May 4, 2023

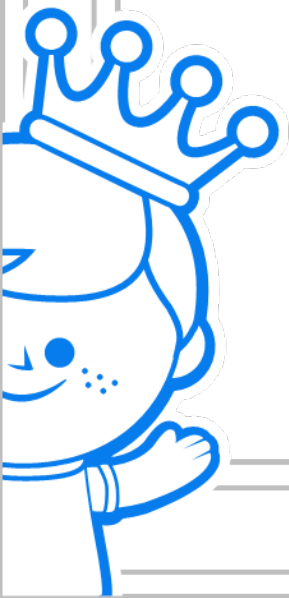
First Quarter 2023 Earnings

Cautionary Notes

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including statements regarding our anticipated financial results and financial position, including capital resources, the underlying trends in our business, including retailer destocking, operational constraints, inflation, interest rates, and other macroeconomic trends, compliance with financial and negative covenants under our Credit Agreement, as amended, and related to impacts to our business, demand for our products and our potential for growth, expectations regarding infrastructure investments, expectations regarding inventory levels including future write-downs of inventory, cost savings initiatives and anticipated annualized cost savings, and our 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 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: our ability to execute our business strategy and manage growth; our ability to manage our inventories; our ability to maintain and realize the full value of our license agreements; impacts from economic downturns; changes in the retail industry and markets for our consumer products; our ability to maintain our relationships with retail customers and distributors; risks related to the impact of COVID-19 on our business, financial results and financial condition; our ability to compete effectively; 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 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 climate change; increased attention to sustainability and environmental, social and governance initiatives; geographic concentration of our operations; risks associated with our international operations; changes in effective tax rates or tax law; foreign currency exchange rate exposure; 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; future development and acceptance of blockchain networks; risks associated with receiving payments in digital assets; reputational risk resulting from our e-commerce business and social media presence; risks relating to our indebtedness including our ability to comply with financial and negative covenants under our Credit Agreement, as amended; our ability to secure additional financing on favorable terms or at all; the potential for our or third-party providers' electronic data or the electronic data of our customers to be compromised; the influence of our significant stockholder, TCG, and the possibility that TCG'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 important factors discussed under the caption "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 and our other filings with the Securities and Exchange Commission could cause actual results to differ materially from those idicated 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.

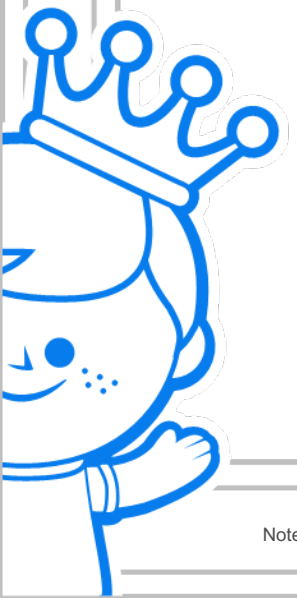
Unless otherwise indicated, information contained in this presentation concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates 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.



Funko
is built on the principle that
everyone is a fan of something…

... and Funko Has Something for Every Fan

Movies	TV	Music	Sports	Anime	Games
Disney	Game of Thrones	BTS	WWE	Dragon Ball Z	Fortnite
Harry Potter	Stranger Things	Queen	NFL	Pokémon	Overwatch
WB	The Mandalorian	KISS	NBA	My Hero Academia	Five Nights at Freddy's
Marvel	Rick and Morty	The Notorious B.I.G.	MLB	Avatar: The Last Airbender	Kingdom Hearts
Star Wars	The Office	Prince	NHL	Naruto	Cuphead
Universal	The Simpsons	Post Malone	NASCAR	One Piece	Gears of War
DC	Seinfeld	*NSYNC	Premier League	Fairy Tail	Crash Bandicoot
			UFC		



Note: Represents a sampling of our current portfolio offerings as of March 31, 2023.

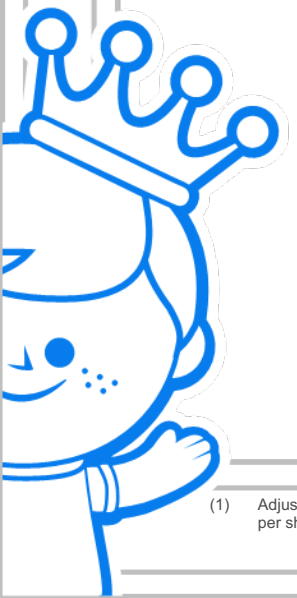
Q1 Summary and Operating Highlights

Q1 2023 Financial *Summary*
(Compared to Q1 2022)

- Net sales decreased 18% to $251.9 million
- Net loss increased 521% to $61.1 million
- Adjusted EBITDA[1] loss increased 139% to $14.0 million
- GAAP loss per diluted share of $1.17
- Adjusted loss per diluted share[1] of $0.49

Q1 2023 Operating Highlights

- Direct-to-consumer net sales grew 61% YoY driven by strong fan enthusiasm and enhanced e-commerce capabilities, reflecting the strength of the Funko brand
- Launched Bitty Pop!, one of the strongest product introductions in the Company's history, tapping into the broader miniature collectibles trend
- Introduced new agreement with Fanatics, partnering with the category leader to offer exciting new collectibles in the world of sports pop culture
- Delivered significant reductions in net loss and adjusted EBITDA loss due to better-than-expected progress on multiple operating initiatives, including eliminating excess container charges and improved fulfillment costs



(1) Adjusted EBITDA, Adjusted EBITDA margin and Adjusted (loss) 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 EBITDA Margin and Adjusted (loss) earnings per share. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net sales.

Q1 Earnings Summary

millions, except per share amounts, unaudited	1Q'23	1Q'22	% Change
Net sales	**$251.9**	**$308.3**	***(18)%***
Gross profit[1]	**$49.6**	**$108.7**	***(54)%***
Gross margin %[1]	*19.7%*	*35.3%*	
SG&A	$100.1	$78.4	*28%*
D&A	$14.0	$10.5	*33%*
Income from operations	**$(64.5)**	**$19.8**	***(426)%***
Operating margin %	*(25.6)%*	*6.4%*	
Net (loss) income	**$(61.1)**	**$14.5**	***(521)%***
Net (loss) income margin %	*(24.3)%*	*4.7%*	
Adjusted net (loss) income[2]	**$(25.3)**	**$18.4**	***(237)%***
Adjusted net (loss) income margin %[2]	*(10.0)%*	*6.0%*	
Adjusted (loss) earnings per share[2]	**$(0.49)**	**$0.34**	***(244)%***
Adjusted EBITDA[2]	**$(14.0)**	**$36.3**	***(139)%***
Adjusted EBITDA margin %[2]	*(5.6)%*	*11.8%*	

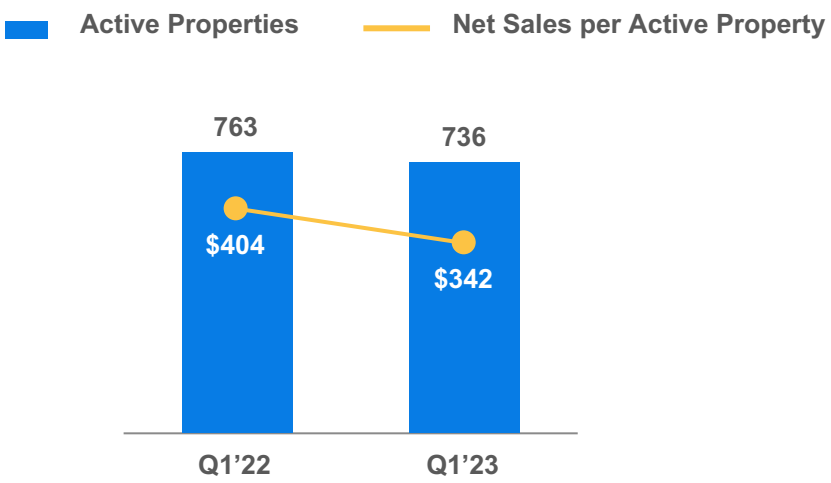
1. Gross Profit and Gross Margin are calculated exclusive of depreciation and amortization.
2. Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net (Loss) Income, Adjusted Net (Loss) Income Margin and Adjusted Earnings (Loss) per Share are non-GAAP measures. Please see the Supplemental Financial Information section for a reconciliation to the most directly comparable US GAAP measures for Adjusted EBITDA, Adjusted Net (Loss) Income and Adjusted (Loss) Earnings per Share. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net Sales. Adjusted Net (Loss) Income Margin is defined as Adjusted Net (Loss) Income divided by Net Sales.

Q1 Active Properties & Net Sales per Active Property

Active Properties & Net Sales per Active Property

First Quarter

$ in thousands, unaudited



Active Properties down (3.5)%
Net Sales per Active Property down (15.3)%

Active properties declined YoY in Q1 due to a deliberate decision to reduce SKU count in 2023 as the Company focuses on a series of operating initiatives to drive long-term margin expansion

Top Properties Breakout

	Q1'22	Q2 '22	Q3'22	Q4'22	Q1'23
1	The Mandalorian 6%*	Star Wars 6%*	Marvel 6%*	Harry Potter 5%*	One Piece 4%*
2	Marvel	Marvel	Star Wars	Marvel	Star Wars
3	Five Nights at Freddy's	Stranger Things	Harry Potter	Star Wars	Five Nights at Freddy's
4	Pokémon	Doctor Strange Multiverse of Madness	Pokémon	DC	Demon Slayer
5	Harry Potter	Pokémon	My Hero Academia	Five Nights at Freddy's	Disney 100 Years of Wonder
6	DC	Disney	Nightmare Before Christmas	Naruto	Spider-Man No Way Home
7	Star Wars	Harry Potter	Stranger Things	Disney Parks	Marvel
8	My Hero Academia	Jurassic World	Five Nights at Freddy's	Pokémon	Harry Potter
9	Demon Slayer	Five Nights at Freddy's		Stranger Things	Jujutsu Kaisen
10	The Batman	Villains	Naruto	My Hero Academia	Disney
Top 10 Properties % of Net Sales	31%	34%	35%	30%	30%

Q1'23 Commentary

The top property in Q1'23 represented **4% of sales**

Evergreen properties accounted for **61% of sales** in Q1'23

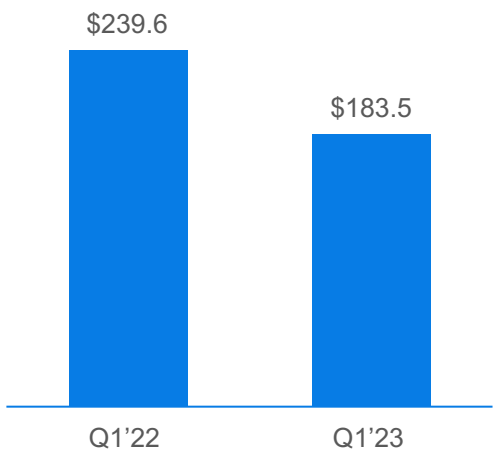
*% of net sales

Q1 Brand Category Performance

Core Collectible Brands

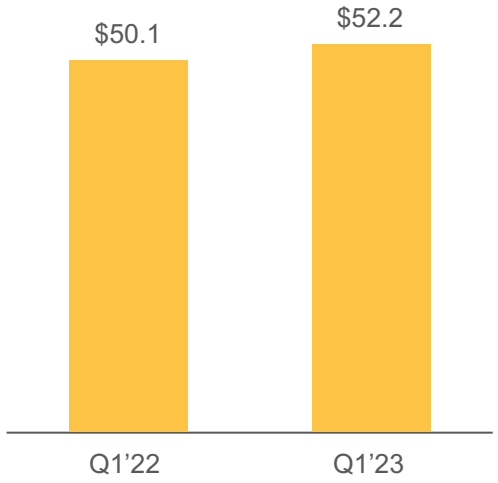
$ in millions, unaudited

(23)% Decrease



Loungefly

4% Increase



Other Brands (Toy & Game Brands and Digital Brands)

(13)% Decrease

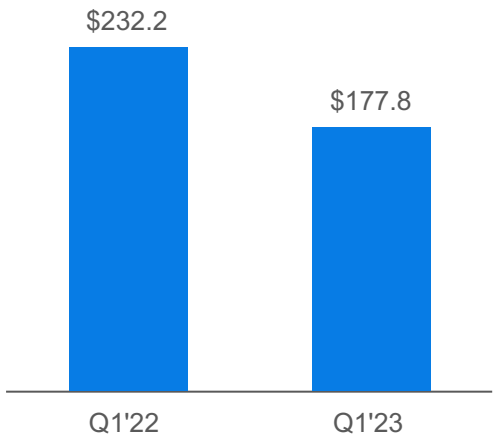
Core Collectible Brands and **Other Brands** declined on slower retailer restocking
Loungefly grew on continued strong demand offsetting broader retail trends

Q1 Geographic Performance

United States

$ in millions, unaudited

(23)% decrease



Europe

4% increase

Other International

(23)% decrease

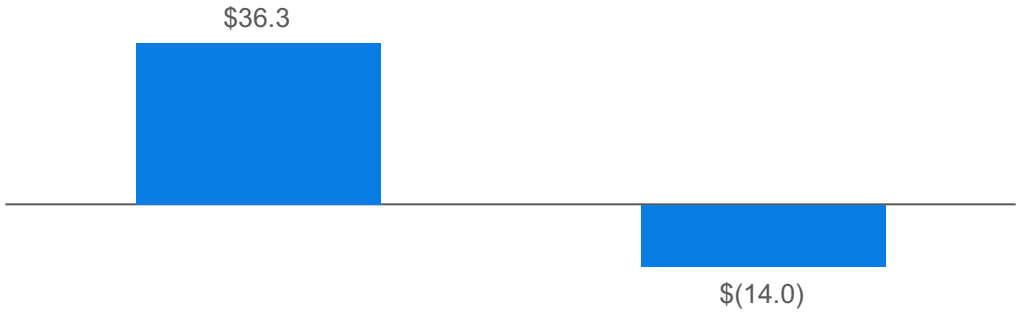
All three geographies faced headwinds from slower retail restocking

Q1 Non-GAAP Financial Metrics

Adjusted EBITDA[1]

First Quarter

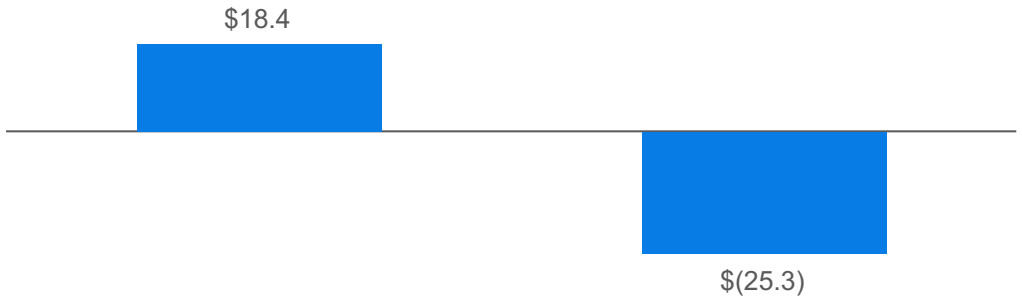
$ in millions, unaudited



	Q1'22	Q1'23
Adjusted EBITDA Margin[1]	11.8%	(5.6)%

Adjusted Net (Loss) Income [2]

First Quarter



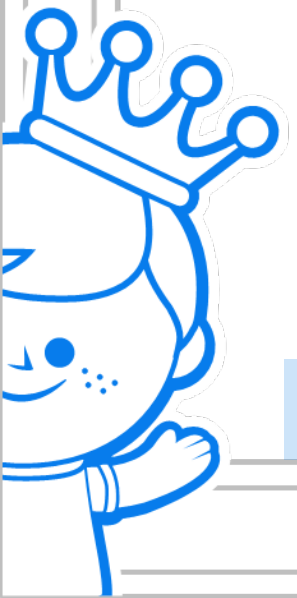
	Q1'22	Q1'23
Adjusted Net (Loss) Income Margin[2]	6.0%	(10.0)%

Adjusted EBITDA came in well ahead of expectations due to strong progress on multiple operating initiatives

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

Key Balance Sheet Highlights

$ in millions, unaudited	3/31/2023	3/31/2022	Y/Y % Change
Cash & Cash Equivalents	$34.8	$33.1	5.0%
Accounts Receivable, net	$161.3	$188.2	(14.3)%
Inventory	$191.6	$161.5	18.6%
Total Debt[(1)]	$310.4	168.9	83.8%



Inventory increased YoY, but declined 22% sequentially; inventory levels are expected to improve throughout the year

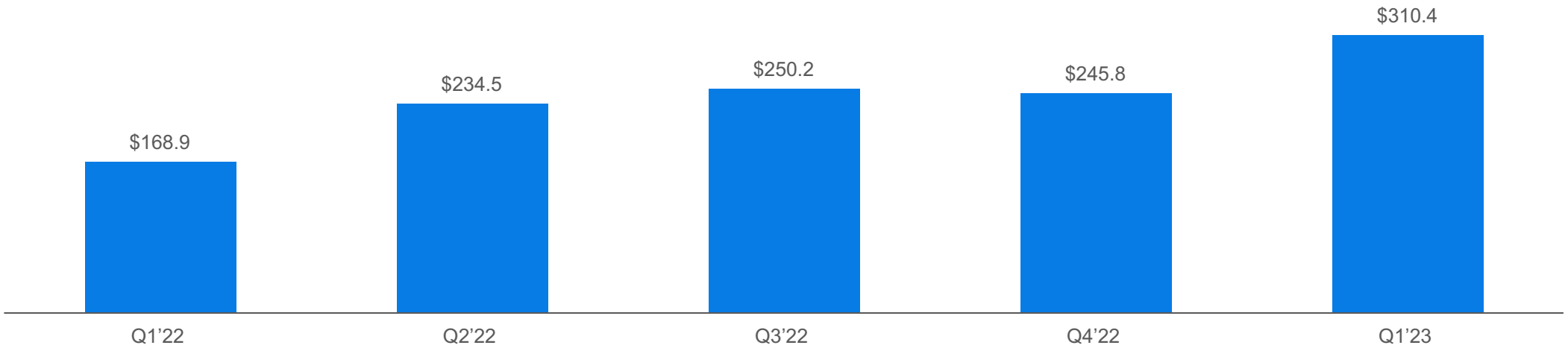
1. Total Debt is defined as the amount outstanding under the Company's Line of Credit plus Current Portion of Long-Term Debt, Net of Unamortized Discount plus Long-Term Debt, Net of Unamortized Discount, revolving line of credit and the Company's equipment finance loan.

Debt Overview

Total Debt[1]

2022	2023

$ in millions, unaudited



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 Discounts, revolving line of credit and the Company's equipment finance loan.

Supplemental Financial Information

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
	(In thousands, except per share data)	
Net sales	$ 251,878	$ 308,343
Cost of sales (exclusive of depreciation and amortization shown separately below)	202,303	199,649
Selling, general, and administrative expenses	100,061	78,420
Depreciation and amortization	13,976	10,471
Total operating expenses	316,340	288,540
(Loss) income from operations	(64,462)	19,803
Interest expense, net	5,687	1,210
Loss on extinguishment of debt	494	—
Other expense, net	821	397
(Loss) income before income taxes	(71,464)	18,196
Income tax (benefit) expense	(10,320)	3,678
Net (loss) income	(61,144)	14,518
Less: net (loss) income attributable to non-controlling interests	(5,833)	4,636
Net (loss) income attributable to Funko, Inc.	$ (55,311)	$ 9,882
(Loss) earnings per share of Class A common stock:		
Basic	$ (1.17)	$ 0.25
Diluted	$ (1.17)	$ 0.23
Weighted average shares of Class A common stock outstanding:		
Basic	47,248	40,324
Diluted	47,248	42,529

Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2023	December 31, 2022
	(In thousands, except per share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	$ 34,797	$ 19,200
Accounts receivable, net	161,313	167,895
Inventory	191,558	246,429
Prepaid expenses and other current assets	48,490	39,648
Total current assets	436,158	473,172
Property and equipment, net	104,963	102,232
Operating lease right-of-use assets	68,469	71,072
Goodwill	135,283	131,380
Intangible assets, net	179,262	181,284
Deferred tax asset	123,610	123,893
Other assets	10,849	8,112
Total assets	$ 1,058,594	$ 1,091,145
Liabilities and Stockholders' Equity		
Current liabilities:		
Line of credit	$ 141,000	$ 70,000
Current portion of long-term debt, net of unamortized discount	21,790	22,041
Current portion of operating lease liabilities	18,703	18,904
Accounts payable	55,542	67,651
Income taxes payable	866	871
Accrued royalties	46,356	69,098
Accrued expenses and other current liabilities	110,323	112,832
Total current liabilities	394,580	361,397
Long-term debt, net of unamortized discount	147,574	153,778
Operating lease liabilities, net of current portion	79,602	82,356
Deferred tax liability	390	382
Liabilities under tax receivable agreement, net of current portion	99,620	99,620
Other long-term liabilities	3,499	3,923
Commitments and Contingencies		
Stockholders' equity:		
Class A common stock, par value $0.0001 per share, 200,000 shares authorized; 47,326 and 47,192 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	5	5
Class B common stock, par value $0.0001 per share, 50,000 shares authorized; 3,293 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	—	—
Additional paid-in-capital	314,537	310,807
Accumulated other comprehensive loss	(1,665)	(2,603)
Retained earnings	4,704	60,015
Total stockholders' equity attributable to Funko, Inc.	317,581	368,224
Non-controlling interests	15,748	21,465
Total stockholders' equity	333,329	389,689
Total liabilities and stockholders' equity	$ 1,058,594	$ 1,091,145

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Operating Activities		
Net (loss) income	$ (61,144)	$ 14,518
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation, amortization and other	13,745	10,141
Equity-based compensation	3,642	3,369
Amortization of debt issuance costs and debt discounts	267	217
Loss on debt extinguishment	494	—
Other	(1,702)	(9)
Changes in operating assets and liabilities:		
Accounts receivable, net	8,031	(1,108)
Inventory	55,824	3,894
Prepaid expenses and other assets	(8,063)	(3,408)
Accounts payable	(12,139)	(1,876)
Income taxes payable	(34)	1,991
Accrued royalties	(22,742)	1,506
Accrued expenses and other liabilities	(6,449)	(52,190)
Net cash used in operating activities	(30,270)	(22,955)
Investing Activities		
Purchases of property and equipment	(12,746)	(19,182)
Acquisitions, net of cash received	(5,274)	—
Other	233	(292)
Net cash used in investing activities	(17,787)	(19,474)
Financing Activities		
Payments on line of credit	71,000	—
Debt issuance costs	(1,957)	—
Payments of long-term debt	(5,621)	(4,500)
Distributions to continuing equity owners	—	(3,408)
Proceeds from exercise of equity-based options	87	78
Net cash provided by (used in) financing activities	63,509	(7,830)
Effect of exchange rates on cash and cash equivalents	145	(167)
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	15,597	(50,426)
Cash and cash equivalents at end of period	19,200	83,557
Cash and cash equivalents at end of period	$ 34,797	$ 33,131

Reconciliation of Non-GAAP Financial Metrics
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
	(In thousands, except per share data)	
Net (loss) income attributable to Funko, Inc.	$ (55,311)	$ 9,882
Reallocation of net (loss) income attributable to non-controlling interests from the assumed exchange of common units of FAH, LLC for Class A common stock [1]	(5,833)	4,636
Equity-based compensation [2]	3,642	3,369
Loss on extinguishment of debt [3]	494	—
Acquisition costs and other expenses [4]	1,010	930
Certain severance, relocation and related costs [5]	1,735	1,680
Foreign currency transaction loss [6]	822	397
One-time inventory write-down [7]	30,084	—
Income tax expense [8]	(1,901)	(2,465)
Adjusted net (loss) income	$ (25,258)	$ 18,429
Adjusted net (loss) income margin [9]	(10.0)%	6.0 %
Weighted-average shares of Class A common stock outstanding-basic	47,248	40,324
Equity-based compensation awards and common units of FAH, LLC that are convertible into Class A common stock	4,364	13,808
Adjusted weighted-average shares of Class A stock outstanding - diluted	51,612	54,132
Adjusted (loss) earnings per diluted share	$ (0.49)	$ 0.34

1. Represents the reallocation of net income attributable to non-controlling interests from the assumed exchange of common units of FAH, LLC for Class A common stock 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 the timing of awards.
3. Represents write-off of unamortized debt financing fees for the three months ended March 31, 2023.
4. For the three months ended March 31, 2023 and 2022 includes acquisition-related costs related to due diligence fees.
5. For the three months ended March 31, 2023, includes charges related severance and benefit costs related to a reduction-in-force. For the three months ended March 31, 2022, 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.
6. Represents both unrealized and realized foreign currency losses on transactions denominated other than in U.S. dollars, including derivative gains and losses on foreign currency forward exchange contracts.
7. For the three months ended March 31, 2023, represents a one-time inventory write-down to improve U.S. warehouse operational efficiency.
8. Represents the income tax expense effect of the above adjustments. This adjustment uses an effective tax rate of 25% for all periods presented.
9. Adjusted net (loss) income margin is calculated as Adjusted net (loss) income as a percentage of net sales.

Reconciliation of Non-GAAP Financial Metrics
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
	(In thousands, except per share data)	
Cost of sales (exclusive of depreciation and amortization shown separately)	$ 202,303	$ 199,649
One-time inventory write-down [1]	30,084	—
Adjusted cost of sales (exclusive of depreciation and amortization shown separately)	$ 172,219	$ 199,649
Adjusted gross margin [2]	31.6 %	35.3 %

1. For the three months ended March 31, 2023, represents a one-time inventory write-down to improve U.S. warehouse operational efficiency.
2. Adjusted gross margin is calculated as net sales less Adjusted cost of sales (exclusive of depreciation and amortization shown separately) as a percentage of net sales.

Reconciliation of Non-GAAP Financial Metrics
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
	(amounts in thousands)	
Net (loss) income	$ (61,144)	$ 14,518
Interest expense, net	5,687	1,210
Income tax (benefit) expense	(10,320)	3,678
Depreciation and amortization	13,976	10,471
EBITDA	$ (51,801)	$ 29,877
Adjustments:		
Equity-based compensation [2]	3,642	3,369
Loss on extinguishment of debt [3]	494	—
Acquisition costs and other expenses [4]	1,010	930
Certain severance, relocation and related costs [5]	1,735	1,680
Foreign currency transaction loss [6]	822	397
One-time inventory write-down [7]	30,084	—
Adjusted EBITDA	$ (14,014)	$ 36,253
Adjusted EBITDA margin [10]	(5.6)%	11.8 %

2. Represents non-cash charges related to equity-based compensation programs, which vary from period to period depending on the timing of awards.
3. Represents write-off of unamortized debt financing fees for the three months ended March 31, 2023.
4. For the three months ended March 31, 2023 and 2022 includes acquisition-related costs related to due diligence fees.
5. For the three months ended March 31, 2023, includes charges related severance and benefit costs related to a reduction-in-force. For the three months ended March 31, 2022, 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.
6. Represents both unrealized and realized foreign currency losses on transactions denominated other than in U.S. dollars, including derivative gains and losses on foreign currency forward exchange contracts.
7. For the three months ended March 31, 2023, represents a one-time inventory write-down to improve U.S. warehouse operational efficiency.
10. Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of net sales.