



INVESTOR PRESENTATION

COMPANY OVERVIEW
JUNE 2024



Cautionary Notes

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including statements regarding our future results of operations and financial position, industry dynamics, our mission, growth opportunities, business strategy and plans and our objectives for future operations, including expanding into new product categories, our e-commerce business, the underlying trends in our business, and our expected liquidity are forward-looking statements. 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; risks related to the impact of epidemics, pandemics or other public health crises on our business, financial results and financial condition; our ability to maintain and realize the full value of our license agreements; the ongoing level of popularity of our products with consumers; 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; fluctuations in our gross margin; our dependence on content development and creation by third parties; 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; changes in effective tax rates or tax law; 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 or the personal information of our customers to be compromised; the influence of our significant stockholder, TCG, and certain other parties and the possibility that such parties' 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 quarterly report on Form 10-Q for the quarter ended March 31, 2024, 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.

Funko is a Pop Culture Collectibles Company

The company designs, sources and distributes licensed pop culture products for consumers who seek tangible ways to connect with their favorite pop culture brands and characters.

Product categories include vinyl figures, action toys, apparel and accessories.



At a Glance

Ticker: Nasdaq:FNKO

- IPO: 2017
- Founded: 1998

Net Sales 2023: \$1.1 Billion

Multiple Sales Channels:

- Two Flagship retail stores
- E-commerce sites: Funko.com, FunkoEurope.com, Loungefly.com, Mondoshop.com
- 1,000+ Retail Partners
- International Distributors

HQ: Everett, Washington

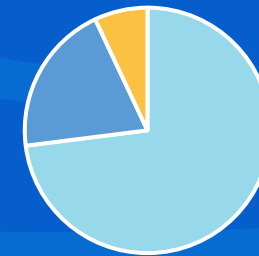
of employees: 1,269 as of December 31, 2023

2023 Sales by...



GEOGRAPHY

- US69%
- International31%



BRAND

- Core Collectibles73%
- Loungefly20%
- Other7%



CHANNEL

- Wholesale79%
- DTC21%

BRANDS



Core Collectibles, includes Pop! Vinyl, company's best-known product line; thousands of licensed characters

loungefly



Pop culture fashion items, soft-lines including **backpacks**, bags, wallets and apparel

MONDO



High-end, limited edition collectible figures, posters and vinyl records

INVESTING IN THE RISE OF POP CULTURE

2010

FIRST POP! PRODUCT
PRODUCED



2017

INITIAL PUBLIC
OFFERING

FNKO

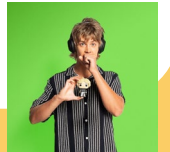
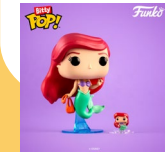
2021

Funko launches
Digital Pop! NFTs



2023

Launches
Bitty Pop! and
Pop! Yourself Online



2009

OBTAINS DISNEY
LICENSES:



2017

Funko completes
acquisitions of Loungefly
and Underground Toys
(EMEA Distributor)

loungefly

2019

OPENS FLAGSHIP
STORE IN
HOLLYWOOD, CA



2022

Funko completes
acquisition of Mondo





AT *Funko* WE BELIEVE THAT

EVERYONE
 IS A **FAN** OF
 SOMETHING

AND FUNKO HAS SOMETHING FOR EVERY FAN

(a sample of licenses)

MOVIES

TV

MUSIC

SPORTS

ANIME

GAMES

Disney

Harry Potter



MARVEL

STAR WARS



TED
LASSO

STRANGER
THINGS

GAME OF
THRONES

THE
MANDALORIAN

Rick and Morty

the office

the
SIMPSONS

Seinfeld



KISS

Post
Malone

SNOOP DOGG



★NSYNC



NASCAR



DRAGON BALL Z

POKÉMON

MY HERO
ACADEMIA

JUJUTSU KAISEN

降世神通
AVATAR
THE LAST AIRBENDER

NARUTO



FORTNITE



Five Nights
at
Freddy's

SONIC
THE HEDGEHOG

CUPHEAD

DIABLO
IV

GENSHIN
IMPACT



WE HAVE A BROAD AND DEEPLY ENGAGED FANBASE

CONSUMER COMPOSITION

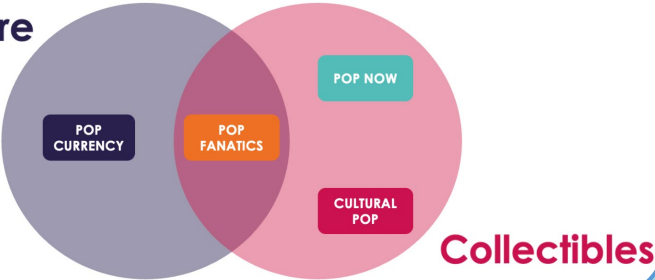
Our products have broad appeal across age and gender.

Male 51%
Female 49%

AGE RANGE
18-45

Our customers range in their interests and attitudes toward Pop Culture and Collecting.

Pop Culture



CONSUMER ENGAGEMENT

Funko has built a deeply engaged consumer base and connects with them through its digital platform, loyalty program, social media and pop culture events.

Social Media Following

				
Total Followers:	Total Followers:	Total Followers:	Total Followers:	Total Followers:
1.7 M	1.4 M	4.4 M	1 M	1.2 M

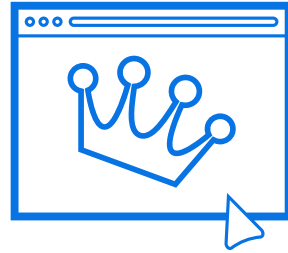

Total Followers:
6.8 M


Total Followers:
1.8 M


Total Followers:
644 K

GLOBAL DISTRIBUTION ACROSS MULTIPLE CHANNELS

Direct -to -Consumer is
our largest distribution
channel at 21%*



No single customer
accounted for over
10%* of revenues

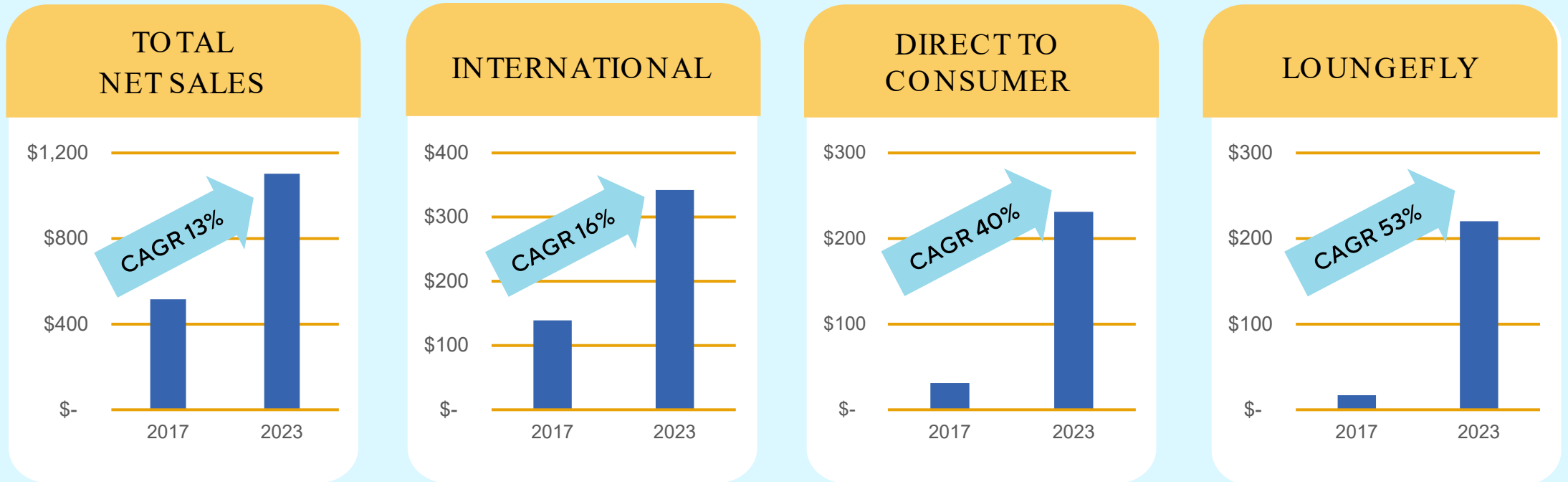


* Percent of 2023 Net Sales

Select Retail Partners

Mass	  
E-Comm	  
Specialty	  
Value	  
Distributors	  

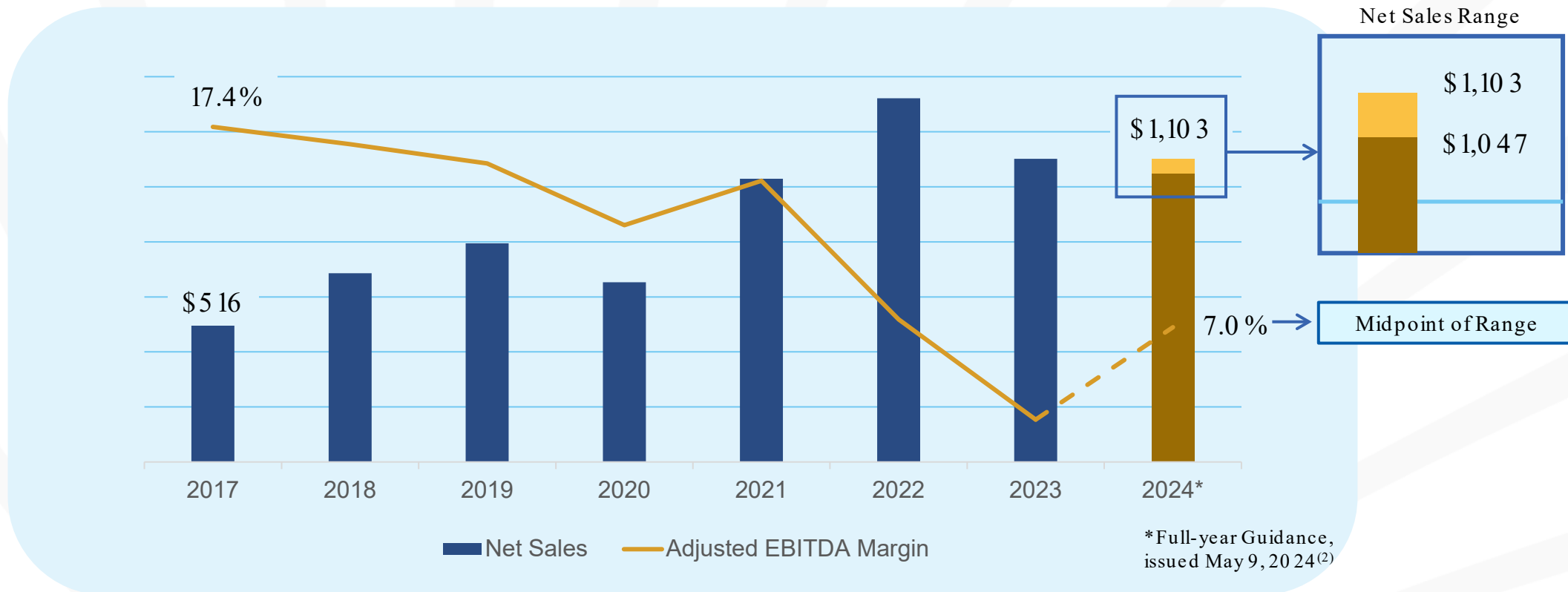
SALES GROWTH SINCE IPO



2017

2023

FUNKO AIMS TO RETURN TO HISTORICAL PROFITABILITY



After years of focusing on driving topline growth, in 2023 a **new leadership team** began implementing a more comprehensive business strategy.....

Controlled
Profitable
Growth

STRATEGY OVERVIEW



Run the business like a lean startup, rejecting complexity

- Right-size inventory levels
- Invest only in the most critical IT Systems
- Optimize distribution center in Buckeye, AZ
- Reduce fixed-cost base

Focus on fewer products, done extremely well

- Prioritize Pop!, Loungefly and Mondo brands
- Reduce SKU counts by approximately 30%
- Exit lower volume product categories that were dilutive to gross margin

Invest in adjacent categories we can control and grow profitably

- Pop! Yourself
- Bitty Pop!
- Tap into new fan-bases by growing new verticals like Music, Sports and Anime

Lay the foundation for renewed growth and **keep the flywheel turning**

- Leverage insights and data from our DTC channel
- Expand into International markets
- Delight our fans with new products and new content

STRATEGY ELEMENTS



Overhauled Funko's Supply Chain:

- Eliminated extremely expensive short-term storage costs
- Improved order fulfillment timelines and reduced labor costs
- Re-negotiated key freight and logistics contracts
- Lowered inventory levels by 54% at YE 2023 from YE 2022 levels

Reduced fixed-cost base to return to Funko's leaner, fast-paced entrepreneurial roots:

- Workforce reductions of ~25% from YE 2022 levels
- Better aligned size of workforce with focused product lines
- Streamlined decision making process
- In 2023, implemented more than \$150 million of annualized cost savings (from peak Q4 2022 levels)

STRATEGY ELEMENTS



Simplify the business, focus on most profitable core products

- SKUs have been rationalized by approximately 30 %

Allowing us to be:

- Responsive to rapidly changing pop culture
- Quicker to market
- Nimble and creative in product design

Evergreen product line

- Core list of ~160 best-selling items to be consistently available across all retailers



STRATEGY ELEMENTS

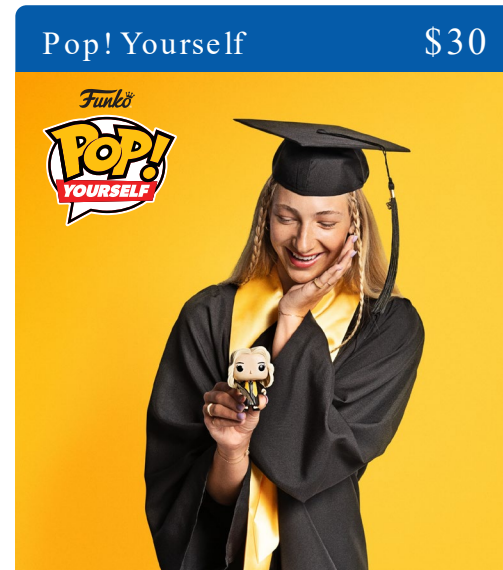


Selectively invest in key value driving initiatives

- Natural extensions of core product lines
- Develop margin-accretive products like Pop! Yourself (\$30 MSRP with no royalties)
- Create product and customer segmentation opportunities with Bitty Pop!
- Data driven approach

Expand into new verticals

- Capitalize on global popularity of Anime
- Music and Sports allow us to tap into new, underpenetrated fandoms



STRATEGY ELEMENTS



Direct to Consumer (DTC)

Continue to Improve Customer Experience

Connect with Customers:

- Deliver immersive experience
- Leverage insights and data from Funko Fan Club (FFC) and Mobile App

Drive Traffic:

- Utilize special promotions for FFC members
- Implement social media campaigns
- Collaborate with studio partners and influencers

International

Expand beyond US and EMEA:

- Latin America, Asia-Pacific, Australia, Canada – geographies with upside opportunities
- Recently signed new, highly experienced distributors in some of these territories

Continue to grow EMEA business:

- Expand in UK
- Enter Scandinavia, Eastern Europe, other

WE HAVE AN EXPERIENCED MANAGEMENT TEAM WITH A DEEP BENCH

CYNTHIA
WILLIAMS

CEO



YVES
LEPENDEVEN

Acting CFO



TRACY
DAW

Chief Legal Officer and Secretary



ANDY
ODDIE

Chief Commercial Officer



SARAH
MARTINEZ

Senior VP, People and Culture



JOHANNA
GEPFORD

Senior VP, Revenue



MARC
SIEGEL

Senior VP, Funko Brands



HUSNAL
SHAH

Senior VP, Creative, Product
Development, Sourcing & Quality



MALCOLM
OTTLEY

Senior VP, Sales, International



ROB
CASSIDY

SVP, Global Operations &
Strategic Capabilities



DOUG
OGLESBY

General Manager, Loungefly



Team as of June 1, 2024

KEY CONSIDERATIONS



Powerful pop culture platform with passionate fans

Diversified sales channels with massive DTC and International opportunity

Exciting product line extensions such as Pop! Yourself designed to drive sales growth and margin expansion

Results-oriented management team with a deep bench



THANK YOU

Reconciliation of Non-GAAP Financial Metrics - Outlook for 2024 Adjusted EBITDA Margin

A reconciliation of adjusted EBITDA and adjusted EBITDA margin outlook to the corresponding GAAP measures on a forward-looking basis cannot be provided without unreasonable efforts, as we are unable to provide reconciling information with respect to certain items. However, for the full year 2024 the Company expects equity-based compensation of approximately \$15 million, depreciation and amortization of approximately \$64 million and interest expense of approximately \$18 million, each of which is a reconciling item to net loss. See "Use of Non-GAAP Financial Measures" and the attached reconciliations for more information.

*Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net Sales.

Reconciliation of Non-GAAP Financial Metrics

	Year Ended December 31,						
	2023	2022	2021	2020	2019	2018	2017
	(in thousands)						
Net loss	\$ (164,438)	\$ (5,240)	\$ 67,854	\$ 9,763	\$ 27,820	\$ 25,062	\$ 5,986
Interest expense, net	27,970	10,334	7,167	10,712	14,342	21,739	30,636
Income tax expense (benefit)	132,497	(17,801)	17,061	2,025	4,476	5,432	1,266
Depreciation and amortization	59,763	47,669	41,195	44,368	42,126	39,116	31,975
EBITDA	\$ 55,792	\$ 34,962	\$ 133,277	\$ 66,868	\$ 88,764	\$ 91,349	\$ 69,863
Adjustments:							
Equity-based compensation ⁽¹⁾	10,534	16,591	12,994	10,116	13,044	9,140	5,574
Monitoring fees ⁽²⁾							1,676
Customs investigation and related costs ⁽³⁾	—	—	—	—	3,357	—	—
Acquisition transaction costs and other expenses ⁽⁴⁾	14,241	2,850	—	—	383	3,391	5,336
Earnout fair market value adjustment ⁽⁵⁾	—	—	—	—	—	—	30
Inventory step-up ⁽⁶⁾							3,182
Certain severance, relocation and related costs ⁽⁷⁾	6,486	9,775	277	2,190	739	1,031	—
Loss on extinguishment of debt	494	—	675	—	—	4,547	5,103
Foreign currency transaction loss (gain) ⁽⁸⁾	854	(3,232)	1,118	955	(177)	4,082	(733)
Tax receivable agreement liability adjustments ⁽⁹⁾	(100,223)	3,987	1,590	87	152	—	—
One-time cloud based computing arrangement abandonment ⁽¹⁰⁾	—	32,492	—	—	—	—	—
One-time disposal costs for finished goods held at offshore factories ⁽¹¹⁾	6,283	—	—	—	—	—	—
One-time disposal costs for unfinished goods held at offshore factories ⁽¹²⁾	2,404	—	—	—	—	—	—
Inventory write-down ⁽¹³⁾	30,338	—	—	—	16,775	—	—
Adjusted EBITDA	\$ 27,203	\$ 97,425	\$ 149,931	\$ 80,216	\$ 123,037	\$ 113,540	\$ 90,031
Adjusted EBITDA margin ⁽¹⁴⁾	2.5%	7.4%	14.6%	12.3%	15.5%	16.5%	17.4%

*Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net Sales.

Reconciliation of Non-GAAP Financial Metrics Cont.

(1)	Represents non-cash charges related to equity-based compensation programs, which vary from period to period depending on the timing of awards.
(2)	Represents monitoring fees paid pursuant to a management services agreement with ACON that was entered into in connection with the ACON Acquisition, which terminated upon the consummation of the IPO in November 2017.
(3)	Represents legal, accounting and other related costs incurred in connection with the Company's investigation of the underpayment of customs duties at Loungefly.
(4)	Represents legal, accounting, and other related costs incurred in connection with the IPO, acquisitions and other transactions.
(5)	Reflects the increase in the fair value of contingent liabilities incurred in connection with the Underground Toys Acquisition.
(6)	Represents a non-cash adjustment to cost of sales resulting from acquisitions.
(7)	Represents certain severance, relocation and related costs.
(8)	Represents both unrealized and realized foreign currency gains and losses on transactions denominated other than in U.S. dollars, including derivative gains and losses on foreign currency forward exchange contracts.
(9)	Represents recognized adjustments to the tax receivable agreement liability. For 2023, represents reduction of the tax receivable agreement liability as a result of recognizing a full valuation allowance of the Company's deferred tax assets and anticipated inability to realize future tax benefits.
(10)	Represents abandoned cloud computing arrangement charge related to the enterprise resource planning project.
(11)	Represents a one-time disposal costs related to finished inventory held at offshore factories.
(12)	Represents a one-time disposal costs related to unfinished inventory held at offshore factories.
(13)	Represents one-time inventory write-down to improve U.S. warehouse operational efficiency.
(14)	Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of net sales.