

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 29, 2019 and December 30, 2018
(Thousands of Dollars Except Share Data)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,580,369	1,182,371
Accounts receivable, less allowance for doubtful accounts of \$17,200 in 2019 and \$9,100 in 2018	1,410,597	1,188,052
Inventories	446,105	443,383
Prepaid expenses and other current assets	310,450	268,698
Total current assets	6,747,521	3,082,504
Property, plant and equipment, net	382,248	256,473
Other assets		
Goodwill	494,584	485,881
Other intangibles, net	646,305	693,842
Other	584,970	744,288
Total other assets	1,725,859	1,924,011
Total assets	<u>\$ 8,855,628</u>	<u>5,262,988</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	\$ 503	9,740
Accounts payable	343,927	333,521
Accrued liabilities	912,652	931,063
Total current liabilities	1,257,082	1,274,324
Long-term debt	4,046,457	1,695,092
Other liabilities	556,559	539,086
Total liabilities	5,860,098	3,508,502
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 as of 2019 and 209,694,630 shares as of 2018	110,143	104,847
Additional paid-in capital	2,275,726	1,275,059
Retained earnings	4,354,619	4,184,374
Accumulated other comprehensive loss	(184,220)	(294,514)
Treasury stock, at cost, 83,424,129 shares in 2019 and 83,565,598 shares in 2018	(3,560,738)	(3,515,280)
Total shareholders' equity	2,995,530	1,754,486
Total liabilities and shareholders' equity	<u>\$ 8,855,628</u>	<u>5,262,988</u>

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
Fiscal Years Ended in December
(Thousands of Dollars Except Per Share Data)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net revenues	\$4,720,227	4,579,646	5,209,782
Costs and expenses			
Cost of sales	1,807,849	1,850,678	2,033,693
Royalties	414,549	351,660	405,488
Product development	262,156	246,165	269,020
Advertising	413,676	439,922	501,813
Amortization of intangible assets	47,259	28,703	28,818
Program production cost amortization	85,585	43,906	35,798
Selling, distribution and administration	1,037,103	1,287,560	1,124,793
Total expenses	4,068,177	4,248,594	4,399,423
Operating profit	652,050	331,052	810,359
Non-operating (income) expense			
Interest expense	101,878	90,826	98,268
Interest income	(30,107)	(22,357)	(22,155)
Other (income) expense, net	(13,931)	(7,819)	(51,904)
Total non-operating expense, net	57,840	60,650	24,209
Earnings before income taxes	594,210	270,402	786,150
Income taxes	73,756	49,968	389,543
Net earnings	\$ 520,454	220,434	396,607
Per common share			
Net earnings			
Basic	\$ 4.07	1.75	3.17
Diluted	\$ 4.05	1.74	3.12
Cash dividends declared	\$ 2.72	2.52	2.28

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Fiscal Years Ended in December
(Thousands of Dollars)

	2019	2018	2017
Cash flows from operating activities			
Net earnings	\$ 520,454	220,434	396,607
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation of property, plant and equipment	133,528	139,255	143,018
Impairment of goodwill	—	86,253	—
Impairment of intangible assets	—	31,303	—
Pension Settlement	110,962	—	—
Amortization of intangible assets	47,259	28,703	28,818
Program production cost amortization	85,585	43,906	35,798
Deferred income taxes	(14,956)	(11,094)	112,105
Stock-based compensation	28,044	27,892	56,032
Other non-cash items	(54,184)	(18,879)	(44,001)
Changes in operating assets and liabilities, net of acquired and disposed balances:			
(Increase) decrease in accounts receivable	(211,450)	180,113	(50,376)
Increase in inventories	(4,631)	(37,211)	(25,301)
Decrease (increase) in prepaid expenses and other current assets	18,106	(11,929)	24,450
Program production costs, net of tax rebates received	(33,851)	(131,984)	(48,003)
Increase (decrease) in accounts payable and accrued liabilities	62,277	107,426	(80,461)
Net deemed repatriation tax	(14,550)	27,027	181,305
Other, including long-term advances	(19,532)	(35,218)	(5,613)
Net cash provided by operating activities	<u>653,061</u>	<u>645,997</u>	<u>724,378</u>
Cash flows from investing activities			
Additions to property, plant and equipment	(133,636)	(140,426)	(134,877)
Investments and acquisitions, net of cash acquired	(8,761)	(155,451)	—
Net gains on derivative contracts	79,990	—	—
Other	1,452	9,400	3,396
Net cash utilized by investing activities	<u>(60,955)</u>	<u>(286,477)</u>	<u>(131,481)</u>
Cash flows from financing activities			
Net proceeds from borrowings with maturity greater than three months	2,354,957	—	493,878
Repayments of borrowings with maturity greater than three months	—	—	(350,000)
Net repayments of other short-term borrowings	(8,828)	(142,357)	(18,419)
Purchases of common stock	(61,387)	(250,054)	(151,311)
Stock-based compensation transactions	31,786	29,999	29,431
Dividends paid	(336,604)	(309,258)	(276,973)
Payments related to tax withholding for share-based compensation	(13,123)	(58,344)	(31,994)
Deferred acquisition payments	(100,000)	—	—
Proceeds from issuance of common stock	975,185	—	—
Deferred financing fees paid	(26,653)	—	—
Other	(4,760)	(7,087)	(6,785)
Net cash provided (utilized) by financing activities	<u>2,810,573</u>	<u>(737,101)</u>	<u>(312,173)</u>
Effect of exchange rate changes on cash	<u>(4,681)</u>	<u>(21,282)</u>	<u>18,225</u>
Increase (decrease) in cash and cash equivalents	<u>3,397,998</u>	<u>(398,863)</u>	<u>298,949</u>
Cash and cash equivalents at beginning of year	<u>1,182,371</u>	<u>1,581,234</u>	<u>1,282,285</u>
Cash and cash equivalents at end of year	<u>\$4,580,369</u>	<u>1,182,371</u>	<u>1,581,234</u>
Supplemental information			
Interest paid	<u>\$ 82,205</u>	<u>82,258</u>	<u>89,294</u>
Income taxes paid	<u>\$ 103,149</u>	<u>117,854</u>	<u>115,753</u>

See accompanying notes to consolidated financial statements.