

Risk Factors Comparison 2025-02-27 to 2024-02-28 Form: 10-K

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In evaluating our business, the material risks described below, as well as other information contained in this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission should be considered carefully. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business. The occurrence of any of these events or circumstances could individually or in the aggregate have a material adverse effect on our business, financial condition, cash flow or results of operations. This report contains forward-looking statements. Please refer to the cautionary statements made under the heading "Special Note Regarding Forward-Looking Statements" for more information on the qualifications and limitations on forward-looking statements. Strategic Risks Related to Our Business Our business will suffer if we are not successful in executing our **business** strategy and transformation initiatives. Our **business** strategy **has evolved to** focuses on fewer and bigger brands that we believe have the largest potential, while emphasizing bottom-line growth, operational discipline, enhanced focus on **extending the reach of our toy and game products globally to improve our position in the marketplace, increase revenue and increase operating profit.** Failure to execute our strategic plan and transformation initiatives may harm our business. Our ability to successfully implement and execute ~~these our~~ plans and initiatives in a timely basis, if at all, is dependent on many factors, including, among other things: • our ability to successfully innovate, design, develop, price, commercialize and grow a **select focused** group of brands across our Blueprint to global consumers in a wide array of markets; • our ability to successfully grow our digital gaming, **licensing, and direct-to-consumers** business; • our ability to optimize our toy business, including through right-sizing our cost structure and creating efficiencies in our operations; • our ability to implement appropriate systems and processes to obtain and analyze data and insights from consumers to enable us to make informed decisions about priorities and consumer preferences **; • our ability to successfully develop products that gain sufficient consumer interest**; • our ability to gain market share in our focus categories; • our ability to simplify our supply chain logistics; • our ability to successfully manage inventory; • the ability of our workforce to focus and execute on priority transformational projects across the business, and to sustain changes to maximize savings; • the attraction and retention of key personnel with core skills and competencies in the areas of focus; and • our ability to successfully license, divest, sell, or otherwise cease certain parts of the business that are not as profitable as other areas or are not core to the business. Consumer interests change rapidly and acceptance of products and entertainment offerings are influenced by outside factors, our **Our entertainment** party licensees and partners may put our business, **which following** and reputation at risk if they ~~the sale of our eOne film and television business is primarily focused on Hasbro and family-oriented content, faces global competition from major film studios and television production companies as well as other independent distributors and independent content producers. Many of these competitors release a large number of content offerings annually and command a significant share of box office revenues, streaming revenues, and television airtime, as well as other independent film and television production or distribution companies. Some of these competitors have substantially greater marketing and financial resources than we do not maintain the quality of and may be able to compete aggressively on pricing in order to increase box office~~ **our** or streaming revenues, obtain distribution rights and obtain television airtime. **The competition we face may cause us to lose market share or achieve lower prices for products productions based on** or our otherwise do not operate in accordance with our standards. These third parties may fail to pay royalties or other agreed-upon fees, which could lead to financial losses. It is also possible that these third parties could infringe on others intellectual property rights, which could **harm our** result in legal issues for us. Further, disruptions in the financial markets, economic downturns, poor business decisions, or reputational harm may adversely affect these third-party licensees and may impact their ability to honor their obligations to us or we may cease our arrangements with them. Alternative arrangements may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner. We may not realize the full benefit of our licenses from third parties if the licensed material has less market appeal than expected, if revenue from the licensed products is not sufficient to earn out the minimum guaranteed royalties or if licenses are not renewed. The success of entertainment and other properties for which we have a license, such as licenses we have with The Walt Disney Company for the MARVEL and STAR WARS properties, and **our the ability of us** to successfully market and sell related products, can significantly affect our revenues and profitability. In some cases, we may only obtain **a an exclusive** license for certain aspects of an **IP intellectual property** or for certain territories, which means that some of our competitors may also **have the right to** use the same **IP intellectual property** for other categories or in different territories. If we produce a line of products based on a movie or television series, the success of the movie or series has a critical impact on the level of consumer interest in the associated products we **are offer offering**. In addition, competition in our industry for access to entertainment properties can lessen our ability to secure, maintain, and renew popular licenses to entertainment products on beneficial terms, if at all, and to attract and retain the talented employees necessary to design, develop and market successful products based on these properties. If we are unable to realize the full benefit of an important license, or if an important license is not renewed or is otherwise terminated, our business results may be harmed. The license agreements we enter to obtain these rights usually require us to pay minimum royalty guarantees that may be substantial, and in some cases may be greater than what we are ultimately able to recoup from actual sales, which could result in write-offs and **which, in turn, could would** harm our results of operations. Acquiring or renewing licenses may require the payment of minimum guaranteed royalties that we consider to be too high to be profitable, which may result in losing licenses that we currently hold when they become available for renewal, or not pursuing certain new licenses. Additionally, as a licensee of entertainment-based properties, we cannot guarantee

that a particular property or brand will translate into successful toy, game or other family entertainment products, and underperformance of any such products may result in reduced revenues and operating profit for us. **Consumer interests change quickly and acceptance fans and commitment audiences which** evolve quickly and can change dramatically from year to year and by geography. To be successful, we must correctly anticipate the types of products, play patterns and entertainment which will capture consumers' interests and imagination, and quickly develop and introduce innovative **and value driven** products and engaging entertainment which can compete successfully for consumers' limited time, attention and spending. **It** Although we utilize our brand insights platform to gather data and analytics to help us make informed decisions, it is very difficult to predict consumer acceptance with certainty due to, among other things, the ever-increasing utilization of technology at younger and younger ages, social media and digital media in entertainment offerings, and the increasing breadth of products and entertainment available to consumers, **and outside factors such as critical reviews and promotions**. Evolving consumer tastes and shifting interests, coupled with an ever-changing and expanding pipeline of products, technology and entertainment which compete for consumer interest and acceptance, create an environment in which some products, technology and entertainment offerings can fail to achieve consumer acceptance or can be popular during a certain period of time but then be rapidly replaced. As a result, our products and entertainment offerings can have short consumer life cycles with no guarantee of success. Consumer **acceptance is even more critical for our to toy shareholder return business due to the recent decline in the overall toy industry and the impact of declining birthrates globally. Failure to correctly anticipate consumer interests, will harm our revenues and earnings. Technological as well as other trends in the entertainment industry, such as the continuing shift to streaming platforms, have caused significant disruption to the retail distribution of entertainment offerings and have caused, and could in the future cause, a negative impact on sales of our products and other forms of monetization of content, especially those which are reliant on box office success. Rules governing new technological developments, such as developments in artificial intelligence remain unsettled, and these developments may affect aspects of our existing business model, including revenue streams for the use of our intellectual property and how we create our products and games. We may lose opportunities to capitalize on changing market dynamics, technological innovations or consumer tastes if we do not adapt to such changes in a timely manner. If we fail to accurately assess and effectively respond to changes in technology and consumer behavior in the markets in which we operate, our business may be harmed. Failure to achieve our anticipated cost-savings may impact our ability to operate efficiently and profitably**. In mid-2022, we **committed** formed the Hasbro Transformation Office ("HTO"), a team of leaders dedicated to **an operational excellence program focusing on** designing and running a simple, efficient and effective business aligned with our strategy. The HTO is supporting our Operational Excellence Program, an ongoing enterprise-wide cost savings initiative intended to improve our business through specialized organizational programs that include targeted cost-savings, supply chain transformation and certain other restructuring actions designed to drive growth and enhance shareholder value. There are no assurances that we will achieve these cost savings in the amounts we anticipate or within the anticipated timeframes or at all. In addition, any cost savings that we realize may be offset, in whole or in part, by reductions in net sales or through increases in other expenses. Failure to realize the expected cost savings from these cost savings programs could have an adverse effect on our business, financial condition, and results of operations. **Failure to execute our strategic plan and....., our business may be harmed.** The industries in which we compete are highly competitive. If we are unable to compete effectively with existing or new competitors, our revenues, market share and profitability could decline. The play industry is highly competitive, **and if we fail to compete successfully, our business may be harmed. Our primary competition comes from toy and game companies, digital gaming companies and digital gaming developers**. We compete in the U.S. and internationally with **several a wide array of large companies in our** and small manufacturers, marketers, and sellers of toys and games, products-product categories which combine traditional and digital play, digital gaming products, and other consumer products, as well as with **many smaller United States and international game and toy designers, manufacturers and marketers. In certain instances, we also compete with large** retailers, who offer such products under their own private labels, often at lower prices. **Competition is based primarily** In addition, we compete with companies focused on **building meeting consumer preferences and on their-- the brands across multiple quality and play value of our products and experiences. To a lesser extent, competition is also based on product pricing and consumer categories, including through entertainment offerings**. Across our business **We expect that as the use of artificial intelligence becomes more prevalent**, we face competitors who are constantly monitoring and attempting to anticipate consumer tastes and trends, seeking ideas which will appeal **see increased competition from those using such technology** to consumers **develop games, toys and content** introducing new products that compete with our products for consumer acceptance and purchase. In addition to existing competitors, the barriers to entry for new participants in the play industry are low, and the increasing importance of digital media and the heightened connection between digital media and consumer interest, has further increased the ability for new participants to enter our markets, and has broadened the array of companies we compete with. New participants with a popular product idea can gain access to consumers and become a significant source of competition for our products in a very short period of time. These **risks will be heightened if the use of artificial intelligence in developing products becomes safer, more accepted and otherwise more broadly adopted.** These existing and new competitors may be able to respond more rapidly than us to changes in consumer preferences or may design products that are more desirable than ours. Our competitors' products may achieve greater market acceptance than our products and potentially reduce demand for our products, lower our revenues and lower our profitability. **Our entertainment business, which following the..... revenues and operating profit for us.** We may not realize the anticipated benefits of acquisitions, dispositions or investments in joint ventures, or those benefits may be delayed or reduced in their realization. We cannot be certain that the products and offerings of companies we may acquire, or acquire an interest in, will achieve or maintain popularity with consumers in the future or that any such acquired companies or investments will allow us to more effectively market our products, develop our competencies or grow our business. In some cases, we expect that the integration of

the companies that we may acquire ~~into our operations~~ will create production, marketing and other operating, revenue or cost synergies which will produce greater revenue growth and profitability and, where applicable, cost savings, operating efficiencies and other advantages. However, we cannot be certain that these synergies, efficiencies and cost savings will be realized. Even if achieved, these benefits may be delayed, reduced or short-lived in their realization. In other cases, we may acquire or invest in companies that we believe have strong and creative management, in which case we may plan to operate them more autonomously rather than fully integrating them into our operations. We cannot be certain that the key talented individuals at these companies would continue to work for us after the acquisition or that they would develop popular and profitable products, entertainment or services in the future. Acquisitions of businesses and brands could also be adversely affected by changes in our business strategy or external factors. ~~For example, such as any decision with our Blueprint strategy, we determined~~ to sell, license or otherwise dispose of certain ~~non-core~~ assets, such as ~~our~~ the recently completed sale of our **Entertainment One film and television business ("eOne Film and TV")** to **Lions Gate Entertainment Corp., Lions Gate Entertainment Inc. and Lions Gate International Motion Pictures S. à. r. l (collectively" Lionsgate ") in December 2023**. We cannot guarantee that any acquisition, disposition, **license** or investment we may make will be successful or beneficial, and acquisitions, dispositions, **licenses** and investments can consume significant amounts of management attention and other resources, which may negatively impact other aspects of our business. Operational Risks Related to our Business ~~products~~. An inability to develop, introduce and ship planned products, product lines and new brands in a timely and cost-effective manner could result in excess inventory, a shortage of products or otherwise damage our business. In developing products, product lines and new brands we have anticipated dates for the associated product and brand introductions. When we state that we will introduce, or anticipate introducing, a particular product, product line or brand at a certain time in the future those expectations are based on completing the associated development, implementation, and marketing work in accordance with our currently anticipated development schedule. If we do not have in place, appropriate systems and technology, or do not obtain sufficient data, analytics and insights, we may not be able to adequately predict demand for our products. If we fail to accurately forecast demand, we may experience excess inventory levels or a shortage of product to deliver to our customers. Inventory levels in excess of demand have in the past resulted in, and may in the future result in, inventory write-downs or write-offs, and the sale of excess inventory at discounted prices or through less preferred distribution channels, which could harm our profit margins. If we do not operate our supply chain in an effective manner, we will not be able to manufacture, source and ship new or continuing products in a timely manner and on a cost-effective basis to meet constantly changing consumer demands. This risk is heightened by our customers' compressed shipping schedules and the seasonality of our business. The risk is **also** exacerbated by the increasing sophistication of many of the brands and products we are designing and developing in terms of combining digital and traditional technologies, and providing greater innovation and product differentiation. Unforeseen delays or difficulties in the development process, significant increases in the planned cost of development, or changes in anticipated consumer demand for our products and new brands may cause the introduction date for products to be later than anticipated, may reduce or eliminate the profitability of such products, result in excess inventory, or, in some situations, may cause a product or new brand introduction to be discontinued. If we are not successful in transforming our supply chain operations, our business may be harmed. **We** As part of our ~~transformation efforts, we~~ are continuing to optimize our supply chain by improving our systems and sourcing to enable efficient product deployment, enhance product quality and safety, drive efficiency in transportation and our fulfillment centers, and strengthen our direct-to-consumer operations. This is a long-term project, with no assurance that we will achieve the anticipated efficiencies and benefits from such efforts. If the transformation of our supply chain operations is not successful, our business may be harmed. Further we may not achieve our anticipated cost savings, and we may face costly inefficiencies or other supply chain disruptions. **An inability to develop, introduce and..... new brand introduction to be discontinued.** If we are unable to navigate through global supply chain challenges, our business may be harmed. **We have periodically** ~~in recent years,~~ we faced global supply chain challenges with the production and delivery of some products being delayed due to logistics, including labor, trucking and container shortages, **strikes**, port congestion and other shipping disruptions. We experienced increases in material costs and shortages for some of our products, due in part to higher wages being paid due to labor shortages in China and Vietnam, as well as periodic and unpredictable manufacturing shut-downs or slow-downs due to COVID- 19, **political instability in certain port regions and tariffs**. ~~While we have~~ **We attempt to taken-- take** actions to lessen the impact of these supply chain challenges, such as through the use of alternative ports and air freight, and **accelerating adjusting** inventory purchases in certain cases to ensure product availability for customers, **such though these** actions have resulted **and may in the future result** in higher costs and there can be no assurance that the actions taken will be effective. We have also increased prices in some cases to help offset increased costs. We can provide no assurance that we will be able to increase prices in the future and we cannot assure that price increases we have already taken, will offset the entirety of additional costs we have incurred, and may incur in the future to mitigate the supply chain disruption. Further, if we are unable to negotiate favorable carrier agreements, deliver products on time or otherwise satisfy demand for our products, our business may be harmed. If we are unable to adapt our business to the continued shift to direct-to-consumer, our business may be harmed. Part of our strategy is to ~~build lifelong relationships~~ **increase our reach** with our consumers through direct-to-consumer relationships created through ecommerce, social media, digital games and services. If we are unable to effectively connect with ~~consumer~~ **consumers** through these channels, ~~or our~~ business may be harmed. Similarly, if our technology and systems used to support direct-to-consumer order processing are not effective, our ability to deliver products on time on a cost-effective basis may be adversely affected. Failure to continue to adapt our systems and supply chain and successfully fulfill ecommerce sales could harm our business. The concentration of our customer base means that economic difficulties or changes in the purchasing or promotional policies or patterns of our major customers could have a significant impact on us. We depend upon a relatively small customer base to sell the majority of our products. **During** ~~For the fiscal year ended December 31, 2023~~ **2024**, Walmart **Wal- Mart**, Inc. and Amazon. com, Inc. ~~each~~ accounted for approximately **12 % and 11 % , respectively**, of our consolidated net revenues.

Similarly, sales of certain products of our Wizards business depend in part on the success of specialty hobby stores. Due to our customer concentration and customer base, if one or more of our major customers or specialty hobby stores were to experience difficulties in fulfilling their obligations to us, cease doing business with us, significantly reduce the amount of their purchases from us, favor competitors or new entrants, increase their direct competition with us by expanding their private-label business, change their purchasing patterns, impose unexpected fees on us, alter the manner in which they promote our products or the resources they devote to promoting and selling our products, or return substantial amounts of our products, our business may be harmed. Our customers do not make binding long-term commitments to us regarding purchase volumes and make all purchases by delivering purchase orders. Any customer could reduce its overall purchase of our products and reduce the number and variety of our products that it carries and the shelf space allotted for our products. In addition, increased concentration among our customers could negatively impact our ability to negotiate higher sales prices for our products and could result in lower gross margins than would otherwise be obtained if there were less consolidation among our customers. Furthermore, as we experienced with the bankruptcy of certain of our retailers in the past, the failure or lack of success of a significant retail customer could negatively impact our revenues and profitability. Our substantial business, sales and manufacturing operations outside the U. S. subject us to risks associated with international operations. We operate facilities and sell products and entertainment offerings in numerous countries outside the U. S. Additionally, we utilize third-party manufacturers primarily located in the Far East, including China, Vietnam and India, to produce most of our products. These international operations, including operations in emerging markets, have unique consumer preferences and business climates, present additional challenges and are subject to risks that may significantly harm our sales, increase our costs or otherwise damage our business, including:

- **Currency conversion risks and currency fluctuations;**
- **The imposition of tariffs as described in these risk factors,**
- **trade sanctions, quotas, border adjustment taxes or other protectionist measures;**
- **Political instability, civil unrest and economic instability;**
- **Currency conversion risks and currency fluctuations;**
- **Potential challenges to our transfer pricing determinations and other aspects of our cross-border transactions, which can materially increase our taxes and other costs of doing business;**
- **Political instability, civil unrest and economic instability, such as has recently been experienced between Russia and Ukraine, which has resulted in a suspension of our business activities in Russia;**
- **Greater difficulty enforcing intellectual property rights and weaker laws protecting such rights;**
- **Complications in complying with different laws in varying jurisdictions and in dealing with changes in governmental policies and the evolution of laws and regulations and related enforcement, as such laws and policies relate to our products and approval of entertainment;**
- **Difficulties understanding the retail climate, consumer trends, local customs and competitive conditions in foreign markets which may be different from the U. S.;**
- **Natural disasters and the greater difficulty and cost in recovering therefrom;**
- **Difficulties in moving materials and products from one country to another, including port congestion, strikes, labor shortages and other events causing transportation delays and interruptions;**
- **Increased investment and operational complexity to make our products compatible with systems in various countries and compliant with local laws; and**
- **Changes in international labor costs and other costs of doing business internationally.**

Because of the importance of international sales, sourcing and manufacturing to our business, our financial condition and results of operations could be significantly harmed if any of the risks described above were to occur or if we are otherwise unsuccessful in managing our increasing global business and operating in an environment with these risks. Our reliance on third-party manufacturers to produce our products, particularly in China, the U. S., Vietnam and India, presents risks to our business. **All Most of our toy and game** products are manufactured by third-party manufacturers, the majority of which are in China, with a significant amount of our product sourcing also coming from manufacturers in the U. S., Vietnam, and a lesser amount from India and Japan. Should changes be necessary, our external sources of manufacturing can be shifted, over a significant period of time, to alternative sources of supply. Working with vendors who have not historically manufactured products for us means these new vendors must successfully develop the capability to manufacture our products to the quality and safety standards we require and within the timeframe required by our customers. Newer and less experienced vendors are more susceptible to product quality, logistics and other issues, due in part to their less mature infrastructure or unfamiliarity with our product standards. If we were prevented or delayed in obtaining products or components for a material portion of our product lines due to economic, political, civil, labor or other factors beyond our control, including work stoppages, slowdowns or strikes, natural disasters, adverse health conditions or pandemics, our ability to manufacture would be adversely affected and our operations may be substantially disrupted, potentially for a significant period of time. This delay could significantly reduce our revenues and profitability and harm our business while alternative sources of supply are secured. Given that our toy and game manufacturing is conducted by third-party manufacturers, health conditions, such as COVID-19, and other factors affecting social and economic activity where our manufacturers are located may affect the movement of people and products into and from those locations to our major markets, including North America and Europe. Further, increases in the costs of labor and other costs of doing business in markets where we manufacture, could also have a significant negative impact on our operations, revenues and earnings. Prolonged disputes or slowdowns at west coast or other ports can negatively impact both the time and cost of transporting goods into the U. S. Natural disasters or health pandemics impacting our manufacturers had and can have a significant negative impact on our business. Further, **as described elsewhere,** the imposition **or threat** of tariffs, border adjustment taxes, trade sanctions or other regulations or economic penalties by the U. S. or the European Union against products imported by us from China or other foreign countries, or the loss of “normal trade relations” status with China or other foreign countries in which we operate, could significantly increase our cost of products imported into the U. S. or Europe, shift more orders from direct import to domestic sales, put additional shipping and warehousing burdens on us, delay the time of our sales to retailers, result in lost sales, and otherwise harm our business. Additionally, the suspension of the operations of a third-party manufacturer by government inspectors in China or another market in which we source products could result in delays to us in obtaining product and may harm sales. We require our third-party manufacturers to comply with our Global Business Ethics Principles, which are designed to prevent products manufactured for us from being produced under inhumane or

exploitive conditions. Notwithstanding these requirements and our monitoring and testing of compliance with them, there is always a risk that one or more of our third- party manufacturers will not comply with our requirements and that we will not immediately discover such non- compliance. Any failure of our third- party manufacturers to comply with labor, consumer, product safety or other applicable requirements in manufacturing products for us could result in damage to our reputation, harm sales of our products and potentially create liability for us. Our dependence on third- party relationships with studios, content producers and distribution channels to develop and distribute digital games and entertainment content is critical to our business. We rely on third party relationships with studios, content producers and distribution channels to develop and distribute certain digital games and entertainment content. Our financial performance may be adversely affected by our relationships with these studios, content producers and distribution channels. Some of our digital gaming developers and content producers are affiliates of major studios that develop their own games or content. Some have their own distribution capability in the markets in which we operate, and some may decide, or be required by their respective parent companies, to use their intra - company distribution or content production capabilities rather than contracting with us. Our business may be harmed if the studios, content producers and distribution channels with which we work stop or reduce the amount of work they do with us or otherwise demand less favorable terms to us. If our vendors or third- party outsourcing partners fail to perform, our business may be harmed. As a part of our transformation efforts to reduce costs, achieve operational efficiencies, and increase productivity and service quality, we have relied and expect to further rely on third -party vendor and outsourcing relationships for certain areas of the business. Working with third- parties for these critical areas subjects us to risk, including the reduction in full control over certain activities. Any failure to perform timely or accurately or other shortcoming of one of these vendors or outsourcers, could harm our business or could damage our reputation. Transitioning some of these services to a third- party outsourcing vendor is challenging and time- consuming. Problems with transitioning these services and systems to, or operating failures with, these vendors and outsourcers may cause delays to product sales and reduce the efficiency of our operations. We may not achieve the cost- savings we expect, and we may suffer knowledge loss and require significant capital investments to remediate the problem. We cannot guarantee that our outsourcing efforts will be successful. Our success is dependent on the efforts and dedication of our officers and other employees. Our officers and employees are at the heart of all our efforts. It is their skill, innovation and hard work that drive our success. We compete with many other potential employers in recruiting, hiring and retaining our management team and our many other skilled officers and employees around the world. ~~In the digital gaming and entertainment industries, experienced~~ **Experienced** personnel and top creative talent **in the markets in which we operate** are in high demand and competition for their talent is intense. The ~~possibility of moving our corporate headquarters may impact our ability to retain and attract key employees. Further, the~~ continuing prevalence ~~debate and practice~~ of remote and hybrid work creates further challenges in retaining employees as some employees desire more flexibility in their employment and the ability to work remotely or hybrid opens up more employment opportunities. ~~As~~ **Additionally, as** we continue to transform our business to execute on our strategic plan, we have reduced our headcount and may otherwise lose employees due to our decision to eliminate or reduce the amount of work performed relative to non- core aspects of our business and the optimization of our business. The impact of reductions in workforce or failing to retain key employees can be high due to increased risk of loss of important information, key knowledge and relationships, loss of creative talent, lost productivity, hiring and training costs, all of which could result in lower **efficiency**, profitability or otherwise harm the business. We cannot guarantee that we will recruit, hire or retain the key personnel we need to succeed. We have **also** experienced significant changes in our leadership in a relatively short period of time, with most key members of executive leadership having been appointed within the past **few** ~~couple of~~ years. Our future success will depend on the leadership of our key executives and their ability to navigate the organization through our transformation efforts **and renewed strategy**. Our loss of key management or other key employees, inability to drive success through our new leaders, or our inability to retain or hire talented people with the skill sets we need for our diverse and changing business, could significantly harm **our business**. ~~If we fail to develop diverse top talent, we may be unable to compete and our business may be harmed. We promote a diverse and inclusive work environment. To compete successfully, we must continuously develop a diverse group of talented people representative of our fans and customers which we believe will foster new ideas and perspectives that will benefit our business, including through enhanced product innovation. Competition for diverse talent is intense. The recent restructuring changes in our business may make it more difficult to attract and retain diverse talent. We cannot guarantee we will achieve our goals or that our actions will result in expected benefits to~~ our business. Our business may be harmed if we are unable to protect our critical intellectual property rights. Our intellectual property, including our trademarks and tradenames, copyrights, patents, and rights under our license agreements and other agreements that establish our intellectual property rights and maintain the confidentiality of our intellectual property, is of critical value. We rely on a combination of trade secret, copyright, trademark, patent and other proprietary rights laws to protect our rights to valuable intellectual property in the U. S. and around the world. From time to time, third parties have challenged, and may in the future try to challenge, our ownership of our intellectual property in the U. S. and around the world. In addition, our business is subject to the risk of third parties counterfeiting our products or infringing on our intellectual property rights, as well as the risk of unauthorized **persons** ~~third parties~~ copying and distributing our **digital or** entertainment content or leaking portions of planned **digital or** entertainment content. We may need to resort to litigation to protect our intellectual property rights, which could result in substantial costs and diversion of resources. Similarly, third parties may claim ownership over certain aspects of our products, productions or other intellectual property. Our failure to successfully protect our intellectual property rights could significantly harm our business and competitive position. Failure to successfully operate our information systems and implement new technology effectively could disrupt our business or reduce our sales or profitability. We rely extensively on various information technology systems and software applications to manage many aspects of our business, including product development, management of our supply chain, sale and delivery of our products, analytics, royalty and financial reporting and various other processes and transactions. As part of our transformation efforts, we are ~~also~~ upgrading

some of our technology and systems, and ~~as described elsewhere~~, we are relying on the systems of third-party outsourcers for certain critical functions. We are critically dependent on the integrity, security and consistent operations of these systems and related back-up systems. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, malware and other cybersecurity attacks and breaches, catastrophic events such as hurricanes, fires, floods, earthquakes, tornadoes, acts of war or terrorism and usage errors by our employees or partners. The efficient operation and successful growth of our business depends on these information systems, including our ability and the ability of our third-party outsourcers to operate them effectively and to select and implement appropriate upgrades or new technologies and systems and adequate disaster recovery systems successfully. The failure of our information systems or third-party hosted technology to perform as designed or our failure to implement and operate them effectively could disrupt our business, require significant capital investments to remediate a problem or subject us to liability. If our electronic data is compromised our business could be significantly harmed. We and our third-party outsourcers and other business partners maintain significant amounts of data electronically in locations around the world and in the cloud. This data relates to all aspects of our business, including current and future products and entertainment under development, and also contains certain customer, consumer, supplier, partner and employee data. We and our partners maintain systems and processes designed to protect this data, but notwithstanding such protective measures, there is a risk of intrusion, cyber-attacks or tampering that could compromise the integrity and privacy of this data. Cyber-attacks continue to increase in their frequency, sophistication and intensity, and are becoming increasingly difficult to detect. They are often carried out by motivated, well-resourced, skilled and persistent actors, including nation states, organized crime groups, “hacktivists” and employees or contractors acting with malicious intent. Cyber-attacks could include the deployment of harmful malware and key loggers, ransomware, a denial-of-service attack, a malicious website, artificial intelligence, the use of social engineering and other means to affect the confidentiality, integrity and availability of our or third-party technology systems and data. Cyber-attacks could also include supply chain attacks, which could cause a delay in the manufacturing of our products. In addition, we provide confidential and proprietary information to our third-party outsourcers and business partners in certain cases ~~where~~ **where** doing so is necessary to conduct our business. While we obtain assurances from those parties that they have systems and processes in place to protect such data, and where applicable, that they will take steps to assure the protections of such data by third parties, those outsourcers and partners may also be subject to data intrusion or otherwise compromise the protection of such data. The risk of data loss or breaches is heightened during uncertain economic times, changes in business strategy and reductions in workforce. Any compromise of the confidential data of our customers, consumers, suppliers, partners, employees or ourselves, or failure to prevent or mitigate the loss of or damage to this data through breach of our third party outsourcers and other business partners’ information technology systems could substantially disrupt our operations, harm our customers, consumers, employees and other business partners, damage our reputation, violate applicable laws and regulations, subject us to potentially significant costs and liabilities and result in a loss of business that could be material. Global and Economic Risks Relating to our Business

Changes in U.S., global or regional economic conditions could impact discretionary consumer spending and harm our business and financial performance. Our financial performance is impacted by the level of discretionary consumer spending in the markets in which we operate. Recessions or even fear or anticipation of recessions, inflation, rising costs due to tariffs or potential tariffs, rising or fluctuating interest rates and mortgage rates, credit crises and other economic downturns, or disruptions in credit markets, in the U.S. and in other markets in which we operate can result in lower levels of economic activity, lower employment levels, less consumer disposable income, and lower consumer confidence. Similarly, reductions in the value of key assets held by consumers, such as their homes or stock market investments, can lower consumer confidence and consumer spending power. Any of these factors can reduce the amount which consumers spend on the purchase of our products and entertainment. This in turn can reduce our revenues and harm our financial performance and profitability. Inflation and other adverse economic conditions in the markets in which we and our **consumers, customers,** employees, ~~consumers, customers,~~ suppliers and manufacturers operate could negatively impact our ability to produce and ship our products, and lower our revenues, margins and profitability. Various economic conditions in the markets in which we, our **consumers, customers,** employees, ~~consumers, customers,~~ suppliers and manufacturers operate, could have a significant negative impact on our revenues, profitability and business. The occurrence of adverse economic conditions can result in manufacturing and other work stoppages, slowdowns and delays; shortages or delays in production or shipment of products or raw materials; delayed or reduced purchases from customers and consumers; and other factors that cause increases in costs or delay in revenues. Inflation, ~~such as what consumers in the U.S. and other economies have recently experienced,~~ can cause significant increases in the costs of other products which are required by consumers, such as gasoline, home heating fuels, or groceries, may reduce household spending on the discretionary products and entertainment we offer. Weakened economic conditions, lowered employment levels or recessions in any of our major markets may also significantly reduce consumer purchases of our products and spending on entertainment. Economic conditions may also be negatively impacted by terrorist attacks, wars and other conflicts, natural disasters, increases in critical commodity prices or labor costs, **tariffs,** or the prospect of such events. Such a weakened economic and business climate, as well as consumer uncertainty created by such a climate, could harm our revenues and profitability. Our success and profitability not only depend on consumer demand for our products, but also on our ability to produce and sell those products at costs which allow for us to make a profit. Rising fuel and raw material prices, due to inflation or otherwise, for paperboard and other components such as resin used in plastics or electronic components, increased transportation and shipping costs, and increased labor costs in the markets in which our products are manufactured all may increase the costs we incur to produce and transport our products, which in turn may reduce our margins, reduce our profitability and harm our business. **Changes in U.S., global or regional economic conditions could impact discretionary consumer spending and harm our business and financial performance. Our financial performance is impacted by the level of discretionary consumer spending in the markets in which we operate. Recessions or even fear or**

anticipation of recessions, inflation, rising or fluctuating interest rates and mortgage rates, credit crises and other economic downturns, or disruptions in credit markets, in the U.S. and in other markets in which we operate can result in lower levels of economic activity, lower employment levels, less consumer disposable income, and lower consumer confidence. Similarly, reductions in the value of key assets held by consumers, such as their homes or stock market investments, can lower consumer confidence and consumer spending power. Any of these factors can reduce the amount which consumers spend on the purchase of our products and entertainment. This in turn can reduce our revenues and profitability. 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. Outbreaks of communicable infections, diseases or other adverse public health conditions, such as COVID- 19, in markets in which we, our employees, consumers, customers, partners, licensees, licensors, suppliers and manufacturers operate, has had and could in the future 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 COVID- 19 has resulted in, disruptions and damage to our business, due to, among other things:

- difficulties in shipping and distributing products due to ongoing port capacity, and labor, shipping container and truck transportation shortages, resulting in higher costs for both ocean and air freight and delays in the availability of products, which can result in delayed sales and in some cases result in lost sales;
- disruptions in supply of products, due to closures or reductions in operations at third- party manufacturing facilities across several geographies including, but not limited to, China, Vietnam, India, the United States and Ireland;
- adverse sales impact due to changes in consumer purchasing behavior and availability of products to consumers;
- uncertain inventory availability or difficulty in anticipating demand, which can result in too little or too much supply at a given time;
- interruptions, delays or postponements of entertainment productions and releases; and
- challenges of working remotely.

Inflation and other adverse economic conditions in..... harm our financial performance and profitability. Financial Risks Relating to our Business Our quarterly and annual operating results may fluctuate due to seasonality in our business. Sales of our products are extremely seasonal, with a majority of retail sales of consumers occurring during the period from September through December in anticipation of the holiday season. This seasonality for our consumer products business has increased over time, as retailers become more and more efficient in their control of inventory levels through quick response or just in time inventory management techniques, including the use of automated inventory replenishment programs. Similarly, ecommeree retailers tend to hold less inventory and take inventory closer to the time of sale sales of our card sets to consumers than traditional retailers. As a result, customers are games and content releases varying based on the timing their orders so that they are being filled by suppliers, such as us, closer to the time of release purchase by consumers. Seasonality can While these techniques reduce a retailer's investment in inventory, they increase pressure on suppliers like us to fill orders promptly and thereby shift a significant portion of inventory risk and carrying costs to the supplier. This can also result in our losing significant revenues and earnings if our supply chain is unable to supply product to our customers when they want it. Tariffs can exacerbate this negative impact by causing retailers to shift from direct import to domestic orders, further pressuring our supply chain. The level of inventory carried by retailers may also reduce or delay retail sales resulting in lower revenues for us. If we or our customers determine that one of our products is more popular at retail than was originally anticipated, we may not have sufficient time to produce and ship enough additional products to fully meet consumer demand. Additionally, the logistics of supplying more product within shorter time periods increases the risk that we will fail to achieve tight and compressed shipping schedules, which also may reduce our sales and harm our financial performance. The ability to accurately predict levels of inventory remains challenging in the current economic environment, and, in 2023 recent years, resulted in write- offs of excess inventory. Our entertainment business is also subject to variations based on the timing of television, film, streaming and digital content releases or other factors, such as labor or union strikes. Release dates are determined by several factors, including the timing of holiday periods, geographical release dates and competition in the market. In 2023, the development, production and delivery of content was adversely affected by the actors' and writers' strikes that occurred during the year, which caused content to be reduced, delayed or, in some case, not completed. This seasonal patterns- pattern of our business requires significant use of working capital, mainly to manufacture or acquire inventory during the portion of the year prior to the holiday season -and requires accurate forecasting of demand for products during the holiday season in order to avoid losing potential sales of popular products or producing excess inventory of products that are less popular with consumers. Our failure to accurately predict and respond to consumer demand, resulting in under producing popular items and / or overproducing less popular items, would reduce our total sales and harm our results of operations. As a result of the seasonal nature of our business, we would be significantly and adversely affected, in a manner disproportionate to the impact on a company with sales spread more evenly throughout the year, by unforeseen events such as a natural disaster, a terrorist attack, economic shock or pandemic that harms the retail environment or consumer buying patterns during our key selling season, or by events such as labor or union strikes, or delays or other issues in the supply chain, particularly from the Far East, during the critical months leading up to the holiday shopping season. We have had and may in the future have significant impairment charges that adversely affect our net earnings. Changes in strategy, shifting focus to certain lines of business, lower projections in an area of the business, declines in the profitability of acquired brands or businesses or our decision to reduce our focus or exit these brands or businesses, such as certain non- core entertainment assets of the business, has in the past impacted and may in the future impact our ability to recover the carrying value of the related assets and could result in an impairment charge. Similarly, declines in our profitability may impact the fair value of our reporting units, which could result in a write- down of our goodwill and consequently harm our net earnings. In 2023 We have incurred, and may in the future incur, significant costs in connection with the development of video games. If we determine that capitalized costs of the game are unlikely to be recorded- recovered non- cash goodwill by product sales due to the termination of development, lack of success of the game or otherwise, we will incur and- an asset-impairment, which will be charges- charged of \$ 1, 307. 2 million for the year ended December 31, 2023. See note 6 to costs our

Consolidated Financial Statements, included in Part II, Item 8. Financial Statements, of this Form 10-K sales in the period in which such determination is made. Changes in foreign currency exchange rates can significantly impact our reported financial performance. Our global operations mean we transact business in many different jurisdictions with many different currencies. As a result, if the exchange rate between the U. S. dollar and a local currency for an international market in which we have significant sales or operations changes, our financial results as reported in U. S. dollars, may be meaningfully impacted even if our business in the local currency is not significantly affected. In recent years, our sales were adversely impacted due to the strength of the U. S. dollar compared to certain foreign currencies in territories in which we operate. Similarly, our expenses can be significantly impacted, in U. S. dollar terms, by exchange rates, meaning the profitability of our business in U. S. dollar terms can be negatively impacted by exchange rate movements which we do not control. Depreciation in key currencies may have a significant negative impact on our revenues and earnings as they are reported in U. S. dollars. Our indebtedness may limit our availability of cash, cause us to divert cash to fund debt service payments or make it more difficult to take certain other actions. We incurred significant **have approximately \$ 3, 401. 8 million in long- term** indebtedness to finance our acquisition of eOne in 2019. **The amount** While we continue to pay down this indebtedness, including through the use of proceeds from the sale of certain parts of eOne, the increase in our **long- term** debt service obligations resulting from additional indebtedness could have a material adverse effect on our results of operations and financial condition. In particular, our increased indebtedness could: • make it more difficult and / or costly for us to pay or refinance our debts as they become due, particularly during adverse economic and industry conditions, because a decrease in revenues or increase in costs could cause cash flow from operations to be insufficient to make scheduled debt service payments; • require a substantial portion of our available cash to be used for debt service payments, thereby reducing the availability of our cash to fund working capital, capital expenditures, development projects, acquisitions or other strategic opportunities, dividend payments, share repurchases and other general corporate purposes; • result in downgrades in the credit ratings on our indebtedness, which could limit our ability to borrow additional funds on favorable terms or at all (including in order to refinance our other debt), increase the interest rates under our credit facilities and under any new indebtedness we may incur; • make it more difficult for us to raise capital to fund working capital, make capital expenditures, pay dividends, pursue strategic initiatives or for other purposes; • result in higher interest expense, which could be further increased in case of current or future borrowings subject to variable rates of interest; • require that materially adverse terms, conditions or covenants be placed on us under our debt instruments, which could include, for example, limitations on additional borrowings, pay dividends, repurchase our common stock or make investments, any of which could hinder our access to capital markets or our flexibility in the conduct of our business and make us more vulnerable to economic downturns and adverse competitive industry conditions; and • jeopardize our ability to pay our indebtedness if our business experienced a severe downturn. If we were unable to obtain or service our other external financings, or if the restrictions imposed by such financing were too burdensome, our business would be harmed. Due to the seasonal nature of our business, in order to meet our working capital needs, particularly those in the third and fourth quarters, we may rely on our commercial paper program, revolving credit facility and our other credit facilities for working capital. We currently have a commercial paper program which, subject to market conditions, and availability under our committed revolving credit facility, allows us to issue up to \$ 1, 000. 0 million in aggregate amount of commercial paper outstanding from time to time as a source of working capital funding and liquidity. We cannot guarantee that we will be able to issue commercial paper on favorable terms, or at all, at any given point in time. We also have a revolving credit agreement which provides for a \$ 1, 250. 0 million committed revolving credit facility. The credit agreement contains certain restrictive covenants setting forth leverage and coverage requirements, and certain other limitations typical of an investment grade facility. These restrictive covenants may limit our future actions as well as our financial, operating and strategic flexibility. Non- compliance with our debt covenants could result in us being unable to utilize borrowings under our revolving credit facility and other bank lines, a circumstance which potentially could occur when operating shortfalls would require supplementary borrowings to enable us to continue to fund our operations. Not only may our individual financial performance impact our ability to access sources of external financing, but significant disruptions to credit markets in general may also harm our ability to obtain financing. In times of severe economic downturn and / or distress in the credit markets, it is possible that one or more sources of external financing may be unable or unwilling to provide funding to us. In such a situation, it may be that we would be unable to access funding under our existing credit facilities, and it might not be possible to find alternative sources of funding. We also may choose to finance our capital needs, from time to time, through the issuance of debt securities. Our ability to issue such securities on satisfactory terms, if at all, will depend on the state of our business and financial condition, any ratings issued by major credit rating agencies, market interest rates, and the overall condition of the financial and credit markets at the time of the offering. The condition of the credit markets and prevailing interest rates have fluctuated significantly in the past and are likely to fluctuate in the future. Variations in these factors could make it difficult for us to sell debt securities or require us to offer higher interest rates in order to sell new debt securities. The failure to receive financing on desirable terms, or at all, could damage our ability to support our future operations or capital needs or engage in other business activities. If we are unable to generate sufficient available cash flow to service our outstanding debt we would need to refinance our outstanding debt or face default. We cannot guarantee that we would be able to refinance debt on favorable terms, or at all. Changes in, or differing interpretations of, income tax laws and rules, and changes in our geographic operating results, may impact our effective tax rate. We are subject to income taxes in the U. S. and in various international tax jurisdictions. We also conduct business activities between our operating units in various jurisdictions and we are subject to transfer pricing rules in the countries in which we operate. There is some degree of uncertainty and subjectivity in complying with transfer pricing rules. Our effective tax rate could be impacted by changes in, or the interpretation of, tax laws, such as those imposed by the current U. S. administration and other jurisdictions in which we do business, or by changes in the amount of revenue and earnings we derive, or are determined to derive by tax authorities, from jurisdictions with differing tax rates. In addition, we may be subject to tax examinations by federal, state, and international jurisdictions, and these examinations

can result in significant tax findings if the tax authorities interpret the application of laws and rules differently than we do or disagree with the intercompany rates we are applying. We assess the likelihood of outcomes resulting from tax uncertainties. While we believe our estimates are reasonable, the ultimate outcome of these uncertain tax benefits, or results of possible current or future tax examinations, may differ from our estimates and may have a significant adverse impact on our business and operating results.

Governmental and Legal Risks Relating to our Business We are subject to various government regulations, violation of which could subject us to sanctions or otherwise harm our business. In addition, we could be the subject of future product liability suits or product recalls, which could harm our business. We are subject to significant government regulations, including, in the U. S., under The Consumer Products Safety Act, The Federal Hazardous Substances Act, and The Flammable Fabrics Act, as well as under product safety and consumer protection statutes in our international markets. In addition, certain of our products are subject to regulation by the Food and Drug Administration or similar international authorities. Advertising to children is subject to regulation by the Federal Trade Commission, the Federal Communications Commission and a host of other agencies globally, and the collection of information from children ~~under the age of 13~~ is subject to the provisions of the Children's Online Privacy Protection Act and other privacy laws around the world. The collection of personally identifiable information from anyone, including adults, is under increasing regulation in many markets, such as the General Data Protection Regulation adopted by the European Union, and data protection laws in the United States and in a number of other countries. While we take all the steps we believe are necessary to comply with these acts and regulations, we cannot assure you that we will be in compliance and, if we fail to comply with these requirements or other regulations enacted in the future, we could be subject to fines, liabilities or sanctions which could have a significant negative impact on our business, financial condition and results of operations. We may also be subject to involuntary product recalls or may voluntarily conduct a product recall. While costs associated with product recalls have generally not been material to our business, the costs associated with future product recalls individually or in the aggregate in any given fiscal year could be significant. In addition, any product recall, regardless of direct costs of the recall, may harm the reputation of our products and have a negative impact on our future revenues and results of operations. As a large multinational corporation, we are subject to a host of governmental regulations throughout the world, including antitrust, employment, **pay transparency**, customs and tax requirements, anti-boycott regulations, environmental regulations and the Foreign Corrupt Practices Act. **There are also many new laws and proposed laws, rules and regulations governing the use of artificial intelligence that may become applicable to our business**. Complying with these regulations imposes costs on us which can reduce our profitability and our failure to successfully comply with any such legal requirements could subject us to monetary liabilities and other sanctions that could further harm our business and financial condition. ~~Failure to achieve our sustainability goals could result in reputational damage. We view sustainability challenges as opportunities to innovate and continuously improve our product design and operational efficiencies. We have set key goals and objectives in this area as described in our business section of this Form 10-K. Our reputation could be damaged if we fail to achieve our sustainability goals, or if we or others in our industry do not act, or are perceived not to act, responsibly with respect to the production and packaging of our products.~~ We are involved in litigation, arbitration or regulatory matters where the outcome is uncertain and which could entail significant expense. As a large multinational corporation, we are subject to regulatory investigations, litigation and arbitration disputes, including potential liability from personal injury or property damage claims by the users of products that have been or may be developed by us, claims by third parties that our products infringe upon or misuse such third parties' property or rights, **securities claims, royalties claims**, claims by former employees for employment related matters ~~or and~~ claims relating to media content. Because the outcome of litigation, arbitration and regulatory investigations is inherently difficult to predict, it is possible that the outcome of any of these matters could entail significant cost for us and harm our business. The fact that we operate in a significant number of international markets also increases the risk that we may face legal and regulatory exposures as we attempt to comply with a large number of varying legal and regulatory requirements. Any successful claim against us could significantly harm our business, financial condition and results of operations.