

WESTPEAK RESEARCH ASSOCIATION

Hasbro, Inc. (NASDAQ: HAS)

Consumer Cyclical - Leisure

Hasbro: Right Time to Roll the Dice

March 10, 2024

Hasbro, Inc. (NASDAQ: HAS) is an American multinational conglomerate holding company headquartered in Pawtucket, Rhode Island. Hasbro, Inc. is one of the largest toy makers in the world. They also operate in digital gaming and entertainment.

Thesis

Hasbro has seen a large selloff from investors after two successive quarters of missed top and bottom-line expectations. An additional headwind that is being priced into the company's stock is the structural shift away from physical toys to digital devices. Our view is that Hasbro's management is acutely aware of this structural shift and is in the early stages of transitioning to become a major player in the gaming industry. The bottom line: Hasbro is not a dinosaur from the age of physical games, but a diversified entertainment, gaming, and toys giant with a market-leading IP portfolio.

Drivers

Early signs of success in gaming can be seen with Baldur's Gate 3, and investors are not pricing in the 40 additional gaming projects currently in Hasbro's pipeline. In addition to in-house gaming R&D, Hasbro is strategically licensing well-known brands, such as Magic: The Gathering, Monopoly, and Dungeons & Dragons, to other game developers, which will allow them to benefit from the expertise of preeminent players while participating in the upside from royalties.

Valuation

By giving a 45% weight to the estimated Perpetuity Growth Implied Price, 40% weight to the EV/EBITDA Implied Price, and 15% weight to the P/E Implied Price, we initiate a buy rating for Hasbro, Inc. (NASDAQ: HAS) with a target price of \$68.72.

Analyst: Raghav Bhatia, BA. '27
contact@westpeakresearch.com

Equity Research US

Price Target	US\$ 68.72
Rating	Buy
Share Price (Mar. 11 Close)	US\$ 52.57
Total Return	30.7%

Key Statistics

52 Week H/L	\$73.58/\$42.66
Market Capitalization	\$7.18B
Average Daily Trading Volume	1.69M
Net Debt	\$3.47M
Enterprise Value	\$9.94B
Net Debt/EBITDA	3.70x
Diluted Shares Outstanding	138.8M
Free Float	93.96%
Dividend Yield	5.41%

WestPeak's Forecast

	<u>2024E</u>	<u>2025E</u>	<u>2026E</u>
Revenue	\$4.47B	\$4.20B	\$4.14B
EBITDA	\$0.13B	\$0.34B	\$0.33B
Net Income	\$(0.43)B	\$0.03B	\$0.19B
EPS	\$(3.09)	\$0.21	\$1.37
P/E	N/A	249.6x	38.35x
EV/EBITDA	77.72x	30.96x	32.11x

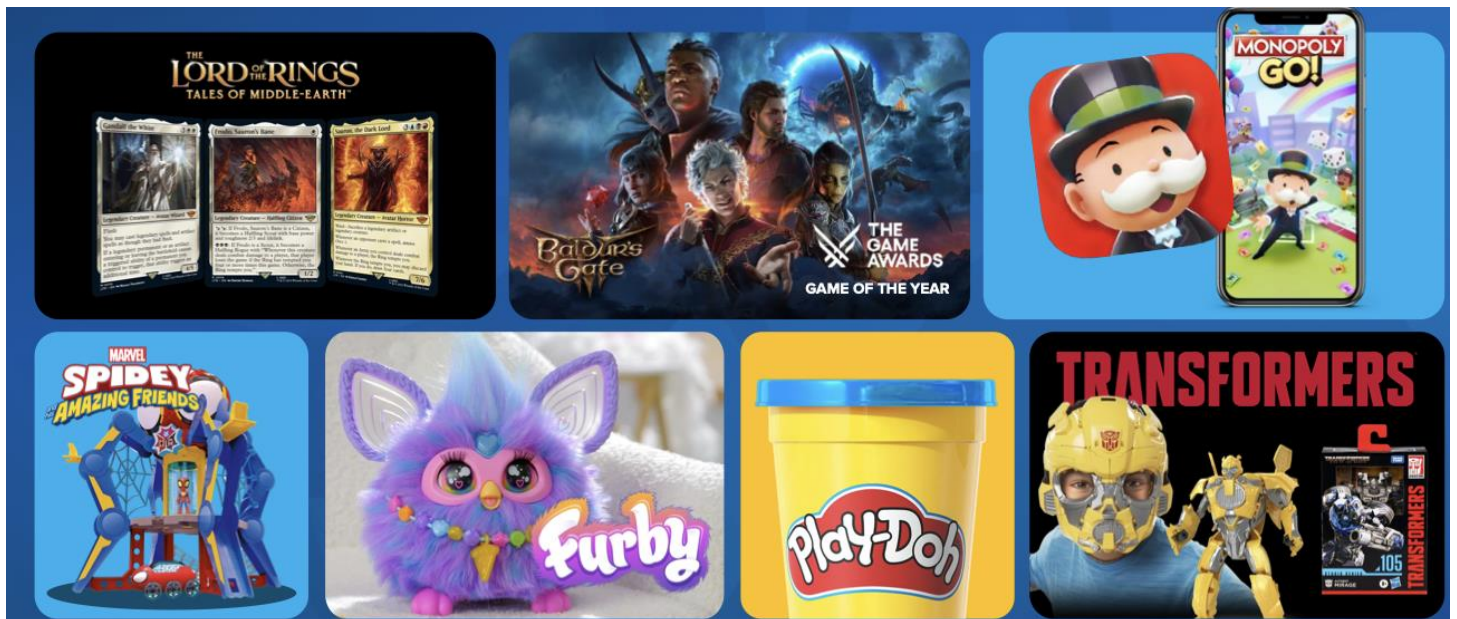
1-Year Price Performance



Business Overview/Fundamentals

Company Overview

Hasbro, Inc. designs, manufactures, and markets toys, games, interactive software, puzzles, and infant products. The Company's products include a variety of games, including traditional board, card, hand-held electronic, trading card, role-playing, and DVD games, as well as electronic learning aids and puzzles.



Hasbro is one of the largest toy makers worldwide. Hasbro has a significant relationship with Disney, producing merchandise for Star Wars, Marvel, Ghost Busters, and Frozen. Hasbro also makes board games such as Scrabble, Monopoly, and Trivial Pursuit, as well as trading cards including Magic: The Gathering (through its Wizards of the Coast unit) and Dungeons & Dragons in both a physical and digital capacity. About 57.13% of company's net revenues comes from North America, followed by 23.19% of net revenues from Europe, 10.79% from Latin America, and 8.88% from Asia Pacific. This shows that Hasbro, Inc. is heavily reliant on North American sales and slightly reliant on European sales which can make it subject to facing issues due to macroeconomic uncertainties and issues.

Operating Segments

Hasbro has 3 major operating segments: Consumer Products, Wizards of the Coast and Digital Gaming, and Entertainment.

Consumer Products

Consumer Products account for around 60% of the company's revenue. This segment engages in the sourcing, marketing and sales of toy and game products around the world. The business also promotes the company's brands through the out-

licensing of its trademarks, characters and other brand and intellectual property rights to third parties, through the sale of branded consumer products such as toys and apparel. Additionally, through license agreements with third parties, the company develops and sells products based on popular third-party brands.

Wizards of the Coast and Digital Gaming

Wizards of the Coast and Digital Gaming accounts for 29.13% of the company's revenues and has a compounded annual growth rate (CAGR) of 6.44% since 2021. This has comprised an increasingly larger proportion of total net revenues since 2020. This segment is responsible for the promotion of the company's brands through the development of trading card, role-playing and digital game experiences based on Hasbro and Wizards of the Coast properties. Wizards of the Coast offerings include popular games such as the collectible card game Magic: The Gathering and the fantasy table-top role-playing game Dungeons & Dragons, as well as other digital games developed for mobile devices, personal computers and video gaming consoles including Magic: The Gathering Arena.

Entertainment

The entertainment segment generates about 13.18% of the company's revenue. It has a CAGR of -24.35% and has been declining mostly due to the divestiture of eOne and the writer's strike. This will most likely not grow rapidly in the near future in terms of net revenues generated but will have high margins as Hasbro, Inc. shifts towards licensing. This segment is engaged in the development, acquisition, production, distribution, and sale of world-class entertainment content including film, scripted and unscripted television, children's programming, digital content, and live entertainment.

Global Presence

Hasbro, Inc. has offices supporting its Consumer Products business in more than 35 countries contributing to sales in more than 120 countries. The company's primary international locations for facilities in the Consumer Products segment are in Australia, Brazil, France, Germany, Mexico, Spain, the People's Republic of China, and the UK, all of which are comprised of both office and warehouse space. In addition, the company also leases offices in Switzerland and the Netherlands which are primarily used in corporate functions. The US accounts for about 60% of sales, while international sales represent nearly 40%.

Financial Performance

Revenue Growth and Cash

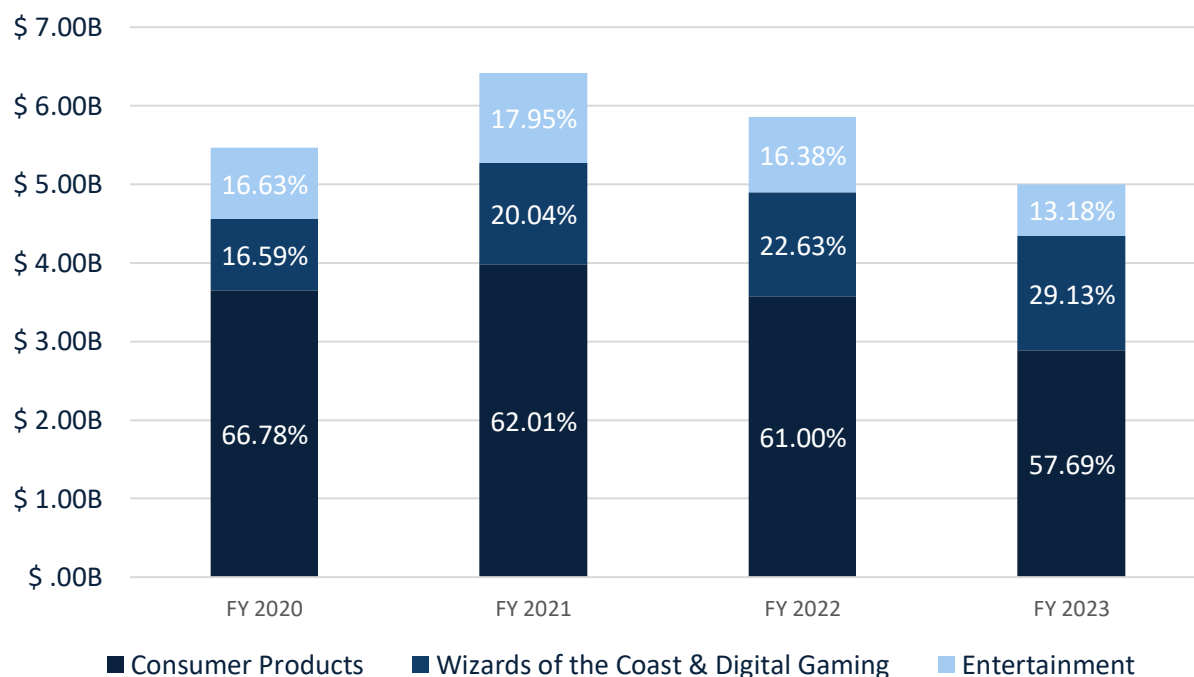
The company's cash at the end of 2023 totaled \$545.4 million which is 6.31% higher than the start of the year. Net revenues in 2023 were down to \$5.00 billion from \$5.86 billion in the prior year, a decline of 14.57%. Net revenues in the Consumer Products segment decreased by 19%, the Wizards of the Coast and Digital Gaming segment saw a 10% increase in net revenues and the Entertainment segment saw net revenues decrease by 31%. The declines in the Entertainment segment should be no cause for concern given the fact they divested a large part of their portfolio and had some declines due to the writer's strike which constituted a large part of the last year. The Consumer Products segment saw a decline largely due to the decline of the toy industry along with the current macroeconomic environment and reduced consumer

confidence except in the holiday season where it's growth decline was surprising considering there was an increase in Christmas shopping this year despite credit debt being very high across the U.S. and inflation being rampant. This should dissipate as consumer confidence begins to increase and when rate cuts eventually occur. They are also trying to create innovative products to try and retain their target demographic and prevent them from wanting to switch to technology and video games altogether. Although this will not completely allow them to mitigate any risk they face from the declining toy industry and it will not allow them to grow immensely, it will still help them compete against other key players in this market.

The Wizards of the Coast & Digital Gaming segment has been showing increasing net revenue. There has however been a steady decline in the Consumer Products and Entertainment segments. Franchise brands showed a 3% decline as compared to the prior year. Each individual 'Brand Portfolio' is down as compared to the 2022 including Franchise Brands, Partner Brands, Portfolio Brands and Non-Hasbro Branded Film & TV. The aforementioned reasons in the previous paragraph are the reasons this occurred and should just be a short-term setback.

Segmented Revenue (\$B)

FY20-FY23



Sales and Marketing

Hasbro's products are sold globally to a broad spectrum of customers, including mass-market retailers, distributors, wholesalers, discount stores, drug stores, mail order houses, catalog stores, department stores and other traditional retailers, large and small, as well as ecommerce retailers and direct-to-customer through Hasbro PULSE, its fan-based ecommerce website.

During 2023, Walmart, Inc. and Amazon.com, Inc. each accounted for approximately 11% of Hasbro, Inc.'s consolidated net revenues. The concentration of their customer base means that economic difficulties or changes in the purchasing policies, promotional policies or purchasing and promotional patterns of these companies could have a significant impact on them. This could pose a potential risk for investors given their reliance on external channels for their sales distribution and revenues.

The company advertises many of its products extensively and brands through digital marketing and on television. They historically commit most of their marketing, advertising, and inventory production expenses prior to the peak fourth quarter retail season. Its brands obtain marketing and advertising support through entertainment appearing on major networks globally, theatrical releases as well as on various other digital platforms, such as Netflix and Apple TV. Advertising expense totaled approximately \$458.4 million in 2023, \$387.3 million in 2022, \$506.6 million in 2021, and \$412.7 million in 2020. The lower advertising costs in 2022, and these also being lower in 2023 than in 2021 were in line with their operational excellence strategy which aims to reduce their costs of advertising and product development in an effort to increase margins.

In 2022 a lot of licensing deals were acquired as part of the acquisition of eOne that Hasbro, Inc. had to pay for, which expired, allowing for cost savings in that year due to the fact these had higher royalty fees to be paid at the time. There were net revenue increases in their Dungeons & Dragons brand due to their theatrical movie release and the success of Baldur's Gate 3 along with growth in Transformers, Monopoly and Magic: The Gathering. This further enforces the fact that their strategy of partnering with other brands as they did with Paramount and Transformers, licensing out their IP, going all in on gaming and trying to increase synergies between their entertainment, consumer products and gaming segments is a smart strategy.

Strategy

The company's strategic plan has long been centered around the Hasbro Blueprint, a framework for bringing compelling and expansive brand experiences to consumers and audiences around the world. Hasbro has developed what they call 'Blueprint 2.0', a consumer-centric framework where their brands are transformed as story-led and play-led consumer franchises brought to life through games, play and experiences and offered across a multitude of platforms and media.

Hasbro plans to focus mostly on Direct to Consumer and Digital. They aim to place a larger emphasis on their gaming division and digital growth which is arguably a smart move given the impact on physical retail stores with increasing digitalization. Gaming is also a growing industry which makes their increased focus smart, especially given how consistently their Wizards of the Coast and Digital Gaming segments have been growing.

They are also trying to conduct strategic mergers and acquisitions. In mid-2022, Hasbro completed its previously announced acquisition of D&D Beyond, the leading digital toolset and game companion for the company's groundbreaking fantasy franchise, DUNGEONS & DRAGONS, from Fandom. This strategic acquisition, for approximately \$146.3 million in cash, will further strengthen Hasbro's capabilities in the fast-growing digital tabletop category while also adding veteran talents to the Wizards of the Coast team and accelerating efforts to deliver exceptional experiences for fans across all platforms. Hasbro, Inc. has historically conducted mergers and acquisitions to not only build upon

segments they have a pre-existing foothold on such as the toys industry but have also made efforts to enter new markets. Wizards of the Coast for example, was an acquisition they made which is now their fastest growing segment.

Hasbro's timeless brands and brand recognition are some of their biggest competitive advantages. They are trying to leverage their intellectual property and maximise upon its potential by focusing on fewer, bigger, more profitable brands and driving market share in the categories of games, preschool, creativity, outdoor and action brands. These notable trademarks include My Little Pony, Monopoly, Scrabble, Twister, Dungeons & Dragons, Magic: The Gathering, G.I. Joe, Nerf Toys, Transformers,



Power Rangers and many more. These comprise their franchise brands which were selected into this portfolio based on Hasbro, Inc.'s projection of their future growth along with them already delivering high revenues. Overtime they plan to move more brands from their "Portfolio Brands" category into this. It can be seen that Peppa Pig is already shining in the 'Preschool' category where Hasbro's market share lags behind other segments and peers. This brand has an operating margin in the high teens to low-20% range and this would be a long-term catalyst for the company as other brands are made more profitable and brought to the \$1 billion mark. Hasbro, inc. is also going to be focusing on growth for their brand 'Play-Doh' and partnership brands like 'Spidey and His Amazing Friends'.

They aim to utilise media content produced using Hasbro, inc.'s major brands as a driver of growth for their toy sales which is their largest revenue segment. Their sale of eOne is expected to boost margins and they will look more towards partnerships with other companies to provide this content based on their IP. This has proven successful for their brand Dungeons & Dragons through the game Baldur's Gate 3.

Industry Analysis

Hasbro, Inc. is a company which is multifaceted in nature. Their main 3 revenue segments are Consumer Products, Wizards of the Coast & Digital Gaming and Entertainment. Their Consumer Products division mostly consists of toys, action figures, arts & crafts, games, pre-school toys and blasters through their Nerf line up. Their Wizards of the Coast & Digital Gaming division, the segment that has shown the largest amount and most consistent growth in the last 3 years has digital and licensed gaming along with their own proprietary products as their key business drivers. The Entertainment segment has been impacted in recent years due to the impact of industry strikes and exited businesses.

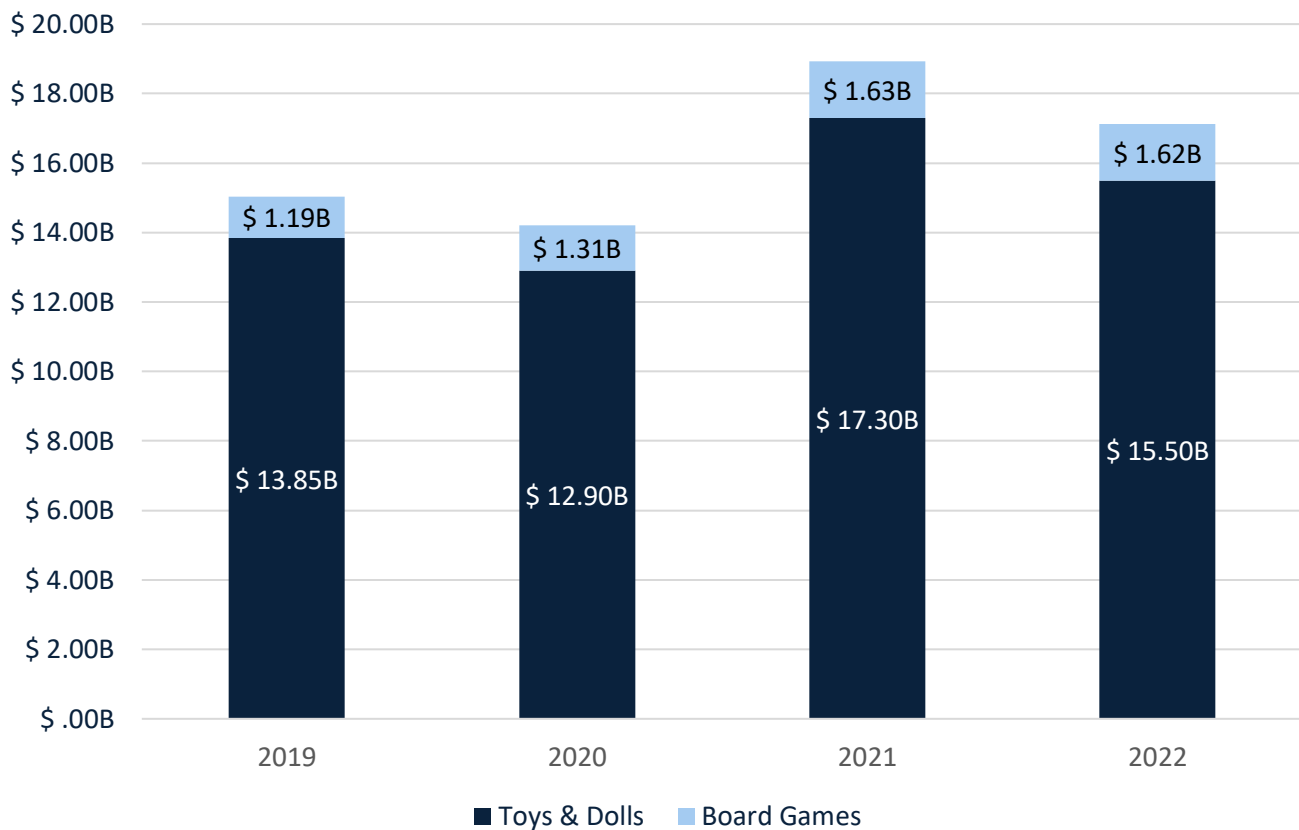
Toy & Physical Games Industry

Hasbro continues to generate a large portion of its sales from games and puzzles including fantasy games, such as Magic: The Gathering and Monopoly. This category strengthened during the pandemic as it became a source of entertainment for

families. Action Figures and Dolls also play a huge role in Hasbro's business. In 2022, the Toys & Games market experienced a steady growth, primarily driven by increased consumer disposable income and a resurgence in demand for traditional toys and games. From 2019 till 2022 the industry has had a 4.41% compounded annual growth rate which is expected to reduce in the coming years.

Industry Revenue (\$B)

FY19-FY22



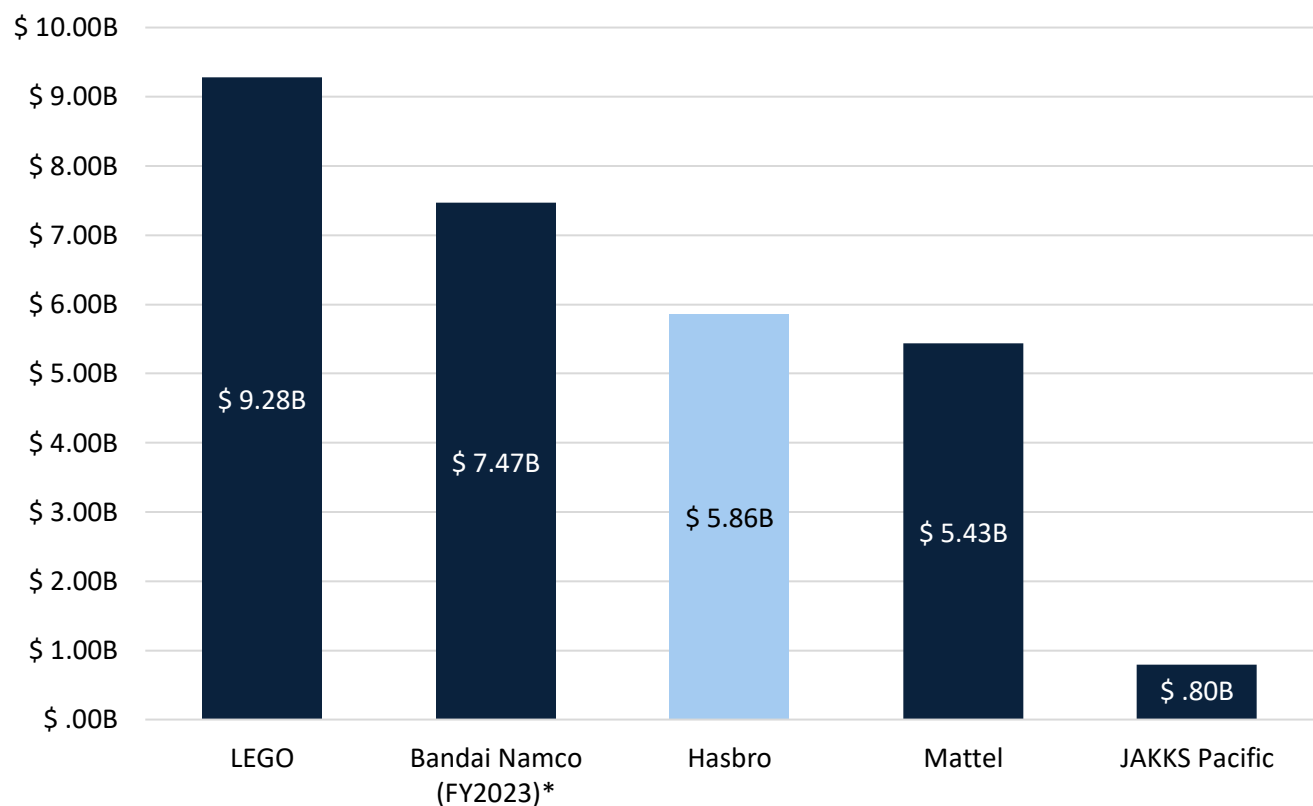
Source: The Freedonia Group

Key Competitors in this space are LEGO, Bandai Namco, Mattel and JAKKS Pacific globally. Mattel however remains Hasbro's closest competitor as they both have a high amount of overlap in their key categories of Dolls, Toys, Infant, Toddler and Preschool Toys, Games, etc. though Mattel tends to have more of an international focus along with their North American Sector. Each of the company's revenues has been displayed in the graph below which provides insights into each company's market share in the toy space. It is hard to find further details about The LEGO Group and compare its financial health to Hasbro, Inc. as it is a privately owned. Although Mattel has been financially healthy, it operates in various sectors similar to Hasbro, Inc. and it has still suffered from the slumps of the toy industry similar to Hasbro, Inc. We saw that consumers bought fewer toys throughout 2023. It is speculated that this is due to decreased consumer confidence, and an increasing preference towards cheaper toys. This is a highly competitive sector with high volatility given changing consumer

preferences. The toy industry is easily swayed by consumer preferences and trends can change easily. It is important for companies to constantly conduct market research on what is working and what is not to stay profitable, and seeing how consumers are reacting to various macroeconomic trends. Another factor that is a reason for the decline in this industry is rapid digitalization and children shifting towards video games. We see while this industry is slowing down, the video game industry on the other hand is showing growth year on year. However, this industry is still projected to soon start picking up again with a forecasted yearly revenue increase of 0.8%-1.4% from 2024-2029 in the U.S.

Worldwide Revenues of Major Toy Companies (\$B)

FY22



Source: Statista

Video Game Industry

The Wizards of the Coast & Digital Gaming segment benefits from the fact the Video Game Industry is now one of the largest industries in the world and has been growing steadily. Mobile Games exhibit the highest growth within the industry due to their accessibility. The major players in this industry are Microsoft, Nintendo, Tencent, Sony, Activision Blizzard, etc. These companies benefit from their larger focus on digital gaming, larger collection of games, larger revenues, and longer time within the industry to focus and grow. Sony, Nintendo, and Microsoft also have a unique advantage of being positioned as console sellers. The Wizards of the Coast & Digital Gaming segment however has been growing rapidly and consistently. It

has allowed Hasbro to leverage their Intellectual Property such as Monopoly and tap into the future of gaming. Role Playing Games is a subcategory with a large audience and has become mainstream now, this would be and has been highly beneficial to their Magic: The Gathering, Universes Beyond The Lord of the Rings, Dungeons & Dragons and Baldur's Gate properties. This is an industry with high and increasing barriers to entry to succeed at a large scale although indie games are still very popular. There is a low capital requirement and revenues are projected to grow 8.6% yearly from 2024-2029. Hasbro, Inc. still has a long way to go before becoming a serious player in the video game industry but its success with Baldur's Gate 3, especially amongst gamers is a big step in the right direction. The positive reception coupled with awards is something they need to continue doing to keep being taken seriously. Their mobile game based on Monopoly, 'Monopoly Go' has also been one of the first mobile games to reach a billion dollars in revenue under a year. They are planning to release 40 projects through their Wizards of the Coast and Digital Gaming division. Doing this with a heavy emphasis on licensing and capitalizing upon their IP is a good step in the right direction because it has a low downside for Hasbro, Inc. They only need a few projects they release to be megahits to capitalize upon these investments fully and be taken seriously in the future. It will also allow them to see which of their brands work best amongst gamers and what type of games fans are looking for.

Entertainment Industry

The entertainment industry is one that slightly struggled this year due to the strikes by the Writers Guild of America. It was the second longest labor stoppage by the WGA. It resulted in the stoppage in or slowing down of production of various shows and movies. Some of the key reasons behind this strike were to combat uncertainty behind the use of AI and prevalence of streaming platforms. Though streaming platforms created more jobs, they also make it easier for writers to earn less for their work as studios need to keep costs low. Given the high amount of competition in the streaming space, it might have been a wise decision for Hasbro to sell off eOne which would allow it to focus on its key assets and hone in on profitability and efficiency. One thing to note about Hasbro, Inc.'s main competitor is that unlike Hasbro, Inc., Mattel has found more success in the entertainment sector. The Barbie movie grossed \$1.44 billion at the global box office. This is a highly competitive and capital-intensive industry with high volatility, however, there is a projected compounded annual growth rate of 3.55% from 2024 to 2029. This industry is also very easily affected by consumer preferences, so it is important for companies to be creating products that audiences genuinely enjoy, otherwise it is very easy to be plagued by negative reviews and flop in the box office.

Investment Thesis

Investment Thesis 1 – Licensing Focus

Hasbro, Inc. is shifting their focus more towards licensing which was already a big component of their strategy previously. This shift has been seen through an analysis of their financials, quarterly statements and has been mentioned in press releases. It also seems to be inline with their plans of reducing costs in coming years. Producing toys based on licenses they acquire would be a great way to increase revenue and growth as they would be able to leverage notable brands that they do not own themselves. This is also beneficial for those they license their IP to. For example, certain video game developers or movie producers might have ideas they want to explore but might not have the reach that Hasbro, Inc.'s brands have, especially their franchise brands which they want to grow heavily. Given how much money they lost through their

entertainment segment, it makes sense that they have shifted their focus towards licensing rather than producing in house. Margins tend to be extremely low in the streaming space and given how fast the entertainment industry is changing, it is a good call for them to shift their focus into licensing out their IP to Video Game and Production companies. Licensing out their IP also has major growth implications as they are less susceptible to facing losses and will not have to spend as much of their resources on the development of these projects. This strategy was already successful with Baldur's Gate 3 which was based on their IP from Dungeons & Dragons. The issue with in-house production is although it has the possibility of turning over much more profit as they get a larger cut of whatever they make, is that they also take up the risks associated with producing everything themselves. We saw this with their struggles with eOne. The market is underplaying this part of their growth strategy and is focusing more heavily on the fact that the toy industry is declining. Another problem is that Hasbro, Inc. would need major hits to make it worth producing everything themselves. They have also entered into a strategic partnership in the form of a licensing agreement with their biggest competitor Mattel which had great success with the Barbie movie in 2023. They are planning to launch Monopoly: Barbie Edition, Transformers Hot Wheels, and Transformers UNO. This would allow both brands to grow significantly as they are both utilizing their largest brands to grow together. It is possible they will try to leverage their IP to maximise upon their largest segment in more creative ways too. As they aim to grow their main target brands, the Transformers IP has previously been used to create games and this could be done again to cater to slightly more mature audiences. This is a market Hasbro, Inc. has not delved heavily into yet and could be a way to capitalize on these brands whilst not only garnering an audience amongst their target demographic, but also boost their ESG impact and attain further support from parents who at the end of the day are the ones buying their products.

Investment Thesis 2 – Blueprint 2.0

As part of the Blueprint 2.0 strategy of focusing on fewer and bigger brands, Hasbro, Inc. sold eOne and will now instead focus on partnering with other companies and licensing their IP. As entertainment was showing declining revenue growth since 2022, it is a wise decision for them to focus on their more profitable sectors. A lot of the decline in Q3 2023 in this sector was due to exited licenses and not necessarily their strategy not working. Their plan to focus on fewer and bigger brands will also allow them to cut losses in the Consumer Products segment which is their largest segment, and it will also aid their plan to grow within the gaming sector as the larger their brands are, the more they can leverage their IP in the form of games, movies, TV shows, etc, allowing them to grow well past the toy industry in a more cost effective and profit maximizing manner. So far, they have been able to grow some of their biggest brands by a large amount in Q3 of 2023 (Dungeons & Dragons: >+100%, Transformers: +29%, MAGIC: The Gathering: +20%). In the coming years they aim to pay down their debt and return cash to shareholders through the dividend which shows that they are aiming to mitigate and prevent losses wherever they can but also aim more towards attaining positive cashflow.

Investment Thesis 3 – Market Leader

Hasbro, Inc. has long been seen by the market as just a safe investment that returns stable and regular returns. Some investors are worried that with the decline of the toy industry this will no longer be the case. We however predict that Hasbro, Inc. is going to disrupt the gaming market and eventually gain a stronger footing in that industry and the same will occur with the entertainment sector as well. If Hasbro, Inc. is able to grow all 3 of these segments, it will allow all of them to boost sales amongst each other too by virtue of the fact IP such as Peppa Pig helps sell toys and D&D has physical games,

digital games through Baldur's Gate 3 and also has a movie that had been released. This is how they will truly beat the declining toy industry as they are trying to grow the recognition of their brands to an extent that people will naturally want to consume more products related to it whether its media or toys. Admittedly, Hasbro, Inc. will have some difficulty becoming a market leader in entertainment through licensing alone, but it will have higher margins than other entertainment companies. With its plans for the Wizards of the Coast and Digital Gaming segment it would be able to position itself very well in this fast-growing market, much more than what investors currently expect which is for it to just continue to rely on Baldur's Gate 3, Monopoly Go and are not placing much emphasis on the 40 projects they have in the pipeline. The beauty of this strategy is that with the licensing play, their downside is much lower so they realistically need a much smaller percentage of successes as compared to what they would otherwise.

Catalysts

Gaming Focus

Hasbro, Inc. is planning to go all in on their gaming division which has been their only segment which has shown consistent revenue growth. They are aiming to have leadership in the gaming space which they are already making great strides in. Baldur's Gate 3, a game created by Larian Studios but based on Hasbro Inc's IP Dungeons & Dragons which they licensed, swept the 2023 game awards, winning 6 awards, most notably 'Game of the Year'. This is a huge catalyst for their growth as the gaming industry has been growing and is projected to keep growing in the coming years. Hasbro, Inc. is a company that is uniquely positioned in the gaming industry, entertainment industry and toys industry. They have the opportunity to fully utilise their IP across all three sectors. Currently they have mainly licensed out Monopoly and Dungeons and Dragons which were already games in themselves but have just been brought to the digital world. If they can look towards utilizing their IP from the entertainment sector and toys sector to further grow those brands, they would be able to better achieve their goal of reaching billions of dollars in value through their core brands. They have announced that they have roughly 40 projects in their pipeline through their Wizards of the Coast and Digital Gaming division which as stated earlier, increases their chances of having another mega hit whilst also reducing their downside through licensing. It is likely that, given Hasbro's strong game development pipeline, that future Game Awards will serve as catalysts for Hasbro's stock. As investors realize that Hasbro has a critical mass of daily active users and original games across platforms, we expect a re-rating on the company's multiple to better reflect that of a pure-play gaming company. This trend is expected to be realized in the next 2-3 years.

Management Team

Chris Cocks – Chief Executive Officer & Director

Chris Cocks is Chief Executive Officer of Hasbro and serves on its Board of Directors. Prior to being named Hasbro's CEO, Chris was President of Hasbro's Wizards of the Coast and Digital Gaming segment.



While leading the team at Wizards of the Coast, growth more than doubled. His approach to customer segmentation unlocked numerous multi-million-dollar ideas and led Wizard's iconic brand MAGIC: THE GATHERING to multiple years of consecutive growth since 2018. Chris was instrumental in the successful expansion into digital through Magic: The Gathering Arena for PC and mobile. Additionally, with Chris at the helm, DUNGEONS & DRAGONS became a pop culture powerhouse with over 50M fans to date, and through innovative ideas in digital gaming and entertainment, the brand is set up for ongoing success.

Prior to joining Hasbro, Chris held senior management positions at Microsoft Corporation, where he guided the marketing strategies of hit Xbox Games franchises including Halo and served as Vice President of OEM Technical Sales. He also worked at LeapFrog as Vice President of Educational Games and began his career in brand management at Procter & Gamble.

Gina Goetter – Executive Vice President & Chief Financial Officer

As Executive Vice President and Chief Financial Officer at Hasbro, Inc., Gina Goetter oversees the Company's global business and corporate financial operations – including treasury, tax, investor relations, internal audit, accounting and control, supply chain operations and data insights, and business planning and analysis. Her role also includes delivering the Company's Operational Excellence program and associated cost savings.



Gina joined Hasbro in May 2023 and brings over 25 years of experience and a proven track record of driving strong financial and operational results. She joined Hasbro from Harley-Davidson, where she served as Chief Financial Officer and was responsible for all aspects of finance, accounting, treasury, tax, Investor Relations, and Mergers & Acquisitions. During her time at Harley Davidson, Gina led the Company through a multi-year strategic transformation focused on restoring growth and profitability across the core business and reinvigorating total shareholder return.

Earlier in her career, Gina was Senior Vice President of Finance for Tyson Foods' Prepared Foods Segment and spent 21 years at General Mills in increasingly senior Finance roles.

Matt Austin – Executive Vice President & Chief Revenue Officer

As Executive Vice President and Chief Revenue Officer of Hasbro, Inc., Matt Austin leads all commercial activities across the company's global operating markets – leading the global sales and marketing organization and driving long-term growth in mature and emerging markets. Matt leverages Hasbro's commercial opportunities with powerful, data-driven consumer insights and strategic partnerships across different channels, including e-commerce and direct fan experiences, to continue to drive profitability.



Matt joined Hasbro in 2019 as President of Europe and Asia, where he drove sustainable growth across key regions for the company's global business. He has built a strong reputation for developing and empowering impactful teams with a laser focus on achieving strategic priorities and delighting consumers.

Before joining Hasbro, Matt was CEO for the UK and Ireland at Lindt & Sprungli, and prior to that he worked for MARS across multiple categories, geographies and functions including a Global Marketing Leadership role on Confections, as well as the General Manager for Confections in Europe and General Manager for the MARS food business in Germany.

Shane Azzi – Executive Vice President & Chief Global Supply Chain Officer

As Senior Vice President and Chief Global Supply Chain Officer of Hasbro, Inc., Shane Azzi oversees Hasbro's global supply planning, global sourcing and procurement, logistics and fulfillment, quality assurance and security, and works to position Hasbro's supply chain as a competitive advantage, creating value and building flexibility and resilience to exceed customer expectations.



Shane has more than 25 years of consumer-packaged goods and diverse supply chain experience. Prior to joining Hasbro, Shane held the position of Chief Supply Chain Officer for Kimberly-Clark, and previously served as Global Vice President of Supply Chain for Mars Inc. While at Mars, Shane held leadership positions in the areas of logistics management, information technology, sales and operations planning, and procurement.

Shane began his career in the Australian Army as a Logistics Officer and served for 10 years in various planning and operations roles. He also has experience in the contract logistics field where he led operations and strategy focused on acquisitions and mergers.

Tim Kilpin – President Toys, Licensing & Entertainment

Tim Kilpin serves as President, Toys, Licensing & Entertainment for Hasbro, Inc., where he oversees Hasbro's iconic multi-billion-dollar Toy business, with a focus on optimizing the value and performance of the Company's strategic franchise brands and IP. Tim brings over 30 years of experience as a leader and executive in the Toy and Children's Entertainment industries – setting brand strategies and creative direction for the world's most iconic children's brands.



Prior to joining Hasbro, Tim served as Executive Chairman and CEO at PlayMonster Toys, a dynamic toy and game company that focuses on delivering quality play experiences for kids and families around the world. Prior to

that Tim served as the leader of Activision Blizzard's Consumer Products business, managing the category strategy and creative development of multiple product ranges in support of Activision Blizzard's key franchises.

Tim served as Chief Commercial Officer for Mattel, Inc. overseeing Mattel's sales and Marketing operations. Prior to being named CCO, Kilpin was Executive Vice President of Boys and Girls Global Brands at Mattel, leading all aspects of marketing and product design and development, including the successful launch of Monster High, Mattel's first new IP in 30+ years. He also served as Executive Vice-President, Franchise Management at The Walt Disney Company.

Source of Information: Hasbro, Inc.'s Investor Relations Website

Shareholder Base, Liquidity, Market Depth

Shareholder Base

Hasbro, Inc. has 1,273 Mutual Funds who are shareholders, collectively owning \$2,593.51 million in value of stock while insiders hold only \$454.79 million in value of stock, representing 6.08% of shares outstanding (8,435,204 shares outstanding). Hasbro, Inc. has a free float of 130.87 million shares with 138.76 million shares outstanding, representing a 94.3% free float.

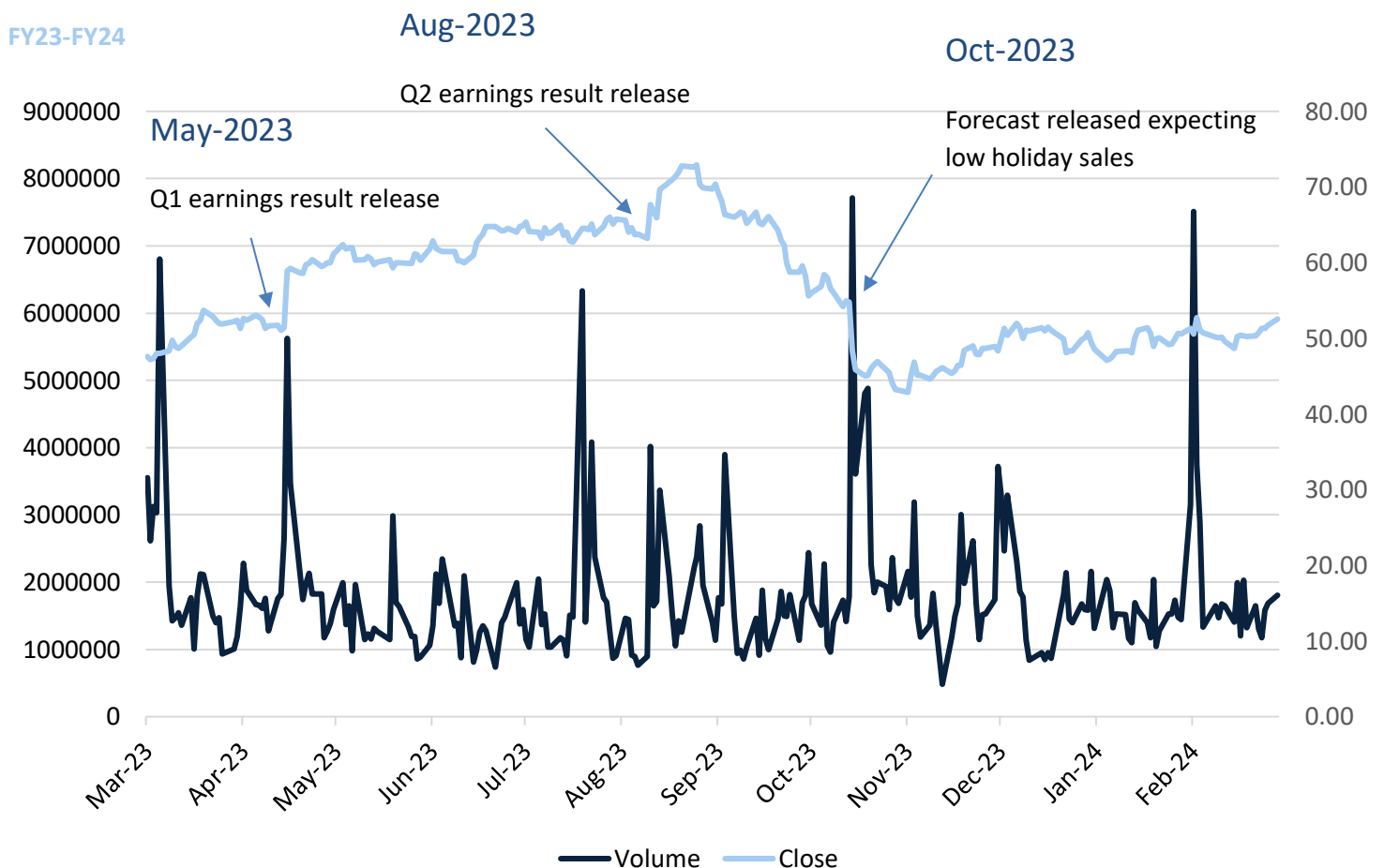
Shareholder Positions

Holder	Position	% of Outstanding	Insider (Y/N)
The Vanguard Group, inc.	15,696,841	11.31	N
Capital Research Global Investors	14,003,438	10.09	N
Hassenfeld (Alan Geoffrey)	7,558,726	5.45	Y
BlackRock Institutional Trust Company, N.A.	7,011,811	5.05	N
State Street Global Advisors (US)	6,956,382	5.01	N
Geode Capital Management, L.L.C.	3,021,085	2.18	N
Citadel Advisors LLC	2,776,689	2	N
Marshal Wace LLP	2,772,118	1.96	N
Cooke & Bieler, L.P.	2,422,519	1.75	N
The London Company of Virginia, LLC	2,225,403	1.6	N
Top 10 Shareholders	64,445,012	46	

Liquidity

Hasbro, inc's daily trading volume from January 1st, 2023, to December 31st, 2023 has been shown below. The daily average trading volume was 1.823 million shares. All the major spikes align with the release of financial reports. Hasbro, inc. shows no major liquidity risks.

1 Year Trading Volume (NASDAQ: HAS)



Valuation

Discounted Cash Flow Analysis

Revenue

We have projected conservative estimates for Hasbro's growth in revenue. We project that the Consumer Products segment will still be losing money till the end of 2026 but at a decreasing rate, after which once the Operational

Excellence Program has returned all expected savings in cost, growth for this segment will increase steadily at a rate of 5% in 2027 and 8% in 2028. The Gaming segment has been showing tremendous growth in the last few years but this was partly due to it being a relatively new segment. In the coming years we still project revenue to increase but at a steadily increasing rate. The Entertainment segment is expected to show steady growth from 2027 after the results of selling of eOne and putting a greater emphasis on licensing have set in and Blueprint 2.0 is enacted the way it is expected.

WACC

The Weighted Average Cost of Capital (WACC) was estimated at 6.1%. This was given to us by a Risk-free rate of 4.2%, Expected market return of 8% (the long run average return of the S&P500), and a raw Beta of 0.9 based on the volatility of Hasbro resulting in a Cost of Equity of 7.6%. The Pre-tax cost of debt was calculated to be 4.6% and the Effective tax rate was calculated to be 30%, resulting in an overall Cost of Debt of 3.2%.

Dividend Policy

Hasbro, Inc. has a policy of returning excess cash to shareholders, they have previously given a Dividend of \$2.8 per share in 2022 and 2023 which was slightly increasing each year prior. We expect this trend to continue as the company's revenues grow while they cut down on operating costs, allowing for them to have excess cash.

CAPEX as % of Beginning P&E

The CAPEX has been forecasted to be at around 26% for FY24 based on quarterly estimates which are in line with what trends they've historically shown in each quarter. For FY25-FY28 it has been forecasted to be at 30% which has been done to account for their increasing focus on licensing rather than in-house production and the expected initial decline of their consumer products segment which shows a reduced need for CAPEX and based on the implementation of their operational excellence programme which is expected to lower their costs in general.

OPEX as % of revenue

The OPEX has been predicted to be at 25% based on their cost cutting measures but is not expected to reduce significantly as they will need to spend a larger amount of money to meet their expected revenue projections despite a shift towards licensing because in-house production will still occur and as their gaming segment grows, a lot of these costs will be related to day to day expenses rather than capital expenditure.

COGS as % of revenue

COGS have been estimated to be slightly higher in FY23 at 47% given how Hasbro, Inc. is still focusing heavily on the consumer segment and will be for the foreseeable future after which it has been forecasted at 42%, closer to its average in the past few years. This has been done to account for their increased revenue from their gaming segment which would reduce their COGS relative to their revenue as it is significantly less of a production intensive endeavour, especially if they rely on licensing out their IP. We do project that given Hasbro, Inc's efforts in innovating in the consumer segment and how willing they are to adapt to consumer preferences, they will eventually start seeing growth in this sector after FY26. This could result in COGS increasing to 43% in FY28.

SG&A as % of revenue

We do not foresee any event that requires SG&A to increase at an increasing rate in the coming years, so it has been forecasted at 25% in FY24 and 26% from FY25-FY28. This is not far off from their SG&A from FY22 and FY23, it has been slightly reduced to account for the increase in revenue.

Comparable Companies Analysis

The following companies have been selected as they most closely resemble the various operations of Hasbro, Inc. Given Hasbro, Inc.'s unique position and how it operates in various industries, the leaders in each space have been chosen. Some companies such as Sony, Mattel and Bandai Namco operate in multiple industries as well such as gaming, entertainment, and toys manufacturing. JAKKS Pacific was included as it is a key international player in the toys industry. Tencent and Nintendo are major international players in the gaming industry. Nintendo similar to Hasbro, Inc.'s goal, has various brands that are worth billions of dollars. These comparable companies led to an implied price of \$47.54 based on their EV/EBITDA multiples and \$81.60 based on their P/E multiples.

Mattel (NASDAQ: MAT)

Mattel is Hasbro's biggest competitor in the toy's industry, it has a global presence similar to Hasbro, Inc. and makes large revenues from licencing and entertainment. Its notable brands include Barbie and Hot Wheels. It is the second largest toy manufacturer in terms of revenue after The Lego Group which was not included as it is a private company.

Bandai Namco (TYO: 7832)

Bandai Namco is one of the largest game publishers in the world which also licenses and manufactures toys and action figures. Some of their notable titles include Tekken, Pac Man and Dark Souls.

JAKKS Pacific (NASDAQ: JAKK)

JAKKS Pacific designs, producers, markets, sells, and distributed toys and related products (kids indoor and outdoor furniture, and other consumer products worldwide). They often license various brands for toy production.

Nintendo (TYO: 7974)

Nintendo is one of the largest game publishers in the world and one of the key players (along with Tencent and Sony) Hasbro should look towards overtaking if it is serious about positioning itself as a leader in the gaming industry. Its notable IP includes Mario, Donkey Kong and many more.

Tencent (HKG: 0700)

Tencent is a Chinese multinational technology conglomerate. It is the world's largest video game vendor. It has invested in some of the largest video game companies in the world such as Riot Games (Notable Brands: League of Legends and Valorant), Epic Games (Notable Brands: Fortnite and Fall Guys), Bluehole (Notable Brand: PlayerUnknown's Battlegrounds (PUBG)) and many more.

Sony (TYO: 6758)

Sony is a global player in not just the gaming industry through owning Playstation and various gaming titles but is also an entertainment company that has made notable movie franchises such as Spider-Man, The Karate Kid and Men in Black. They have also produced the popular television game shows Jeopardy! And Wheel of Fortune. After Hasbro, Inc. establishes a larger presence in the entertainment industry, they should look towards replicating the success of Sony through producing notable movie franchises.

Recommendation

We believe Hasbro, Inc. (NASDAQ: HAS) is an undervalued company and initiate a **BUY** rating. We suggest a fair share price of \$68.75 based on our Discounted Cash Flow model and Comparable Companies Analysis. We have placed the following weights on our valuation techniques:

- A 45% weightage on our Perpetuity Growth Implied Price of \$83.27 based on our DCF Valuation.
- A 40% weightage on our EV/EBITDA multiple Implied Price of \$47.54 based on our Comparable Companies Valuation.
- A 15% weightage on our P/E multiple Implied Price of \$81.60 based on our Comparable Companies Valuation.

The highest weightage has been given to the perpetuity growth implied price over the exit multiple implied price as we believe that to be an outlier. The way Hasbro, Inc.'s strategies have been laid out and our financial predictions have been made are based on the fact this business is more worried about its progress in the very long term. It would be unfair to weight an exit multiple implied price more heavily for a company that is not going to exit and has a long history it plans to continue building upon. EV/EBITDA multiple implied price has been given a higher weightage than the P/E multiple implied price because the other companies in the comparable companies set have relatively similar EV/EBITDA multiples and there's not much skewness or any outliers. The P/E multiples of comparable companies do have a higher range however, so we have weighted this slightly lower.

Risks

Declining Toy Industry

The Toy Industry has been recently declining which can create problems for Hasbro unless they slowly shift away from their Consumer Products segment which they are very hesitant to do given that it is the staple of their brand. The U.S. toy industry sales revenue declined by 8% from January through September, compared to the same nine-month period in 2022. They are trying to innovate in this field, but it might not be enough unless they make substantial changes and shift to the preferences of kids in the new generation. If their goal to grow their core brands to billion-dollar brands they might be able to circumvent this and continue to create timeless products. The way they are trying to bypass this is by increasing their margins and continuing to invest more in brands that are successful and in time periods that they sell the most such as Q4.

Hasbro, Inc. is akksi placing a large emphasis on innovating upon their products across all their large brands. In order to try and curb the declining toy industry, they are trying to innovate and create brand new offerings to give children a reason to

be excited and buy toys again. They have also innovated upon their old IP such as monopoly and created a mobile game based on it to try to present classics in a more modern manner. Hasbro, Inc. also happens to partner with a lot of other companies for their board games which could be a good way to generate additional revenue (eg. Star Wars editions of Monopoly, a Clue boardgame partnered with Bridgerton, etc.). They are aiming to reduce their reliance on just the toy industry and establish themselves as a multidimensional global leader in entertainment. Given how dependent the toys industry is on consumer preferences, it is imperative that Hasbro, Inc. keeps innovating as they have been trying to. This would help mitigate losses in this sector and potentially even lead to growth if they can create products that keep engaging children in new ways. This would directly help the stock price as it will not only aid their revenue growth; but given how Hasbro, Inc. is trying to prioritize just a few key brands, having innovative toys with these brands could help boost other segments as well if they turn out to be successful products.

Overreliance

Hasbro, Inc. is heavily reliant on other companies for their products. They have purchased licenses for outside IP that they must deliver on, for example, by Walt Disney, that require them to meet minimum revenue targets so they can successfully pay out the minimum guaranteed royalties. The way Hasbro, Inc. is trying to circumvent this is by placing a larger emphasis on its own brands rather than relying on partner brands by trying to grow them through their Blueprint 2.0 strategy. This would allow their company to grow without depending on external licenses for sales. This would allow them to be on the receiving end of these minimum royalties if things don't go well, and if they do, they are able to grow their brands and benefit from the fact that they are being employed across all segments of their business.

High Operating Cost of Entertainment Segment

The Entertainment Segment is one that is cutthroat, has low margins and is very capital intensive. Hasbro, Inc. might suffer if they do not continually perform well in this sector. To mitigate risk in this segment, they had divested eOne which shows foresight on their part for realising that the streaming sector is not as profitable as most companies currently trying to penetrate this market believe. They will still exist in this industry but are reducing their focus on competing with Netflix, Amazon Prime, and Disney+, but instead are trying to create quality shows and movies through licensing deals and partnerships which reduces their risk and aids their consumer products segment and gaming segment as there is a lot of interplay between these sectors.

Appendix 1: Model Summary

	Summary Page														
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
(Figures in mm USD)	FY2019	FY2020	FY2021	FY2022	FY2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Income Statement															
Revenue	4,579.6	4,720.2	5,465.4	6,420.4	5,856.7	1,001.0	1,210.0	1,503.4	1,288.9	5,003.3	4,469.1	4,200.6	4,139.2	4,433.3	4,828.1
EBITDA	403.7	784.9	1,033.6	1,508.7	1,068.5	163.5	(31.4)	(81.9)	134.1	184.3	134.1	336.0	331.1	354.7	338.0
Net Income	220.4	520.5	225.4	435.3	203.0	(21.7)	(234.9)	(170.4)	(1,060.8)	(1,487.8)	(429.9)	29.3	190.7	218.2	200.0
Earnings Per Share	\$ 1.74	\$ 4.05	\$ 1.62	\$ 3.10	\$ 1.46	\$ (0.16)	\$ (1.69)	\$ (1.23)	\$ (7.63)	\$ (10.70)	\$ (3.09)	\$ 0.21	\$ 1.37	\$ 1.57	\$ 1.44
Cash Flow Statement															
Capital Expenditures	(140.4)	(133.6)	(125.8)	(132.7)	(174.2)	(53.2)	(58.9)	(48.3)	(48.9)	(209.3)	(171.6)	(51.0)	(2.5)	(0.1)	(0.0)
Acquisitions	(155.5)	(8.8)	(4,412.9)	-	(146.3)	-	-	-	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Payment	(309.3)	(336.6)	(372.7)	(374.5)	(385.3)	(96.7)	(97.1)	(97.1)	(97.2)	(388.1)	(388.9)	(388.9)	(402.8)	(415.3)	(437.5)
Dividend Per Share	\$ 2.52	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.80	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 2.80	\$ 0.30	\$ 2.80	\$ 2.90	\$ 2.99	\$ 3.15
Dividend Payout to Earnings	140.3%	64.7%	165.3%	86.0%	189.8%	-445.6%	-41.3%	-57.0%	-9.2%	-26.1%	-90.5%	1327.5%	211.3%	190.3%	218.8%
Dividend Payout to Core FCF	40.8%	47.0%	39.5%	57.1%	134.0%	74.6%	359.6%	35.8%	-11.2%	42.9%	167.6%	132.9%	197.6%	189.7%	218.8%
Dividend Yield	2.7%	2.7%	3.6%	2.8%	2.9%	1.3%	1.2%	1.1%	1.3%	4.7%	0.6%	5.3%	5.5%	5.7%	6.0%
Balance Sheet															
Current Assets	3,082.5	6,747.5	3,846.6	3,728.1	2,999.1	2,539.2	2,509.0	3,240.1	2,323.6	2,323.6	1,962.0	1,496.2	1,253.9	1,137.3	1,018.0
Non-Current Assets	2,180.5	2,108.1	6,971.7	6,309.7	6,296.8	6,384.5	6,100.7	5,100.1	4,217.3	4,217.3	3,898.6	3,737.2	3,729.1	3,728.7	3,728.7
Assets	5,263.0	8,855.6	10,818.4	10,037.8	9,295.9	8,923.7	8,609.7	8,340.2	6,540.9	6,540.9	5,860.6	5,233.4	4,983.1	4,866.0	4,746.7
Current Liabilities	1,274.3	1,257.1	2,403.3	2,455.9	2,189.7	1,897.4	1,950.4	2,024.2	2,056.4	2,056.4	2,194.9	1,927.4	1,889.1	1,969.2	2,087.5
Non-Current Liabilities	2,234.2	4,603.0	5,453.9	4,494.9	4,244.3	4,267.6	4,189.1	4,092.8	3,397.5	3,397.5	3,397.5	3,397.5	3,397.5	3,397.5	3,397.5
Liabilities	3,508.5	5,860.1	7,857.2	6,950.8	6,434.0	6,165.0	6,139.5	6,117.0	5,453.9	5,453.9	5,592.4	5,324.9	5,286.6	5,366.7	5,485.0
Shareholders' Equity	1,754.5	2,995.5	2,896.7	3,025.9	2,832.8	2,730.8	2,443.0	2,197.8	991.9	991.9	244.9	(114.7)	(326.8)	(523.9)	(761.5)
Cash	1,182.4	4,580.4	1,449.7	1,019.2	513.1	386.2	216.6	185.5	545.4	545.4	383.3	398.2	171.9	(21.5)	230.6
Debt	1,704.8	4,047.0	5,099.2	4,025.1	3,966.8	3,925.9	3,886.1	3,714.6	3,465.8	3,465.8	3,465.8	3,465.8	3,465.8	3,465.8	3,465.8
Net Debt	522.5	(533.4)	3,649.5	3,005.9	3,453.7	3,539.7	3,669.5	3,529.1	2,920.4	2,920.4	3,082.5	3,067.6	3,293.9	3,487.3	3,235.2
Minority Interests	-	-	64.5	61.1	29.1	27.9	27.2	25.4	25.4	25.1	25.1	25.1	25.1	25.1	25.1
Debt/EBITDA	1.3 x	n/a	3.5 x	2.0 x	3.2 x					15.8 x	23.0 x	9.1 x	9.9 x	9.8 x	9.6 x
Valuation Metrics															
Stock Price (High)	\$ 109.60	\$ 126.87	\$ 109.50	\$ 104.89	\$ 105.73	\$ 66.25	\$ 65.00	\$ 73.58	\$ 52.57	\$ 73.58	\$ 52.57	\$ 52.57	\$ 52.57	\$ 52.57	\$ 52.57
Stock Price (Low)	\$ 76.84	\$ 77.34	\$ 41.33	\$ 86.05	\$ 89.66	\$ 45.75	\$ 50.77	\$ 58.45	\$ 52.57	\$ 45.75	\$ 52.57	\$ 52.57	\$ 52.57	\$ 52.57	\$ 52.57
Stock Price (Average)	\$ 93.22	\$ 102.11	\$ 75.42	\$ 95.47	\$ 97.70	\$ 56.00	\$ 57.89	\$ 66.02	\$ 52.57	\$ 59.67	\$ 52.57	\$ 52.57	\$ 52.57	\$ 52.57	\$ 52.57
Diluted Shares Outstanding (Average)	126.9	128.4	137.6	138.4	138.9	138.7	139.0	139.2	139.1	139.0	139.1	139.1	139.1	139.1	139.1
Market Capitalization (Average)	11,828.7	13,115.3	10,377.1	13,213.0	13,569.8	7,767.2	8,046.0	9,189.3	7,312.5	8,293.4	7,312.5	7,312.5	7,312.5	7,312.5	7,312.5
Enterprise Value (Average)	12,351.1	12,581.9	14,091.1	16,280.0	17,052.6	11,334.8	11,742.7	12,743.8	10,258.3	11,238.9	10,420.1	10,405.2	10,631.5	10,824.9	10,572.8
P/E	53.7 x	25.2 x	46.6 x	30.8 x	66.8 x					n/a	n/a	249.60 x	38.35 x	33.5 x	36.6 x
EV/EBITDA	30.6 x	16.0 x	13.6 x	10.8 x	16.0 x					61.0 x	77.72 x	30.96 x	32.11 x	30.5 x	31.3 x
FCF Yield to Market Capitalization	2.1%	4.9%	9.3%	11.5%	8.1%					0.9%	0.05 x	0.06 x	0.03 x	3.9%	10.3%
FCF Yield to Enterprise Value	2.0%	5.1%	6.9%	9.4%	6.4%					0.7%	0.04 x	0.05 x	0.02 x	2.6%	7.2%
Free Cash Flow															
EBIT	331.1	652.1	501.8	763.3	407.7	17.9	(188.6)	(169.5)	(7.4)	(347.6)	(356.3)	123.7	320.5	354.1	337.9
Tax Expense	(50.0)	(73.8)	(96.6)	(146.6)	(58.5)	(3.8)	39.6	35.6	1.6	73.0	74.8	(26.0)	(67.3)	(74.4)	(71.0)
D&A	72.6	132.8	531.8	745.4	660.8	145.6	157.2	87.6	141.5	531.9	490.4	212.3	10.6	0.5	0.0
Capital Expenditures	(140.4)	(133.6)	(125.8)	(132.7)	(174.2)	(53.2)	(58.9)	(48.3)	(48.9)	(209.3)	(171.6)	(51.0)	(2.5)	(0.1)	(0.0)
Changes in NWC	29.2	69.9	159.0	295.1	259.6	12.4	62.3	(7.5)	427.3	30.0	337.9	213.2	(22.2)	3.2	489.7
Unlevered Free Cash Flow	242.5	647.4	970.2	1,524.5	1,095.4	118.9	11.6	(102.1)	514.1	78.0	375.2	472.3	239.1	283.4	756.7
Valuation Summary															
Current Price	\$ 52.57														
Target Price	\$ 68.72														
Total Return	30.7%														
Recommendation	BUY														
DCF Valuation															
Perpetuity Growth Implied Price	\$ 83.27														
Exit Multiple Implied Price	\$ 14.67														
Comps Valuation															
Comps - EV/EBITDA Implied Price	\$ 47.54														
Comps - P/E Implied Price	\$ 81.60														

Appendix 3: Comparable Companies Analysis

Comparable Company Analysis																				
(Figures in mm USD)																				
		Enterprise Value							EV/EBITDA Multiple						P/E Multiple					
Company	Ticker	Share Price	Diluted Shares Outstanding	Equity Value	Cash	Debt	Other EV Adjustments	Enterprise Value	2022A EBITDA	2023E EBITDA	2024E EBITDA	2022A EV/EBITDA	2023E EV/EBITDA	2024E EV/EBITDA	2022A Diluted EPS	2023E Diluted EPS	2024E Diluted EPS	2022A P/E	2023E P/E	2024E P/E
Matel	(NASDAQ: MAT)	\$ 19.17	353.2	6,770.8	455.7	2,639.6	-	8,954.7	885.0	816.7	1,002.2	10.1 x	11.0 x	8.9 x	1.1	\$ 0.80	\$ 1.39	17.4 x	32.0 x	13.9 x
Banda Namco	(TSE: 7832)	\$ 20.73	660.2	13,685.9	1,630.0	74.5	2.0	12,132.5	1,024.6	987.8	1,090.2	11.8 x	12.3 x	11.6 x	0.9	\$ 0.92	\$ 0.77	22.1 x	22.5 x	26.9 x
JAKKS Pacific	(NASDAQ: JAKO)	\$ 34.70	10.1	350.5	96.3	25.7	6.3	286.2	71.8	76.3	72.6	4.0 x	3.8 x	3.9 x	8.9	\$ 4.77	\$ 4.70	3.9 x	7.3 x	7.4 x
Nintendo	(TSE: 7974)	\$ 98.16	1,164.2	67,708.9	13,946.6	-	7.7	53,871.0	4,038.2	3,450.0	3,966.2	13.3 x	15.6 x	14.7 x	2.7	\$ 2.49	\$ 2.65	21.5 x	23.4 x	21.9 x
Tencent	(HKG: 0700)	\$ 36.74	9,396.6	345,194.3	50,393.4	51,843.9	8,679.0	355,323.8	16,540.5	31,897.2	36,253.3	21.5 x	11.1 x	9.8 x	2.8	\$ 2.26	\$ 2.61	13.1 x	16.3 x	14.1 x
Sony	(TSE: 6758)	\$ 98.99	1,232.6	121,522.0	4,660.8	30,006.0	523.2	147,390.4	9,176.4	9,957.7	13,427.2	16.1 x	14.8 x	11.0 x	4.7	\$ 5.05	\$ 4.93	20.9 x	19.5 x	20.0 x
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hasbro	(NASDAQ: HAS)	\$ 82.97	138.9	7,302.8	185.5	3,861.1	25.4	11,669.8	499.0	901.8	857.3	22.1 x	12.2 x	12.8 x	1.7	\$ 4.05	\$ 1.62	30.2 x	13.0 x	32.5 x
Median												11.7 x	10.4 x					21.0 x	17.0 x	
Mean												11.4 x	10.0 x					20.1 x	17.4 x	
High												15.6 x	14.7 x					32.0 x	26.9 x	
Low												3.8 x	3.9 x					7.3 x	7.4 x	
													EV/EBITDA Implied Price				P/E Implied Price			
Median									\$ 49.39	\$ 37.48					\$ 85.16	\$ 27.60				
Mean									\$ 47.54	\$ 34.97					\$ 81.60	\$ 28.11				
High									\$ 74.73	\$ 64.05					\$ 129.40	\$ 43.61				
Low									\$ 2.28	\$ 2.32					\$ 29.46	\$ 11.96				

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