive earnings (loss), tax effect:				
Tax benefit (expense) on unrealized holding gains (losses)	$ 235	46	$ (381)	(116)
Tax benefit (expense) on cash flow hedging activities	285	(570)	(5,474)	(524)
Tax benefit on foreign currency translation adjustments	—	—	8,406	—
Tax expense on changes in unrecognized pension amounts	—	—	—	(5,687)
Reclassifications to earnings, tax effect:				
Tax expense on cash flow hedging activities	1,928	703	3,379	1,237
Amortization of unrecognized pension and postretirement amounts	(80)	(80)	(239)	(1,619)
Tax benefit on settlement of U.S defined benefit plan	—	—	—	(24,925)
Total tax effect on other comprehensive earnings (loss)	$ 2,368	99	$ 5,691	(31,634)

Changes in the components of accumulated other comprehensive earnings (loss) for the nine months ended September 27, 2020 and September 29, 2019 are as follows:

	Pension and Postretirement Amounts	Gains (Losses) on Derivative Instruments	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss
2020					
Balance at December 29, 2019	$ (36,129)	(5,232)	(230)	(142,629)	(184,220)
Current period other comprehensive earnings (loss)	824	(105)	1,315	(98,144)	(96,110)
Balance at September 27, 2020	$ (35,305)	(5,337)	1,085	(240,773)	(280,330)
2019					
Balance at December 30, 2018	$ (143,134)	1,549	(744)	(152,185)	(294,514)
Current period other comprehensive earnings (loss)	111,019	3,839	400	(6,120)	109,138
Balance at September 29, 2019	$ (32,115)	5,388	(344)	(158,305)	(185,376)

Gains (Losses) on Derivative Instruments

At September 27, 2020, the Company had remaining net deferred gains on foreign currency forward contracts, net of tax, of $11,534 in accumulated other comprehensive loss ("AOCE"). These instruments hedge payments related to inventory purchased in the third quarter of 2020 or forecasted to be purchased during the remainder of 2020 through 2022, intercompany expenses expected to be paid or received during 2020, television and movie production costs paid in 2020, and cash receipts for sales made at the end of the third quarter of 2020 or forecasted to be made in the remainder of 2020 and, to a lesser extent, 2021 through 2022. These amounts will be reclassified into the consolidated statements of operations upon the sale of the related inventory or recognition of the related sales or expenses.

(Thousands of Dollars and Shares Except Per Share Data)

In addition to foreign currency forward contracts, the Company entered into hedging contracts on future interest payments related to the long-term notes due in 2021 and 2044. At the date of debt issuance, these contracts were terminated and the fair value on the date of settlement was deferred in AOCE and is being amortized to interest expense over the life of the related notes using the effective interest rate method. At September 27, 2020, deferred losses, net of tax of $16,871 related to these instruments remained in AOCE. For the quarters ended September 27, 2020 and September 29, 2019, previously deferred losses of $450, were reclassified from AOCE to net earnings. For the nine-month periods ended September 27, 2020 and September 29, 2019, previously deferred losses of $1,349 were reclassified from AOCE to net earnings.

Of the amount included in AOCE at September 27, 2020, the Company expects net gains of approximately $8,143 to be reclassified to the consolidated statements of operations within the next 12 months. However, the amount ultimately realized in earnings is dependent on the fair value of the hedging instruments on the settlement dates.

(6) Accrued Liabilities

Components of accrued liabilities for the periods ended September 27, 2020, September 29, 2019 and December 29, 2019 were as follows:

	September 27, 2020	September 29, 2019	December 29, 2019
Royalties	$ 206,645	$ 178,100	$ 196,558
Advertising	131,481	130,434	59,440
Payroll and management services	89,197	72,032	85,635
Dividends	93,180	85,852	93,067
Severance	41,707	55,066	35,039
Participations and Residuals	309,156	9,742	10,432
Other Taxes	70,553	52,457	66,715
Lease liability -Current	42,814	29,489	30,673
Accrued income taxes	18,364	26,366	14,276
Deferred revenue	147,554	49,381	48,465
Other	319,425	268,777	272,352
Total accrued liabilities	$ 1,470,076	$ 957,696	$ 912,652

(Thousands of Dollars and Shares Except Per Share Data)

(7) 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 27, 2020, September 29, 2019 and December 29, 2019, the carrying cost of these instruments approximated their fair value. The Company's financial instruments at September 27, 2020, September 29, 2019 and December 29, 2019 also include certain assets and liabilities measured at fair value (see Notes 10 and 11) as well as long-term borrowings. The carrying costs, which are equal to the outstanding principal amounts, and fair values of the Company's long-term borrowings as of September 27, 2020, September 29, 2019 and December 29, 2019 are as follows:

	September 27, 2020		September 29, 2019		December 29, 2019	
	Carrying Cost	Fair Value	Carrying Cost	Fair Value	Carrying Cost	Fair Value
3.90% Notes Due 2029	$ 900,000	947,520	$ —	—	$ 900,000	893,430
3.55% Notes Due 2026	675,000	716,108	—	—	675,000	680,670
3.00% Notes Due 2024	500,000	531,850	—	—	500,000	502,150
6.35% Notes Due 2040	500,000	587,400	500,000	587,850	500,000	581,600
3.50% Notes Due 2027	500,000	518,750	500,000	511,200	500,000	500,550
2.60% Notes Due 2022	300,000	310,680	—	—	300,000	300,960
5.10% Notes Due 2044	300,000	313,350	300,000	310,080	300,000	301,980
3.15% Notes Due 2021	300,000	303,540	300,000	303,300	300,000	303,900
6.60% Debentures Due 2028	109,895	130,324	109,895	133,555	109,895	130,610
Variable % Notes Due December 30, 2022	400,000	400,000	—	—	—	—
Variable % Notes Due December 30, 2024	577,500	577,500	—	—	—	—
Production Financing Facilities	121,444	121,444	—	—	—	—
Total long-term debt	5,183,839	5,458,466	1,709,895	1,845,985	4,084,895	4,195,850
Less: Deferred debt expenses	36,763	—	13,691	—	38,438	—
Less: Current portion	369,269	—	—	—	—	—
Long-term debt	$ 4,777,807	5,458,466	$ 1,696,204	1,845,985	$ 4,046,457	4,195,850

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

In September 2019, the Company entered into a $1.0 billion Term Loan Agreement (the "Term Loan Agreement") with Bank of America N.A. ("Bank of America"), as administrative agent, and certain financial institutions as lenders, pursuant to which such lenders committed to provide, contingent upon the completion of the eOne Acquisition and certain other customary conditions to funding, (1) a three-year senior unsecured term loan facility in an aggregate principal amount of $400,000 (the "Three-Year Tranche") and (2) a five-year senior unsecured term loan facility in an aggregate principal amount of $600,000 (the "Five-Year Tranche" and together with the Three-Year Tranche, the "Term Loan Facilities"). Loans under the Term Loan Facilities bear interest at the Company's option, at either the Eurocurrency Rate or the Base Rate, in each case plus a per annum applicable rate that fluctuates (1) in the case of the Three-Year Tranche, between 87.5 basis points and 175.0 basis points, in the case of loans priced at the Eurocurrency Rate, and between 0.0 basis points and 75.0 basis points, in the case of loans priced at the Base Rate, and (2) in the case of the Five-Year Tranche, between 100.0 basis points and 187.5 basis points, in the case of loans priced at the Eurocurrency Rate, and between 0.0 basis points and 87.5 basis points, in the case of loans priced at the Base Rate, in each case, based upon the non-credit enhanced, senior unsecured long-term debt ratings of the Company by Fitch Ratings Inc., Moody's Investor Service, Inc. and S&P Global Rankings, subject to certain provisions taking into account potential differences in ratings issued to the relevant rating agencies or a lack of ratings issued by such rating agencies. Loans under the Five-Year Tranche 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 notes were drawn down on December 30, 2019, the closing date of the eOne Acquisition. During the first nine months of 2020, the Company made its required quarterly principal amortization payments totaling $22,500 on the Five-Year Tranche loans. As of September 27, 2020, the Company was in compliance with the financial covenants contained in the Term Loan Agreement.

(Thousands of Dollars and Shares Except Per Share Data)

Current portion long-term debt at September 27, 2020 of $369,269, as shown on the consolidated balance sheet, represents the $300,000 of 3.15% Notes that mature during the second quarter of 2021, as well as the current portion of required quarterly principal amortization payments for the Term Loan Facilities and other production financing facilities. All of the Company's other long-term borrowings have contractual maturities that occur subsequent to 2021 with the exception of certain of the Company's production financing facilities.

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

Production Financing

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

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

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

	Quarter Ended September 27, 2020
Production financing held by production subsidiaries	$ 121,444
Other loans	8,998
Total	$ 130,442
Production financing shown in the consolidated balance sheet as:	
Non-current	$ 82,175
Current	39,269
Total	$ 121,444

Other loans of $8,998, consist of production related demand loans, and are recorded within Short-term Borrowings in the Company's consolidated balance sheets.

(Thousands of Dollars and Shares Except Per Share Data)

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 27, 2020 was 5.1%.

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 27, 2020	$ 57,317	73,125	130,442

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

	Production Financing	Other Loans	Total
December 30, 2019	$ 209,651	9,102	218,753
Drawdowns	38,871	22,853	61,724
Repayments	(124,824)	(22,668)	(147,492)
Foreign exchange differences	(2,254)	(289)	(2,543)
Balance at September 27, 2020	$ 121,444	8,998	130,442

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

In connection with the Company's acquisition of eOne, the Company acquired eOne's library of television and film and music content rights, which amounted to $619,545 as of September 27, 2020 and was recorded in other assets within the Company's consolidated balance sheets.

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

Costs associated with the Company's investments in eOne productions and investments in acquired content rights consisted of the following at September 27, 2020:

	September 27, 2020
Film and TV Programming	
Released, less amortization	$ 477,329
Completed and not released	18,070
In production	51,001
Pre-production	41,144
	587,544
Other Programming	
Released, less amortization	11,511
Completed and not released	3,421
In production	9,057
Pre-production	8,012
	32,001
Total program costs	$ 619,545

(Thousands of Dollars and Shares Except Per Share Data)

The Company recorded $244,194 of program cost amortization related to the above programming in the nine months ended September 27, 2020, consisting of the following:

	Investment in Production	Investment in Content	Total
Program cost amortization	$ 172,630	71,564	244,194

(9) Income Taxes

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

Our effective tax rate ("ETR") from continuing operations was 35.0% for the nine months ended September 27, 2020 and 14.3% for the nine months ended September 29, 2019.

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

- during the nine months ended September 27, 2020, the Company recorded a discrete net tax benefit of $5,290 consisting of the following:
  - a tax benefit of $25,302 resulting from the eOne Acquisition and related costs incurred;
  - tax expense of $13,680 related to revaluation of tax attributes as a result of the United Kingdom's ("UK") enactment during the quarter of the Finance Act of 2020 which maintains the corporate income tax rate at 19%; and
  - tax expense of $6,332 primarily related to an increase of uncertain tax positions based on changes in management judgment.
- our estimated annual ETR increased to 19.9% from 18.2% as a result of the eOne Acquisition during the first nine months of 2020, and a change in the mix of forecasted income by jurisdiction.
- during the nine months ended September 29, 2019, the Company recorded a discrete net tax benefit of $31,674, of which $24,925 was associated with the settlement of the U.S. defined benefit pension plan liability and $6,749 primarily related to excess tax benefits on share-based payments and expiration of statutes of limitation of uncertain tax positions.

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

The Company is no longer subject to U.S. federal income tax examinations for years before 2016. 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 2014. The Company is currently under income tax examination in several U.S. state and local and non-U.S. jurisdictions.

(10) Fair Value of Financial Instruments

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

Accounting standards permit entities to measure many financial instruments and certain other items at fair value and establish presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar assets and liabilities. The Company has elected the fair value option for certain available-for-sale investments. At September 27, 2020, September 29, 2019 and December 29, 2019, these investments totaled $13,384, $24,916 and $25,518, respectively, and are included in prepaid expenses and other current assets in the consolidated balance sheets. In the second quarter of 2020, the Company liquidated $11,470 of these investments, which are included in Other Investing Activities in the consolidated statement of cash flows. The Company recorded net gains (losses) of 1,067 and $(144) on these investments in other (income) expense, net for the quarter and nine months ended September 27, 2020, respectively, related to the change in fair value of such instruments. For the quarter and nine month periods ended September 29, 2019, the Company recorded net gains of $566 and 1,293, respectively, in other (income) expense related to the change in fair value of such instruments.

(Thousands of Dollars and Shares Except Per Share Data)

At September 27, 2020, September 29, 2019 and December 29, 2019, the Company had the following assets and liabilities measured at fair value in its consolidated balance sheets (excluding assets for which the fair value is measured using net asset value per share):

	Fair Value Measurements Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 27, 2020				
Assets:				
Available-for-sale securities	$ 3,682	3,682	—	—
Derivatives	15,736	—	15,736	—
Total assets	$ 19,418	3,682	15,736	—
Liabilities:				
Derivatives	$ 372	—	372	—
Option agreement	20,615	—	—	20,615
Total liabilities	$ 20,987	—	372	20,615
September 29, 2019				
Assets:				
Available-for-sale securities	$ 1,148	1,148	—	—
Derivatives	54,030	—	54,030	—
Total assets	$ 55,178	1,148	54,030	—
Liabilities:				
Derivatives	$ 11,508	—	11,508	—
Option agreement	22,196	—	—	22,196
Total liabilities	$ 33,704	—	11,508	22,196
December 29, 2019				
Assets:				
Available-for-sale securities	$ 1,296	1,296	—	—
Derivatives	48,973	—	48,973	—
Total assets	$ 50,269	1,296	48,973	—
Liabilities:				
Derivatives	$ 5,733	—	5,733	—
Option agreement	22,145	—	—	22,145
Total Liabilities	$ 27,878	—	5,733	22,145

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

(Thousands of Dollars and Shares Except Per Share Data)

The Company's derivatives consist of foreign currency forward and option contracts and zero-cost collar options. The Company used current forward rates of the respective foreign currencies to measure the fair value of these contracts. The Company's option agreement relates to an equity method investment in Discovery Family Channel ("Discovery"). The option agreement is included in other liabilities at September 27, 2020, September 29, 2019 and December 29, 2019, and is valued using an option pricing model based on the fair value of the related investment. Inputs used in the option pricing model include the volatility and fair value of the underlying company which are considered unobservable inputs as they reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that this is the best information available for use in the fair value measurement. There were no changes in these valuation techniques during the nine-month period ended September 27, 2020.

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

	2020	2019
Balance at beginning of year	$ (22,145)	(23,440)
Gain from change in fair value	1,530	1,244
Balance at end of third quarter	$ (20,615)	(22,196)

In addition to the above, the Company has three investments for which the fair value is measured using net asset value per share. At September 27, 2020, September 29, 2019 and December 29, 2019, these investments had fair values of $13,384, $24,916 and $25,518, respectively. Two of the investments have net asset values that are predominantly based on underlying investments which are traded on an active market and are redeemable within 45 days. The third investment invests in hedge funds which are generally redeemable on a quarterly basis with 30 days – 90 days' notice.

(11) Derivative Financial Instruments

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

Cash Flow Hedges

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

At September 27, 2020, September 29, 2019 and December 29, 2019, the notional amounts and fair values of the Company's foreign currency forward contracts designated as cash flow hedging instruments were as follows:

	September 27, 2020		September 29, 2019		December 29, 2019	
Hedged transaction	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Inventory purchases	$ 315,924	9,148	$ 420,839	24,462	$ 398,800	8,727
Sales	111,760	3,940	212,062	7,231	124,920	4,037
Production financing and other	115,228	2,199	16,935	(137)	19,499	140
Total	$ 542,912	15,287	$ 649,836	31,556	$ 543,219	12,904

(Thousands 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 27, 2020, September 29, 2019 and December 29, 2019 as follows:

	September 27, 2020	September 29, 2019	December 29, 2019
Prepaid expenses and other current assets			
Unrealized gains	$ 13,357	22,529	12,133
Unrealized losses	(1,737)	(1,333)	(3,955)
Net unrealized gains	$ 11,620	21,196	8,178
Other assets			
Unrealized gains	$ 4,218	10,609	6,652
Unrealized losses	(179)	(249)	—
Net unrealized gains	$ 4,039	10,360	6,652
Accrued liabilities			
Unrealized gains	$ 680	—	293
Unrealized losses	(992)	—	(2,219)
Net unrealized losses	$ (312)	—	(1,926)
Other liabilities			
Unrealized gains	$ 13	—	—
Unrealized losses	(73)	—	—
Net unrealized losses	$ (60)	—	—

Net gains (losses) on cash flow hedging activities have been reclassified from other comprehensive earnings (loss) to net earnings for the quarters and nine months ended September 27, 2020 and September 29, 2019 as follows:

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Statements of Operations Classification				
Cost of sales	$ 7,116	4,678	$ 16,680	9,278
Net revenues	1,237	1,889	2,413	3,366
Other	859	(23)	1,410	129
Net realized gains	$ 9,212	6,544	$ 20,503	12,773

Undesignated Hedges

The Company also enters into foreign currency forward contracts to minimize the impact of changes in the fair value of intercompany loans due to foreign currency changes. The Company does not use hedge accounting for these contracts as changes in the fair values of these contracts are substantially offset by changes in the fair value of the intercompany loans. Additionally, with the acquisition of eOne during the first quarter of 2020, the Company continued eOne's balance sheet hedging program designed to manage transactional exposure to fair value movements on certain of eOne's foreign currency denominated monetary assets and liabilities. The Company does not use hedge accounting for these contracts as changes in the fair values of these contracts are offset by changes in the fair value of the balance sheet item. As of September 27, 2020, September 29, 2019 and December 29, 2019 the total notional amounts of the Company's undesignated derivative instruments were $538,892, $308,867 and $307,351, respectively.

(Thousands of Dollars and Shares Except Per Share Data)

At September 27, 2020, September 29, 2019 and December 29, 2019, the fair values of the Company's undesignated derivative financial instruments were recorded in the consolidated balance sheets as follows:

	September 27, 2020	September 29, 2019	December 29, 2019
Prepaid expenses and other current assets			
Unrealized gains	$ 3,294	2,630	—
Unrealized losses	(3,217)	(301)	—
Net unrealized gains	$ 77	2,329	—
Accrued liabilities			
Unrealized gains	$ —	164	13
Unrealized losses	—	(203)	(3,820)
Net unrealized losses	$ —	(39)	(3,807)
Total unrealized gains (losses), net	$ 77	2,290	(3,807)

The Company recorded net losses of $(6,914) and $(20,142) on these instruments to other (income) expense, net for the quarter and nine months ended September 27, 2020, respectively, and net gains of $10,121 and $16,705 on these instruments to other (income) expense, net for the quarter and nine months ended September 29, 2019, respectively, relating to the change in fair value of such derivatives, substantially offsetting gains and losses from the change in fair value of intercompany loans to which the contracts relate.

eOne Purchase Price Hedge

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

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

(12) Leases

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

For the quarter and nine months ended September 27, 2020, the Company's operating lease and other rental expenses were $22,281 and $67,564, respectively. For the quarter and nine months ended September 29, 2019, operating lease and other rental expenses were $8,907 and $26,982, 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 27, 2020 or September 29, 2019.

(Thousands of Dollars and Shares Except Per Share Data)

Information related to the Company's leases for the quarter and nine months ended September 27, 2020 and September 29, 2019 are as follows:

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 13,158	9,003	$ 38,774	27,817
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$ 2,097	1,363	$ 102,521	25,622
Weighted Average Remaining Lease Term				
Operating leases	6.2 years	6.4 years	6.2 years	6.4 years
Weighted Average Discount Rate				
Operating leases	3.1 %	4.5 %	3.1 %	4.5 %

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 27, 2020:

	September 27, 2020
2020 (excluding the nine months ended September 27, 2020)	$ 12,576
2021	47,794
2022	43,660
2023	35,763
2024	24,513
2025 and thereafter	66,276
Total future lease payments	230,582
Less imputed interest	24,976
Present value of future operating lease payments	205,606
Less current portion of operating lease liabilities [1]	42,814
Non-current operating lease liability [2]	162,792
Operating lease right-of-use assets, net [3]	$ 189,211

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

(13) Segment Reporting

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

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

(Thousands of Dollars and Shares Except Per Share Data)

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

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

Results shown for the quarter and nine months ended September 27, 2020 are not necessarily representative of those which may be expected for the full year 2020, nor were those of the comparable 2019 periods representative of those actually experienced for the full year 2019. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

Information by segment and a reconciliation to reported amounts for the quarters and nine months ended September 27, 2020 and September 29, 2019 are as follows:

	Quarter Ended			
	September 27, 2020		September 29, 2019	
Net revenues	**External**	**Affiliate**	**External**	**Affiliate**
U.S. and Canada	$ 977,115	5,938	$ 898,269	2,535
International	517,007	133	561,137	—
Entertainment, Licensing and Digital	89,027	2,110	115,766	3,849
eOne	193,474	—	—	—
Global Operations (a)	—	431,738	1	538,817
Corporate and Eliminations (b)	—	(439,919)	—	(545,201)
	$ 1,776,623	—	$ 1,575,173	—

	Nine Months Ended			
	September 27, 2020		September 29, 2019	
Net revenues	**External**	**Affiliate**	**External**	**Affiliate**
U.S. and Canada	$ 1,765,482	12,990	$ 1,766,649	7,379
International	1,017,222	133	1,221,224	186
Entertainment, Licensing and Digital	262,879	3,918	304,266	7,989
eOne	696,889	—	—	—
Global Operations (a)	—	898,808	81	1,088,860
Corporate and Eliminations (b)	—	(915,849)	—	(1,104,414)
	$ 3,742,472	—	$ 3,292,220	—

(Thousands of Dollars and Shares Except Per Share Data)

	Quarter Ended		Nine Months Ended	
Operating profit (loss)	**September 27, 2020**	**September 29, 2019**	**September 27, 2020**	**September 29, 2019**
U.S. and Canada	$ 262,977	193,686	$ 359,028	313,795
International	63,924	67,238	12,333	51,410
Entertainment, Licensing and Digital	32,791	24,594	65,758	62,550
eOne	(25,914)	—	(64,962)	—
Global Operations (a)	5,681	11,074	4,385	6,342
Corporate and Eliminations (b)	(2,901)	618	(61,092)	27,573
	$ 336,558	297,210	$ 315,450	461,670

Total assets	**September 27, 2020**	**September 29, 2019**	**December 29, 2019**
U.S. and Canada	$ 3,835,054	3,331,125	3,244,950
International	2,234,562	2,394,488	2,482,170
Entertainment, Licensing and Digital	1,162,684	1,031,906	695,898
eOne	5,686,389	—	—
Global Operations (a)	3,465,018	3,255,286	3,334,190
Corporate and Eliminations (b)	(5,680,530)	(4,458,181)	(901,580)
	$ 10,703,177	5,554,624	8,855,628

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

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

The following table represents consolidated International segment net revenues by major geographic region for the quarters and nine months ended September 27, 2020 and September 29, 2019:

	Quarter Ended		Nine Months Ended	
	September 27, 2020	**September 29, 2019**	**September 27, 2020**	**September 29, 2019**
Europe	$ 343,179	319,277	$ 663,100	673,728
Latin America	91,619	151,987	158,028	305,106
Asia Pacific	82,209	89,873	196,094	242,390
Net revenues	$ 517,007	561,137	$ 1,017,222	1,221,224

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

(Thousands of Dollars and Shares Except Per Share Data)

The following table presents consolidated net revenues by brand and entertainment portfolio for the quarters and nine months ended September 27, 2020 and September 29, 2019:

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Franchise Brands	$ 807,555	779,659	$ 1,580,878	1,749,948
Partner Brands	409,214	427,029	729,772	812,466
Hasbro Gaming [1]	239,222	232,287	516,337	463,272
Emerging Brands [2]	154,965	136,198	325,101	266,534
TV/Film/Entertainment [3]	165,667	—	590,384	—
Total	$ 1,776,623	1,575,173	$ 3,742,472	3,292,220

[1] Hasbro's total gaming category, which includes all gaming net revenues, both those reported in Hasbro Gaming and those reported elsewhere, most notably MAGIC: THE GATHERING and MONOPOLY, totaled $543,107 and $1,202,604 for the quarter and nine months ended September 27, 2020, respectively. For the quarter and nine months ended September 29, 2019, total gaming revenues were $449,393 and $1,086,151, respectively.
[2] Emerging Brands portfolio balances for the quarter and nine-month period ended September 27, 2020 include eOne brands PEPPA PIG, PJ MASKS and RICKY ZOOM.
[3] TV/Film/Entertainment represents eOne revenues not allocated to the Emerging Brands portfolio.

(14) Restructuring Actions

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

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

In the first nine months of 2020, the Company recorded severance charges of $11,554 associated with cost-savings initiatives within the Company's commercial and Film and TV businesses. These charges were included within selling, distribution and administrative costs on the Consolidated Statement of Operations for the nine months ended September 27, 2020, and reported within Corporate and Eliminations.

The detail of activity related to the programs for the nine months ended September 27, 2020 is as follows:

	2018 Restructuring Program	eOne Integration Program	Other	Total
Remaining amounts to be paid as of December 29, 2019	$ 31,113	—	—	$ 31,113
2020 restructuring charges	—	20,832	11,554	32,386
Payments made in the first nine months of 2020	(17,510)	(8,223)	(1,096)	(26,829)
Remaining amounts as of September 27, 2020	$ 13,603	12,609	10,458	$ 36,670

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

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

EXECUTIVE SUMMARY

Completion of Acquisition

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

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

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

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

Hasbro's strategic plan is centered around its brand blueprint. Under the brand blueprint strategy, Hasbro re-imagines, re-invents and re-ignites its owned and controlled brands and imagines, invents and ignites new brands, through product innovation, immersive entertainment offerings, including television, film and music, digital gaming and a broad range of consumer products. As the global consumer landscape, shopping behaviors and the retail and entertainment environments continue to evolve, the Company continues to transform and reimagine its business strategy. This transformation includes reexamining the ways Hasbro organizes across its brand blueprint and re-shaping the Company to become a better equipped and adaptive, digitally-driven organization, including the development of an omni-channel retail presence and adding new capabilities through the on-boarding of new skill sets and talent.

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

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

Coronavirus Outbreak

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

We have experienced disruptions in supply of products and production of entertainment content, negative impact on sales due to changes in consumer purchasing behavior and availability of products to consumers, including; due to retail store closures, limited reopenings of retail stores and limitations on the capacity of e-comm channels to supply additional products; delays or postponements of entertainment productions and releases of entertainment content both internally and by our partners; and challenges of working remotely. While we have developed and continue to develop plans to help mitigate the negative impact of COVID-19 to our business, the efforts will not prevent our business from being adversely affected, and the longer the outbreak continues, or if the virus continues to reemerge or surge in areas in which we do business, the more negative the impact on our business, revenues and earnings, and the more limited our ability will be to try and make up for delayed or lost product development, production and sales in future periods.

During the first nine months of 2020, the Company's supply chain experienced lower than planned production levels in certain of its third-party manufacturing facilities across several geographies including, but not limited to, China, India and the United States, due to the impact of COVID-19. After operating at lower than planned production levels during the first quarter due to COVID-19, facilities in China began to reopen during the second quarter and have since returned to planned operating capacity and production output for this time of year. Outside of China, manufacturing operated at varying levels during the first nine months of 2020 depending on local government action, the prevalence of COVID-19 infection, and overall safety considerations. In response, the Company utilized its global supply chain and existing inventory to work to meet demand, which has remained strong. Headed into the fourth quarter of 2020, the Company continues to make up for lost production in areas of the business where demand has been strongest, such as gaming, and believes it is well positioned for holiday demand, as nearly all of Hasbro's partner factories and warehouses are currently open and operating. However, if manufacturing facilities are impacted by a resurgence in COVID-19, we may experience further disruptions in the Company's supply chain in the near term.

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

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

Beginning late in the first quarter and continuing throughout the first nine months of 2020, production and delivery of live-action television and film projects for Hasbro's eOne TV and Film business have been delayed, negatively impacting the level and timing of revenues. For several months following the initial COVID-19 outbreak, live-action productions were shut down; however, the industry has been working to resume live-action production operations. As of the end of the third quarter, live-action productions have restarted in the United Kingdom and Canada and in certain other European countries. In the U.S., the expectation is for live-action productions to resume during the fourth quarter of 2020, subject to the negative impact on such resumption that could result from further COVID-19 outbreaks. The eOne team continues to develop new projects and work on animation production, which is being done remotely. The team expects a delay in certain finished episodes and film projects as compared to initial expectations. Additionally, several film release dates have moved into 2021 and in some instances, releases are going straight to video on demand/electronic sell-through windows impacting the timing and level of anticipated revenues. As more people remain at home, content viewership remains high, which we believe bodes well for long-term brand engagement and the Company expects a robust 2021 entertainment slate for eOne productions and from our Partner Brands.

We believe we have sufficient liquidity and capital resources available at this time, including approximately $1.1 billion of cash on hand and $1.5 billion available under our revolving credit facility. We are in compliance with our covenants under our revolving credit facility and, while we do not currently foresee a need to borrow under the facility, we believe we would be able to access the facility for the foreseeable future. Our top three customers during the first nine months of 2020 were Walmart, Amazon and Target. During this time of uncertainty, however, we are managing our expenses to further preserve our liquidity and while our collections in the third quarter were strong, we continue to closely monitor our customers’ health and collectability of receivables, with some customers having difficulty making payments or requesting extended payment terms at a time when retailers are experiencing challenges such as store closures and in some cases, bankruptcy filings.

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

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

The Company’s 2020 results presented in this Form 10-Q include eOne's results of operations and financial position beginning on December 30, 2019, the date of acquisition. The Company’s 2019 results are presented as reported and do not include 2019 eOne results.

Third quarter 2020 highlights:

- Third quarter net revenues of $1,776.6 million increased 13% compared to $1,575.2 million in the third quarter of 2019. The increase in net revenues included an unfavorable foreign currency translation of $3.4 million attributable to the Company’s legacy Hasbro business.
    - Net revenues in the U.S. and Canada segment increased 9% to $977.1 million; International segment net revenues decreased 8% to $517.0 million, including an unfavorable foreign currency translation impact of $3.3 million; Entertainment, Licensing and Digital segment net revenues decreased 23% to $89.0 million; and eOne segment net revenues were $193.5 million.
    - Net revenues from Emerging Brands increased 14%; Franchise Brands net revenues increased 4%; Hasbro Gaming net revenues increased 3%; and net revenues from Partner Brands decreased 4%; TV, Film and

Entertainment portfolio net revenues were $165.7 million and represented 9% of total net revenues in the third quarter of 2020.

- Operating profit was $336.6 million, or 19% of net revenue, in the third quarter of 2020 compared to operating profit of $297.2 million, or 18.9% of net revenue, in the third quarter of 2019.
    - Third quarter 2020 operating profit was negatively impacted by acquisition and related expenses of $5.9 million ($4.7 million after-tax) and $24.7 million ($19.6 million after-tax) of eOne acquired intangible asset amortization.
- Net earnings attributable to Hasbro, Inc. of $220.9 million, or $1.61 per diluted share, in the third quarter of 2020 compared to net earnings of $212.9 million, or $1.67 per diluted share, in the third quarter of 2019.
    - Third quarter 2020 net earnings included incremental income tax expense of $13.7 million, or $0.10 per diluted share, related to a change in the United Kingdom ("UK") tax code.
    - Third quarter 2019 net earnings included an unrealized foreign currency loss of $25.5 million ($20.9 million after-tax), or $0.16 per diluted share, related to hedging the British Pound sterling purchase price of eOne.

First nine months 2020 highlights:

- Net revenues increased 14% to $3,742.5 million in first nine months of 2020 compared to $3,292.2 million in the first nine months of 2019. The increase in net revenues included $25.7 million of unfavorable foreign currency translation attributable to the Company's legacy Hasbro business.
    - Net revenues in the U.S. and Canada segment remained flat at $1,765.5 million; International segment net revenues decreased 17% to $1,017.2 million; Entertainment, Licensing and Digital segment net revenues decreased 14% to $262.9 million; while eOne segment net revenues were $696.9 million in the first nine months of 2020. International segment net revenues were unfavorably impacted by $25.1 million in foreign currency translation.
    - Net revenues from Emerging Brands increased 22%; Hasbro Gaming net revenues increased 11%; Partner Brands and Franchise Brands net revenues each decreased 10%; and TV, Film and Entertainment portfolio net revenues were $590.4 million representing 16% of total net revenues in the first nine months of 2020.
- Operating profit was $315.5 million, or 8% of net revenues, in the first nine months of 2020 compared to operating profit of $461.7 million, or 14.0% of net revenues, in the first nine months of 2019.
    - 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 $11.6 million ($10.1 million after-tax) of restructuring charges associated with cost savings initiatives.
- Net earnings attributable to Hasbro, Inc. was $117.3 million, or $0.85 per diluted share, in the first nine months of 2020 compared to net earnings attributable to Hasbro, Inc. of $253.1 million, or $1.99 per diluted share, in the first nine months of 2019.
    - Net earnings in the first nine months of 2020 included incremental income tax expense of $13.7 million, or $0.10 per diluted share, related to a change in the UK tax code.
    - Net earnings for the first nine months of 2019 included non-cash charges of $110.8 million ($85.9 million after-tax), or $0.68 per diluted share, related to the Company's settlement of its U.S. defined benefit pension plan liability, as well as an unrealized foreign currency loss of $25.5 million ($20.9 million after-tax), or 0.16 per diluted share, related to a partial hedge of the British Pound purchase price of Entertainment One.

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. Since the Company’s 2019 results are presented as reported and do not include 2019 eOne results, references to the impact of foreign currency exchange on 2020 results exclude the impact to revenues attributable to the Company’s eOne business. 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.

(Thousands of Dollars and Shares Except Per Share Data)

Amounts Returned to Shareholders

The Company has a long history of returning cash to its shareholders through quarterly dividends and share repurchases. Hasbro maintained its quarterly dividend rate of $0.68 per share for the dividend paid in August 2020 and has maintained this rate for the dividend payment planned for November 2020. In addition to the dividend, the Company historically has returned cash through its share repurchase program. As part of this initiative, since 2005, the Company's Board of Directors (the "Board") adopted nine share repurchase authorizations with a cumulative authorized repurchase amount of $4,325.0 million. The ninth authorization was approved in May 2018 for $500 million. As of September 27, 2020, the Company had $366.6 million remaining under these authorizations. Share repurchases are subject to market conditions, the availability of funds and other uses of funds. As a result of the financing activities related to the eOne Acquisition, the Company has suspended its current share repurchase program while it prioritizes deleveraging.

SUMMARY OF FINANCIAL PERFORMANCE

A summary of the results of operations is illustrated below for the quarter and nine month periods ended September 27, 2020 and September 29, 2019.

	Quarter Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Net revenues	$ 1,776.6	$ 1,575.2	$ 3,742.5	$ 3,292.2
Operating profit	336.6	297.2	315.5	461.7
Earnings before income taxes	299.2	259.7	183.6	295.4
Income tax expense	79.2	46.8	64.3	42.3
Net earnings	220.0	212.9	119.3	253.1
Net (loss) earnings attributable to noncontrolling interests	(0.9)	—	1.9	—
Net earnings attributable to Hasbro, Inc.	220.9	212.9	117.3	253.1
Diluted earnings per share	1.61	1.67	0.85	1.99

RESULTS OF OPERATIONS – CONSOLIDATED

Third Quarter of 2020

The quarters ended September 27, 2020 and September 29, 2019 were each 13-week periods.

Consolidated net revenues for the third quarter of 2020 increased $201.4 million, or 13%, compared to the third quarter of 2019 and reflect the inclusion of eOne revenues of $193.5 million which represent 11% of consolidated net revenues for the quarter. Third quarter 2020 net revenues include a $3.4 million unfavorable impact from foreign currency translation as a result of weakening currencies, primarily in the Company's Latin American markets, partially offset by favorable foreign currency translation from European markets in the third quarter of 2020 compared to 2019.

Operating profit for the third quarter of 2020 was $336.6 million, or 19% of net revenues, compared to operating profit of $297.2 million, or 19% of net revenues, for the third quarter of 2019. Operating profit during the third quarter of 2020 reflects the consolidation of eOne results of operations and was negatively impacted by acquisition and related costs of $5.9 million ($4.7 million after-tax) and $24.7 million ($19.6 million after-tax) of expenses related to eOne acquired intangible asset amortization.

Net earnings attributable to Hasbro, Inc. were $220.9 million for the third quarter of 2020 compared to net earnings of $212.9 million for the third quarter of 2019. Diluted earnings per share attributable to Hasbro, Inc. for the third quarter of 2020 was $1.61, compared to diluted earnings per share of $1.67 in the third quarter of 2019 and reflects 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. Third quarter 2019 net earnings included an unrealized foreign currency loss of $0.16 per diluted share, related to hedging the British Pound sterling purchase price of eOne.

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

(Thousands of Dollars and Shares Except Per Share Data)

The following table presents net revenues by brand and entertainment portfolio for the quarters ended September 27, 2020 and September 29, 2019.

	Quarter Ended		
	September 27, 2020	September 29, 2019	% Change
Franchise Brands	$ 807.6	779.7	4 %
Partner Brands	409.2	427.0	-4 %
Hasbro Gaming	239.2	232.3	3 %
Emerging Brands	155.0	136.2	14 %
TV, Film and Entertainment	165.7	—	100 %
Total	$ 1,776.6	1,575.2	13 %

FRANCHISE BRANDS: Net revenues in the Franchise Brands portfolio increased 4% in the third quarter of 2020 compared to the third quarter of 2019. Net revenue increases from MAGIC: THE GATHERING and MONOPOLY products, drove the majority of the increase in the third quarter of 2020, and were partially offset by net revenue declines from TRANSFORMERS, NERF and MY LITTLE PONY products. During the third quarter of 2020, MAGIC: THE GATHERING products benefited from a favorable card set release cadence while 2019 net revenues from TRANSFORMERS products were supported by the theatrical release of *TRANSFORMERS: BUMBLEBEE.*

PARTNER BRANDS: Net revenues from the Partner Brands portfolio decreased 4% in the third quarter of 2020 compared to the third quarter of 2019. Partner Brands net revenues are reliant on related entertainment, including television and movie releases. During the third quarter of 2020, the Company's Partner Brands portfolio was supported by the highly anticipated Disney+ streaming series, *STAR WARS: THE MANDALORIAN*, season two, expected to be released during the fourth quarter of 2020 and *TROLLS WORLD TOUR*, which was released in the premium video-on-demand format in April. During the third quarter of 2019, the Company's Partner Brands portfolio was supported by MARVEL'S April 2019 theatrical release, *AVENGERS: END GAME* and product sales in anticipation of the November 2019 theatrical release of *DISNEY'S FROZEN 2*. Due to the uncertainty surrounding the ongoing COVID-19 pandemic, heading into the fourth quarter of 2020, a significant number of movie theaters have remained closed worldwide. As a result, certain theatrical releases in support of the Company's Partner Brand products, including *BLACK WIDOW* from DISNEY'S MARVEL franchise and *GHOSTBUSTERS: AFTERLIFE*, previously planned as 2020 releases, have been postponed and are expected to be in theaters during the first half of 2021, subject to COVID-19 impacts at that time.

HASBRO GAMING: Net revenues in the Hasbro Gaming portfolio increased 3% in the third quarter of 2020 compared to the third quarter of 2019. Higher net revenues from DUNGEONS & DRAGONS products and higher net revenues from classic games including, JENGA and CLUE products were partially offset by lower net revenues from DON'T STEP IN IT and certain other Hasbro Gaming products in the third quarter of 2020.

Net revenues for Hasbro's total gaming category, including the Hasbro Gaming portfolio as reported above and all other gaming revenue, most notably revenues from MAGIC: THE GATHERING and MONOPOLY products, which are included in the Franchise Brands portfolio, totaled $543.1 million for the third quarter of 2020, an increase of 21%, as compared to $449.4 million in the third quarter of 2019. The increase relates primarily to the timing of MAGIC: THE GATHERING product releases during the third quarter of 2020 compared to the same period in 2019.

EMERGING BRANDS: Net revenues from the Emerging Brands portfolio increased 14% during the third quarter of 2020 compared to the third quarter of 2019. Contributing to the net revenue increases were the inclusion of brands acquired through the eOne Acquisition including PEPPA PIG and PJ MASKS and the addition of net revenues from GI JOE products, due to the Company's product-line relaunch in 2020, as well as net revenue increases from PLAYSKOOL products during the third quarter of 2020. These increases were partially offset by declines in POWER RANGERS and LITTLEST PET SHOP products during the third quarter of 2020.

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

(Thousands of Dollars and Shares Except Per Share Data)

During the third quarter of 2020, net revenues from the TV, Film and Entertainment portfolio were approximately 9% of total Company net revenues. The drivers of net revenues from the TV, Film and Entertainment portfolio included television production and distribution net revenues from the fifth season of *FEAR THE WALKING DEAD*, airing on the AMC television network, and film distribution revenues from the Amblin Partners film *1917*, released in December 2019, as well as broadcast and licensing net revenues from key scripted deliveries including season two of *THE ROOKIE*, a television drama series currently airing on ABC. In addition to these offerings, TV, Film and Entertainment net revenues benefited from the Company's lineup of unscripted television programming including the American reality series, *NAKED AND AFRAID* airing on the Discovery Channel and from its library of subscription video on demand ("SVOD") content.

First Nine Months of 2020

The nine month periods ended September 27, 2020 and September 29, 2019 were each 39-week periods.

For the first nine months of 2020, consolidated net revenues increased 14% compared to the first nine months of 2019 and reflect the inclusion of eOne revenues of $696.9 million which represents 19% of consolidated net revenues for the period. The net revenue increase in the first nine months of 2020 included an unfavorable variance of $25.7 million as a result of foreign currency translation due to weaker currencies across the Company's Latin American and to a lesser extent, Asia Pacific markets, when compared to the first nine months of 2019.

Operating profit for the first nine months of 2020 was $315.5 million, or 8.4% of net revenues, compared to an operating profit of $461.7 million, or 14.0% of net revenues, for the first nine months of 2019. Operating profit during the first nine months of 2020 reflects the consolidation of eOne results of operations and was negatively impacted by 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 $11.6 million ($10.1 million after-tax).

Net earnings attributable to Hasbro, Inc. were $117.3 million for the first nine months of 2020 compared to net earnings of $253.1 million for the first nine months of 2019. Diluted earnings per share attributable to Hasbro, Inc. were $0.85 in the first nine months of 2020, compared to diluted earnings per share of $1.99 in the first nine months of 2019. Net earnings attributable to Hasbro, Inc. 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. Net earnings for the first nine months of 2019 included a non-cash, net of tax charge of $85.9 million, or $0.68 per diluted share, related to the settlement of the Company's U.S. defined benefit pension plan liability and a $20.9 million loss, net of tax, or $0.16 per diluted share related to unrealized losses on foreign exchange forward contracts and option contracts purchased to hedge the foreign exposure associated with the purchase price of eOne.

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

	Nine Months Ended		
	September 27, 2020	September 29, 2019	% Change
Franchise Brands	$ 1,580.9	1,749.9	-10 %
Partner Brands	729.8	812.5	-10 %
Hasbro Gaming	516.3	463.3	11 %
Emerging Brands	325.1	266.5	22 %
TV, Film and Entertainment	590.4	—	100 %
Total	$ 3,742.5	3,292.2	14 %

FRANCHISE BRANDS: Net revenues in the Franchise Brands portfolio decreased 10% in the first nine months of 2020 compared to 2019. Declines in net revenues from TRANSFORMERS and NERF products drove the overall decline in Franchise Brands net revenues, while, to a lesser extent, MY LITTLE PONY and PLAY-DOH products also contributed to segment net revenue declines. Much of the segment net revenue decline was due to reduced customer ordering, supply chain delays and other disruptions to the business as a result of the impact of the COVID-19 pandemic. Additionally, TRANSFORMERS products benefited from the December 2018 theatrical release of *TRANSFORMERS: BUMBLEBEE* in 2019, driving lower revenues in 2020 compared to 2019. These declines were partially offset by net revenue increases from MAGIC: THE GATHERING products during the first nine months of 2020, due to a favorable card set release cadence.

PARTNER BRANDS: Net revenues from the Partner Brands portfolio decreased 10% during the first nine months of 2020 compared to 2019. Partner Brands net revenues are reliant on related entertainment, including television and movie releases.

During the first nine months of 2020, certain scheduled theatrical releases were delayed or postponed due to the closure or limited reopening of theaters as a result of the impact of COVID-19, which negatively impacted sales of the Company’s Partner Brands products. During the first nine months of 2020, the Company’s Partner Brands portfolio was supported by fourth quarter 2019 theatrical releases *DISNEY’S FROZEN 2* in November and *STAR WARS: THE RISE OF SKYWALKER* in December, as well as through various distribution channels including home entertainment and streaming video. The Company’s 2020 Partner Brand entertainment releases include *TROLLS WORLD TOUR*, which was released in the premium video-on-demand format in April and the highly anticipated Disney+ streaming series, *STAR WARS: THE MANDALORIAN*, season two, expected to be released during the fourth quarter of 2020. During the first nine months of 2019, the Company’s Partner Brands portfolio was supported by theatrical releases from *MARVEL’S AVENGERS: END GAME* in April and *DISNEY’S ALADDIN* in May.

During the first nine months of 2020, net revenue declines from MARVEL and BEYBLADE products were partially offset by net revenue increases from STAR WARS and DREAMWORKS' TROLLS products. The majority of Partner Brand net revenue declines were attributable to MARVEL products which are dependent on entertainment releases as described above. Due to the impact of the COVID-19 pandemic on the entertainment industry during 2020, including the postponement of certain theatrical releases such as *BLACK WIDOW*, previously planned as a 2020 MARVEL release, the Company's MARVEL products associated with related entertainment experienced a decline during the nine months ended 2020 as compared to the first nine months of 2019 which benefited from a successful entertainment slate including theatrical release, *AVENGERS: END GAME* in April 2019. Net revenue increases from STAR WARS and DREAMWORKS' TROLLS products during the first nine months of 2020 were attributable to the entertainment release support described above.

HASBRO GAMING: Net revenues in the Hasbro Gaming portfolio increased 11% in the first nine months of 2020 compared to the first nine months of 2019 led by increased net revenues from DUNGEONS & DRAGONS and JENGA products and to a lesser extent, from certain other Hasbro Gaming brands.

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 $1,202.6 million, an increase of 11%, in the first nine months of 2020 versus $1,086.2 million in the first nine months of 2019.

EMERGING BRANDS: Net revenues from the Emerging Brands portfolio grew 22% for the first nine months of 2020 compared to the first nine months of 2019. Contributing to the net revenue increases in the first nine months of 2020 were the inclusion of brands acquired through the eOne Acquisition including PEPPA PIG and PJ MASKS and the addition of net revenues from GI JOE products in 2020, due to the Company's product-line relaunch. These net revenue increases were partially offset by net revenue declines from LITTLEST PET SHOP and FURREAL FRIENDS products.

TV, FILM and ENTERTAINMENT: Net revenues from the TV, Film and Entertainment portfolio were approximately 16% of total Company net revenues and included theatrical contributions from the Amblin Partners film *1917*, released in December 2019, television production and distribution net revenues from the fifth season of *FEAR THE WALKING DEAD*, airing on the AMC television network and broadcast and licensing net revenues from key scripted deliveries including season two of *THE ROOKIE*, a television drama series currently airing on ABC. In addition to these offerings, net revenues included the Company's lineup of unscripted television programming and its library of SVOD content.

SEGMENT RESULTS

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

(Thousands of Dollars and Shares Except Per Share Data)

Third Quarter of 2020

The following table presents net external revenues and operating profit data for the Company's principal segments for the quarters ended September 27, 2020 and September 29, 2019:

	Quarter Ended		
	September 27, 2020	September 29, 2019	% Change
Net Revenues			
U.S. and Canada segment	$ 977.1	$ 898.3	9 %
International segment	517.0	561.1	-8 %
Entertainment, Licensing and Digital segment	89.0	115.8	-23 %
eOne segment	193.5	—	100 %
Operating Profit (Loss)			
U.S. and Canada segment	$ 263.0	$ 193.7	36 %
International segment	63.9	67.2	-5 %
Entertainment, Licensing and Digital segment	32.8	24.6	33 %
eOne segment	(25.9)	—	-100 %

U.S. and Canada Segment

The U.S. and Canada segment net revenues increased 9% for the third quarter of 2020 compared to the third quarter of 2019. Net revenue increases from the Company's Franchise Brands and Emerging Brands portfolio and to a lesser extent, the Hasbro Gaming portfolio, were partially offset by lower net revenues from the Partner Brands portfolio during the third quarter of 2020.

Net revenue increases in the Company's Franchise Brands portfolio were driven by MAGIC: THE GATHERING products which benefited from a favorable card set release cadence in 2020, and to a lesser extent, PLAY-DOH and MONOPOLY products. In the Partner Brands portfolio, entertainment releases including the highly anticipated Disney+ streaming series, *STAR WARS: THE MANDALORIAN*, season two, expected in the fourth quarter 2020 and *TROLLS WORLD TOUR*, released in the premium video-on-demand format in April, resulted in higher net revenues from STAR WARS and DREAMWORKS' TROLLS products. These increases were more than offset by net revenue decreases from DISNEY FROZEN and MARVEL products, which were not supported by entertainment releases during the third quarter of 2020. In addition, net revenues from MARVEL products were negatively impacted during the third quarter of 2020 due to delays in theatrical releases as a result of the impact of COVID-19. In the Hasbro Gaming portfolio, higher net revenues were delivered across many of the Company's games brands, most notably from JENGA and DUNGEON & DRAGONS products. In the Emerging Brands portfolio, higher net revenues from PLAYSKOOL products and net revenues from the 2020 relaunch of the Company's GI JOE product line drove growth.

U.S. and Canada segment operating profit for the third quarter of 2020 was $263.0 million or 27% of segment net revenues, compared to segment operating profit of $193.7 million or 22% of segment net revenues, for the third quarter of 2019. The operating profit increase in the third quarter of 2020 was driven by higher segment net revenues as described above and favorable brand mix, partially offset by increased administrative and product development expenses associated with the Company's Wizards of the Coast business, as well as higher freight costs from increased domestic shipments and higher direct-to-customer shipments which carry elevated fulfillment costs.

(Thousands of Dollars and Shares Except Per Share Data)

International Segment

International segment net revenues declined 8% in the third quarter of 2020 to $517.0 million from $561.1 million in the third quarter of 2019 and included the impact of an unfavorable $3.3 million currency translation. The following table presents net revenues by geographic region for the Company's International segment for the quarters ended September 27, 2020 and September 29, 2019.

	Quarter Ended		
	September 27, 2020	September 29, 2019	% Change
Europe	$ 343.2	319.3	7 %
Latin America	91.6	152.0	-40 %
Asia Pacific	82.2	89.9	-9 %
Net revenues	$ 517.0	561.1	-8 %

The decline in International segment net revenues during the third quarter of 2020 was attributable to ongoing disruptions to the business related to the COVID-19 pandemic, most notably in the Latin American and Asia Pacific regions, where large numbers of retail stores remain closed. The Latin American region was also unfavorably impacted by $14.6 million in foreign exchange translation, partially offset by a favorable foreign currency translation impact of $9.9 million and $1.4 million in the Company's European and Asia Pacific regions, respectively. International segment net revenues declined in the Company's Franchise Brands, Emerging Brands and Partner Brands portfolios while net revenues from the Hasbro Gaming portfolio increased during the third quarter of 2020 compared to the third quarter of 2019. In the Franchise Brands portfolio, International segment net revenue declines were noted in NERF and TRANSFORMERS products and to a lesser extent, from BABY ALIVE and MY LITTLE PONY products. These decreases were partially offset by net revenue increases from MAGIC: THE GATHERING products, due to the timing of card set releases and strong brand engagement during the third quarter of 2020. In the Partner Brands portfolio, the drivers of the decreases include BEYBLADE products as well as MARVEL products, which were negatively impacted during the third quarter of 2020 due to delays in theatrical releases as a result of the impact of COVID-19. These decreases were partially offset by net revenue increases from STAR WARS and to a lesser extent, DREAMWORKS' TROLLS products which were supported by entertainment releases including *STAR WARS: THE MANDALORIAN*, season two, expected during the fourth quarter 2020 and *TROLLS WORLD TOUR*, which was released in the premium video-on-demand format in April from DREAMWORKS. In the Hasbro Gaming portfolio, higher net revenues from CLUE, JENGA and OPERATION products were partially offset by lower net revenues from certain other Hasbro Gaming products, including PIE FACE. In the Emerging Brands portfolio, net revenues declined from POWER RANGERS, LITTLEST PET SHOP and PLAYSKOOL products in the third quarter of 2020.

International segment operating profit was $63.9 million, or 12% of segment net revenues for the third quarter of 2020, compared to operating profit of $67.2 million, or 12% of segment net revenues, for the third quarter of 2019. International segment operating profit declines during the third quarter of 2020 were the result of lower sales described above, most notably in the Company's Latin American region, partially offset by a favorable product mix and lower advertising and marketing costs.

Entertainment, Licensing and Digital Segment

Entertainment, Licensing and Digital segment net revenues declined 23% to $89.0 million for the third quarter of 2020, compared to $115.8 million for the third quarter of 2019. Net revenue declines were primarily driven by lower film revenues in 2020 compared to 2019, related to the *TRANSFORMERS: BUMBLEBEE* film and, lower revenues during the third quarter of 2020 due to the closure of the Backflip business in the fourth quarter of 2019. These declines were partially offset by higher licensed digital gaming revenue and increased revenues related to *MAGIC: THE GATHERING ARENA*.

Entertainment, Licensing and Digital segment operating profit increased to $32.8 million, or 37% of segment net revenues for the third quarter of 2020, from $24.6 million, or 21.2% of segment net revenues for the third quarter of 2019. The increase in Entertainment, Licensing and Digital segment operating profit was driven primarily by favorable mix from growth in licensed digital gaming, reduction of expenses due to the closure of the Backflip business and lower advertising costs associated with *MAGIC: THE GATHERING ARENA*.

(Thousands of Dollars and Shares Except Per Share Data)

eOne Segment

During the third quarter of 2020, eOne segment net revenues were $193.5 million. The following table presents eOne segment net revenues by channel for the quarter ended September 27, 2020.

		Three Months Ended September 27, 2020
eOne Segment Net Revenues		
Film and TV	$	138.5
Family Brands		26.3
Music and Other		28.7
Segment Total	$	193.5

The COVID-19 outbreak continued to impact the Company's eOne segment during the third quarter of 2020. Specifically, certain scheduled productions have been delayed due to the shutdown of production work and the closure or limited reopening of studios. Additionally, certain theatrical releases have been delayed due to the closure or limited reopening of theaters, and in some cases, global film releases have moved from theaters to alternative media platforms such as streaming services.

During the third quarter of 2020, drivers of eOne segment net revenues included: (i) broadcast and licensing revenues associated with internationally recognized brands, PEPPA PIG and PJ MASKS: (ii) broadcast and licensing contributions from key scripted deliveries including the fifth season of *FEAR THE WALKING DEAD* and season two of *THE ROOKIE*; (iii) film distribution revenues from the Amblin Partners film *1917*, released in December 2019; and (iv) the Company's strong lineup of unscripted television programming as well as demand for the Company's vast SVOD library. In addition to these entertainment driven revenues, the Company's music business benefited from both streaming and publishing revenues during the third quarter of 2020.

eOne segment operating losses were $25.9 million, or 13.4% of segment net revenues for the third quarter of 2020. This loss was driven by $24.7 million of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition.

Global Operations

The Global Operations segment operating profit of $5.7 million for the third quarter of 2020 compared to an operating profit of $11.1 million for the third quarter of 2019.

Corporate and Eliminations

Operating losses in Corporate and Eliminations totaled $2.9 million for the third quarter of 2020 compared to operating profit of $0.6 million for the third quarter of 2019. Operating losses in the third quarter of 2020 were driven primarily by acquisition and integration costs of $4.6 million and certain restructuring and related costs of $1.3 million associated with the acquisition of eOne.

(Thousands of Dollars and Shares Except Per Share Data)

First Nine Months of 2020

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 27, 2020 and September 29, 2019.

	Nine Months Ended		
	September 27, 2020	**September 29, 2019**	**% Change**
Net Revenues			
U.S. and Canada segment	$ 1,765.5	$ 1,766.6	— %
International segment	1,017.2	1,221.2	-17 %
Entertainment, Licensing and Digital segment	262.9	304.3	-14 %
eOne segment	696.9	—	100 %
Operating Profit (Loss)			
U.S. and Canada segment	$ 359.0	$ 313.8	14 %
International segment	12.3	51.4	-76 %
Entertainment, Licensing and Digital segment	65.8	62.6	5 %
eOne segment	(65.0)	—	-100 %

U.S. and Canada Segment

The U.S. and Canada segment net revenues remained flat for the nine months ended September 27, 2020 compared to the same period in 2019, which reflects recovery in the third quarter from negative impacts realized in the first half of 2020, driven in part by disruptions to the Company's business operations as a result of COVID-19. In the first nine months of 2020, higher net revenues in the Hasbro Gaming portfolio were wholly offset by lower net revenues in the Franchise Brands, Partner Brands and Emerging Brands portfolios.

In the Franchise Brands portfolio, net revenues declined from NERF, PLAY-DOH and TRANSFORMERS products, due in part to disruptions to the business, as a result of the impact of the COVID-19 pandemic. These declines were partially offset by higher net revenues from MAGIC: THE GATHERING products which benefited from a favorable card set release cadence and strong brand engagement in 2020. In the Partner Brands portfolio, the decrease was driven by lower net revenues from MARVEL and DISNEY FROZEN products which did not have the benefit of 2020 entertainment releases. These decreases were partially offset by net revenue increases from STAR WARS and TROLLS products as a result of entertainment support from the anticipated Disney+ streaming series, *STAR WARS: THE MANDALORIAN*, season two, expected to be released during the fourth quarter 2020 and *TROLLS WORLD TOUR*, which was released in the premium video-on-demand format in April. In the Hasbro Gaming portfolio, higher net revenues were delivered across multiple brands, most notably DUNGEONS & DRAGONS and JENGA products. In the Emerging Brands portfolio, net revenue declines from FURREAL FRIENDS and POWER RANGERS products, were partially offset by net revenues contributions from the 2020 relaunch of the Company's GI JOE product line and higher net revenues from PLAYSKOOL products during the first nine months of 2020.

U.S. and Canada segment operating profit for the nine months ended September 27, 2020 increased to $359.0 million, or 20% of segment net revenues, compared to $313.8 million, or 18% of segment net revenues, for the nine months ended September 29, 2019. The increase in operating profit in the first nine months of 2020 was driven by higher net revenues from MAGIC: THE GATHERING products, lower marketing and advertising costs and reduced administrative costs as a result of cost-savings initiatives, partially offset by higher freight costs as a result of higher domestic shipments and increased direct-to-customer shipments which carry higher fulfillment costs.

(Thousands of Dollars and Shares Except Per Share Data)

International Segment

International segment net revenues decreased 17% to $1,017.2 million for the nine months ended September 27, 2020 from $1,221.2 million for the nine months ended September 29, 2019 and included an unfavorable $25.1 million impact from foreign currency exchange. The following table presents net revenues by geographic region for the Company's International segment for the nine month periods ended September 27, 2020 and September 29, 2019.

	Nine Months Ended		
	September 27, 2020	September 29, 2019	% Change
Europe	$ 663.1	673.7	-2 %
Latin America	158.0	305.1	-48 %
Asia Pacific	196.1	242.4	-19 %
Net revenues	$ 1,017.2	1,221.2	-17 %

Foreign currency translation negatively impacted the Latin American and Asia Pacific regions by $25.0 million and $2.6 million respectively, partially offset by a favorable foreign currency translation impact of $2.5 million in Europe during the first nine months of 2020. International segment net revenues declined from Franchise Brands, Partner Brands, and Emerging Brands while the Hasbro Gaming portfolio remained flat during the first nine months of 2020 compared to 2019. The declines in Franchise Brands were the result of lower net revenues from NERF products, followed by net revenue declines from TRANSFORMERS and PLAY-DOH products and to a lesser extent, MY LITTLE PONY products. These declines were partially offset by net revenue increases from MAGIC: THE GATHERING products. The overall net revenue declines were in part, due to disruptions to the business, and to consumer purchasing patterns, as a result of the COVID-19 pandemic, most notably in the Company's Latin American region and, to a lesser extent, certain areas within its Asia Pacific region. During the first nine months of 2020, MAGIC: THE GATHERING products benefited from a favorable card set release cadence and increased demand compared to 2019. In the Partner Brands portfolio, the decrease was primarily driven by lower net revenues from MARVEL products which did not have the benefit of 2020 entertainment releases, as well as lower net revenues from the Company's BEYBLADE products. These decreases were partially offset by higher net revenues from DREAMWORKS’ TROLLS and STAR WARS products, which were supported by 2020 entertainment, as well as higher net revenues from DISNEY FROZEN products. In the Hasbro Gaming portfolio, net revenue increases from CLUE, JENGA and DUNGEONS & DRAGONS products, were offset by lower net revenues from PIE FACE and certain other Hasbro Gaming products. In the Emerging Brands portfolio, the net revenue declines were driven by LITTLEST PET SHOP and PLAYSKOOL products during the first nine months of 2020.

International segment operating profit was $12.3 million, or 1% of segment net revenues, for the first nine months of 2020, compared to operating profit of $51.4 million, or 4% of segment net revenues, for the first nine months of 2019. The decrease in International segment operating profit for the first nine months of 2020 was the result of lower net revenues as discussed above, partially offset by reduced advertising, sales and marketing costs, as well as lower administrative expenses due to the implementation of cost savings initiatives.

Entertainment, Licensing and Digital Segment

Entertainment, Licensing and Digital segment net revenues for the nine months ended September 27, 2020 decreased 14% to $262.9 million from $304.3 million for the nine months ended September 29, 2019. The net revenue declines during the first nine months of 2020 were primarily driven by lower film revenues in 2020 due to revenue recognized in 2019 related to the *TRANSFORMER: BUMBLEBEE* film combined with lower net revenues associated with the closure of the Backflip business in the fourth quarter of 2019, and to a lesser extent, lower consumer product licensing revenues during the first nine months of 2020. These declines were partially offset by an increase in digital gaming for the nine months ended September 27, 2020.

Entertainment, Licensing and Digital segment operating profit was $65.8 million, or 25.0% of net revenues, for the nine months ended September 27, 2020 up from $62.6 million, or 21% of segment net revenues, for the nine months ended September 29, 2019. The increase in operating profit in the Entertainment, Licensing and Digital segment was driven by lower program costs and amortization costs, reduced operating expenses associated with the closure of the Backflip business in the fourth quarter of 2019, favorable mix from growth in licensed digital gaming, as well as lower digital gaming advertising and development costs during the first nine months of 2020. Partially offsetting these favorable impacts to operating profit were lower net revenues as well as asset impairment charges of $20.8 million in production assets driven by the change in entertainment strategy as a result of the eOne Acquisition during the first quarter of 2020.

(Thousands of Dollars and Shares Except Per Share Data)

eOne Segment

During the first nine months of 2020, eOne segment net revenues were $696.9 million. The following table presents eOne segment net revenues by channel for the nine months ended September 27, 2020.

	Nine Months Ended September 27, 2020
eOne Segment Net Revenues	
Film and TV	$ 504.1
Family Brands	106.1
Music and Other	86.7
Segment Total	$ 696.9

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

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

eOne segment operating losses were $65.0 million, or -9.3% of segment net revenues for the first nine months of 2020. This loss was driven by $77.7 million of acquisition and integration costs, including $47.4 million of expense associated with the acceleration of eOne stock-based compensation and $24.5 million of advisor fees settled at the closing of the acquisition. Also contributing to the loss is $72.3 million of incremental intangible amortization costs related to the intangible assets acquired in the eOne Acquisition.

Global Operations

The Global Operations segment operating profit of $4.4 million for the first nine months of 2020 compares to an operating profit of $6.3 million for the first nine months of 2019.

Corporate and Eliminations

Operating losses in Corporate and Eliminations for the first nine months of 2020 were $61.1 million, compared to operating profit of $27.6 million for the first nine months of 2019. The Corporate and Eliminations operating loss in the first nine months of 2020 was 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, comprised of severance and retention costs, as well as impairment charges for certain definite-lived intangible assets driven by the change in strategy for the combined company’s entertainment assets. In addition to the charges associated with the eOne Acquisition, the Company incurred $11.6 million of severance charges associated with cost-savings initiatives within the Company’s commercial and Film and TV businesses.

(Thousands of Dollars and Shares Except Per Share Data)

OPERATING COSTS AND EXPENSES

Third Quarter 2020

Overall, the Company's costs and expenses in the third quarter of 2020 increased compared to the third quarter of 2019 driven by the inclusion of eOne's operations in the Company's consolidated financial statements. Costs and expenses stated as percentages of net revenues, are illustrated below for the quarters ended September 27, 2020 and September 29, 2019.

	Quarter Ended	
	September 27, 2020	**September 29, 2019**
Cost of sales	34.3 %	39.8 %
Program cost amortization	4.8	1.8
Royalties	10.0	8.1
Product development	3.5	4.3
Advertising	7.7	8.9
Amortization of intangibles	2.0	0.8
Selling, distribution and administration	18.3	17.5
Acquisition and related costs	0.3	0.0

Cost of sales for the third quarter of 2020 was $610.1 million, or 34.3% of net revenues, compared to $627.1 million, or 39.8% of net revenues, for the third quarter of 2019. The decrease of cost of sales as a percentage of net revenues is primarily related to the inclusion of net revenues from eOne, which experiences lower costs of sales sold as a percentage of net sales. To a lesser extent, the cost of sales decrease as a percentage of net revenues was driven by the impact of $3.6 million of foreign exchange and positive brand mix driven by the increase in net sales of MAGIC: THE GATHERING combined with improved inventory costing closeout rates and lower in-freight costs in the third quarter of 2020 due to expedited shipping during the third quarter of 2019.

Program cost amortization increased to $85.4 million, or 4.8% of net revenues, for the third quarter of 2020 from $28.0 million, or 1.8% of net revenues, for the third quarter of 2019. 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 this expense both in dollars and as a percentage of net revenues is related to the addition of eOne's business, which experiences higher program cost amortization as a percentage of net sales. Program cost amortization attributable to eOne was 4.3% of net revenues for the third quarter of 2020. This increase was partially offset by lower program cost amortization in 2020 related to the *BUMBLEBEE* theatrical release which the Company began to amortize during the third quarter of 2019.

Royalty expense for the third quarter of 2020 increased to $176.9 million, or 10.0% of net revenues, compared to $128.0 million, or 8.1% of net revenues, for the third quarter of 2019. The increase in royalty expense in dollars and as a percentage of net revenues was driven by the inclusion of royalty expense related to eOne operations and was 2.3% of net revenues in the third quarter. This increase was partially offset by lower sales of Partner Brand products in the third quarter of 2020 as compared to the third quarter of 2019.

Product development expense for the third quarter of 2020 was $62.7 million, or 3.5% of net revenues, compared to $67.4 million, or 4.3% of net revenues, for the third quarter of 2019. The decrease in dollars was primarily related to lower spending as a result of global cost savings initiatives combined with savings related to the closure of the Backflip business in the fourth quarter of 2019, partially offset by increased investments in MAGIC: THE GATHERING digital and tabletop gaming.

Advertising expense for the third quarter of 2020 was $137.4 million, or 7.7% of net revenues, compared to $140.3 million, or 8.9% of net revenues, for the third quarter of 2019. The advertising expense decrease in dollars and as a percent of net revenues was driven by lower advertising levels across substantially all of the Company's regions, most notably in Latin America, reflecting the current environment due to COVID-19 impacts. The savings in the third quarter, in dollars, of 2020 were partially offset by the inclusion of the eOne operations during 2020.

Amortization of intangible assets increased to $36.2 million, or 2.0% of net revenues, for the third quarter of 2020, compared to $11.8 million, or 0.8% of net revenues, for the third quarter of 2019. The increase in dollars and as a percentage of net revenues is primarily related to the acquisition of eOne, which contributed intangible asset amortization of $24.7 million, or 1.4% of net revenues, in the third quarter of 2020.

For the third quarter of 2020, the Company's selling, distribution and administration expenses increased to $325.4 million, or 18.3% of net revenues, from $275.4 million, or 17.5% of net revenues, for the third quarter of 2019. The increase in selling, distribution and administration expenses in dollars was driven primarily by the inclusion and consolidation of eOne's operations during 2020. In addition, the increase in selling, distribution and administration expenses reflects higher freight expenses as a result of increased shipments. These increases were partially offset by the impact of cost savings initiatives in the third quarter of 2020 as compared to the third quarter of 2019. Selling, distribution and administration expenses attributable to eOne were 3.3% of net revenues during the third quarter of 2020.

(Thousands of Dollars and Shares Except Per Share Data)

During the three months ended September 27, 2020, the Company incurred $5.9 million of acquisition and related costs in connection with the eOne Acquisition. These expenses were comprised of $4.6 million of acquisition and integration costs, and $1.3 million of severance and retention costs.

First Nine Months of 2020

The Company's costs and expenses, stated as percentages of net revenues, are illustrated below for the nine month periods ended September 27, 2020 and September 29, 2019.

	Nine Months Ended	
	September 27, 2020	September 29, 2019
Cost of sales	30.1 %	37.4 %
Program cost amortization	7.2	1.8
Royalties	10.3	7.9
Product development	4.7	5.7
Advertising	8.3	9.4
Amortization of intangibles	2.9	1.1
Selling, distribution and administration	23.7	22.7
Acquisition and related costs	4.4	—

Cost of sales for the nine months ended September 27, 2020 decreased to $1,126.0, million or 30.1% of net revenues, from $1,230.8 million, or 37.4% of net revenues for the nine months ended September 29, 2019. The decrease as a percentage of net revenues is primarily related to the acquisition of eOne, which experiences lower cost of sales as a percentage of net sales as well as the impact of $13.8 million of foreign exchange. The cost of sales decrease in dollars during the first nine months of 2020 was driven by positive brand mix due to an increase in net sales of MAGIC: THE GATHERING, and improved inventory costing, partially offset by lower sales of Partner Brand products.

Program cost amortization increased in the first nine months of 2020 to $268.2 million, or 7.2% of net revenues, from $58.1 million, or 1.8% of net revenues, in the first nine months of 2019. Programming 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 percentage of net revenues, is primarily related to the addition of eOne's business, which experiences higher program cost amortization as a percentage of net sales. Program cost amortization attributable to eOne was 6.5% of net revenues during the first nine months of 2020.

Royalty expense for the nine months ended September 27, 2020 was $387.1 million, or 10.3% of net revenues, compared to $259.0 million, or 7.9% of net revenues, for the nine months ended September 29, 2019. The increase in royalty expense in dollars, and as a percentage of net revenues, was driven by the inclusion of eOne operations during the first nine months of 2020 and was 3.5% of net revenues, partially offset by lower sales of Partner Brand product during the first nine months of 2020 as compared to the first nine months of 2019.

Product development expense for the nine months ended September 27, 2020 decreased to $174.9 million, or 4.7% of net revenues, from $189.2 million, or 5.7% of net revenues, for the nine months ended September 29, 2019. The decrease as a percentage of net revenues was primarily related to eOne, which experiences lower product development expense as a percentage of net sales. The decrease in dollars during the first nine months of 2020 was driven by lower spending as a result of global cost savings initiatives combined with the impact of the closure of the Company's Backflip business during the fourth quarter of 2019. These decreases were partially offset by increased investments in digital gaming, primarily related to the Company's Wizards of the Coast business.

Advertising expense for the nine months ended September 27, 2020 was $311.4 million, or 8.3% of net revenues, compared to $309.7 million, or 9.4% of net revenues, for the nine months ended September 29, 2019. The advertising expense increase in dollars was driven by the acquisition of eOne, partially offset by lower advertising costs related to the Company’s digital gaming initiatives and reduced advertising levels globally, reflecting the current environment due to the impact of COVID-19.

Amortization of intangible assets was $107.7 million, or 2.9% of net revenues, for the nine months ended September 27, 2020 compared to $35.4 million, or 1.1% of net revenues, in the first nine months of 2019. The increase in dollars and as a percentage of net revenues is primarily related to the acquisition of eOne, which contributed intangible asset amortization of $72.3 million, or 1.9% of net revenues, in the first nine months of 2020.

For the nine months ended September 27, 2020, the Company's selling, distribution and administration expenses increased to $885.7 million, or 23.7% of net revenues, from $748.3 million, or 22.7% of net revenues, for the nine months ended September 29, 2019. The increase in selling, distribution and administration expenses was driven primarily by the inclusion and consolidation of eOne's operations during the first nine months of 2020, combined with $11.6 million of severance charges associated with cost-savings initiatives within the Company’s commercial and Film and TV businesses. This increase was partially offset by lower marketing, sales and warehousing expenses across the regions during the first nine months. Selling, distribution and administration expenses attributable to eOne were 4.2% of net revenues during the first nine months of 2020.

During the first nine months 2020, the Company incurred $166.0 million of acquisition and related costs in connection with the eOne Acquisition. These expenses were comprised of $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 2020 totaled $49.4 million and $153.7 million, respectively, compared to $22.8 million and $67.1 million in the third quarter and first nine months of 2019, respectively. In connection with the financing of the eOne Acquisition, the Company issued an aggregate of $2.4 billion of senior unsecured debt securities during November 2019 and in the first quarter of 2020, on the date of the closing, borrowed $1.0 billion in term loans provided by a term loan agreement. The increase in interest expense for the third quarter and first nine months of 2020 reflects interest related to these notes and other borrowings associated with the eOne Acquisition, partially offset by lower average short-term borrowings during the first nine months of 2020.

Interest income was $0.7 million and $6.4 million for the third quarter and first nine months of 2020, respectively, compared to $5.5 million and $19.2 million in the third quarter and first nine months of 2019, respectively. Lower average interest rates in 2020 compared to 2019 contributed to the decrease.

Other income, net was $11.3 million and $15.4 million for the third quarter and first nine months of 2020, respectively, compared to other expense, net of $20.2 million and $118.3 million in the third quarter and first nine months of 2019, respectively. The increase for the third quarter was driven by lower foreign currency losses in 2020 compared to 2019, which included a $25.5 million charge related to unrealized losses on foreign exchange forward and option contracts entered into by the Company to limit exposure to foreign currency fluctuations associated with the proposed eOne Acquisition price. Also contributing to the third quarter 2020 increase is a $6.1 million gain related to the sale of the Dragonvale software and brand. The increase for the nine month period was driven by lower pension expense in 2020 due to the $110.8 million non-cash pension charge as a result of the settlement of the Company's U.S. pension plan liability during the second quarter of 2019 combined with the previously discussed lower foreign currency losses in 2020 and gain on the sale of the Dragonvale software and brand.

INCOME TAXES

Income tax expense totaled $79.2 million on pre-tax earnings of $299.2 million in the third quarter of 2020 compared to income tax expense of $46.8 million on pre-tax earnings of $259.7 million in the third quarter of 2019. For the nine-month period, income tax expense totaled $64.3 million on pre-tax earnings of $183.6 million in 2020 compared to income tax expense of $42.3 million on pre-tax earnings of $295.4 million in 2019. The quarter and nine month periods in both 2020 and 2019, as well as the full year 2019, were impacted by discrete tax events including the accrual of potential interest and penalties on uncertain tax positions. During the first nine months of 2020, favorable discrete tax adjustments were a net benefit of $5.3 million compared to a net benefit of $31.7 million in the first nine months of 2019. The favorable discrete tax adjustments for the first nine months of 2020 primarily relate to the costs related to the acquisition of eOne offset by the revaluation of UK tax attributes as a result of the United Kingdom’s enactment during the quarter of the Finance Act of 2020 which maintains the corporate income tax rate at 19% and an increase of uncertain tax positions based on changes in management judgement. The favorable discrete tax adjustments for the first nine months of 2019 primarily related to the settlement of the U.S. defined benefit pension plan liability, excess tax benefits on share-based payments and the expiration of statutes of limitations for uncertain tax positions. Absent discrete items, the adjusted tax rates for the first nine months of 2020 and 2019 were 19.9% and 18.2%, respectively. The increase in the adjusted tax rate of 19.9% for the first nine months of 2020 is primarily due to the mix of jurisdictions where the Company earned its profits and the impact of the eOne Acquisition.

The UK enacted the Finance Act of 2020 upon receiving royal assent on July 22, 2020. Effective April 1, 2020, the new law maintains the corporate income tax rate at 19% instead of the planned reduction to 17% that was previously enacted in the Finance Act of 2016. Changes in tax laws and rates impact recorded deferred tax assets and liabilities and our effective tax rate. The primary impact resulted from the revaluation of Hasbro's UK tax attributes, which resulted in an increased tax provision of $13.7 million in the third quarter of 2020.

OTHER INFORMATION

Brexit Referendum

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

Business Seasonality and Shipments

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

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

Accounting Pronouncement Updates

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

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

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

Recently Issued Accounting Pronouncements

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

As of September 27, 2020, the Company's cash and cash equivalents totaled $1,132.4 million, of which $71.2 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. Tax Cuts and Jobs Act (the "Tax Act") provided significant changes to the U.S. tax system including the elimination of the ability to defer U.S. income tax on unrepatriated earnings by imposing a one-time mandatory deemed repatriation tax on undistributed foreign earnings. As of September 27, 2020, the Company has a total liability of $174.5 million related to this tax, $18.4 million is reflected in current liabilities while the remaining long-term payable related to the Tax Act of $156.1 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 27, 2020 is denominated in the U.S. dollar.

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

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

	September 27, 2020	September 29, 2019	% Change
Cash and cash equivalents (including restricted cash of $71.2 and $0)	$ 1,132.4	1,060.4	7 %
Accounts receivable, net	1,438.4	1,416.9	2 %
Inventories	540.0	589.1	-8 %
Prepaid expenses and other current assets	648.2	346.7	87 %
Other assets	1,276.1	626.2	104 %
Accounts payable and accrued liabilities	1,936.2	1,458.8	33 %
Other liabilities	778.5	550.8	41 %

Accounts receivable increased to $1,438.4 million at September 27, 2020, compared to $1,416.9 million at September 29, 2019. Absent the unfavorable foreign currency impact of $21.5 million, accounts receivable increased 3%, or $43.1 million. The increase in accounts receivable during the first nine months of 2020 was driven primarily by the inclusion of eOne balances of $177.9 million. Absent eOne, accounts receivable balances decreased across the Company's Latin American, U.S. and Canada and European regions due to improved collections during the nine months ended September 27, 2020 compared to the same period in 2019. Days sales outstanding decreased from 82 days at September 29, 2019 to 74 days at September 27, 2020 primarily due to the mix of sales, improved collections and higher shipments earlier in the quarter.

Inventories decreased to $540.0 million as of September 27, 2020 compared to $589.1 million at September 29, 2019. Absent the unfavorable foreign currency impact of $8.2 million, inventories decreased 7% reflecting lower levels in the U.S. and Canada and Asia Pacific markets primarily due to improved inventory management, offset by higher inventories in Latin America due to higher than normal inventory levels remaining from the fourth quarter of 2019 and lower sales and lower shipments in the first nine months of 2020 due to the impact of COVID-19.

Prepaid expenses and other current assets increased to $648.2 million at September 27, 2020 from $346.7 million at September 29, 2019. The increase was due to higher accrued royalty and licensing income, primarily attributable to accrued revenue balances of $228.6 million associated with eOne's properties and content, higher accrued tax credits related to film and television production costs, the majority of which are attributable to eOne productions, higher prepaid royalty amounts due to payments made in the first quarter of 2020 for the extension of the Company’s Marvel and Lucas agreements and higher prepaid tax balances as a result of lower earnings relative to estimated tax payments. These increases were partially offset by lower unrealized gains on foreign exchange contracts, deferred financing cost balances recorded at September 29, 2019 to secure funding for the purchase of eOne and lower short-term investment balances at September 27, 2020 compared to September 29, 2019.

Other assets increased to approximately $1,276.1 million at September 27, 2020 from $626.2 million at September 29, 2019. The increase was primarily due to eOne's investments in acquired content and production for music, film and television content of $619.5 million. Also contributing to the increase are higher long-term accrued income balances primarily driven by eOne and higher deferred tax balances. These increases were partially offset by lower capitalized television production costs in the legacy Hasbro business.

Accounts payable and accrued liabilities increased to $1,936.2 million at September 27, 2020 from $1,458.8 million at September 29, 2019. The increase was primarily attributable to eOne accrued participation and deferred revenue balances. In addition, increases included higher accrued royalty balances as well as higher accrued interest as a result of higher debt levels in 2020 from the issuance of notes in November 2019 and January 2020. These increases were partially offset by lower accounts payable balances and lower severance accruals as payments made in relation to the Company’s 2018 restructuring actions more than offset the increase from the restructuring actions taken in the second quarter of 2020 as a result of the integration of eOne.

Other liabilities increased to $778.5 million at September 27, 2020 from $550.8 million at September 29, 2019. The increase was primarily driven by deferred tax liabilities recorded as a result of the eOne Acquisition, higher long-term lease liability balances resulting from the eOne Acquisition and higher reserves for uncertain tax positions. In addition, the balance at September 27, 2020 includes long-term deferred revenue balances of eOne and higher long-term international pension balances due to 2019 year-end actuarial valuations. These increases were offset by a lower transition tax liability balance reflecting the reclassification of the 2021 installment payment.

Cash Flow

The following table summarizes the changes in the Consolidated Statement of Cash Flows, expressed in millions of dollars, for the quarters ended September 27, 2020 and September 29, 2019.

	September 27, 2020	September 29, 2019
Net cash provided by (used in)		
Operating activities	$ 494.3	$ 389.6
Investing activities	(4,471.7)	(86.5)
Financing activities	550.5	(417.2)

Net cash provided by operating activities in the first nine months of 2020 was $494.3 million compared to $389.6 million in the first nine months of 2019. The $104.7 million increase in net cash provided by operating activities was primarily attributable to higher collections of accounts receivable balances during the first nine months of 2020 and higher earnings excluding non-cash charges. These increases were partially offset by higher film and television production spend as a result of the inclusion of eOne operations during the first nine months of 2020 as well as royalty advances paid in the first quarter of 2020 related to the extension of the Company’s Marvel and Lucas license agreements that were due to expire in 2020.

Net cash utilized in investing activities was $4,471.7 million in the first nine months of 2020 compared to $86.5 million in the first nine months of 2019. The increase in 2020 reflects $4.4 billion of cash utilized to acquire eOne, net of cash acquired. As discussed in the Executive Summary, the cash used for the purchase of eOne consisted of the net proceeds from the issuance of an aggregate principal amount of $2.4 billion in senior secured notes in November 2019, net proceeds $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 $92.1 million in the first nine months of 2020 compared to $90.8 million in the first nine months of 2019.

Net cash provided by financing activities was $550.5 million in the first nine months of 2020 compared to net cash utilized of $417.2 million in the first nine months of 2019. The increase in cash provided by financing activities was primarily driven by the proceeds from the drawdown of the Company's $1.0 billion in term loans. Also, in the first 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.

During the first nine months of 2019, the Company paid $100.0 million to Saban Properties related to the 2018 POWER RANGERS acquisition which consisted of a $75.0 million deferred purchase price payment and $25.0 million released from escrow. Cash payments related to the purchases of the Company’s common stock were $60.1 million in the first nine months of 2019. There were no repurchases of the Company’s common stock in the first nine months of 2020 as the Company suspended the program while it prioritizes deleveraging. Dividends paid in the first nine months of 2020 totaled $279.4 million compared to $250.8 million in the first nine months of 2019 primarily reflecting the additional shares issued in the fourth quarter of 2019.

Sources and Uses of Cash

The Company has an agreement with a group of banks which provides for a commercial paper program (the "Program"). Under the Program, at the request of the Company and subject to market conditions, the banks may either purchase from the Company, or arrange for the sale by the Company, of unsecured commercial paper notes. The Company may issue notes from time to time up to an aggregate principal amount outstanding at any given time of $1,000.0 million. The maturities of the notes may vary but may not exceed 397 days. The notes are sold under customary terms in the commercial paper market and are issued at a discount to par, or alternatively, sold at par and bear varying interest rates based on a fixed or floating rate basis. The interest rates vary based on market conditions and the ratings assigned to the notes by the credit rating agencies at the time of issuance. Subject to market conditions, the Company intends to utilize the Program as its primary short-term borrowing facility and does not intend to sell unsecured commercial paper notes in excess of the available amount under the revolving credit agreement discussed below. If, for any reason, the Company is unable to access the commercial paper market, the Company intends to use the revolving credit agreement to meet the Company's short-term liquidity needs. At September 27, 2020, the Company had no outstanding borrowings related to the Program.

The Company has a second amended and restated revolving credit agreement with Bank of America, N.A., as administrative agent, swing line lender and a letter of credit issuer and lender and certain other financial institutions, as lenders thereto (the "Amended Revolving Credit Agreement"), which provides the Company with commitments having a maximum aggregate principal amount of $1,500.0 million. The Amended Revolving Credit Agreement also provides for a potential additional incremental commitment increase of up to $500.0 million subject to agreement of the lenders. The Amended Revolving Credit Agreement contains certain financial covenants setting forth leverage and coverage requirements, and certain other limitations typical of an investment grade facility, including with respect to liens, mergers and incurrence of indebtedness. The Amended Revolving Credit Agreement extends through September 20, 2024. The Company was in compliance with all covenants as of and for the quarter ended September 27, 2020. The Company had no borrowings outstanding under its committed revolving credit facility as of September 27, 2020. However, letters of credit outstanding under this facility as of September 27, 2020 were approximately $2.7 million. Amounts available and unused under the committed line, at September 27, 2020 were approximately $1,497.3 million, inclusive of borrowings under the Company’s commercial paper program. The Company also has other uncommitted lines from various banks, of which approximately $23.2 million was utilized at September 27, 2020. Of the amount utilized under, or supported by, the uncommitted lines, approximately $10.0 million and $13.2 million represent outstanding short-term borrowings and letters of credit, respectively.

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

The Company has principal amounts of long-term debt at September 27, 2020 of $5.2 billion, due at varying times from 2021 through 2044. As described above, the Company issued an aggregate of $2.4 billion of senior unsecured long-term debt securities in November 2019 and borrowed $1.0 billion under its term loan facilities on December 30, 2019 in connection with the financing of the eOne Acquisition. Of the total principal amount of long-term debt, $369.3 million is current at September 27, 2020 of which $300.0 million is related to the 3.15% 2021 Notes and $30.0 million is related to principal amortization of the 5-year term loans due December 2024. Additionally, the Company has outstanding production financing facilities at September 27, 2020 of $121.4 million of which $82.2 million is included in long-term debt and $39.2 million is reported as the current portion of long-term debt within the Company's consolidated financial statements, included in Item 1 of this Form10-Q.

The Company also had letters of credit and other similar instruments of approximately $15.9 million and purchase commitments of approximately $605.9 million outstanding at September 27, 2020.

Through the eOne Acquisition, the Company assumed eOne's existing future obligations for film and television content, future minimum contractual royalty payment obligations and operating lease commitments. Future payments required under these obligations, expressed in millions of dollars as of September 27, 2020, are as follows:

	Remainder 2020	2021	2022	2023	2024	Thereafter	Total
Future film and television obligations	$ 24.7	52.4	1.9	—	—	—	$ 79.0
First-look commitments	6.3	20.7	8.4	—	—	—	35.4
Operating lease commitments	23.6	36.0	11.2	10.1	8.8	22.8	112.5
	$ 54.6	109.1	21.5	10.1	8.8	22.8	$ 226.9

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

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

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

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

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

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

FINANCIAL RISK MANAGEMENT

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

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

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

The Company reflects all forward and option contracts at their fair value as an asset or liability on the consolidated balance sheets. The Company does not speculate in foreign currency exchange contracts. At September 27, 2020, these contracts had net unrealized gains of $15.3 million, of which $11.7 million of unrealized gains are recorded in prepaid expenses and other current assets, $4.0 million of unrealized gains are recorded in other assets, $0.3 million of unrealized losses are recorded in accrued liabilities and $0.1 million of unrealized losses are recorded in other liabilities. Included in accumulated other comprehensive loss at September 27, 2020 are deferred gains, net of tax, of $11.5 million, related to these derivatives.

At September 27, 2020, the Company had principal amounts of fixed rate long-term debt of $5.2 billion. Of this long-term debt, $600 million represents the aggregate issuance of long-term debt in May 2014 which consists of $300 million of 3.15% Notes Due 2021 and $300 million of 5.10% Notes Due 2044. Prior to the debt issuance, the Company entered into forward-starting interest rate swap agreements with a total notional value of $500 million to hedge the anticipated underlying U.S. Treasury interest rate. These interest rate swaps were matched with this debt issuance and were designated and effective as hedges of the change in future interest payments. At the date of debt issuance, the Company terminated these interest rate swap agreements and their fair value at the date of issuance was recorded in accumulated other comprehensive loss and is being amortized through the consolidated statements of operations using an effective interest rate method over the life of the related debt. Included in accumulated other comprehensive loss at September 27, 2020 are deferred losses, net of tax, of $16.9 million related to these derivatives.

Item 3.   Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4.   Controls and Procedures.

Evaluation of disclosure controls and procedures

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 27, 2020. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in internal control over financial reporting

Except for the acquisition of eOne described below, there were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the quarter ended September 27, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

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

Risks Related to Business Operations

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

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

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

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

Certain aspects of our entertainment business continue without significant disruption, such as development and pre-production work and our animation business. Other aspects of our entertainment business have been gradually reopening, but on a limited basis and may and continue to be adversely affected by the coronavirus. Specifically, scheduled live-action productions have been delayed or postponed in 2020 due to the shutdown of production work and the closure or limited reopening of studios, theatrical releases have been delayed due to the closure or limited reopening of theaters, and in some cases, global releases have moved to different media platforms, such as streaming services. During this time, we have seen increased interest in our content library as consumers increase watching content at home and we continue to identify other innovative ways of making our content accessible to consumers. In the near term, this interest and these efforts are unlikely to offset the impact to our entertainment business's results due to the shutdown of productions and closure and limited reopening of studios and theaters.

The negative impact to demand can be caused by delays in or reduced purchases from customers and consumers who may be reluctant or unable to leave home or otherwise shop in a normal manner due to restrictions on or closure, either temporarily or permanently, of many retail stores and hobby stores in which our products are sold. Demand has been and may be further impacted due to consumers' lower discretionary income due to reduced or limited work or unemployment, which has increased dramatically due to the coronavirus.

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

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

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

We believe we have sufficient liquidity and capital resources available at this time, including approximately $1.1 billion of cash on hand and $1.5 billion available under our revolving credit facility. We are in compliance with our covenants under our revolving credit facility and, while we do not currently foresee a need to borrow under the facility, we believe we would be able to access the facility for the foreseeable future. During this time of uncertainty, however, we are managing our expenses to further preserve our liquidity and we are closely monitoring our customers' health and collectability of receivables, with some customers having difficulty making payments or requesting extended payment terms at a time when retailers are experiencing challenges and some have filed for bankruptcy.

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

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

Forward Looking Statement Safe Harbor

Certain statements in this Form 10-Q contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which may be identified by the use of forward-looking words or phrases, include statements relating to: the impact of, and actions and initiatives taken and planned to be taken, to try and manage the negative impact of the global coronavirus outbreak on our business; the ability to achieve our financial and business goals and objectives; the expected adequacy of supply and operation of our manufacturing facilities; the Company's product and entertainment plans, including anticipated entertainment production; anticipated product and entertainment performance; anticipated expenses; and working capital and liquidity. Our actual actions or results may differ materially from those expected or anticipated in the forward-looking statements due to both known and unknown risks and uncertainties. Factors that might cause such a difference include, but are not limited to:

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

(Thousands of Dollars and Shares Except Per Share Data)

- the impact of litigation or arbitration decisions or settlement actions; and
- other risks and uncertainties as may be detailed from time to time in our public announcements and SEC filings.

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

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

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

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 2020				
6/29/20 – 7/26/20	—	$ —	—	$ 366,592,558
August 2020				
7/27/20 – 8/30/20	—	$ —	—	$ 366,592,558
September 2020				
8/31/20 – 9/27/20	—	$ —	—	$ 366,592,558
Total	—	$ —	—	$ 366,592,558

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

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.1* Transitional Advisory Services Agreement for John Frascotti.

(Thousands of Dollars and Shares Except Per Share Data)

31.1**	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2**	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.
32.2**	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

** *Furnished herewith*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HASBRO, INC.
(Registrant)

Date: November 4, 2020

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 John Frascotti (the "Executive"), as of October 5th, 2020 and effective as of such date (the "Effective Date").

WITNESSETH:

WHEREAS, the Company and the Executive are parties to an Employment Agreement, dated August 1, 2018 (the "Prior Agreement"), pursuant to which the Executive provides services to the Company and the Company provides certain compensation and benefits to the Executive;

WHEREAS, pursuant to the Prior Agreement the Executive currently serves as the Company's President and Chief Operating Officer;

WHEREAS, the current term of the Executive's employment was agreed to run through March 31, 2021, unless earlier terminated or extended pursuant to the terms of the Prior Agreement;

WHEREAS, the Executive has indicated to the Company that he wishes to retire from employment with the Company following the expiration of that current term;

WHEREAS, the Executive and the Company want to provide for an orderly transition of the Executive's responsibilities and knowledge and the Executive's availability during a transitional period following the expiration of employment under the Prior Agreement 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, which shall amend the Prior Agreement as of the Effective Date.

NOW, THEREFORE, it is hereby agreed as follows:

1. Effectiveness; Term. The Prior Agreement will remain in effect and the Executive will continue his service to the Company pursuant to its terms through March 31, 2021 (the "End Date" as defined in the Prior Agreement), unless such service is terminated prior to such date in accordance with the terms of the Prior Agreement. If the Executive's employment with the Company terminates prior to the End Date, such termination will be treated as provided in the Prior Agreement and the provisions of this Agreement that correspond to employment following the End Date will not become effective.

The term of the Executive's service to the Company pursuant to this Agreement shall commence on April 1, 2021 (the "Commencement Date"), immediately following the End Date, and shall continue for a period of one year, with the term of that employment ending at the end of the day on April 1, 2022 (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 End Date, the Executive shall cease to serve as the President and Chief Operating 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 voluntarily retire 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 hereto 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. Except as set forth below in this Section with respect to his service on the Hasbro Board of Directors, following the End Date, at the first request of Hasbro, the Executive shall cease to serve in any and all other officer and 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. The Executive will serve out the remainder of his current one-year term as a member of the Board of Directors of Hasbro, subject to the obligations and responsibilities attendant to such service. The Company will not nominate the Executive for election to the Board of Directors of Hasbro at the 2021 Annual Meeting or for any future periods.

(c) Duties; Availability. In his role as Special Advisor, the Executive shall report directly to the Chief Executive Officer of Hasbro (the "CEO") and shall have such duties and responsibilities as are assigned by the CEO from time to time, which may include providing advice and assistance on matters relating to the Executive's duties prior to the End Date to the CEO and, to the extent specified by the CEO, other senior executives of Hasbro, and otherwise assisting with transitional efforts and making the Executive's experience and expertise available to the Company. During the Term, the Executive shall devote the time and effort reasonably required to fulfill his duties and responsibilities hereunder in his role as Special Advisor, providing that the Executive will not be required to travel without the Executive's agreement and provided further it is understood the Executive may serve as a member of the board of directors of one or more entities that are not competitive with the Company and/or perform consulting or advisory services or services as an employee for other entities or individuals that are not competitive with the Company during his period of time as a Special Advisor to the Company and his workload as a Special Advisor will reasonably permit that. The Executive will provide the Company with prompt written notice of beginning any such board service or beginning to provide any such consulting or advisory services or engaging in such employment for other entities or individuals.

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 $1,100,000 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) 2020 Annual Cash Bonus. The Executive's annual cash bonus award for the Company's 2020 fiscal year ("FY 2020") shall be determined and settled in accordance with the terms of the Hasbro 2014 Senior Management Annual Incentive Plan (the "Bonus Plan"), based on the actual level of attainment of applicable performance goals for FY 2020. For the avoidance of doubt, such cash bonus award shall be equal to 100% of the Executive's FY 2020 base salary earnings (i.e., the target bonus) multiplied by the corporate performance factor determined under the Bonus Plan for FY 2020, subject to any other modifications under the Bonus Plan, and paid in calendar year 2021 at the same time as for the senior executives of Hasbro, but in no event later than March 15, 2021.

(ii) 2021 Annual Cash Bonus. With respect to the Company's 2021 fiscal year, subject to the Executive's continued employment with the Company through December 31, 2021, the Executive shall receive an annual cash bonus award for 2021 equal to $458,333.50 (the "2021 Bonus"). This amount is computed as the average of the annual cash bonuses received by the Executive for the Company's 2017, 2018 and 2019 fiscal years (for the avoidance of doubt, such bonuses were equal to $900,000, $350,000 and $1,500,000, respectively and thus the average is $916,667) multiplied by a factor of 50%. Such cash bonus award shall be paid in calendar year 2022, but no later than March 15, 2022. If the Executive's employment is terminated by the Company for Cause prior to December 31, 2021, he shall not receive any portion of the 2021 Bonus. If the Executive's employment with the Company terminates for any other reason prior to December 31, 2021, he shall be entitled to a pro-rata portion of the 2021 Bonus, based on the portion of the Company's 2021 fiscal year that has elapsed as of the date of his termination of Employment.

(c) Equity Awards. All equity awards granted to the Executive under Hasbro's 2003 Stock Incentive Performance 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, means 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 (as defined in the Prior Agreement).

(ii) At such time in 2021 as the Company makes its annual grant of equity 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 with an aggregate target award level equal to 400% of his annualized Base Salary of $1,100,000. For purposes of computing the target award level and the amount 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. However, the awards granted to the Executive will actually vest only through the earlier of the Retirement Date, or the Date of Termination.

The forms of the 2021 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 consistent with that granted to other senior executives of the Company (excluding the Company's CEO). Other than the annual 2021 long-term incentive grant, the Executive shall not be eligible for further grants of additional equity awards during the Term.

(d) Other Benefits. During the Term, the Executive shall be entitled to continue to participate in all broad-based health and welfare plans and programs in which he participated immediately prior to the Effective Time, 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 Company will continue to contribute to the Hasbro Supplemental Retirement Plan and the Hasbro 401(k) Plan for the Executive through the Retirement Date, or, if earlier, the Date of Termination.

(e) Vacation. The Executive acknowledges and agrees that as of the End Date he will have used all accrued vacation or other paid time-off he is entitled to as of the End Date. During the Term, the Executive shall not accrue any vacation or other paid time-off, unless required by law.

(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 in advance in writing. In addition, the Company shall reimburse the Executive for up to $5,000 USD in the aggregate for any 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 that is substantially similar to that provided prior to the Effective Date 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) following the Retirement Date and subject to the conditions and in accordance with the payment terms set forth in this Agreement, for a period of 12 months beginning on the Retirement Date (the "Continuation Period"), the Company will (a) continue to pay to the Executive, in accordance with the Company's customary payroll practices, his Base Salary as severance, and (b) if the Executive is eligible for and timely elects to continue receiving group medical and/or dental insurance under the continuation coverage rules known as COBRA, continue to pay the share of the premium for such coverage that it pays for active and similarly-situated employees who receive the same type of coverage (single, family, or other) unless, as a result of a change in legal requirements, the Company's provision of payments for COBRA will violate the nondiscrimination requirements of applicable law, in which case this benefit will not apply (alternatively, if both the Company and the Executive agree, the Company may keep the Executive on the Company's medical and/or dental plan during this period, rather than the Company contributing to coverage pursuant to COBRA);

(c) 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 "retirement" (provided the Executive satisfies the conditions for retirement under the Stock Plan and such award agreements); and

(d) 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.

5. Announcement. The contents of any announcements or communications, whether directed within the Company or externally, regarding the Executive's transition from President and Chief Operating 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 ("applicable law").

6. Termination of Employment following the End 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. The Company shall be entitled to terminate the Executive's employment because of the Executive's Disability during the Term. "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 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 and/or perform consulting or advisory services or services as an employee for other entities or persons 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 and/or perform consulting or advisory services or services as an employee for 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 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 End 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 End 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 End 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 of April 1, 2022, as if the Executive had remained employed by the Company pursuant to this Agreement through April 1, 2022,

(ii) the Base Salary will be continued for an additional 12-months following the planned Retirement Date pursuant to Section 4(b) (in such situation the Continuation Period begins on April 1, 2022), and

(iii) 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 End Date and Prior to the Retirement Date. If, 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 cease providing services to the Company, then in such case the 12-month Continuation Period provided pursuant to Section 4(b) shall begin on the Date of Termination and the Base Salary continuation provided by Section 4(b) will continue for 12 months thereafter.

(d) Partial Mitigation of Continuation Period Salary Payments if Executive has Taken Alternate Full-Time Employment Prior to or During Some Portion of the Last Six Months of the Continuation Period. In the event, and only in the event, that the Executive has taken or is performing full-time employment for other entities or persons (excluding charitable organizations under the circumstances set forth in the following sentence) that are not competitive with the Company prior to or during the last six months of the Continuation Period, in such case the salary continuation payments to the Executive for only the last six months of the Continuation Period will be reduced by 50% for any portion of such six-month period that the Executive is working full-time for other entities or persons. In the event the Executive has taken or is performing full-time employment for a charitable entity or organization ("charitable" as defined under Section 501(c)(3) or another applicable provision of the Internal Revenue Code) for any portion of the last six months of the Continuation Period, the mitigation set forth in the preceding sentence will not apply for any month in which the Executive's total anticipated annual compensation from such charitable entity or organization, divided by 12 to arrive at a monthly rate of compensation, is less than half of the Base Salary, taken on a monthly basis. Any payments due for periods prior to the last six months of the Continuation Period are not subject to any such mitigation.

(e) Termination by the Company for Cause Following the End Date and Prior to the Retirement Date. In the event the Executive's employment hereunder is terminated by the Company for Cause he shall not be entitled to any of the benefits described in Section 4(b).

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 End Date, the terms of the Prior Agreement, and the Hasbro Change in Control Severance Plan (if applicable), shall govern. 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, including, without limitation, the provisions of Section 8 of the Prior Agreement (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 Brian Goldner, Michael Hogg, Dolph Johnson, Deborah Thomas, Darren Throop, and Tarrant Sibley, and any of their successors, 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) The provisions of Sections 7 and 11, as well as Exhibit A, of the Prior Agreement apply to this Agreement mutatis mutandis.

(b) 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.

(c) 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.

(d) 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 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, the Prior Agreement, and, 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 Prior Agreement and the Hasbro Change in Control Severance Plan, if applicable, continue to apply to a termination of employment prior to March 31, 2021) . 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), Supplemental Retirement 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. 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 the Prior Agreements or, 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") following the Retirement Date or other Date of Termination, which Executive Release must become irrevocable within sixty (60) days following the Date of Termination. 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; and provided further that the payment of any amounts shall be subject to the terms and conditions set forth in Exhibit A to the Prior Agreement.

(e) Section 409A. It is intended that the provisions of this Agreement comply with Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Exhibit A to the Prior Agreement applies to this Agreement mutatis mutandis.

(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 Executive Vice President, Chief Human Resources Officer, 1011 Newport Avenue, Pawtucket, RI 02816, dolph.johnson@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:
Title:

Date: October 5, 2020

Accepted and Agreed to:

John Frascotti

Date: October 5, 2020

Exhibit A

RELEASE

Pursuant to the terms of the Transitional Advisory Services Agreement (the "Agreement") between Hasbro, Inc. ("Hasbro" or the "Company") and John Frascotti (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, 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 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 Prior Agreement and the Hasbro Change in Control Severance Plan (both as defined in the Agreement), if applicable, continue to apply to a termination of employment prior to March 31, 2021 and for such a termination the Executive has a right to enforce those agreements in accordance with their 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), Supplemental Retirement 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.

Acknowledgments.

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: ____________________
John Frascotti

Exhibit 31.1

CERTIFICATION

I, Brian Goldner, certify that:

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

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

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

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

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

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

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

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 4, 2020

/s/ Brian Goldner
Brian Goldner
Chairman and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, Deborah Thomas, certify that:

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

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

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

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

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

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

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

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 4, 2020

/s/ Deborah Thomas

Deborah Thomas
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

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

1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 2020, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Dated: November 4, 2020

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

Exhibit 32.2

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

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

1) the Company’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2020, as filed with the Securities and Exchange Commission (the “10-Q Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Dated: November 4, 2020

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