

March 3, 2022

# Fourth Quarter 2021 Earnings



## Cautionary Notes

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this presentation, including statements regarding our anticipated financial results, the underlying trends in our business, supply chain constraints, inflation and other macroeconomic trends, the anticipated impact of COVID-19 on our business, our potential for growth and our strategy. 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 our 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; our ability to execute our business strategy; our ability to maintain and realize the full value of our license agreements; economic downturns and changes in the retail industry and markets for our consumer products; our ability to maintain our relationships with retail customers and distributors; our ability to compete effectively and manage our growth; fluctuations in our gross margin; our dependence on content development and creation by third parties; the ongoing level of popularity of our products with consumers; our ability to manage our inventories; our ability to develop and introduce products in a timely and cost-effective manner; our ability to obtain, maintain and protect our intellectual property rights or those of our licensors; potential violations of the intellectual property rights of others; risks associated with counterfeit versions of our products; our ability to attract and retain qualified employees and maintain our corporate culture; our use of third-party manufacturing; risks associated with our 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; our 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 our e-commerce business and social media presence; risks relating to our indebtedness and our ability to secure additional financing; the potential for our electronic data, third-party electronic data or the electronic data of our customers to be compromised; the influence of our significant stockholder, ACON, and the possibility that ACON's interests may conflict with the interests of our other stockholders; risks relating to our organizational structure; volatility in the price of our Class A common stock; and risks associated with our internal control over financial reporting. These and other important factors discussed under the caption "Risk Factors" in our annual report on Form 10-K for the fiscal year ended December 31, 2021 and our 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 presentation.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date hereof, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. You should read this presentation with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this presentation, and except as otherwise required by law, we do not plan to publicly update or revise any forward-looking statements contained in this presentation, whether as a result of any new information, future events or otherwise.

Unless otherwise indicated, information contained in this presentation concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in the estimates made by independent parties and by us.







# ... and Funko Has Something for Every Fan

## Movies

Disney

Harry Potter



MARVEL

STAR WARS



## TV

STRANGER THINGS

THE MANDALORIAN

Rick and Morty

SQUID GAME

GAME OF THRONES

THE SIMPSONS

Seinfeld

## Music



KISS

BIG

Prince

Post Malone

lil WAYNE

## Sports



NASCAR

Premier League

UFC

## Anime

DRAGON BALL Z

POKÉMON

MY HERO ACADEMIA

降世神通  
AVATAR  
THE LAST AIRBENDER

NARUTO

七龙珠  
Dragon Ball

FAIRY TAIL

## Games

FORTNITE



Five Nights at Freddy's



CUPHEAD



CRASH BANDICOOT

# Q4 and FY Financial Summary and Achievements

## Q4 2021 Financial Summary

- Net sales increased 48% to \$336.3 million
- Net income increased 17% million to \$17.4 million
- Adjusted EBITDA<sup>(1)</sup> increased 17% to \$38.9 million
- GAAP earnings per diluted share of \$0.28
- Adjusted earnings per diluted share<sup>(1)</sup> of \$0.38

## FY 2021 Financial Summary

- Net sales increased 58% to \$1.029 billion
- Net income margin expanded 510 bps to 6.6%
- Adjusted EBITDA margin<sup>(1)</sup> expanded 227 bps to 14.6%
- Full year cash flow from operations of \$87.4 million
- Total liquidity<sup>(2)</sup> increased 44.2% to \$183.6 million

## Q4 2021 Achievements

- **Net sales increased 48%** to \$336.3 million reflecting broad-based strength across geographies, products and channels
- **Figures revenue grew 50%** to \$255.1 million, while **Non-figure revenue grew 44%** to \$81.1 million, with both core and emerging product categories generating record demand
- Strong results across all geographies, with **U.S. net sales increasing 47%** to \$252.9 million, **Europe increasing 59%** to \$64.0 million, and **Other International increasing 32%** to \$19.4 million
- **Launched Popsies**, a new line of collectible and interactive greeting displays, **extending Funko's footprint into the multi-billion-dollar greeting aisle**
- **Grew direct-to-consumer sales by 74%**, including strong growth on FunkoEurope.com, which more than tripled sales in its first year of operations
- Delivered strong performance from **evergreen content**, which **grew 51%** and accounted for 69% of total net sales

1. Adjusted EBITDA, Adjusted EBITDA margin and Adjusted earnings per diluted share are non-GAAP measures. Please see the Supplemental Financial Information section for a reconciliation to the most directly comparable US GAAP measures for Adjusted EBITDA. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net sales.

2. Total liquidity is calculated as cash and cash equivalents plus availability under the Company's \$100 million revolving credit facility.

## Q4 & FY Earnings Summary

\$ millions, except per share amounts, unaudited

	Q4'21	Q4'20	% Change	FY'21	FY'20	% Change
<b>Net sales</b>	<b>\$336.3</b>	<b>\$226.5</b>	<b>48.5%</b>	<b>\$1,029.3</b>	<b>\$652.5</b>	<b>57.7%</b>
<b>Gross profit<sup>(1)</sup></b>	<b>\$113.9</b>	<b>\$84.2</b>	<b>35.2%</b>	<b>\$381.0</b>	<b>\$249.1</b>	<b>52.9%</b>
<i>Gross margin %<sup>(1)</sup></i>	33.9%	37.2%		37.0%	38.2%	
SG&A	78.3	53.6	46.0%	244.3	181.2	34.8%
D&A	10.4	10.4	—%	41.2	44.4	(7.2)%
<b>Income from operations</b>	<b>\$25.2</b>	<b>\$20.2</b>	<b>25.0%</b>	<b>\$95.5</b>	<b>\$23.5</b>	<b>nm</b>
<i>Operating margin %</i>	7.5%	8.9%		9.3%	3.6%	
<b>Net income</b>	<b>\$17.4</b>	<b>\$14.9</b>	<b>17.1%</b>	<b>\$67.9</b>	<b>\$9.8</b>	<b>nm</b>
<i>Net income margin %</i>	5.2%	6.6%		6.6%	1.5%	
<b>Adjusted net income<sup>(2)</sup></b>	<b>\$20.4</b>	<b>\$15.2</b>	<b>34.3%</b>	<b>\$76.2</b>	<b>\$18.9</b>	<b>nm</b>
<i>Adjusted net income margin %<sup>(2)</sup></i>	6.1%	6.7%		7.4%	2.9%	
<b>Adjusted earnings per share<sup>(2)</sup></b>	<b>\$0.38</b>	<b>\$0.29</b>	<b>29.3%</b>	<b>\$1.42</b>	<b>\$0.37</b>	<b>nm</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>\$38.9</b>	<b>\$33.2</b>	<b>17.2%</b>	<b>\$149.9</b>	<b>\$80.2</b>	<b>86.9%</b>
<i>Adjusted EBITDA margin %<sup>(2)</sup></i>	11.6%	14.7%		14.6%	12.3%	

1. Gross Profit and Gross Margin are calculated exclusive of depreciation and amortization.

2. Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, Adjusted Net Income Margin and Adjusted Earnings per Share are non-GAAP measures. Please see the Supplemental Financial Information section for a reconciliation to the most directly comparable US GAAP measures for Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per Share. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net Sales. Adjusted Net Income Margin is defined as Adjusted Net Income divided by Net Sales.

# Q4 & FY Active Properties & Net Sales per Active Property

## Active Properties & Net Sales per Active Property

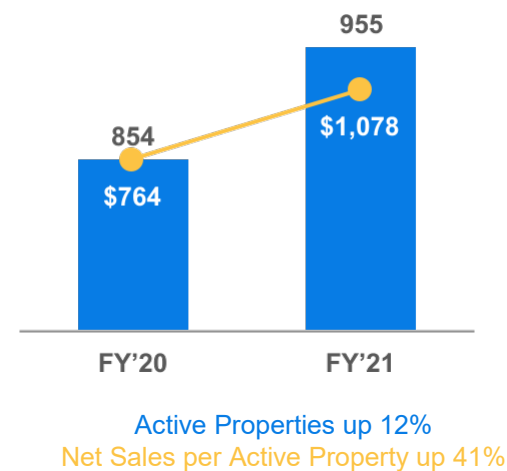
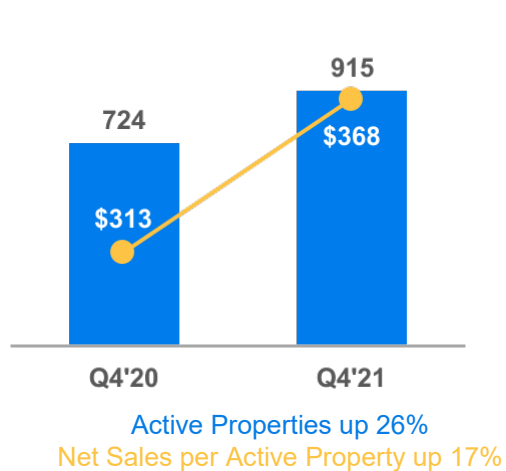
Fourth Quarter

Fiscal Year

\$ in thousands, unaudited



















































Active Properties

Net Sales per Active Property



Sustained growth in number of active properties and net sales per active property reflecting the breadth of **Funko's industry-leading brand partnerships**

# Top Properties Breakout

	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
1	 6%*	 4%*	 6%*	 6%*	 5%*
2					
3					
4					
5					
6					
7					
8					
9					
10					
	Top 10 Properties % of Net Sales	33%	30%	31%	33%
				31%	

## Q4'21 Commentary

The top property in Q4'21 represented **5% of sales**

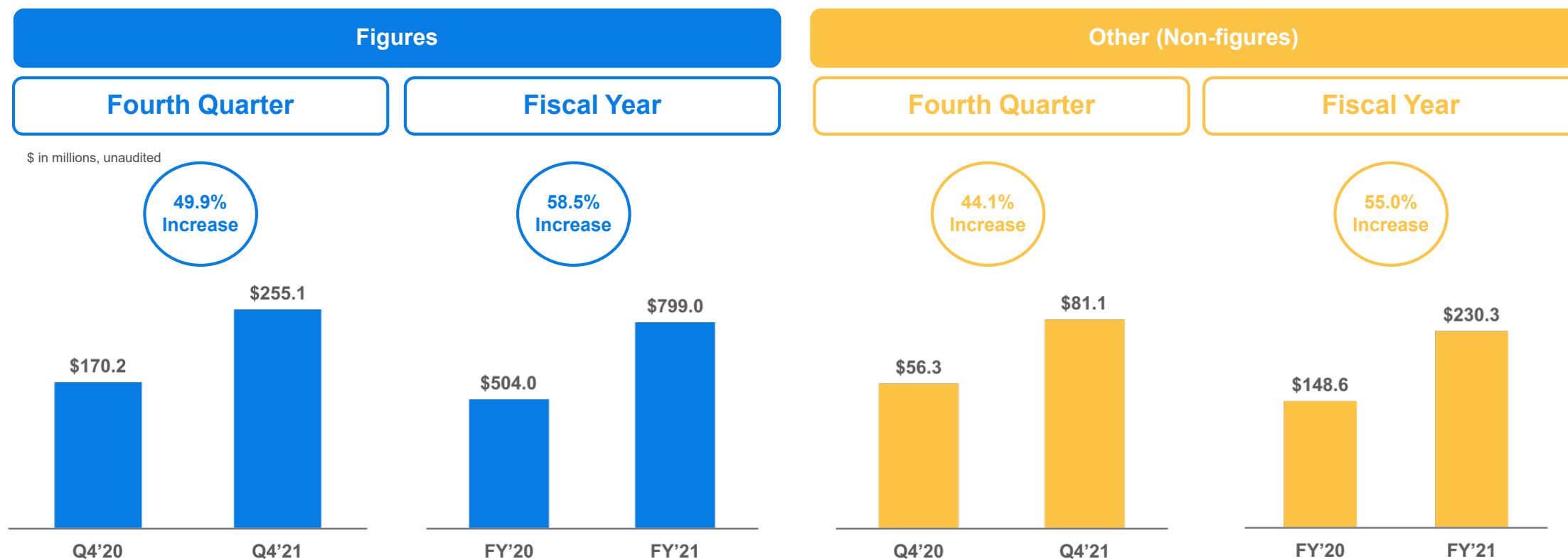
Evergreen properties accounted for **69% of sales** in Q4'21



\*% of net sales



## Q4 & FY Product Category Performance



The **Figures** category grew 49.9% in Q4 reflecting strong domestic and international demand; **Other** (Non-figure) product category grew 44.1% in Q4, primarily reflecting strong growth in Loungefly branded products as well as games, plush and accessories.

# Something for Everyone

*Funko is providing fans with an increasingly diverse array of products and categories*

## FIGURES



75.9% of sales\*

## OTHER (NON-FIGURES)



24.1% of sales\*

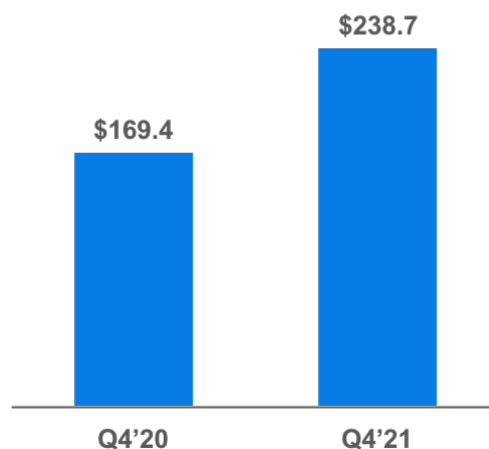
\*% of Q4'21 net sales

## Q4 Brand Performance

### Pop!

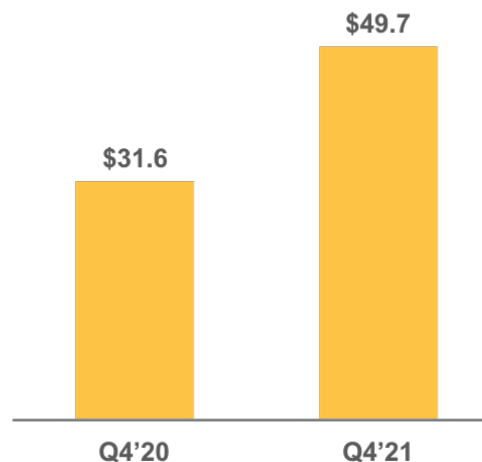
\$ in millions, unaudited

40.9%  
Increase



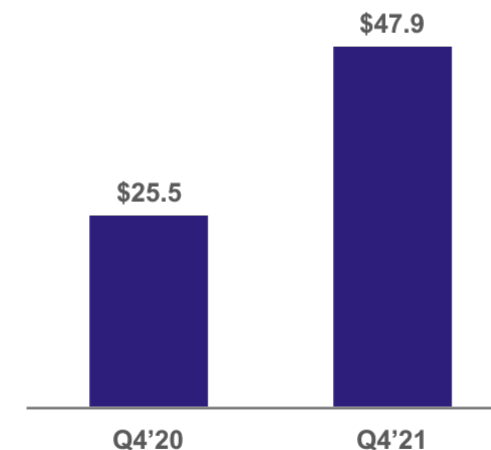
### Loungefly

57.0%  
Increase



### Other

88.0%  
Increase



**Pop!** grew 40.9% reflecting strong evergreen content growth as well as an improved slate of current content;  
**Loungefly** grew 57.0% driven by strong domestic and international demand across channels;  
**Other** branded products grew 88.0%, reflecting strength in Funko's expanded board game, toys and action figure offerings

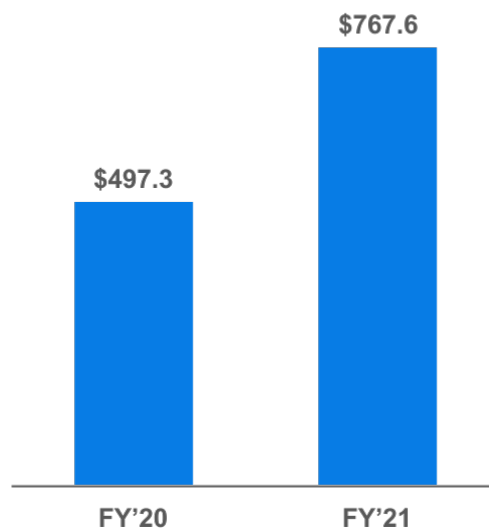


## FY Brand Performance

### Pop!

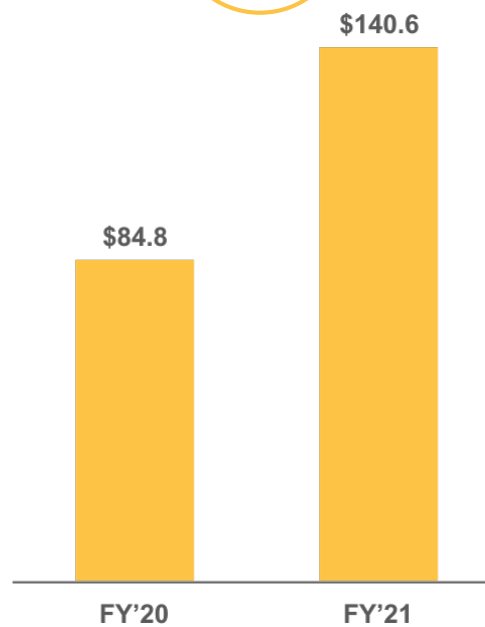
\$ in millions, unaudited

54.3%  
Increase



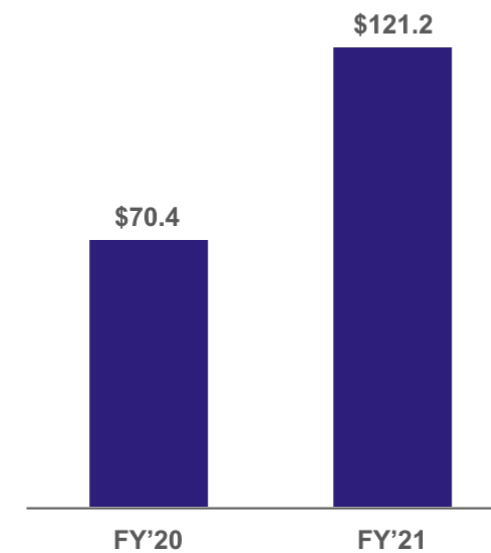
### Loungefly

65.7%  
Increase



### Other

72.1%  
Increase

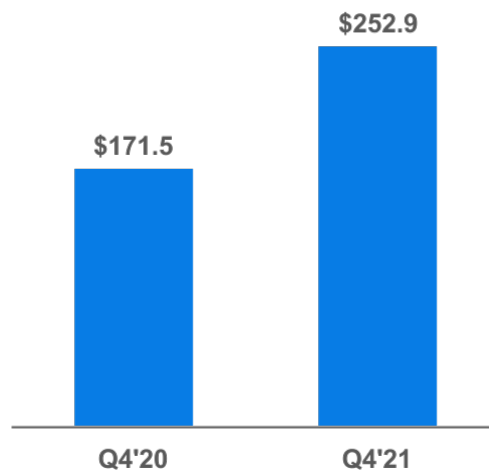


## Q4 Geographic Performance

### United States

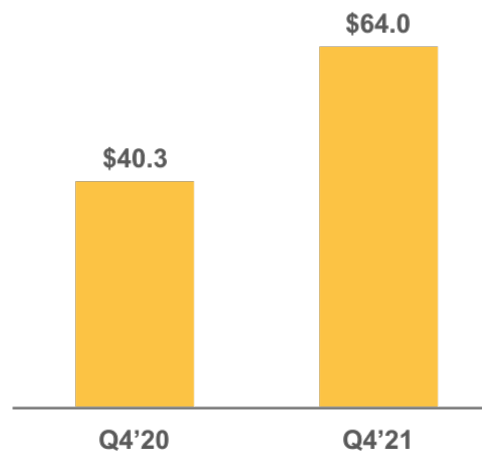
\$ in millions, unaudited

47.5%  
Increase



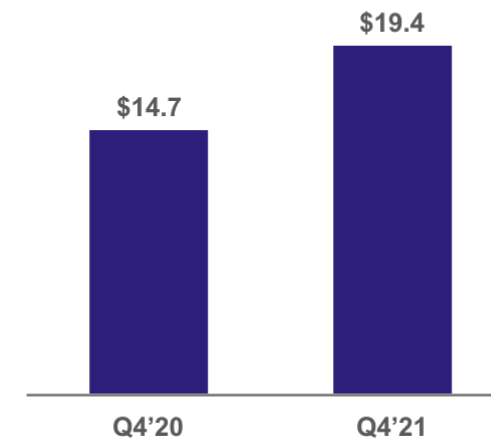
### Europe

58.9%  
Increase



### Other International

31.6%  
Increase

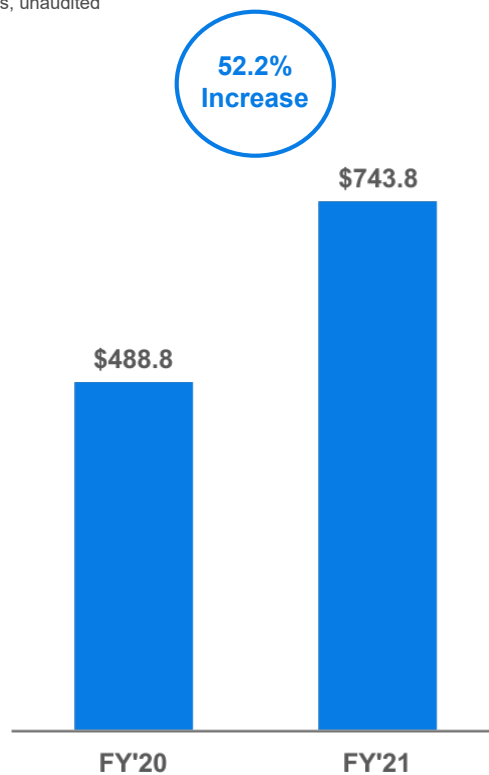


The **U.S.** grew 47.5% and **Europe** grew 58.9%, with strength across all channels and product categories; **Other International** grew 31.6% across the remainder of our international regions

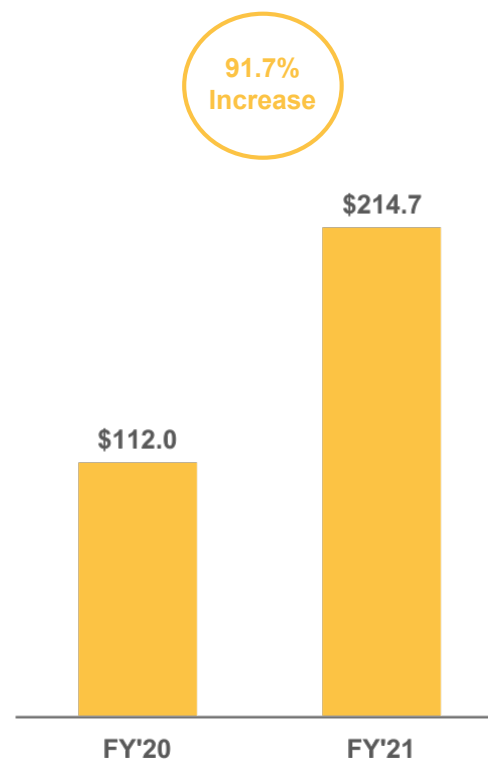
# FY Geographic Performance

## United States

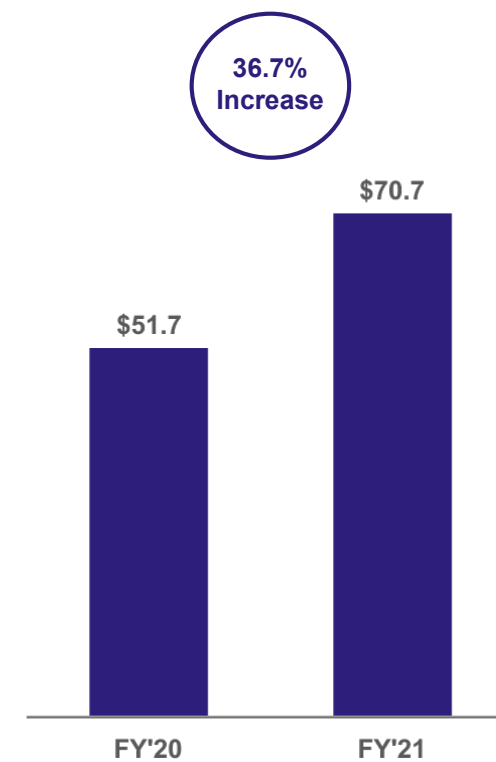
\$ in millions, unaudited



## Europe

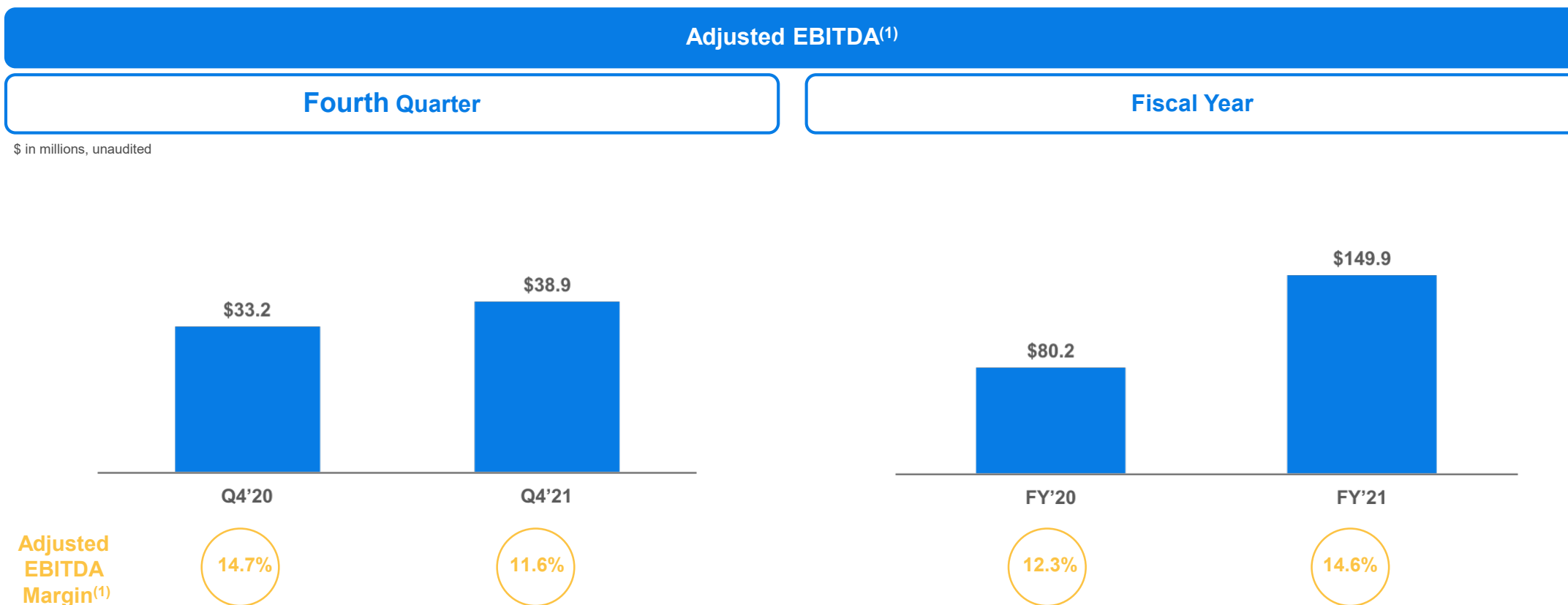


## Other International





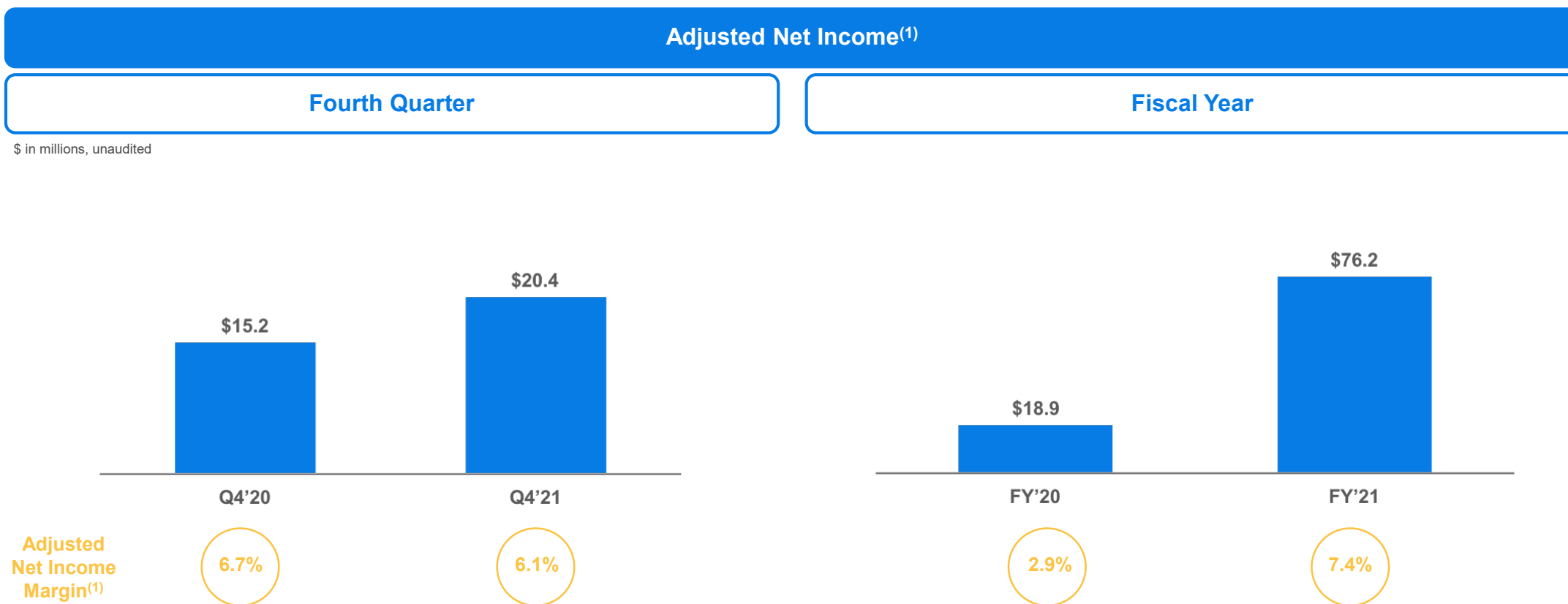
## Q4 & FY Adjusted EBITDA<sup>(1)</sup>



Q4 Adjusted EBITDA<sup>(1)</sup> increased 17.2% y/y, while Q4 Adjusted EBITDA margin<sup>(1)</sup> declined 308 bps y/y, due to significant inflation in trans-ocean freight rates

1. See Supplemental Financial Information section for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the most directly comparable US GAAP measure. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales.

## Q4 & FY Adjusted Net Income<sup>(1)</sup>



Q4 Adjusted Net Income<sup>(1)</sup> increased 17.1% y/y, while Q4 Adjusted Net Income margin<sup>(1)</sup> declined 50 bps y/y due to significant inflation in trans-ocean freight rates

1. See Supplemental Financial Information section for a reconciliation of Adjusted Net Income, a non-GAAP measure, to the most directly comparable US GAAP measure. Adjusted Net Income Margin is defined as Adjusted Net Income divided by net sales.

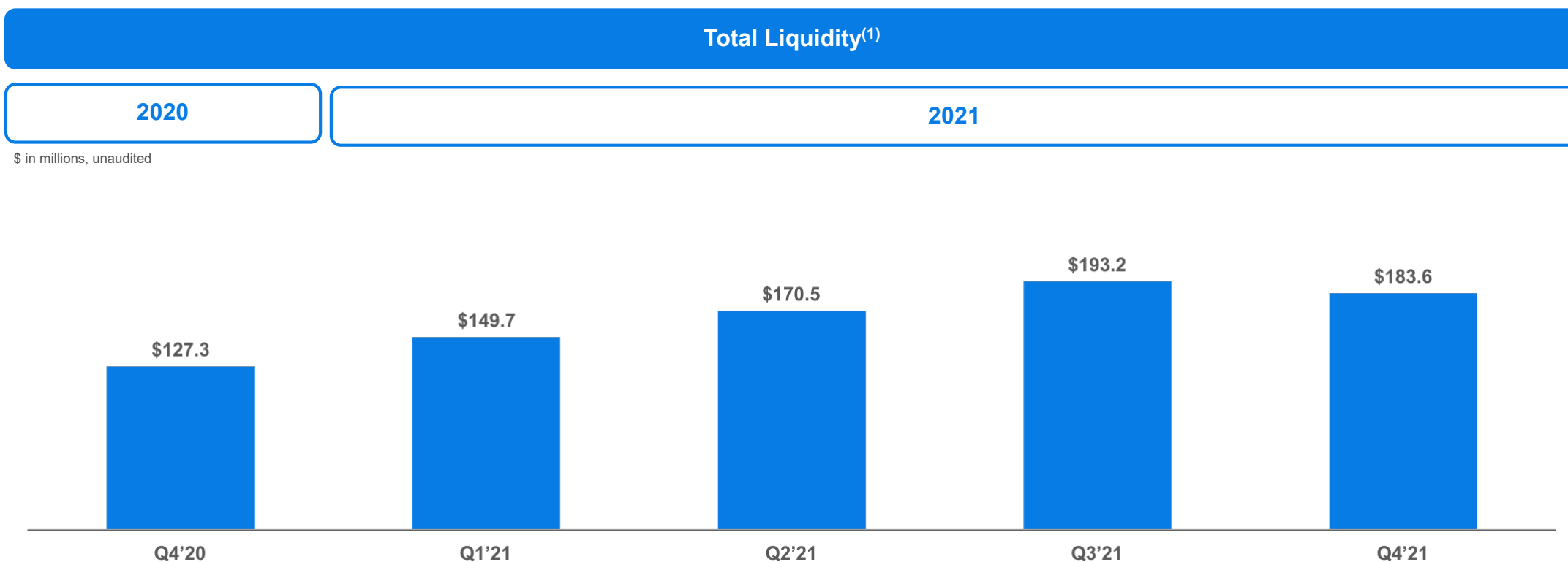
## Key Balance Sheet Highlights

<i>\$ in millions</i>	12/31/21	12/31/20	YoY % Change
Cash & Cash Equivalents	\$83.6	\$52.3	59.9%
Accounts Receivable, net	\$187.7	\$131.8	42.4%
Inventory	\$166.4	\$59.8	178.4%
Total Debt <sup>(1)</sup>	\$173.2	\$190.8	(9.2)%
Total Liquidity <sup>(2)</sup>	\$183.6	\$127.3	44.2%

1. Total Debt is defined as the amount outstanding under the Company's Line of Credit plus Current Portion of Long-Term Debt, Net of Unamortized Discount plus Long-Term Debt, Net of Unamortized Discount
2. Total liquidity is calculated as cash and cash equivalents plus availability under the Company's \$100.0 million revolving credit facility.



# Liquidity Overview



Funko's liquidity position remains very healthy, increasing 44% y/y to \$183.6 million

1. Total liquidity is calculated as cash and cash equivalents plus availability under the Company's \$100.0 million revolving credit facility.

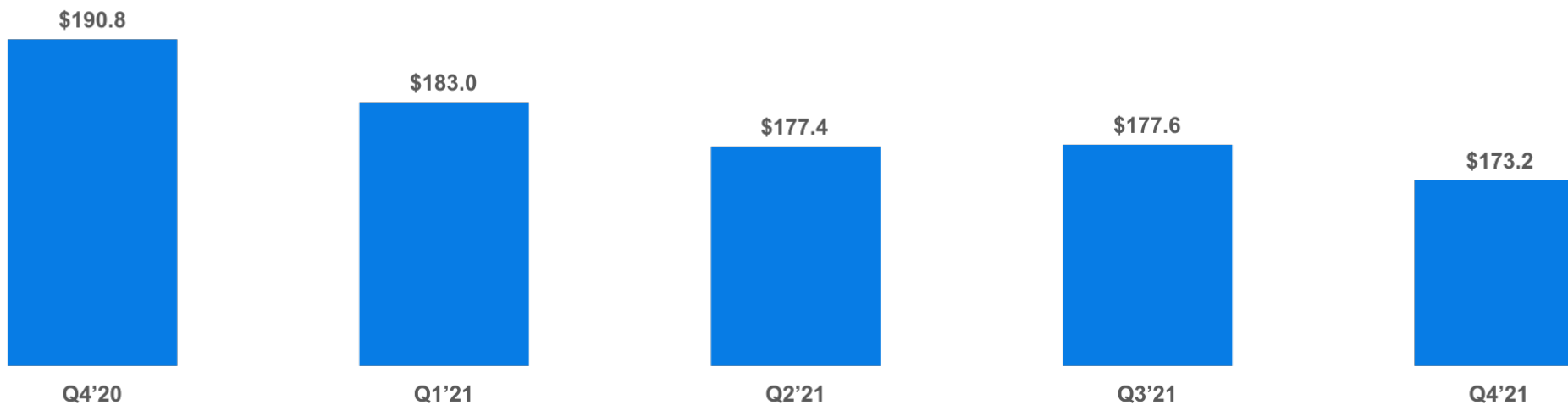
## Debt Overview

### Total Debt<sup>(1)</sup>

2020

2021

\$ in millions, unaudited



Funko reduced total debt by 9% from Q4'20

1. Total Debt is defined as the amount outstanding under the Company's Line of Credit plus Current Portion of Long-Term Debt, Net of Unamortized Discount plus Long-Term Debt, Net of Unamortized Discount

# Supplemental Financial Information



# Condensed Consolidated Statements of Operations

## (unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
(in thousands, except per share data)				
Net sales	\$ 336,273	\$ 226,509	\$ 1,029,293	\$ 652,537
Cost of sales (exclusive of depreciation and amortization shown separately below)	222,373	142,289	648,302	403,392
Selling, general, and administrative expenses	78,299	53,644	244,331	181,234
Depreciation and amortization	10,417	10,421	41,195	44,368
Total operating expenses	311,089	206,354	933,828	628,994
Income from operations	25,184	20,155	95,465	23,543
Interest expense, net	1,246	2,491	7,167	10,712
Loss on extinguishment of debt	-	-	675	-
Other expense (income), net	2,242	(407)	2,708	1,043
Income before income taxes	21,696	18,071	84,915	11,788
Income tax expense	4,247	3,164	17,061	2,025
Net income	17,449	14,907	67,854	9,763
Less: net income (loss) attributable to non-controlling interests	5,777	6,031	23,954	5,802
Net income (loss) attributable to Funko, Inc.	\$ 11,672	\$ 8,876	\$ 43,900	\$ 3,961
Earnings (loss) per share of Class A common stock:				
Basic	\$ 0.29	\$ 0.25	\$ 1.14	\$ 0.11
Diluted	\$ 0.28	\$ 0.24	\$ 1.08	\$ 0.11
Weighted average shares of Class A common stock outstanding:				
Basic	39,983	35,617	38,392	35,271
Diluted	42,188	36,376	40,611	35,770

# Condensed Consolidated Balance Sheets

	December 31,	
	2021	2020
	(in thousands, except per share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 83,557	\$ 52,255
Accounts receivable, net	187,688	131,837
Inventory	166,428	59,773
Prepaid expenses and other current assets	14,925	15,486
Total current assets	452,598	259,351
Property and equipment, net	58,828	56,141
Operating lease right-of-use assets	53,466	58,079
Goodwill	126,651	125,061
Intangible assets, net	189,619	205,541
Deferred tax asset	74,412	54,682
Other assets	11,929	4,735
Total assets	\$ 967,503	\$ 763,590
Liabilities and Stockholders' Equity		
Current liabilities:		
Line of credit	\$ -	-
Current portion long-term debt, net of unamortized discount	17,395	10,758
Current portion of operating lease liabilities	14,959	13,840
Accounts payable	57,238	29,199
Income taxes payable	15,994	425
Accrued royalties	58,158	40,525
Accrued expenses and other current liabilities	121,267	43,949
Total current liabilities	285,011	138,696
Long-term debt, net of unamortized discount	155,818	180,012
Operating lease liabilities, net of current portion	50,459	57,512
Deferred tax liability	648	780
Liabilities under tax receivable agreement, net of current portion	75,523	60,297
Other long-term liabilities	3,486	3,848
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Class A common stock, par value \$0.0001 per share, 200,000 shares authorized; 40,088 shares and 35,657 shares issued and outstanding as of December 31, 2021 and 2020, respectively	4	4
Class B common stock, par value \$0.0001 per share, 50,000 shares authorized; 10,691 shares and 14,040 shares issued and outstanding as of December 31, 2021 and 2020, respectively	1	1
Additional paid-in-capital	252,505	216,141
Accumulated other comprehensive income	1,078	1,718
Retained earnings	68,050	24,403
Total stockholders' equity attributable to Funko, Inc.	321,638	242,267
Non-controlling interests	74,920	80,178
Total stockholders' equity	396,558	322,445
Total liabilities and stockholders' equity	\$ 967,503	\$ 763,590

# Condensed Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2021	2020	2019
(in thousands)			
<b>Operating Activities</b>			
Net income	\$ 67,854	\$ 9,763	\$ 27,820
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and other	40,056	46,742	44,518
Equity-based compensation	12,994	10,116	13,044
Amortization of debt issuance costs and debt discounts	1,118	1,352	1,210
Amortization of debt issuance costs	-	-	-
Loss on debt extinguishment	675	-	-
Deferred tax expense (benefit)	(361)	3,323	(2,293)
Other	1,403	1,952	635
Changes in operating assets and liabilities:			
Accounts receivable, net	(56,648)	20,077	(3,969)
Inventory	(107,166)	2,845	25,372
Prepaid expenses and other assets	3,700	12,273	(5,824)
Accounts payable	26,933	(13,303)	4,629
Income taxes payable	15,585	(209)	(3,618)
Accrued royalties	17,633	5,906	(4,403)
Accrued expenses and other liabilities	63,586	7,902	(6,356)
Net cash provided by operating activities	87,362	108,739	90,765
<b>Investing Activities</b>			
Purchase of property and equipment	(27,759)	(18,482)	(42,264)
Acquisitions, net of cash	199	-	(6,369)
Other	179	-	-
Net cash used in investing activities	(27,381)	(18,482)	(48,633)
<b>Financing Activities</b>			
Borrowings on line of credit	-	28,267	42,083
Payments on line of credit	-	(55,103)	(36,383)
Debt issuance costs	(1,055)	(569)	(411)
Proceeds from long-term debt, net	180,000	-	-
Payment of long-term debt	(198,375)	(26,438)	(11,750)
Contingent consideration	(2,000)	(1,500)	-
Distributions to continuing equity owners	(9,277)	(3,575)	(23,923)
Payments under tax receivable agreement	(1,715)	(4,639)	(173)
Proceeds from exercise of equity-based options	3,794	219	2,217
Net cash used in financing activities	(28,628)	(63,338)	(28,340)
Effect of exchange rates on cash and cash equivalents	(51)	107	(2,049)
Net increase in cash and cash equivalents	31,302	27,026	11,743
Cash and cash equivalents at beginning of period	52,255	25,229	13,486
Cash and cash equivalents at end of period	\$ 83,557	\$ 52,255	\$ 25,229
<b>Supplemental Cash Flow Information</b>			
Cash paid for interest	\$ 5,679	\$ 9,089	\$ 12,313
Income tax payments	1,462	4,167	14,125
Accrual for purchases of property and equipment	-	-	5,362
Establishment of liabilities under tax receivable agreement	20,691	1,000	59,045
Issuance of equity instruments for acquisitions	-	-	2,221
Tenant allowance	-	269	3,201

# Reconciliation of Non-GAAP Financial Metrics

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
(in thousands, except per share data)				
Net income attributable to Funko, Inc.	\$ 11,672	\$ 8,876	\$ 43,900	\$ 3,961
Reallocation of net income (loss) attributable to non-controlling interests from the assumed exchange of common units of FAH, LLC for Class A common stock <sup>(1)</sup>	5,777	6,031	23,954	5,802
Equity-based compensation <sup>(2)</sup>	3,125	2,622	12,994	10,116
Loss on extinguishment of debt <sup>(3)</sup>	-	-	675	-
Certain severance, relocation and related costs <sup>(4)</sup>	196	6	277	2,190
Foreign currency transaction (gain) loss <sup>(5)</sup>	652	(494)	1,118	955
Tax receivable agreement liability adjustments <sup>(6)</sup>	1,590	87	1,590	87
One-time inventory write-down <sup>(7)</sup>	-	-	-	-
Income tax expense <sup>(7)</sup>	(2,567)	(1,909)	(8,331)	(4,259)
Adjusted net income	\$ 20,445	\$ 15,219	\$ 76,177	\$ 18,852
Adjusted net income margin <sup>(8)</sup>	6.1 %	6.7 %	7.4 %	2.9 %
Weighted-average shares of Class A common stock outstanding-basic	39,983	35,617	38,392	35,271
Equity-based compensation awards and common units of FAH, LLC that are convertible into Class A common stock	14,077	16,429	15,437	16,227
Adjusted weighted-average shares of Class A stock outstanding - diluted	54,060	52,046	53,829	51,498
Adjusted earnings per diluted share	\$ 0.38	\$ 0.29	\$ 1.42	\$ 0.37

1. Represents the reallocation of net income attributable to non-controlling interests from the assumed exchange of common units of FAH, LLC in periods in which income was attributable to non-controlling interests.
2. Represents non-cash charges related to equity-based compensation programs, which vary from period to period depending on timing of awards.
3. Represents write-off of unamortized debt financing fees for the year ended December 31, 2021.
4. Represents certain severance, relocation and related costs. For the year ended December 31, 2021, includes charges related to one-time relocation costs for U.S. warehouse personnel in connection with the new opening of a warehouse and distribution facility in Buckeye, Arizona and residual severance payments related to the global workforce reduction implemented in response to the COVID-19 pandemic. For the year ended December 31, 2020, includes charges related to the global workforce reduction implemented in response to the COVID-19 pandemic and impairment related charges to the right-of-use leased and fixed assets related to Funko Animation Studios.
5. Represents both unrealized and realized foreign currency losses (gains) on transactions other than in U.S. dollars.
6. Represents recognized adjustments to the tax receivable agreement liability.
7. Represents the income tax expense effect of the above adjustments. This adjustment uses an effective tax rate of 25% for the years ended December 31, 2021 and 2020.
8. Adjusted net income margin is calculated as Adjusted net income as a percentage of net sales.

# Reconciliation of Non-GAAP Financial Metrics

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(in thousands)			
Net income	\$ 17,449	\$ 14,907	\$ 67,854	\$ 9,763
Interest expense, net	1,246	2,491	7,167	10,712
Income tax expense	4,247	3,164	17,061	2,025
Depreciation and amortization	10,417	10,421	41,195	44,368
EBITDA	\$ 33,359	\$ 30,983	\$ 133,277	\$ 66,868
Adjustments:				
Equity-based compensation <sup>(2)</sup>	3,125	2,622	12,994	10,116
Loss on extinguishment of debt <sup>(3)</sup>	-	-	675	-
Certain severance, relocation and related costs <sup>(4)</sup>	196	6	277	2,190
Foreign currency transaction (gain) loss <sup>(5)</sup>	652	(494)	1,118	955
Tax receivable agreement liability adjustments <sup>(6)</sup>	1,590	87	1,590	87
Adjusted EBITDA	\$ 38,922	\$ 33,204	\$ 149,931	\$ 80,216
Adjusted EBITDA margin <sup>(9)</sup>	11.6 %	14.7 %	14.6 %	12.3 %

2. Represents non-cash charges related to equity-based compensation programs, which vary from period to period depending on timing of awards.

3. Represents write-off of unamortized debt financing fees for the year ended December 31, 2021.

4. Represents certain severance, relocation and related costs. For the year ended December 31, 2021, includes charges related to one-time relocation costs for U.S. warehouse personnel in connection with the new opening of a warehouse and distribution facility in Buckeye, Arizona and residual severance payments related to the global workforce reduction implemented in response to the COVID-19 pandemic. For the year ended December 31, 2020, includes charges related to the global workforce reduction implemented in response to the COVID-19 pandemic and impairment related charges to the right-of-use leased and fixed assets related to Funko Animation Studios.

5. Represents both unrealized and realized foreign currency losses (gains) on transactions other than in U.S. dollars.

6. Represents recognized adjustments to the tax receivable agreement liability.

7. Represents the income tax expense effect of the above adjustments. This adjustment uses an effective tax rate of 25% for the years ended December 31, 2021 and 2020.

9. Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of net sales.



