The Chernin Group-Led Consortium to Acquire $263 Million in Funko, a Leading Pop Culture Lifestyle Brand

Investor Consortium Includes eBay, Robert A. Iger and Rich Paul

Mr. Iger and Peter Chernin to Serve as Advisors to the Funko Board of Directors

TCG to Designate Two Directors to the Board and Take Role in Funko's Strategy and Growth Initiatives

LOS ANGELES, May 5, 2022 /PRNewswire/ -- The Chernin Group ("TCG"), a multi-stage investment firm known for building and growing emerging consumer businesses in the media, commerce and technology industries, and Funko, Inc. (Nasdaq: FNKO), a leading pop culture lifestyle brand, today announced that a consortium led by TCG will make a $263 million strategic investment in Funko in an all secondary transaction.

TCG and its investor consortium are acquiring from ACON Investments 12,520,559 shares of Funko Class A common stock, or 80% of ACON Investments' stake in Funko, at $21.00 per share and will own 25% of the Company following completion of the transaction. Additional investors in the consortium include eBay Inc. (Nasdaq: EBAY), Robert A. Iger (Former Disney Chairman and CEO) and Rich Paul (CEO and Founder of Klutch Sports Group and Head of Sports at United Talent Agency). In conjunction with the investment, TCG will designate two directors to the Board including Jesse Jacobs, TCG Co-Founder and Partner. The additional director will be designated at a later date. Mr. Iger and Peter Chernin, TCG Co-Founder and Partner, will provide guidance and strategic insight as advisors to the Funko Board.

As part of this investment, Funko and eBay are entering into a commercial agreement under which eBay will become the preferred secondary marketplace for Funko and the companies will also partner on creating exclusive product releases. Additionally, Mr. Paul will bring his expertise in the sports and music sectors to help advance Funko's continued product expansion and growth opportunities in sports and music.

"We believe Funko is significantly undervalued in the public markets and at this highly attractive entry price provides a runway of opportunity and growth potential. There are many areas of identifiable growth across content, commerce, marketplaces, consumer products and technology that should drive substantial increases to Funko's performance," said Mr. Chernin.

TCG believes the investment will help reinforce Funko's leadership position in the pop culture collectibles space and advance the Company's strategic growth initiatives, which include maximizing the core business by (1) expanding its premium intellectual property (IP) and Pop! aesthetic into new content areas, (2) expanding Funko's pop culture platform through the addition of adjacent physical and digital categories and brands, both organically and through acquisition as appropriate, (3) growing its Direct-to-Consumer (DTC) business and (4) extending its reach into international markets.

"This is a very exciting time to be a part of Funko. We are incredibly appreciative of ACON for their 7 years of collaboration and belief in our company's long-term potential. This investment from TCG validates Funko as a leading lifestyle brand with a pulse on what's trending in pop culture," said Andrew Perlmutter, Funko's Chief Executive Officer. "TCG is an ideal partner for Funko based on its expertise, deep understanding of the markets we serve, and track record of working successfully with companies in the pop culture and entertainment space to create value and drive growth. With their support, we are even better positioned to continue developing great products that delight our fans and broadening our base through expanded offerings and new categories."

"Funko has tremendous brand equity, a deeply engaged consumer base, and an innovative product offering, which makes it a very appealing investment for TCG," said TCG Co-founder and Partner Jesse Jacobs. "We have demonstrated our ability to drive significant value with our investments in sectors that are core to Funko, including collectibles, content, IP, community and marketplaces, and we see clear opportunities to leverage this expertise at Funko."

"Funko sits at the intersection of pop culture, passion and collectibles, with one of the most engaged communities of enthusiasts," said Stefanie Jay, eBay Chief Business and Strategy Officer. "Building on the incredible appetite for Funko products on eBay, we look forward to what our companies can do together. The investment and partnership with Funko will make eBay the preferred resale marketplace for Funko fans around the world and give customers new and exclusive products."

Funko's growth and profitability are on a strong trajectory. For fiscal 2021, the Company grew revenue by 58% to over $1 billion and today, reported revenue of $308 million for the first quarter 2022, up 63% year-over-year. In addition, Funko's adjusted EBITDA increased 87% to $150 million for the full year 2021 and adjusted EBITDA grew 22% for the first quarter 2022.

TCG has successfully partnered with companies, including Exploding Kittens, Crunchyroll and Goldin Auctions, that grow brands with a zealous consumer base and foster authentic relationships with highly engaged audiences. The firm has significant experience investing in adjacent sectors, such as IP, content creation, collectibles, pop culture and fandom, toys and games, media and entertainment, and DTC. As a leader in the pop culture and collectibles space, Funko aligns with TCG's focus on identifying high-growth sectors and investing in the best category-defining businesses.

Additional details regarding the investment will be included in a Form 8-K to be filed with the SEC.

Advisors

LionTree Advisors is serving as lead financial advisor to TCG and Stephen Davis is acting as an advisor to TCG. Gibson, Dunn & Crutcher LLP is serving as TCG's legal counsel. Goldman Sachs & Co. LLC is acting as lead financial advisor to Funko and Latham & Watkins LLP is serving as legal counsel. Winston & Strawn LLP is serving as legal counsel to ACON Investments.

Funko First Quarter 2022 Earnings

In a separate press release, Funko announced its financial results for the first quarter ended March 31, 2022, which is accessible on the Investor Relations section of the Company's website at: https://investor.funko.com.

Director Biography
Jesse Jacobs

Jesse Jacobs is a Co-Founder and Partner at TCG. Jesse also co-founded The Chernin Group, LLC with Peter Chernin in 2010, leading the company's investments, operations, and team building. Prior to founding The Chernin Group, Jesse was a senior member of the media, entertainment, and sports advisory, investing and financing team at Goldman Sachs. Jesse began his career in NFL, MLB, and NHL sports television production at the inception of Fox Sports and then for CBS Sports in the Olympics. Jesse is on the board of directors of TCG, The Chernin Group, Barstool Sports, Hodinkee, Exploding Kittens, Goldin Auctions, Collectors Universe, Equip, Words + Pictures, LLC and is a board observer of Scopely.

Jesse is a graduate of the University of Pennsylvania with a BA in English and Communications and holds an MBA from the Wharton School at University of Pennsylvania.

About Funko

Headquartered in Everett, Washington, Funko is a leading pop culture lifestyle brand. Funko designs, sources and distributes licensed pop culture products across multiple categories, including vinyl figures, action toys, board games, plush, apparel, housewares and accessories for consumers who seek tangible ways to connect with their favorite pop culture brands and characters. Learn more at https://funko.com/,

and follow us on Twitter (@OriginalFunko) and Instagram (@OriginalFunko).

About TCG

Founded by Peter Chernin, Jesse Jacobs, and Mike Kerns, The Chernin Group (TCG) is a multi-stage investment firm dedicated to building consumer businesses. With a focus on majority and significant minority investments in growing consumer businesses, the TCG team has a track record of working with world-class consumer brands in digital media, commerce, marketplaces, sports, gaming, consumer finance, consumer blockchain and health and wellness brands and platforms. The TCG portfolio includes Crunchyroll, Dapper Labs, Exploding Kittens, Food52, Goldin Auctions, Headspace, Hodinkee, OpenSea, Oura, The Pro's Closet, and Zed Run. Learn more at https://tcg.co/.

About eBay

eBay Inc. (Nasdaq: EBAY) is a global commerce leader that connects people and builds communities to create economic opportunity for all. Our technology empowers millions of buyers and sellers in more than 190 markets around the world, providing everyone the opportunity to grow and thrive. Founded in 1995 in San Jose, California, eBay is one of the world's largest and most vibrant marketplaces for discovering great value and unique selection. In 2021, eBay enabled over $87 billion of gross merchandise volume. For more information about the company and its global portfolio of online brands, visit www.ebayinc.com.

Funko Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including statements regarding the timing and closing of the anticipated sale of shares by ACON to the TCG Consortium, Funko's future financial results, the underlying trends in Funko's business and Funko's potential for growth and strategic growth priorities. These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause Funko's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: risks related to the impact of COVID-19 on our business, financial results and financial condition; Funko's ability to execute its business strategy; its ability to maintain and realize the full value of its license agreements; economic downturns and changes in the retail industry and markets for its consumer products; Funko's ability to maintain relationships with retail customers and distributors; Funko's ability to compete effectively and manage its growth; fluctuations in gross margin; dependence on content development and creation by third parties; the ongoing level of popularity of Funko's products with consumers; Funko's ability to manage its inventories; Funko's ability to develop and introduce products in a timely and cost-effective manner; Funko's ability to obtain, maintain and protect its intellectual property rights or those of its licensors; potential violations of the intellectual property rights of others; risks associated with counterfeit versions of our products; Funko's ability to attract and retain qualified employees and maintain its corporate culture; Funko's use of third-party manufacturing; risks associated with Funko's international operations and geographic concentration of operations; changes in effective tax rates, tax law, trade law or trade restrictions; foreign currency exchange rate exposure; the possibility or existence of global and regional economic downturns; Funko's dependence on vendors and outsourcers; risks relating to government regulation; risks relating to litigation, including products liability claims and securities class action litigation; any failure to successfully integrate or realize the anticipated benefits of acquisitions or investments; reputational risk resulting from Funko's e-commerce business and social media presence; risks relating to Funko's indebtedness and our ability to secure additional financing; the potential for Funko's electronic data or the electronic data of our customers to be compromised; the influence of Funko's significant stockholders and the possibility that their interests may conflict with the interests of its other stockholders; risks relating to Funko's organizational structure; volatility in the price of Funko's Class A common stock; and risks associated with Funko's internal control over financial reporting. These and other important factors discussed under the caption "Risk Factors" in Funko's quarterly report on Form 10-Q for the quarter ended March 31, 2022 and its other filings with the Securities and Exchange Commission could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While Funko may elect to update such forward-looking statements at some point in the future, it disclaims any obligation to do so, even if subsequent events cause its views to change. These forward-looking statements should not be relied upon as representing Funko's views as of any date subsequent to the date of this press release.

eBay Forward-Looking Statements

Certain statements herein are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such forward-looking statements are often identified by words such as "anticipate," "approximate," "believe," "commit," "continue," "could," "estimate," "expect," "hope," "intend," "may," "outlook," "plan," "project," "potential," "should," "would," "will" and other similar words or expressions. Such forward-looking statements reflect eBay's current expectations or beliefs concerning future events and actual events may differ materially from historical results or current expectations. The reader is cautioned not to place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to a number of uncertainties, risks, assumptions and other factors, many of which are outside the control of eBay. The forward-looking statements in this document address a variety of subjects including, for example, the potential benefits of the investment and partnership. Actual results are subject to risks and uncertainties that relate to eBay's overall business, including those more fully described in eBay's filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the fiscal year ended December 31, 2021 and subsequent quarterly reports on Form 10-Q. The forward-looking statements in this document speak only as of this date. We undertake no obligation to revise or update publicly any forward-looking statement, except as required by law.

Funko, Inc. and Subsidiaries
Non-GAAP Financial Measures

	Twelve Months Ended December 31,	
	2021	2020
Net income	$ 67,854	$ 9,763
Year-over-year growth	*595.0%*	
Interest expense, net	7,167	10,712
Income tax expense	17,061	2,025
Depreciation and amortization	41,195	44,368
EBITDA	$ 133,277	$ 66,868
Adjustments:		
Equity-based compensation [2]	12,994	10,116
Loss on extinguishment of debt [3]	675	-
Certain severance, relocation and related costs [4]	277	2,190
Foreign currency transaction (gain) loss [5]	1,118	955
Tax receivable agreement liability adjustments [6]	1,590	87
Adjusted EBITDA	$ 149,931	$ 80,216

	Three Months Ended March 31,	
	2022	2021
	(amounts in thousands)	
Net income	$ 14,518	$ 11,086
Year-over-year growth	*31.0%*	
Interest expense, net	1,210	2,237
Income tax expense	3,678	2,293
Depreciation and amortization	10,471	10,262

EBITDA	$	29,877	$	25,878
Adjustments:				
Equity-based compensation [2]		3,369		2,690
Customs investigation and related costs [4]		-		-
Certain severance, relocation and related costs [4]		1,680		25
Foreign currency transaction loss [5]		397		1,179
Derivative (gain) loss	$	-	$	-
Adjusted EBITDA	$	36,253	$	29,772

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