UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number: 001-38274

FUNKO, INC.
(Exact name of registrant as specified in its charter)

Delaware	**35-2593276**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2802 Wetmore Avenue Everett, Washington	**98201**
(Address of principal executive offices)	(Zip Code)

(425) 783-3616
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Class A Common Stock, $0.0001 Par value	**Nasdaq**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐		Accelerated filer	☐
Non-accelerated filer	☒	(Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☒			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant was not a public company as of the last business day of its most recently completed second fiscal quarter and, therefore, cannot calculate the aggregate market value of its voting and non-voting common equity held by non-affiliates as of such date.

As of March 14, 2018, the registrant had 23,337,705 shares of Class A common stock outstanding and 24,975,932 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2017 are incorporated herein by reference in Part III.

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BASIS OF PRESENTATION

As used in this Annual Report on Form 10-K (this "Form 10-K"), unless the context otherwise requires, references to:

- *"we," "us," "our," the "Company," "Funko"* and similar references refer to: (1) following the consummation of the Transactions, to Funko, Inc., and, unless otherwise stated, all of its subsidiaries, including FAH, LLC and, unless otherwise stated, all of its subsidiaries, and (2) prior to the completion of the Transactions, to FAH, LLC and, unless otherwise stated, all of its subsidiaries.
- *"ACON"* refers to ACON Funko Investors, L.L.C., a Delaware limited liability company, and certain funds affiliated with ACON Funko Investors, L.L.C. (including any such fund or entity that holds shares of Class A common stock for the Former Equity Owners).
- *"Continuing Equity Owners"* refers collectively to ACON, Fundamental, the Former Profits Interests Holders, the Warrant Holders and certain current and former executive officers, employees and directors and each of their permitted transferees that own common units in FAH, LLC and who may redeem at each of their options (subject in certain circumstances to time-based vesting requirements) their common units for, at our election, cash or newly-issued shares of Funko, Inc.'s Class A common stock.
- *"FAH LLC Agreement"* refers to FAH, LLC's second amended and restated limited liability company agreement.
- "*FHL*" refers to Funko Holdings LLC, a Delaware limited liability company.
- *"Former Equity Owners"* refers to those Original Equity Owners affiliated with ACON who transferred their indirect ownership interests in common units of FAH, LLC for shares of Funko, Inc.'s Class A common stock (to be held by them either directly or indirectly) in connection with the consummation of the Transactions.
- *"Former Profits Interests Holders"* refers collectively to certain of our directors and certain current executive officers and employees, in each case, who, prior to the consummation of the Transactions, held existing vested and unvested profits interests in FAH, LLC pursuant to FAH, LLC's prior equity incentive plan and received common units of FAH, LLC in exchange for their profits interests (subject to any common units received in exchange for unvested profits interests remaining subject to their existing time-based vesting requirements) in connection with the Transactions.
- "*Fundamental*" refers collectively to Fundamental Capital, LLC and Funko International, LLC.
- *"Original Equity Owners"* refers to the owners of ownership interests in FAH, LLC, collectively, prior to the Transactions, which include ACON, Fundamental, the Former Profits Interests Holders and certain current and former executive officers, employees and directors.
- *"Tax Receivable Agreement"* refers to a tax receivable agreement entered into between Funko, Inc., FAH, LLC and each of the Continuing Equity Owners as part of the Transactions, defined below.
- *"Transactions*" refers to certain organizational transactions that we effected in connection with our initial public offering ("IPO") in November 2017. See Note 16, Stockholders' Equity of the notes to our consolidated financial statements for a description of the Transactions.
- *"Warrant Holders*" refers to lenders under our Senior Secured Credit Facilities (as defined herein) that previously held warrants to purchase ownership interests in FAH, LLC, which were converted into common units of FAH, LLC in connection with the consummation of the Transactions.

Presentation of Financial Information

FAH, LLC is the predecessor of the issuer, Funko, Inc., for financial reporting purposes. Funko, Inc. is the audited financial reporting entity.

On October 30, 2015, ACON, through FAH, LLC, an entity formed in contemplation of the transaction, acquired a controlling interest in FHL and its subsidiary, Funko, LLC. We refer to this transaction as the "ACON Acquisition." As a result of the ACON Acquisition, this Annual Report on Form 10-K presents certain financial information for two periods, Predecessor and Successor, which relate to the period preceding the ACON Acquisition on October 30, 2015 and the period succeeding the ACON Acquisition, respectively. References to the "Successor 2015 Period" refer to the period from October 31, 2015 through December 31, 2015 and references to the "Predecessor 2015 Period" refer to the period from January 1, 2015 through October 30, 2015. Financial information in the Predecessor 2015 Period principally relates to FHL and its subsidiary Funko, LLC. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for more information.

Our presentation of certain financial information for the combined year ended December 31, 2015, including net sales, gross margin and adjusted EBITDA, represents the mathematical addition of the Predecessor 2015 Period and the Successor 2015 Period. The change in basis resulting from the ACON Acquisition did not materially impact such financial information and, although this presentation of financial information on a combined basis does not comply with U.S. generally accepted accounting principles ("U.S. GAAP"), or with the pro forma requirements of Article 11 of Regulation S-X, we believe it provides a meaningful method of comparison to the other periods presented in this Annual Report on Form 10-K. The data is being presented for analytical purposes only. Combined operating results (1) may not reflect the actual results we would have achieved absent the ACON Acquisition, (2) may not be predictive of future results of operations and (3) should not be viewed as a substitute for the results of the Predecessor and the Successor presented in accordance with U.S. GAAP.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, potential acquisitions, market growth and trends, anticipated effects of tax reform, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "could," "would," "project," "plan," "potentially," "preliminary," "likely," and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including the important factors described in this Annual Report on Form 10-K under Part II. Item 1A. "Risk Factors," and in our other filings with the Securities and Exchange Commission ("SEC"), that may cause our actual results, performance or achievements to differ materially and adversely from those expressed or implied by the forward-looking statements.

Any forward-looking statements made herein speak only as of the date of this Annual Report on Form 10-K, and you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or achievements reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report on Form 10-K or to conform these statements to actual results or revised expectations.

PART I

ITEM 1. BUSINESS

We are a leading pop culture consumer products company. Our business is built on the principle that almost everyone is a fan of something and the evolution of pop culture is leading to increasing opportunities for fan loyalty. We create whimsical, fun and unique products that enable fans to express their affinity for their favorite “something”—whether it is a movie, TV show, video game, musician or sports team. We typically infuse our distinct designs and aesthetic sensibility into one of the industry’s largest portfolios of licensed content over a wide variety of product categories, including figures, plush, accessories, apparel, hand bags and homewares. With our unique style, expertise in pop culture, broad product distribution and highly accessible price points, we have developed a passionate following for our products that has underpinned our growth. We believe we sit at the nexus of pop culture—content providers value us for our broad network of retail customers, retailers value us for our broad portfolio of licensed pop culture products and pop culture insights, and consumers value us for our distinct, stylized products and the content they represent. We believe our innovative product design and market positioning have disrupted the licensed product markets and helped to define today’s pop culture products category.

Pop culture pervades modern life and almost everyone is a fan of something. In the past, pop culture fandom was often associated with stereotypical images of fans from narrow demographics, such as Star Trek fans attending conventions to speak Klingon to each other or friends getting together to play Dungeons & Dragons. Today, more quality content is available and technology innovation has made content accessible anytime, anywhere. As a result, the breadth and depth of pop culture fandom resembles, and in many cases exceeds, the type of fandom previously associated only with sports. Social media has further allowed for fans to share their love and form communities easier than before. Everyday interactions at home, work or with friends, whether in person or through social media, are increasingly influenced by pop culture.

We have invested strategically in our relationships with key constituents in pop culture. Content providers value us for our broad network of retail customers and retailers value us for our broad portfolio of licensed pop culture products, pop culture insights and ability to drive consumer traffic. Consumers, who value us for our distinct, stylized products, remain at the center of everything we do.

- *Content Providers:* We have strong licensing relationships with many established content providers, such as Disney, HBO, LucasFilm, Marvel, Blizzard Entertainment, the National Football League and Warner Brothers. We strive to license every pop culture property that we believe is relevant to consumers. We believe our numerous licensing relationships have allowed us to build one of the largest portfolios in our industry, and from which we can create multiple products based on each character within those properties. Content providers trust us to create unique, stylized extensions of their intellectual property that extend the relevance of their content with consumers through ongoing engagement, helping to maximize the lifetime value of their content. We believe we have benefited from a trend of content providers consolidating their relationships to do more business with fewer licensees. Our track record of obtaining licenses from content providers, together with our proven ability to renew and extend the scope of our licenses, demonstrates the trust content providers place in us.
- *Retail Channels:* We sell our products through a diverse network of retail customers across multiple retail channels, including specialty retailers, mass-market retailers and e-commerce sites. We can provide our retail customers a customized product mix designed to appeal to their particular customer bases. Our current retail customers include Amazon, GameStop, Hot Topic, Target and Walmart in the United States, and Micromania, E.M.P. Merchandising and Smyths Toys, internationally. Retailers recognize the opportunity presented by the demand for pop culture products and are continuing to dedicate additional shelf space as well as increased presence on their e-commerce platform to our products and the pop culture category. Additionally, some of our retail customers, such as Target and Walmart, view us as pop culture experts, and we help them manage their pop culture category. We believe we drive meaningful traffic to our retail customers’ stores because our products have their own built-in fan base, are refreshed regularly creating a “treasure hunt” shopping experience for consumers, and are often supplemented with exclusive, limited-time products that are highlighted on

social media. We believe these merchandising strategies create a sense of urgency with consumers that encourages repeat visits to our retail customers.

- *Consumers:* Fans are increasingly looking for ways to express their affinity for and engage with their favorite pop culture content. Over time, many of our consumers evolve from occasional buyers to more frequent purchasers, whom we categorize as enthusiasts or collectors. We estimate that enthusiasts, who are more engaged in pop culture, and collectors, who regularly purchase our products and self-identify as collectors, each make up approximately one-third of our customers. We create products to appeal to a broad array of fans across consumer demographic groups—men, women, boys and girls—not a single, narrow demographic. We offer a large number of products across our product categories. Our products are generally priced under $10, excluding apparel and handbags, which generally are priced at a higher range, which allows our diverse consumer base to express their fandom frequently and impulsively. We continue to introduce innovative products designed to facilitate fan engagement across different price points and styles in different categories. In addition, our fans routinely express their passion for our products and brands through social media and live pop culture events, such as Comic-Con or Star Wars Celebration.

We have developed a nimble and low fixed cost production model. The strength of our in-house creative team and relationships with content providers, retailers and third-party manufacturers allows us to move from product concept to pre-selling a new product in as few as 24 hours. We typically have a new figure on the store shelf between 110 and 200 days and can have it on the shelf in as few as 70 days in certain circumstances. As a result, we can dynamically manage our business to balance current content releases and pop culture trends with content based on classic evergreen properties, such as Mickey Mouse or classic Batman. This has allowed us to deliver significant growth while lessening our dependence on individual content releases.

Recent Developments

On November 6, 2017, we completed our IPO of 10,416,666 shares of Class A common stock at an initial public offering price of $12.00 per share and received approximately $117.3 million in net proceeds after deducting underwriting discounts and commissions. We used the net proceeds to purchase 10,416,666 newly issued common units directly from FAH, LLC at a price per unit equal to the price per share of Class A common stock in the IPO less underwriting discounts and commissions of $117.3 million. Immediately following the completion of the IPO, there were 24,975,932 shares of Class B common stock outstanding and 23,337,705 shares of Class A common stock outstanding, comprised of 10,416,666 shares issued in connection with the IPO and 12,921,039 shares issued in connection with the Transactions described in Note 16, Stockholders' Equity of the notes to our consolidated financial statements.

Leading Design and Creative Capabilities

Our in-house creative team layers our own whimsical, fun and distinct stylization onto content providers' characters, creating unique products for which there is substantial consumer demand. Our creative team is passionate about pop culture. We enjoy a strong pipeline of talent for our creative team given our culture and the opportunity we provide to work with the most relevant pop culture content. We believe content providers trust us with their properties, and consumers passionately engage with our products and brands because of our creativity. In addition, we reinvigorate classic evergreen or back catalog content by infusing a fresh, unique aesthetic and design into characters that enjoy enduring passion and nostalgia from fans.

Diversity of Products and Accessible Price Points Create Broad Appeal

We create products to appeal to a broad array of fans across consumer demographic groups. We believe our broad appeal comes through our large selection of items, a large variety of licenses and properties and varied form factors across a number of product categories. We do not limit ourselves by targeting discrete demographics such as the stereotypical collector or the child seeking the latest (and often short-lived) toy craze. We estimate based on market and internal data that occasional buyers, which we define as those consumers who are mainstream movie and TV fans, but do not self-identify as enthusiasts, and enthusiasts, who are more engaged in pop culture than occasional buyers but who do not self-identify as collectors, each make up approximately one- third of our customers. To continue to broaden our offerings beyond figures, we have launched new or expanded

categories such as plush and accessories. We believe we have one of the largest and most engaged fan bases in our industry, driven by their passion and love of our unique products and the properties we represent.

Trusted Steward of the Most Important Pop Culture Content

We strive to license every pop culture property that we believe is relevant to our consumers. Over the last decade, we have built strong relationships with content providers and currently have a catalog of content licenses covering a large number of properties that we believe is one of the industry's largest. We believe there is a trend of content providers consolidating their relationships to do more business with fewer licensees. As a trusted steward with a strong retail distribution network and connection with the end user, we believe we have benefited from this trend. We often work collaboratively with content providers in advance of new content releases to create unique, stylized products to maximize the value of their properties. In some cases, the input we have provided has influenced the content provider's creative choices for its original content. We believe we are well positioned to continue to obtain licenses for new important movie franchises and other properties. Further, we have historically been able to renew productive licenses on commercially reasonable terms, which positions us to benefit from the ongoing desire of consumers to engage with and show affinity for their favorite pop culture content.

Deep, Mutually Beneficial Relationships with a Broad Network of Retail Customers

We partner with a diverse group of retail customers through which we sell our products. Many of our retail customers view us as experts in pop culture and in some cases, we help manage their pop culture category within their stores and can provide a curated experience by catering to their particular customer bases. We believe this enables us to enhance the productivity of the pop culture category for our retail customers, resulting in increased sales and expanded shelf space or online placement for our products—a major driver of our growth historically. Additionally, we believe our pop culture expertise and omnichannel sales model position us well to capture the industry shift from traditional brick and mortar stores to channel-agnostic content consumerism. In addition, we often release exclusive new products with a specific retail customer, which can drive traffic and sales for them.

Nimble Speed to Market Reflects "Fast Fashion" Product Development Process

Speed to market has become increasingly important as technological innovation has accelerated the pace of content discovery and sharing and the speed at which niche content can become mainstream. Our flexible and low-fixed cost production model enables us to go from product design of a figure to the store shelf between 110 and 200 days and can have it on the shelf in as few as 70 days, with a minimal upfront investment for most figures of $5,000 to $7,500 in tooling, molds and internal design costs. Because of the strength of our in-house creative team, we are able to move from product design to pre-selling a new product in as few as 24 hours. This ability, coupled with the valuable data insights we have developed over the past decade, and the increasing use of repeated franchise properties by content providers, reduces potential product risk to us while better positioning us to benefit from trends in content creation and consumption. As an example of our "fast fashion" product development process, we announced and were able to pre-sell a dancing Baby Groot figure, which was a surprise character in Marvel's 2014 Guardians of the Galaxy movie release, within a week of the movie release.

Dynamic Business Model Drives Revenue Visibility and Growth

Our business is diversified across content providers and properties, product categories, and sales channels. As a result, we can dynamically manage our business to capitalize on pop culture trends, which has allowed us to deliver significant growth while lessening our dependence on individual content releases. Our content provider relationships are highly diversified. We generated approximately 8% and 15% of sales from our top property for the years ended December 31, 2017 and 2016, respectively, and the portion of our sales for the years ended December 31, 2017 and 2016 attributable to our top five properties was 23% and 36%, respectively. Our products are balanced across our licensed property categories. In 2017, we generated approximately 45% of sales from classic evergreen properties, approximately 21% from movie release properties, approximately 15% from current video game properties and approximately 18% from current TV properties. In 2016, we generated approximately 43% of sales from classic evergreen properties, approximately 24% from movie release properties, approximately 20% from current video game properties and approximately 12% from current TV properties. We have visibility into the new release schedule of our content providers and our expansive license portfolio allows us to dynamically manage new product creation. This allows us to adjust the mix of products based on classic evergreen properties and new releases, depending on the media release cycle. In addition, we typically sell our

products worldwide through a diverse group of sales channels, including specialty retailers, distributors, mass- market retailers, e-commerce sites and direct-to-consumer.

Visionary Management Team and Employees with Genuine Passion for Pop Culture

Our highly experienced management team is led by Brian Mariotti, an industry pioneer. A long- time pop culture fan, Brian recognized early on the impact that trends in media and entertainment would have on the pop culture industry and the value of having a diverse portfolio of licenses. Passion for pop culture pervades our company and our openness to new ideas from anywhere in the organization has resulted in some of our most innovative and differentiated products.

How We Plan to Grow

We are pursuing the following strategies that we believe will drive substantial future growth.

Increase Sales with Existing Retail Customers

We intend to continue to increase our sales by expanding our shelf space and deepening our relationships with our retail customers. Our products have driven traffic to our retail customers' previously less productive square footage, which has resulted in increased shelf space for our products. In addition to designing unique, stylized products that resonate with pop culture fans and drive traffic, both online and in store, we intend to increase the number of retail customers for whom we curate pop culture selections. We believe doing so deepens our relationships with our retail customers and encourages them to allocate more shelf space to our products and pop culture products generally and, in some cases, create pop culture departments where none existed before, which we believe will drive additional brand awareness and sales growth. We are also in the process of creating a self-service online portal for our retail customers to reduce ordering time and increase the efficiency of our ordering process, which we believe will increase our sales with our existing retail customers.

Add New Retail Customers and Expand into New Channels

We regularly evaluate and add new retail customers as we believe consumers demand Funko products regardless of the retail channel through which they purchase them. While we believe we have opportunities to add new retailers within existing channels, we also plan to selectively target new or underdeveloped sales channels, such as dollar, drug, grocery and convenience stores. By adding new retail customers, we will increase the awareness and availability of our products to consumers, which we believe will increase sales.

Broaden Our Product Offerings

In addition to designing products to address new content that licensors continually produce, we plan to add new product categories, lines and brands to leverage our existing sales channels to continue to drive sales. For example, we expanded our blindbox offerings, which have historically included figures, to plush products. We also continually evaluate product innovations and potential acquisition targets to complement our existing product categories, lines and brands. In June 2017, we completed the acquisition of Loungefly, LLC ("Loungefly"), a designer of a variety of licensed pop culture fashion handbags, small leather goods and accessories, to expand and diversify our product offerings in our accessories category (the "Loungefly Acquisition").

Expand Internationally

We believe that the forces at work first observed in the U.S. pop culture industry are global. We believe we are currently underpenetrated internationally, and we generate the majority of our net sales in the United States; however, we are also focused on growing our international business. Net sales generated from customers outside of the United States accounted for approximately 27%, 19% and 24% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. We are continuing to invest in the growth of our international business both directly and through third party distributors. In the future we may pursue similar acquisitions or expand our direct sales force or distributor relationships to further penetrate Asia Pacific, Latin America, Australia or other regions.

Leverage the Funko Brand Across Multiple Channels

We believe there is a significant opportunity to leverage our distinctive style and designs across numerous underserved channels such as digital content, as well as potentially movies and television. For example, we are in the process of creating an online portal for Funko that will serve as an online destination for our consumers. This online community will allow consumers to create personal avatars, purchase digital products and interact with other consumers. We believe this opportunity will drive brand awareness with new audience segments, deepen consumer engagement to drive customer lifetime value, strengthen our direct connection with our consumers and grow our direct-to-consumer business, as well as support our retail customers.

Product Lines and Licenses

We sell a broad array of licensed pop culture consumer products featuring characters from an extensive range of media and entertainment content, including movies, TV shows, video games, music and sports. Our products combine our proprietary brands and distinct designs and aesthetic sensibilities into properties we license from content providers. We seek to license content that will allow us to capitalize on the popularity of current movies, TV shows, video games, music and other content releases, as well as classic evergreen properties, which are not tied to a current release, and which are less subject to pop culture trends. We have also developed our own content and intellectual property, such as our Wetmore Forest property.

Our Products

Our current products principally fall within the following product categories.

Figures. Our figures category includes figures that celebrate pop culture icons in the form of stylized vinyl, bobble heads, blind-packed miniatures and action figures. These figures combine the pop culture properties we license with our own distinctive designs to create pop culture figures that appeal to a broad range of consumers at an affordable price point, often under one of our proprietary brands, such as Pop!, Mystery Minis, Dorbz, Pint Size Heroes and Rock Candy.

Other. Our other category includes plush products that are soft-sculpt figures that blend licensed content with our distinctive designs to create an array of product lines, intended for consumers of all ages; accessories products that mix pop culture fandom with functionality, and feature everything from pens and pins to buttons and keychains, all based on pop culture icons; apparel (including t-shirts and hats); homewares (including drinkware, party lights and other home accessories); and stylized bags, purses and wallets.

Our Brands and Designs

Under the Funko brand, we have developed multiple proprietary brands under which we market most of our products. We also continuously develop new product designs and lines, which may develop into proprietary brands in the future. Our principal proprietary brands include: Pop!, Mystery Minis, Dorbz, Pint Size Heroes, Rock Candy, SuperCute and Loungefly.

Pop!. Introduced in 2010, Pop! is our most well-recognized brand. The Pop! stylized design incorporates an equal head to body ratio with an oversized, rounded square head that typically consists of no mouth and a very simple nose. Pop! figures typically stand about four inches tall. The Pop! design has also been applied across all of our other product categories, including plush, accessories, apparel and homewares. As a brand, Pop! represented 70%, 64% and 75% of our 2017, 2016 and 2015 sales, respectively.

Mystery Minis. Introduced in 2013, Mystery Minis are usually sets of 12 different figures per property sold individually in a blind box so that the consumer does not know which figure from the set they have purchased. The figures are all highly stylized, but the style can vary based on the licensor. The figures themselves are typically two and a half inches tall and can have varying rarity within the set to create a “treasure hunt” appeal.

Dorbz. Introduced in 2015, Dorbz are adorable stylized figures with slightly sculpted round heads on uniform pad printed bodies. The figures stand about three inches tall and are packaged in a double window box. The designs incorporate an equal head to body ratio with smiling features.

Pint Size Heroes. Introduced in 2015, Pint Size Heroes are slightly stylized figures with sculpted heads and uniform bodies. They stand one and a half inches tall and have an equal head to body ratio. Released in sets of 24 by property, they are packaged in a blind bag so that the consumer does not know which figure they are purchasing.

Rock Candy. Introduced in 2015, Rock Candy figures are primarily based on female characters holding a strong pose. The figures stand five inches tall, are stylized and have slightly larger heads and eyes, with a head to body ratio of one to two.

SuperCute. Introduced in 2016, SuperCute is a nostalgia storybook stylized design that has a head to body ratio of two to three. The figures have large round eyes, no nose and a small mouth. The bodies are very simple and have their arms at their sides and their legs pushed together. The SuperCute brand and design have been applied to various Mystery Minis sets and certain plush figures.

Loungefly. Acquired in June 2017, Loungefly products are fashion focused stylized handbags, backpacks, small leather goods and accessories. Loungefly products currently are based on a limited set of licenses, however, we anticipate expanding the licenses and content used to create our Loungefly products in the future.

In addition, we also develop product lines that we market under the broader Funko brand, rather than under any of our proprietary brands. We typically do so when we believe our speed to market or other competitive advantages uniquely position us to take advantage of certain opportunities. While these products may not initially be associated with one of our proprietary brands, they can still reflect our whimsical and creative style, and may develop into a distinct brand over time. For example, in 2015, we entered into a master license in connection with the video game property Five Nights at Freddy's, under which we created a broad array of products, including figures, plush and keychains. Sales of products made under our Five Nights at Freddy's license accounted for 8% and 15% of our sales for the years ended December 31, 2017 and 2016, respectively. Similar to Five Nights at Freddy's, in October 2016, we entered into a license agreement with Netflix for its Stranger Things property to create and sell a wide variety of products, including figures, blindbox, accessories and apparel.

Our Licenses

Licensors. We have strong licensing relationships with many established content providers, such as Disney, HBO, LucasFilm, Marvel, the National Football League, Blizzard Entertainment and Warner Brothers. We also seek to establish licensing relationships with newer content providers in order to capitalize on new and emerging trends in pop culture. For example, in recent years, we have established relationships and entered into licensing arrangements with each of Dr. Seuss, Netflix and Riot Games related to the Dr. Seuss, Stranger Things and League of Legends properties, respectively. We believe we provide value to content providers by maximizing the lifetime value of their content by extending its relevance to consumers through ongoing fan engagement.

License Agreements. Our license agreements permit us to use the intellectual property of our licensors in connection with the products we design and sell. These license agreements typically provide that our licensors own intellectual property rights in the products we design and sell under the license, and as a result, upon termination of the license, we no longer have the right to sell these products. A number of these license agreements relate to properties that are significant to our business and operations. Our license agreements typically have terms of between two and three years and are not automatically renewable. However, we believe we have strong relationships with our licensors, and have historically been able to renew productive licenses on commercially reasonable terms.

Our license agreements require us to make royalty payments to the licensor based on our sales of the licensed product and, in some cases, require us to incur other charges. For the years ended December 31, 2017, 2016 and 2015, the average royalty rate was 15.0%, 15.2% and 14.9%, respectively. Our royalty expense for any given year will vary depending on the mix of products sold during that year. For the years ended December 31, 2017, 2016 and 2015, we incurred royalty expenses of $77.5 million, $64.7 million and $40.8 million, respectively.

Our licenses are generally not exclusive. In addition, the rights that licensors grant to us are typically limited to specific properties, product categories, territories and, in some cases, sales channels. In addition, our license agreements usually require us to obtain the licensor's approval of products we develop under the license prior to

making any sales. They also typically provide for a minimum guarantee that covers all licensed properties under that license agreement, which is generally required to be paid in advance, and the amount of which is negotiated based on a variety of factors, including past and expected sales and the licensor's expected line-up of new releases.

Historically, we have a strong track record for meeting minimum guarantees under our license agreements. For the years ended December 31, 2017, 2016 and 2015, we recorded reserves of $2.9 million, $0.3 million and $0.1 million, respectively, related to prepaid royalties we estimated would not be recovered through sales. The increase in the reserves from 2016 to 2017 was primarily due to our subscription box business, which we are phasing out in 2018.

For the year ended December 31, 2017, there were no license agreements that accounted for more than 10% of sales. For the year ended December 31, 2016, 15% of sales were related to one license agreement. For the Successor 2015 Period, we had two license agreements that accounted for 23% and 12% of sales.

Licensed Properties. We strive to license every pop culture property that we believe is relevant to consumers. What we consider to be a property will vary based on the terms of the underlying license agreement. In general, we consider each content title to constitute a single property. In some instances, however, a property may consist of an entire franchise or even a single character, particularly in our classic evergreen category. We divide our licensed properties into four main categories: classic evergreen, movie release, current TV and current video game. We also license certain properties that fall outside of these four main categories.

- *Classic Evergreen*. Properties in the classic evergreen category are based on movies, TV shows, video games, music, sports or other entertainment content that is not tied to a new or current release at the time we release the product. As a result, products that we design and sell based on these properties generally do not have a defined duration of market demand. Examples of our classic evergreen properties include Star Wars, Harry Potter, DC Comics, Marvel Comics and WWE.
- *Movie Release*. Properties in the movie release category are tied to new movie releases and are intended to capitalize on the excitement of fans surrounding these releases. Products that we design and sell based on these properties are expected to have a limited duration of market demand, depending on the popularity of the movie release. Examples of our movie release properties include Star Wars Episode VIII, Guardians of the Galaxy 2, Justice League, Spiderman: Homecoming and Thor: Ragnarok.
- *Current TV*. Properties in the current TV category are tied to TV shows that are currently airing new content. These properties are expected to have a market demand depending on the popularity and longevity of the TV show, which is generally expected to be between three and seven years. Examples of our current TV properties currently include Stranger Things, Rick & Morty, Game of Thrones, The Walking Dead and Dragonball Z.
- *Current Video Game*. Properties in the current video game category are tied to new video game releases that are intended to capitalize on the excitement of fans surrounding these releases. Products that we design and sell based on these properties are expected to have a market demand depending on the popularity and longevity of the video game, which is generally expected to be three to seven years. Examples of our current video game properties currently include Five Nights at Freddy's, Overwatch and Kingdom Hearts.
- *Other*. We also occasionally license properties that do not fit within the four categories described above, including those associated with current events and limited-duration pop culture phenomena, which we are able to capitalize on due to our speed to market and low cost of production. For example, in connection with the 2016 presidential election, we produced a line of Pop! branded and other figures featuring stylized versions of selected presidential candidates.

We expect these categories and the properties they encompass to evolve over time as current content becomes classic evergreen and as new forms of pop culture content emerge. In addition, while the percentage of sales attributable to our classic evergreen properties has been between approximately 42% and 49% over the past three years, it may fluctuate in any given year based on the number and popularity of new content releases.

Product Design and Development

We believe our creative product designs and nimble speed to market are key reasons why content providers trust us with their properties and consumers passionately engage with our brands and products. We leverage our creative, art and sculpting teams to design and develop products in-house from inception to production. Our creative team layers our whimsical, fun and unique style onto the content we license to create product designs that resonate with consumers. Our creative team is passionate about pop culture, and we have a strong pipeline of talent given our culture and the opportunity we provide to work with the most relevant pop culture content. Our designers often work collaboratively with content providers in advance of new content releases to create unique, stylized products to maximize the value of their properties and, in some cases, the input we have provided has influenced the content provider's creative choices for their original content.

Our product development team oversees all aspects of new product development in order to ensure a timely product design and development process, including submitting the initial design to the content provider for approval, developing the product prototype, receiving final content provider approval and coordinating manufacturing with our third-party manufacturer. Our flexible and low-fixed cost production model enables us to move from product design of a figure to the store shelf in as few as 70 days and typically between 110 and 200 days, with a minimal upfront investment for most figures of $5,000 to $7,500 in tooling, molds and internal design costs. Because of the strength of our in-house creative team, we are able to move from product design to pre-selling a new product in as few as 24 hours. This ability, coupled with the valuable data insights we have developed over the past decade and the increasing use of repeated franchise properties by content providers, reduces potential product risk to us.

Manufacturing and Materials

Our products are produced by third-party manufacturers primarily in China and Vietnam, which we choose on the basis of performance, capacity, capability and price. We also manufacture or assemble certain apparel and other products in the United States and Mexico. The use of third-party manufacturers enables us to avoid incurring fixed manufacturing costs, while maximizing flexibility, capacity and capability. Though our manufacturing base has diversified over time as we have grown our sales and expanded our product offerings, we have historically concentrated production with a small number of manufacturers and factories as part of a continuing effort to monitor quality, reduce manufacturing costs and ensure speed to market. In the case of most of the factories in which our products are manufactured, our products represent a significant percentage of each factory's total capacity, which we believe provides us greater flexibility in supply chain management. We do not have long-term contracts with our manufacturers. We believe that alternative sources of supply are available to us although we cannot be assured that we can obtain adequate supplies of manufactured products on a timely basis or at all.

We base our production schedules for products on our internal forecasts, taking into account historical trends of similar products and properties, current market information and communications with customers. The accuracy of our forecasts is affected by consumer acceptance of our products, which is based on the strength of the underlying licensed property, the strength of competing products, the marketing strategies of retailers, changes in buying patterns of both our retail customers and our consumers, and overall economic conditions. Unexpected changes in these factors could result in a lack of product availability or excess inventory of a particular product.

Although we do not conduct the day-to-day manufacturing of our products, we are responsible for designing both the product and the packaging. We seek to ensure quality control by actively reviewing the product, both in-house and via image at multiple stages in development and sample finished goods to validate the quality control process. In addition to quality control testing, safety testing of our products is done by independent third-party testing laboratories.

While we purchase finished products from our manufacturers, the cost of our products is impacted by the cost of labor, as well as the cost of the principal raw materials used in the production and sale of our products, including vinyl, fabric, ceramics and plastics. All of these materials are readily available but may be subject to significant fluctuations in price. Although we do not manufacture our products, we own most of the tools and molds used in the manufacturing process, and generally these are transferable among manufacturers if we choose to employ alternative manufacturers.

Sales

We sell our products to a diverse network of customers throughout the world. Domestically, we sell our products to specialty retailers, mass-market retailers and e-commerce sites. Our key retail partners in the United States include Amazon, GameStop, Hot Topic, Target and Walmart. We also plan to target new or underdeveloped sales channels, including dollar, drug, grocery and convenience stores. Internationally, we sell our products directly to similar retailers, primarily in Europe, through our subsidiary Funko UK, Ltd. Our key international retail customers include Micromania, E.M.P. Merchandising and Smyths Toys.

In addition to retailers, we also sell our products to distributors for sale to small retailers in the United States and in certain countries internationally, typically where we do not currently have a direct presence. We also sell certain of our products directly to consumers through our e-commerce business and, to a lesser extent, at specialty licensing and comic book shows, conventions and exhibitions in cities throughout the United States, including at Comic-Con events. Our direct-to-consumer sales accounted for approximately 6% of both our 2017 and 2016 net sales. Though our direct-to-consumer efforts have historically represented a small portion of our net sales, we intend to increase these efforts in the future.

We believe we have a diverse customer base, with our top ten customers representing approximately 45%, 63%, 62% and 60% of our 2017, 2016, Successor 2015 Period and Predecessor 2015 Period sales, respectively. GameStop represented approximately 8%, 12%, 12% and 11% of our 2017, 2016, Successor 2015 Period and Predecessor 2015 Period sales, respectively. Additionally, Underground Toys Limited represented approximately 8%, 18% and 10% of our 2016, Successor 2015 Period and Predecessor 2015 Period sales, respectively, prior to our acquisition of Underground Toys Limited in January 2017 (the “Underground Toys Acquisition”). Hot Topic represented approximately 9%, 9%, 8% and 11% of our 2017, 2016, Successor 2015 Period and Predecessor 2015 Period sales, respectively. Other than GameStop, Underground Toys Limited and Hot Topic, no single customer represented more than 10% of our sales during the same periods.

We maintain a full-time sales staff, many of whom make on-site visits to our customers for the purpose of showing products and soliciting orders. Many of our retail customers view us as experts in pop culture and, in some cases, we help manage their growing pop culture category within their stores, providing a curated experience by catering to their particular customer bases. For example, we can curate products based on Dr. Seuss and Harry Potter books for Barnes & Noble, and gaming-based products, such as Fallout and Overwatch, for GameStop. We believe this creates a mutually beneficial relationship between us and our retail customers by providing us with an opportunity to enhance the productivity of the pop culture category within their stores, which may also result in expanded shelf space for our products. In addition to our full-time sales staff, we also retain a number of independent sales representatives to sell and promote our products both domestically and internationally.

We sell our products to our customers with payment terms typically varying from 30 to 90 days. As discussed above, we contract the manufacture of most of our products to third-party unaffiliated manufacturers primarily located in China, Vietnam and Mexico and ship those products to our warehouse facilities in the United States and the United Kingdom. While most of our sales originate in the United States and the United Kingdom from inventory we hold in our warehouses, certain of our customers may from time to time take title to our products upon shipment from the factory or at the port.

We establish reserves for sales allowances, including promotional and other allowances, at the time of sale. The reserves are determined as a percentage of sales based upon either historical experience or upon estimates or programs agreed upon by our customers and us. As of December 31, 2017 and 2016, we had reserves for sales allowances of $4.6 million and $4.5 million, respectively.

Marketing

The desire for people to connect with their favorite movies, TV shows, video games, music, sports and other passions is global. Because of this desire, which is fueled by the proliferation of online consumer access, we have experienced significant growth in brand penetration in recent years. We believe that our expansive retailer presence, industry-leading engagement rates across our owned channels, and devout fan base create unique opportunities to re-engage and remind consumers to purchase our products.

Funko has established a significant social media presence, using channels such as Facebook, Twitter, Instagram and YouTube. We have continued to look for ways to provide our consumers with what we believe is industry-leading engagement through our variety of owned channels. In January 2018, our YouTube channel hosted its highest month ever with over 6 million minutes in viewing time. In November 2017, we acquired A Large Evil Corporation Ltd. ("A Large Evil Corporation Acquisition") now renamed Funko Animation Studios, to produce proprietary online videos and other media content to showcase our products and globally-recognizable licenses.

We also engage with our consumers through online fan pages, including Funko Fanatics, which are run by our fans and our active blog. We intend to continue to expand our reach through different social media outlets, our websites and internet-based advertising.

This deep connection with our consumers allows us to communicate quickly with a large number of fans and we believe will also help us grow our own e-commerce business. This deep connection with our consumers also creates a unique opportunity for established retailers to increase their own store traffic by featuring our products. We frequently co-market our products across the largest retailers, both online and in-store, including Amazon, Wal-Mart, Target and GameStop. Many of these retailers join with us to release exclusive products only available to fans at their locations.

In addition to our social media reach, our brand cultivates a strong and authentic core of users in part because of our commitment to interact directly with our fans at specialty licensing and comic book shows, conventions and exhibits, including Comic-Con events across the United States, many of which draw over 100,000 attendees.

In August 2017, we opened a flagship retail store location at our headquarters in Everett, Washington. We opened this one-of-a-kind location to showcase our products and brands, to demonstrate retail merchandising for our retail customers, and to serve as a unique destination and experience for our fans of all ages.

Competition

We are a worldwide leader in the design, manufacture and marketing of licensed pop culture products, in a highly competitive industry. We compete with toy companies in many of our product categories, some of which have substantially more resources than us, stronger name recognition, longer operating histories and benefit from greater economies of scale. We also increasingly compete with large toy companies for shelf space at leading mass market and other retailers. We also compete with numerous smaller domestic and foreign collectible product designers and manufacturers in each of our product categories. Our competitive advantage is based primarily on the creativity and quality of the design of our products and their perceived value, our price points, our license portfolio and our ability to bring new products to market quickly.

We produce most of our products under trademarks and copyrights that we own, utilizing the intellectual property of our licensors. Certain of our licensors have reserved the rights to manufacture, distribute and sell identical or similar products. Some of these products could directly compete with our products and could be sold to our customers or directly to consumers at lower prices than those at which our products are sold.

Although we believe we have one of the largest portfolios of licensed content in the pop culture industry, with strong relationships with many of our licensors, we must vigorously compete to obtain these licenses from leading content providers on commercially reasonable terms, and to expand our license rights into additional licensed product categories. This competition is based primarily on the creativity of our product designs, our ability to bring new products to market quickly, our ability to increase fan engagement, the breadth of our sales channels and the quality of our products. See Item 1A, "Risk Factors."

Intellectual Property

We believe that our trademarks, copyrights and other intellectual property rights have significant value and are important to the marketing of our brand and the favorable perception of our products. As of December 31, 2017, we owned approximately 34 registered U.S. trademarks, 105 registered international trademarks, 12 pending U.S. trademark applications and 21 pending international trademark applications. Most of our products are produced and sold under trademarks owned by or licensed to us. We register many of our trademarks related to our brands and seek protection under the trademark and copyright laws of the United States and other countries where our

products are produced or sold. These intellectual property rights can be significant assets. Accordingly, while we believe we are sufficiently protected, the failure to obtain or the loss of some of these rights could have an adverse effect on our business, financial condition and results of operations. See Item 1A, “Risk Factors.”

Government Regulation

Our products sold in the United States are subject to the provisions of the Consumer Product Safety Act (“CPSA”), the Federal Hazardous Substances Act (“FHSA”), the Consumer Product Safety Improvement Act of 2008 (“CPSIA”) and the Flammable Fabrics Act (“FFA”), and the regulations promulgated pursuant to such statutes. These statutes and the related regulations ban from the market any consumer products that fail to comply with applicable product safety laws, regulations, and standards. The Consumer Product Safety Commission may require the recall, repurchase, replacement, or repair of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. Similar laws exist in some U.S. states and our products sold worldwide are subject to the provisions of similar laws and regulations in many jurisdictions, including Canada, Australia, Europe and Asia.

We maintain a quality control program to help ensure compliance with applicable product safety requirements. We use independent third-party laboratories that employ testing and other procedures intended to maintain compliance with the CPSA, the FHSA, the CPSIA, the FFA, other applicable domestic and international product standards, as well as our own standards and those of some of our larger retail customers and licensors. Nonetheless, there can be no assurance that our products are or will be hazard free, and we may in the future experience issues in products that result in recalls, withdrawals, or replacements of products. A product recall could have a material adverse effect on our results of operations and financial condition, depending on the product affected by the recall and the extent of the recall efforts required. A product recall could also negatively affect our reputation and the sales of other Funko products. See Item 1A, “Risk Factors.”

We are subject to various other federal, state, local and international laws and regulations applicable to our business, including export controls, and have established processes for compliance with these laws and regulations.

Employees

As of December 31, 2017, we employed 586 full-time employees and two part-time employees. We employed 429 people in the United States and 159 people in Europe. None of our employees are represented by a labor union or are party to a collective bargaining agreement, and we have had no labor-related work stoppages. We believe that we have good relationships with our employees.

Seasonality

While our customers in the retail industry typically operate in highly seasonal businesses, we have historically experienced only moderate seasonality in our business. For the years ended December 31, 2017, 2016 and 2015, approximately 60.5%, 58.7% and 64.6%, respectively, of our net sales were made in the third and fourth quarters, as our customers build up their inventories in anticipation of the holiday season. Generally, the first quarter of the year represents the lowest volume of shipments and sales in our business and in the retail and toy industries generally, and it is also the least profitable quarter due to the various fixed costs of the business. However, the rapid growth we have experienced in recent years may have masked the full effects of seasonal factors on our business to date, and as such, seasonality may have a greater effect on our results of operations in future periods. See Item 1A, “Risk Factors.”

Executive Officers of the Registrant and Board of Directors

The following table provides information regarding our executive officers and members of our board of directors (ages as of March 16, 2018):

Name	Age	Position(s)
Brian Mariotti	50	Chief Executive Officer, Director
Russell Nickel	43	Chief Financial Officer
Andrew Perlmutter	40	President
Tracy Daw	52	Senior Vice President, General Counsel and Secretary
Ken Brotman	52	Chairman of the Board of Directors
Gino Dellomo	39	Director
Charles Denson	61	Director
Diane Irvine	59	Director
Adam Kriger	51	Director
Richard McNally	62	Director

Executive Officers

Brian Mariotti has served as Funko, Inc.'s Chief Executive Officer and as a member of Funko, Inc.'s board of directors since its formation in April 2017, as the Chief Executive Officer of FAH, LLC and as a member of FAH, LLC's board of directors since October 2015, and as Chief Executive Officer of FHL and as a member of FHL's board of directors since May 2013. Mr. Mariotti has also served as Chief Executive Officer of Funko, LLC since he acquired the business with a small group of investors in 2005. We believe Mr. Mariotti's knowledge of the pop culture industry and many years of experience as our Chief Executive Officer make him well-qualified to serve as a member of our board of directors.

Russell Nickel has served as Funko, Inc.'s Chief Financial Officer since its formation in April 2017, and as the Chief Financial Officer and Secretary of FAH, LLC since October 2013. Mr. Nickel was Vice President of Finance at ClipCard from May 2013 until October 2013, and the Institute for Corporate Productivity (i4cp) from 2011 until 2013, where he was responsible for all finance, accounting, and legal matters. Before joining i4cp, Mr. Nickel held various senior finance and accounting positions in other companies and also worked in public accounting, including as an Audit Manager at KPMG, LLP. Mr. Nickel received a B.A. in Accounting from the University of Washington.

Andrew Perlmutter has served as the President of Funko, Inc. and FAH, LLC since October 2017. Mr. Perlmutter was the Senior Vice President of Sales of FAH, LLC from June 2013 until October 2017. Prior to that, he was a co-founder of Bottle Rocket Collective, a board and travel games company, where he oversaw product manufacturing and sales from December 2012 until December 2013. Prior to that, he was a National Account Manager at The Wilko Group from August 2001 until December 2012, where he managed sales to a variety of major mass-market, specialty and online retailers. Mr. Perlmutter received a B.A. in Interpersonal Communications from Southern Illinois University.

Tracy Daw has served as Funko, Inc.'s Senior Vice President, General Counsel and Secretary since its formation in April 2017, and as the Senior Vice President and General Counsel of FAH, LLC since July 2016. Mr. Daw served as the General Counsel of INRIX, Inc. from April 2012 until July 2016, where he was responsible for global legal affairs, with emphasis on corporate and intellectual property matters. He also previously served in various roles at RealNetworks, Inc. from February 2000 until April 2012, including as Senior Vice President, Chief Legal Officer and Corporate Secretary, where he managed the company's global legal affairs and corporate development efforts. From 1990 to 2000, Mr. Daw was a member of the law firm of Sidley Austin LLP, where he was a partner. Mr. Daw received a J.D. from the University of Michigan Law School and a B.S. in Industrial and Labor Relations from Cornell University.

Directors

Ken Brotman has served on the board of directors of Funko, Inc. since its formation in April 2017, and on the board of directors of FAH, LLC since October 2015. Mr. Brotman is a Founder and Managing Partner at ACON Investments, which he co-founded in 1996. Before that, Mr. Brotman was a partner at Veritas Capital, Inc. from 1993 until 1996, and, between 1987 and 1993, held positions at various private equity firms including Bain Capital and Wasserstein Perella Management Partners. Mr. Brotman has served on the board of directors of various ACON Investments portfolio companies since 1997 including several in the retail and consumer products sectors. Mr. Brotman received an M.B.A. from Harvard Business School and a B.S. in Economics from The Wharton School of the University of Pennsylvania. We believe Mr. Brotman's extensive private equity investment and company strategy and oversight experience and background with respect to acquisitions, debt financings and equity financings makes him well-qualified to serve as a member and as the chairman of our board of directors.

Gino Dellomo has served on the board of directors of Funko, Inc. since its formation in April 2017, and on the board of directors of FAH, LLC since October 2015. Mr. Dellomo is a Director at ACON Investments, which he joined in October 2006. Since October 2006, he has also served on the board of directors of various ACON Investments portfolio companies. Between 2001 and 2006, Mr. Dellomo held various positions at various investment banks, including Deutsche Bank Securities, Inc., FBR Capital Markets & Co. and MCG Capital Corp. Mr. Dellomo received a B.S. in Finance from Georgetown University. We believe Mr. Dellomo's private equity investment and company oversight experience and background with respect to acquisitions, debt financings and equity financings makes him well-qualified to serve as a member of our board of directors.

Charles Denson has served on the board of directors of Funko, Inc. since its formation in April 2017, and on the board of directors of FAH, LLC since June 2016. Mr. Denson has served as the President and Chief Executive Officer of Anini Vista Advisors, an advisory and consulting firm, since March 2014. From February 1979 until January 2014, Mr. Denson held various positions at NIKE, Inc., where he was appointed to several management roles, including, in 2001, President of the NIKE Brand, a position he held until January 2014. Mr. Denson also serves on the board of directors of the Naismith Memorial Basketball Hall of Fame, Inc. Mr. Denson serves on the board of directors of several privately held organizations. Mr. Denson received a B.A. in Business from Utah State University. We believe Mr. Denson's extensive experience in brand building, brand management and organizational leadership in the public company context makes him well-qualified to serve on our board of directors.

Diane Irvine has served on the board of directors of Funko, Inc. and FAH, LLC since August 2017. Ms. Irvine previously served as Chief Executive Officer of Blue Nile, Inc., an online retailer of diamonds and fine jewelry, from February 2008 until November 2011, as President from February 2007 until November 2011, and as Chief Financial Officer from December 1999 until September 2007. From February 1994 until May 1999, Ms. Irvine served as Vice President and Chief Financial Officer of Plum Creek Timber Company, Inc., and from September 1981 until February 1994, she worked at accounting firm Coopers & Lybrand LLP in various capacities, most recently as partner. Ms. Irvine currently serves on the boards of directors of XO Group Inc. (on whose board she has served since November 2014), Yelp Inc. (on whose board she has served since September 2011), and D.A. Davidson & Co. (on whose board she has served since January 2018), and previously served on the boards of directors of Rightside Group Ltd. from August 2014 until July 2017, CafePress, Inc. from July 2012 until May 2015, and Blue Nile, Inc. from May 2001 until November 2011. Ms. Irvine received an M.S. in Taxation and a Doctor of Humane Letters from Golden Gate University, and a B.S. in Accounting from Illinois State University. We believe Ms. Irvine's extensive public company management experience and financial expertise make her well-qualified to serve on our board of directors.

Adam Kriger has served on the board of directors of Funko, Inc. since its formation in April 2017, and on the board of directors of FAH, LLC since June 2016. Mr. Kriger is an Executive Partner at ACON Investments, which he joined in August 2017. Before that, Mr. Kriger served as the Senior Vice President of Global Strategy for McDonald's Corporation from December 2001 until March 2015. He also previously served as the Senior Vice President of Global Strategy for Starwood Hotels & Resorts Worldwide from 1998 until 1999, and as the Vice President of Strategy and Development for The Walt Disney Company from 1988 until 1990, and then again from 1992 until 1998. Mr. Kriger serves on the boards of several non-profit organizations and private companies. Mr. Kriger received an M.B.A. from Harvard Business School and a B.A. in Quantitative Economics from Stanford University. We believe Mr. Kriger's extensive strategic, risk management and organizational leadership experience in the public company context make him well-qualified to serve on our board of directors.

Richard McNally has served on the board of directors of Funko, Inc. since its formation in April 2017, on the board of directors of FAH, LLC since October 2015, and on the Board of Directors of FHL since May 2013, when he also served as Chairman of the Board. Mr. McNally was a founding investor in Fundamental, where he was an Operating Partner from 2003 to 2005 and has been a Partner since 2006. From 1999 until 2005, Mr. McNally held several consulting, advisory and executive roles. From 1994 until 1998, Mr. McNally served as the President of Armani Exchange and, from 1981 until 1993, held various management roles with The Gap, including Executive Vice president of its Banana Republic Division. Since 2008, Mr. McNally has served on the board of directors of various Fundamental portfolio companies and non-profit organizations. Mr. McNally received a B.A. in History and Latin American Studies from Princeton University. We believe Mr. McNally's extensive brand- building, organizational leadership and private equity investment experience makes him well-qualified to serve on our board of directors.

Segment and Geographic Information

We identify our reportable segments according to how the business activities are managed and evaluated, for which discrete financial information is available and is regularly reviewed by our Chief Operating Decision Maker ("CODM") to allocate resources and assess performance. Because our CODM reviews financial performance and allocates resources at a consolidated level on a regular basis, we have one reportable segment.

For more information regarding our segment and for financial information by geographic area, see Note 13, Segments of the notes to our consolidated financial statements.

Our History

Funko, Inc. was formed as a Delaware corporation on April 21, 2017 for the purpose of completing our IPO. FAH LLC, a holding company with no operating assets or operations, was formed on September 24, 2015. On October 30, 2015, ACON Funko Investors, L.L.C., through FAH, LLC and the ACON Acquisition, acquired a controlling interest in FHL, which is also a holding company with no operating assets or operations. FAH, LLC owns 100% of FHL and FHL owns 100% of Funko, LLC, which is its operating entity.

Available Information

Our Internet address is www.funko.com. At our Investor Relations website, www.investor.funko.com, we make available free of charge a variety of information for investors, including:

- our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file that material with or furnish it to the SEC;
- press releases on quarterly earnings, product and service announcements, events and legal developments;
- corporate governance information including our corporate governance guidelines, codes of conduct and ethics and committee charters;
- other news and announcements that we may post from time to time that investors might find useful or interesting; and
- opportunities to sign up for email alerts and RSS feeds to have information pushed in real time.

The information found on our website is not part of this or any other report we file with, or furnish to, the SEC.

ITEM 1A. RISK FACTORS

Our business faces significant risks and uncertainties. Certain important factors may have a material adverse effect on our business prospects, financial condition and results of operations, and they should be carefully considered. Accordingly, in evaluating our business, we encourage you to consider the following discussion of risk factors, in its entirety in addition to other information contained in or incorporated by reference into this Annual Report on Form 10-K and our other public filings with the SEC. Other events that we do not currently anticipate or that we currently deem immaterial may also affect our business, prospects, financial condition and results of operations.

Risks Related to Our Business

Our success depends on our ability to execute our business strategy.

Our net sales and profitability have grown rapidly in recent periods; however, this should not be considered indicative of our future performance. Our future growth, profitability and cash flows depend upon our ability to successfully execute our business strategy, which is dependent upon a number of factors, including our ability to:

- expand our market presence in existing sales channels and enter additional sales channels;
- anticipate, gauge and respond to rapidly changing consumer preferences and pop culture trends;
- acquire or enter into new licenses in existing product categories or in new product categories;
- expand our geographic presence to take advantage of opportunities outside of the United States;
- enhance and maintain favorable brand recognition for our Company and product offerings;
- maintain and expand margins through sales growth and efficiency initiatives;
- effectively manage our relationships with third-party manufacturers;
- effectively manage our debt, working capital and capital investments to maintain and improve the generation of cash flow; and
- execute any acquisitions quickly and efficiently and integrate businesses successfully.

There can be no assurance that we can successfully execute our business strategy in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term costs without generating any current sales or countervailing cost savings and, therefore, may be dilutive to our earnings, at least in the short term. In addition, we may decide to divest or discontinue certain brands or products or streamline operations and incur other costs or special charges in doing so. We may also decide to discontinue certain programs or sales to certain retailers based on anticipated strategic benefits. The failure to realize the anticipated benefits from our business strategy could have a material adverse effect on our prospects, business, financial condition and results of operations.

Our business is dependent upon our license agreements, which involve certain risks.

Products from which we generate substantially all of our net sales are produced under license agreements which grant us the right to use certain intellectual property in such products. These license agreements typically have short terms (between two and three years), are not automatically renewable, and, in some cases, give the licensor the right to terminate the license agreement at will. Our license agreements typically provide that our licensors own the intellectual property rights in the products we design and sell under the license, and as a result, upon termination of the license, we would no longer have the right to sell these products, while our licensors could engage a competitor to do so. We believe our ability to retain our license agreements depends, in large part, on the strength of our relationships with our licensors. Any events or developments adversely affecting those relationships, or the loss of one or more members of our management team, particularly our Chief Executive Officer, could adversely affect our ability to maintain and renew our license agreements on similar terms or at all. Our top ten licensors collectively accounted for approximately 72%, 77% and 81% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. Moreover, while we have separate licensing arrangements with Disney, LucasFilm and Marvel, these parties are all under common ownership and collectively

these licensors accounted for approximately 33%, 31% and 45% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. The termination or lack of renewal of one or more of our license agreements, or the renewal of a license agreement on less favorable terms, could have a material adverse effect on our business, financial condition and results of operations. While we may enter into additional license agreements in the future, the terms of such license agreements may be less favorable than the terms of our existing license agreements.

Our license agreements are complex, and typically grant our licensors the right to audit our compliance with the terms and conditions of such agreements. Any such audit could result in a dispute over whether we have paid the proper royalties, which could require us to pay additional royalties, and the amounts involved could be material. For example, as of December 31, 2017, we had a reserve of $5.0 million on our balance sheet related to ongoing and future royalty audits. In addition to royalty payments, these agreements as a whole impose numerous other obligations on us, including obligations to, among other things:

- maintain the integrity of the applicable intellectual property;
- obtain the licensor's approval of the products we develop under the license prior to making any sales;
- permit the licensor's involvement in, or obtain the licensor's approval of, advertising, packaging and marketing plans;
- maintain minimum sales levels or make minimum guaranteed royalty payments;
- actively promote the sale of the licensed product and maintain the availability of the licensed product throughout the license term;
- spend a certain percentage of our sales of the licensed product on marketing and advertising for the licensed product;
- sell the products we develop under the license only within a specified territory or within specified sales channels;
- indemnify the licensor in the event of product liability or other claims related to the licensed product and advertising or other materials used to promote the licensed product;
- obtain the licensor's approval of the retail price of the licensed products;
- sell the licensed products to the licensor at a discounted price or at the lowest price charged to our customers;
- obtain the licensor's consent prior to assigning or sub-licensing to third parties; and
- provide notice to the licensor or obtain its approval of certain changes in control.

If we breach any of these obligations or any other obligations set forth in any of our license agreements, we could be subject to monetary penalties and our rights under such license agreements could be terminated, either of which could have a material adverse effect on our business, financial condition and results of operations.

Our success is also partially dependent on the reputation of our licensors and the goodwill associated with their intellectual property, and the ability of our licensors to protect and maintain the intellectual property rights that we use in connection with our products, all of which may be harmed by factors outside our control. See also "If we are unable to obtain, maintain and protect our intellectual property rights, in particular trademarks and copyrights, or if our licensors are unable to maintain and protect their intellectual property rights that we use in connection with our products, our ability to compete could be negatively impacted."

As a purveyor of licensed pop culture consumer products, we cannot assure you that we will be able to design and develop products that will be popular with consumers, or that we will be able to maintain the popularity of successful products.

The interests of consumers evolve extremely quickly and can change dramatically from year to year. To be successful we must correctly anticipate both the products and the movies, TV shows, video games, music, sports and other content releases (including the related characters), that will appeal to consumers and quickly develop

and introduce products that can compete successfully for consumers' limited time, attention and spending. Evolving consumer tastes and shifting interests, coupled with an ever changing and expanding pipeline of consumer products and content that compete for consumers' interest and acceptance, create an environment in which some products and content can fail to achieve consumer acceptance, while others can be popular during a certain period of time but then be rapidly replaced. As a result, consumer products, particularly those based on pop culture such as ours, can have short life cycles. In addition, given the growing market for digital products and the increasingly digital nature of pop culture, there is also a risk that consumer demand for physical products may decrease over time. If we devote time and resources to developing and marketing products that consumers do not find appealing enough to buy in sufficient quantities of our products to be profitable to us, our sales and profits may decline, and our business performance may be damaged. Similarly, if our product offerings fail to correctly anticipate consumer interests, our sales and earnings will be adversely affected.

Additionally, our business is increasingly global and depends on interest in and acceptance of our products and our licensors' brands by consumers in diverse markets around the world with different tastes and preferences. As such, our success depends on our ability to successfully predict and adapt to changing consumer tastes and preferences in multiple markets and geographies and to design products that can achieve popularity globally over a broad and diverse consumer audience. There is no guarantee that we will be able to successfully develop and market products with global appeal.

Consumer demand for pop culture products can and does shift rapidly and without warning. As a result, even if our product offerings are initially successful, there can be no guarantee that we will be able to maintain their popularity with consumers. Accordingly, our success will depend, in part, on our ability to continually design and introduce new products that consumers find appealing. To the extent we are unable to do so, our sales and profitability will be adversely affected. This is particularly true given the concentration of our sales under certain of our brands, particularly Pop!. Sales of our Pop! branded products accounted for approximately 70%, 64% and 75% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. If consumer demand for our Pop! branded products were to decrease, our business, financial condition and results of operations could be adversely affected unless we were able to develop and market additional products that were successful in achieving a similar level of consumer acceptance and that generated an equivalent amount of net sales at a comparable gross margin, which there is no guarantee we would be able to do.

Changes in the retail industry and markets for consumer products affecting our retail customers or retailing practices could negatively impact our business, financial condition and results of operations.

Our products are primarily sold to consumers through retailers that are our direct customers or customers of our distributors. As such, changes in the retail industry can negatively impact our business, financial condition and results of operations.

Due to the challenging environment for traditional "brick-and-mortar" retail locations caused by declining in-store traffic, many retailers are closing physical stores, and some traditional retailers are engaging in significant reorganizations, filing for bankruptcy and going out of business. For example, in September 2017, Toys "R" Us, Inc. and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code, and in March 2018, Toys "R" Us, Inc. announced the wind down of its U.S. operations and the potential insolvency proceedings of certain of its subsidiaries. Toys "R" Us, Inc. accounted for approximately 3.4%, 3.4% and 2.8% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. In addition to furthering consolidation in the retail industry, such a trend could have a negative effect on the financial health of our retail customers and distributors, potentially causing them to experience difficulties in fulfilling their payment obligations to us or our distributors, reduce the amount of their purchases, seek extended credit terms or otherwise change their purchasing patterns, alter the manner in which they promote our products or the resources they devote to promoting and selling our products or cease doing business with us or our distributors. If any of our retail customers were to file for bankruptcy, we could be unable to collect amounts owed to us and could even be required to repay certain amounts paid to us prior to the bankruptcy filing. The occurrence of any of these events would have an adverse effect on our business, cash flows, financial condition and results of operations.

If we do not effectively maintain and further develop our relationships with retail customers and distributors, our growth prospects, business and results of operations could be harmed.

Historically, substantially all of our net sales have been derived from our retail customers and distributors, upon which we rely to reach the consumers who are the ultimate purchasers of our products. In the United States, we primarily sell our products directly to specialty retailers, mass-market retailers and e-commerce sites. In international markets, we sell our products directly to similar retailers, primarily in Europe, through our subsidiary Funko UK, Ltd. We also sell our products to distributors for sale to retailers in the United States and in certain countries internationally, typically in those countries in which we do not currently have a direct presence. Our top ten customers represented approximately 45%, 63% and 60% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. GameStop, represented approximately 8% of our sales for the years ended December 31, 2017 and 12% of our sales for each of the years ended December 31, 2016 and 2015. Hot Topic represented approximately 9%, 9% and 10% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively.

We depend on retailers to provide adequate and attractive space for our products and point of purchase displays in their stores. We further depend on our retail customers to employ, educate and motivate their sales personnel to effectively sell our products. If our retail customers do not adequately display our products or choose to promote competitors' products over ours, our sales could decrease, and our business could be harmed. Similarly, we depend on our distributors to reach retailers in certain market segments in the United States and to reach international retailers in countries where we do not have a direct presence. Our distributors generally offer products from several different companies, including our competitors. Accordingly, we are at risk that these distributors may give higher priority to selling other companies' products. If we were to lose the services of a distributor, we might need to find another distributor in that area, and there can be no assurance of our ability to do so in a timely manner or on favorable terms.

In addition, our business could be adversely affected if any of our retail customers or distributors were to reduce purchases of our products. Our retail customers and distributors generally build inventories in anticipation of future sales and will decrease the size of their future product orders if sales do not occur as rapidly as they anticipate. Our customers make no long-term commitments to us regarding purchase volumes and can therefore freely reduce their purchases of our products. Any reduction in purchases of our products by our retail customers and distributors, or the loss of any key retailer or distributor, could adversely affect our net sales, operating results and financial condition.

Furthermore, consumer preferences have shifted, and may continue to shift in the future, to sales channels other than traditional retail, including e-commerce, in which we have more limited experience, presence and development. Consumer demand for our products may be less in these channels than in traditional retail channels. In addition, our entry into new product categories and geographies has exposed, and may continue to expose, us to new sales channels in which we have less expertise. If we are not successful in developing our e-commerce channel and other new sales channels, our net sales and profitability may be adversely affected.

Our industry is highly competitive and the barriers to entry are low. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could decline.

Our industry is, and will continue to be, highly competitive. We compete with toy companies in many of our product categories, some of which have substantially more resources than us, stronger name recognition, longer operating histories and greater economies of scale. We also compete with numerous smaller domestic and foreign collectible product designers and manufacturers. Across our business, we face competitors who are constantly monitoring and attempting to anticipate consumer tastes and trends, seeking ideas which will appeal to consumers and 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 our industry are low, and the increasing use of digital technology, social media and the internet to spark 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 can gain access to retail customers and consumers and become a significant source of competition for our products in a very short period of time. Additionally, since we do not have exclusive rights to any of the properties we license or the related entertainment brands, our competitors, including those with more resources and greater economies of scale, can obtain licenses to design and sell products based on

the same properties that we license, potentially on more favorable terms. Any of these competitors may be able to bring new products to market more quickly, respond more rapidly than us to changes in consumer preferences and produce products of higher quality or that can be sold at more accessible price points. To the extent our competitors' products achieve greater market acceptance than our products, our business, financial condition and results of operations will be adversely affected.

In addition, certain of our licensors have reserved the rights to manufacture, distribute and sell identical or similar products to those we design and sell under our license agreements. These products could directly compete with our products and could be sold at lower prices than those at which our products are sold, resulting in higher margins for our customers compared to our products, potentially lessening our customers' demand for our products and adversely affecting our sales and profitability.

Furthermore, competition for access to the properties we license is intense, and we must vigorously compete to obtain licenses to the intellectual property we need to produce our products. This competition could lessen our ability to secure, maintain, and renew our existing licenses, or require us to pay licensors higher royalties and higher minimum guaranteed payments in order to obtain new licenses or retain our existing licenses. To the extent we are unable to license properties on commercially reasonable terms, or on terms at least as favorable as our competitors, our competitive position and demand for our products will suffer. Because our ability to compete for licensed properties is based largely on our ability to increase fan engagement and generate royalty revenues for our licensors, any reduction in the demand for and sales of our products will further inhibit our ability to obtain licenses on commercially reasonable terms or at all. As a result, any such reduction in the demand for and sales of our products could have a material adverse effect on our business, financial condition and results of operations.

We also increasingly compete with toy companies and other product designers for shelf space at specialty, mass-market and other retailers. Our retail customers will allocate shelf space and promotional resources based on the margins of our products for our customers, as well as their sales volumes. If toy companies or other competitors produce higher margin or more popular merchandise than our products, our retail customers may reduce purchases of our products and, in turn, devote less shelf space and resources to the sale of our products, which could have a material adverse effect on our sales and profitability.

We have experienced rapid growth in recent periods. If we fail to manage our growth effectively, our financial performance may suffer.

We have experienced rapid growth over the last several years, which has placed a strain on our managerial, operational, product design and development, sales and marketing, administrative and financial infrastructure. For example, we increased our total number of full-time employees from 66 as of December 31, 2013 to 586 as of December 31, 2017. As a result of the Underground Toys Acquisition in January 2017, we now have distribution operations in the United Kingdom, our first distribution center outside of our headquarters in Everett, Washington. In June 2017, with the Loungefly Acquisition, we added an additional distribution center in Chatsworth, California. Our success will depend in part upon our ability to manage our growth effectively. To do so, we must continue to increase the productivity of our existing employees and to hire, train and manage new employees as needed, which we may not be able to do successfully or without compromising our corporate culture. See "Our success is critically dependent on the efforts and dedication of our officers and other employees, and the loss of any one or more key employees, or our inability to attract and retain qualified personnel and maintain our corporate culture, could adversely affect our business." To manage domestic and international growth of our operations and personnel, we will need to continue to improve our product development, supply chain, financial and management controls and our reporting processes and procedures and implement more extensive and integrated financial and business information systems. These additional investments will increase our operating costs, which will make it more difficult for us to offset any future revenue shortfalls by reducing expenses in the short term. Moreover, if we fail to scale our operations or manage our growth successfully, our business, financial condition and operating results could be adversely affected.

Our gross margin may not be sustainable and may fluctuate over time.

Our gross margin has historically fluctuated, primarily as a result of changes in product mix, changes in our costs, price competition and acquisitions. For the years ended December 31, 2017, 2016 and 2015, our gross margins (exclusive of depreciation and amortization) were 38.5%, 34.3% and 35.7%, respectively. Our current gross

margin may not be sustainable, and our gross margin may decrease over time. A decrease in gross margin can be the result of numerous factors, including, but not limited to:

- changes in customer, geographic, or product mix;
- introduction of new products, including our expansion into additional product categories;
- increases in the royalty rates under our license agreements;
- inability to meet minimum guaranteed royalties;
- increases in, or our inability to reduce, our costs;
- entry into new markets or growth in lower margin markets;
- increases in raw materials, labor or other manufacturing- and inventory-related costs;
- increases in transportation costs, including the cost of fuel;
- increased price competition;
- changes in the dynamics of our sales channels, including those affecting the retail industry and the financial health of our customers;
- increases in sales discounts and allowances provided to our customers;
- acquisitions of companies with a lower gross margin than ours; and
- overall execution of our business strategy and operating plan.

If any of these factors, or other factors unknown to us at this time, occur, then our gross margin could be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is largely dependent on content development and creation by third parties.

We spend considerable resources in designing and developing products in conjunction with planned movie, TV show, video game, music and other content releases by various third-party content providers. The timing of the development and release, and the ultimate consumer interest in and success of, such content depends on the efforts of these third parties, as well as conditions in the media and entertainment industry generally. We do not control when or if any particular project will be greenlit, developed or released, and the creators of such projects may change their plans with respect to release dates or cancel development altogether. This can make it difficult for us to successfully develop and market products in conjunction with a given content release, given the lead times involved in product development and successful marketing efforts. Additionally, unforeseen factors in the media and entertainment industry, including labor strikes and unforeseen developments with talent, including accusations of a star's wrongdoing, may also delay or cancel the release of such projects. Any such delay or cancellation may decrease the number of products we sell and harm our business.

We may not realize the full benefit of our licenses if the properties we license have less market appeal than expected or if sales from the products that use those properties are not sufficient to satisfy the minimum guaranteed royalties.

We seek to fulfill consumer preferences and interests by designing and selling products based on properties owned by third parties and licensed to us. The popularity of the properties we license can significantly affect our sales and profitability. If we produce products based on a particular content release, the success of the movie, TV show or video game has a critical impact on the level of consumer interest in the associated products we are offering. Although we license a wide variety of properties, sales of products tied to major movie franchises have been significant contributors to our business. In addition, the theatrical duration of movie releases has decreased over time and we expect this trend to continue. This may make it increasingly difficult for us to sell products based on such properties or lead our customers to reduce demand for our products to minimize inventory risk. If the performance of one or more of such movie franchises failed to meet expectations or if there was a shift in consumer tastes away from such franchises generally, our results of operations could be adversely affected. In addition, competition in our industry for access to licensed properties can lessen our ability to secure, maintain,

and renew our existing licenses on commercially reasonable terms, if at all, and to attract and retain the talented employees necessary to design, develop and market successful products based on these properties.

Our license agreements usually also require us to pay minimum royalty guarantees, which may in some cases be greater than what we are ultimately able to recoup from actual sales. When our licensing agreements require minimum royalty guarantees, we accrue a royalty liability based on the contractually required percentage, as revenues are earned. In the case that a minimum royalty guarantee is not expected to be met through sales, we will accrue up to the minimum amount required to be paid. For the years ended December 31, 2017, 2016 and 2015, we recorded reserves of $2.9 million, $0.3 million and $0.1 million, respectively, related to prepaid royalties we estimated would not be recovered through sales. 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 missing business opportunities for new licenses. Additionally, we have no guarantee that any particular property we license will translate into a successful product. Products tied to a particular content release may be developed and released before demand for the underlying content is known. The underperformance of any such product may result in reduced sales and operating profit for us.

Our success depends, in part, on our ability to successfully manage our inventories.

We must maintain sufficient inventory levels to operate our business successfully, but we must also avoid accumulating excess inventory, which increases working capital needs and lowers gross margin. We obtain substantially all of our inventory from third-party manufacturers located outside the United States and must typically order products well in advance of the time these products will be offered for sale to our customers. As a result, it may be difficult to respond to changes in consumer preferences and market conditions, which, for pop culture products, can change rapidly. If we do not accurately anticipate the popularity of certain products, then we may not have sufficient inventory to meet demand. Alternatively, if demand or future sales do not reach forecasted levels, we could have excess inventory that we may need to hold for a long period of time, write down, sell at prices lower than expected or discard. If we are not successful in managing our inventory, our business, financial condition and results of operations could be adversely affected.

We may also be negatively affected by changes in retailers' inventory policies and practices. As a result of the desire of retailers to more closely manage inventory levels, there is a growing trend to make purchases on a "just-in-time" basis. This requires us to more closely anticipate demand and could require us to carry additional inventory. Policies and practices of individual retailers may adversely affect us as well, including those relating to access to and time on shelf space, price demands, payment terms and favoring the products of our competitors. Our retail customers make no binding long-term commitments to us regarding purchase volumes and make all purchases by delivering purchase orders. Any retailer can therefore freely reduce its overall purchase of our products, including the number and variety of our products that it carries, and reduce the shelf space allotted for our products. If demand or future sales do not reach forecasted levels, we could have excess inventory that we may need to hold for a long period of time, write down, sell at prices lower than expected or discard. If we are not successful in managing our inventory, our business, financial condition and results of operations could be adversely affected.

An inability to develop and introduce products in a timely and cost-effective manner may damage our business.

Our sales and profitability depend on our ability to bring products to market to meet customer demands and before consumers begin to lose interest in a given property. There is no guarantee that we will 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' increasingly compressed shipping schedules and the seasonality of our business. Furthermore, our license agreements typically require us to obtain the licensor's approval of the products we develop under a particular license prior to making any sales, which can have the effect of delaying our product releases. Additionally, for products based on properties in our movie, TV show and video game categories, this risk may also be exacerbated by our need to introduce new products on a timeframe that corresponds with a particular content release. These time constraints may lead our customers to reduce their demand for these products in order to minimize their inventory risk. Moreover, unforeseen delays or difficulties in the development process, significant increases in the planned cost of

development, manufacturing delays 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 or, in some situations, may cause a product or new brand introduction to be discontinued.

If we are unable to obtain, maintain and protect our intellectual property rights, in particular trademarks and copyrights, or if our licensors are unable to maintain and protect their intellectual property rights that we use in connection with our products, our ability to compete could be negatively impacted.

Our intellectual property is a valuable asset of our business. As of December 31, 2017, we owned approximately 34 registered U.S. trademarks, 105 registered international trademarks, 12 pending U.S. trademark applications and 21 pending international trademark applications. The market for our products depends to a significant extent upon the value associated with our product design, our proprietary brands and the properties we license. Although certain of our intellectual property is registered in the United States and in several of the foreign countries in which we operate, there can be no assurances with respect to the rights associated with such intellectual property in those countries, including our ability to register, use, maintain or defend key trademarks and copyrights. We rely on a combination of trademark, trade dress, copyright and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property or other proprietary rights. However, these laws, procedures and restrictions provide only limited and uncertain protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated, including by counterfeiters and parallel importers. In addition, our intellectual property portfolio in many foreign countries is less extensive than our portfolio in the United States, and the laws of foreign countries, including many emerging markets in which our products are produced or sold, may not protect our intellectual property rights to the same extent as the laws of the United States. The costs required to protect our trademarks and copyrights may be substantial.

In addition, we may fail to apply for, or be unable to obtain, protection for certain aspects of the intellectual property used in or beneficial to our business. Further, we cannot provide assurance that our applications for trademarks, copyrights and other intellectual property rights will be granted, or, if granted, will provide meaningful protection. In addition, third parties have in the past and could in the future bring infringement, invalidity or similar claims with respect to any of our current trademarks and copyrights, or any trademarks or copyrights that we may seek to obtain in the future. Any such claims, whether or not successful, could be extremely costly to defend, divert management's attention and resources, damage our reputation and brands, and substantially harm our business and results of operations.

In order to protect or enforce our intellectual property and other proprietary rights, or to determine the enforceability, scope or validity of the intellectual or proprietary rights of others, we may initiate litigation or other proceedings against third parties. Any lawsuits or proceedings that we initiate could be expensive, take significant time and divert management's attention from other business concerns. Litigation and other proceedings also put our intellectual property at risk of being invalidated, or if not invalidated, may result in the scope of our intellectual property rights being narrowed. In addition, our efforts to try to protect and defend our trademarks and copyrights may be ineffective. Additionally, we may provoke third parties to assert claims against us. We may not prevail in any lawsuits or other proceedings that we initiate, and the damages or other remedies awarded, if any, may not be commercially valuable. The occurrence of any of these events may have a material adverse effect on our business, financial condition and results of operations.

In addition, most of our products bear the trademarks and other intellectual property rights of our licensors, and the value of our products is affected by the value of those rights. Our licensors' ability to maintain and protect their trademarks and other intellectual property rights is subject to risks similar to those described above with respect to our intellectual property. We do not control the protection of the trademarks and other intellectual property rights of our licensors and cannot ensure that our licensors will be able to secure or protect their trademarks and other intellectual property rights. The loss of any of our significant owned or licensed trademarks, copyrights or other intellectual property could have a material adverse effect on our business, financial condition and results of operations. In addition, our licensors may engage in activities or otherwise be subject to negative publicity that could harm their reputation and impair the value of the intellectual property rights we license from them, which could reduce consumer demand for our products and adversely affect our business financial condition and results of operations.

Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the trademarks, copyrights and proprietary rights of other parties.

Our commercial success depends at least in part on our ability to operate without infringing, misappropriating or otherwise violating the trademarks, copyrights and other proprietary rights of others. However, we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate such rights. Many companies have employed intellectual property litigation as a way to gain a competitive advantage, and to the extent we gain greater visibility and market exposure as a public company, we may also face a greater risk of being the subject of such litigation. For these and other reasons, third parties may allege that our products or activities, including products we make under license, infringe, misappropriate or otherwise violate their trademark, copyright or other proprietary rights. While we typically receive intellectual property infringement indemnities from our licensors, the indemnities are often limited to third-party copyright infringement claims to the extent arising from our use of the licensed material. Defending against allegations and litigation could be expensive, take significant time, divert management's attention from other business concerns, and delay getting our products to market. In addition, if we are found to be infringing, misappropriating or otherwise violating third-party trademark, copyright or other proprietary rights, we may need to obtain a license, which may not be available on commercially reasonable terms or at all, or may need to redesign or rebrand our products, which may not be possible. We may also be required to pay substantial damages or be subject to a court order prohibiting us and our customers from selling certain products or engaging in certain activities. Any claims of violating others' intellectual property, even those without merit, could therefore have a material adverse effect on our business, financial condition and results of operations.

Our success is critically dependent on the efforts and dedication of our officers and other employees, and the loss of one or more key employees, or our inability to attract and retain qualified personnel and maintain our corporate culture, could adversely affect our business.

Our officers and employees are at the heart of all of our efforts. It is their skill, creativity and hard work that drive our success. In particular, our success depends to a significant extent on the continued service and performance of our senior management team, including our Chief Executive Officer, Brian Mariotti. We are dependent on his talents and believe he is integral to our relationships with our licensors and certain of our key retail customers. The loss of any member of our senior management team, or of any other key employees, could impair our ability to execute our business plan and could therefore have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain key man life insurance policies on any member of our senior management team or on our other key employees.

In addition, competition for qualified personnel is intense. We compete with many other potential employers in recruiting, hiring and retaining our senior management team and our many other skilled officers and other employees around the world. Our headquarters is located near Seattle and competition in the Seattle area for qualified personnel, particularly those with technology-related skills and experience, is intense due to the increasing number of technology and e-commerce companies with a large or growing presence in Seattle, some of whom have greater resources than us and may be located closer to the city than we are.

Furthermore, as we continue to grow our business and hire new employees, it may become increasingly challenging to hire people who will maintain our corporate culture. We believe our corporate culture, which fosters speed, teamwork and creativity, is one of our key competitive strengths. As we continue to grow, we may be unable to identify, hire or retain enough people who will maintain our corporate culture, including those in management and other key positions. Our corporate culture could also be adversely affected by the increasingly global distribution of our employees, as well as their increasingly diverse skill sets. If we are unable to maintain the strength of our corporate culture, our competitive ability and our business may be adversely affected.

Our operating results may fluctuate from quarter to quarter and year to year due to the seasonality of our business, as well as due to the timing of new product releases.

The businesses of our retail customers are highly seasonal, with a majority of retail sales occurring during the period from October through December in anticipation of the holiday season. As a consequence, we have experienced moderate seasonality in our business. Approximately 60.5%, 58.7% and 64.6%, of our net sales for the years ended December 31, 2017, 2016 and 2015, respectively, were made in the third and fourth quarters, as our customers build up their inventories in anticipation of the holiday season.

This seasonal pattern requires significant use of working capital, mainly to manufacture 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. In addition, 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 terrorist attack or economic shock that harm the retail environment or consumer buying patterns during our key selling season, or by events such as strikes or port delays that interfere with the shipment of goods during the critical months leading up to the holiday shopping season.

In addition, our results of operations may fluctuate significantly from quarter to quarter or year to year depending on the timing of new product releases and related content releases. Sales of a certain product or group of products tied to a particular content release can dramatically increase our net sales in any given quarter or year. For example, in 2016, we introduced products based on the video game property "Five Nights at Freddy's," sales of which accounted for approximately 8% and 15% of 2017 and 2016 net sales, respectively. The timing and mix of products we sell in any given year will depend on various factors, including the timing and popularity of new releases by third-party content providers and our ability to license properties based on these releases.

Our results of operations may also fluctuate as a result of factors such as the delivery schedules set by our customers and holiday shut down schedules set by our third-party manufacturers. Additionally, the rapid growth we have experienced in recent years may have masked the full effects of seasonal factors on our business to date, and as such, these factors may have a greater effect on our results of operations in future periods.

Our use of third-party manufacturers to produce our products presents risks to our business.

We use third-party manufacturers to manufacture all of our products, and have historically concentrated production with a small number of manufacturers and factories. As a result, the loss or unavailability of one of our manufacturers or one of the factories in which our products are produced, even on a temporary basis, could have a negative impact on our business, financial condition and results of operations. This risk is exacerbated by the fact that we do not have written contracts with our manufacturers. While we believe our external sources of manufacturing could be shifted, if necessary, to alternative sources of supply, we would require a significant period of time to make such a shift. Because we believe our products represent a significant percentage of the total capacity of each factory in which they are produced, such a shift may require us to establish relationships with new manufacturers, which we may not be able to do on a timely basis, on similar terms, or at all. We may also be required to seek out additional manufacturers in response to increased demand for our products, as our current manufacturers may not have the capacity to increase production. If we were prevented from or delayed in obtaining a material portion of the products produced by our manufacturers, or if we were required to shift manufacturers (assuming we would be able to do so), our sales and profitability could be significantly reduced.

In addition, while we require that our products supplied by third-party manufacturers be produced in compliance with all applicable laws and regulations, and we have the right to monitor compliance by our third-party manufacturers with our manufacturing requirements and to oversee the quality control process at our manufacturers' factories, 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. For example, the Consumer Product Safety Improvement Act of 2008, or the CPSIA, limits the amounts of lead and phthalates that are permissible in certain products and requires that our products be tested to ensure that they do not contain these substances in amounts that exceed permissible levels. In the past, products manufactured by certain of our third-party manufacturers have tested positive for phthalates. Though the amount was not in excess of the amount permissible under the CPSIA, we cannot guarantee that products made by our third-party manufacturers will not in the future contain phthalates in excess of permissible amounts, or will not otherwise violate the CPSIA, other consumer or product safety requirements, or labor or other applicable requirements. Any failure of our third-party manufacturers to comply with such requirements in manufacturing products for us could result in damage to our reputation, harm our brand image and sales of our products and potentially create liability for us.

Monitoring compliance by independent manufacturers is complicated by the fact that expectations of ethical business practices continually evolve, may be substantially more demanding than applicable legal requirements and are driven in part by legal developments and by diverse groups active in publicizing and organizing public

responses to perceived ethical shortcomings. Accordingly, we cannot predict how such expectations might develop in the future and cannot be certain that our manufacturing requirements, even if complied with, would satisfy all parties who are active in monitoring and publicizing perceived shortcomings in labor and other business practices worldwide.

Additionally, the third-party manufacturers that produce most of our products are located in China, Vietnam and Mexico. As a result, we are subject to various risks resulting from our international operations. See "Our substantial sales and manufacturing operations outside the United States subject us to risks associated with international operations."

Our operations, including our corporate headquarters, primary distribution facilities and third-party manufacturers, are concentrated in certain geographic regions, which makes us susceptible to adverse conditions in those regions.

Our corporate headquarters and primary distribution facilities are located in Everett, Washington. We also have additional warehouse facilities and offices located in Maldon, England and Chatsworth, California. In addition, the factories that produce most of our products are located in China, Vietnam and Mexico. As a result, our business may be more susceptible to adverse conditions in these regions than the operations of more geographically diverse competitors. Such conditions could include, among others, adverse economic and labor conditions, as well as demographic trends. Furthermore, Everett is the location from which most of the products we sell are received, stored and shipped to our customers. We depend heavily on ocean container delivery to receive products from our third-party manufacturers located in Asia and contracted third-party delivery service providers to deliver our products to our Everett distribution facilities. Any disruption to or failures in these delivery services, whether as a result of extreme or severe weather conditions, natural disasters, labor unrest or otherwise, affecting western Washington in particular or the West Coast in general, could significantly disrupt our operations, damage or destroy our equipment and inventory and cause us to incur additional expenses, any of which could have a material adverse effect on our business, financial condition and results of operations. For example, in the fall of 2014, longshoreman work stoppages created a significant backlog of cargo containers at ports. We experienced delays in the shipment of our products as a result of this backlog and were unable to meet our planned inventory allocations for a limited period of time. Although we possess insurance for damage to our property and the disruption of our business, this insurance, and in particular earthquake insurance, which is subject to various limitations and requires large deductibles or co-payments, may not be sufficient to cover all of our potential losses, and may be cancelled by us in the future or otherwise cease to be available to us on reasonable terms or at all. Similarly, natural disasters and other adverse events or conditions affecting east or southeast Asia, where most of our products are produced, could halt or disrupt the production of our products, impair the movement of finished products out of those regions, damage or destroy the molds and tooling necessary to make our products and otherwise cause us to incur additional costs and expenses, any of which could also have a material adverse effect on our business, financial condition and results of operations.

Our substantial sales and manufacturing operations outside the United States subject us to risks associated with international operations.

We operate facilities and sell products in numerous countries outside the United States. Sales to our international customers comprised approximately 27%, 19% and 24% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively. We expect sales to our international customers to account for an increasing portion of our sales in future fiscal years, including as a result of the Underground Toys Acquisition and the formation of our subsidiary Funko UK, Ltd., through which we now sell directly to certain of our customers in Europe, the Middle East and Africa. In fact, over time, we expect our international sales and operations to continue to grow both in dollars and as a percentage of our overall business as a result of a key business strategy to expand our presence in emerging and underserved international markets. Additionally, as discussed above, we use third-party manufacturers located in China, Vietnam and Mexico to produce most of our products. These international sales and manufacturing operations, including operations in emerging markets, 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;
- limitations on the repatriation of earnings;

- 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;
- greater difficulty enforcing intellectual property rights and weaker laws protecting such rights;
- complications in complying with different laws and regulations in varying jurisdictions, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act of 2010, similar anti-bribery and anti-corruption laws and local and international environmental, health and safety laws, and in dealing with changes in governmental policies and the evolution of laws and regulations and related enforcement;
- difficulties understanding the retail climate, consumer trends, local customs and competitive conditions in foreign markets which may be quite different from the United States;
- natural disasters and the greater difficulty and cost in recovering therefrom;
- transportation delays and interruptions;
- difficulties in moving materials and products from one country to another, including port congestion, strikes and other transportation delays and interruptions;
- increased investment and operational complexity to make our products compatible with systems in various countries and compliant with local laws;
- changes in international labor costs and other costs of doing business internationally; and
- the imposition of and changes in tariffs, quotas, border adjustment taxes or other protectionist measures by any major country or market in which we operate, which could make it significantly more expensive and difficult to import products into that country or market, raise the cost of such products, decrease our sales of such products or decrease our profitability.

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 increasingly global business.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

We make sales to our European customers primarily through our subsidiary Funko UK, Ltd. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum and, in March 2017, the government of the United Kingdom formally initiated the withdrawal process. The terms of any withdrawal are subject to a negotiation period that could last at least two years after the withdrawal process was initiated. These events have created significant uncertainty about the future relationship between the United Kingdom and the European Union, and have given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom, as well as for the governments of other European Union member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, privacy and data protection, environmental, health and safety laws and regulations and employment laws, could increase costs and depress economic activity. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other European Union member states pursue withdrawal, barrier-free access between the United Kingdom and other European Union member states or among the European economic area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Recent U.S. tax legislation significantly changed U.S. federal income tax rules and may materially adversely affect our financial condition, results of operations and cash flows.

Recently enacted U.S. tax legislation, the Tax Cuts and Jobs Act (the "Tax Act") has significantly changed U.S. federal income taxation, including reducing the U.S. corporate income tax rate, limiting certain interest deductions, imposing a one-time transition tax on all undistributed earnings and profits of certain non-U.S. entities and other additional taxes with respect to certain non-U.S. earnings, permitting full expensing of certain capital expenditures, adopting elements of a territorial tax system, revising the rules governing net operating losses and the rules governing foreign tax credits, and introducing new anti-base erosion provisions. Many of these changes are effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the Treasury and Internal Revenue Service, any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes may affect state and local taxation.

While our analysis and interpretation of this legislation is preliminary and ongoing, based on our current evaluation, we expect a meaningful impact from the Tax Act primarily due to the lower U.S. federal rate of 21%. Of the $1.5 million income tax expense for the year ended December 31, 2017, $4.7 million is a provisional amount associated with the items relating to the Tax Act that we could reasonably estimate. This expense includes the revaluation of our net deferred tax assets based on the new U.S. federal income tax rate of 21%. We are still analyzing the Tax Act and refining our calculations, which could potentially impact the measurement of our tax balances and reduce any anticipated benefits of the Tax Act.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

We are subject to income taxes in the United States and the United Kingdom, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of equity-based compensation;
- costs related to intercompany restructurings; or
- changes in tax laws, regulations or interpretations thereof.

In addition, we may be subject to audits of our income, sales and other transaction taxes by the U.K., U.S. federal and state authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

Changes in foreign currency exchange rates can significantly impact our reported financial performance.

Our increasingly global operations mean we produce and buy products, and sell products, in many different markets 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. 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. In recent years, certain key currencies, such as the euro and the British pound sterling, depreciated significantly compared to the U.S. dollar. Depreciation in key currencies during 2018 and beyond may have a significant negative impact on our sales and earnings as they are reported in U.S. dollars.

Global and regional economic downturns that negatively impact the retail and credit markets, or that otherwise damage the financial health of our retail customers and consumers, can harm our business and financial performance.

We design, manufacture and market a wide variety of consumer products worldwide through sales to our retail customers and directly to consumers. Our financial performance is impacted by the level of discretionary consumer spending in the markets in which we operate. Recessions, credit crises and other economic downturns, or disruptions in credit markets, in the United States and in other markets in which our products are sold can result in lower levels of economic activity, lower employment levels, less consumer disposable income, and lower consumer confidence. The retail industry is subject to volatility, especially during uncertain economic conditions. A downturn in the retail industry in particular may disproportionately affect us because a substantial majority of our net sales are to retail customers. 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 our products. Such cost increases and weakened economic conditions may result from any number of factors, including terrorist attacks, wars and other conflicts, natural disasters, increases in critical commodity prices or labor costs, 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 sales and profitability. 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. This in turn can reduce our sales and harm our financial performance and profitability.

In addition to experiencing potentially lower sales of our products during times of economic difficulty, in an effort to maintain sales during such times, we may need to reduce the price of our products, increase our promotional spending or sales allowances, or take other steps to encourage retailer and consumer purchases of our products. Those steps may lower our net sales or increase our costs, thereby decreasing our operating margins and lowering our profitability.

Our business depends in large part on our vendors and outsourcers, and our reputation and ability to effectively operate our business may be harmed by actions taken by these third parties outside of our control.

We rely significantly on vendor and outsourcing relationships with third parties for services and systems including manufacturing, transportation, logistics and information technology. Any shortcoming of one of our vendors or outsourcers, particularly one affecting the quality of these services or systems, may be attributed by customers to us, thus damaging our reputation and brand value, and potentially affecting our results of operations. In addition, problems with transitioning these services and systems to, or operating failures with, these vendors and outsourcers could cause delays in product sales, reduce the efficiency of our operations and require significant capital investments to remediate.

We are subject to various government regulations and may be subject to additional regulations in the future, violation of which could subject us to sanctions or otherwise harm our business.

As a company that designs and sells consumer products, we are subject to significant government regulation, including, in the United States, under the Consumer Product Safety Act, the Federal Hazardous Substances Act, the CPSIA and the Flammable Fabrics Act, as well as under product safety and consumer protection statutes in our international markets. There can be no assurance that we will be in compliance, and failure to comply with these acts could result in sanctions which could have a negative impact on our business, financial condition and results of operations. This risk is exacerbated by our reliance on third parties to manufacture our products. See “Our use of third-party manufacturers to produce our products presents risks to our business.”

Governments and regulatory agencies in the markets in which we manufacture and sell products may enact additional regulations relating to product safety and consumer protection in the future and may also increase the penalties for failing to comply with such regulations. In addition, one or more of our customers might require changes in our products, such as the non-use of certain materials, in the future. Complying with any such additional regulations or requirements could impose increased costs on our business. Similarly, increased penalties for non-compliance could subject us to greater expense in the event any of our products were found to not comply with such regulations. Such increased costs or penalties could harm our business.

As discussed above, our international operations subject us to a host of other governmental regulations throughout the world, including antitrust, customs and tax requirements, anti-boycott regulations, environmental regulations and the FCPA. 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. See "Our substantial sales and manufacturing operations outside the United States subject us to risks associated with international operations."

We could be subject to future product liability suits or product recalls which could have a significant adverse effect on our financial condition and results of operations.

As a company that designs and sells consumer products, we may be subject to product liability suits or involuntary product recalls, or may choose to voluntarily conduct a product recall. While costs associated with product liability claims and product recalls have generally not been material to our business, the costs associated with future product liability claims or product recalls in any given fiscal year, individually or in the aggregate, could be significant. In addition, any product recall, regardless of the direct costs of the recall, could harm consumer perceptions of our products, subject us to additional government scrutiny, divert development and management resources, adversely affect our business operations and otherwise put us at a competitive disadvantage compared to other companies in our industry, any of which could have a significant adverse effect on our financial condition and results of operations.

We are currently subject to securities class action litigation and may be subject to similar or other litigation in the future, all of which will require significant management time and attention, result in significant legal expenses and may result in unfavorable outcomes, which may have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our Class A common stock.

We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business. For example, on November 16, 2017, a purported stockholder of the Company filed a putative class action lawsuit in the Superior Court of Washington in and for King County against us, certain of our officers and directors, and the underwriters of our IPO, entitled *Robert Lowinger v. Funko, Inc., et. al.* In January and March 2018, four additional putative class action lawsuits were filed, three in the Superior Court of Washington in and for King County and one in the Superior Court of Washington in and for Snohomish County. Two of the lawsuits, *Surratt v. Funko, Inc. et. al.* (filed on January 16, 2018) and *Baskin v. Funko, Inc. et. al.* (filed on January 30, 2018) were filed against us and certain of our officers and directors. The third, *The Ronald and Maxine Linde Foundation v. Funko et. al.* (filed on January 18, 2018) was filed against us, certain of our officers and directors, ACON, Fundamental and certain other defendants. The fourth, *Berkelhammer v. Funko, Inc. et. al.* (filed on March 13, 2018) was filed against us, certain of our officers and directors, and ACON. The complaints allege that we violated Sections 11, 12, and 15 of the Securities Act of 1933, as amended, by making allegedly materially misleading statements, and by omitting material facts necessary to make the statements made therein not misleading. The lawsuits seek, among other things, compensatory statutory damages and rescissory damages in account of the consideration paid for our Class A common stock by plaintiff and members of the putative class, as well as attorneys' fees and costs.

The results of the securities class action lawsuit and any future legal proceedings cannot be predicted with certainty. Also, our insurance coverage may be insufficient, our assets may be insufficient to cover any amounts that exceed our insurance coverage, and we may have to pay damage awards or otherwise may enter into settlement arrangements in connection with such claims. Any such payments or settlement arrangements in current or future litigation could have a material adverse effect on our business, operating results or financial condition. Even if the plaintiffs' claims are not successful, current or future litigation could result in substantial costs and significantly and adversely impact our reputation and divert management's attention and resources, which could have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our Class A common stock. In addition, such lawsuits may make it more difficult to finance our operations.

Failure to comply with anti-corruption and anti-bribery laws could result in fines, criminal penalties and materially adversely affect our business, financial condition and results of operations.

A significant risk resulting from our global operations is compliance with a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies, including laws related to anti-corruption, anti-bribery and laundering. The FCPA, the U.K. Bribery Act of 2010 and similar anti-corruption and anti-bribery laws in other jurisdictions generally prohibit companies, their officers, directors, employees and third-party intermediaries, business partners, and agents from making improper payments or other improper things of value to government officials or other persons. There has been an increase in anti-bribery and anti-corruption law enforcement activity in recent years, with more frequent and aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals. We operate in parts of the world that are considered high-risk from an anti-bribery and anti-corruption perspective, and strict compliance with anti-bribery and anti-corruption laws may conflict with local customs and practices. We cannot assure you that our internal controls, policies and procedures will protect us from improper conduct by our officers, directors, employees, third-party intermediaries, business partners or agents. To the extent that we learn that any of these parties do not adhere to our internal control policies, we are committed to taking appropriate remedial action. In the event that we believe or have reason to believe that any such party has or may have violated such laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, and detecting, investigating and resolving actual or alleged violations can be expensive and require a significant diversion of time, resources and attention from senior management. Any violation of U.S. federal and state and non-U.S. anti-bribery and anti-corruption laws, regulations and policies could result in substantial fines, sanctions, civil or criminal penalties, and curtailment of operations in the U.S. or other applicable jurisdictions. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of the foregoing could materially adversely affect our business, financial condition and results of operations.

We are subject to governmental economic sanctions requirements and export and import controls that could impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws.

As a U.S. company, we are subject to U.S. export control and economic sanctions laws and regulations, and we are required to export our products in compliance with those laws and regulations, including the U.S. Export Administration Regulations and economic and trade sanctions programs administered by the Treasury Department's Office of Foreign Assets Control. U.S. economic sanctions and export control laws and regulations prohibit the shipment of specified products and services to countries, governments and persons that are the subject of U.S. sanctions. While we take precautions against doing any business, directly or indirectly, in or with countries, governments and persons subject to U.S. sanctions, such measures may be circumvented. There can be no assurance that we will be in compliance with U.S. export control or economic sanctions laws and regulations in the future. Any such violation could result in criminal or civil fines, penalties or other sanctions and repercussions, including reputational harm that could materially adversely affect our business.

We may not realize the anticipated benefits of acquisitions or investments, or those benefits may be delayed or reduced in their realization.

Acquisitions have been a component of our growth and the development of our business, and are likely to continue in the future. Acquisitions can broaden and diversify our brand holdings and product offerings, expand our distribution capabilities and allow us to build additional capabilities and competencies. For example, in the case of the Underground Toys Acquisition, we looked to strengthen our ability to sell our products directly to international retailers, primarily those located in Europe, and reduce our reliance on third-party distributors in Europe and certain other international jurisdictions. However, 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 distribute our products, market our products, develop our competencies or to grow our business.

In some cases, we expect that the integration of the companies that we may acquire into our operations will create production, distribution, marketing and other operating synergies which will produce greater sales 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 or reduced 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, in the future. There is no guarantee that any acquisition or investment we may make will be successful or beneficial or that we will be able to manage the integration process successfully, and acquisitions can consume significant amounts of management attention and other resources, which may negatively impact other aspects of our business.

Our e-commerce business is subject to numerous risks that could have an adverse effect on our business and results of operations.

Although sales through our websites have constituted a small portion of our net sales historically, we expect to continue to grow our e-commerce business in the future. Though sales through our websites generally have higher profit margins and provide us useful insight on the sales impact of certain of our marketing campaigns, further development of our e-commerce business also subjects us to a number of risks. Our online sales may negatively impact our relationships with our retail customers and distributors if they perceive that we are competing with them. In addition, online commerce is subject to increasing regulation by states, the federal government and various foreign jurisdictions. Compliance with these laws will increase our costs of doing business, and our failure to comply with these laws could also subject us to potential fines, claims for damages and other remedies, any of which would have an adverse effect on our business, financial condition and results of operations.

Additionally, some jurisdictions have implemented, or may implement, laws that require remote sellers of goods and services to collect and remit taxes on sales to customers located within the jurisdiction. In particular, the Streamlined Sales Tax Project (an ongoing, multi-year effort by U.S. state and local governments to pursue federal legislation that would require collection and remittance of sales tax by out-of-state sellers) could allow states that meet certain simplification and other criteria to require out-of-state sellers to collect and remit sales taxes on goods purchased by in-state residents. This collection responsibility and the complexity associated with use tax collection, remittance and audit requirements would also increase the costs associated with our e-commerce business.

Furthermore, our e-commerce operations subject us to risks related to the computer systems that operate our websites and related support systems, such as system failures, viruses, computer hackers and similar disruptions. If we are unable to continually add software and hardware, effectively upgrade our systems and network infrastructure and take other steps to improve the efficiency of our systems, system interruptions or delays could occur that adversely affect our operating results and harm our brand. While we depend on our technology vendors to manage “up-time” of the front-end e-commerce store, manage the intake of our orders, and export orders for fulfillment, we could begin to run all or a greater portion of these components ourselves in the future. Any failure on the part of our third-party e-commerce vendors or in our ability to transition third-party services effectively could result in lost sales and harm our brand.

There is a risk that consumer demand for our products online may not generate sufficient sales to make our e-commerce business profitable, as consumer demand for physical products online may be less than in traditional retail sales channels. To the extent our e-commerce business does not generate more net sales than costs, our business, financial condition and results of operations will be adversely affected.

Use of social media may materially and adversely affect our reputation or subject us to fines or other penalties.

We rely to a large extent on our online presence to reach consumers and use third-party social media platforms as marketing tools. For example, we maintain Facebook, Twitter, Instagram and YouTube accounts. As e-commerce and social media platforms continue to rapidly evolve, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools, our ability to acquire new consumers and our financial condition may suffer. Furthermore, as laws and regulations rapidly evolve to govern the use of these platforms, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms could subject us to regulatory investigations, class action lawsuits,

liability, fines or other penalties and have a material adverse effect on our business, financial condition and result of operations.

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, financial reporting and various other processes and transactions. 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 security breaches, catastrophic events such as hurricanes, fires, floods, earthquakes, tornadoes, acts of war or terrorism and usage errors by our employees. The efficient operation and successful growth of our business depends on these information systems, including our ability to operate them effectively and to select and implement adequate disaster recovery systems successfully. The failure of these information systems to perform as designed, our failure to operate them effectively, or a security breach or disruption in operation of our information systems could disrupt our business, require significant capital investments to remediate a problem or subject us to liability.

In addition, we have recently implemented, and expect to continue to invest in and implement, modifications and upgrades to our information technology systems and procedures to support our growth and the development of our e-commerce business. These modifications and upgrades could require substantial investment, and may not improve our profitability at a level that outweighs their costs, or at all. In addition, the process of implementing any new technology systems involves inherent costs and risks, including potential delays and system failures, the potential disruption of our internal control structure, the diversion of management's time and attention, and the need to re-train or hire new employees, any of which could disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations.

If our electronic data is compromised our business could be significantly harmed.

We maintain significant amounts of data electronically. 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 maintain systems and processes designed to protect the data within our control, but notwithstanding such protective measures, there is a risk of intrusion or tampering that could compromise the integrity and privacy of this data. In addition, we provide confidential and proprietary information to our third-party business partners in certain cases where doing so is necessary or appropriate 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, nonetheless those partners may also be subject to data intrusion or otherwise compromise the protection of such data. 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 information technology systems or other means could substantially disrupt our operations, harm our customers, consumers and other business partners, damage our reputation, violate applicable laws and regulations and subject us to additional costs and liabilities and loss of business that could be material.

A failure to comply with laws and regulations relating to privacy and the protection of data relating to individuals may result in negative publicity, claims, investigations and litigation, and adversely affect our financial performance.

We are subject to laws, rules, and regulations in the United States and other countries relating to the collection, use, and security of personal information and data. Such data privacy laws, regulations, and other obligations may require us to change our business practices, and may negatively impact our ability to expand our business and pursue business opportunities. We may incur significant expenses to comply with the laws, regulations and other obligations that apply to us. Additionally, the privacy- and data protection-related laws, rules, and regulations applicable to us are subject to significant change. Several jurisdictions have passed new laws and regulations in this area, and other jurisdictions are considering imposing additional restrictions. These laws and regulations also may be interpreted and enforced inconsistently over time and from jurisdiction to jurisdiction. In addition to government regulation, privacy advocates and industry groups may propose new and different self-

regulatory standards that either legally or contractually apply to us. One example of such self-regulatory standards to which we may be contractually bound is the Payment Card Industry Data Security Standard, or PCI DSS. Though we currently use third-party vendors to process and store credit card data in connection with our e-commerce business, to the extent we process or store such data ourselves in the future, we may be subject to various aspects of the PCI DSS, and fines, penalties, and a loss of the ability to process credit card payments could result from any failure to comply with the PCI DSS. Any actual or perceived inability to comply with applicable privacy or data protection laws, regulations, or other obligations could result in significant cost and liability, litigation or governmental investigations, damage our reputation, and adversely affect our business.

Our indebtedness could adversely affect our financial health and competitive position.

As of December 31, 2017, we had $233.9 million of indebtedness outstanding under our Senior Secured Credit Facilities, consisting of $223.1 million outstanding under our Term Loan A Facility (net of unamortized discount of $5.3 million) and $10.8 million outstanding under our Revolving Credit Facility.

In order to service this indebtedness and any additional indebtedness we may incur in the future, we need to generate cash. Our ability to generate cash is subject, to a certain extent, to our ability to successfully execute our business strategy, as well as general economic, financial, competitive, regulatory and other factors beyond our control. We cannot assure you that our business will be able to generate sufficient cash flow from operations or that future borrowings or other financing will be available to us in an amount sufficient to enable us to service our indebtedness and fund our other liquidity needs. To the extent we are required to use our cash flow from operations or the proceeds of any future financing to service our indebtedness instead of funding working capital, capital expenditures or other general corporate purposes, we will be less able to plan for, or react to, changes in our business, industry and in the economy generally. This will place us at a competitive disadvantage compared to our competitors that have less indebtedness.

In addition, the credit agreement governing our Senior Secured Credit Facilities contains, and any agreements evidencing or governing other future indebtedness may contain, certain restrictive covenants that limit our ability, among other things, to engage in certain activities that are in our long-term best interests, including our ability to:

- incur additional indebtedness;
- incur certain liens;
- consolidate, merge or sell or otherwise dispose of our assets;
- alter the business conducted by us and our subsidiaries;
- make investments, loans, advances, guarantees and acquisitions;
- enter into sale and leaseback transactions;
- pay dividends or make other distributions on equity interests, or redeem, repurchase or retire equity interests;
- enter into transactions with our affiliates;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- issue or sell equity interests or securities convertible into or exchangeable for equity interests;
- redeem, repurchase or refinance our other indebtedness; and
- amend or modify our governing documents.

The restrictive covenants in the credit agreement governing our Senior Secured Credit Facilities also require us to maintain specified financial ratios. While we have not previously breached and are not in breach of any of these covenants, there can be no guarantee that we will not breach these covenants in the future. Our ability to comply with these covenants and restrictions may be affected by events and factors beyond our control. Our failure to comply with any of these covenants or restrictions could result in an event of default under our Senior Secured Credit Facilities. This would permit the lending banks under such facilities to take certain actions, including terminating all outstanding commitments and declaring all amounts due under our credit agreement to be immediately due and payable, including all outstanding borrowings, accrued and unpaid interest thereon, and

prepayment premiums with respect to such borrowings and any terminated commitments. In addition, the lenders would have the right to proceed against the collateral we granted to them, which includes substantially all of our assets. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions or unforeseen circumstances, and may determine to engage in equity or debt financings or enter into credit facilities or refinance existing indebtedness for other reasons. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. As discussed above, the credit agreement governing our Senior Secured Credit Facilities contains restrictive covenants that limit our ability to incur additional indebtedness and engage in other capital-raising activities. Any debt financing obtained by us in the future could involve covenants that further restrict our capital raising activities and other financial and operational matters, which may make it more difficult for us to operate our business, obtain additional capital and pursue business opportunities, including potential acquisitions. Furthermore, if we raise additional funds through the issuance of equity or convertible debt or other equity-linked securities, our existing stockholders could suffer significant dilution. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Any impairment in the value of our goodwill or other assets would adversely affect our financial condition and results of operations.

We are required, at least annually, or as facts and circumstances warrant, to test goodwill and other assets to determine if impairment has occurred. Impairment may result from any number of factors, including adverse changes in assumptions used for valuation purposes, such as actual or projected net sales growth rates, profitability or discount rates, or other variables. If the testing indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other assets and the implied fair value of the goodwill or the fair value of other assets in the period the determination is made. We cannot always predict the amount and timing of any impairment of assets. Should the value of goodwill or other assets become impaired, it would have an adverse effect on our financial condition and results of operations.

Risks Relating to Our Organizational Structure

ACON has significant influence over us, including over decisions that require the approval of stockholders, and its interests, along with the interests of our other Continuing Equity Owners, in our business may conflict with the interests of our other stockholders.

Each share of our Class A common stock and Class B common stock entitles its holders to one vote per share on all matters presented to our stockholders. As of the date of this report, ACON holds approximately 48.5% of the combined voting power of our common stock through its ownership of 12,921,039 shares of our Class A common stock and 10,495,687 shares of our Class B common stock. Accordingly, ACON will have significant influence over substantially all transactions and other matters submitted to a vote of our stockholders, such as a merger, consolidation, dissolution or sale of all or substantially all of our assets, the issuance or redemption of certain additional equity interests, and the election of directors. This influence may increase the likelihood that we will consummate transactions that are not in the best interests of holders of our Class A common stock or, conversely, prevent the consummation of transactions that are in the best interests of holders of our Class A common stock.

Additionally, the Continuing Equity Owners who, as of the date of this report, collectively hold approximately 51.7% of the combined voting power of our common stock, may receive payments from us under the Tax Receivable Agreement in connection with our purchase of common units of FAH, LLC directly from certain of the Continuing Equity Owners upon a redemption or exchange of their common units in FAH, LLC, including the issuance of shares of our Class A common stock upon any such redemption or exchange. As a result, the

interests of the Continuing Equity Owners may conflict with the interests of holders of our Class A common stock. For example, the Continuing Equity Owners may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when we should terminate the Tax Receivable Agreement and accelerate our obligations thereunder. In addition, the structuring of future transactions may take into consideration tax or other considerations of the Continuing Equity Owners even in situations where no similar considerations are relevant to us.

In addition, pursuant to the Stockholders Agreement between Funko, Inc., ACON, Fundamental and Brian Mariotti, our Chief Executive Officer (the "Stockholders Agreement"), ACON has the right to designate certain of our directors, which we refer to as the ACON Directors, which will be three ACON Directors for as long as ACON directly or indirectly, beneficially owns, in the aggregate 35% or more of our Class A common stock, two ACON Directors for so long as ACON, directly or indirectly, beneficially owns, in the aggregate, less than 35% but at least 25% or more of our Class A common stock and one ACON Director for as long as ACON, directly or indirectly, beneficially owns, in the aggregate, less than 25% but at least 15% or more of our Class A common stock (assuming in each such case that all outstanding common units in FAH, LLC are redeemed for newly issued shares of our Class A common stock on a one-for-one basis). In addition, Fundamental will also have the right to designate one of our directors, which we refer to as the Fundamental Director, until the earlier of (1) Fundamental no longer directly or indirectly, beneficially owns, in the aggregate, at least 10% or more of our Class A common stock (assuming that all outstanding common units in FAH, LLC are redeemed for newly issued shares of our Class A common stock on a one-for-one basis) and (2) October 1, 2018. Each of ACON, Fundamental, and Brian Mariotti, our Chief Executive Officer, will also agree to vote, or cause to vote, all of their outstanding shares of our Class A common stock and Class B common stock at any annual or special meeting of stockholders in which directors are elected, so as to cause the election of the ACON Directors, the Fundamental Director and Mr. Mariotti for as long as he is our Chief Executive Officer. Additionally, pursuant to the Stockholders Agreement, we shall take all commercially reasonable action to cause (1) the board of directors to be comprised of at least seven directors or such other number of directors as our board of directors may determine; (2) the individuals designated in accordance with the terms of the Stockholders Agreement to be included in the slate of nominees to be elected to the board of directors at the next annual or special meeting of our stockholders at which directors are to be elected and at each annual meeting of our stockholders thereafter at which a director's term expires; (3) the individuals designated in accordance with the terms of the Stockholders Agreement to fill the applicable vacancies on the board of directors; and (4) an ACON Director to be the chairperson of the board of directors (as defined in the amended and restated bylaws).

In addition, the Stockholders Agreement provides that for as long as the ACON Related Parties beneficially own, directly or indirectly, in the aggregate, 30% or more of all issued and outstanding shares of our Class A common stock (assuming that all outstanding common units in FAH, LLC are redeemed for newly issued shares of our Class A common stock on a one-for-one basis), we will not take, and will cause our subsidiaries not to take, certain actions or enter into certain transactions (whether by merger, consolidation, or otherwise) without the prior written approval of ACON and each of its affiliated funds that hold common units of FAH, LLC or our Class A common stock, including:

- entering into any transaction or series of related transactions in which any person or group (other than the ACON Related Parties and any group that includes the ACON Related Parties, Fundamental (or certain of its affiliates or permitted transferees) or Mr. Mariotti) acquires, directly or indirectly, in excess of 50% of the then outstanding shares of any class of our or our subsidiaries' capital stock, or following which any such person or group has the direct or indirect power to elect a majority of the members of our board of directors or to replace us as the sole manager of FAH, LLC (or to add another person as co-manager of FAH, LLC);
- the reorganization, recapitalization, voluntary bankruptcy, liquidation, dissolution or winding up of us or any of our subsidiaries;
- the sale, lease or exchange of all or substantially all of our and our subsidiaries' property and assets;
- the resignation, replacement or removal of us as the sole manager of FAH, LLC, or the appointment of any additional person as a manager of FAH, LLC;

- any acquisition or disposition of our or any of our subsidiaries' assets for aggregate consideration in excess of $10.0 million in a single transaction or series of related transactions (other than transactions solely between or among us and our direct or indirect wholly owned subsidiaries);
- the creation of a new class or series of capital stock or other equity securities of us or any of our subsidiaries;
- the issuance of additional shares of Class A common stock, Class B common stock, preferred stock or other equity securities of us or any of our subsidiaries other than (1) under any stock option or other equity compensation plan approved by our board of directors or the compensation committee, (2) pursuant to the exercise or conversion of any options, warrants or other securities existing as of the date of the Stockholders Agreement and (3) in connection with any redemption of common units of FAH, LLC pursuant to the FAH LLC Agreement;
- any amendment or modification of our or any of our subsidiaries' organizational documents, other than the FAH LLC Agreement, which shall be subject to amendment or modification solely in accordance with the terms set forth herein; and
- any increase or decrease of the size of our board of directors.

We are a "controlled company" within the meaning of the Nasdaq rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such corporate governance requirements.

Pursuant to the terms of the Stockholders Agreement, ACON, Fundamental and Brian Mariotti, our Chief Executive Officer, in the aggregate, have more than 50% of the voting power for the election of directors, and, as a result, we are considered a "controlled company" for the purposes of the Nasdaq rules. As such, we qualify for, and rely on, exemptions from certain corporate governance requirements, including the requirements to have a majority of "independent directors" as defined under the Nasdaq rules on our board of directors, an entirely independent nominating and corporate governance committee with a written charter addressing the committee's purpose and responsibilities, and an entirely independent compensation committee with a written charter addressing the committee's purpose and responsibilities.

The corporate governance requirements and specifically the independence standards are intended to ensure that directors who are considered independent are free of any conflicting interest that could influence their actions as directors. As a result of our reliance on the foregoing "controlled company" exemptions, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq rules.

Our amended and restated certificate of incorporation provides that the doctrine of "corporate opportunity" does not apply with respect to any director or stockholder who is not employed by us or our subsidiaries.

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Our amended and restated certificate of incorporation, provides that the doctrine of "corporate opportunity" does not apply with respect to any director or stockholder who is not employed by us or our subsidiaries. Any director or stockholder who is not employed by us or our subsidiaries therefore has no duty to communicate or present corporate opportunities to us, and has the right to either hold any corporate opportunity for their (and their affiliates') own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us, including to any director or stockholder who is not employed by us or our subsidiaries.

As a result, certain of our stockholders, directors and their respective affiliates are not prohibited from operating or investing in competing businesses. We therefore may find ourselves in competition with certain of our

stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business or prospects.

Our principal asset consists of our interest in FAH, LLC, and accordingly, we depend on distributions from FAH, LLC to pay taxes and expenses, including payments under the Tax Receivable Agreement. FAH, LLC's ability to make such distributions may be subject to various limitations and restrictions.

Upon consummation of the IPO, we became a holding company and have no material assets other than our ownership of 23,337,705 common units of FAH, LLC, representing approximately 48.3% of the economic interest in FAH, LLC. We have no independent means of generating revenue or cash flow, and our ability to pay dividends in the future, if any, is dependent upon the financial results and cash flows of FAH, LLC and its subsidiaries and distributions we receive from FAH, LLC. There can be no assurance that our subsidiaries will generate sufficient cash flow to dividend or distribute funds to us or that applicable local law and contractual restrictions, including negative covenants in our debt instruments, will permit such dividends or distributions.

FAH, LLC is treated as a partnership for U.S. federal income tax purposes and, as such, generally is not subject to entity-level U.S. federal income tax. Instead, taxable income is allocated to holders of its common units, including us. As a result, we incur income taxes on our allocable share of net taxable income of FAH, LLC. Under the terms of the FAH LLC Agreement, FAH, LLC is obligated to make tax distributions to its members, including us, except to the extent such distributions would render FAH, LLC insolvent or are otherwise prohibited by law or any limitations or restrictions in our debt agreements. The amount of such tax distribution is calculated based on the highest combined federal, state and local tax rate that may potentially apply to any one of FAH, LLC's members, regardless of the actual final tax liability of any such member. As a result of the foregoing, FAH, LLC may be obligated to make tax distributions in excess of some or all of its members' actual tax liability, which could reduce its cash available for its business operations. In addition to tax expenses, we also incur expenses related to our operations, our interests in FAH, LLC and related party agreements, including payment obligations under the Tax Receivable Agreement and expenses and costs of being a public company, all of which could be significant. We intend, as its managing member, to cause FAH, LLC to make distributions in an amount sufficient to allow us to pay our taxes and operating expenses, including any ordinary course payments due under the Tax Receivable Agreement. However, FAH, LLC's ability to make such distributions may be subject to various limitations and restrictions including, but not limited to, restrictions on distributions that would either violate any contract or agreement to which FAH, LLC is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering FAH, LLC insolvent. If FAH, LLC does not have sufficient funds to pay tax distributions or other liabilities to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable Agreement. If FAH, LLC does not have sufficient funds to make distributions, our ability to declare and pay cash dividends may also be restricted or impaired. See "Risks Relating to Ownership of Our Class A Common Stock."

Our Tax Receivable Agreement with the Continuing Equity Owners requires us to make cash payments to them in respect of certain tax benefits to which we may become entitled, the amounts that we may be required to pay could be significant, and we may not realize such tax benefits.

In connection with the consummation of the IPO, we entered into a Tax Receivable Agreement with FAH, LLC and each of the Continuing Equity Owners. Pursuant to the Tax Receivable Agreement, we will be required to make cash payments to the Continuing Equity Owners equal to 85% of the tax benefits, if any, that we realize, or in some circumstances are deemed to realize as a result of (1) any future redemptions funded by us or exchanges (or deemed exchanges in certain circumstances) of common units for Class A common stock or cash, and (2) certain additional tax benefits attributable to payments under the Tax Receivable Agreement. The amount of the cash payments that we may be required to make under the Tax Receivable Agreement could be significant. Payments under the Tax Receivable Agreement will generally be based on the tax reporting positions that we determine, which are subject to challenge by taxing authorities. Payments made under the Tax Receivable Agreement will not be returned upon a successful challenge by a taxing authority to our reporting positions. Any payments made by us to the Continuing Equity Owners under the Tax Receivable Agreement will generally

reduce the amount of overall cash flow that might have otherwise been available to us. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid by us. Nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable Agreement. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement upon a change of control. The payments under the Tax Receivable Agreement are also not conditioned upon the Continuing Equity Owners maintaining a continued ownership interest in FAH, LLC.

The amounts that we may be required to pay to the Continuing Equity Owners under the Tax Receivable Agreement may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize.

The Tax Receivable Agreement provides that if certain mergers, asset sales, other forms of business combination, or other changes of control were to occur, if we materially breach any of our material obligations under the Tax Receivable Agreement or if, at any time, we elect an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, to make future payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. In those circumstances members of FAH, LLC would be deemed to exchange any remaining outstanding common units of FAH, LLC for Class A common stock and would generally be entitled to payments under the Tax Receivable Agreement resulting from such deemed exchange. The amount due and payable in those circumstances is determined based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. We may need to incur debt to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement.

As a result of the foregoing, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. We could also be required to make cash payments to the Continuing Equity Owners that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement. Our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

We will not be reimbursed for any payments made to the Continuing Equity Owners under the Tax Receivable Agreement in the event that any tax benefits are disallowed.

We will not be reimbursed for any cash payments previously made to the Continuing Equity Owners pursuant to the Tax Receivable Agreement if any tax benefits initially claimed by us are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to a Continuing Equity Owner will be netted against any future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments from which to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings.

If we were deemed to be an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act, as a result of our ownership of FAH, LLC, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (1) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the 1940 Act.

As the sole managing member of FAH, LLC, we control and operate FAH, LLC. On that basis, we believe that our interest in FAH, LLC is not an "investment security" as that term is used in the 1940 Act. However, if we were to cease participation in the management of FAH, LLC, our interest in FAH, LLC could be deemed an "investment security" for purposes of the 1940 Act.

We and FAH, LLC intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Continuing Equity Owners that will not benefit Class A common stockholders to the same extent as it will benefit the Continuing Equity Owners.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Continuing Equity Owners that will not benefit the holders of our Class A common stock to the same extent as it will benefit such Continuing Equity Owners. We have entered into the Tax Receivable Agreement with FAH, LLC and the Continuing Equity Owners and it provides for the payment by us to the Continuing Equity Owners of 85% of the amount of tax benefits, if any, that we realize, or in some circumstances are deemed to realize, as a result of (1) any future redemptions funded by us or exchanges (or deemed exchanges in certain circumstances) of common units for Class A common stock or cash and (2) certain additional tax benefits attributable to payments under the Tax Receivable Agreement. This and other aspects of our organizational structure may adversely impact the future trading market for our Class A common stock.

Risks Relating to Ownership of Our Class A Common Stock

The Continuing Equity Owners own common units in FAH, LLC, and the Continuing Equity Owners will have the right to redeem their common units in FAH, LLC pursuant to the terms of the FAH LLC Agreement for shares of Class A common stock or cash.

We have an aggregate of 176,662,295 shares of Class A common stock authorized but unissued, as well as approximately 24,975,932 shares of Class A common stock issuable, at our election, upon redemption of FAH, LLC common units held by the Continuing Equity Owners. FAH, LLC has entered into the FAH LLC Agreement, and subject to certain restrictions set forth in such agreement, the Continuing Equity Owners are entitled to have their common units redeemed from time to time at each of their options (subject in certain circumstances to time-based vesting requirements) for, at our election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the FAH LLC Agreement; provided that, at our election, we may effect a direct exchange by us of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. We also entered into a Registration Rights Agreement pursuant to which the shares of Class A common stock issued to certain of the Continuing Equity Owners (including each of our executive officers) upon such redemption and the shares of Class A common stock issued to the Former Equity Owners in connection with the Transactions will be eligible for resale, subject to certain limitations set forth in the Registration Rights Agreement.

We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our Class A common stock to decline.

You may be diluted by future issuances of additional Class A common stock or common units in connection with our incentive plans, acquisitions or otherwise; future sales of such shares in the public market, or the expectations that such sales may occur, could lower our stock price.

Our amended and restated certificate of incorporation authorizes us to issue shares of our Class A common stock and options, rights, warrants and appreciation rights relating to our Class A common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. In addition, we, FAH, LLC and the Continuing Equity Owners are party to the FAH LLC Agreement under which the Continuing Equity Owners (or certain permitted transferees thereof) have the right (subject to the terms of the FAH LLC Agreement) to have their common units redeemed from time to time at each of their options (subject in certain circumstances to time-based vesting requirements) by FAH, LLC in exchange for, at our election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume-weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the FAH LLC Agreement; provided that, at our election, we may effect a direct exchange by us of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. The market price of shares of our Class A common stock could decline as a result of these redemptions or exchanges or the perception that a redemption or exchange could occur. These redemptions or exchanges, or the possibility that these redemptions or exchanges may occur, also might make it more difficult for holders of our Class A common stock to sell such stock in the future at a time and at a price that they deem appropriate.

We have reserved for issuance under our 2017 Plan 5,518,518 shares of Class A common stock, including 1,028,500 shares of Class A common stock issuable pursuant to stock options we granted to certain of our directors, executive officers and other employees in connection with the IPO. Any shares of Class A common stock that we issue, including under our 2017 Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the holders of our Class A common stock.

We, our officers and directors and the Original Equity Owners subject to certain exceptions, have agreed that, without the prior written consent of Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of the final prospectus filed with the SEC in connection with the IPO: (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock or any securities convertible into, exchangeable for or that represent the right to receive shares of Class A common stock; (2) file any registration statement with the SEC relating to the offering of any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock; or (3) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Class A common stock, subject to certain exceptions. Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their sole discretion, may release the Class A common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

The market price of our Class A common stock may decline significantly when the restrictions on resale by our existing stockholders lapse. A decline in the market price of our Class A common stock might impede our ability to raise capital through the issuance of additional shares of Class A common stock or other equity securities.

In connection with the completion of the IPO, we entered into a Registration Rights Agreement with certain of the Original Equity Owners (including each of our executive officers). Any sales in connection with the Registration Rights Agreement, or the prospect of any such sales, could materially impact the market price of our Class A common stock and could impair our ability to raise capital through future sales of equity securities.

In the future, we may also issue additional securities if we need to raise capital, including, but not limited to, in connection with acquisitions, which could constitute a material portion of our then-outstanding shares of Class A common stock.

Our Class A common stock price may be volatile or may decline regardless of our operating performance and you may not be able to resell your shares at or above the price you paid for them.

Volatility in the market price of our Class A common stock may prevent you from being able to sell your shares at or above the price you paid for them. Many factors, which are outside our control, may cause the market price of our Class A common stock to fluctuate significantly, including those described elsewhere in this “Risk Factors” section, as well as the following:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products;
- future announcements concerning our business, our customers’ businesses or our competitors’ businesses;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- the market’s reaction to our reduced disclosure and other requirements as a result of being an “emerging growth company” under the Jumpstart Our Business Startups Act (“JOBS Act”);
- the size of our public float;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;

- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry, our licensors or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

As a result, volatility in the market price of our Class A common stock may prevent investors from being able to sell their Class A common stock at or above the price they paid for them or at all. These broad market and industry factors may materially reduce the market price of our Class A common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low. As a result, you may suffer a loss on your investment.

We do not intend to pay dividends on our Class A common stock for the foreseeable future.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness. As a result, we do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, industry trends and other factors that our board of directors may deem relevant. Any such decision will also be subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Our Senior Secured Credit Facilities contain certain covenants that restrict the ability of FAH, LLC and its subsidiaries to pay dividends or make distributions. Because we are a holding company, our ability to pay dividends on our Class A common stock depends on our receipt of cash distributions from FAH, LLC and, through FAH, LLC, cash distributions and dividends from our other direct and indirect wholly owned subsidiaries. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our Class A common stock. As a result, you may have to sell some or all of your Class A common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends, particularly when others in our industry have elected to do so, could also adversely affect the market price of our Class A common stock.

Delaware law and certain provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may prevent efforts by our stockholders to change the direction or management of our company.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors, including, but not limited to, the following:

- our board of directors is classified into three classes, each of which serves for a staggered three-year term;
- only the chairperson of our board of directors or a majority of our board of directors may call special meetings of our stockholders, except that at such time as ACON, certain of its affiliates and their permitted transferees, which we collectively refer to as the ACON Related Parties, directly or indirectly, beneficially own in the aggregate, 35% or more of all shares of Class A common stock (including for this purpose all shares of Class A common stock issuable upon redemption of common units,

assuming all such common units are redeemed for Class A common stock on a one-for-one basis) issued and outstanding, the holders of a majority in voting power of the outstanding shares of our capital stock may also call special meetings of our stockholders;

- we have authorized undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- any action required or permitted to be taken by our stockholders at an annual meeting or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a written consent is signed by the holders of our outstanding shares of common stock representing not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all outstanding shares of common stock entitled to vote thereon were present and voted, provided that at such time as the ACON Related Parties, directly or indirectly, beneficially own in the aggregate, less than 35% of all shares of Class A common stock (including for this purpose all shares of Class A common stock issuable upon redemption of common units, assuming all such common units are redeemed for Class A common stock on a one-for-one basis) issued and outstanding, any action required or permitted to be taken by our stockholders at an annual meeting or special meeting of stockholders may not be taken by written consent in lieu of a meeting;
- our amended and restated certificate of incorporation may be amended or repealed by the affirmative vote of a majority of the votes which all our stockholders would be eligible to cast in an election of directors and our amended and restated bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of a majority of the votes which all our stockholders would be eligible to cast in an election of directors, provided that at such time as the ACON Related Parties, directly or indirectly, beneficially own in the aggregate, less than 35% of all shares of Class A common stock (including for this purpose all shares of Class A common stock issuable upon redemption of common units, assuming all such common units are redeemed for Class A common stock on a one-for-one basis) issued and outstanding, our amended and restated certificate of incorporation and our amended and restated bylaws may be amended or repealed by the affirmative vote of the holders of at least 66$^{2}/_{3}$% of the votes which all our stockholders would be entitled to cast in any annual election of directors and our amended and restated bylaws may also be amended or repealed by a majority vote of our board of directors;
- we require advance notice and duration of ownership requirements for stockholder proposals; and
- we have opted out of Section 203 of the Delaware General Corporation Law of the State of Delaware, or the DGCL, however, our amended and restated certificate of incorporation will contain provisions that are similar to Section 203 of the DGCL (except with respect to ACON and Fundamental and any of their respective affiliates and any of their respective direct or indirect transferees of Class B common stock).

These provisions could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire, including actions that you may deem advantageous, or negatively affect the trading price of our Class A common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

Please see “Risks Relating to Our Organizational Structure—ACON has significant influence over us, including over decisions that require the approval of stockholders, and its interests, along with the interests of our other Continuing Equity Owners, in our business may conflict with the interests of our other stockholders.”

Our amended and restated certificate of incorporation provides, subject to certain exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our amended and restated certificate of incorporation provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders; (3) any action asserting a claim against us, any director or our officers and employees arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery; or (4) any action asserting a claim against us, any director or our officers or employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision that will be contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

Taking advantage of the reduced disclosure requirements applicable to "emerging growth companies" may make our Class A common stock less attractive to investors.

The JOBS Act provides that, for so long as a company qualifies as an "emerging growth company," it will, among other things:

- be required to initially have only two years of audited financial statements and only two years of related selected financial data and Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;
- be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting;
- be exempt from the "say on pay" and "say on golden parachute" advisory vote requirements of the Dodd-Frank Wall Street Reform and Customer Protection Act, or the Dodd-Frank Act;
- be exempt from certain disclosure requirements of the Dodd-Frank Act relating to compensation of its executive officers and be permitted to omit the detailed compensation discussion and analysis from the proxy statements and reports it files under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor's report on our financial statements.

We currently have chosen to take advantage of each of the exemptions described above. We have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 107(b) of the JOBS Act. We could be an emerging growth company until December 31, 2022. We cannot predict if investors will find our Class A common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our Class A common stock.

The obligations associated with being a public company require significant resources and management attention, which may divert from our business operations.

As a result of our IPO, we became subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal control over financial reporting. As a result, we now incur significant legal, accounting and other expenses that we did not previously incur. Additionally, most of our management team, including our Chief Executive Officer and Chief Financial Officer, have not previously managed a publicly traded company, and as a result, have little experience in complying with the increasingly complex and changing legal and regulatory landscape in which public companies operate. Furthermore, while certain members of our board of directors have been officers and other employees of public companies, only one of our directors has served on the board of directors of a public company. Our entire management team and many of our other employees now need to devote substantial time to compliance, and may not be able to effectively or efficiently manage us our transition into a public company.

In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management's attention from implementing our business strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal control over financial reporting, including information technology controls, and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses.

Furthermore, as a public company, we have incurred and will continue to incur additional legal, accounting and other expenses that have not been reflected in historical financial statements. In addition, rules implemented by the SEC have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. These rules and regulations result in our incurring legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors and our board committees or as executive officers.

As a public reporting company, we are subject to rules and regulations established from time to time by the SEC regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner.

We are a public reporting company subject to the rules and regulations established from time to time by the SEC and The Nasdaq Stock Market. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel.

In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Though we are required to disclose changes made to our internal controls and procedures on a quarterly basis, we are not required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. Furthermore, as an emerging growth company, our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC and the date we are no longer an emerging growth company.

If our senior management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, or if our independent registered public accounting firm cannot render an unqualified opinion on management's assessment and the effectiveness of our internal control over financial reporting at such time as it is required to do so, or if material weaknesses in our internal control over financial reporting are identified, we could be subject to regulatory scrutiny, a loss of public and investor confidence, and to litigation from investors and stockholders, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our Class A common stock price and adversely affect our results of operations and financial condition. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the Nasdaq Stock Market or other regulatory authorities, which would require additional financial and management resources.

We may fail to meet analyst expectations, or analysts may issue unfavorable commentary about us or our industry or downgrade our Class A common stock, which could cause the price of our Class A common stock to decline

Our Class A common stock is traded publicly and various securities analysts follow our company and issue reports on us. These reports include information about our historical financial results as well as the analysts' estimates of our future performance. The analysts' estimates are based upon their own independent opinions and may be different from our own estimates or expectations. If our operating results are below the estimates or expectations of public market analysts and investors, the trading price of our Class A common stock could decline. In addition, one or more analysts could cease to cover our company, which could cause us to lose visibility in the market, and one or more analysts could downgrade our Class A common stock or issue other negative commentary about our company or our industry. As a result of one or more of these factors, the trading price of our Class A common stock could decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our leased properties primarily consist of office space, warehouses and distribution facilities. The table below sets forth certain information regarding these properties, all of which are leased.

Property	Location	Approximate Square Footage	Lease Expiration Date
Corporate Headquarters	Everett, Washington	84,000	January 31, 2027
Offices, Main Warehouse and Distribution Facility	Everett, Washington	201,000	January 31, 2026
Warehouse and Distribution Facility	Everett, Washington	119,000	July 31, 2021
Warehouse and Distribution Facility	Everett, Washington	83,000	July 31, 2021
Offices, Apparel Design Team	San Diego, California	7,000	December 1, 2018
Sales Office	Bentonville, Arkansas	1,000	November 30, 2019
Warehouse	Maldon, Essex, United Kingdom	52,000	March 31, 2019
Warehouse and Administrative Offices	Maldon, Essex, United Kingdom	38,000	July 12, 2021
Sales Office	London, United Kingdom	1,100	February 1, 2022
Warehouse and Administrative Offices	Chatsworth, California	46,000	June 28, 2020
Offices, Licensing and Apparel Sales	Burbank, California	7,161	February 28, 2023
Administrative Office	Bath, United Kingdom	1,760	Month-to-month
Sales Office	Minneapolis, Minnesota	3,900	September 30, 2023

For leases that are scheduled to expire during the next 12 months, we may negotiate new lease agreements, renew existing lease agreements or use alternate facilities. We believe that our facilities are adequate for our needs and believe that we should be able to renew any of the above leases or secure similar property without an adverse impact on our operations.

ITEM 3. LEGAL PROCEEDINGS

We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business. For example, on November 16, 2017, a purported stockholder of the Company filed a putative class action lawsuit in the Superior Court of Washington in and for King County against us, certain of our officers and directors, and the underwriters of our IPO, entitled Robert Lowinger v. Funko, Inc., et. al. In January and March 2018, four additional putative class action lawsuits were filed, three in the Superior Court of Washington in and for King County and one in the Superior Court of Washington in and for Snohomish County. Two of the lawsuits, *Surratt v. Funko, Inc. et. al.* (filed on January 16, 2018) and *Baskin v. Funko, Inc. et. al.* (filed on January 30, 2018) were filed against us and certain of our officers and directors. The third, *The Ronald and Maxine Linde Foundation v. Funko et. al.* (filed on January 18, 2018) was filed against us, certain of our officers and directors, ACON, Fundamental and certain other defendants. The fourth, *Berkelhammer v. Funko, Inc. et. al.* (filed on March 13, 2018) was filed against us, certain of our officers and directors, and ACON. The complaints allege that we violated Sections 11, 12, and 15 of the Securities Act of 1933, as amended, by making allegedly materially misleading statements, and by omitting material facts necessary to make the statements made therein not misleading. The lawsuits seek, among other things, compensatory statutory damages and rescissory damages in account of the consideration paid for our Class A common stock by plaintiff and members of the putative class, as well as attorneys' fees and costs. The Company believes it has meritorious defenses to the claims of the plaintiff and members of the class and any liability for the alleged claims is not currently probable or reasonably estimable.

We are party to additional legal proceedings incidental to our business. While the outcome of these additional matters could differ from management's expectations, we do not believe that the resolution of such matters is reasonably likely to have a material effect on our results of operations or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF SECURITIES

Market Information

On November 2, 2017, our Class A common stock began trading on the Nasdaq Global Market under the symbol "FNKO." Prior to that time, there was no public market for our stock. The high and low sales prices of our common stock as reported on the Nasdaq during the quarter ended December 31, 2017 were $9.90 and $5.81, respectively.

Holders of Record

As of March 9, 2018, there were 43 stockholders of record of our Class A common stock. As of March 9, 2018, there were 34 stockholders of record of our Class B common stock.

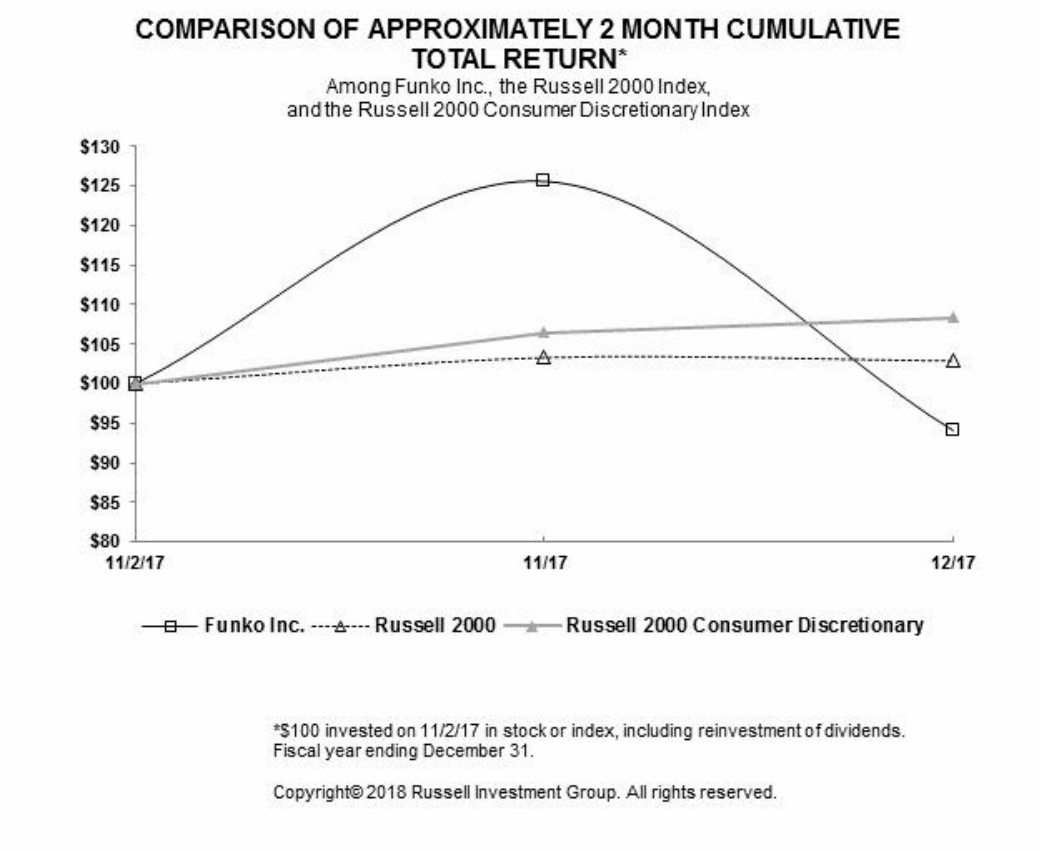
Dividend Policy

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness, and therefore we do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. Holders of our Class B common stock are not entitled to participate in any dividends declared by our board of directors. Additionally, our ability to pay any cash dividends on our Class A common stock is limited by restrictions on the ability of FAH, LLC and our other subsidiaries to pay dividends or make distributions under the terms of our Senior Secured Credit Facilities. Furthermore, because we are a holding company, our ability to pay cash dividends on our Class A common stock depends on our receipt of cash distributions from FAH, LLC and, through FAH, LLC, cash distributions and dividends from our other direct and indirect wholly owned subsidiaries. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability and other factors that our board of directors may deem relevant.

FAH, LLC paid cash tax distributions to its members during the years ended December 31, 2017 and 2016 of $23.7 million and $21.3 million, respectively. Additionally, FAH, LLC paid a special distribution to its members during the years ended December 31, 2017 and 2016 of $49.2 and $49.2 million (of which $49.0 million consisted of cash and $0.2 million consisted of a reduction in interest and principal under loans to certain members of management for both periods).

Stock Performance Graph

The following graph and table illustrate the total return from November 2, 2017 through December 31, 2017, for (i) our Class A common stock, (ii) the Russell 2000 Index, and (iii) the Russell 2000 Consumer Discretionary Index. The graph and the table assume that $100 was invested on November 2, 2017 in each of our Class A common stock, the Russell 2000 Index, and the Russell 2000 Consumer Discretionary Index, and that any dividends were reinvested. The comparisons reflected in the graph and table are not intended to forecast the future performance of our stock and may not be indicative of our future performance.



	11/2/2017	11/30/2017	12/29/2017
Funko, Inc.	100.00	125.60	94.06
Russell 2000	100.00	103.30	102.89
Russell 2000 Consumer Discretionary	100.00	106.47	108.40

ITEM 6. SELECTED FINANCIAL DATA

The following tables present the selected historical consolidated financial and other data for Funko, Inc. The selected consolidated statements of operations and cash flows data for the year ended December 31, 2017 (Successor), the year ended December 31, 2016 (Successor) and the period from October 31, 2015 through December 31, 2015 (Successor) and the period from January 1, 2015 through October 30, 2015 (Predecessor) and the selected consolidated balance sheets data as of December 31, 2017 and 2016 are derived from the audited consolidated financial statements contained in Part II, Item 8 of this Annual Report on Form 10-K.

Subsequent to the IPO and related reorganization transactions, Funko, Inc. has been a holding company whose principal asset is its equity interest in FAH, LLC. As the sole managing member of FAH, LLC, Funko, Inc. operates and controls all of the business and affairs of FAH, LLC, and through FAH, LLC, conducts its business. As a result, the Company consolidates FAH, LLC's financial results and reports a non-controlling interest related to the common units not owned by Funko, Inc. Such consolidation has been reflected for all periods presented. Our selected historical consolidated financial and other data does not reflect what our financial position and results of operations would have been had we been a separate, stand-alone public company during those periods.

Our selected historical consolidated financial and other data may not be indicative of our future results of operations or future cash flows. You should read the information set forth below in conjunction with our historical consolidated financial statements and the notes to those statements, Item 1A. - “Risk Factors” and Item 7. – “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Form 10-K.

	Year Ended December 31,		Successor	Predecessor
			Period from October 31, 2015 through December 31,	Period from January 1, 2015 through October 30,
	2017	2016	2015	2015
	(In thousands, except per share amounts)			
Consolidated Statements of Operations Data:				
Net sales	$ 516,084	$ 426,717	$ 56,565	$ 217,491
Cost of sales (exclusive of depreciation and amortization shown separately below)	317,379	280,396	44,485	131,621
Selling, general, and administrative expenses	120,944	77,525	13,894	37,145
Acquisition transaction costs	3,641	1,140	7,559	13,301
Depreciation and amortization	31,975	23,509	3,370	5,723
Total operating expenses	473,939	382,570	69,308	187,790
Income (loss) from operations	42,145	44,147	(12,743)	29,701
Interest expense, net	30,636	17,267	2,818	2,202
Loss on extinguishment of debt	5,103	—	—	—
Other income, net	(734)	—	—	—
Income (loss) before income taxes	7,140	26,880	(15,561)	27,499
Income tax expense	1,540	—	—	—
Net income (loss)	5,600	26,880	(15,561)	27,499
Less: net income attributable to non-controlling interests	1,875	—	—	—
Net income (loss) attributable to Funko, Inc.	$ 3,725	$ 26,880	$ (15,561)	$ 27,499
Earnings per share of Class A common stock (1):				
Basic	$ 0.04			
Diluted	$ 0.04			
Consolidated Statements of Cash Flows Data:				
Net cash provided by operating activities	$ 23,837	$ 49,468	$ 14,110	$ 8,538
Net cash used in investing activities	$ (65,215)	$ (22,105)	$ (244,421)	$ (10,043)
Net cash provided by (used in) financing activities	$ 43,012	$ (45,613)	$ 244,456	$ 11,390
Selected Other Data:				
EBITDA (2)	$ 69,751	$ 67,656	$ (9,373)	$ 35,424
Adjusted EBITDA (2)	$ 89,919	$ 96,960	$ 13,170	$ 61,996

	December 31,		
	2017	2016	2015
Consolidated Balance Sheets Data:	(In thousands)		
Cash and cash equivalents	$ 7,728	$ 6,161	$ 24,411
Total assets	$ 630,313	$ 522,237	$ 505,330
Total debt (3)	$ 233,899	$ 217,753	$ 169,846
Total members' / stockholders' equity	$ 281,155	$ 217,377	$ 243,556

(1) Basic and diluted earnings per share of Class A common stock is applicable only for periods after the Company's IPO. See Note 18, Earnings per Share of the notes to our consolidated financial statements.

(2) EBITDA and Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, U.S. GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under U.S. GAAP and should not be considered as an alternative to net income (loss) or any other performance measure derived in accordance with U.S. GAAP. See "Non-GAAP Financial Measures" in Part II, Item 7 of this Form 10-K for additional information and a reconciliation to the most directly comparable U.S. GAAP financial measure.

(3) Total debt consists of borrowing under our Senior Secured Credit Facilities, as applicable, net of unamortized discount costs as of December 31, 2017, 2016 and 2015 of $5.3 million, $6.4 million and $5.2 million, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various important factors, including those set forth under "Risk Factors" included in this Annual Report on Form 10-K.

Overview

We are a leading pop culture consumer products company. Our business is built on the principle that almost everyone is a fan of something and the evolution of pop culture is leading to increasing opportunities for fan loyalty. We create whimsical, fun and unique products that enable fans to express their affinity for their favorite "something"—whether it is a movie, TV show, video game, musician or sports team. We infuse our distinct designs and aesthetic sensibility into one of the industry's largest portfolios of licensed content over a wide variety of product categories, including figures, plush, accessories, apparel and homewares.

Summary

On November 6, 2017, we completed our IPO of 10,416,666 shares of Class A common stock at an initial public offering price of $12.00 per share and received approximately $117.3 million in net proceeds after deducting underwriting discounts and commissions. We used the net proceeds to purchase 10,416,666 newly issued common units directly from FAH, LLC at a price per unit equal to the price per share of Class A common stock in the IPO less underwriting discounts and commissions. Immediately following the completion of the IPO and related Transactions, we held 23,337,705 common units, representing an approximately 48.3% interest in FAH, LLC.

Key Performance Indicators

We consider the following metrics to be key performance indicators to evaluate our business, develop financial forecasts, and make strategic decisions.

	Year Ended December 31,		Successor	Predecessor
			Period from October 31, 2015 through December 31,	Period from January 1, 2015 through October 30,
	2017	2016	2015	2015
	(amounts in thousands)			
Net sales	$ 516,084	$ 426,717	$ 56,565	$ 217,491
Net income (loss)	$ 5,600	$ 26,880	$ (15,561)	$ 27,499
EBITDA (1)	$ 69,751	$ 67,656	$ (9,373)	$ 35,424
Adjusted EBITDA (1)	$ 89,919	$ 96,960	$ 13,170	$ 61,996

(1) Earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA are financial measures not calculated in accordance with U.S. GAAP, or non-GAAP financial measures. For a reconciliation of EBITDA and Adjusted EBITDA to net income (loss), the most closely comparable U.S. GAAP financial measure, see "Non-GAAP Financial Measures" in this item.

Factors Affecting our Business

Growth in the Market for Pop Culture Consumer Products

Our operating results and prospects will be impacted by developments in the market for pop culture consumer products. Our business has benefitted from pop culture trends including (1) technological innovation that has facilitated content consumption and engagement, (2) creation of more quality content, (3) greater cultural prevalence and acceptance of pop culture fandom and (4) increased engagement by fans with pop culture content beyond mere consumption driven by social media and demonstrated by fan-centric experiences, such as Comic-Con International: San Diego and New York Comic Con, and the popularity of eSports. These trends have contributed to significant recent growth in the demand for pop culture products like ours in recent years; however, consumer demand for pop culture products and pop culture trends can and does shift rapidly and without warning. To the extent we are unable to offer products that appeal to consumers, our operating results will be adversely affected. This is particularly true given the concentration of our sales under certain of our brands, particularly Pop!, which represented approximately 70%, 64% and 75% of our sales for the years ended December 31, 2017, 2016 and 2015, respectively, and which is sold across multiple product categories.

Relationships with Content Providers

We generate substantially all of our net sales from products based on intellectual property we license from others. We have strong relationships with many established content providers and seek to establish licensing relationships with newer content providers. For example, in 2016, we introduced a line of products based on the video game property “Five Nights at Freddy’s.” This property and the sequel property released in the fall of 2016 accounted for sales of approximately $40.0 million, or 8%, of our net sales for the year ended December 31, 2017, and approximately $63.1 million, or 15%, of our net sales for the year ended December 31, 2016. Our content provider relationships are highly diversified, allowing us to license a wide array of properties and thereby reduce our exposure to any individual property or license.

We believe there is a trend of content providers consolidating their relationships to do more business with fewer licensees. We believe our ability to help maximize the value and extend the relevance of our content providers’ properties has allowed us to benefit from this trend. Although we have a successful track record of renewing and extending the scope of licenses, our license agreements typically have short terms (between two and three years), are not automatically renewable, and, in some cases, give the licensor the right to terminate the license agreement at will. In addition, the efforts of our senior management team have been integral to our relationships with our licensors. Inability to license newer pop culture properties, the termination or lack of renewal of one or more of our license agreements, or the renewal of a license agreement on less favorable terms, could adversely affect our business.

Retail Industry Dynamics; Relationships with Retail Customers

Historically, substantially all of our net sales have been derived from our retail customers and distributors, upon which we rely to reach the consumers who are the ultimate purchasers of our products. Our top ten customers represented approximately 45%, 63% and 62% of our net sales for the years ended December 2017, 2016 and 2015, respectively. We depend on retailers to provide adequate and attractive space for our products and point of purchase displays in their stores. In recent years, traditional retailers have been affected by a shift in consumer preferences towards other channels, particularly e-commerce. We believe that this shift may have benefitted our business in recent periods as brick and mortar retailers dedicated additional shelf space to our products and pop culture consumer products generally to drive additional traffic to their stores and improve sales in previously less productive shelf space. In addition, we have seen an increase in sales for our product on retailers’ ecommerce platforms.

Our customers do not make long-term commitments to us regarding purchase volumes and can therefore easily reduce their purchases of our products. Any reduction in purchases of our products by our retail customers and distributors, or the loss of any key retailer or distributor for any reason could adversely affect our business. In addition, our future growth depends upon our ability to successfully execute our business strategy. See Item 1A, “Risk Factors.”

Content Mix

The timing and mix of products we sell in any given quarter or year will depend on various factors, including the timing and popularity of new releases by third-party content providers and our ability to license properties based on these releases. We have diversified our product offerings across property categories. We have visibility into the new release schedule of many our content providers and our expansive license portfolio allows us to dynamically manage new product creation. This insight allows us to adjust the mix of products based on classic evergreen properties and new releases, depending on the media release cycle. In addition, over time, we have continued to increase our number of active properties. An active property is a property from which we generate sales of products during a given period. For the years ended December 31, 2017, 2016 and 2015, we had sales of our products across 500, 396 and 285 properties, respectively.

Our results of operations may also fluctuate significantly from quarter to quarter or year to year depending on the timing and popularity of new product releases and related content releases. Sales of a certain product or group of products tied to particular content can dramatically increase our net sales in any given quarter or year. For example, our net sales for the year ended December 31, 2016 were positively impacted by the introduction of a new line of products based on the video game property "Five Nights at Freddy's," described above. A sequel to Five Nights at Freddy's was released in the fall of 2016. The sales of this property continued in 2017 and represented 8% of sales for the year ended December 31, 2017. Our license for "Five Nights at Freddy's" expires at the end of 2021. While we expect to see growth in the number of properties and products over time, we expect that the number of active properties and the sales per active property will fluctuate from quarter to quarter or year over year based on what is relevant in pop culture at that time and the types of properties we are producing against. In addition, despite our efforts to diversify the properties on which we base our products, if the performance of one or more of these properties fails to meet expectations or are delayed in their release, our operating results could be adversely affected.

Taxation and Expenses

After consummation of our IPO on November 6, 2017, we became subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of FAH, LLC, and we will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, as well as payments under the Tax Receivable Agreement, which we expect to be significant. We intend to cause FAH, LLC to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments due under the Tax Receivable Agreement.

In addition, as a public company, we are implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We also expect to recognize certain non-recurring costs as part of our transition to a publicly traded company, consisting of professional fees and other expenses.

Components of our Results of Operations

Net Sales

We sell a broad array of licensed pop culture consumer products across a variety of categories, including figures, plush, accessories, apparel and homewares, primarily to retail customers and distributors. We also sell our products directly to consumers through our e-commerce operations and, to a lesser extent, at specialty licensing and comic book conventions and exhibitions.

Revenue from the sale of our products is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, there are no uncertainties regarding customer acceptance, the selling price is fixed or determinable, and collectability is reasonably assured. We routinely enter into arrangements with our customers to provide for markdown co-operation advertising and other various allowances and an estimate for those allowances is recorded when revenue is recognized. Sales terms typically do not allow for a right of return

except in relation to a manufacturing defect. Shipping costs billed to our customers are included in net sales, while shipping and handling costs, which include inbound freight costs and the cost to ship products to our customers, are typically included in cost of sales.

Cost of Sales

Cost of sales consists primarily of product costs, royalty expenses paid to our licensors and the cost to ship our products, including both inbound freight and outbound products to our customers. Our cost of sales excludes depreciation and amortization.

Our products are produced by third-party manufacturers primarily in China, Vietnam and Mexico. The use of third-party manufacturers enables us to avoid incurring fixed manufacturing costs, while maximizing flexibility, capacity and capability. As part of a continuing effort to reduce manufacturing costs and ensure speed to market, we have historically kept our production concentrated with a small number of manufacturers and factories even as we have grown and diversified. In recent years, we have worked to improve the efficiency of our supply chain to improve our gross margins.

Our product costs and gross margins will be impacted from period to period based on the product mix in any given period. Our plush products tend to have a higher product cost and lower gross margins than our figures.

Our royalty costs and gross margins will also be impacted from period to period based on our mix of licensed products sold, as well as a variety of other factors. For the years ended December 31, 2017, 2016, the Successor 2015 Period and the Predecessor 2015 Period, our weighted average royalty rate was 15.0%, 15.2%, 16.2% and 14.6% respectively.

Our shipping costs, both inbound and outbound, will fluctuate from period to period based on customer mix due to varying shipping terms and other factors.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are primarily driven by wages, commissions and benefits, warehouse, fulfillment (internal and external) and facilities costs, infrastructure and technology costs, advertising and marketing expenses of our products, including the costs to participate at specialty licensing and comic book conventions and exhibitions, as well as costs to develop promotional video and other online content created for advertising purposes. Credit card fees, insurance, legal expenses, other professional expenses and other miscellaneous operating costs are also included in selling, general and administrative expenses. Selling costs generally correlate to revenue timing and therefore experience similar moderate seasonal trends. We expect general and administrative costs to increase as our business evolves, including the costs of being a public company.

We have invested considerably in general and administrative costs to support the growth and anticipated growth of our business and anticipate continuing to do so in the future. Following the IPO, we anticipate a significant increase in accounting, legal and professional fees associated with being a public company as further described above under "—Factors Affecting Our Business—Taxation and Expenses."

Acquisition Transaction Costs

Acquisition transaction costs represent costs incurred for potential and completed acquisitions. In 2015, we incurred costs related to the ACON Acquisition. In 2016, we incurred costs related to various potential acquisitions, including the Underground Toys Acquisition. In 2017, we incurred costs related to the Underground Toys Acquisition, the Loungefly Acquisition, and A Large Evil Corporation Acquisition.

Depreciation and Amortization

Depreciation expense is recognized on a straight-line basis over the estimated useful lives of our property and equipment. Amortization relates to definite-lived intangible assets that are recognized as expensed on a straight-line basis over the estimated useful lives. Our intangible assets, which are being amortized over a range of two to

20 years, are mainly comprised of trade names, customer relationships and intellectual property we recognized as part of the ACON Acquisition and, to a lesser extent, the Underground Toys Acquisition and the Loungefly Acquisition.

Interest Expense, Net

Interest expense, net includes the cost of our short-term borrowings and long-term debt, including the amortization of debt issuance costs and original issue discounts, net of any interest income earned. Interest expense increased in 2017, primarily as a result of the incurrence of an additional $50.0 million in long-term debt under our Term Loan A Facility (as defined below) in September 2016, the incurrence of $50.0 million in long-term debt under our Term Loan B Facility (as defined below) in January 2017, the incurrence of an additional $20.0 million in long-term debt under our Term Loan A Facility in June 2017 and the issuance of the Subordinated Promissory Notes in the aggregate principal amount of $20.0 million effective June 26, 2017.

Results of Operations

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following table sets forth information comparing the components of net income for the years ended December 31, 2017 and 2016:

	Year Ended December 31,		Period over Period Change	
	2017	2016	Dollar	Percentage
	(amounts in thousands, except percentages)			
Net sales	$ 516,084	$ 426,717	$ 89,367	20.9%
Cost of sales (exclusive of depreciation and amortization shown separately below)	317,379	280,396	36,983	13.2%
Selling, general, and administrative expenses	120,944	77,525	43,419	56.0%
Acquisition transaction costs	3,641	1,140	2,501	219.4%
Depreciation and amortization	31,975	23,509	8,466	36.0%
Total operating expenses	473,939	382,570	91,369	23.9%
Income (loss) from operations	42,145	44,147	(2,002)	-4.5%
Interest expense, net	30,636	17,267	13,369	77.4%
Loss on extinguishment of debt	5,103	—	5,103	na
Other income, net	(734)	—	(734)	na
Income (loss) before income taxes	7,140	26,880	(19,740)	-73.4%
Income tax expense	1,540	—	1,540	na
Net income (loss)	5,600	26,880	(21,280)	-79.2%
Less: net income attributable to non-controlling interests	1,875	—	1,875	na
Net income (loss) attributable to Funko, Inc.	$ 3,725	$ 26,880	$ (23,155)	-86.1%

Net Sales

Net sales were $516.1 million for the year ended December 31, 2017, an increase of 20.9% compared to $426.7 million for the year ended December 31, 2016. Net sales increased primarily as a result of the continued expansion of properties in our portfolio that we sold against.

In the year ended December 31, 2017, the number of active properties increased 26% to 500 from 396 in the year ended December 31, 2016, and average net sales per active property declined slightly to $1.0 million in the year ended December 31, 2017 compared to $1.1 million in average net sales per active property for the year ended December 31, 2016. While we expect to see growth in the number of properties and products over time, we expect that the number of active properties and the average sales per active property will fluctuate from year to year or quarter to quarter based on what is relevant in pop culture at that time and the types of properties we are producing against.

On a geographical basis, net sales in the United States increased 6.7% to $376.1 million in the year ended December 31, 2017 as compared to $352.4 million in the year ended December 31, 2016, and net sales in all foreign countries increased 88.5% to $140.0 million in the year ended December 31, 2017 from $74.3 million in the year ended December 31, 2016, primarily from the increased focus and strong demand in Europe resulting from the move to a direct distribution model with the Underground Toys Acquisition. On a product category basis, net sales of figures increased 20.8% to $422.0 million in the year ended December 31, 2017 and net sales of other products increased 21.8% to $94.1 million as compared to the year ended December 31, 2016.

Cost of Sales and Gross Margin (exclusive of depreciation and amortization)

Cost of sales (exclusive of depreciation and amortization) was $317.4 million for the year ended December 31, 2017, an increase of 13.2%, compared to $280.4 million for the year ended December 31, 2016. Cost of sales (exclusive of depreciation and amortization) increased primarily as a result of the continued growth in sales, as discussed above. In 2017, cost of sales included $3.2 million related to the application of purchase accounting in connection with the Underground Toys Acquisition and the Loungefly Acquisition, which required inventory to be recorded at estimated fair value at the time of acquisition. In 2016, cost of sales included $13.4 million related to the application of purchase accounting in connection with the ACON Acquisition, which required inventory to be recorded at estimated fair value at the time of acquisition. This step-up in value resulted in an increase to inventory of $22.1 million, $2.6 million, and $0.6 million based on the estimated fair value as of the date of the ACON Acquisition, the Underground Toys Acquisition and Loungefly Acquisition, respectively.

Gross margin (exclusive of depreciation and amortization), calculated as net sales less cost of sales as a percentage of sales, was 38.5% for the year ended December 31, 2017, compared to 34.3% for the year ended December 31, 2016. Gross margin for the year ended December 31, 2017 was positively impacted primarily by the absence of recording of inventory at estimated fair value in connection with the ACON Acquisition and, to a lesser extent, by improved product margins from Funko UK.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $120.9 million for the year ended December 31 2017, an increase of 56.0%, compared to $77.5 million for the year ended December 31, 2016. The increase was largely driven by additional expenses related to becoming a public company, as well as additional expenses related to the Underground Toys Acquisition, the Loungefly Acquisition, and investments in key areas to support future growth, including direct-to-consumer initiatives. Specifically, the increase was primarily due to a $24.3 million increase in personnel expenses, a $6.9 million increase in professional fees and other costs, a $5.3 million increase in advertising, marketing and product development expenses, a $4.2 million increase in rent and related facilities costs, a $3.2 million increase in equity-based compensation expenses. In addition, we recorded a $2.8 million increase in bad debt expense primarily as a result of the Toy's "R" Us wind down and potential insolvency. These increases were partially offset by a decrease in expense related to contingent consideration of $8.5 million, which was related to the ACON Acquisition, and which was recorded in 2016.

Selling, general, and administrative expenses were 23.4% of sales for the year ended December 31, 2017, compared to 18.2% of sales for the year ended December 31, 2016. As noted above, we have invested considerably in general and administrative costs to support the growth and anticipated growth of our business and anticipate continuing to do so in the future. Specifically, we anticipate a significant increase in accounting, legal and professional fees associated with being a public company in future periods.

Acquisition Transaction Costs

Transaction costs related to acquisitions were $3.6 million for the year ended December 31, 2017, compared to $1.1 million for the year ended December 31, 2016. Transaction costs for the year ended December 31, 2017 related to the Underground Toys Acquisition, the Loungefly Acquisition and A Large Evil Corporation Acquisition. Transaction costs for the year ended December 31, 2016 were related to the Underground Toys Acquisition and other potential acquisition targets.

Depreciation and Amortization

Depreciation and amortization expense was $17.6 million and $14.4 million, respectively, for the year ended December 31, 2017, compared to $10.6 million and $12.9 million, respectively, for the year ended December 31, 2016. The increase in depreciation and amortization primarily related to the increase in depreciation on tooling and molds as a result of the expanded product offerings and leasehold improvements at our corporate offices and warehouse facilities, and an increase in amortization related to the Underground Toys Acquisition and the Loungefly Acquisition.

Interest Expense, Net

Interest expense, net was $30.6 million for the year ended December 31, 2017, an increase of 77.4%, compared to $17.3 million for the year ended December 31, 2016. The increase in interest expense, net primarily related to the incurrence of an additional $50.0 million in long-term debt under our Term Loan A Facility in September 2016, the incurrence of $50.0 million in long-term debt under our Term Loan B Facility in January 2017, and the incurrence of $20.0 million in long-term debt under our Term Loan A Facility and issuance of the Subordinated Promissory Notes in the aggregate principal amount of $20.0 million, both of which occurred in June 2017.

Loss on extinguishment of debt

Loss on extinguishment of debt was $5.1 million for the year ended December 31, 2017 and represented the write-off of unamortized discount costs on our Term Loan B Facility which was repaid in full in November 2017 in connection with the IPO.

Income Tax Expense

Income tax expense was $1.5 million for the year ended December 31, 2017 and was a result of our IPO in November 2017, as we are now subject to corporate income tax. See Note 11, Income Taxes.

Year Ended December 31, 2016 Compared to the Successor 2015 Period and the Predecessor 2015 Period

The following discussion and analysis presents operations and cash flows for two periods, Predecessor and Successor, which relate to the period preceding the ACON Acquisition and the period succeeding the ACON Acquisition, respectively. References to the Successor 2015 Period refer to the period from October 31, 2015 through December 31, 2015 and references to the Predecessor 2015 Period refer to the period from January 1, 2015 through October 30, 2015.

The following table sets forth information comparing the components of net income (loss) for the year ended December 31, 2016 and the Successor 2015 Period and the Predecessor 2015 Period.

	Year Ended December 31, 2016	Successor Period from October 31, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through October 30, 2015	Period over Period Change	
				Dollar	Percentage
	(amounts in thousands, except percentages)				
Net sales	$ 426,717	$ 56,565	$ 217,491	$ 152,661	55.7%
Cost of sales (exclusive of depreciation and amortization shown separately below)	280,396	44,485	131,621	104,290	59.2%
Selling, general, and administrative expenses	77,525	13,894	37,145	26,486	51.9%
Acquisition transaction costs	1,140	7,559	13,301	(19,720)	-94.5%
Depreciation and amortization	23,509	3,370	5,723	14,416	158.5%
Total operating expenses	382,570	69,308	187,790	125,472	48.8%
Income (loss) from operations	44,147	(12,743)	29,701	27,189	160.3%
Interest expense, net	17,267	2,818	2,202	12,247	244.0%
Net income (loss)	$ 26,880	$ (15,561)	$ 27,499	$ 14,942	125.2%

Net Sales

Net sales were $426.7 million for the year ended December 31, 2016, an increase of 55.7%, compared to $56.6 million for the Successor 2015 Period and $217.5 million for the Predecessor 2015 Period. Net sales increased primarily as a result of the continued development of our products across more properties. For the year ended December 31, 2016, we had an average of $1.1 million net sales per active property, a 12% increase compared to our average net sales per active property for the year ended December 31, 2015. For the year ended December 31, 2016, we had sales of our products across 396 properties, an increase of 39% compared to the 285 properties across which we had sales in the year ended December 31, 2015. This increase in average net sales per active property along with the increase in total properties was a key driver of our net sales increase. This expansion across our product and property portfolio also led to an increased footprint within our retail customers, primarily as a result of increased shelf space, as well as growth in the number of our retail customers. For example, we experienced a $63.1 million increase as a result of a line of products based on the video game property “Five Nights at Freddy’s,” which was introduced in 2016.

Cost of Sales (exclusive of depreciation and amortization)

Cost of sales (exclusive of depreciation and amortization) was $280.4 million for the year ended December 31, 2016. Cost of sales (exclusive of depreciation and amortization) was $44.5 million for the Successor 2015 Period and $131.6 million for the Predecessor 2015 Period. Cost of sales increased primarily as a result of continued sales growth, due primarily to an increase in total active properties as discussed above. Cost of sales was further impacted by the application of purchase accounting in connection with the ACON Acquisition, which required inventory to be recorded at estimated fair value. This step up in value resulted in an increase to inventory of $22.1 million based on the estimated fair value as of the date of the ACON Acquisition. As a result, during the year ended December 31, 2016 and the Successor 2015 Period, cost of sales increased by $13.4 million and $8.7 million, respectively.

Gross margin (exclusive of depreciation and amortization), calculated as net sales less cost of sales as a percentage of sales, was 34.3% for the year ended December 31, 2016. Gross margin (exclusive of depreciation and amortization) was 21.4% for the Successor 2015 Period and 39.5% for the Predecessor 2015 Period. For the year ended December 31, 2016 and the Successor 2015 Period, gross margin was negatively impacted by 3.1 percentage points and 15.4 percentage points, respectively, due to recording inventory at the estimated fair value in connection with the ACON Acquisition.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $77.5 million for the year ended December 31, 2016. Selling, general and administrative expenses were $13.9 million for the Successor 2015 Period and $37.1 million for the Predecessor 2015 Period. The increase was primarily due to an increase in personnel costs of $14.2 million, contingent consideration of $7.0 million, administrative costs of $3.0 million, advertising costs of $2.7 million, bad debt expense of $2.6 million, sales commissions of $1.6 million, and other costs of $7.4 million. These increases were partially offset by a decrease in equity-based compensation of $12.0 million. The increase in contingent consideration was a result of the ACON Acquisition and represents the adjustment to the fair value of the contingent consideration recorded in the year ended December 31, 2016. Other increases in personnel costs, professional fees and other costs were primarily due to our overall growth, which required additional headcount, facilities and infrastructure to support our historical growth and anticipated future growth of the business. Commissions and advertising costs increased in line with the increase in net sales. The decrease in equity-based compensation was primarily due to a significant amount of expense recorded in the Predecessor 2015 Period related to the ACON Acquisition.

Selling, general and administrative expenses were 18.2% of sales for the year ended December 31, 2016. Selling, general and administrative expenses were 24.6% of sales for the Successor 2015 Period and 17.1% of sales for the Predecessor 2015 Period. This decrease was primarily due to our significant revenue growth in excess of the cost increases, partially offset by the impact of the ACON Acquisition and continued investment in headcount, facilities and infrastructure.

Acquisition Transaction Costs

Transaction costs related to acquisitions were $1.1 million for the year ended December 31, 2016. Transaction costs related to acquisitions were $7.6 million for the Successor 2015 Period and $13.3 million for the Predecessor 2015 Period. Transaction costs for the year ended December 31, 2016 related to the Underground Toys Acquisition and other potential acquisition targets. Transaction costs in both the Successor 2015 Period and Predecessor 2015 Period related to the costs incurred in connection with the ACON Acquisition, which were comprised of change of control fees related to our license agreements, legal fees and other professional costs for due diligence and other work.

Depreciation and Amortization

Depreciation and amortization expense was $23.5 million for the year ended December 31, 2016. Depreciation and amortization expense was $3.4 million for the Successor 2015 Period and $5.7 million for the Predecessor 2015 Period. The increase in depreciation and amortization primarily related to the amortization of our intangible assets from the ACON Acquisition. During the application of the acquisition method of accounting, we recorded the fair value of certain intangible assets. The impact of such adjustments increased depreciation and amortization expense for the year ended December 31, 2016 and the Successor 2015 Period by $12.9 million and $3.6 million, respectively.

Interest Expense, Net

Interest expense, net was $17.3 million for the year ended December 31, 2016. Interest expense, net was $2.8 million for the Successor 2015 Period and $2.2 million for the Predecessor 2015 Period. The increase in interest expense, net was primarily attributable to $175.0 million in long-term debt incurred under our Term Loan A Facility in connection with the ACON Acquisition, along with a $50.0 million increase in Term Loan A Facility borrowings in September 2016.

Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA, Adjusted Pro Forma Net Income and Adjusted Pro Forma Earnings per Diluted Share (collectively the "Non-GAAP Financial Measures") are supplemental measures of our performance that are not required by, or presented in accordance with, U.S. GAAP. The Non-GAAP Financial Measures are not measurements of our financial performance under U.S. GAAP and should not be considered as an alternative to net income (loss) or any other performance measure derived in accordance with U.S. GAAP. We define EBITDA as net income (loss) before interest expense, net, income tax expense, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted for monitoring fees, non-cash charges related to equity-based compensation programs, earnout fair market value adjustments, inventory step-ups, loss on extinguishment of debt, acquisition transaction costs, foreign currency transaction gains and losses and other unusual or one-time items. We define Adjusted Pro Forma Net Income as net income attributable to Funko, Inc adjusted for the reallocation of income attributable to non-controlling interests from the assumed exchange of all outstanding common units and options in FAH, LLC (or the common unit equivalent of profit interests in FAH, LLC for periods prior to the IPO) for newly issued-shares of Class A common stock of Funko, Inc. and further adjusted for the impact of certain non-cash charges and other items that we do not consider in our evaluation of ongoing operating performance. These items include, among other things, reallocation of net income attributable to non-controlling interests, monitoring charges, loss on extinguishment of debt, non-cash charges related to equity-based compensation programs, earnout fair market value adjustments, inventory step-ups, acquisition transaction costs, foreign currency transaction gains and losses and other unusual or one-time items, and the income tax expense effect of (1) these adjustments and (2) the pass-through entity taxable income as if the parent company was a subchapter C corporation in periods prior to the IPO. We define Adjusted Pro Forma Earnings per Diluted Share as Adjusted Pro Forma Net Income divided by the weighted-average shares of Class A common stock outstanding, assuming (1) the full exchange of all outstanding common units and options in FAH, LLC (or the common unit equivalent of profit interest in FAH, LLC for periods prior to the IPO) for newly issued-shares of Class A common stock of Funko, Inc and (2) the dilutive effect of stock options and unvested common units, if any. We caution investors that amounts presented in accordance with our definitions of the Non-GAAP Financial Measures may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate the Non-GAAP Financial Measures in the same manner. We present the Non-GAAP Financial Measures because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of

companies in our industry. Management believes that investors' understanding of our performance is enhanced by including these Non-GAAP Financial Measures as a reasonable basis for comparing our ongoing results of operations.

Management uses the Non-GAAP Financial Measures:

- as a measurement of operating performance because they assist us in comparing the operating performance of our business on a consistent basis, as they remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- as a consideration to assess incentive compensation for our employees;
- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to expand our business.

By providing these Non-GAAP Financial Measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. In addition, our Senior Secured Credit Facilities use Adjusted EBITDA to measure our compliance with covenants such as senior leverage ratio. The Non-GAAP Financial Measures have limitations as analytical tools, and should not be considered in isolation, or as an alternative to, or a substitute for net income (loss) or other financial statement data presented in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- such measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, Non-GAAP Financial Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using these non-GAAP measures only supplementally. As noted in the table below, the Non-GAAP Financial Measures include adjustments for non-cash charges related to equity-based compensation programs, earnout fair market value adjustments, inventory step-ups, loss on extinguishment of debt, acquisition transaction costs, foreign currency transaction gains and losses and other unusual or one-time items. It is reasonable to expect that these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and complicate comparisons of our internal operating results and operating results of other companies over time. In addition, the Non-GAAP Financial Measures include adjustments for other items, such as monitoring fees, that we do not expect to regularly record following our IPO. Each of the normal recurring adjustments and other adjustments described herein and in the reconciliation table below help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

The following tables reconcile the Non-GAAP Financial Measures to the most directly comparable U.S. GAAP financial performance measure, which is net income (loss), for the periods presented:

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net income (loss) attributable to Funko, Inc.	$ 5,626	$ 15,754	$ 3,725	$ 26,880
Reallocation of net income attributable to non-controlling interests from the assumed exchange of common units of FAH, LLC for Class A common stock (7)	1,875	—	1,875	—
Monitoring fees (1)	206	374	1,676	1,498
Equity-based compensation (2)	1,246	618	5,574	2,369
Loss on extinguishment of debt	5,103	—	5,103	—
Earnout fair market value adjustment (3)	—	503	30	8,561
Inventory step-up (4)	552	—	3,182	13,434
Acquisition transaction costs and other expenses (5)	1,025	1,663	5,336	3,442
Foreign currency transaction (gain) loss (6)	(588)	—	(733)	—
Income tax expense (8)	(5,131)	(6,846)	(8,345)	(20,339)
Adjusted pro forma net income	$ 9,914	$ 12,066	$ 17,423	$ 35,845
Weighted-average shares of Class A common stock outstanding-basic	23,338		23,338	
Dilutive common units of FAH, LLC that are convertible into Class A common stock	27,297		27,297	
Adjusted pro forma weighted-average shares of Class A stock outstanding - diluted	50,635		50,635	
Adjusted pro forma earnings per diluted share	$ 0.20		$ 0.34	

	Year Ended December 31,		Successor	Predecessor
			Period from October 31, 2015 through December 31,	Period from January 1, 2015 through October 30,
	2017	2016	2015	2015
	(amounts in thousands)			
Net income (loss)	$ 5,600	$ 26,880	$ (15,561)	$ 27,499
Interest expense, net	30,636	17,267	2,818	2,202
Income tax expense	1,540	—	—	—
Depreciation and amortization	31,975	23,509	3,370	5,723
EBITDA	$ 69,751	$ 67,656	$ (9,373)	$ 35,424
Adjustments:				
Monitoring fees (1)	1,676	1,498	272	3,346
Equity-based compensation (2)	5,574	2,369	4,484	9,925
Earnout fair market value adjustment (3)	30	8,561	1,540	—
Loss on extinguishment of debt	5,103	—	—	—
Inventory step-up (4)	3,182	13,434	8,688	—
Acquisition transaction costs and other expenses (5)	5,336	3,442	7,559	13,301
Foreign currency transaction gain (6)	(733)	—	—	—
Adjusted EBITDA	$ 89,919	$ 96,960	$ 13,170	$ 61,996

(1) Represents monitoring fees paid pursuant to a management services agreement with Fundamental Capital, LLC, which was terminated in 2015 in connection with the ACON Acquisition, and 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.
(2) Represents non-cash charges related to equity-based compensation programs, which vary from period to period depending on timing of awards.
(3) Reflects the increase in the fair value of contingent liabilities incurred in connection with the ACON Acquisition and the Underground Toys Acquisition.
(4) Represents a non-cash adjustment to cost of sales resulting from acquisitions.
(5) Represents legal, accounting, and other related costs incurred in connection with the IPO, the ACON Acquisition, the Underground Toys Acquisition, the Loungefly Acquisition, A Large Evil Corporation Acquisition and other potential acquisitions.
(6) Represents both unrealized and realized foreign currency (gains) losses on transactions other than in U.S. dollars.
(7) 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.
(8) Represents the income tax expense effect of (i) the above adjustments and (ii) the pass-through entity taxable income as if the parent were company was a subchapter C corporation in periods prior to the IPO. This assumption uses an effective tax rate of 36.2% for the adjustments and the pass-through entity taxable income.

Liquidity and Financial Condition

Introduction

Our primary requirements for liquidity and capital are working capital, inventory management, capital expenditures, debt service and general corporate needs. In the year ended December 31, 2017 and 2016, we also received contributions from members of FAH, LLC as further described below under “Liquidity;” however, we do not anticipate receiving any additional contributions from members of FAH, LLC.

On November 6, 2017, we completed our IPO of 10,416,666 shares of our Class A common stock at a public offering price of $12.00 per share. We received approximately $117.3 million in net proceeds after deducting underwriting discounts and commissions. We used the net proceeds to purchase 10,416,666 common units directly from FAH, LLC at a price per unit equal to the initial public offering price per share of Class A common stock sold in the IPO, less underwriting discounts and commissions. FAH, LLC used the net proceeds from the sale of common units to Funko, Inc., together with cash on hand, to repay all of the outstanding aggregate principal balance and accrued interest of $20.9 million on our Subordinated Promissory Notes, repay all of the outstanding aggregate principal balance and accrued interest of $46.1 million on our Term Loan B Facility and repay all of the outstanding principal balance and accrued interest of $55.6 million on our Revolving Credit Facility.

Liquidity and Capital Resources

The following table shows summary cash flow information for the years ended December 31, 2017 and 2016 and the Successor 2015 and Predecessor 2015 Periods (in thousands):

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
Net cash provided by operating activities	$ 23,837	$ 49,468	$ 14,110	$ 8,538
Net cash used in investing activities	(65,215)	(22,105)	(244,421)	(10,043)
Net cash provided by (used in) financing activities	43,012	(45,613)	244,456	11,390
Effect of exchange rates on cash and cash equivalents	(67)	—	—	—
Net increase (decrease) in cash and cash equivalents	$ 1,567	$ (18,250)	$ 14,145	$ 9,885

Operating Activities. Our net cash provided by (used in) operating activities consists of net income (loss) adjusted for certain non-cash items, including depreciation and amortization, equity-based compensation and fair value adjustments to contingent consideration, accretion of discount on long-term debt, as well as the effect of changes in working capital and other activities.

Net cash provided by operating activities was $23.8 million for the year ended December 31, 2017, compared to $49.5 million for the year ended December 31, 2016. The decrease was primarily due to changes in working capital, which reduced cash provided by operating activities by $18.0 million. Changes in working capital reduced cash provided by operating activities primarily due to an increase in inventory of $22.7 million and a decrease in accrued royalties of $4.6 million, partially offset by an increase in accounts receivables and decreases in income taxes payable and accounts payable of $5.2 million, $2.3 million and $4.3 million, respectively. In addition, non-cash adjustments increased net cash provided by operating activities by $13.6 million in the year ended December 31, 2017, due primarily to a $8.5 million increase in depreciation and amortization, loss on extinguishment of debt of $5.1 million, a $3.2 million increase in equity-based compensation and a $2.7 million increase in accretion of discount on long-term debt, when compared to the year ended December 31, 2016. These increases were partially offset by a $5.5 million decrease in non-cash adjustments related to contingent consideration. Additionally, the decreases in net cash provided by operating activities was impacted by a decline in net income of $21.3 million in the year ended December 31, 2017 compared to $26.9 million in the year ended December 31, 2016.

For the year ended December 31, 2016, net cash provided by operating activities was $49.5 million and was comprised of net income of $26.9 million, increased by $32.8 million related to non-cash adjustments, primarily related to depreciation and amortization, contingent consideration and equity-based compensation. Other operating changes in working capital decreased cash provided by operating activities by $10.2 million. The decrease in working capital unfavorably impacted net cash through increases in accounts receivable of $33.6 million and in prepaid expenses and other assets of $8.5 million, partially offset by decreases in accounts payable and accrued royalties of $14.7 million and $7.7 million, respectively.

For the Successor 2015 Period, net cash provided by operating activities was $14.1 million and was comprised of a net loss of $15.6 million, increased by $9.8 million related to non-cash adjustments, primarily related to depreciation and amortization, contingent consideration and equity-based compensation. Changes in working capital increased cash provided by operating activities by $19.9 million. The increase in working capital favorably impacted net cash through a decrease in inventory of $10.2 million and a decrease in accounts receivable of $6.1 million, and further favorably impacted net cash through an increase in accrued royalties of $8.0 million, partially offset by a $1.9 million increase in accounts payable and a $2.6 million increase in other accrued expenses.

For the Predecessor 2015 Period, net cash provided by operating activities was $8.5 million and was comprised of net income of $27.5 million, increased by $16.4 million related to non-cash adjustments, primarily depreciation and amortization and equity-based compensation. Changes in working capital decreased cash provided by operating activities by $35.3 million. The decrease in working capital unfavorably impacted net cash through an

increase in accounts receivable of $36.1 million, an increase in inventory of $18.0 million, and an increase in prepaid expenses and other assets of $6.0 million, partially offset by increases in accounts payable of $16.7 million and other accrued expenses of $8.1 million.

Investing Activities. Our net cash used in investing activities primarily consists of acquisitions, net of cash, and purchase of property and equipment. For the year ended December 31, 2017, net cash used in investing activities was $65.2 million and was primarily comprised of initial cash consideration of $12.6 million, $16.1 million and $3.9 million for the Underground Toys Acquisition, the Loungefly Acquisition and A Large Evil Corporation Acquisition, respectively. Additionally, $33.6 million of net cash used in investing activities was for the purchase of property and equipment and primarily consisted of $21.1 million for the purchase of property and equipment related to tooling and molds for the expansion of product lines and $6.6 million for leasehold improvements related to the buildout of our new headquarters.

For the year ended December 31, 2016, net cash used in investing activities was $22.1 million and was primarily comprised of the purchase of property and equipment related to tooling and molds as a result of our expansion of product lines and, to a lesser extent, from leasehold improvements to our former and new headquarters.

For the Successor 2015 Period, net cash used in investing activities was $244.4 million, which was primarily related to the ACON Acquisition.

For the Predecessor 2015 Period, net cash used in investing activities was $10.0 million and was primarily comprised of $9.0 million for the purchase of property and equipment related to tooling and molds as a result of our expansion of product lines.

Financing Activities. Our financing activities primarily consist of proceeds from stock issuances, the issuance of long-term debt, net of debt issuance costs, the repayment of long-term debt, payments and borrowings under our line of credit facility, contributions from, and distributions to, members and the payment of contingent consideration. We do not anticipate any financing activity related to contributions from members going forward.

For the year ended December 31, 2017, net cash provided by financing activities was $43.0 million, primarily related to proceeds from the issuance of Class A common stock sold in the IPO net of underwriter's discounts and commissions of $117.3 million, proceeds from the Term Loan A Facility, Term Loan B Facility and Subordinated Promissory Notes of $86.3 million, contribution from members of FAH, LLC of $5.0 million, partially offset by payments on the Term Loan B Facility and Subordinated Promissory Notes of $79.0 million, $72.8 million in distributions to members of FAH, LLC and payments for contingent consideration of $18.0 million. During 2017, we also had net borrowings on the Revolving Credit Facility of $4.1 million.

For the year ended December 31, 2016, net cash used in financing activities was $45.6 million, primarily related to $70.4 million of distributions to the members of FAH, LLC and $36.9 million of cash used for contingent consideration payments related to the ACON Acquisition, partially offset by a net increase of $40.0 million of net cash proceeds from Term Loan A Facility borrowings, a net increase of $6.7 million of Revolving Credit Facility borrowings and a $15.0 million contribution from certain members of FAH, LLC.

For the Successor 2015 Period, net cash provided by financing activities was $244.5 million, primarily from $125.6 million of contributions from members, and $149.7 million of net cash from proceeds from Term Loan A Facility borrowings, partially offset by a net decrease in borrowings under our Revolving Credit Facility and other debt issuance costs and related party note repayments.

For the Predecessor 2015 Period net cash provided by financing activities was $11.4 million, primarily from $20.9 million of cash proceeds from net borrowing under our then existing revolving credit facility and $3.2 million of cash proceeds from the exercise of equity based options, partially offset by distributions to members of $12.2 million.

Financial Condition

Notwithstanding our obligations under the Tax Receivable Agreement, we believe that our sources of liquidity and capital will be sufficient to finance our continued operations, growth strategy, our planned capital expenditures and the additional expenses we expect to incur as a public company for at least the next 12 months. However, we cannot assure you that our cash provided by operating activities, cash and cash equivalents or cash available

under our Revolving Credit Facility will be sufficient to meet our future needs. If we are unable to generate sufficient cash flows from operations in the future, and if availability under our Revolving Credit Facility is not sufficient, we may have to obtain additional financing. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we could obtain refinancing or additional financing on favorable terms or at all. As of December 31, 2017, we were in compliance with all covenants in our Senior Secured Credit Facilities.

The credit agreement governing the Senior Secured Credit Facilities contains a number of covenants that, among other things and subject to certain exceptions, restrict our ability to:

- incur additional indebtedness;
- incur certain liens;
- consolidate, merge or sell or otherwise dispose of their assets;
- alter the business conducted by them and their subsidiaries;
- make investments, loans, advances, guarantees and acquisitions;
- enter into sale and leaseback transactions;
- pay dividends or make other distributions on equity interests, or redeem, repurchase or retire equity interests;
- enter into transactions with affiliates;
- enter into agreements restricting their subsidiaries' ability to pay dividends;
- issue or sell equity interests or securities convertible into or exchangeable for equity interests;
- redeem, repurchase or refinance other indebtedness; and
- amend or modify their governing documents.

In addition, the credit agreement requires FAH, LLC and its subsidiaries to comply on a quarterly basis with a maximum senior leverage ratio and a minimum fixed charge coverage ratio (in each case, measured on a trailing four-quarter basis). The maximum senior leverage ratio will become more restrictive over time, decreasing to 3.08:1.00 for the quarter ended December 31, 2017, and 2.83:1.00 for the quarter ending March 31, 2018 and each following quarter.

The credit agreement also contains certain customary representations and warranties and affirmative covenants, and certain reporting obligations. In addition, the lenders under the Senior Secured Credit Facilities will be permitted to accelerate all outstanding borrowings and other obligations, terminate outstanding commitments and exercise other specified remedies upon the occurrence of certain events of default (subject to certain grace periods and exceptions), which include, among other things, payment defaults, breaches of representations and warranties, covenant defaults, certain cross-defaults and cross-accelerations to other indebtedness, certain events of bankruptcy and insolvency, certain judgments and changes of control. The credit agreement defines "change of control" to include, among other things, ACON and its affiliates ceasing to own and control, directly or indirectly, (a) at least 25.0% of the aggregate outstanding voting and economic power of FAH, LLC, and (b) a greater percentage of the voting power of FAH, LLC than any other person or group.

As of December 31, 2017, we had $7.7 million of cash and cash equivalents and $94.1 million of working capital, compared with $6.2 million of cash and cash equivalents and $54.9 million of working capital as of December 31, 2016. Working capital is impacted by the current portion of our long-term debt, which decreased as of December 31, 2017 as compared to December 31, 2016, due to the seasonal trends of our business and the timing of new product releases. For further discussion of changes in our debt, see below, and Note 10, Debt of the notes to our consolidated financial statements.

On March 7, 2018, we entered into an amendment to our credit agreement which provides for, among other things, (i) a $13.0 million prepayment of the amounts owing under the Term Loan A Facility on the effective date

of the amendment, with no changes in the amount of future amortization payments, (ii) a reduction in the interest rate margins (a) for the Term Loan A Facility, from 6.25% to 5.50% for base rate loans and 7.25% to 6.50% for LIBOR rate loans and (b) for the Revolving Credit Facility, from 2.50% to 1.75% for LIBOR rate loans, (iii) a 1% prepayment premium on prepayments under both the Term Loan A Facility and the Revolving Credit Facility for 180 days after the effective date of the amendment, and (iv) a $20.0 million increase to the borrowing base under the Revolving Credit Facility, so long as no loan party formed under the laws of England and Wales or Funko UK, Ltd. incurs secured indebtedness for borrowed money.

Future Sources and Uses of Liquidity

Sources

As noted above, historically, our primary sources of cash flows have been cash flows from operating activities and borrowings under our Senior Secured Credit Facilities and Subordinated Promissory Notes (see Note 10, Debt of the notes to our consolidated financial statements). On November 6, 2017, we completed our IPO of 10,416,666 shares of our Class A common stock at a public offering price of $12.00 per share. We received approximately $117.3 million in net proceeds after deducting underwriting discounts and commissions. We used the net proceeds to purchase 10,416,666 common units directly from FAH, LLC at a price per unit equal to the initial public offering price per share of Class A common stock sold in the IPO, less underwriting discounts and commissions.

Senior Secured Credit Facilities. For a discussion of our Senior Secured Credit Facilities, see Note 10, Debt of the notes to our consolidated financial statements Using the net proceeds from the IPO and cash on hand, in November 2017, we repaid all of the outstanding aggregate principal balance and accrued interest of $46.1 million on our Term Loan B Facility and repaid all of the outstanding principal balance and accrued interest of $55.6 million on our Revolving Credit Facility.

Subordinated Promissory Notes. For a discussion of our Subordinated Promissory Notes, see Note 10, Debt of the notes to our consolidated financial statements. Using the net proceeds from the IPO and cash on hand, in November 2017, we repaid all of the outstanding aggregate principal balance and accrued interest of $20.9 million on our Subordinated Promissory Notes.

Uses

Additional future liquidity needs may include public company costs, the redemption right held by the Continuing Equity Owners that they may exercise from time to time (should we elect to exchange their common units for a cash payment), payments under the Tax Receivable Agreement and general cash requirements for operations and capital expenditures. The Continuing Equity Owners may exercise their redemption right for as long as their common units remain outstanding. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments we will be required to make to the Continuing Equity Owners will be significant. Any payments made by us to the Continuing Equity Owners under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise have been available to us or to FAH, LLC and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us; provided however, that nonpayment for a specified period may constitute a material breach under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable Agreement.

Seasonality

While our customers in the retail industry typically operate in highly seasonal businesses, we have historically experienced only moderate seasonality in our business. Historically, over 50% of our net sales are made in the third and fourth quarters, primarily in the period from August through November, as our customers build up their inventories in anticipation of the holiday season. Generally, the first quarter of the year represents the lowest volume of shipment and sales in our business and in the retail and toy industries generally and it is also the least profitable quarter due to the various fixed costs of the business. However, the rapid growth we have experienced in recent years may have masked the full effects of seasonal factors on our business to date, and as such, seasonality may have a greater effect on our results of operations in future periods.

Contractual Obligations

	2018	2019	2020	2021	2022	Thereafter	Total
Long term debt and related interest (1)	$ 28,983	$ 28,164	$ 27,396	$ 214,516	$ —	$ —	$ 299,059
Operating leases	6,691	5,953	5,922	4,999	3,911	14,364	41,840
Minimum royalty obligations (2)	28,587	1,804	358	—	—	—	30,749
Revolving Credit Facility (3)	10,801	—	—	—	—	—	10,801
Total	$ 75,062	$ 35,921	$ 33,676	$ 219,515	$ 3,911	$ 14,364	$ 382,449

(1) We estimated interest payments through the maturity of our Senior Secured Credit Facilities by applying the effective interest rate of 9.2% in effect as of December 31, 2017 under our Term Loan A Facility. See Note 10, Debt of the notes to our consolidated financial statements.

(2) Represents minimum guaranteed royalty payments under licensing arrangements.

(3) Represents the amount owed as of December 31, 2017 under our Revolving Credit Facility.

Off-Balance Sheet Arrangements

As of December 31, 2017, we did not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

See discussion of recently adopted and recently issued accounting pronouncements in Note 2, Significant Accounting Policies of the notes to our consolidated financial statements.

Critical Accounting Policies and Estimates

Discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements require us to make estimates and judgements that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities, revenue and expenses at the date of the consolidated financial statements. We base our estimates on historical experience and on various other assumptions in accordance with U.S. GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and operating results and require management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include those related to revenue recognition and sales allowances, royalties, inventory, goodwill and intangible assets, equity-based compensation and income taxes. Changes to these estimates could have a material adverse effect on our results of operations and financial condition.

The JOBS Act permits us, as an "emerging growth company," to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have chosen to "opt out" of this provision and, as a result, we will adopt new or revised accounting standards upon or prior to required public company adoption dates. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Revenue Recognition and Sales Allowance. Revenue from the sale of our products is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) there are no uncertainties regarding customer acceptance; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured. The majority of revenue is recognized upon shipment of products to the customer.

We routinely enter into arrangements with our customers to provide sales incentives, and provide allowances for returns and defective merchandise. Such programs are based primarily on customer purchases and specified

factors relating to sales to consumers. While the majority of sales adjustments are readily determinable at period end and do not require estimates, certain sales adjustments require us to make estimates. In making these estimates, we consider all available information, including the overall business environment, historical trends and information from customers. Sales incentives and allowances for returns and defective merchandise are recorded as sales adjustments and reduce revenue in the period the related revenue is recognized.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue on our consolidated balance sheets. Deferred revenue is classified as a current liability based on the expectation of recognition within 12 months following the date of each balance sheet. Sales terms do not allow for a right of return except in relation to a manufacturing defect.

Sales taxes collected on behalf of governmental authorities are recorded on a net basis and excluded from revenue.

Royalties. We enter into agreements for rights to licensed trademarks, copyrights and likenesses for use in our products. These licensing agreements require the payment of royalty fees to the licensor based on a percentage of revenue. Many licensing agreements also require minimum royalty commitments. When royalty fees are paid in advance, we record these payments as a prepaid asset, either current or long- term based on when we expect to receive revenues under the related licensing agreement. If we determine that it is probable that the expected revenue will not be realized, a reserve is recorded against the prepaid asset for the non-recoverable portion. As of December 31, 2017, we recorded a prepaid asset of $6.4 million, net of a reserve of $2.9 million. As of December 31, 2016, we recorded a prepaid asset of $6.9 million, net of a reserve of $0.6 million.

We record a royalty liability as revenues are earned based on the terms of the licensing agreement. In situations where a minimum commitment is not expected to be met based on expected revenues, we will accrue up to the minimum amount when it is reasonably certain that revenues generated will not meet the minimum commitment. Royalty and license expense is recorded as cost of sales on the consolidated statements of operations. Royalty expenses for the years ended December 31, 2017, 2016, the Successor 2015 Period and the Predecessor 2015 Period were $77.5 million, $64.7 million, $9.2 million and $31.6 million, respectively.

Inventory. Inventory consists primarily of figures, plush and accessories and other finished goods, and is accounted for using the first-in, first-out, or FIFO, method. We maintain reserves for excess and obsolete inventories to reflect the inventory balance at the lower of cost or market value. This valuation requires us to make judgments, based on currently available information, about the likely method of disposition, such as through sales to customers, or liquidation, and expected recoverable value of each disposition category. We estimate obsolescence based on assumptions regarding future demand.

Inventory costs include direct product costs and freight costs. As a result of the ACON Acquisition, the Underground Toys Acquisition and the Loungefly Acquisition, inventory was adjusted to fair value as of October 31, 2015, January 27, 2017 and June 28, 2017, respectively. See Note 3, Acquisitions of the notes to our consolidated financial statements.

Goodwill and Intangible Assets. Goodwill represents the excess of the purchase price over the net amount of identifiable assets acquired and liabilities assumed in a business combination measured at fair value. We evaluate goodwill for impairment annually on October 1 of each year and upon the occurrence of triggering events or substantive changes in circumstances that could indicate a potential impairment by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that the fair value of the net assets is below their carrying amounts.

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date. Intangible assets acquired include intellectual property (product design), customer relationships, and trade names. These are definite-lived assets and are amortized on a straight-line basis over their useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable.

Income Taxes. We apply the provisions of Accounting Standards Codification ("ASC") Topic No. 740, "Income Taxes" ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We record a valuation allowance against our deferred tax assets when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including our operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. If we determine we will not be able to fully utilize all or part of these deferred tax assets, we would record a valuation allowance through earnings in the period the determination was made, which would have an adverse effect on our results of operations and earnings. In accordance with ASC 740, we recognize, in our consolidated financial statements, the impact of our tax positions that are more likely than not to be sustained upon examination based on the technical merits of the positions. We recognize interest and penalties for uncertain tax positions in selling, general and administrative expenses.

We are subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of FAH, LLC and are taxed at the prevailing corporate tax rates. FAH, LLC is treated as a partnership for U.S. federal income tax purposes and, as such, generally is not subject to any entity-level U.S. federal income tax. Instead, taxable income is allocated to holders of its common units, including us. As a result, we incur income taxes on our allocable share of any net taxable income of FAH, LLC. Pursuant to the Second Amended and Restated FAH, LLC Agreement, FAH, LLC will generally make pro rata tax distributions to holders of common units in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of FAH, LLC that is allocated to them.

In connection with the consummation of the IPO, we entered into a Tax Receivable Agreement ("TRA") with FAH, LLC and each of the Continuing Equity Owners. Pursuant to the Tax Receivable Agreement, we will be required to make cash payments to the Continuing Equity Owners equal to 85% of the tax benefits, if any, that we realize, or in some circumstances are deemed to realize, as a result of (1) any future redemptions funded by us or exchanges (or deemed exchanges in certain circumstances) of common units for Class A common stock or cash, and (2) certain additional tax benefits attributable to payments under the Tax Receivable Agreement ("TRA Payments"). Amounts payable under the TRA are contingent upon, among other things, (i) generation of future taxable income over the term of the TRA and (ii) future changes in tax laws. If we do not generate sufficient taxable income in the aggregate over the term of the TRA to utilize the tax benefits, then we would not be required to make the related TRA Payments. Therefore, we would only recognize a liability for TRA Payments if we determine if it is probable that we will generate sufficient future taxable income over the term of the TRA to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions, including projected revenue growth, and operating margins, among others. During the year ended December 31, 2017, there were no redemptions or exchanges of common units in FAH, LLC under the TRA. As such, we have not recorded any liabilities relating to our obligations under the TRA. Upon redemption or exchange of common units in FAH, LLC, we will record a liability relating to the obligation if we believe that it is probable that we would have sufficient future taxable income to utilize the related tax benefits. If we determine in the future that we will not be able to fully utilize all or part of the related tax benefits, we would derecognize any portion of the liability related to the benefits not expected to be utilized.

Additionally, we will estimate the amount of TRA Payments expected to be paid within the next 12 months and classify this amount as current on our Consolidated Balance Sheets. This determination is based on our estimate of taxable income for the next fiscal year. To the extent our estimate differs from actual results, we may be required to reclassify portions of our liabilities under the TRA between current and non-current.

Refer to Note 2, Significant Accounting Policies of the notes to our consolidated financial statements for a discussion of recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk from changes in interest rates, foreign currency and inflation. All of these market risks arise in the normal course of business, as we do not engage in speculative trading activities. The following analysis provides quantitative information regarding these risks.

Interest Rate Risk. Our operating results are subject to risk from interest rate fluctuations on our Senior Secured Credit Facilities, which carry variable interest rates. Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. Our Senior Secured Credit Facilities include a Term Loan A Facility and a Revolving Credit Facility with advances tied to a borrowing base and which bear interest at a variable rate. Because our Senior Secured Credit Facilities bear interest at variable rates, we are exposed to market risks relating to changes in interest rates. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. As of December 31, 2017, we had $233.9 million of variable rate debt outstanding under our Senior Secured Credit Facilities, consisting of $223.1 million outstanding under the Term Loan A Facility (net of unamortized discount of $5.3 million) and $10.8 million in outstanding variable rate borrowings under our Revolving Credit Facility. Based upon a sensitivity analysis of our debt levels on December 31, 2017, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest expense of approximately $2.2 million over the next 12 months. We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future.

Foreign Currency Risk. In January 2017, we acquired certain assets of Underground Toys Limited and now sell directly to certain of our customers in Europe, the Middle East and Africa through our newly formed subsidiary, Funko UK, Ltd. In addition, in November 2017, we acquired A Large Evil Corporation Ltd. (“A Large Evil Corporation”), an animation studio based in Bath, United Kingdom. The functional currency of all of our entities is the U.S. dollar, other than Funko UK, Ltd. and A Large Evil Corporation, which are the British pound. While currently our inventory purchases for Funko UK, Ltd. are in U.S. dollars, their product sales are primarily in British pounds and euros. Additionally, Funko UK, Ltd. incurs a portion of its operating expenses in British pounds. Most of A Large Evil Corporation’s operating expenses are denominated in British pounds. Therefore, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, principally the British pound and euro. However, we believe that the exposure to foreign currency fluctuation from product sales and operating expenses is not significant at this time. As we grow our operations, our exposure to foreign currency risk could become more significant. To date, we have not entered into any foreign currency exchange contracts and currently do not expect to enter into foreign currency exchange contracts for trading or speculative purposes. Prior to December 31, 2016, all of our product sales, inventory purchases, and operating expenses were denominated in U.S. dollars. We therefore did not have any foreign currency risk associated with these activities.

Impact of Inflation. Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our historical results of operations and financial condition have been immaterial. We cannot assure you, however, that our results of operations and financial condition will not be materially impacted by inflation in the future.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Funko, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Funko, Inc. and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2017 and 2016, for the period from October 31, 2015 through December 31, 2015 (Successor), and the period from January 1, 2015 through October 30, 2015 (Predecessor), and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017 and 2016, for the period from October 31, 2015 through December 31, 2015 (Successor), and the period from January 1, 2015 through October 30, 2015 (Predecessor), in conformity with US generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Seattle, Washington
March 16, 2018

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
	(In thousands, except per share data)			
Net sales	$ 516,084	$ 426,717	$ 56,565	$ 217,491
Cost of sales (exclusive of depreciation and amortization shown separately below)	317,379	280,396	44,485	131,621
Selling, general, and administrative expenses	120,944	77,525	13,894	37,145
Acquisition transaction costs	3,641	1,140	7,559	13,301
Depreciation and amortization	31,975	23,509	3,370	5,723
Total operating expenses	473,939	382,570	69,308	187,790
Income (loss) from operations	42,145	44,147	(12,743)	29,701
Interest expense, net	30,636	17,267	2,818	2,202
Loss on extinguishment of debt	5,103			
Other income, net	(734)	—	—	—
Income (loss) before income taxes	7,140	26,880	(15,561)	27,499
Income tax expense	1,540	—	—	—
Net income (loss)	5,600	26,880	(15,561)	27,499
Less: net income attributable to non-controlling interests	1,875	—	—	—
Net income (loss) attributable to Funko, Inc.	$ 3,725	$ 26,880	$ (15,561)	$ 27,499
Earnings per share of Class A common stock (1):				
Basic	$ 0.04			
Diluted	$ 0.04			
Weighted average shares of Class A common stock outstanding (1):				
Basic	23,338			
Diluted	50,635			

(1) Basic and diluted earnings per Class A common stock is applicable only for the period after the Company's IPO. See Note 18, Earnings Per Share.

See accompanying notes to consolidated financial statements.

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
	(In thousands)			
Net income (loss)	$ 5,600	$ 26,880	$ (15,561)	$ 27,499
Other comprehensive income:				
Foreign currency translation gain	802	—	—	—
Comprehensive income (loss)	6,402	26,880	(15,561)	27,499
Less: Comprehensive income (loss) attributable to non-controlling interests	859	—	—	—
Comprehensive income (loss) attributable to Funko, Inc.	$ 5,543	$ 26,880	$ (15,561)	$ 27,499

See accompanying notes to consolidated financial statements.

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
	(In thousands, except share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	$ 7,728	$ 6,161
Accounts receivable, net	115,478	83,607
Inventory	79,082	43,616
Prepaid expenses and other current assets	21,727	19,040
Total current assets	224,015	152,424
Property and equipment, net	40,438	25,473
Goodwill	110,902	97,453
Intangible assets, net	250,649	243,796
Deferred tax asset	51	—
Other assets	4,258	3,091
Total assets	$ 630,313	$ 522,237
Liabilities and Stockholders' / Members' Equity		
Current liabilities:		
Line of credit	$ 10,801	$ 6,729
Current portion long-term debt, net of unamortized discount	7,928	7,130
Accounts payable	53,428	23,653
Income taxes payable	2,268	—
Accrued royalties	25,969	21,284
Accrued expenses and other current liabilities	27,032	13,746
Current portion of contingent consideration	2,500	25,000
Total current liabilities	129,926	97,542
Long-term debt, net of unamortized discount	215,170	203,894
Deferred tax liability	588	—
Deferred rent and other long-term liabilities	3,474	3,424
Commitments and contingencies		
Stockholders' / Members' equity:		
Member's equity	—	219,311
Class A common stock, par value $0.0001 per share, 200,000,000 shares authorized; 23,337,705 shares issued and outstanding as of December 31, 2017	2	—
Class B common stock, par value $0.0001 per share, 50,000,000 shares authorized; 24,975,932 shares issued and outstanding at December 31, 2017	2	—
Additional paid-in-capital	129,320	58,090
Accumulated other comprehensive income	802	—
Retained earnings (deficit)	1,041	(60,024)
Total stockholders' equity attributable to Funko, Inc. / members' equity	131,167	217,377
Non-controlling interests	149,988	—
Total stockholders' equity / members' equity	281,155	217,377
Total liabilities and stockholders' / members' equity	$ 630,313	$ 522,237

See accompanying notes to consolidated financial statements.

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' AND MEMBERS' EQUITY
(In thousands)

	Member Units		Recourse Loans To	Members' Accumulated Other Comprehensive	Members' Earnings	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings	Non-Controlling	
	Units	Amounts	Management	Income	(Deficit)	Shares	Amount	Shares	Amount	Capital	Income	(Deficit)	Interests	Total
Predecessor - January 1, 2015	14,000	$ 18,257	$ —	$ —	$ 18,494	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ 36,751
Equity-based compensation		9,925	$ -	-	$ -	-	-	-	-	-	-	-	$ -	9,925
Options exercised, settled in cash	688	3,170	$ -	-	$ -	-	-	-	-	-	-	-	$ -	3,170
Net income	—	—	$ -	-	27,499	-	-	-	-	-	-	-	$ -	27,499
Distributions to members	-	-	$ -	-	(12,171)	-	-	-	-	-	-	-	$ -	(12,171)
Predecessor - October 30, 2015	$ 14,688	$ 31,352	$ —	$ —	$ 33,822	0	$ —	0	$ —	$ —	$ —	$ —	$ —	$ 65,174
Successor - October 31, 2015														
Members' contributions	125	116,120	-	-	9,431	-	-	-	-	-	-	-	-	125,551
Fair Value of carryover equity instruments	78	128,433	-	-	-	-	-	-	-	-	-	-	-	128,433
Equity instruments issued at purchase consideration	12	649	-	-	-	-	-	-	-	-	-	-	-	649
Equity-based compensation	8	4,484	-	-	-	-	-	-	-	-	-	-	-	4,484
Net loss	-	-	-	-	(15,561)	-	-	-	-	-	-	-	-	(15,561)
Recourse loans to management	1	915	(915)	$ -	-	-	$ -	-	$ -	$ -	$ -	$ -	$ -	-
Period ended December 31, 2015	224	$ 250,601	$ (915)	$ —	$ (6,130)	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ 243,556
Members' contributions	15	24,431	—	—	(9,431)	—	—	—	—	—	—	-	—	15,000
Equity-based compensation	4	2,369	—	—	—	—	—	—	—	—	—	—	—	2,369
Net income	—	—	—	—	26,880	—	—	—	—	—	—	-	—	26,880
Recourse loans to management	—	—	142	—	—	—	—	—	—	—	—	—	—	142
Distribution to members	—	—	—	—	(70,570)	—	—	—	—	—	—	-	—	(70,570)
Period ended December 31, 2016	243	$ 277,401	$ (773)	$ —	$ (59,251)	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ 217,377

See accompanying notes to consolidated financial statements.

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' AND MEMBERS' EQUITY (CONTINUED)
(In thousands)

	Member Units		Recourse Loans To	Members' Accumulated Other Comprehensive	Members' Earnings	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings	Non-Controlling	
	Units	Amounts	Management	Income	(Deficit)	Shares	Amount	Shares	Amount	Capital	Income	(Deficit)	Interests	Total
Period ended January 1, 2017	243	$ 277,401	$ (773)	$ —	$ (59,251)	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ 217,377
Equity issued in connection with acquisition prior to Transactions	2	5,313	—	—	—	—	—	—	—	—	—	—	—	5,313
Warrants issued in connection with long-term debt prior to Transactions	—	—	—	—	5,726	—	—	—	—	—	—	—	—	5,726
Equity-based compensation prior to Transactions	—	4,571	159	—	—	—	—	—	—	—	—	—	—	4,730
Net income prior to Transactions	—	—	—	—	2,684	—	—	—	—	—	—	—	—	2,684
Cumulative translation adjustment prior to Transactions	—	—	—	1,184	—	—	—	—	—	—	—	—	—	1,184
Distribution to members prior to Transactions	—	—	—	—	(72,965)	—	—	—	—	—	—	—	—	(72,965)
Contributions from members prior to Transactions	5	5,000	—	—	—	—	—	—	—	—	—	—	—	5,000
Recourse loans to management prior to Transactions	—	—	188	—	—	—	—	—	—	—	—	—	—	188
Effect of Transactions	(250)	(292,285)	426	(1,184)	123,806	12,921	1			168,052	572		612	-
Sale of Class A common stock in initial public offering, net	—	—	—	—	—	10,417	1	—	—	108,919	—	—	—	108,920
Issuance of Class B common stock	—	—	—	—	—	—	—	24,976	2	—	—	—	—	2
Net deferred tax adjustments resulting from the Transactions	—	—	—	—	—	—	—	—	—	(1,241)	—	—	—	(1,241)
Non-controlling interests related to purchase of common units from FAH, LLC	—	—	—	—	—	—	—	—	—	(147,254)	—	—	147,254	-
Equity-based compensation subsequent to Transactions	—	—	—	—	—	—	—	—	—	844	—	—	—	844
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	230	—	247	477
Net income subsequent to the Transactions	—	—	—	—	—	—	—	—	—	—	—	1,041	1,875	2,916
Period ended December 31, 2017	—	$ —	$ —	$ —	$ —	23,338	$ 2	24,976	$ 2	$ 129,320	$ 802	$ 1,041	$ 149,988	$ 281,155

See accompanying notes to consolidated financial statements.

FUNKO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
	(In thousands)			
Operating Activities				
Net income (loss)	$ 5,600	$ 26,880	$ (15,561)	$ 27,499
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	31,975	23,509	3,370	5,723
Equity-based compensation	5,574	2,369	4,484	9,925
Contingent consideration	30	5,503	1,540	—
Accretion of discount on long-term debt	3,887	1,150	164	—
Amortization of debt issuance costs	534	248	253	732
Loss on debt extinguishment	5,103	—	—	—
Deferred tax benefit	(718)	—	—	—
Changes in operating assets and liabilities:				
Accounts receivable, net	(28,473)	(33,624)	6,111	(36,133)
Inventory	(16,703)	6,013	10,239	(17,980)
Prepaid expenses and other assets	(9,737)	(8,549)	52	(6,000)
Accounts payable	18,998	14,652	(1,858)	16,692
Income taxes payable	2,268	—	—	—
Accrued royalties	3,073	7,720	7,956	(54)
Accrued expenses and other liabilities	2,426	3,597	(2,640)	8,134
Net cash provided by operating activities	23,837	49,468	14,110	8,538
Investing Activities				
Purchase of property and equipment	(33,562)	(21,202)	(2,942)	(8,953)
Acquisitions, net of cash	(31,653)	(903)	(241,479)	(1,090)
Net cash used in investing activities	(65,215)	(22,105)	(244,421)	(10,043)
Financing Activities				
Borrowings on line of credit	153,383	57,741	11,513	198,607
Payments on line of credit	(149,311)	(51,012)	(38,270)	(177,741)
Proceeds from long-term debt, net	66,336	47,628	169,682	—
Payment of long-term debt	(59,000)	(7,600)	(20,000)	(475)
Payment of subordinated debt, net	(20,000)	—	—	—
Proceeds from subordinated debt, net	20,000	—	—	—
Repayment of related-party note	—	—	(2,500)	—
Debt issuance costs	—	—	(1,520)	—
Contingent consideration	(17,958)	(36,942)	—	—
Contributions from members	5,000	15,000	125,551	—
Proceeds from initial public offering, net of underwriters discount and commissions	117,337	—	—	—
Proceeds from issuance of Class B common stock	2	—	—	—
Distribution to members	(72,777)	(70,428)	—	(12,171)
Proceeds from exercise of equity-based options	—	—	—	3,170
Net cash provided by (used in) financing activities	43,012	(45,613)	244,456	11,390
Effect of exchange rates on cash and cash equivalents	(67)	—	—	—
Net increase (decrease) in cash and cash equivalents	1,567	(18,250)	14,145	9,885
Cash and cash equivalents at beginning of period	6,161	24,411	10,266	381
Cash and cash equivalents at end of period	$ 7,728	$ 6,161	$ 24,411	$ 10,266
Supplemental Cash Flow Information				
Cash paid for interest	$ 25,360	$ 12,455	$ 1,496	$ 1,756
Accrual for purchases of property and equipment	$ 1,607	$ (489)	$ 1,377	$ 512
Issuance of Class A units for acquisitions	$ 5,313	$ —	$ —	$ —
Issuance of warrants for Class A units in connection with long-term debt	$ 5,061	$ —	$ —	$ —
Issuance of warrants for common units in connection with long-term debt	$ 665	$ —	$ —	$ —
Reimbursement (issuance) of management recourse loans	$ 773	$ 142	$ (915)	$ —
Tenant allowance	$ —	$ 2,041	$ —	$ —
Issuance of common units for acquisitions	$ —	$ —	$ 129,997	$ —

See accompanying notes to consolidated financial statements.

1. Basis of Presentation and Description of Business

The consolidated financial statements include Funko, Inc. and its subsidiaries (together with its subsidiaries, the "Company") and have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). All intercompany balances and transactions have been eliminated.

The Company was formed as a Delaware corporation on April 21, 2017. The Company was formed for the purpose of completing an initial public offering ("IPO") of its Class A common stock and related transactions in order to carry on the business of Funko Acquisition Holdings, L.L.C. ("FAH, LLC") and its subsidiaries. FAH, LLC, a holding company with no operating assets or operations, was formed on September 24, 2015. On October 30, 2015, ACON Funko Investors, L.L.C., through FAH, LLC and an acquisition referred to as the "ACON Acquisition", acquired a controlling interest in Funko Holdings LLC ("FHL"), a Delaware limited liability company formed on May 28, 2013, which is also a holding company with no operating assets or operations. FAH, LLC owns 100% of FHL and FHL owns 100% of Funko, LLC, a limited liability company formed in the state of Washington, which is its operating entity. Funko, LLC is headquartered in Everett, Washington and is a leading pop culture consumer products company. Funko, LLC designs, sources, and distributes licensed pop culture products.

In these consolidated financial statements, the financial information for the period after October 30, 2015 represents the consolidated financial information of the "Successor" company. Prior to and including October 30, 2015, the consolidated financial statements include the accounts of the "Predecessor" company. Financial information in the Predecessor period principally relates to FHL and its subsidiary Funko, LLC. References to the "Successor 2015 Period" refer to the period from October 31, 2015 through December 31, 2015. References to the "Predecessor 2015 Period" refer to the period from January 1, 2015 through October 30, 2015, prior to the ACON Acquisition. Due to the change in the basis of accounting resulting from the application of the acquisition method of accounting, the Predecessor's consolidated financial statements and the Successor's consolidated financial statements are not necessarily comparable.

On November 6, 2017, the Company completed an IPO of 10,416,666 shares of its Class A common stock at a public offering price of $12.00 per share (the "IPO"), receiving approximately $117.3 million in net proceeds, after deducting underwriting discounts and commissions, which were used to purchase 10,416,666 of FAH, LLC's newly-issued common units at a price per unit equal to the price per share of Class A common stock sold in the IPO, less underwriting discounts and commissions. The IPO and related reorganization transactions (the "Transactions") resulted in the Company being the sole managing member of FAH, LLC. The Company has a minority economic interest in FAH, LLC. As of December 31, 2017, Funko, Inc. owned 48.3% of FAH, LLC. Accordingly, the Company consolidates the financial results of FAH, LLC and reports a non-controlling interest in its consolidated financial statements representing the FAH, LLC interests held by ACON Funko Investors, L.L.C., a Delaware limited liability company ("ACON Funko Investors") and certain of its affiliates, Fundamental (as defined herein), and certain current and former executive officers, employees and directors, in each case, who held profits interests in FAH, LLC and who received common units of FAH, LLC in exchange for their profits interests in connection with the Transactions (as defined herein) (collectively, the "Original Equity Owners"), the former holders of warrants to purchase ownership interests in FAH, LLC, which were converted into common units of FAH, LLC in connection with the Transactions, and, in each case, each of their permitted transferees that own common units in FAH, LLC and who may redeem at each of their options (subject in certain circumstances to time-based vesting requirements) their common units for, at the Company's election, cash or newly-issued shares of the Company's Class A common stock (collectively, the "Continuing Equity Owners").

As the Transactions, discussed further in Note 16, Stockholders' Equity are considered transactions between entities under common control, the financial statements reflect the combined entities for all periods presented.

2. Significant Accounting Policies

Certain of the significant accounting policies are discussed within the note to which they specifically relate.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

Cash Equivalents

Cash equivalents include amounts due from third-party financial institutions for credit and debit card transactions. These receivables typically settle in less than five days and were $0.1 million for both December 31, 2017 and 2016.

Concentrations of Business and Credit Risk

The Company grants credit to its customers on an unsecured basis. As of December 31, 2017 and 2016, the balance of accounts receivable consisted of 9% and 17%, respectively, of amounts owed from the largest customer for the given period. The collection of these receivables has been within the terms of the associated customer agreement.

For the year ended December 31, 2017, there was no individual customer that generated net sales over 10%. For the year ended December 31, 2016, approximately 12% of sales was generated from one customer. For the Successor 2015 Period, approximately 24%, 20%, and 13% of sales were generated from three customers. For the Predecessor 2015 Period, there was no individual customer that generated net sales over 10%.

For the year ended December 31, 2017, there were no license agreements that account for more than 10% of sales. For the year ended December 31, 2016, 15% of sales was related to one license agreement. For the Successor 2015 Period, we had two license agreements that accounted for 23% and 12% of sales. For the Predecessor 2015 Period, there were no license agreements that accounted for more than 10% of sales. There are no significant license agreements that expired during 2017.

The Company maintains its cash within bank deposit accounts at high quality, accredited financial institutions. These amounts at times may exceed federally insured limits. The Company has not experienced any credit losses in such accounts and does not believe it is exposed to significant credit risk on cash.

Inventory

Inventory consists primarily of figures, plush, accessories and other finished goods, and is accounted for using the first-in, first-out ("FIFO") method. The Company maintains reserves for excess and obsolete inventories to reflect the inventory balance at the lower of cost or net realizable value. This valuation requires us to make judgments, based on currently available information, about the likely method of disposition, such as through sales to customers, or liquidation, and expected recoverable value of each disposition category. The Company estimates obsolescence based on assumptions regarding future demand. Inventory costs include direct product costs and freight costs.

Property and Equipment

Property and equipment is stated at historical cost, net of accumulated depreciation, and, if applicable, impairment charges. Depreciation of property and equipment is recorded using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives of our property and equipment are generally as follows:

Asset	Lives (in years)
Tooling and molds	2
Furniture, fixtures, and warehouse equipment	5 to 7
Computer equipment, software and other	3 to 5
Leasehold improvements	Lesser of useful life or term of lease

Revenue Recognition and Sales Allowance

Revenue from the sale of Company products is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) there are no uncertainties regarding customer acceptance; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured. The majority of revenue is recognized upon shipment of products.

The Company routinely enters into arrangements with its customers to provide sales incentives, and provides allowances for returns and defective merchandise. Such programs are based primarily on customer purchases and specified factors relating to sales to consumers. While the majority of sales adjustments are readily determinable at period end and do not require estimates, certain sales adjustments require management to make estimates. In making these estimates, management considers all available information, including the overall business environment, historical trends and information from customers. Sales incentives and allowances for returns and defective merchandise are recorded as sales adjustments and reduce revenue in the period the related revenue is recognized.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue on the consolidated balance sheets. Deferred revenue is classified as a current liability based on the expectation of recognition within 12 months following the date of each balance sheet. Sales terms do not allow for a right of return except in relation to a manufacturing defect.

Sales taxes collected on behalf of governmental authorities are recorded on a net basis and excluded from revenue.

Shipping Revenue and Costs

Shipping and handling costs include inbound freight costs and the cost to ship product to the customer and are included in cost of sales. Shipping costs billed to customers are included in net sales.

Advertising and Marketing Costs

Advertising and marketing costs are expensed when the advertising or marketing event takes place. These costs include the fees to participate in trade shows and Comic-Cons, as well as costs to develop promotional video and other online content created for advertising purposes. These costs are included in selling, general and administrative expenses and for the years ended December 31, 2017 and 2016, the Successor 2015 Period and the Predecessor 2015 Period were $9.1 million, $6.8 million, $0.5 million and $3.3 million, respectively.

The Company enters into cooperative advertising arrangements with customers. The fees related to these arrangements are recorded as a reduction of net sales in the accompanying consolidated statements of operations because the Company has determined it does not receive an identifiable benefit and cannot reasonably estimate the fair value of these arrangements.

Product Design and Development Costs

Product design and development costs are recognized in selling, general and administrative expenses in the statements of operations as incurred. Product design and development costs for the years ended December 31,

2017 and 2016, the Successor 2015 Period and the Predecessor 2015 Period were $4.7 million, $2.3 million, $0.3 million and $0.8 million, respectively.

Recently Adopted Accounting Standards

Equity-based Compensation. In March 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") which simplifies several aspects of accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and classification in the statement of cash flows. The guidance also allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The Company adopted the new standard effective January 1, 2017 and has elected to account for forfeitures as they occur. The amendment related to accounting for excess tax benefits and deficiencies was adopted prospectively and did not have an impact on the Company's financial statements, as the Company had a limited liability company flow through structure prior to the IPO. Based upon the Company's history of forfeitures, the election to account for forfeitures as they occur did not have a material impact on its consolidated financial statements, however, going forward, the actual impact could differ from the Company's expectation, as any impact will be based on future forfeitures. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Acquisition Accounting. In September 2015, the FASB issued an ASU to simplify the accounting for adjustments made to provisional amounts recognized in a business combination. The guidance eliminates the requirement to retrospectively account for those adjustments and requires companies to recognize the adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustments are determined. The Company adopted the new standard in the first quarter of 2017. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Inventory. In July 2015, the FASB issued guidance simplifying the measurement of inventory. This standard requires entities that use inventory methods other than the last-in, first-out ("LIFO") or retail inventory method to measure inventory at the lower of cost or net realizable value. The Company adopted the new standard effective January 1, 2017. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Goodwill Impairment. In January 2017, the FASB issued an ASU to simplify the test for goodwill impairment and removes step 2 from the goodwill impairment test. Early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017. The Company adopted this standard on October 1, 2017 for the year beginning January 1, 2017, in connection with its annual impairment testing. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Lease Accounting. In February 2016, the FASB issued guidance related to lease accounting to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new guidance requires lessees to recognize all leases with a term of more than 12 months as lease assets and lease liabilities. A modified retrospective transition approach is required for leases existing at, or entered into after, the earliest period presented. The new standard is effective for the Company beginning January 1, 2019. Early adoption is permitted. The Company is evaluating the impact the adoption of this standard will have on its consolidated financial statements.

Revenue Recognition. In May 2014, the FASB issued a comprehensive new revenue recognition standard. The new standard allows for a full retrospective approach to transition or a modified retrospective approach. This guidance is effective for the Company beginning January 1, 2018. The Company adopted the new standard on January 1, 2018 using the modified retrospective basis. Revenue recognition from the sale of finished product to our customers, which is the majority of our revenues, is not expected to change under the new standard in the periods following adoption.

Statement of Cash Flows. In August 2016, the FASB issued a standard which clarifies how entities should classify certain cash receipts and cash payments in the statement of cash flows. The standard is effective for the

Company beginning January 1, 2018, and it is currently evaluating the effect the standard will have on its consolidated statement of cash flows.

Definition of a Business. In January 2017, the FASB issued a standard which provides a new framework for determining whether transactions should be accounted for as acquisitions (or dispositions) of assets or a business. The standard is effective for the Company beginning January 1, 2018, and it is currently evaluating the effect the standard will have on its consolidated financial statements.

Stock Compensation Modifications. In May 2017, the FASB issued a standard which clarifies the accounting for a stock-based compensation award that has been modified. The standard is effective for awards modified by the Company on or after January 1, 2018. The Company is currently evaluating the effect the standard will have on its consolidated financial statements.

3. Acquisitions

During 2017, the Company completed three acquisitions, and it applied the acquisition method of accounting, where the total purchase price was allocated, or preliminarily allocated, to tangible and intangible assets acquired and liabilities assumed based on their respective fair values.

A Large Evil Corporation Limited. On November 28, 2017, the Company acquired all of the outstanding equity of A Large Evil Corporation Limited ("A Large Evil Corporation Acquisition"), an animation studio based in the United Kingdom. The preliminary purchase consideration included $3.9 million paid in cash and additional $1.0 million due to the sellers based on certain working capital adjustments and other conditions as per the agreement. As of December 31, 2017, the Company has recorded a preliminary purchase price allocation based on information received to date. The Company is still in the process of completing its analysis of the opening balance sheet balances and finalizing its analysis and assumption over the fair value of assets and liabilities acquired, the difference between the estimated and final values could be material. Costs, such as advisory, legal and accounting fees the Company incurred related to A Large Evil Corporation Acquisition were $0.1 million for the year ended December 31, 2017 and are recorded within acquisition transaction costs in the consolidated statements of operations.

The activity of A Large Evil Corporation included in the Company's consolidated statements of operations from the acquisition date to December 31, 2017 was not material.

Loungefly. On June 28, 2017, the Company acquired all of the outstanding equity interests of Loungefly, LLC ("Loungefly"), a designer of licensed pop culture fashion handbags, small leather goods and accessories (the "Loungefly Acquisition"). The preliminary purchase consideration included $17.9 million paid in cash, which included $1.8 million in transaction fees paid on behalf of the seller, and the issuance of $2.1 million of FAH, LLC's Class A units. As of December 31, 2017, the Company has recorded certain adjustments to the purchase price allocation, including a $1.4 million increase to inventory. The purchase price allocation is not yet final as the Company is completing its analysis of the opening working capital balances and finalizing the valuation and related assumptions over the intangible assets acquired. The estimated fair value of the assets acquired and liabilities assumed is preliminary and differences between the preliminary and final estimated fair value could be material. Costs, such as advisory, legal, accounting fees and change of control fees, the Company incurred related to the Loungefly Acquisition were $1.1 million for the year ended December 31, 2017, and are recorded within acquisition transaction costs in the consolidated statements of operations.

The activity of Loungefly included in the Company's consolidated statements of operations from the acquisition date to December 31, 2017 was net sales of $17.0 million and net income of $2.2 million.

Underground Toys Limited. On January 27, 2017, the Company acquired certain assets of Underground Toys Limited, a manufacturer and distributor of licensed products based in the United Kingdom (the "Underground Toys Acquisition"). The acquired assets primarily consisted of inventory and identifiable intangible assets, which are now used by the Company's newly formed subsidiary Funko UK, Ltd. The purchase consideration included $12.6 million in cash, the issuance of $3.2 million of FAH, LLC's Class A units, an additional payment in cash of up to $2.5 million contingent upon the assignment of certain license agreements and certain working capital adjustments estimated to be $1.8 million. As of December 31, 2017, the Company has recorded certain adjustments to the working capital assumed, including a $1.3 million decrease to inventory. The purchase price

allocation has been finalized. Costs, such as advisory, legal, accounting fees and change of control fees, the Company incurred related to the acquisition of certain assets of Underground Toys Limited were $1.8 million for the year ended December 31, 2017, and are recorded within acquisition transaction costs in the consolidated statements of operations.

Foreign currency transaction gains and losses are included in other income, net on the consolidated statements of operations. Foreign currency transaction gain, net for the year ended December 31, 2017 was $0.7 million.

Prior to the Underground Toys Acquisition, the Company recognized net sales to Underground Toys Limited of $35.0 million for the year ended December 31, 2016. The Company had $14.7 million of accounts receivable attributable to Underground Toys Limited as of December 31, 2016. The activity of Funko UK, Ltd. included in the Company's consolidated statements of operations from the acquisition date to December 31, 2017 was net sales of $93.4 million and a net income of $1.8 million for the year ended December 31, 2017. The Company's U.K. operations are subject to U.K. income taxes, which were $0.9 million for the period from the acquisition date to December 31, 2017 and are included within income tax expense on the consolidated statements of operations.

For the acquisitions described above, the Company recorded goodwill amounting to $13.7 million in the aggregate, which relates to a number of factors, including the future earnings and cash flow potential of the businesses, the multiple to earnings, cash flow and other factors at which similar businesses have been purchased by other acquirers, the competitive nature of the processes by which the Company acquired the businesses, the avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance its existing offerings to key target markets and develop new and profitable businesses, and the complimentary strategic fit and resulting expected synergies to be achieved. Goodwill is not deductible for tax purposes.

The purchase consideration for the acquisitions was as follows:

	Purchase Consideration		
	Loungefly	Underground Toys Limited	A Large Evil Corporation Limited
		(in thousands)	
Cash paid	$ 16,113	$ 12,554	$ 3,862
Transaction fees paid (incurred) on behalf of seller	1,777	—	—
Working capital adjustment to be paid in cash	—	1,784	1,003
Fair value of Class A Units issued	2,131	3,182	—
Fair value of contingent consideration	—	2,470	—
Estimated purchase consideration	$ 20,021	$ 19,990	$ 4,865

The purchase price allocations for the acquisitions were as follows:

	Assets (Liabilities) Acquired (Assumed) at Fair Value		
	Loungefly	Underground Toys Limited	A Large Evil Corporation Limited
	(in thousands)		
Cash	$ 1,501	$ —	$ 645
Accounts receivable	3,315	—	30
Inventory	1,799	15,263	—
Other current assets	205	1,122	321
Property and equipment	214	289	76
Intangible assets	14,295	6,500	—
Goodwill	6,655	2,999	4,000
Current liabilities	(7,963)	(6,183)	(207)
Estimated consideration transferred	$ 20,021	$ 19,990	$ 4,865

The following table summarizes the estimated identifiable intangible assets acquired in connection with the transactions described above and their estimated useful lives:

	Estimated Fair Value of Assets Acquired		
	Loungefly	Underground Toys Limited	Estimated Useful Life
	(in thousands)		(Years)
Intangible asset type:			
Customer relationships	$ 960	$ 3,700	10
Licensor relationships	11,225	2,500	10
Trade name	2,110	—	10
Supplier relationships	—	300	2
Intangible assets	$ 14,295	$ 6,500	

4. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the net amount of identifiable assets acquired and liabilities assumed in a business combination measured at fair value. The Company evaluates goodwill for impairment annually on October 1 of each year and upon the occurrence of triggering events or substantive changes in circumstances that could indicate a potential impairment by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that the fair value of the net assets is below their carrying amounts.

No impairment charges relating to goodwill were recorded in the years ended December 31, 2017 and 2016 and for the Successor and Predecessor 2015 Periods.

The following table presents the balances of goodwill as of December 31, 2017 and 2016 (in thousands).

	Goodwill
Balance as of January 1, 2016	$ 97,453
Acquisitions	—
Balance as of December 31, 2016	$ 97,453
Acquisitions	13,654
Foreign currency remeasurement	(205)
Balance as of December 31, 2017	$ 110,902

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date. Intangible assets acquired include intellectual property (product design), customer relationships, and trade names. These are definite-lived assets and are amortized on a straight-line basis over their useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. No impairment charges relating to intangible assets were recorded in the years ended December 31, 2017 and 2016 and for the Successor and Predecessor 2015 Periods.

The following table provides the details of identified intangible assets, by major class, for the periods indicated (in thousands):

		December 31, 2017			December 31, 2016		
	Estimated Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Intangible assets subject to amortization:							
Intellectual property	20	$ 114,411	$ (12,395)	$ 102,016	$ 114,411	$ (6,674)	$ 107,737
Trade names	10 - 20	83,468	(9,375)	74,093	81,358	(4,746)	76,612
Customer relationships	10 - 20	68,060	(7,268)	60,792	63,129	(3,682)	59,447
Licensor relationships	10 - 20	13,908	(341)	13,567	—	—	—
Supplier relationships	2	322	(141)	181	—	—	—
Balance at December 31, 2017		$ 280,169	$ (29,520)	$ 250,649	$ 258,898	$ (15,102)	$ 243,796

Amortization expense for the years ended December 31, 2017 and 2016, the Successor 2015 Period and the Predecessor 2015 Period was $14.4 million, $12.9 million, $2.2 million and $1.4 million respectively. The future five-year amortization of intangibles subject to amortization at December 31, 2017 was as follows (in thousands):

	Amortization
2018	$ 15,200
2019	15,052
2020	15,039
2021	15,039
2022	15,039
Thereafter	175,280
Total	$ 250,649

5. Accounts Receivable, Net

Accounts receivable, net, primarily represent customer receivables, recorded at invoiced amount, net of a sales allowance and an allowance for doubtful accounts. An allowance for doubtful accounts is determined based on various factors, including specific identification of balances at risk for not being collected, historical experience and existing economic conditions. Receivables are written-off when all reasonable collection efforts have been exhausted and it is probable the balance will not be collected.

Accounts receivable, net consisted of the following (in thousands):

	December 31,	
	2017	2016
Accounts receivable	$ 119,333	$ 86,342
Less: Allowance for doubtful accounts	(3,855)	(2,735)
Accounts receivable, net	$ 115,478	$ 83,607

Accounts receivable includes a $2.0 million tenant improvement receivable from a lessor. The remaining balance is customer receivables. Bad debt expense was $5.5 million and $2.7 million for the years ended December 31, 2017 and 2016, and de minimis and $0.2 million for the Successor 2015 Period and the Predecessor 2015 Period, respectively.

Activity in our allowance for doubtful accounts was as follows:

	December 31,	
	2017	2016
Allowance for doubtful accounts - beginning	$ 2,735	$ 205
Charged to costs and other	5,457	2,702
Write offs	(4,337)	(172)
Allowance for doubtful accounts - ending	$ 3,855	$ 2,735

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	December 31,	
	2017	2016
Prepaid deposits for inventory and molds	$ 10,916	$ 10,473
Prepaid royalties, net	6,391	6,903
Other prepaid expenses and current assets	4,420	1,664
Prepaid expenses and other current assets	$ 21,727	$ 19,040

7. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	December 31,	
	2017	2016
Tooling and molds	$ 50,125	$ 28,942
Leasehold improvements	14,894	4,970
Computer equipment, software and other	5,628	2,346
Furniture, fixtures and warehouse equipment	7,282	4,220
Construction in progress	363	5,452
	$ 78,292	$ 45,930
Less: Accumulated depreciation	(37,854)	(20,457)
Property and equipment, net	$ 40,438	$ 25,473

Depreciation expense for the years ended December 31, 2017 and 2016 and the Successor 2015 Period and Predecessor 2015 Period was $17.6 million, $10.6 million, $1.2 million and $4.3 million respectively.

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31,	
	2017	2016
Accrued payroll and compensation	$ 8,209	$ 4,768
Deferred revenue	3,283	3,754
Accrued shipping & freight costs	3,235	2,811
Acquisition related current liabilities	3,685	-
Other current liabilities	8,620	2,413
Accrued liabilities and other current liabilities	$ 27,032	$ 13,746

9. Fair Value Measurements

The Company's financial instruments, other than those discussed below, include cash, accounts receivable, accounts payable, and accrued liabilities. The carrying amount of these financial instruments approximate fair value due to the short-term nature of these instruments. For financial instruments measured at fair value on a recurring basis, the Company prioritizes the inputs used in measuring fair value according to a three-tier fair value hierarchy defined by U.S. GAAP. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Contingent Consideration. The Company measures contingent consideration obligations at the acquisition date of a business combination, and at each balance sheet date, at fair value, with changes in fair value recognized in its consolidated statements of operations. Fair value is measured using the discounted cash flow method and based on assumptions the Company believes would be made by a market participant. Significant market inputs used to determine fair value as of December 31, 2017 and 2016 included probabilities of successful achievement of the EBITDA threshold that would trigger contingent purchase consideration, the timing of when the payments will be made, and the discount rate. Significant changes to these assumptions would result in a significantly lower or higher fair value measurement. The valuation represents a Level 3 measurement within the fair value hierarchy.

The Company recorded $54.9 million in contingent consideration which represented the fair value at the time of the ACON Acquisition, $40.0 million of which was paid out during the year ended December 31, 2016, and the remaining $25.0 million of which was paid out during the year ended December 31, 2017. The Company recorded an estimated $2.5 million in contingent consideration at the time the Company acquired Underground Toys Limited. The fair value of contingent consideration related to the acquisition of Underground Toys Limited was $2.5 million at December 31, 2017.

The following table sets forth the fair value and a summary of changes to the fair value of these Level 3 financial liabilities (in thousands):

	Contingent Consideration
Balance at December 31, 2016	$ 25,000
Additions	2,470
Payments	(25,000)
Changes in fair value	30
Balance at December 31, 2017	$ 2,500

Changes in fair value reflect changes to the Company's assumptions regarding probabilities of successful achievement of the earnings-based metrics, the timing of when the payment will be made, and the discount rate used to estimate the fair value of the obligation, and are recorded within selling, general and administrative expense in the consolidated statements of operations.

Debt. The estimated fair values of the Company's debt instruments, which are classified as Level 3 financial instruments, at December 31, 2017 and 2016, was approximately $196.4 million and $196.3 million, respectively. The carrying values of the Company's debt instruments at December 31, 2017 and 2016, was $228.4 million and $217.4 million, respectively. Management's estimate of the discount rate, using inputs observable in the market, as of December 31, 2017 and 2016 was 13.5% and 11.0%, respectively.

10. Debt

Debt consists of the following (in thousands):

	December 31,	
	2017	2016
Line of credit	$ 10,801	$ 6,729
Term Loan A Facility	228,400	$ 217,400
Debt issuance costs	(5,302)	(6,376)
Total term debt	223,098	211,024
Less: current portion	7,928	7,130
Long-term debt, net	$ 215,170	$ 203,894

Maturities of long-term debt for each of the next five years and thereafter are as follows (in thousands):

	Term Loan A Facility
2018	$ 9,400
2019	9,400
2020	9,400
2021	200,200
2022	—
Thereafter	—
Total	$ 228,400

Senior Secured Credit Facilities

In October 2015, the Company entered into a credit agreement which provided for a $175.0 million term loan facility (the "Term Loan A Facility") and revolving credit facility, including a $3.0 million subfacility for the issuance of letters of credit (the "Revolving Credit Facility"). On January 17, 2017, the Company entered into an amendment to its credit agreement which provided for, among other things, an additional $50.0 million term loan facility (the "Term Loan B Facility" and, together with the Term Loan A Facility and Revolving Credit Facility, the "Senior Secured Credit Facilities"), providing for interest rate options that can be chosen by the Company and an increase in commitments under the Revolving Credit Facility to $80.0 million. Proceeds from the Term Loan B Facility were used to fund a $49.0 million special cash distribution to the holders of FAH, LLC's Class A units, $0.8 million in cash bonus payments to certain of FAH, LLC's executive officers and other employees and a $0.2 million reduction in interest and principal under loans to certain members of management. In conjunction with this amendment, the Company issued the lenders warrants to purchase 1,774 of FAH, LLC's Class A units and 94 of FAH, LLC's common units.

The debt and warrants were measured at their relative fair value at the date of issuance and, as the warrants were determined to be an equity instrument, the relative fair value of the warrants, net of the allocated portion of issuance costs was recorded as additional paid-in capital. The relative fair value assigned to the warrants to purchase FAH, LLC's Class A units was $5.0 million, and $0.7 million for the warrants to purchase common units. The total amount assigned to warrants was recorded as a debt discount and is accreted to interest expense using the effective interest rate method over the life of the debt.

In June 2017, the Company entered into additional amendments to its credit agreement to, among other things, (1) permit the Company to enter into certain subordinated loan documents, and (2) increase borrowings under the Term Loan A Facility by $20.0 million, increase commitments under the Revolving Credit Facility to $100.0 million and make certain changes to certain covenants and definitions. Proceeds from the additional Term Loan A Facility borrowings were used to fund a portion of the purchase price for the Loungefly Acquisition and to pay related fees and expenses.

Borrowings under the Revolving Credit Facility accrue interest at a rate equal to the one-month LIBOR published in The Wall Street Journal plus a margin of 2.50% per year. The Company is required to pay an unused line fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder at a rate of 0.375% per year.

The Senior Secured Credit Facilities also provide for an excess cash flow payment following the end of each fiscal year that requires the Company to prepay the outstanding principal amount of all loans under the Senior Secured Credit Facilities in an aggregate amount equal to 60% of excess cash flow for such fiscal year, subject to certain step-downs and other reductions based on the Company's senior leverage ratio and the amount of certain voluntary prepayments. The Company did not make any excess cash flow prepayments for the year ended December 31, 2017 or 2016.

Borrowings under the Term Loan A Facility accrue interest at an annual rate equal to, at the Company's option, either (1) the Reference Rate plus a margin of 6.25%, or (2) the LIBOR Rate plus a margin of 7.25%. The "Reference Rate" is defined as the greatest of (1) a commercial lending rate publicly announced by the reference bank, (2) the federal funds open rate plus 0.50% per year, and (3) the one-month LIBOR published in the Wall Street Journal plus 1.00% per year, subject to a 3.00% floor. The "LIBOR Rate" is defined as the applicable London Interbank Offered Rate for U.S. dollar deposits, subject to a 1.00% floor, divided by 1.00 minus the maximum effective reserve percentage for Eurocurrency funding. Borrowings under the Term Loan B Facility accrue interest at an annual rate equal to, at the Company's option, either (1) the Reference Rate plus a margin of 9.00% per year, or (2) the LIBOR Rate plus a margin of 10.00% per year. In November 2017, all of the outstanding aggregate principal balance and accrued interest of $46.1 million on the Company's Term Loan B Facility was repaid in connection with the IPO, and the Company recorded a $5.1 million loss on debt extinguishment as a result of the write-off of unamortized discount.

The Senior Secured Credit Facilities are collateralized by substantially all of the assets of, and the equity interests held by, the borrowers and any subsidiary guarantor that may become party to the credit agreement in the future, subject to certain exceptions. The Senior Secured Credit Facilities also contain certain financial and restrictive covenants. As of December 31, 2017 and 2016, the Company was in compliance with all covenants under the Senior Secured Credit Facilities.

The Company had $10.8 million and $6.7 million of borrowings outstanding under the Revolving Credit Facility as of December 31, 2017 and 2016, respectively. In November 2017, all of the then outstanding aggregate principal balance and accrued interest of $55.6 million was repaid on the Revolving Credit Facility in connection with the IPO. There were no outstanding letters of credit as of December 31, 2017 and 2016.

See Note 20, Subsequent Events for a description of the March 2018 amendment to the credit agreement.

Subordinated Promissory Notes

On June 26, 2017, FAH, LLC issued promissory notes payable to certain of its members, including several members of management and its majority owner, in the aggregate principal amount of $20.0 million (the "Subordinated Promissory Notes"). Borrowings under the Subordinated Promissory Notes accrued interest at a rate equal to 11.0% per year for the first 90 days after their effective date, increasing to 13.0% per year 91 days after such effective date and 15.0% per year 181 days after such effective date. Proceeds from the Subordinated Promissory Notes were used to finance a portion of the contingent consideration related to the ACON Acquisition that was paid out during the year ended December 31, 2017.

In November 2017, all of the outstanding aggregate principal balance and accrued interest on the Subordinated Promissory Notes of $20.9 million was repaid in connection with Funko, Inc.'s IPO.

11. Income Taxes

Accounting for the Tax Cuts and Jobs Act

In December 2017, the Tax Cuts and Jobs Act (the "Tax Act") was passed. The Tax Act changes existing U.S. tax law, including changes to U.S. corporate tax rates, business-related exclusions, and deductions and credits. The Tax Act also has international tax consequences. Also in December 2017, the SEC Issued Staff Accounting Bulletin No. 118 to address situations where the accounting under ASC Topic 740 is incomplete for certain income tax effects of the Tax Act upon issuance of an entity's financial statements for the reporting period in which the Tax Act was enacted. This guidance addresses the recognition of taxes payable or refundable for the current year and the recognition of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. ASC Topic 740 also addresses the accounting for income taxes upon a change in tax laws or tax rates. The income tax accounting effect of a change in tax laws or tax rates includes, for example, adjusting (or re-measuring) deferred tax assets and liabilities, as well as evaluating whether a valuation allowance is needed for deferred tax assets. This guidance also clarifies that disclosure should be provided when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting under ASC Topic 740 for certain income tax effects of the Tax Act for the reporting period in which the Tax Act was enacted. This guidance is effective upon publication.

While analysis and interpretation of this legislation is provisional, based on the Company's current evaluation, the significant impacts from the Tax Act are primarily due to the lower U.S. federal corporate tax rate of 21%. The impact to the consolidated statement of operations was an additional $4.6 million of provisional income tax expense recorded for the year ended December 31, 2017. This expense reflects the revaluation of our net deferred tax assets based on a U.S. federal corporate tax rate of 21%. The Company continues to assess and analyze the potential impacts of the Tax Act which could potentially impact the measurement of our tax balances.

Income (loss) before income taxes consisted of (in thousands):

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
Domestic	$ 4,471	$ 26,880	$ (15,561)	$ 27,499
Foreign	2,669	—	—	—
Income (loss) before income taxes	$ 7,140	$ 26,880	$ (15,561)	$ 27,499

Income Taxes

The components of the Company's income tax expense consisted of the following (in thousands):

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
Current income taxes:				
Federal	$ 941	$ —	$ —	$ —
State and local	365	—	—	—
Foreign	952	—	—	—
Current income taxes	$ 2,258	$ —	$ —	$ —
Deferred income taxes:				
Federal	$ (651)	—	—	—
State and local	(16)	—	—	—
Foreign	(51)	—	—	—
Deferred income taxes	$ (718)	$ —	$ —	$ —
Income tax expense	$ 1,540	$ —	$ —	$ —

A reconciliation of income tax expense from operations computed at the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
Expected U.S. federal income taxes at statutory rate	34.0%	34.0%	34.0%	34.0%
State and local income taxes, net of federal benefit	4.6%	0.0%	0.0%	0.0%
Foreign taxes	12.6%	0.0%	0.0%	0.0%
Non-deductible expenses	1.7%	0.0%	0.0%	0.0%
Enactment of the Tax Cuts and Jobs Act	65.7%	0.0%	0.0%	0.0%
Change in valuation allowance	-70.3%			
Non-controlling interest	-9.6%	0.0%	0.0%	0.0%
LLC flow-through structure	-17.1%	-34.0%	-34.0%	-34.0%
Income tax expense	21.6%	0.0%	0.0%	0.0%

Our effective income tax rate for 2017 was 21.6%. The decrease in our effective income tax rate in 2017 compared to the statutory rate was primarily due to the Tax Act, the non-controlling interest, and the LLC flow-through structure. The Tax Act reduces the U.S. federal corporate tax rate to 21%, which negatively impacted our effective tax rate by reducing our deferred tax assets. The non-controlling interest benefited our effective tax rate by reducing our allocable share of taxable income subject to U.S. federal, state and local income taxes. The LLC flow-through structure benefited our effective tax rate as prior to the IPO we were subject to certain LLC entity-level taxes and foreign taxes but generally not subject to entity-level U.S. federal income taxes.

Deferred Income Taxes

The significant items comprising deferred tax assets and liabilities is as follows (in thousands):

	December 31,	
	2017	2016
Deferred tax assets:		
Investment in partnership	$ 13,403	$ —
Stock-based compensation	85	—
Intangibles	151	—
Gross deferred tax assets	13,639	—
Valuation allowance	(8,862)	—
Deferred tax assets, net of valuation allowance	4,777	—
Deferred tax liabilities:		
Investment in partnership	(5,290)	—
Property and equipment	(24)	
Gross deferred tax liabilities	(5,314)	—
Net deferred tax liabilities	$ (537)	$ —

As of December 31, 2017, the Company did not have any federal or state net operating loss carryforwards for income tax purposes.

The Company evaluates its ability to realize deferred tax assets on a quarterly basis and establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset may not be realized. The Company recognized a deferred tax asset of $13.4 million associated with the basis difference in its investment in FAH, LLC upon acquiring these LLC interests. However, a portion of the total basis difference will only reverse upon the eventual sale of its interest in FAH, LLC, which we expect would result in a capital loss. As of December 31, 2017, the Company established a valuation allowance in the amount of $8.9 million against the deferred tax asset.

Uncertain Tax Positions

The Company regularly evaluates the likelihood of realizing the benefit from income tax positions that we have taken in various federal, state and foreign filings by considering all relevant facts, circumstances and information available. If the Company determines it is more likely than not that the position will be sustained, a benefit will be recognized at the largest amount that we believe is cumulatively greater than 50% likely to be realized. Interest and penalties related to income tax matters are classified as a component of income tax expense. Unrecognized tax benefits are recorded in other long-term liabilities on the consolidated balance sheets. We had no uncertain tax positions as of December 31, 2017.

Other Matters

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is subject to U.S. federal, state, and local income tax examinations by tax authorities for years after 2013 and subject to examination for all foreign income tax returns for fiscal 2017. There were no open tax examinations at December 31, 2017.

Tax Receivable Agreement

On November 1, 2017, the Company entered into the Tax Receivable Agreement with FAH, LLC and each of the Continuing Equity Owners that provides for the payment by the Company to the Continuing Equity Owners of 85% of the amount of tax benefits, if any, that it realizes, or in some circumstances, is deemed to realize, as a result of (i) future redemptions funded by the Company or exchanges, or deemed exchanges in certain circumstances, of common units for Class A common stock or cash, and (ii) certain additional tax benefits attributable to payments made under the Tax Receivable Agreement. FAH, LLC intends to have in effect an election under Section 754 of

the Internal Revenue Code effective for each taxable year in which a redemption or exchange (including deemed exchange) of common units for cash or stock occurs. These tax benefit payments are not conditioned upon one or more of the Continuing Equity Owners maintaining a continued ownership interest in FAH, LLC. In general, the Continuing Equity Owners' rights under the Tax Receivable Agreement are assignable, including to transferees of common units in FAH, LLC (other than the Company as transferee pursuant to a redemption or exchange of common units in FAH, LLC). The Company expects to benefit from the remaining 15% of the tax benefits, if any, that the Company may realize. At December 31, 2017, the Company did not have any obligations recorded under the Tax Receivable Agreement.

12. Commitments and Contingencies

The following table summarizes the Company's future minimum commitments as of December 31, 2017 (in thousands):

	2018	2019	2020	2021	2022	Thereafter	Total
Long term debt and related interest (1)	$ 28,983	$ 28,164	$ 27,396	$ 214,516	$ —	$ —	$ 299,059
Operating leases	6,691	5,953	5,922	4,999	3,911	14,364	41,840
Minimum royalty obligations (2)	28,587	1,804	358	—	—	—	30,749
Revolving Credit Facility (3)	10,801	—	—	—	—	—	10,801
Total	$ 75,062	$ 35,921	$ 33,676	$ 219,515	$ 3,911	$ 14,364	$ 382,449

(1) We estimated interest payments through the maturity of our Senior Secured Credit Facilities by applying the effective interest rate of 9.2% in effect as of December 31, 2017 under our Term Loan A Facility. See Note 10, Debt.

(2) Represents minimum guaranteed royalty payments under licensing arrangements.

(3) Represents the amount owed as of December 31, 2017 under our Revolving Credit Facility.

License Agreements

The Company enters into license agreements with various licensors of copyrighted and trademarked characters and design in connection with the products that it sells. The agreements generally require royalty payments based on product sales and in some cases may require minimum royalty and other related commitments.

Employment Agreements

The Company has employment agreements with certain officers. The agreements include, among other things, an annual bonus based on certain performance metrics of the Company, as defined by the board, and up to one year's severance pay beyond termination date.

Debt

The Company has entered into a credit agreement which includes a term loan facility and a revolving credit facility. See Note 10, Debt.

Leases

The Company has entered into non-cancellable operating leases for office, warehouse, and distribution facilities, with original lease periods expiring through 2027. Some operating leases also contain the option to renew for five-year periods at prevailing market rates at the time of renewal. In addition to minimum rent, certain of the leases require payment of real estate taxes, insurance, common area maintenance charges, and other executory costs. Differences between rent expense and rent paid is recorded as deferred rent on the consolidated balance sheets. For certain leases we receive tenant improvement allowances and record those as deferred rent on the consolidated balance sheets and amortize the tenant improvement allowances on a straight-line basis over the lease term as a reduction of rent expense. Rent expense, net of sublease income, was $6.1 million, $3.7 million, $0.3 million and $1.2 million for the years ended December 31, 2017 and 2016 and the Successor 2015 Period and Predecessor 2015 Period.

Legal Contingencies

The Company is involved in claims and litigation in the ordinary course of business, some of which seek monetary damages, including claims for punitive damages, which are not covered by insurance. For certain pending matters, accruals have not been established because such matters have not progressed sufficiently through discovery, and/or development of important factual information and legal information is insufficient to enable the Company to estimate a range of possible loss, if any. An adverse determination in one or more of these pending matters could have an adverse effect on the Company's consolidated financial position, results of operations or cash flows.

We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business. For example, on November 16, 2017, a purported stockholder of the Company filed a putative class action lawsuit in the Superior Court of Washington in and for King County against us, certain of our officers and directors, and the underwriters of our IPO, entitled *Robert Lowinger v. Funko, Inc., et. al.* In January and March 2018, four additional putative class action lawsuits were filed, three in the Superior Court of Washington in and for King County and one in the Superior Court of Washington in and for Snohomish County. Two of the lawsuits, *Surratt v. Funko, Inc. et. al.* (filed on January 16, 2018) and *Baskin v. Funko, Inc. et. al.* (filed on January 30, 2018) were filed against us and certain of our officers and directors. The third, *The Ronald and Maxine Linde Foundation v. Funko et. al.* (filed on January 18, 2018) was filed against us, certain of our officers and directors, ACON, Fundamental and certain other defendants. The fourth, *Berkelhammer v. Funko, Inc. et. al.* (filed on March 13, 2018) was filed against us, certain of our officers and directors, and ACON. The complaints allege that we violated Sections 11, 12, and 15 of the Securities Act of 1933, as amended, by making allegedly materially misleading statements, and by omitting material facts necessary to make the statements made therein not misleading. The lawsuits seek, among other things, compensatory statutory damages and rescissory damages in account of the consideration paid for our Class A common stock by plaintiff and members of the putative class, as well as attorneys' fees and costs.

13. Segments

The Company identifies its reportable segments according to how the business activities are managed and evaluated and for which discrete financial information is available and for which is regularly reviewed by its Chief Operating Decision Maker ("CODM") to allocate resources and assess performance. Because its CODM reviews financial performance and allocates resources at a consolidated level on a regular basis, it has one reportable segment. The following table is a summary of product categories as a percent of sales:

	Year ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
Figures	81.8%	82.0%	88.6%	91.1%
Other	18.2%	18.0%	11.4%	8.9%

The following tables present summarized geographical information (in thousands):

	Year ended December 31,		Successor	Predecessor
	2017	2016	Period from October 31, 2015 through December 31, 2015	Period from January 1, 2015 through October 30, 2015
Net sales:				
United States	$ 376,087	$ 352,436	$ 40,906	$ 170,239
Foreign	139,997	74,281	15,659	47,252
Total net sales	$ 516,084	$ 426,717	$ 56,565	$ 217,491

	December 31,	
	2017	2016
Long-lived assets:		
United States	$ 24,637	$ 14,773
China and Vietnam	18,865	13,791
United Kingdom	1,194	—
Total long-lived assets	$ 44,696	$ 28,564

14. Related Party Transactions

Members' Equity Contribution

On June 26, 2017, the Company issued 5,000 Class A units in exchange for a contribution of $5.0 million from several members of management and ACON. As a result of this issuance, the Company recorded equity-based compensation expense in the consolidated statements of operations of $2.2 million.

ACON Equity Management Agreement

On October 31, 2015, the Company entered into a management services agreement with ACON Equity Management, L.L.C. ("ACON Equity Management"), which requires payment of a monitoring fee equal to the greater of (1) $500,000 and (2) 2% prior year Adjusted EBITDA, up to a maximum fee of $2.0 million. Pursuant to the management services agreement, Funko, LLC also agreed to pay ACON Equity Management a one-time advisory fee of $2.0 million, and agreed to reimburse ACON Equity Management for certain costs and expenses in connection with ACON Equity Management's performance under the agreement. In connection with the IPO, on November 6, 2017, the management fee agreement terminated. ACON Equity Management waived the $5.8 million termination fee.

The Company recognized $1.7 million, $1.5 million and $0.3 million in management fees for the years ended December 31, 2017, 2016 and the Successor 2015, respectively. These fees are recorded within selling, general and administrative expenses. As of December 31, 2017 and 2016, $0.0 million and $0.4 million, respectively, of these fees and other amounts due to ACON Equity Management, were included within accrued expenses and other current liabilities. In addition, the Company recorded an expense for ACON Equity Management's reimbursable expenses totaling $0.2 million for the year ended December 31, 2016; expense recorded related to the Successor 2015 Period was nominal.

Promissory and Subordinated Promissory Notes

In October 2015, the Company entered into subscription agreements with several members of management (the "Purchasers") to purchase FAH, LLC Class A units having an aggregate purchase price of $0.9 million. Funko, LLC entered into a secured promissory note with each Purchaser in an amount equal to the purchase price of the Class A units purchased by such individual. Amounts outstanding under the promissory notes were collateralized by all direct or indirect ownership interests of the Purchasers in FAH, LLC. The promissory notes had an 8% interest rate compounded on an annual basis, and were recorded as a non-cash transaction within members' equity. The Company recognized interest on a cash basis when principal payments were made, and recorded a nominal amount of interest income for the years ended December 31, 2017 and 2016. On October 5, 2017, outstanding aggregate principal and accrued interest of $0.2 million was forgiven for certain of FAH, LLC's officers and executives. The remaining promissory notes were repaid as part of the reorganization Transactions, as defined below in "Reorganization Transactions."

See discussion of the Subordinated Promissory Notes in Note 10, Debt. The Subordinated Promissory Notes were repaid in November 2017, with proceeds from the IPO.

Other Agreements

In June 2017, in connection with the Loungefly Acquisition, the Company assumed a lease for the Loungefly headquarters and warehouse operations with 20310 Plummer Street LLC and entered into a global sourcing agreement with Sure Star Development Ltd. Both entities are owned by certain of the Company's employees, who were the former owners of Loungefly. For the year ended December 31, 2017, the Company recorded $0.2 million

in rental expense related to the lease, which was recorded in selling, general and administrative expenses in the Company's consolidated statements of operations. At December 31, 2017, amounts owed to those entities were $5.7 million and were recorded in accounts payable and accrued liabilities on the consolidated balance sheet.

The Company sells products to Forbidden Planet, a U.K. retailer through its wholly owned subsidiary Funko UK, Ltd. One of the investors in Forbidden Planet is an employee of Funko UK, Ltd. For the year ended December 31, 2017, the Company recorded approximately $4.2 million in net sales from business with Forbidden Planet. At December 31, 2017, accounts receivable from Forbidden Planet were $0.5 million on the consolidated balance sheet.

15. Employee Benefit Plans

We currently maintain the Funko 401(k) Plan, a defined contribution retirement and savings plan, for the benefit of our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) Plan on the same terms as other full-time employees. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) Plan. Currently, we match contributions made by participants in the 401(k) Plan up to 4% of the employee earnings, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) Plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

16. Stockholders' Equity

In connection with the Company's IPO, the Company's board of directors approved an amended and restated certificate of incorporation (the "Amended and Restated Certificate of Incorporation"), which became effective on November 1, 2017. The Amended and Restated Certificate of Incorporation authorizes the issuance of up to 200,000,000 shares of Class A common stock, up to 50,000,000 shares of Class B common stock and 20,000,000 shares of preferred stock, each having a par value of $0.0001 per share. Shares of Class A common stock have both economic and voting rights. Shares of Class B common stock have no economic rights, but do have voting rights. Holders of shares of Class A common stock and Class B common stock are entitled to one vote per share on all matters presented to stockholders. The Company's board of directors has the discretion to determine the rights, preferences, privileges, restrictions and liquidation preferences of any series of preferred stock.

Reorganization Transactions

On November 1, 2017, in connection with the completion of the IPO, the Company completed a series of reorganization transactions (the "Transactions"). The Transactions included the following:

- The amendment and restatement of the existing FAH, LLC limited liability company agreement (the "FAH LLC Agreement") to, among other things, (i) convert all existing ownership interests (including vested profits interests and all unvested profits interests and existing warrants to purchase ownership interests in FAH, LLC) into common units of FAH, LLC (subject to common units received in exchange for unvested profits interests remaining subject to time-based vesting requirements), and (ii) appoint the Company as FAH, LLC's sole managing member upon its acquisition of common units in connection with the IPO;
- The amendment and restatement of the Company's certificate of incorporation to, among other things, provide (i) for Class A common stock, with each share of Class A common stock entitling its holders to one vote per share on all matters presented to stockholders generally and (ii) for Class B common stock, with each share of Class B common stock entitling its holders to one vote per share on all matters presented to stockholders generally and that shares of Class B common stock may only be held by the Continuing Equity Owners and their permitted transferees;

- Certain funds affiliated with ACON Funko Investors (the "Former Equity Owners") exchanged their indirect ownership interests in common units of FAH, LLC for 12,921,039 shares of Class A common stock on a one-for-one basis; and
- The Company entered into (i) a stockholders' agreement with ACON Funko Investors and the Former Equity Owners, Fundamental Capital, LLC and Funko International, LLC (collectively, "Fundamental") and Brian Mariotti, the Company's Chief Executive Officer, (ii) a registration rights agreement with certain of the Original Equity Owners (including each of the Company's executive officers), and (iii) a tax receivable agreement (the "Tax Receivable Agreement") with FAH, LLC and each of the Continuing Equity Owners.

The Transactions were effected on November 1, 2017, prior to the time the Company's Class A common stock was registered under the Exchange Act, and prior to the completion of the IPO.

FAH, LLC Recapitalization

As noted above, the FAH LLC Agreement, among other things, appointed the Company as FAH, LLC's sole managing member and reclassified all outstanding membership interests in FAH, LLC as non-voting common units. As the sole managing member of FAH, LLC, the Company controls the management of FAH, LLC. As a result, the Company consolidates FAH, LLC's financial results and reports a non-controlling interest related to the economic interest of FAH, LLC held by the Continuing Equity Owners.

The Amended and Restated Certificate of Incorporation and the FAH LLC Agreement discussed above requires FAH, LLC and the Company to, at all times, maintain (i) a one-to-one ratio between the number of shares of Class A common stock issued by the Company and the number of common units owned by the Company and (ii) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing Equity Owners and the number of common units owned by the Continuing Equity Owners (other than common units issuable upon the exercise of options and common units that are subject to time-based vesting requirements (the "Excluded Common Units")). The Company may issue shares of Class B common stock only to the extent necessary to maintain the one-to-one ratio between the number of common units of FAH, LLC held by the Continuing Equity Owners (other than the Excluded Common Units) and the number of shares of Class B common stock issued to the Continuing Equity Owners. Shares of Class B common stock are transferable only together with an equal number of common units of FAH, LLC. Only permitted transferees of common units held by the Continuing Equity Owners will be permitted transferees of Class B common stock.

The Continuing Equity Owners may from time to time at each of their options (subject, in certain circumstances, to time-based vesting requirements) require FAH, LLC to redeem all or a portion of their common units in exchange for, at the Company's election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case in accordance with the terms of the FAH LLC Agreement; provided that, at the Company's election, the Company may effect a direct exchange of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. Simultaneously with the payment of cash or shares of Class A common stock, as applicable, in connection with a redemption or exchange of common units pursuant to the terms of the FAH LLC Agreement, a number of shares of our Class B common stock registered in the name of the redeeming or exchanging Continuing Equity Owner will be cancelled for no consideration on a one-for-one basis with the number of common units so redeemed or exchanged.

Initial Public Offering

As noted above, on November 6, 2017, the Company completed its IPO of 10,416,666 shares of Class A common stock at a public offering price of $12.00 per share and received approximately $117.3 million in net proceeds, after deducting underwriting discounts and commissions. The Company used the net proceeds to purchase 10,416,666 newly issued common units directly from FAH, LLC at a price per unit equal to the initial public offering price per share of Class A common stock sold in the IPO less underwriting discounts and commissions. Immediately following the completion of the IPO, there were 24,975,932 shares of Class B common stock outstanding and 23,337,705 shares of Class A common stock outstanding, comprised of 10,416,666 shares

issued in connection with the IPO and 12,921,039 shares issued in connection with the Transactions described above.

Equity-Based Compensation

Funko, Inc. 2017 Incentive Award Plan. On October 23, 2017, the Company adopted the Funko, Inc. 2017 Incentive Award Plan (the "2017 Plan"), which became effective on November 1, 2017, upon the effectiveness of the registration statement on Form S-1 (File No. 333-220856), as amended, filed with the SEC in connection with the IPO. The Company reserved a total of 5,518,518 shares of Class A common stock for issuance pursuant to the 2017 Plan. In connection with the IPO, the Company granted 1,028,500 options to purchase shares of Class A common stock to certain of its directors, executive officers and employees.

A summary of 2017 Plan stock option activity for the year ended December 31, 2017 is as follows:

	Funko, Inc. Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Remaining Contractual Life
	(in thousands)		(in thousands)	(years)
Outstanding at December 31, 2016	—			
Granted	1,029	$ 12.00		
Exercised	—			
Forfeited	—			
Cancelled	18			
Outstanding at December 31, 2017	1,011		$ 6,720	9.83
Options exercisable at December 31, 2017	51	$ 12.00	$ 341	9.83

Options to purchase common units in FAH, LLC. In connection with the IPO, existing options to purchase Class A units in FAH, LLC were converted into 555,867 options to purchase common units in FAH, LLC.

A summary of FAH, LLC stock option activity for the year ended December 31, 2017 is as follows:

	FAH, LLC Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Remaining Contractual Life
	(in thousands)		(in thousands)	(years)
Outstanding at December 31, 2016	3,450			
Recapitalization in connection with the Transactions	556			
Exercised	—			
Forfeited	—			
Cancelled	—			
Outstanding at December 31, 2017	556	$ 0.41	$ 3,696	5.92
Options exercisable at December 31, 2017	509	$ 0.32	$ 3,384	5.82

Unvested common units in FAH, LLC. In connection with the IPO, unvested common units to purchase profit interests in FAH, LLC were converted into 1,901,327 unvested common units of FAH, LLC.

A summary of unvested common unit activity for the year ended December 31, 2017 is as follows:

	Common Units	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested at December 31, 2016	9,651	
Recapitalization in connection with the Transactions	1,901	$ 22,812
Vested	553	6,636
Forfeited	—	
Cancelled	—	
Unvested at December 31, 2017	1,348	$ 16,176

Equity-based compensation expense. The Company measures and recognizes expense for its equity-based compensation granted to employees and directors based on the fair value of the awards on the grant date. The fair value of option awards is estimated at the grant date using the Black-Scholes option pricing model that requires management to apply judgment and make estimates, including:

- *Volatility*—this is estimated based on historical volatilities of a representative group of publicly traded consumer product companies with similar characteristics
- *Risk-free interest rate*—this is the U.S. Treasury rate as of the grant date having a term equal to the expected term of the award
- *Expected term*—represents the estimated period of time until an award is exercised and was calculated based on the simplified method
- *Dividend yield*—the Company does not plan to pay dividends in the foreseeable future

For each of the options granted during 2017, the following were the option pricing model inputs:

	2017 Plan
Expected term (years)	6.25
Expected volatility	29.5%
Risk-free interest rate	2.1%
Dividend yield	0%

Equity-based compensation expense is recognized on a straight-line basis over the vesting period of the award. The Company records equity-based compensation to selling, general and administrative expense on the consolidated statement of operations. Equity-based compensation for the years ended December 31, 2017, 2016, the Successor 2015 Period and the 2015 Predecessor Period were $5.4 million, $2.4 million, $4.5 million and $9.9 million.

As of December 31, 2017, there was $9.3 million of total unrecognized equity-based compensation expense. Of this, $0.2 million is related to options to purchase common units in FAH, LLC, $3.8 million is related to options to purchase Class A units in Funko, Inc. and $5.3 million is related to unvested common units in FAH, LLC. As of December 31, 2017, the Company expected to recognize these costs over a remaining weighted average period of 1.0 years for options to purchase common units in FAH, LLC, 3.7 years options to purchase Class A units in Funko, Inc and 2.0 years for common units.

17. Non-controlling Interests

In connection with the Transactions described in Note 16, Stockholders' Equity, the Company became the sole managing member of FAH, LLC and as a result consolidates the financial results of FAH, LLC. The Company reports a non-controlling interest representing the common units of FAH, LLC held by the Continuing Equity Owners. Changes in Funko, Inc.'s ownership interest in FAH, LLC while Funko, Inc. retains its controlling interest in FAH, LLC will be accounted for as equity transactions. As such, future redemptions or direct exchanges of

common units of FAH, LLC by the Continuing Equity Owners will result in a change in ownership and reduce or increase the amount recorded as non-controlling interest and increase or decrease additional paid-in capital when FAH, LLC has positive or negative net assets, respectively.

The Company used the net proceeds from its IPO to purchase 10,416,666 newly-issued common units of FAH, LLC. Additionally, in connection with the Transactions, certain funds affiliated with the Former Equity Owners exchanged their indirect ownership interests in common units of FAH, LLC for 12,921,039 shares of Class A common stock on a one-for-one basis.

As of December 31, 2017, Funko, Inc. owned 23,337,705 of FAH, LLC common units, representing a 48.3% economic ownership interest in FAH, LLC.

18. Earnings per Share

Basic and Diluted Earnings per Share

Basic earnings per share of Class A common stock is computed by dividing net income available to Funko, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing net income available to Funko, Inc. by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

As described in Note 16, Stockholders' Equity, on November 1, 2017, the LLC Agreement was amended and restated to, among other things, (i) provide for a new single class of common membership interests, the common units of FAH, LLC, and (ii) exchange all of the then-existing membership interests of the Original Equity Owners for common units of FAH, LLC. This Recapitalization changed the relative membership rights of the Original Equity Owners such that retroactive application of the Recapitalization to periods prior to the IPO for the purposes of calculating earnings per share would not be appropriate.

Prior to the IPO, the FAH, LLC membership structure included Class A Units, Profits Units and HR Units. The Company analyzed the calculation of earnings per unit for periods prior to the IPO using the two-class method and determined that it resulted in values that would not be meaningful to the users of these consolidated financial statements. Therefore, earnings per share information has not been presented for periods prior to the IPO on November 6, 2017. The basic and diluted earnings per share period for the year ended December 31, 2017 represents only the period of November 6, 2017 to December 31, 2017.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

	Year Ended December 31, 2017
Numerator:	
Net income attributable to Funko, Inc.	$ 2,916
Less: net income attributable to non-controlling interests	1,875
Net income attributable to Funko, Inc. — basic	$ 1,041
Add: Reallocation of net income attributable to non-controlling interests from the assumed exchange of common units of FAH, LLC for Class A common stock	1,116
Net income attributable to Funko, Inc. — diluted	$ 2,157
Denominator:	
Weighted-average shares of Class A common stock outstanding — basic	23,337,705
Add: Dilutive common units of FAH, LLC that are convertible into Class A common stock	27,297,348
Weighted-average shares of Class A common stock outstanding — diluted	50,635,053
Earnings per share of Class A common stock — basic	$ 0.04
Earnings per share of Class A common stock — diluted	$ 0.04

For the year ended December 31, 2017, 1.0 million stock options and 0.8 million unvested common units were excluded from the weighted-average in the computation of diluted earnings per share of Class A common stock because the effect would have been anti-dilutive.

Shares of the Company's Class B common stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been presented.

19. Quarterly Financial Information (Unaudited)

	Three Months Ended							
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
	(In thousands)							
Net sales	$169,474	$142,812	$104,746	$ 99,052	$132,412	$118,044	$101,287	$ 74,974
Cost of sales (exclusive of depreciation and amortization)	102,926	84,387	66,005	64,061	82,813	71,784	70,310	55,489
Selling, general and administrative expenses	37,532	32,511	25,809	25,092	21,744	18,694	20,034	17,053
Net income (loss)	7,501	8,264	(4,538)	(5,627)	15,754	17,153	1,009	(7,036)
Net income attributable to non-controlling interests	1,875	-	-	-	-	-	-	-
Basic earnings per share	$ 0.04	—	-	-	-	-	-	-
Dilutive earnings per share	$ 0.04	—	-	-	-	-	-	-

20. Subsequent Events

On March 7, 2018, the Company entered into an amendment to its credit agreement which provides for, among other things, (i) a $13.0 million prepayment of the amounts owing under the Term Loan A Facility on the effective date of the amendment, with no changes in the amount of future amortization payments, (ii) a reduction in the interest rate margins (a) for the Term Loan A Facility, from 6.25% to 5.50% for base rate loans and 7.25% to 6.50% for LIBOR rate loans and (b) for the Revolving Credit Facility, from 2.50% to 1.75% for LIBOR rate loans, (iii) a 1% prepayment premium on prepayments under both the Term Loan A Facility and the Revolving Credit Facility for 180 days after the effective date of the amendment, and (iv) a $20.0 million increase to the borrowing base under the Revolving Credit Facility, so long as no loan party formed under the laws of England and Wales or Funko UK, Ltd. incurs secured indebtedness for borrowed money.

On March 15, 2018, Toys “R” Us, Inc. announced the wind down of its US operations and the potential insolvency proceedings of certain of its subsidiaries. Based on the information available to management, the Company determined that it was appropriate as of December 31, 2017 to increase the allowance for doubtful accounts in Accounts Receivable, net by $2.0 million which represents the unpaid accounts receivable balance related to sales prior to the balance sheet date. The Company also recorded $2.0 million of bad debt expense in selling, general, and administrative expenses for the year ended December 31, 2017.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect that there are resource constraints and that management is required to apply judgement in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures (as such term is defined in Rules 13a–15(e) and 15d–15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls were effective at the reasonable assurance level as of December 31, 2017.

Exemption from Management's Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the SEC for newly public companies.

Item 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to General Instruction G(3) to Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K, information regarding our executive officers is provided in Item 1 of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant," and will also appear in our definitive proxy statement for our 2018 Annual Meeting of Stockholders. The remaining information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K will be included under the headings "Election of Directors," "Corporate Governance," and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement for our 2018 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Items 402, 407(e)(4), and (e)(5) of Regulation S-K will be included under the headings "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation" in our definitive proxy statement for our 2018 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance Under Equity Compensation Plans (as of December 31, 2017)

Plan category:	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities Reflected in first column)
Equity compensation plans approved by security holders	1,010,500	$ 12.00	4,508,018
Equity compensation plans not approved by security holders	—	—	—
Total	1,010,500	$ 12.00	4,508,018

Other

The remaining information required by Item 403 of Regulation S-K will be included under the heading "Security Ownership of Certain Beneficial Owners and Management" in our definitive proxy statement for our 2018 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K will be included under the headings "Certain Relationships and Related Person Transactions," "Corporate Governance" and "Director Independence" in our definitive proxy statement for our 2018 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 9(e) of Schedule 14A of the Exchange Act will be included under the heading "Principal Accountant Fees and Services" in our definitive proxy statement for our 2018 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Funko, Inc.	S-8	333-221390	4.1	11/7/17	
3.2	Amended and Restated Bylaws of Funko, Inc.	S-8	333-221390	4.2	11/7/17	
4.1	Specimen Stock Certificate evidencing the shares of Class A common stock	S-1	333-220856	4.1	10/23/17	
10.1 †	Funko Acquisition Holdings, L.L.C. 2015 Option Plan, Amended and Restated as of November 1, 2017.					*
10.2 †	Form of Option Agreement under Funko Acquisition Holdings, L.L.C. 2015 Option Plan.	S-1	333-220856	10.15	10/6/17	
10.3 †	2017 Incentive Award Plan, dated October 23, 2017.					*
10.4 †	Form of Stock Option Agreement under 2017 Incentive Award Plan.	S-1/A	333-220856	10.19	10/23/17	
10.5 †	2017 Executive Annual Incentive Plan, dated October 23, 2017.					*
10.6 †	Employment Agreement, dated October 30, 2015, by and between Funko, LLC and Brian Mariotti.	S-1	333-220856	10.18	10/6/17	
10.7 †	Offer letter, dated September 29, 2013, by and between Funko, LLC and Russell Nickel.	S-1	333-220856	10.19	10/6/17	
10.8 †	Employment Agreement, dated October 20, 2017, by and between Funko, Inc. and Russell Nickel.					*
10.9 †	Offer letter, dated June 15, 2016, by and between Funko, LLC and Tracy Daw.	S-1	333-220856	10.21	10/6/17	

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
10.10 †	Employment Agreement, dated October 20, 2017, by and between Funko, Inc. and Tracy Daw.					*
10.11 †	Offer letter, dated July 15, 2016, by and between Funko, LLC and Michael McBreen.	S-1	333-220856	10.23	10/6/17	
10.12 †	Separation Agreement, dated August 28, 2017, by and between Funko, LLC and Michael McBreen	S-1	333-220856	10.24	10/6/17	
10.13 †	Employment Agreement, dated October 20, 2017, by and between Funko, Inc. and Andrew Perlmutter.					*
10.14 †	Form of Indemnification Agreement for Directors and Officers.	S-1/A	333-220856	10.27	10/12/17	
10.15	Financing Agreement, dated as of October 30, 2015, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1	333-220856	10.5	10/6/17	

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
10.16	Amendment No. 1 to the Financing Agreement, dated as of September 8, 2016, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1	333-220856	10.6	10/6/17	
10.17	Amendment No. 2 to the Financing Agreement, dated as of October 13, 2016, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1	333-220856	10.7	10/6/17	
10.18	Amendment No. 3 to the Financing Agreement, dated as of January 17, 2017, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1	333-220856	10.8	10/6/17	

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
10.19	Amendment No. 4 to the Financing Agreement, dated as of June 26, 2017, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1	333-220856	10.9	10/6/17	
10.20	Amendment No. 5 to the Financing Agreement, dated as of June 28, 2017, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1	333-220856	10.10	10/6/17	
10.21	Amendment No. 6 to the Financing Agreement, dated as of October 12, 2017, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC, as a Borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	S-1/A	333-220856	10.11	10/12/17	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.22	Amendment No. 7 to the Financing Agreement, dated as of March 7, 2018, by and among Funko Acquisition Holdings, L.L.C., as Ultimate Parent and a Borrower, Funko Holdings LLC, as Parent and a Borrower, and Funko, LLC and Loungefly, LLC, as Borrowers, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent.	8-K	001-38274	10.1	3/8/18	
10.23	Pledge and Security Agreement, dated as of October 30, 2015, by Funko Acquisition Holdings, L.L.C., Funko Holdings LLC and Funko, LLC, in favor of Cerberus Business Finance, LLC, as Collateral Agent.	S-1	333-220856	10.11	10/6/17	
10.24	Security Agreement Supplement, dated as of June 28, 2017, by Loungefly, LLC, in favor of Cerberus Business Finance, LLC, as Collateral Agent.	S-1	333-220856	10.12	10/6/17	
10.25	Tax Receivable Agreement, dated as of November 1, 2017, between Funko, Inc., Funko Acquisition Holdings, L.L.C., the Members of the LLC, and the Management Representative.					*
10.26	Stockholders Agreement, dated as of November 1, 2017, between Funko, Inc., ACON Funko Investors, L.L.C. and related entities, Fundamental Capital, LLC, Funko International, LLC, and Brian Mariotti.					*

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.27	Second Amended and Restated LLC Agreement of Funko Acquisition Holdings, L.L.C., dated as of November 1, 2017.					*
10.28	Registration Rights Agreement, dated as of November 1, 2017, between Funko, Inc., ACON Funko Investors, L.L.C. and related entities, Fundamental Capital, LLC, Funko International, LLC, Brian Mariotti, Tracy Daw, The Jon P. and Trishawn P. Kipp Children's Trust uad 5/31/14, Russell Nickel, and Andrew Perlmutter.					*
21	List of Subsidiaries					*
23.1	Consent of Independent Registered Public Accounting Firm					*
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended.					*
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended.					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
101.INS	XBRL Instance Document.					***
101.SCH	XBRL Taxonomy Extension Schema Document.					***
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					***
101.DEF	XBRL Taxonomy Definition Linkbase Document.					***
101.LAB	XBRL Taxonomy Label Linkbase Document.					***
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					***

* Filed herewith
** Furnished herewith
*** Submitted electronically herewith
† Management contract or compensation plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FUNKO, INC.(Registrant)

Date: March 16, 2018 By: /s/ Russell Nickel
Russell Nickel
Chief Financial Officer (Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Brian Mariotti Brian Mariotti	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2018
/s/ Russell Nickel Russell Nickel	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2018
/s/ Ken Brotman Ken Brotman	Chairman of the Board and Director	March 16, 2018
/s/ Gino Dellomo Gino Dellomo	Director	March 16, 2018
/s/ Charles Denson Charles Denson	Director	March 16, 2018
/s/ Diane Irvine Diane Irvine	Director	March 16, 2018
/s/ Adam Kriger Adam Kriger	Director	March 16, 2018
/s/ Richard McNally Richard McNally	Director	March 16, 2018

Exhibit 10.1

FUNKO ACQUISITION HOLDINGS, L.L.C.

2015 OPTION PLAN

Amended and Restated as of November 1, 2017

Funko Acquisition Holdings, L.L.C., a Delaware limited liability company (the "Company"), originally adopted the Funko Acquisition Holdings, L.L.C. 2015 Option Plan (as amended by that certain Amendment No. 1 to Funko Acquisition Holdings, L.L.C. 2015 Option Plan, dated April __ 2017, as amended and restated herein and as may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Plan"), effective as of October 30, 2015. The Plan is hereby amended and restated in its entirety, effective as of November 1, 2017, in connection with the contemplated IPO and Recapitalization (each as defined in the LLC Agreement) and associated conversion of each outstanding Award with respect to Class A Units into an Option with respect to Common Units. As of the Effective Time (as defined in the LLC Agreement), all outstanding Options, as so converted, will be governed by this amendment and restatement of the Plan, and, notwithstanding anything to the contrary herein, no additional Options will be granted under the Plan.

ARTICLE I

GENERAL PROVISIONS

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel, to provide additional incentives to Employees and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in the individual Option Agreements except as defined otherwise in an individual Option Agreement. In the event a term is separately defined in an individual Option Agreement, such definition shall supersede the definition contained in this Paragraph 2.

(a) "Administrator" means the Board or any of the Committees appointed to administer the Plan.

(b) "Applicable Laws" means the legal requirements relating to the Plan and Options under applicable provisions of federal and state securities laws, the corporate laws of the State of Delaware and, to the extent other than State of Delaware, the corporate law of the state of the Company's organization, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Options granted to residents therein.

(c) "Board" means the Board of Directors of the Company as described in the Prior LLC Agreement.

(d) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of' a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; provided, however, that with regard to any agreement that defines "Cause" on the occurrence of or in connection with a Company Transaction, such definition of "Cause" shall not apply until a Company Transaction actually occurs.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(g) "Company" means Funko Acquisition Holdings, L.L.C., a Delaware limited liability company, or any successor entity that adopts the Plan.

(h) "Company Transaction" means any of the following transactions, provided, however, (x) the Administrator shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive; and (y) the Company Transaction is consistent with the occurrence of a change in ownership of the Company, change in effective control of the Company, or change in the ownership of a substantial portion of the assets of the Company, as such terms are defined in Code Section 409A(a)(2)(A)(v), the regulations thereunder, and any other published interpretive authority, as issued or amended from time to time:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is organized;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the Units outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger; or

(iv) an acquisition in a single or series of related transactions by any person or related group of persons (other than the Company, a Company-sponsored employee benefit plan or any of the Members who hold Units immediately prior to the effective date of the Plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities.

(i) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an employee, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an employee can be effective under Applicable Laws. A Grantee's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, or (iii) any change in status as long as the individual remains in the Service of the Company or a Related Entity in any capacity of Employee (except as otherwise provided in the Option Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(j) "Disability" shall have the meaning set forth in the long term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, "Disability" means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(k) "Employee" means any person, including an Officer, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. In addition, Members who provide services to the Company and members of a Related Entity who provide services to such Related Entity shall be considered Employees.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of the Units, as determined by the Board in good faith.

(n) "Grantee" means an Employee who receives an Option under the Plan.

(o) "Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons (or the Grantee) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fitly percent (50%) of the voting interests.

(p) "LLC Agreement" means the Second Amended and Restated Limited Liability Company Agreement of Funko Acquisition Holdings, L.L.C., dated as of November 1, 2017, together with any subsequent amendments or modifications thereto effected from time to time.

(q) "Member" means a member of the Company as described in the LLC Agreement.

(r) "Net-Exercise" means a procedure by which the Grantee will be issued a number of whole Units upon the exercise of an Option determined in accordance with the following formula:

N = X(A-B)/A, where

"N" = the number of Units to be issued to the Grantee upon exercise of the Option;

"X" = the total number of Units with respect to which the Grantee has elected to exercise the Option;

"A" = the Fair Market Value of a Unit determined on the exercise date;
and
"B" = the exercise price per Unit (as defined in the Option Agreement)

(s) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a right or option granted under the Plan.

(u) "Option Agreement" means the written agreement evidencing the grant of an Option executed by the Company and the Grantee, including any amendments thereto.

(v) "Parent" means any entity (other than the employer entity) in an unbroken chain of entities ending with the employer entity if, at the time of the granting of an Option, each of the entities other than the employer entity owns securities possessing 50% or more of the total combined voting power of all classes of securities in one of the other entities in such chain.

(w) "Plan" means this Option Plan.

(x) "Prior LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Funko Acquisition Holdings, L.L.C., effective as of October 30, 2015, as amended by Amendment No. 1, dated as of January 10, 2017.

(y) "Related Entity" means any Parent or Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly.

(z) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(aa) "Subsidiary" means any entity (other than the employer entity) in an unbroken chain of entities beginning with the employer entity if, at the time of the granting of an Option, each of the entities other than the last entity in the unbroken chain owns securities possessing 50% or more of the total combined voting power of all classes of securities in one of the other entities in such chain.

(bb) "Unit" means, for the purposes of this Plan, a Common Units as described in the LLC Agreement.

3. Units Subject to the Plan.

(a) Number of Units. Subject to the provisions this Paragraph 3, the number of Units which may be issued pursuant to all Options is 555,867 Units.

(b) Issuance of Units. Any Units covered by an Option (or portion of an Option) which are forfeited, canceled or expire (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Units which may be issued under the Plan. Units subject to an Option that are exercised shall not be returned to the Plan and shall not become available for future issuance under the Plan.

4. Administration of the Plan.

(a) Plan Administrator. The Board or a Committee designated by the Board shall administer the Plan. The Plan may be administered by different bodies with respect to Officers and Employees.

(b) Powers of the Administrator. Subject to Applicable Laws, the LLC Agreement and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees to whom Options may be granted from time to time hereunder;

(ii) to determine whether and to what extent Options are granted hereunder;

(iii) to determine the number of Units or the amount of other consideration to be covered by each Option granted hereunder;

(iv) to approve forms of Option Agreements for use under the Plan;

(v) to determine the terms and conditions of any Option granted hereunder;

(vi) to amend the terms of any outstanding Option granted under the Plan;

(vii) to construe and interpret the terms of the Plan and Options, including without limitation, any notice of Option or Option Agreement, granted pursuant to the Plan; and (viii) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

Any decision made, or action taken, by the Administrator or in connection with this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(c) Indemnification. In addition to such other rights of indemnification as they may have as Officers or Employees of the Company or a Related Entity, and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Option granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, had faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such

claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Options may be granted to Employees. Options may be granted to such Employees who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

ARTICLE II

OPTIONS

1. Option Agreement. Each Option shall be set forth in an Option Agreement, executed on behalf of the Company and by the Grantee. To the extent of any conflict between the Plan and any Option Agreement, the terms of such Option Agreement shall control.

2. Option Exercise Price. The exercise price of the Units covered by each Option granted under the Plan shall be determined in good faith by the Committee and shall be an amount not less than the Fair Market Value of these Units on the date of the grant of the Option. While each Option is intended to be exempt from Code Section 409A, neither the Company nor the Committee shall be liable to any Grantee for any tax consequences if an Option is found to be subject to that statute and not in compliance. Notwithstanding the foregoing, Fair Market Value shall be determined in accordance with applicable regulations under Code Section 409A and, where the Units are not publicly-traded, such valuation shall involve the reasonable application of a reasonable valuation method taking into account the relevant factors or, if elected by the Committee from time to time, by applying any valuation method presumed reasonable under those regulations.

3. Number of Units. Each Option Agreement shall state the number of Units to which it pertains.

4. Term of Option . Unless otherwise stated in the Option Agreement, each Option shall terminate and expire ten (10) years from the date of the grant thereof, but may be subject to earlier termination as herein provided.

5. Date of Exercise. Upon the authorization of the grant of an Option, or at any time thereafter, the Committee may prescribe the date or dates on which the Option becomes exercisable, and may provide that the Option rights become exercisable in installments over a period of years, and/or upon the attainment of stated goals. Unless the Committee otherwise provides in writing, the date or dates on which the Option becomes exercisable (and expires) shall be tolled during any unpaid leave of absence. It is expressly understood that Options hereunder shall, unless otherwise provided for in writing by the Committee, be granted in contemplation of, and earned by the Grantee through the completion of, future employment or service with the Company.

6. Payment of Exercise Price. Except as otherwise provided below, payment of the exercise price shall be made on the date of exercise as follows: (a) in cash, by check or in cash equivalent, (b) Net Exercise, (c) by such other consideration as may be

approved by the Company from time to time to the extent permitted by Applicable Law, or (d) by any combination thereof.

7. Termination of Continuous Service.

(a) A Grantee who ceases to be an Employee for any reason other than death, Disability, or termination for Cause, may exercise any Option granted to such Grantee, to the extent that the right to purchase Units thereunder has become exercisable by the date of such termination, but only within three (3) months (or such other period of time as the Committee may determine) after such date, or, if earlier, within the originally prescribed term of the Option, and subject to the conditions that (i) no Option shall be exercisable after the expiration of the term of the Option and (ii) unless the Committee otherwise provides, no Option that has not become exercisable by the date of such termination shall at any time thereafter be or become exercisable. A Grantee's employment or service shall not be deemed terminated by reason of a transfer to another employer or service recipient which is the Company or a Related Entity.

(b) A Grantee who ceases to be an Employee for Cause shall, upon such termination, cease to have any right to exercise any Option. The determination of the Board or the Committee, in its discretion, as to the existence of Cause shall be conclusive and binding upon the Grantee and the Company.

(c) Except as the Board or Committee may otherwise expressly provide or determine, a Grantee who is absent from work with the Company because of temporary disability (any disability other than a permanent and total Disability), or who is on authorized leave of absence for any purpose permitted by the Company shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated his or her employment or relationship with the Company.

(d) This Paragraph 7 shall control and fix the rights of a Grantee who ceases to be an Employee for any reason other than death, Disability, or termination for Cause, and who subsequently becomes disabled or dies. Nothing in Paragraphs 8 and 9 shall be applicable in any such case. However, in the event of such a subsequent Disability or death within the three (3) month period after the termination of Continuous Service or, if earlier, within the originally prescribed term of the Option, the Grantee or the Grantee's estate or personal representative may exercise the Option: (i) in the event of Disability, within twelve (12) months after the date that the Grantee termination of Continuous Service as an Employee, and (ii) in the event of death, within twelve (12) months after the date of death of such Grantee.

8. Total and Permanent Disability.

(a) A Grantee whose Continuous Service as an Employee ceases by reason of Disability may exercise any Option granted to such Grantee to the extent that the right to purchase Units thereunder has become exercisable on or before the date such Grantee becomes disabled as determined by the Committee.

(b) A disabled Grantee, or his estate or personal representative, shall exercise such rights, if at all, only within a period of not more than the twelve (12) months after the date that the Grantee became disabled as determined by the Committee (notwithstanding that the Grantee might have been able to exercise the Option as to some or all of the Units on a later date if the Grantee had not become disabled) or, if earlier, within the originally prescribed term of the Option.

9. Death. In the event that a Grantee to whom an Option has been granted ceases to be an Employee by reason of such Grantee's death, such Option, to the extent that the right is exercisable but not exercised on the date of death, may be exercised by the Grantee's estate or representative, or by any beneficiary of the Grantee for purposes of this Plan, within the twelve (12) months after the date of death of such Grantee or, if earlier, within the originally prescribed term of the Option, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Units on a later date if the Grantee were alive and had continued to provide Continuous Service to the Company or of a Related Entity.

10. Exercise of Options and Issue of Units. The exercise process shall be initiated by the Option holder giving written notice to the Company on a form approved by the Board. On the date specified in such written notice (which date may be extended by the Company in order to comply with any law or regulation which requires the Company to take any action with respect to the Units prior to the issuance thereof), the Company shall accept payment for the Units, and shall deliver to the person or persons exercising the Option in exchange therefor an appropriate certificate or certificates for fully paid non-assessable Units (or register such Units in such person’s name on the Company’s membership records, or both). In the event of any failure to pay for the number of Units specified in such written notice on the date set forth therein (or on the extended date as above provided), the right to exercise the Option shall terminate and be cancelled with respect to such number of Units, but shall continue in accordance with the Option Agreement with respect to the remaining Units covered by the Option and not yet acquired pursuant thereto.

11. Rights as a Member and Unit Holder. No Option holder shall have rights as a Member or holder of Units with respect to any Units covered by such Option except as to such Units as have been issued in the name of such person upon the due exercise of the Option, including payment and acceptance of the full exercise price.

12. Assignability and Transferability of Option. Unless otherwise permitted by the Code and by Rule 16b-3 of the Exchange Act, if applicable, and approved in advance by the Committee, an Option granted to a Grantee (i) shall not be transferable by the Grantee during his or her lifetime except to a family member on such terms and conditions as the Committee may set forth in the Option Agreement, and (ii) shall be exercisable, during the Grantee's lifetime, only by such Grantee or, in the event of the Grantee’s incapacity, his guardian or legal representative. Except as otherwise permitted herein, such Option shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment, or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition

of any Option or of any rights granted thereunder contrary to the provisions of this Paragraph 12, or the levy of any attachment or similar process upon an Option or such rights, shall be null and void. An Option may be transferred effective upon or after the death of the Grantee (i) to the Grantee's designated surviving beneficiary under this Plan, or (ii) to any other beneficiary in accordance with the applicable laws of descent and distribution.

13. Company Repurchase Rights. Any Option Agreement may confer on the Company the right to repurchase outstanding Options (and Units acquired by exercise of an Option) held by a Grantee upon the termination of the Grantee's Continuous Service with the Company (or any and all Related Entities), upon the Grantee's breach of any applicable restrictive covenant, or upon any other event or condition as set forth in the Option Agreement. Unless otherwise specified in the Option Agreement the Company shall have not less than ninety (90) days after the triggering event in which to give notice of intent to exercise or assign its repurchase rights with respect to all or part of the outstanding Option. The repurchase shall take place at the Company's principal executive office within sixty (60) days after such notice. The repurchase price for Units acquired by exercise of an Option shall be the Unit Fair Market Value. The repurchase price for outstanding vested but unexercised Options shall be the Fair Market Value of the underlying Unit reduced by the exercise price for the Option as set forth in the Option Agreement. Portions of an outstanding Option may be cancelled in lieu of being repurchased, due to termination of employment for Cause, breach of a restrictive covenant or other negative circumstance. Fair Market Value shall be determined, for purposes of repurchase rights, by the Board in its sole discretion, but shall not be less than the Company's book value for the Units involved absent clear evidence to the contrary. Payment may be made by a promissory note or in cash, at the Company's discretion. The provisions of this Section 13 are supplemental to, and not in lieu of, any rights to repurchase Units or any other security held by Company pursuant to the LLC Agreement.

14. Effect of Public Offering. Notwithstanding the foregoing, the Company shall cease to have rights pursuant to Paragraph 13 following the completion of an initial public offering of the Units or other Company securities.

15. Adjustments Upon a Company Transaction.

(a) If the outstanding Units of the Company are changed into or exchanged for a different number or kind of units or other securities of the Company or of another corporation or entity by reason of a Company Transaction, the Company (or any successor thereto) shall make adjustments to outstanding Options (including, by way of example and not by way of limitation, the grant of substitute options under the Plan or under the plan of such other corporation or other entity) as it may determine to be appropriate under the circumstances, and, in addition, appropriate adjustments shall be made in the number and kind of units (or other securities) and in the exercise price per unit (or share) subject to outstanding options under the Plan or under the plan of such successor corporation or entity. No such adjustment shall be made which shall, within the

meaning of Section 424 of the Code, constitute such a modification, extension, or renewal of an option as to cause the adjustment to be considered as the grant of a new option.

(b) Notwithstanding anything herein to the contrary, the Company may, in its sole discretion, accelerate the timing of the exercise provisions of any Option in the event of a Company Transaction. Alternatively, the Company may, in its sole discretion, cancel any or all Options upon a Company Transaction and provide for the payment to Grantee in cash or other property in an amount equal in value to the difference between the exercise price and the Fair Market Value of a Unit, as determined in good faith by the Committee, at the close of business on the date of such event, multiplied by the number of Units subject to the Option so canceled.

(c) Upon a business combination by the Company with any corporation or other entity through the adoption of a plan of merger or consolidation or a unit exchange or through the purchase of all or substantially all of the equity or assets of such other corporation or entity, the Board may, in its sole discretion, grant Options pursuant hereto to all or any persons who, on the effective date of such transaction, hold outstanding options to purchase securities of such other corporation or entity and who, on and after the effective date of such transaction, will become Employees. The number of Units subject to such substitute Options shall be determined in accordance with the terms of the transaction by which the business combination is effected. Upon the grant of substitute Options pursuant hereto, the options to purchase securities of such other corporation or entity for which such Options are substituted shall be canceled immediately.

16. Dissolution or Liquidation of the Company. Upon the dissolution or liquidation of the Company other than in connection with a Company Transaction to which Paragraph 15 is applicable, all Options granted hereunder shall terminate and become null and void; provided, however, that if the rights of a Grantee under the Options have not otherwise terminated and expired, the Grantee shall have the right immediately prior to such dissolution or liquidation to exercise any Option granted hereunder to the extent that the right to purchase Units thereunder has become exercisable as of the date immediately prior to such dissolution or liquidation.

ARTICLE III

MISCELLANEOUS

1. Taxes. Except as otherwise provided by the Board or Committee,

(a) the Company shall have the power and right to deduct or withhold, or require a Grantee to remit to the Company, an amount sufficient to satisfy the minimum federal, state, and local taxes required by law to be withheld with respect to any grant, exercise, or payment made under or as a result of this Plan; and

(b) in the case of any taxable event hereunder, a Grantee may elect, subject to the approval in advance by the Committee, to satisfy the withholding

requirement, if any, in whole or in part, by having the Company withhold Units that would otherwise be transferred to the Grantee having a Fair Market Value, on the date the tax is to be determined, equal to at least the minimum marginal tax that could be imposed on the transaction. All elections shall be made in writing and signed by the Grantee.

2. Changes in Units. Subject to any required action by the Members of the Company, the number of Units covered by each outstanding Option, and the number of Units which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan, as well as any other terms that the Board determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Units resulting from a Unit split, reverse Unit split, Unit distribution, combination or reclassification of the Units or similar event affecting the Units, (ii) any other increase or decrease in the number of issued Units effected without receipt of consideration by the Company, or (iii) as the Board may determine in its discretion, any other transaction with respect to Units including a merger, consolidation, acquisition of property or Units, separation (including a spin-off or other distribution of Units or property), reorganization, liquidation (whether partial or complete), capital contribution, or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board and its determination shall be final, binding and conclusive. Except as the Board determines, no issuance by the Company of units of any class, or securities convertible into units of any class, or distribution to the Members, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Units subject to an Option.

3. Purchase for Investment. Unless the Units to be issued upon the particular exercise of an Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended ("Securities Act"), the Company shall be under no obligation to issue the Units covered by such exercise unless and until the following conditions have been fulfilled. In accordance with the direction of the Committee, the persons who exercise such Option shall warrant to the Company that, at the time of such exercise, such persons are acquiring their Units for investment and not with a view to, or for sale in connection with, the distribution of any such Units, and shall make such other representations, warranties, acknowledgments and/or affirmations, if any, as the Committee may require. In such event, the persons acquiring such Units shall be bound by the provisions of a legend as determined by the Company which shall be endorsed upon the certificate(s) evidencing their Units issued pursuant to such exercise.

4. Amendment, Suspension or Termination of the Plan. The Board may at any time amend, suspend or terminate the Plan. To the extent necessary to comply with Applicable Laws and the LLC Agreement, the Company shall obtain Member approval of any Plan amendment in such a manner and to such a degree as required. No Option may be granted during any suspension of the Plan or after termination of the Plan.

5. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any

Related Entity to terminate the Grantee's Continuous Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

6. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Options shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

7. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

8. Mitigation of Excise Tax. Unless otherwise provided for in the Option Agreement or in any other agreement between the Company (or a Related Entity Affiliate) and the Grantee, if any payment or right accruing under this Plan (without the application of this Paragraph 8), either alone or together with other payments or rights accruing to the Grantee the Company or a Related Entity would constitute a "parachute payment" (as defined in Section 280G of the Code and regulations thereunder), such payment or right shall be reduced to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under the Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code. The determination of whether any reduction in the rights or payments under this Plan is to apply shall be made by the Company. The Grantee shall cooperate in good faith with the Company in making such determination and providing any necessary information for this purpose. The Company, Board, Committee, and any members thereof individually, shall have no obligation or liability to any Grantee for any income or excise taxes arising under the Code, including Sections 4999 and 409A, in the event any Options granted under this Plan are found to violate any Code Sections, including 280G or 409A.

9. Savings Clause. This Plan is intended to comply in all respects with Applicable Law and regulations, including, (i) with respect to those Grantee who are officers for purposes of Section 16 of the Exchange Act, Rule 16b-3 of the Securities and Exchange Commission, if applicable, (ii) Section 402 of the Sarbanes-Oxley Act, and (iii) with respect to executive officers, Code Section 162(m). In case any one or more provisions of this Plan shall be held invalid, illegal, or unenforceable in any respect under Applicable Law and regulation (including Rule 16b-3 and Code Section 162(m)), the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal, or unenforceable provision shall be deemed null and void; however, to the extent permitted by law, any provision that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Plan to be construed in compliance with all Applicable Law (including Rule 16b-3 and Code Section 162(m)) so as to foster the intent of this Plan. Notwithstanding anything herein to the contrary, with respect to Grantee who are officers for purposes of Section 16 of the Exchange Act, to the extent that Section 16 of the Exchange Act is applicable to the Company, no grant of an Option to purchase Units shall permit unrestricted ownership of Units by the Grantee for at least six (6) months from the date of the grant of such Option, unless the Board determines that the grant of such Option to purchase Units otherwise satisfies the then current Rule 16b-3 requirements.

10. Foreign Jurisdictions. To the extent the Committee determines that the restrictions imposed by or upon the Plan preclude the achievement of the material purposes of the Plan in jurisdictions outside the U.S., the Committee in its discretion may modify those restrictions as it determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the U.S.

11. LLC Agreement and Other Requirements. Notwithstanding anything herein to the contrary, as a condition to the receipt of Units pursuant to an Option under the Plan, to the extent required by the Committee, the Grantee shall execute and deliver a joinder to the Company's LLC Agreement agreeing to be bound by the LLC Agreement in the capacity of a Member or such other documentation which shall set forth (in addition to, or in lieu of, the terms set forth in the Plan) certain restrictions on transferability of the Units acquired upon exercise, and such other terms as the Board or Committee shall from time to time establish. Such Unit holder's agreement or other documentation shall apply to the Units acquired under the Plan and covered by such Unit holder's agreement or other documentation. The Company may require, as a condition of exercise, the Grantee to become a party to any other existing Unit holder agreement (or other agreement).

12. Lock-Up Period. As a condition to the grant of an Option, if requested by the Company prior to the Effective Time, Grantee shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Units or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Company securities (except securities included in such public offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that such lead underwriter shall specify. The Grantee shall further agree

to sign such documents as may be required by such lead underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Units acquired pursuant to an Option until the end of such period as provided for in this Paragraph 12.

13. Member Approval. To the extent required by the LLC Agreement, the Plan shall be subject to approval by the Members of the Company.

14. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

15. Governing Law. This Plan, the rights and obligations of the Company and Grantee, and any claims or disputes relating hereto or thereto, shall be governed by and construed in accordance with the laws of the State of Delaware (excluding the choice of law rules thereof).

Exhibit 10.3

FUNKO, INC.
2017 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

The purpose of the Funko, Inc. 2017 Incentive Award Plan (as it may be amended or restated from time to time, the "Plan") is to promote the success and enhance the value of Funko, Inc. (the "Company") by linking the individual interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall mean the entity that conducts the general administration of the Plan as provided in Article 12. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 12.6, or as to which the Board has assumed, the term "Administrator" shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 "Applicable Accounting Standards" shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 "Applicable Law" shall mean any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 "Award" shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock or Cash Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.5 "Award Agreement" shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.6 "Award Limit" shall mean with respect to Awards that shall be payable in Shares or in cash, as the case may be, the respective limit set forth in Section 3.2.

2.7 "Board" shall mean the Board of Directors of the Company.

2.8 "Change in Control" shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries, (iii) any acquisition which complies with Sections 2.8(c)(i), 2.8(c)(ii) or 2.8(c)(iii); or (iv) in respect of an Award held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder); or

(b) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity"))

directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.8(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and

(iii) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(d) The date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.9 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.10 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee of the Board described in Article 12 hereof.

2.11 "Common Stock" shall mean the Class A common stock of the Company, par value $0.0001 per share.

2.12 "Company" shall have the meaning set forth in Article 1.

2.13 "Consultant" shall mean any consultant or adviser engaged to provide services to the Company or any Subsidiary who qualifies as a consultant or advisor under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.14 "Covered Employee" shall mean any Employee who is, or could become, a "covered employee" within the meaning of Section 162(m) of the Code.

2.15 "Director" shall mean a member of the Board, as constituted from time to time.

2.16 "Director Limit" shall have the meaning set forth in Section 4.6.

2.17 "Dividend Equivalent" shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 10.2.

2.18 "DRO" shall mean a "domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.19 "Effective Date" shall mean the day prior to the Public Trading Date.

2.20 "Eligible Individual" shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.21 "Employee" shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.22 "Equity Restructuring" shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.23 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.24 "Expiration Date" shall have the meaning given to such term in Section 13.1(c).

2.25 "Fair Market Value" shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any

national market system or (iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

Notwithstanding the foregoing, with respect to any Award granted after the effectiveness of the Company's registration statement relating to its initial public offering and prior to the Public Trading Date, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

2.26 "Greater Than 10% Stockholder" shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.27 "Holder" shall mean a person who has been granted an Award.

2.28 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.29 "Incumbent Directors' shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.8(a) or 2.8(c)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director without objection to such nomination) of the Directors then still in office who either were Directors at the beginning of the 12-month period or whose election or nomination for election was

previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

2.30 "Non-Employee Director" shall mean a Director of the Company who is not an Employee.

2.31 "Non-Employee Director Equity Compensation Policy" shall have the meaning set forth in Section 4.6.

2.32 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.33 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 6. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.34 "Option Term" shall have the meaning set forth in Section 6.4.

2.35 "Organizational Documents" shall mean, collectively, (a) the Company's articles of incorporation, certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee's charter or other similar organizational documentation relating to the creation and governance of the Committee.

2.36 "Other Stock or Cash Based Award" shall mean a cash payment, cash bonus award, stock payment, stock bonus award, performance award or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 10.1, which may include, without limitation, deferred stock, deferred stock units, performance awards, retainers, committee fees, and meeting-based fees.

2.37 Performance-Based Compensation" shall mean any compensation that is intended to qualify as "performance-based compensation" as described in Section 162(m)(4)(C) of the Code.

2.38 "Performance Criteria" shall mean the criteria (and adjustments) that the Administrator selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow

(including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) funds from operations; (xv) expenses; (xvi) working capital; (xvii) earnings or loss per share; (xviii) adjusted earnings or loss per share; (xix) price per share or dividends per share (or appreciation in and/or maintenance of such price or dividends); (xx) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xxi) implementation or completion of critical projects; (xxii) market share; (xxiii) economic value; (xxiv) debt levels or reduction; (xxv) sales related goals; (xxvi) comparisons with other stock market indices; (xxvii) operating efficiency; (xxviii) employee satisfaction; (xxix) financing and other capital raising transactions; (xxx) recruiting and maintaining personnel; and (xxxi) year-end cash, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) The Administrator, in its sole discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in Applicable Accounting Standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (xx) items relating to foreign exchange or currency transactions and/or fluctuations; or (xxi) items relating to any other unusual or nonrecurring events or changes in Applicable Law, Applicable Accounting Standards or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

2.39 "Performance Goals" shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to

establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division, business unit, or an individual. The achievement of each Performance Goal shall be determined, to the extent applicable, with reference to Applicable Accounting Standards.

2.40 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder's right to, vesting of, and/or the payment in respect of, an Award.

2.41 "Permitted Transferee" shall mean, with respect to a Holder, any "family member" of the Holder, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto), or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.42 "Plan" shall have the meaning set forth in Article 1.

2.43 "Program" shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.44 "Public Trading Date" shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.45 "Restricted Stock" shall mean Common Stock awarded under Article 8 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.46 "Restricted Stock Units" shall mean the right to receive Shares awarded under Article 9.

2.47 "Section 409A" shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.48 "Securities Act" shall mean the Securities Act of 1933, as amended.

2.49 "Shares" shall mean shares of Common Stock.

2.50 "Stock Appreciation Right" shall mean an Award entitling the Holder (or other person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of such Award from the Fair Market Value on the date of exercise

of such Award by the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.51 "SAR Term" shall have the meaning set forth in Section 6.4.

2.52 "Subsidiary" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.53 "Substitute Award" shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.54 "Termination of Service" shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the

employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then-applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain an Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 13.2, the aggregate number of Shares which may be issued or transferred pursuant to Awards (including, without limitation, Incentive Stock Options) under the Plan is 5,518,518. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) If any Shares subject to an Award are forfeited or expire, are converted to shares of another Person in connection with a spin-off or other similar event, or such Award is settled for cash (in whole or in part) (including Shares repurchased by the Company under Section 8.4 at the same price paid by the Holder), the Shares subject to such Award shall, to the extent of such forfeiture, expiration, conversion or cash settlement, again be available for future grants of Awards under the Plan. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 3.1(a) and shall not be available for future grants of Awards: (i) Shares tendered by a Holder or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Holder or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (iv) Shares purchased on the open market by the Company with the cash proceeds received from the exercise of Options. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such

pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

3.2 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 13.2, the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one person during any calendar year shall be 1,655,555 and the maximum aggregate amount of cash that may be paid in cash to any one person during any calendar year with respect to one or more Awards payable in cash shall be $5,000,000; provided, however, that the foregoing limitations shall not apply prior to the Public Trading Date and, following the Public Trading Date, the foregoing limitations shall not apply until the earliest of: (a) the first material modification of the Plan (including any increase in the number of Shares reserved for issuance under the Plan in accordance with Section 3.1); (b) the issuance of all of the Shares reserved for issuance under the Plan; (c) the expiration of the Plan; (d) the first meeting of stockholders at which members of the Board are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security of the Company under Section 12 of the Exchange Act; or (e) such other date, if any, on which the "reliance period" described under U.S. Treasury Regulation 1.162-27(f)(2) expires pursuant to Section 162(m) of the Code and the rules and regulations promulgated thereunder. To the extent required by Section 162(m) of the Code, Shares subject to Awards which are canceled shall continue to be counted against the Award Limit.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except for any Non-Employee Director's right to Awards that may be required pursuant to the Non-Employee Director Equity Compensation Policy as described in Section 4.6, no Eligible Individual or other Person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other Person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Awards intended to qualify as Performance-Based Compensation shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3.1, the Award Limit or the Director Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.6 Non-Employee Director Awards.

(a) Non-Employee Director Equity Compensation Policy. The Administrator, in its sole discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the "Non-Employee Director Equity Compensation Policy"), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its sole discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its sole discretion.

(b) Director Limit. Notwithstanding any provision to the contrary in the Plan or in the Non-Employee Director Equity Compensation Policy, the grant date fair value of equity-based Awards granted to a Non-Employee Director during any calendar year shall not exceed $600,000 (the "Director Limit").

ARTICLE 5.

PROVISIONS APPLICABLE TO AWARDS INTENDED TO QUALIFY AS PERFORMANCE-BASED COMPENSATION

5.1 Purpose. The Administrator may, in its sole discretion, (a) determine whether an Award is intended to qualify as Performance-Based Compensation and (b) at any time after any such determination, alter such intent for any or no reason. If the Administrator, in its sole discretion, decides to grant an Award that is intended to qualify as Performance-Based Compensation (other than an Option or Stock Appreciation Right), then the provisions of this Article 5 shall control over any contrary provision contained in the Plan or any applicable Program; provided that, if after such decision the Administrator alters such intention for any reason, the provisions of this Article 5 shall no longer control over any other provision contained in the Plan or any applicable Program. The Administrator, in its sole discretion, may (i) grant Awards to Eligible Individuals that are based on Performance Criteria or Performance Goals or any such other criteria and goals as the Administrator shall establish, but that do not satisfy the requirements of this Article 5 and that are not intended to qualify as Performance-Based Compensation and (ii) subject any Awards intended to qualify as Performance-Based Compensation to additional conditions and restrictions unrelated to any Performance Criteria or Performance Goals (including, without limitation, continued employment or service requirements) to the extent such Awards otherwise satisfy the requirements of this Article 5 with respect to the Performance Criteria and Performance Goals applicable thereto. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to an Award intended to be Performance-Based Compensation payable to a Covered Employee shall be determined on the basis of Applicable Accounting Standards.

5.2 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the requirements of Section 162(m)(4)(C) of the Code, with respect to any Award which is intended to qualify as Performance-Based Compensation, no later than 90 days following the commencement of any Performance Period or any designated fiscal period or period of service (or such earlier time as may be required under Section 162(m) of the Code), the Administrator shall, in writing, (a) designate one or more Eligible Individuals, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Administrator shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned under such Awards, the Administrator (i) shall, unless otherwise provided in an Award Agreement, have the right to reduce or eliminate the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant, including the assessment of individual or corporate performance for the Performance Period, but (ii) shall in no event have the right to increase the amount payable for any reason.

5.3 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Program or Award Agreement and only to the extent otherwise permitted by Section 162(m) of the Code, as to an Award that is intended to qualify as Performance-Based Compensation, the Holder must be employed by the Company or a Subsidiary throughout the Performance Period. Unless otherwise provided in the applicable Program or Award Agreement, a Holder shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such Performance Period are achieved.

5.4 Additional Limitations. Notwithstanding any other provision of the Plan and except as otherwise determined by the Administrator, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder that are requirements for qualification as Performance-Based Compensation, and the Plan and the applicable Program and Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 6.

GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 Granting of Options and Stock Appreciation Rights to Eligible Individuals. The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

6.2 Qualification of Incentive Stock Options. The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds $100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other Person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

6.3 Option and Stock Appreciation Right Exercise Price. The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Section 424 and 409A of the Code.

6.4 Option and SAR Term. The term of each Option (the "Option Term") and the term of each Stock Appreciation Right (the "SAR Term") shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term,

as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than, in the case of Incentive Stock Options, a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder or the first sentence of this Section 6.4 and without limiting the Company's rights under Section 11.7, the Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Section 11.7 and 13.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

6.5 Option and SAR Vesting. The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award Agreement. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unexercisable at a Holder's Termination of Service shall automatically expire thirty (30) days following such Termination of Service.

ARTICLE 7.

EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

7.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 7 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

7.2 Manner of Exercise. All or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option or Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed or otherwise acknowledge

electronically by the Holder or other person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law.

(c) In the event that the Option shall be exercised pursuant to Section 11.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 11.1 and 11.2.

7.3 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Holder in such disposition or other transfer.

ARTICLE 8.

AWARD OF RESTRICTED STOCK

8.1 Award of Restricted Stock. The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

8.2 Rights as Stockholders. Subject to Section 8.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Shares are granted becomes the record holder

of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares may be subject to the restrictions set forth in Section 8.3. In addition, unless otherwise determined by the Administrator, with respect to a share of Restricted Stock with performance-based vesting, dividends which are paid prior to vesting shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the share of Restricted Stock vests.

8.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Program or Award Agreement.

8.4 Repurchase or Forfeiture of Restricted Stock. Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide that upon certain events, including, without limitation, a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock then subject to restrictions shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

8.5 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

ARTICLE 9.

AWARD OF RESTRICTED STOCK UNITS

9.1 Grant of Restricted Stock Units. The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

9.2 Term. Except as otherwise provided herein, the term of a Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

9.3 Purchase Price. The Administrator shall specify the purchase price, if any, to be paid by the Holder to the Company with respect to any Restricted Stock Unit award; provided, however, that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

9.4 Vesting of Restricted Stock Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any Subsidiary, one or more Performance Criteria, Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator.

9.5 Maturity and Payment. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement); provided that, except as otherwise determined by the Administrator, and subject to compliance with Section 409A, in no event shall the maturity date relating to each Restricted Stock Unit occur following the later of (a) the 15th day of the third month following the end of calendar year in which the applicable portion of the Restricted Stock Unit vests; or (b) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the maturity date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 11.4(f), transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

9.6 Payment upon Termination of Service. An Award of Restricted Stock Units shall only be payable while the Holder is an Employee, a Consultant or a member of the Board, as applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may be paid subsequent to a Termination of Service in certain events, including a Change in

Control, the Holder's death, retirement or disability or any other specified Termination of Service.

ARTICLE 10.

AWARD OF OTHER STOCK OR CASH BASED AWARDS AND DIVIDEND EQUIVALENTS

10.1 Other Stock or Cash Based Awards. The Administrator is authorized to (a) grant Other Stock or Cash Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual and (b) determine whether such Other Stock or Cash Based Awards shall be Performance-Based Compensation. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock or Cash Based Award, including the term of the Award, any exercise or purchase price, performance goals, including the Performance Criteria, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement. Other Stock or Cash Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

10.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to an Award with performance-based vesting that are based on dividends paid prior to the vesting of such Award shall be paid out to the Holder only to the extent that the performance-based vesting conditions are subsequently satisfied and the Award vests. Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

ARTICLE 11.

ADDITIONAL TERMS OF AWARDS

11.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) or Shares held for such minimum period of time as may be established by

the Administrator, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

11.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA, employment tax or other social security contribution obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, or in satisfaction of such additional withholding obligations as a Holder may have elected, allow a Holder to satisfy such obligations by any payment means described in Section 11.1 hereof, including without limitation, by allowing such Holder to elect to have the Company or any Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares that may be so withheld or surrendered shall be no greater than the number of Shares that have a fair market value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the maximum statutory withholding rates in such Holder's applicable jurisdiction for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income. The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

11.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 11.3(b) and 11.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 11.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 11.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Holder); and (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer. In addition, and further notwithstanding Section 11.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 11.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program

or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

11.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and/or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated escrow agent (which may but need not be the Company) until

the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.5 Forfeiture and Claw-Back Provisions. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award and any payments of a portion of an incentive-based bonus pool allocated to a Holder) shall, unless otherwise determined by the Administrator or required by Applicable Law, be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such claw-back policy was in place at the time of grant of an Award, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

11.6 Prohibition on Repricing. Subject to Section 13.2, the Administrator shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per Share exceeds the Fair Market Value of the underlying Shares. Furthermore, for purposes of this Section 11.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per Share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per Share that is less than the exercise price per Share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

11.7 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder's consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is otherwise permitted under the Plan (including, without limitation, under Section 13.2 or 13.10).

11.8 Data Privacy. As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 11.8 by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder's participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries and details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "Data"). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Holder's participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder's country, or elsewhere, and the Holder's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

ARTICLE 12.

ADMINISTRATION

12.1 Administrator. The Committee shall administer the Plan (except as otherwise permitted herein). To the extent necessary to comply with Rule 16b-3 of the Exchange Act, and with respect to Awards that are intended to be Performance-Based Compensation, including Options and Stock Appreciation Rights, then the Committee shall take all action with respect to such Awards, and the individuals taking such action shall consist solely of two or more Non-Employee Directors, each of whom is intended to qualify as both a "non-employee director" as defined by Rule 16b-3 of the Exchange Act or any successor rule and an "outside director" for purposes of Section 162(m) of the Code. Additionally, to the extent required by Applicable Law, each of the individuals

constituting the Committee shall be an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or the Organizational Documents. Except as may otherwise be provided in the Organizational Documents or as otherwise required by Applicable Law, (a) appointment of Committee members shall be effective upon acceptance of appointment, (b) Committee members may resign at any time by delivering written or electronic notice to the Board and (c) vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the terms "Administrator" as used in the Plan shall be deemed to refer to the Board and (ii) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.6.

12.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend the Plan or any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially and adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 11.5 or Section 13.10. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or Section 162(m) of the Code, or any regulations or rules issued thereunder, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

12.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any Performance Criteria or performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and claw-back and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and

(k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 13.2.

12.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all

decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all Persons.

12.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 12; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Covered Employees with respect to Awards intended to constitute Performance Based Compensation, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under any Organizational Documents and Applicable Law (including, without limitation, Section 162(m) of the Code). Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

ARTICLE 13.

MISCELLANEOUS PROVISIONS

13.1 Amendment, Suspension or Termination of the Plan.

(a) Except as otherwise provided in Section 13.1(b), the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 11.5 and Section 13.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially and adversely affect any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides.

(b) Notwithstanding Section 13.1(a), the Board may not, except as provided in Section 13.2, take any of the following actions without approval of the Company's stockholders given within twelve (12) months before or after such action: (i) increase the limit imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan or the Award Limit, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan or take any action prohibited under Section 11.6, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 11.6.

(c) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, in no event may any Award be granted under the Plan after the tenth (10th) anniversary of the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders (such anniversary, the "Expiration Date"). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan, the applicable Program and the applicable Award Agreement.

13.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan, and adjustments of the Award Limit); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code unless otherwise determined by the Administrator.

(b) In the event of any transaction or event described in Section 13.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 13.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 13.2(a) and 13.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted (and the adjustments provided under this Section 13.2(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company); and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan, and adjustments of the Award Limit).

(d) Notwithstanding any other provision of the Plan, in the event of a Change in Control, unless the Administrator elects to (i) terminate an Award in exchange for cash, rights or property, or (ii) cause an Award to become fully exercisable and no longer subject to any forfeiture restrictions prior to the consummation of a Change in Control, pursuant to Section 13.2, (A) such Award (other than any portion subject to performance-based vesting) shall continue in effect or be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation and (B) the portion of such Award subject to performance-based vesting shall be subject to the terms and conditions of the applicable Award Agreement and, in the absence of applicable terms and conditions, the Administrator's discretion. In the event

an Award continues in effect or is assumed or an equivalent Award substituted, and the surviving or successor company terminates Holder's employment or service upon or within twelve (12) months following the Change in Control, then such Holder shall be fully vested in such continued, assumed or substituted Award.

(e) In the event that the successor corporation in a Change in Control refuses to assume or substitute for an Award, the Administrator may cause (i) any or all of such Award to terminate in exchange for cash, rights or other property pursuant to Section 13.2(b)(i) or (ii) any or all of such Award to become fully exercisable immediately prior to the consummation of such transaction and all forfeiture restrictions on any or all of such Award to lapse. If any such Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that such Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, contingent upon the occurrence of the Change in Control, and such Award shall terminate upon the expiration of such period.

(f) For the purposes of this Section 13.2, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per-share consideration received by holders of Common Stock in the Change in Control.

(g) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(h) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent it would (i) with respect to Awards which are granted to Covered Employees and are intended to qualify as Performance-Based Compensation, cause such Award to fail to so qualify as Performance-Based Compensation, (ii) cause the Plan to violate Section 422(b)(1) of the Code, (iii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iv) cause an Award to fail to be exempt from or comply with Section 409A.

(i) The existence of the Plan, any Program, any Award Agreement and/or the Awards granted hereunder shall not affect or restrict in any way the right or

power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

13.3 Approval of Plan by Stockholders. The Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval; provided that such Awards shall not be exercisable, shall not vest and the restrictions thereon shall not lapse and no Shares shall be issued pursuant thereto prior to the time when the Plan is approved by the Company's stockholders; and provided, further, that if such approval has not been obtained at the end of said twelve (12) month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void.

13.4 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

13.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

13.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or

otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

13.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.9 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

13.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. In that regard, to the extent any Award under the Plan or any other compensatory plan or arrangement of the Company or any of its Subsidiaries is subject to Section 409A, and such Award or other amount is payable on account of a Participant's Termination of Service (or any similarly defined term), then (a) such Award or amount shall only be paid to the extent such Termination of Service qualifies as a "separation from service" as defined in Section 409A, and (b) if such Award or amount is payable to a "specified employee" as defined in Section 409A then to the extent required in order to avoid a prohibited distribution under Section 409A, such Award or other compensatory payment shall not be payable prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's Termination of Service, or (ii) the date of the Participant's death. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted

in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without a Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 13.10 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

13.11 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

13.12 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.13 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Funko, Inc. on October 23, 2017.

* * * * *

I hereby certify that the foregoing Plan was approved by the stockholders of Funko, Inc. on October 23, 2017.

Executed on this 1st day of November, 2017.

By: /s/Tracy Daw
Corporate Secretary

Exhibit 10.5

FUNKO, INC.
EXECUTIVE ANNUAL INCENTIVE PLAN

1. Purpose

This Executive Annual Incentive Bonus Plan (the "Bonus Plan") is intended to provide an incentive for superior work and to motivate eligible executives of Funko, Inc. (the "Company") and its subsidiaries toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders and to enable the Company to attract and retain highly qualified executives. The Bonus Plan is for the benefit of Covered Employees (as defined below).

2. Administration

The Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") shall have the sole discretion and authority to administer and interpret the Bonus Plan.

3. Eligibility and Participation

The Compensation Committee shall select the persons eligible to participate in the Bonus Plan, which may include, without limitation, the executives of the Company and its subsidiaries who are or, as determined in the sole discretion of the Compensation Committee, may become "covered employees" (as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code")) of the Company and its subsidiaries for the applicable taxable year of the Company (such selected persons, the "Covered Employees").

4. Bonus Determinations

(a) A Covered Employee may receive a bonus payment under the Bonus Plan based upon the attainment of performance objectives which are established by the Compensation Committee and relate to financial, operational or other metrics with respect to the Company or any of its subsidiaries (the "Performance Goals"), including but not limited to: net sales; system-wide sales; comparable store sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); adjusted operating income; adjusted net income; adjusted earnings per share; channel revenue; channel revenue growth; franchising commitments; manufacturing profit; manufacturing profit margin; store closures; pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); return on equity; total stockholder return; return on assets or net assets; appreciation in or maintenance of the price of the shares or any other publicly-traded securities of the Company; market share; gross profits; earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation or amortization); adjusted earnings or losses (including adjusted earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation or amortization); economic value-added models or equivalent metrics; comparisons with

various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; operating margin; gross margin; year-end cash; cash margin; debt reduction; stockholders equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; supply chain achievements (including establishing relationships with manufacturers or suppliers of component materials and manufacturers of the Company's products); points of distribution; gross or net store openings; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities; factoring transactions; sales or licenses of the Company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); implementation, completion or attainment of measurable objectives with respect to research, development, manufacturing, commercialization, products or projects, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) Except as otherwise set forth in this Section 4(b): (i) any bonuses paid to Covered Employees under the Bonus Plan shall be based upon objectively determinable bonus formulas that tie such bonuses to one or more performance objectives relating to the Performance Goals; (ii) bonus formulas for Covered Employees shall be adopted in each performance period by the Compensation Committee (generally, for performance periods of one year or more, no later than 90 days after the commencement of the performance period to which the Performance Goals relate); and (iii) no bonuses shall be paid to Covered Employees unless and until the Compensation Committee makes a certification with respect to the attainment of the performance objectives. Notwithstanding the foregoing, the Company may pay bonuses (including, without limitation, discretionary bonuses) to Covered Employees under the Bonus Plan based upon such other terms and conditions as the Compensation Committee may in its sole discretion determine.

(c) The payment of a bonus to a Covered Employee with respect to a performance period shall be conditioned upon the Covered Employee's employment by the Company on the last day of the performance period; provided, however, that the Compensation Committee may make exceptions to this requirement, in its sole discretion, including, without limitation, in the case of a Covered Employee's termination of employment, retirement, death or disability.

5. Forfeiture and Claw-Back Provisions

The Compensation Committee may provide that any bonuses paid under the Bonus Plan shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules, regulations or interpretations thereunder, to the extent set forth in such claw-back policy.

6. Other Provisions

(a) Neither the establishment of the Bonus Plan nor the selection of any individual as a Covered Employee shall give any individual any right to be retained in the employ of the Company or any subsidiary thereof, or any right whatsoever under the Bonus Plan other than to receive bonus payments awarded by the Compensation Committee.

(b) No member of the Board of Directors of the Company or the Compensation Committee shall be liable to any individual in respect of the Bonus Plan for any act or omission of such member, any other member, or any officer, agent or employee of the Company or any of its subsidiaries.

(c) The Company and its subsidiaries shall be entitled to withhold such amounts as may be required by federal, state or local law from all bonus payments under the Bonus Plan.

(d) To the extent not preempted by federal law, the Bonus Plan shall be governed and construed in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof or any other jurisdiction.

(e) The Bonus Plan is intended to meet the requirements of Section 409A of the Code and will be interpreted and construed in accordance with Section 409A of the Code and Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date (as defined below) (collectively, "Section 409A"). Each bonus payable pursuant to the Bonus Plan shall be intended to comply with, or be exempt from, the requirements of Section 409A such that the bonus will not be subject to any penalty tax imposed under Section 409A. Notwithstanding any provision of the Bonus Plan to the contrary, each bonus payable pursuant to the Bonus Plan shall be paid by no later than March 15 of the calendar year following the calendar year in which the last day of the performance period occurs. Notwithstanding any provision of the Bonus Plan to the contrary, in the event that following the Effective Date the Company determines that any provision of the Bonus Plan could otherwise cause any person to be subject to the penalty taxes imposed under Section 409A, the Company may adopt such amendments to the Bonus Plan or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to comply with the requirements of Section 409A

and thereby avoid the application of any penalty taxes under Section 409A. Notwithstanding anything herein to the contrary, in no event shall any liability for failure to comply with the requirements of Section 409A be transferred from a Covered Employee or any other person to the Company or any of its affiliates, employees or agents pursuant to the terms of the Bonus Plan or otherwise.

7. Amendment and Termination

The Board of Directors of the Company reserves the right to amend or terminate the Bonus Plan at any time in its sole discretion. Any amendments to the Bonus Plan shall require stockholder approval only to the extent required by any applicable law, rule or regulation.

8. Stockholder Approval

No bonuses shall be paid under the Bonus Plan unless and until the Company's stockholders shall have approved the Bonus Plan. The Bonus Plan will be submitted for the approval of the Company's stockholders after the initial adoption of the Bonus Plan by the Board of Directors of the Company.

9. Term of Bonus Plan

The Bonus Plan shall become effective as of the day immediately prior to the first date upon which common stock of the Company is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system (the "Effective Date"). The Bonus Plan shall expire on the earliest to occur of: (a) the first material modification of the Bonus Plan (as defined in Treasury Regulation Section 1.162-27(h)(1)(iii)); (b) the first meeting of the Company's stockholders at which members of the Board of Directors of the Company are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security of the Company under Section 12 of the Securities Exchange Act of 1934, as amended; or (c) such other date, if any, on which the "reliance period" described under Treasury Regulation 1.162-27(f)(2) expires pursuant to the terms of Section 162(m) of the Code, and the rules, regulations and interpretations thereunder. The Bonus Plan is intended to be subject to the relief set forth in Treasury Regulation Section 1.162-27(f)(1) and shall be interpreted accordingly.

* * * * *

I hereby certify that the Bonus Plan was duly authorized, approved and adopted by the Board of Directors of Funko Inc. as of October 23, 2017, effective as of the Effective Date.

I hereby certify that the Bonus Plan was approved by the stockholders of Funko Inc. as of October 23, 2017.

By: /s/ Tracy Daw
Name: Tracy Daw
Title: Senior Vice President and General Counsel

Exhibit 10.8

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 20th day of October, 2017, by and between Russell Nickel, a Washington resident ("Employee"), and Funko, Inc., a Delaware corporation (any of its Affiliates as may employ the Employee from time to time, and any successor(s) thereto, the "Company").

RECITALS

WHEREAS, the Company is considering an initial public offering of the Company's common stock (the "IPO"); and

WHEREAS, in anticipation of the potential IPO, the Company desires to enter into this Agreement with Employee, pursuant to which the Company will employ Employee on the terms set forth in this Agreement, and Employee desires to be employed by the Company pursuant to the terms and conditions of this Agreement.

NOW, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment. The Company agrees to employ Employee on the terms and conditions set forth in this Agreement, and Employee accepts such employment and agrees to perform the services and duties for the Company as herein provided for the period and upon the other terms and conditions set forth in this Agreement.

2. Term. Unless earlier terminated pursuant to the terms of Section 7 hereof, Employee shall be employed by the Company for the period commencing as of the Effective Date and ending on the third (3rd) anniversary of the Effective Date (the "Initial Term"), subject to automatic renewal periods for up to two additional one (1)-year periods, unless either party provides the other party with ninety (90) days' advance written notice prior to the end of the Initial Term or any such renewal period, as applicable, of such party's intent not to renew (the Initial Term and any such renewal period, the "Term"). The "Effective Date" shall be the date on which the IPO becomes effective, and notwithstanding anything herein to the contrary, in the event the IPO does not occur for any reason, this Agreement shall be deemed null and void.

3. Position and Duties.

3.01 Title. During the Term, Employee agrees to serve as the Company's Chief Financial Officer.

3.02 Duties. During the Term, Employee agrees to serve the Company, and Employee will faithfully and to the best of his ability discharge the duties associated

with his position and will devote his full time during business hours for the Company and to the business and affairs of the Company, its direct and indirect subsidiaries and its affiliates. Employee hereby confirms that during the Term, he will not render or perform services for any other corporation, firm, entity or person. Employee recognizes that he will be required to travel to perform certain of his duties. Employee shall report to, and be subject to the direction of, the Company's President, or if determined by the Board of Directors (the "Board"), the Board or the Chief Executive Officer. Notwithstanding the foregoing, Employee shall be permitted to participate in, and be involved with, such community, educational, charitable, professional, and religious organizations so long as such participation does not, in the judgment of the Board interfere with the performance of or create a potential conflict with Employee's duties hereunder.

4. Compensation.

4.01 Base Salary. During the Term, the Company shall pay to Employee a base annual salary of Three Hundred Seventy-Three Thousand and Three Hundred Dollars ($373,300.00) ("Base Salary"), which salary shall be paid in accordance with the Company's normal payroll procedures and policies.

4.02 Annual Bonus. During the Term, Employee shall be eligible to receive a bonus pursuant to an annual performance based incentive compensation program to be established by the Board, with Employee's annual target to be no less than 25% of Employee's then Base Salary; provided, however, that the Company reserves the right to establish a lesser target if done in good faith and as a result of Company's legitimate business needs. Notwithstanding the preceding, Employee's bonus, if any, may be below (including zero), at, or above, the annual target based upon the achievement of the performance objectives, as determined by the Company in its sole discretion, and payment of any bonus described in this Section 4.02 shall be according to the established plan and subject to Employee's continued employment by the Company through the date the bonus is paid pursuant to the annual performance based incentive compensation program.

4.03 Benefits. During the Term, Employee may participate in all employee benefit plans or programs of the Company consistent with such plans and programs of the Company. The Company does not guarantee the adoption or continuance of any particular employee benefit plan or program during the Term, and Employee's participation in any such plan or program shall be subject to the provisions, rules and regulations applicable thereto.

4.04 Expenses; Contributions. During the Term, the Company agrees to reimburse all reasonable business expenses incurred by Employee consistent with the Company's policies regarding reimbursement in the performance of Employee's duties under this Agreement.

4.05 Vacation and Sick leave. During the Term, Employee shall be entitled to vacation, sick leave and holidays in accordance with the policy of the Company as to its employees.

4.06 Indemnification and Additional Insurance. The Company shall indemnify Employee with respect to matters relating to Employee's services as an officer of the Company or any of its affiliates, occurring during the course and scope of Employee's employment with the Company to the extent required by, and pursuant to the provisions in the, Delaware law. The Company may also cover Employee under a policy of officers' and directors' liability insurance providing coverage that is comparable to that provided now or hereafter to other senior executives of the Company.

5. Confidential Information and Proprietary Information.

5.01 Confidential Information. During the Term and at all times thereafter, Employee shall not divulge, furnish or make accessible to anyone or use in any way (other than in the ordinary course of the business of the Company or any of its affiliates) any confidential or secret knowledge or information of the Company or any of its affiliates which Employee has acquired or become acquainted with prior to the termination of the period of his employment by the Company (including employment by the Company or any affiliated companies prior to the date of this Agreement), whether developed by himself or by others, including, without limitation, any trade secrets, confidential or secret designs, processes, formulae, plans, devices or material (whether or not patented or patentable) directly or indirectly useful in any aspect of the business of the Company or any of its affiliates, any customer or supplier lists of the Company or any of its affiliates, any confidential or secret development or research work of the Company or any of its affiliates, or any other confidential information or secret aspect of the business of the Company or any of its affiliates (collectively, "Confidential Information"). Employee acknowledges that (a) the Company and its affiliates have expended and shall continue to expend substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill and build an effective organization, (b) Employee is and shall become familiar with the Company's and its affiliates' Confidential Information, including trade secrets, and that Employee's services are of special, unique and extraordinary value to the Company and its affiliates, (c) the above-described knowledge or information constitutes a unique and valuable asset of the Company and its affiliates and the Company and its affiliates have a legitimate business interest and right in protecting its Confidential Information, business strategies, employee and customer relationships and goodwill and (d) any disclosure or other use of such knowledge or information other than for the sole benefit of the Company and any of its affiliates would be wrongful and would cause irreparable harm to the Company and any of its affiliates. However, the foregoing shall not apply to any knowledge or information which is now published or which subsequently becomes generally publicly known in the form in which it was obtained from the Company or any of its affiliates, other than as a direct or indirect result of the breach of this Agreement by Employee.

5.02 Proprietary Information. (a) Employee agrees that the results and proceeds of Employee's services for the Company or its affiliates (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise

creative nature, writings and other works of authorship) resulting from services performed while an employee of the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by Employee, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company or any of its affiliates) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to Employee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company (or, as the case may be, any of its affiliates) under the immediately preceding sentence, then Employee hereby irrevocably assigns and agrees to assign any and all of Employee's right, title and interest thereto, including any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company or any of its affiliates), and the Company or its affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such affiliates without any further payment to Employee whatsoever. As to any Invention that Employee is required to assign, Employee shall promptly and fully disclose to the Company all information known to Employee concerning such Invention.

(b) Employee agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Employee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including the execution of appropriate copyright and/or patent applications or assignments. To the extent Employee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, Employee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 5.02 is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of the Company's being Employee's employer. Employee further agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Employee shall assist the Company in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Employee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, Employee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. Employee's obligation to assist the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of Employee's employment with the Company.

(c) Employee hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, that Employee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

5.03 Defend Trade Secrets Act. Employee acknowledges that, pursuant to 18 U.S.C. § 1833(b), an individual may not be held liable under any criminal or civil federal or state trade secret law for disclosure of a trade secret (a) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

6. Non-competition and Non-solicitation Covenants and Adversarial Restrictions.

6.01 Non-competition. Employee agrees that, during the Term and for twelve months after the termination of Employee's employment for any reason (the "Non-Compete Period"), Employee shall not, directly or indirectly, (a) engage in activities or businesses (including without limitation by owning any interest in, managing, controlling, participating in, consulting with, advising, rendering services for, or in any manner engaging in the business of owning, operating or managing any business) in any geographic location in which the Company, its subsidiaries or Affiliates engage in, whether through selling, distributing, manufacturing, marketing, purchasing, or otherwise, that compete directly or indirectly with the Company or any of its subsidiaries or Affiliates ("Competitive Activities"), it being understood that Competitive Activities as of the date hereof include, without limitation, the manufacture, marketing, license, distribution and sale of licensed pop culture products; or (b) assist any person in any way to do, or attempt to do, anything prohibited by Section 6.01(a) above. Employee acknowledges (i) that the business of the Company and its affiliates is global in scope and (ii) notwithstanding the jurisdiction of formation or principal office of the Company and its affiliates, or the location of any of their respective executives or employees (including, without limitation, Employee), it is expected that the Company and its affiliates will have business activities and have valuable business relationships within their respective industries throughout the United States and abroad.

6.02 Indirect Competition. Employee further agrees that, during the Term and the Non-Compete Period, he will not, directly or indirectly, assist or encourage any other person in carrying out, direct or indirectly, any activity that would be prohibited by the above provisions of this Section 6 if such activity were carried out by Employee, either directly or indirectly; and in particular, Employee agrees that he will not, directly or indirectly, induce any employee of the Company to carry out, directly or indirectly, any such activity.

6.03 Non-solicitation. Employee further agrees that, during the Term and for a period of two years after the termination of his employment (the "Non-Solicitation Period"), he will not, directly or indirectly, assist or encourage any other person in seeking to employ or hire any employee, consultant, advisor or agent of the Company or any of its affiliates or encouraging any such employee, consultant, advisor or agent to discontinue employment with the Company or any of its affiliates.

6.04 Non-Disparagement. Employee agrees not to disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equityholders or affiliates, either orally or in writing, at any time, and the Company shall direct its directors and officers not to disparage Employee, either orally or in writing, at any time; provided that Employee, the Company and the Company's directors and officers may confer in confidence with their respective legal representatives and make truthful statements as required by law, or by governmental, regulatory or self-regulatory investigations or as truthful testimony in connection with any litigation involving Employee and the Company or its affiliates.

6.05 Enforceability. If a final and non-appealable judicial determination is made that any of the provisions of this Section 6 constitutes an unreasonable or otherwise unenforceable restriction against Employee, the provisions of this Section 6 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction. Moreover, and without limiting the generality of Section 6, notwithstanding the fact that any provision of this Section 6 is determined to not be enforceable through specific performance, the Company will nevertheless be entitled to recover monetary damages as a result of Employee's breach of such provision.

6.06 Acknowledgement. Employee acknowledges that Employee has carefully read this Agreement and has given careful consideration to the restraints imposed upon Employee by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its subsidiaries and affiliates now existing or to be developed in the future. Employee expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area. Employee further acknowledges that although Employee's compliance with the covenants contained in Sections 5 and 6 may prevent Employee from earning a livelihood in a business similar to the business of the Company, Employee's experience and capabilities are such that Employee has other opportunities to earn a livelihood and adequate means of support for Employee and Employee's dependents.

7. Termination.

7.01 Grounds for Termination. Employee's employment with the Company shall terminate (a) by Employee for Good Reason, (b) by the Company for Cause, (c) by the Employee without Good Reason, (d) by the Company without Cause,

(e) on account of Employee's death or disability, or (f) by expiration or non-renewal of the Term. Notwithstanding any termination of this Agreement and Employee's employment by the Company, Employee, in consideration of his employment hereunder to the date of such termination, shall remain bound by the provisions of this Agreement which specifically relate to periods, activities or obligations upon or subsequent to the termination of Employee's employment including without limitation the provisions of Sections 5, 6 and 8 hereof.

7.02 Cause Defined. Termination of Employee's employment by the Company for any of the following reasons shall be deemed termination for "Cause": (a) gross neglect or willful misconduct by Employee of Employee's duties or Employee's willful failure to carry out, or comply with, in any material respect any lawful and reasonable directive of the Board not inconsistent with the terms of this Agreement; (b) conviction of Employee of, or Employee's plea of no contest, plea of nolo contendere or imposition of adjudicated probation with respect to, any felony or crime involving moral turpitude or Employee's indictment for any felony or crime involving moral turpitude; provided if Employee is terminated following such indictment but is found not guilty or the indictment is dismissed, the termination shall be deemed to be a termination without Cause; (c) Employee's habitual unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing Employee's duties and responsibilities under this Agreement; (d) Employee's commission at any time of any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof); or (e) Employee's material breach of the restrictive covenants in Sections 5 and 6 hereof or any other confidentiality, non-compete or non-solicitation covenant; provided that the Company shall provide Employee with fifteen (15) days prior written notice before any such termination in (a) or (e) (other than to the extent that (a) relates to any fraud or intentional misconduct) with an opportunity to meet with the Board and discuss or cure any such alleged violation.

7.03 Good Reason Defined. Termination of Employee's employment by Employee for any of the following reasons shall be deemed for "Good Reason": (a) a material adverse change in Employee's title or reporting line or material duties, authorities or responsibilities, as determined by the Board (provided, that Employee's title, reporting line or material duties, authorities or responsibilities shall not be deemed to be materially adversely changed solely because the Company (or its successor) is no longer an independently operated public entity or becomes a subsidiary of another entity); (b) a material breach by the Company of any material provision of this Agreement; (c) a material reduction of Employee's Base Salary or benefits or target bonus opportunity (other than such a reduction that is generally consistent with a general reduction affecting the Company's other similarly situated executives); (d) failure by the Company to pay any portion of Employee's earned Base Salary or bonus; or (e) the Company's requiring Employee to be headquartered at any office or location more than 50 miles from Everett, Washington, provided that in the case of all the above events, Employee may not resign from his or her employment for Good Reason unless he provides the Company written notice within 90 days after the initial occurrence of the event and at least 60 days prior to

the date of termination, and the Company has not corrected the event prior to the date of termination.

7.04 Surrender of Records and Property. Upon termination of his employment with the Company for any reason, Employee shall deliver promptly to the Company all records, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, data, tables, calculations or copies thereof, which are the property of the Company or any of its Affiliates or which relate in any way to the business, products, practices or techniques of the Company or any of its affiliates, and all other property, trade secrets and confidential information of the Company or any of its affiliates, including, but not limited to, all documents which in whole or in part contain any trade secrets or confidential information of the Company or any of its Affiliates, which in any of these cases are in his possession or under his control.

7.05 Payments Upon Termination. (a) If this Agreement is terminated for any reason set forth in Section 7, then Employee shall be entitled to receive (i) his earned but unpaid Base Salary through the date of the termination, (ii) any accrued and unused vacation or paid time off through the date of termination, (iii) reimbursement of any business expenses incurred in the ordinary course of business through the date of termination that have not yet been reimbursed pursuant to Section 4.04, and (iv) any earned but unpaid bonus pursuant to Section 4.02 for the calendar year prior to termination to the extent not yet paid when due (together, the "Accrued Compensation").

(b) If Employee's employment is terminated pursuant to Section 7.01(a) or (d) and provided that Employee shall have executed and delivered to the Company the a release of claims substantially in the form attached hereto as Exhibit A (the "Release") and any period for rescission of such Release shall have expired without Employee having rescinding such Release, in addition to the Accrued Compensation, Employee shall be entitled to receive either (i) if Employee has been an employee of the Company or its affiliates for less than two years prior to the date of termination, continuation of the Base Salary for up to six (6) months from the date of termination, payable in six equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of six (6) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any; or (ii) if Employee has been an employee of the Company or its affiliates for at least two years prior to the date of termination, an amount equal to continuation of the Base Salary for up to twelve (12) months from the date of termination, payable in twelve equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of twelve (12) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any.

7.06 Termination in Connection with a Change in Control. (a) Notwithstanding the foregoing, if Employee's employment is terminated pursuant to Section 7.01(a) or (d) on or within twelve (12) months following a Change in Control, and provided that Employee shall have executed and delivered to the Company the Release and any period for rescission of such Release shall have expired without Employee

having rescinding such Release, in addition to the Accrued Compensation but in lieu of any payments or benefits pursuant to Section 7.05(b), Employee shall be entitled to receive an amount equal to continuation of the Base Salary for twelve (12) months from the date of termination, payable in twelve equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of twelve (12) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any.

(b) For purposes of this Agreement, a "Change in Control" shall mean, following the Effective Date, (i) a change in ownership or control of Funko, Inc. effected through a transaction or series of transactions (other than an offering of common stock or units to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (other than Funko, Inc., any of their respective subsidiaries, ACON Equity Management, L.L.C., ACON Equity GenPar, L.L.C., any other entity owned or controlled by one or more of the managing members or managers of ACON Equity Management, L.L.C. or ACON Equity GenPar, L.L.C. (collectively, "ACON"), any employee benefit plan maintained by Funko, Inc. or any of their respective subsidiaries, or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, Funko, Inc. or ACON), directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of Funko, Inc. possessing more than fifty percent (50%) of the total combined voting power of Funko, Inc.'s securities outstanding immediately after such acquisition; (ii) the majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Board, as applicable, prior to the date of such appointment or election; or (iii) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions.

7.07 Mitigation. The amounts set forth in Section 7.05(b) and Section 7.06(a) shall be reduced by any amount Employee receives as compensation from a subsequent employer during the severance period.

7.08 Termination of Offices Held. Upon termination of his employment with the Company for any reason, Employee agrees that he shall immediately resign from any offices he holds with the Company or any of its affiliates, including any boards of directors or boards of managers.

8. Miscellaneous.

8.01 Governing Law: Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Washington, regardless of the laws that might otherwise govern under applicable principles of conflict of law.

8.02 Prior Agreements. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes all prior agreements and understandings with respect to such subject matter, and the parties hereto have made no agreement, representations or warranties relating to the subject matter of this Agreement which are not set forth herein.

8.03 Withholding Taxes. The Company may withhold from any payments or benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

8.04 Amendments. No amendments or modifications of this Agreement shall be deemed effective unless made in writing and signed by the parties hereto.

8.05 No Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there by an estoppel to enforce any provisions of this Agreement, except by a statement in writing signed by the party against whom enforcement of the waiver or estoppel is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived

8.06 Section 409A. (a) For purposes of this Agreement, "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder (and such other Treasury or Internal Revenue Service guidance) as in effect from time to time. The parties intend that any amounts payable hereunder that could constitute "deferred compensation" within the meaning of Section 409A will be compliant with Section 409A or exempt from Section 409A. Notwithstanding the foregoing, Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Employee in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold Employee (or any beneficiary) harmless from any or all of such taxes or penalties. No provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from the Employee or any other individual to the Company or any of its affiliates, employees or agents.

(b) Notwithstanding anything in this Agreement to the contrary, the following special rule shall apply, if and to the extent required by Section 409A, in the event that (i) Employee is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, (ii) amounts or benefits under this Agreement or any other program, plan or arrangement of the Company or a controlled group affiliate thereof are due or payable on account of "separation from service" within the meaning of Treasury Regulations Section 1.409A-l(h) and (iii) Employee is employed by a public company or a controlled group affiliate thereof: no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to Employee prior to the date that is six (6) months after the date of Employee's separation from service or, if earlier,

Employee's date of death; following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date, without interest.

(c) Each payment made under this Agreement (including each separate installment payment in the case of a series of installment payments) shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Section 409A. For purposes of this Agreement, with respect to payments of any amounts that are considered to be "deferred compensation" subject to Section 409A, references to "termination of employment," "termination," or words and phrases of similar import, shall be deemed to refer to Employee's "separation from service" as defined in Section 409A and shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A.

(d) Notwithstanding anything to the contrary in this Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-l(b)(9)(v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to Employee only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which Employee's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which Employee's "separation from service" occurs. To the extent any indemnification payment, expense reimbursement, or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such indemnification payment or expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which Employee incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

(e) Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of the Employee's termination of employment with the Company are subject to the Employee's execution and delivery and non-revocation of the Release, (i) no such payments shall be made on or prior to the sixtieth (60th) day immediately following Employee's date of termination (the "Release Period"), (ii) the Company shall deliver the Release to Employee no later than seven (7) days immediately following Employee's date of termination, (iii) if, as of the Release Expiration Date, Employee has failed to execute the Release or has timely revoked his

acceptance of the Release thereafter, Employee shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (iv) if, as of the Release Expiration Date, Employee has executed the Release and has not revoked his acceptance of the Release thereafter, any such payments that are delayed pursuant to this Section 8.06(e) shall be paid in a lump sum on the first regularly scheduled payroll date following the expiration of the Release Period, without interest. For purposes of this Section 8.06(e), "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Employee, or, in the event that Employee's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

8.07 Compensation Recovery Policy. Employee acknowledges and agrees that, to the extent the Company adopts any clawback or similar policy pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, and any rules and regulations promulgated thereunder, he shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy with respect to past, present and future compensation, as appropriate).

8.08 Severability. To the extent any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted herefrom, and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect. In furtherance and not in limitation of the foregoing, should the duration or geographical extent of, or business activities covered by, any provision of this Agreement be in excess of that which is valid and enforceable under applicable law, then such provision shall be construed to cover only that duration, extent or activities which may validly and enforceably be covered. Employee acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement be given the construction which renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

8.09 Assignment. The Company may transfer and assign this Agreement and the Company's rights and obligations hereunder to another entity that is substantially comparable to the Company in its financial strength and ability to perform the Company's obligations under this Agreement. After any such assignment by the Company, the Company shall be discharged from all further liability hereunder and such assignee shall thereafter be deemed to be the Company for the purposes of all provisions of this Agreement including this Section 8. Neither this Agreement nor the rights or obligations hereunder of the parties hereto shall be transferable or assignable by Employee, except in accordance with the laws of descent and distribution.

8.10 Injunctive Relief. Employee agrees that it would be difficult to compensate the Company fully for damages for any violation of the provisions of this Agreement, including without limitation the provisions of Sections 5 and 6. Accordingly,

Employee specifically agrees that the Company shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Agreement and that such relief may be granted without the necessity of proving actual damages. This provision with respect to injunctive relief shall not, however, diminish the right of the Company to claim and recover damages in addition to injunctive relief.

8.11 Notices. Any notice, payment, demand or communication required or permitted to be given by the provisions of this Agreement shall be deemed to have been effectively given and received on the date personally delivered to the respective party to whom it is directed, or five (5) days after the date when deposited by registered or certified mail, with postage and charges prepaid and addressed to such party at its address below its signature. Any party may change its address by delivering a written change of address to all of the other parties in the manner set forth in this Section 8.11.

8.12 Section 280G. Notwithstanding any other provision of this Agreement or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to Employee or for Employee's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") and would, but for this Section 8.12, be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), or not be deductible under Section 280G of the Code, then such Covered Payments shall be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax. The Covered Payments shall be reduced in a manner that maximizes Employee's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, to the extent applicable, and where two or more economically equivalent amounts are subject to reduction but payable at different times, such amounts payable at the later time shall be reduced first but not below zero.

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the first paragraph.

FUNKO, INC.

By:/s/Brian Mariotti
Name:
Title:

/s/Russell Nickel
Russell Nickel

[Signature Page to the Employment Agreement]

Exhibit A

WAIVER AND RELEASE OF CLAIMS AGREEMENT

In exchange for the severance payments and benefits provided to me pursuant to Section 7.05 and 7.06 (collectively, the "Severance Benefits") of that certain Employment Agreement, dated as of October 20, 2017, by and among Funko, Inc. ("Company") and Russell Nickel (the "Employee") (the "Employment Agreement"), the Employee freely and voluntarily agrees to enter into and be bound by this Waiver and Release of Claims Agreement (this "Release").

1. General Release. The Employee, on his own behalf and on behalf of his spouse, child or children (if any), heirs, personal representative, executors, administrators, successors, assigns and anyone else claiming through him (the "Releasors"), hereby releases and discharges forever Funko, Inc., and its affiliates, and each of their respective past, present or future parent, affiliated, related, and subsidiary entities and each of their respective past, present or future directors, officers, employees, trustees, agents, attorneys, administrators, plans, plan administrators, insurers, equityholders, members, representatives, predecessors, successors and assigns, and all Persons acting by, through, under or in concert with them (hereinafter collectively referred to as the "Released Parties"), from and against all liabilities, claims, demands, liens, causes of action, charges, suits, complaints, grievances, contracts, agreements, promises, obligations, costs, losses, damages, injuries, attorneys' fees and other legal responsibilities (collectively referred to as "Claims"), of any form whatsoever (whether or not relating to Employee's employment with the Company), including, but not limited to, any claims in law, equity, contract or tort, claims under any policy, agreement, understanding or promise, written or oral, formal or informal, between the Employee and the Company or any of the other Released Parties, and any claims under the Civil Rights Act of 1866, the Civil Rights Act of 1871, the Civil Rights Act of 1964, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 ("ADEA"), the Sarbanes-Oxley Act of 2002, the Securities Act of 1933, the Securities Exchange Act of 1934 (the "Exchange Act"), the Employee Retirement Income Security Act of 1974, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, the Genetic Information Nondiscrimination Act of 2008, the Worker Adjustment and Retraining Notification Act of 1988, the Delaware Discrimination in Employment Act, the Delaware Persons with Disabilities Employment Protection Act, the Delaware Whistleblowers' Protection Act, the Delaware Wage Payment and Collection Act, the Delaware Fair Employment Practices Act, Delaware's social media law, the Washington Industrial Welfare Act, the Washington Minimum Wage Act, the Washington Wage Payment Act, the Washington Wage Rebate Act, the Washington Law Against Discrimination and the Washington Leave Law, as each may have been amended from time to time, or any other federal, state or local statute, regulation, law, rule, ordinance or constitution, or common law, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, that the Employee or any of the Releasors now possess or have a right to, or have at any time heretofore owned or held, or may at any time own or hold by reason of any matter or thing arising from any cause whatsoever prior to the date of execution of this Release, and without limiting the generality of the foregoing, from all claims, demands

and causes of action based upon, relating to, or arising out of: (a) the Employment Agreement; (b) the Employee's employment or other relationship with any of the Released Parties or the termination thereof; and (c) the Employee's status as a holder of securities of any of the Released Parties. This Release includes, but is not limited to, all wrongful termination and "constructive discharge" claims, all discrimination claims, all claims relating to any contracts of employment, whether express or implied, any covenant of good faith and fair dealing, whether express or implied, and any tort of any nature. This Release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory, liquidated or punitive damages and attorneys' fees. The Employee acknowledges and reaffirms Employee's obligations under the Employment Agreement with the Company dated October 20, 2017, a signed copy of which is attached hereto as Exhibit A, including but not limited to Sections 5 and 6 thereof.

2. Covenant Not To Sue. The Employee represents and covenants that he has not filed, initiated or caused to be filed or initiated any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding against the Company or any of other the Released Parties. Except to the extent that such waiver is precluded by law, the Employee further promises and agrees that he will not file, initiate or cause to be filed or initiated any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding based upon, arising out of or relating to any Claim released hereunder, nor shall the Employee participate, assist or cooperate in any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding regarding any of the Released Parties relating to any Claims released hereunder, whether before a court or administrative agency or otherwise, unless required to do so by law.

3. Exclusions. Notwithstanding the foregoing, the Employee does not release his rights to receive the Severance Benefits or any right that may not be released by private agreement. In addition, this Release will not prevent the Employee from (i) filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies") or (ii) reporting possible violations of federal law or regulation to, otherwise communicating with or participating in any investigation or proceeding that may be conducted by, or providing documents and other information, without notice to the Company, to, any Governmental Agency or entity, including in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, as each may have been amended from time to time, or any other whistleblower protection provisions of state or federal law or regulation. This Agreement does not limit Employee's right to receive an award for information provided to any Government Agencies; provided, however, that the Employee acknowledges and agrees that any Claim by him, or brought on his behalf, for damages in connection with such a charge or investigation filed with the Equal Employment Opportunity Commission would be and hereby is barred.

4. No Assignment. The Employee represents and warrants that he has made no assignment or other transfer, and covenants that he will make no assignment

or other transfer, of any interest in any Claim that he may have against any of the Released Parties.

5. Indemnification of Released Parties. The Employee agrees to indemnify and hold harmless the Released Parties, and each of them, against any loss, claim, demand, damage, expenses or any other liability whatsoever, including reasonable attorneys' fees and costs, resulting from: (i) any breach of this Release by him or his successors in interest; (ii) any assignment or transfer, or attempted assignment or transfer, of any Claims released hereunder; or (iii) any action or proceeding brought by him or his successors in interest, if such action or proceeding arises out of, is based upon, or is related to any Claims released hereunder. This indemnity does not require payment as a condition precedent to recovery by any of the Released Parties.

6. Acknowledgments. The Employee acknowledges that the Company delivered this Release to him on [_____]. The Employee agrees that the Company has advised him to consult with an attorney before executing this Release. The Employee agrees that he has had the opportunity to consult with counsel, if he chose to do so, and that the Employee has had a sufficient and reasonable amount of time to read and consider this Release before executing it. The Employee acknowledges that he is responsible for any costs and fees resulting from his attorney reviewing this Release. The Employee agrees that he has carefully read this Release and knows its contents, and that he signs this Release voluntarily, with a full understanding of its significance, and intending to be bound by its terms. The Employee acknowledges that the provision of the Severance Benefits is in exchange for the promises in the Release and is not normally available under Company policy to employees who resign or are terminated by the Company, and that, but for his execution of this Release, he would not be entitled to receive the Severance Benefits. The Employee further acknowledges that the provision of the Severance Benefits does not constitute an admission by the Released Parties of liability or of violation of any applicable law or regulation. The Company and its affiliates expressly deny any liability or alleged violation and state that the Severance Benefits are being provided solely for the purpose of compromising any and all claims of the Employee without the cost and burden of litigation.

7. ADEA Provisions. The Employee understands that this Release includes a release of claims arising under ADEA. The Employee acknowledges and agrees that he has had at least 21 days after the date of his receipt of this Release (such period, the "Consideration Period") to review this Release and consider its terms before signing this Release and that the Consideration Period will not be affected or extended by any changes, whether material or immaterial, that might be made to this Release. The Employee further acknowledges and agrees that he understands that he may use as much or all of such 21-day period as he wishes before signing, and warrants that he has done so. The Employee may revoke and cancel this Release in writing at any time within seven days after his execution of this Release (such seven-day period, the "Revocation Period") by providing notice of revocation to [_____]. This Release shall not become effective and enforceable until after the expiration of the Revocation Period; after such

time, if there has been no revocation, this Release shall immediately be fully effective and enforceable.

8. Consequences of Breach or Revocation. The Employee agrees that, notwithstanding anything to the contrary in this Release, in the event that he breaches any of the terms of the Release, or revokes the Release pursuant to Section 7, he shall forfeit the Severance Benefits and reimburse the Company for any portion of the Severance Benefits that have already been paid, and, in the event of such a breach, he shall reimburse the Company for any expenses or damages incurred as a result of such breach.

9. Severability. If any provision of the Release is declared invalid or unenforceable, the remaining portions of the Release shall not be affected thereby and shall be enforced.

10. Governing Law: Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has signed and executed this Release on the date set forth below as an expression of his intent to be bound by the foregoing terms of this Release.

_____

Date: _____

Exhibit 10.10

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 20th day of October, 2017, by and between Tracy Daw, a Washington resident ("Employee"), and Funko, Inc., a Delaware corporation (any of its Affiliates as may employ the Employee from time to time, and any successor(s) thereto, the "Company").

RECITALS

WHEREAS, the Company is considering an initial public offering of the Company's common stock (the "IPO"); and

WHEREAS, in anticipation of the potential IPO, the Company desires to enter into this Agreement with Employee, pursuant to which the Company will employ Employee on the terms set forth in this Agreement, and Employee desires to be employed by the Company pursuant to the terms and conditions of this Agreement.

NOW, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment. The Company agrees to employ Employee on the terms and conditions set forth in this Agreement, and Employee accepts such employment and agrees to perform the services and duties for the Company as herein provided for the period and upon the other terms and conditions set forth in this Agreement.

2. Term. Unless earlier terminated pursuant to the terms of Section 7 hereof, Employee shall be employed by the Company for the period commencing as of the Effective Date and ending on the third (3rd) anniversary of the Effective Date (the "Initial Term"), subject to automatic renewal periods for up to two additional one (1)-year periods, unless either party provides the other party with ninety (90) days' advance written notice prior to the end of the Initial Term or any such renewal period, as applicable, of such party's intent not to renew (the Initial Term and any such renewal period, the "Term"). The "Effective Date" shall be the date on which the IPO becomes effective, and notwithstanding anything herein to the contrary, in the event the IPO does not occur for any reason, this Agreement shall be deemed null and void.

3. Position and Duties.

3.01 Title. During the Term, Employee agrees to serve as the Company's Senior Vice President, General Counsel and Secretary.

3.02 Duties. During the Term, Employee agrees to serve the Company, and Employee will faithfully and to the best of his ability discharge the duties associated with his position and will devote his full time during business hours for the Company and

to the business and affairs of the Company, its direct and indirect subsidiaries and its affiliates. Employee hereby confirms that during the Term, he will not render or perform services for any other corporation, firm, entity or person. Employee recognizes that he will be required to travel to perform certain of his duties. Employee shall report to, and be subject to the direction of, the Company's President, or if determined by the Board of Directors (the "Board"), the Board or the Chief Executive Officer. Notwithstanding the foregoing, Employee shall be permitted to participate in, and be involved with, such community, educational, charitable, professional, and religious organizations so long as such participation does not, in the judgment of the Board interfere with the performance of or create a potential conflict with Employee's duties hereunder.

4. Compensation.

4.01 Base Salary. During the Term, the Company shall pay to Employee a base annual salary of Three Hundred Forty-Seven Thousand and Nine Hundred Dollars ($347,900.00) ("Base Salary"), which salary shall be paid in accordance with the Company's normal payroll procedures and policies.

4.02 Annual Bonus. During the Term, Employee shall be eligible to receive a bonus pursuant to an annual performance based incentive compensation program to be established by the Board, with Employee's annual target to be no less than 25% of Employee's then Base Salary; provided, however, that the Company reserves the right to establish a lesser target if done in good faith and as a result of Company's legitimate business needs. Notwithstanding the preceding, Employee's bonus, if any, may be below (including zero), at, or above, the annual target based upon the achievement of the performance objectives, as determined by the Company in its sole discretion, and payment of any bonus described in this Section 4.02 shall be according to the established plan and subject to Employee's continued employment by the Company through the date the bonus is paid pursuant to the annual performance based incentive compensation program.

4.03 Benefits. During the Term, Employee may participate in all employee benefit plans or programs of the Company consistent with such plans and programs of the Company. The Company does not guarantee the adoption or continuance of any particular employee benefit plan or program during the Term, and Employee's participation in any such plan or program shall be subject to the provisions, rules and regulations applicable thereto.

4.04 Expenses; Contributions. During the Term, the Company agrees to reimburse all reasonable business expenses incurred by Employee consistent with the Company's policies regarding reimbursement in the performance of Employee's duties under this Agreement.

4.05 Vacation and Sick leave. During the Term, Employee shall be entitled to vacation, sick leave and holidays in accordance with the policy of the Company as to its employees.

4.06 Indemnification and Additional Insurance. The Company shall indemnify Employee with respect to matters relating to Employee's services as an officer of the Company or any of its affiliates, occurring during the course and scope of Employee's employment with the Company to the extent required by, and pursuant to the provisions in the, Delaware law. The Company may also cover Employee under a policy of officers' and directors' liability insurance providing coverage that is comparable to that provided now or hereafter to other senior executives of the Company.

5. Confidential Information and Proprietary Information.

5.01 Confidential Information. During the Term and at all times thereafter, Employee shall not divulge, furnish or make accessible to anyone or use in any way (other than in the ordinary course of the business of the Company or any of its affiliates) any confidential or secret knowledge or information of the Company or any of its affiliates which Employee has acquired or become acquainted with prior to the termination of the period of his employment by the Company (including employment by the Company or any affiliated companies prior to the date of this Agreement), whether developed by himself or by others, including, without limitation, any trade secrets, confidential or secret designs, processes, formulae, plans, devices or material (whether or not patented or patentable) directly or indirectly useful in any aspect of the business of the Company or any of its affiliates, any customer or supplier lists of the Company or any of its affiliates, any confidential or secret development or research work of the Company or any of its affiliates, or any other confidential information or secret aspect of the business of the Company or any of its affiliates (collectively, "Confidential Information"). Employee acknowledges that (a) the Company and its affiliates have expended and shall continue to expend substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill and build an effective organization, (b) Employee is and shall become familiar with the Company's and its affiliates' Confidential Information, including trade secrets, and that Employee's services are of special, unique and extraordinary value to the Company and its affiliates, (c) the above-described knowledge or information constitutes a unique and valuable asset of the Company and its affiliates and the Company and its affiliates have a legitimate business interest and right in protecting its Confidential Information, business strategies, employee and customer relationships and goodwill and (d) any disclosure or other use of such knowledge or information other than for the sole benefit of the Company and any of its affiliates would be wrongful and would cause irreparable harm to the Company and any of its affiliates. However, the foregoing shall not apply to any knowledge or information which is now published or which subsequently becomes generally publicly known in the form in which it was obtained from the Company or any of its affiliates, other than as a direct or indirect result of the breach of this Agreement by Employee.

5.02 Proprietary Information. (a) Employee agrees that the results and proceeds of Employee's services for the Company or its affiliates (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise

creative nature, writings and other works of authorship) resulting from services performed while an employee of the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by Employee, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company or any of its affiliates) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to Employee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company (or, as the case may be, any of its affiliates) under the immediately preceding sentence, then Employee hereby irrevocably assigns and agrees to assign any and all of Employee's right, title and interest thereto, including any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company or any of its affiliates), and the Company or its affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such affiliates without any further payment to Employee whatsoever. As to any Invention that Employee is required to assign, Employee shall promptly and fully disclose to the Company all information known to Employee concerning such Invention.

(b) Employee agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Employee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including the execution of appropriate copyright and/or patent applications or assignments. To the extent Employee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, Employee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 5.02 is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of the Company's being Employee's employer. Employee further agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Employee shall assist the Company in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Employee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, Employee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. Employee's obligation to assist the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of Employee's employment with the Company.

(c) Employee hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, that Employee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

5.03 Defend Trade Secrets Act. Employee acknowledges that, pursuant to 18 U.S.C. § 1833(b), an individual may not be held liable under any criminal or civil federal or state trade secret law for disclosure of a trade secret (a) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

6. Non-competition and Non-solicitation Covenants and Adversarial Restrictions.

6.01 Non-competition. Employee agrees that, during the Term and for twelve months after the termination of Employee's employment for any reason (the "Non-Compete Period"), Employee shall not, directly or indirectly, (a) engage in activities or businesses (including without limitation by owning any interest in, managing, controlling, participating in, consulting with, advising, rendering services for, or in any manner engaging in the business of owning, operating or managing any business) in any geographic location in which the Company, its subsidiaries or Affiliates engage in, whether through selling, distributing, manufacturing, marketing, purchasing, or otherwise, that compete directly or indirectly with the Company or any of its subsidiaries or Affiliates ("Competitive Activities"), it being understood that Competitive Activities as of the date hereof include, without limitation, the manufacture, marketing, license, distribution and sale of licensed pop culture products; or (b) assist any person in any way to do, or attempt to do, anything prohibited by Section 6.01(a) above. Employee acknowledges (i) that the business of the Company and its affiliates is global in scope and (ii) notwithstanding the jurisdiction of formation or principal office of the Company and its affiliates, or the location of any of their respective executives or employees (including, without limitation, Employee), it is expected that the Company and its affiliates will have business activities and have valuable business relationships within their respective industries throughout the United States and abroad.

6.02 Indirect Competition. Employee further agrees that, during the Term and the Non-Compete Period, he will not, directly or indirectly, assist or encourage any other person in carrying out, direct or indirectly, any activity that would be prohibited by the above provisions of this Section 6 if such activity were carried out by Employee, either directly or indirectly; and in particular, Employee agrees that he will not, directly or indirectly, induce any employee of the Company to carry out, directly or indirectly, any such activity.

6.03 Non-solicitation. Employee further agrees that, during the Term and for a period of two years after the termination of his employment (the "Non-Solicitation Period"), he will not, directly or indirectly, assist or encourage any other person in seeking to employ or hire any employee, consultant, advisor or agent of the Company or any of its affiliates or encouraging any such employee, consultant, advisor or agent to discontinue employment with the Company or any of its affiliates.

6.04 Non-Disparagement. Employee agrees not to disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equityholders or affiliates, either orally or in writing, at any time, and the Company shall direct its directors and officers not to disparage Employee, either orally or in writing, at any time; provided that Employee, the Company and the Company's directors and officers may confer in confidence with their respective legal representatives and make truthful statements as required by law, or by governmental, regulatory or self-regulatory investigations or as truthful testimony in connection with any litigation involving Employee and the Company or its affiliates.

6.05 Enforceability. If a final and non-appealable judicial determination is made that any of the provisions of this Section 6 constitutes an unreasonable or otherwise unenforceable restriction against Employee, the provisions of this Section 6 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction. Moreover, and without limiting the generality of Section 6, notwithstanding the fact that any provision of this Section 6 is determined to not be enforceable through specific performance, the Company will nevertheless be entitled to recover monetary damages as a result of Employee's breach of such provision.

6.06 Acknowledgement. Employee acknowledges that Employee has carefully read this Agreement and has given careful consideration to the restraints imposed upon Employee by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its subsidiaries and affiliates now existing or to be developed in the future. Employee expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area. Employee further acknowledges that although Employee's compliance with the covenants contained in Sections 5 and 6 may prevent Employee from earning a livelihood in a business similar to the business of the Company, Employee's experience and capabilities are such that Employee has other opportunities to earn a livelihood and adequate means of support for Employee and Employee's dependents.

7. Termination.

7.01 Grounds for Termination. Employee's employment with the Company shall terminate (a) by Employee for Good Reason, (b) by the Company for Cause, (c) by the Employee without Good Reason, (d) by the Company without Cause,

(e) on account of Employee's death or disability, or (f) by expiration or non-renewal of the Term. Notwithstanding any termination of this Agreement and Employee's employment by the Company, Employee, in consideration of his employment hereunder to the date of such termination, shall remain bound by the provisions of this Agreement which specifically relate to periods, activities or obligations upon or subsequent to the termination of Employee's employment including without limitation the provisions of Sections 5, 6 and 8 hereof.

7.02 Cause Defined. Termination of Employee's employment by the Company for any of the following reasons shall be deemed termination for "Cause": (a) gross neglect or willful misconduct by Employee of Employee's duties or Employee's willful failure to carry out, or comply with, in any material respect any lawful and reasonable directive of the Board not inconsistent with the terms of this Agreement; (b) conviction of Employee of, or Employee's plea of no contest, plea of nolo contendere or imposition of adjudicated probation with respect to, any felony or crime involving moral turpitude or Employee's indictment for any felony or crime involving moral turpitude; provided if Employee is terminated following such indictment but is found not guilty or the indictment is dismissed, the termination shall be deemed to be a termination without Cause; (c) Employee's habitual unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing Employee's duties and responsibilities under this Agreement; (d) Employee's commission at any time of any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof); or (e) Employee's material breach of the restrictive covenants in Sections 5 and 6 hereof or any other confidentiality, non-compete or non-solicitation covenant; provided that the Company shall provide Employee with fifteen (15) days prior written notice before any such termination in (a) or (e) (other than to the extent that (a) relates to any fraud or intentional misconduct) with an opportunity to meet with the Board and discuss or cure any such alleged violation.

7.03 Good Reason Defined. Termination of Employee's employment by Employee for any of the following reasons shall be deemed for "Good Reason": (a) a material adverse change in Employee's title or reporting line or material duties, authorities or responsibilities, as determined by the Board (provided, that Employee's title, reporting line or material duties, authorities or responsibilities shall not be deemed to be materially adversely changed solely because the Company (or its successor) is no longer an independently operated public entity or becomes a subsidiary of another entity); (b) a material breach by the Company of any material provision of this Agreement; (c) a material reduction of Employee's Base Salary or benefits or target bonus opportunity (other than such a reduction that is generally consistent with a general reduction affecting the Company's other similarly situated executives); (d) failure by the Company to pay any portion of Employee's earned Base Salary or bonus; or (e) the Company's requiring Employee to be headquartered at any office or location more than 50 miles from Everett, Washington, provided that in the case of all the above events, Employee may not resign from his or her employment for Good Reason unless he provides the Company written notice within 90 days after the initial occurrence of the event and at least 60 days prior to

the date of termination, and the Company has not corrected the event prior to the date of termination.

7.04 Surrender of Records and Property. Upon termination of his employment with the Company for any reason, Employee shall deliver promptly to the Company all records, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, data, tables, calculations or copies thereof, which are the property of the Company or any of its Affiliates or which relate in any way to the business, products, practices or techniques of the Company or any of its affiliates, and all other property, trade secrets and confidential information of the Company or any of its affiliates, including, but not limited to, all documents which in whole or in part contain any trade secrets or confidential information of the Company or any of its Affiliates, which in any of these cases are in his possession or under his control.

7.05 Payments Upon Termination. (a) If this Agreement is terminated for any reason set forth in Section 7, then Employee shall be entitled to receive (i) his earned but unpaid Base Salary through the date of the termination, (ii) any accrued and unused vacation or paid time off through the date of termination, (iii) reimbursement of any business expenses incurred in the ordinary course of business through the date of termination that have not yet been reimbursed pursuant to Section 4.04, and (iv) any earned but unpaid bonus pursuant to Section 4.02 for the calendar year prior to termination to the extent not yet paid when due (together, the "Accrued Compensation").

(b) If Employee's employment is terminated pursuant to Section 7.01(a) or (d) and provided that Employee shall have executed and delivered to the Company the a release of claims substantially in the form attached hereto as Exhibit A (the "Release") and any period for rescission of such Release shall have expired without Employee having rescinding such Release, in addition to the Accrued Compensation, Employee shall be entitled to receive either (i) if Employee has been an employee of the Company or its affiliates for less than two years prior to the date of termination, continuation of the Base Salary for up to six (6) months from the date of termination, payable in six equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of six (6) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any; or (ii) if Employee has been an employee of the Company or its affiliates for at least two years prior to the date of termination, an amount equal to continuation of the Base Salary for up to twelve (12) months from the date of termination, payable in twelve equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of twelve (12) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any.

7.06 Termination in Connection with a Change in Control. (a) Notwithstanding the foregoing, if Employee's employment is terminated pursuant to Section 7.01(a) or (d) on or within twelve (12) months following a Change in Control, and provided that Employee shall have executed and delivered to the Company the Release and any period for rescission of such Release shall have expired without Employee

having rescinding such Release, in addition to the Accrued Compensation but in lieu of any payments or benefits pursuant to Section 7.05(b), Employee shall be entitled to receive an amount equal to continuation of the Base Salary for twelve (12) months from the date of termination, payable in twelve equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of twelve (12) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any.

(b) For purposes of this Agreement, a "Change in Control" shall mean, following the Effective Date, (i) a change in ownership or control of Funko, Inc. effected through a transaction or series of transactions (other than an offering of common stock or units to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (other than Funko, Inc., any of their respective subsidiaries, ACON Equity Management, L.L.C., ACON Equity GenPar, L.L.C., any other entity owned or controlled by one or more of the managing members or managers of ACON Equity Management, L.L.C. or ACON Equity GenPar, L.L.C. (collectively, "ACON"), any employee benefit plan maintained by Funko, Inc. or any of their respective subsidiaries, or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, Funko, Inc. or ACON), directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of Funko, Inc. possessing more than fifty percent (50%) of the total combined voting power of Funko, Inc.'s securities outstanding immediately after such acquisition; (ii) the majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Board, as applicable, prior to the date of such appointment or election; or (iii) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions.

7.07 Mitigation. The amounts set forth in Section 7.05(b) and Section 7.06(a) shall be reduced by any amount Employee receives as compensation from a subsequent employer during the severance period.

7.08 Termination of Offices Held. Upon termination of his employment with the Company for any reason, Employee agrees that he shall immediately resign from any offices he holds with the Company or any of its affiliates, including any boards of directors or boards of managers.

8. Miscellaneous.

8.01 Governing Law: Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Washington, regardless of the laws that might otherwise govern under applicable principles of conflict of law.

8.02 Prior Agreements. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes all prior agreements and understandings with respect to such subject matter, and the parties hereto have made no agreement, representations or warranties relating to the subject matter of this Agreement which are not set forth herein.

8.03 Withholding Taxes. The Company may withhold from any payments or benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

8.04 Amendments. No amendments or modifications of this Agreement shall be deemed effective unless made in writing and signed by the parties hereto.

8.05 No Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there by an estoppel to enforce any provisions of this Agreement, except by a statement in writing signed by the party against whom enforcement of the waiver or estoppel is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived

8.06 Section 409A. (a) For purposes of this Agreement, "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder (and such other Treasury or Internal Revenue Service guidance) as in effect from time to time. The parties intend that any amounts payable hereunder that could constitute "deferred compensation" within the meaning of Section 409A will be compliant with Section 409A or exempt from Section 409A. Notwithstanding the foregoing, Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Employee in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold Employee (or any beneficiary) harmless from any or all of such taxes or penalties. No provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from the Employee or any other individual to the Company or any of its affiliates, employees or agents.

(b) Notwithstanding anything in this Agreement to the contrary, the following special rule shall apply, if and to the extent required by Section 409A, in the event that (i) Employee is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, (ii) amounts or benefits under this Agreement or any other program, plan or arrangement of the Company or a controlled group affiliate thereof are due or payable on account of "separation from service" within the meaning of Treasury Regulations Section 1.409A-l(h) and (iii) Employee is employed by a public company or a controlled group affiliate thereof: no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to Employee prior to the date that is six (6) months after the date of Employee's separation from service or, if earlier,

Employee's date of death; following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date, without interest.

(c) Each payment made under this Agreement (including each separate installment payment in the case of a series of installment payments) shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Section 409A. For purposes of this Agreement, with respect to payments of any amounts that are considered to be "deferred compensation" subject to Section 409A, references to "termination of employment," "termination," or words and phrases of similar import, shall be deemed to refer to Employee's "separation from service" as defined in Section 409A and shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A.

(d) Notwithstanding anything to the contrary in this Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-l(b)(9)(v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to Employee only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which Employee's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which Employee's "separation from service" occurs. To the extent any indemnification payment, expense reimbursement, or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such indemnification payment or expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which Employee incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

(e) Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of the Employee's termination of employment with the Company are subject to the Employee's execution and delivery and non-revocation of the Release, (i) no such payments shall be made on or prior to the sixtieth (60th) day immediately following Employee's date of termination (the "Release Period"), (ii) the Company shall deliver the Release to Employee no later than seven (7) days immediately following Employee's date of termination, (iii) if, as of the Release Expiration Date, Employee has failed to execute the Release or has timely revoked his

acceptance of the Release thereafter, Employee shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (iv) if, as of the Release Expiration Date, Employee has executed the Release and has not revoked his acceptance of the Release thereafter, any such payments that are delayed pursuant to this Section 8.06(e) shall be paid in a lump sum on the first regularly scheduled payroll date following the expiration of the Release Period, without interest. For purposes of this Section 8.06(e), "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Employee, or, in the event that Employee's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

8.07 Compensation Recovery Policy. Employee acknowledges and agrees that, to the extent the Company adopts any clawback or similar policy pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, and any rules and regulations promulgated thereunder, he shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy with respect to past, present and future compensation, as appropriate).

8.08 Severability. To the extent any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted herefrom, and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect. In furtherance and not in limitation of the foregoing, should the duration or geographical extent of, or business activities covered by, any provision of this Agreement be in excess of that which is valid and enforceable under applicable law, then such provision shall be construed to cover only that duration, extent or activities which may validly and enforceably be covered. Employee acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement be given the construction which renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

8.09 Assignment. The Company may transfer and assign this Agreement and the Company's rights and obligations hereunder to another entity that is substantially comparable to the Company in its financial strength and ability to perform the Company's obligations under this Agreement. After any such assignment by the Company, the Company shall be discharged from all further liability hereunder and such assignee shall thereafter be deemed to be the Company for the purposes of all provisions of this Agreement including this Section 8. Neither this Agreement nor the rights or obligations hereunder of the parties hereto shall be transferable or assignable by Employee, except in accordance with the laws of descent and distribution.

8.10 Injunctive Relief. Employee agrees that it would be difficult to compensate the Company fully for damages for any violation of the provisions of this Agreement, including without limitation the provisions of Sections 5 and 6. Accordingly,

Employee specifically agrees that the Company shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Agreement and that such relief may be granted without the necessity of proving actual damages. This provision with respect to injunctive relief shall not, however, diminish the right of the Company to claim and recover damages in addition to injunctive relief.

8.11 Notices. Any notice, payment, demand or communication required or permitted to be given by the provisions of this Agreement shall be deemed to have been effectively given and received on the date personally delivered to the respective party to whom it is directed, or five (5) days after the date when deposited by registered or certified mail, with postage and charges prepaid and addressed to such party at its address below its signature. Any party may change its address by delivering a written change of address to all of the other parties in the manner set forth in this Section 8.11.

8.12 Section 280G. Notwithstanding any other provision of this Agreement or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to Employee or for Employee's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") and would, but for this Section 8.12, be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), or not be deductible under Section 280G of the Code, then such Covered Payments shall be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax. The Covered Payments shall be reduced in a manner that maximizes Employee's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, to the extent applicable, and where two or more economically equivalent amounts are subject to reduction but payable at different times, such amounts payable at the later time shall be reduced first but not below zero.

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the first paragraph.

FUNKO, INC.

By:/s/Brian Mariotti
Name:
Title:

/s/Tracy Daw
Tracy Daw

[Signature Page to the Employment Agreement]

Exhibit A

WAIVER AND RELEASE OF CLAIMS AGREEMENT

In exchange for the severance payments and benefits provided to me pursuant to Section 7.05 and 7.06 (collectively, the "Severance Benefits") of that certain Employment Agreement, dated as of October 20, 2017, by and among Funko, Inc. ("Company") and Tracy Daw (the "Employee") (the "Employment Agreement"), the Employee freely and voluntarily agrees to enter into and be bound by this Waiver and Release of Claims Agreement (this "Release").

1. General Release. The Employee, on his own behalf and on behalf of his spouse, child or children (if any), heirs, personal representative, executors, administrators, successors, assigns and anyone else claiming through him (the "Releasors"), hereby releases and discharges forever Funko, Inc., and its affiliates, and each of their respective past, present or future parent, affiliated, related, and subsidiary entities and each of their respective past, present or future directors, officers, employees, trustees, agents, attorneys, administrators, plans, plan administrators, insurers, equityholders, members, representatives, predecessors, successors and assigns, and all Persons acting by, through, under or in concert with them (hereinafter collectively referred to as the "Released Parties"), from and against all liabilities, claims, demands, liens, causes of action, charges, suits, complaints, grievances, contracts, agreements, promises, obligations, costs, losses, damages, injuries, attorneys' fees and other legal responsibilities (collectively referred to as "Claims"), of any form whatsoever (whether or not relating to Employee's employment with the Company), including, but not limited to, any claims in law, equity, contract or tort, claims under any policy, agreement, understanding or promise, written or oral, formal or informal, between the Employee and the Company or any of the other Released Parties, and any claims under the Civil Rights Act of 1866, the Civil Rights Act of 1871, the Civil Rights Act of 1964, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 ("ADEA"), the Sarbanes-Oxley Act of 2002, the Securities Act of 1933, the Securities Exchange Act of 1934 (the "Exchange Act"), the Employee Retirement Income Security Act of 1974, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, the Genetic Information Nondiscrimination Act of 2008, the Worker Adjustment and Retraining Notification Act of 1988, the Delaware Discrimination in Employment Act, the Delaware Persons with Disabilities Employment Protection Act, the Delaware Whistleblowers' Protection Act, the Delaware Wage Payment and Collection Act, the Delaware Fair Employment Practices Act, Delaware's social media law, the Washington Industrial Welfare Act, the Washington Minimum Wage Act, the Washington Wage Payment Act, the Washington Wage Rebate Act, the Washington Law Against Discrimination and the Washington Leave Law, as each may have been amended from time to time, or any other federal, state or local statute, regulation, law, rule, ordinance or constitution, or common law, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, that the Employee or any of the Releasors now possess or have a right to, or have at any time heretofore owned or held, or may at any time own or hold by reason of any matter or thing arising from any cause whatsoever prior to the date of execution of this Release, and without limiting the generality of the foregoing, from all claims, demands

and causes of action based upon, relating to, or arising out of: (a) the Employment Agreement; (b) the Employee's employment or other relationship with any of the Released Parties or the termination thereof; and (c) the Employee's status as a holder of securities of any of the Released Parties. This Release includes, but is not limited to, all wrongful termination and "constructive discharge" claims, all discrimination claims, all claims relating to any contracts of employment, whether express or implied, any covenant of good faith and fair dealing, whether express or implied, and any tort of any nature. This Release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory, liquidated or punitive damages and attorneys' fees. The Employee acknowledges and reaffirms Employee's obligations under the Employment Agreement with the Company dated October 20, 2017, a signed copy of which is attached hereto as Exhibit A, including but not limited to Sections 5 and 6 thereof.

2. Covenant Not To Sue. The Employee represents and covenants that he has not filed, initiated or caused to be filed or initiated any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding against the Company or any of other the Released Parties. Except to the extent that such waiver is precluded by law, the Employee further promises and agrees that he will not file, initiate or cause to be filed or initiated any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding based upon, arising out of or relating to any Claim released hereunder, nor shall the Employee participate, assist or cooperate in any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding regarding any of the Released Parties relating to any Claims released hereunder, whether before a court or administrative agency or otherwise, unless required to do so by law.

3. Exclusions. Notwithstanding the foregoing, the Employee does not release his rights to receive the Severance Benefits or any right that may not be released by private agreement. In addition, this Release will not prevent the Employee from (i) filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies") or (ii) reporting possible violations of federal law or regulation to, otherwise communicating with or participating in any investigation or proceeding that may be conducted by, or providing documents and other information, without notice to the Company, to, any Governmental Agency or entity, including in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, as each may have been amended from time to time, or any other whistleblower protection provisions of state or federal law or regulation. This Agreement does not limit Employee's right to receive an award for information provided to any Government Agencies; provided, however, that the Employee acknowledges and agrees that any Claim by him, or brought on his behalf, for damages in connection with such a charge or investigation filed with the Equal Employment Opportunity Commission would be and hereby is barred.

4. No Assignment. The Employee represents and warrants that he has made no assignment or other transfer, and covenants that he will make no assignment

or other transfer, of any interest in any Claim that he may have against any of the Released Parties.

5. Indemnification of Released Parties. The Employee agrees to indemnify and hold harmless the Released Parties, and each of them, against any loss, claim, demand, damage, expenses or any other liability whatsoever, including reasonable attorneys' fees and costs, resulting from: (i) any breach of this Release by him or his successors in interest; (ii) any assignment or transfer, or attempted assignment or transfer, of any Claims released hereunder; or (iii) any action or proceeding brought by him or his successors in interest, if such action or proceeding arises out of, is based upon, or is related to any Claims released hereunder. This indemnity does not require payment as a condition precedent to recovery by any of the Released Parties.

6. Acknowledgments. The Employee acknowledges that the Company delivered this Release to him on [_____]. The Employee agrees that the Company has advised him to consult with an attorney before executing this Release. The Employee agrees that he has had the opportunity to consult with counsel, if he chose to do so, and that the Employee has had a sufficient and reasonable amount of time to read and consider this Release before executing it. The Employee acknowledges that he is responsible for any costs and fees resulting from his attorney reviewing this Release. The Employee agrees that he has carefully read this Release and knows its contents, and that he signs this Release voluntarily, with a full understanding of its significance, and intending to be bound by its terms. The Employee acknowledges that the provision of the Severance Benefits is in exchange for the promises in the Release and is not normally available under Company policy to employees who resign or are terminated by the Company, and that, but for his execution of this Release, he would not be entitled to receive the Severance Benefits. The Employee further acknowledges that the provision of the Severance Benefits does not constitute an admission by the Released Parties of liability or of violation of any applicable law or regulation. The Company and its affiliates expressly deny any liability or alleged violation and state that the Severance Benefits are being provided solely for the purpose of compromising any and all claims of the Employee without the cost and burden of litigation.

7. ADEA Provisions. The Employee understands that this Release includes a release of claims arising under ADEA. The Employee acknowledges and agrees that he has had at least 21 days after the date of his receipt of this Release (such period, the "Consideration Period") to review this Release and consider its terms before signing this Release and that the Consideration Period will not be affected or extended by any changes, whether material or immaterial, that might be made to this Release. The Employee further acknowledges and agrees that he understands that he may use as much or all of such 21-day period as he wishes before signing, and warrants that he has done so. The Employee may revoke and cancel this Release in writing at any time within seven days after his execution of this Release (such seven-day period, the "Revocation Period") by providing notice of revocation to [_____]. This Release shall not become effective and enforceable until after the expiration of the Revocation Period; after such

time, if there has been no revocation, this Release shall immediately be fully effective and enforceable.

8. Consequences of Breach or Revocation. The Employee agrees that, notwithstanding anything to the contrary in this Release, in the event that he breaches any of the terms of the Release, or revokes the Release pursuant to Section 7, he shall forfeit the Severance Benefits and reimburse the Company for any portion of the Severance Benefits that have already been paid, and, in the event of such a breach, he shall reimburse the Company for any expenses or damages incurred as a result of such breach.

9. Severability. If any provision of the Release is declared invalid or unenforceable, the remaining portions of the Release shall not be affected thereby and shall be enforced.

10. Governing Law: Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has signed and executed this Release on the date set forth below as an expression of his intent to be bound by the foregoing terms of this Release.

_____

Date: _____

Exhibit 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 20th day of October, 2017 (the "Effective Date"), by and between Andrew Perlmutter, a Washington resident ("Employee"), and Funko, Inc., a Delaware corporation (any of its Affiliates as may employ the Employee from time to time, and any successor(s) thereto, the "Company").

RECITALS

WHEREAS, the Company desires to enter into this Agreement with Employee, pursuant to which the Company will employ Employee on the terms set forth in this Agreement, and Employee desires to be employed by the Company pursuant to the terms and conditions of this Agreement.

NOW, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment. The Company agrees to employ Employee on the terms and conditions set forth in this Agreement, and Employee accepts such employment and agrees to perform the services and duties for the Company as herein provided for the period and upon the other terms and conditions set forth in this Agreement.

2. Term. Unless earlier terminated pursuant to the terms of Section 7 hereof, Employee shall be employed by the Company for the period commencing as of the Effective Date and ending on the third (3rd) anniversary of the Effective Date (the "Initial Term"), subject to automatic renewal periods for up to two additional one (1)-year periods, unless either party provides the other party with ninety (90) days' advance written notice prior to the end of the Initial Term or any such renewal period, as applicable, of such party's intent not to renew (the Initial Term and any such renewal period, the "Term").

3. Position and Duties.

3.01 Title. During the Term, Employee agrees to serve as the Company's President.

3.02 Duties. During the Term, Employee agrees to serve the Company, and Employee will faithfully and to the best of his ability discharge the duties associated with his position and will devote his full time during business hours for the Company and to the business and affairs of the Company, its direct and indirect subsidiaries and its affiliates. Employee hereby confirms that during the Term, he will not render or perform services for any other corporation, firm, entity or person. Employee recognizes that he will be required to travel to perform certain of his duties. Employee shall report to, and be subject to the direction of, the Company's President, or if determined by the Board of

Directors (the "Board"), the Board or the Chief Executive Officer. Notwithstanding the foregoing, Employee shall be permitted to participate in, and be involved with, such community, educational, charitable, professional, and religious organizations so long as such participation does not, in the judgment of the Board interfere with the performance of or create a potential conflict with Employee's duties hereunder.

4. Compensation.

4.01 Base Salary. During the Term, the Company shall pay to Employee a base annual salary of Five Hundred Thousand Dollars ($500,000.00) ("Base Salary"), which salary shall be paid in accordance with the Company's normal payroll procedures and policies.

4.02 Annual Bonus. During the Term, Employee shall be eligible to receive a bonus pursuant to an annual performance based incentive compensation program to be established by the Board, with Employee's annual target to be no less than 100% of Employee's then Base Salary; provided, however, that the Company reserves the right to establish a lesser target if done in good faith and as a result of Company's legitimate business needs. The Employee's annual bonus shall not exceed 150% his Base Salary. Notwithstanding the preceding, Employee's bonus, if any, may be below (including zero), at, or above, the annual target based upon the achievement of the performance objectives, as determined by the Company in its sole discretion, and payment of any bonus described in this Section 4.02 shall be according to the established plan and subject to Employee's continued employment by the Company through the date the bonus is paid pursuant to the annual performance based incentive compensation program.

4.03 Additional Cash Bonus. During the Term, Employee shall additionally be eligible to receive an annual additional cash bonus (the "Additional Cash Bonus"), subject to the Company's performance and key performance indicators, as determined by the Company in its sole discretion with Employee's annual target for such Additional Cash Bonus to be $1 million. The Employee's Additional Cash Bonus shall not exceed $1,250,000 per year.

4.04 Equity Awards. Following the Effective Date, the Employee shall be eligible to be issued either (i) 123,000 options to purchase Class A Common Stock of the Company (the "Options"), subject to the Company undergoing an initial public offering of the Company's common stock (the "IPO") on or prior to December 31, 2017, or (ii) 600 Common Units (the "Profits Interests") of Funko Acquisition Holdings, LLC (the "Parent"), in the event the IPO does not occur for any reason on or prior to December 31, 2017. The Options will be subject to an incentive award plan, to be adopted by the Company and an award agreement. The Profits Interests will be subject to the Parent's limited liability company agreement and an award agreement to be adopted thereunder. The Options or Profits Interests, as applicable, will be subject to vesting with 25% of such award vesting as of the date of grant and the remaining 75% of such award vesting ratably on the first three anniversaries of the date of grant.

4.05 Benefits. During the Term, Employee may participate in all employee benefit plans or programs of the Company consistent with such plans and programs of the Company. The Company does not guarantee the adoption or continuance of any particular employee benefit plan or program during the Term, and Employee's participation in any such plan or program shall be subject to the provisions, rules and regulations applicable thereto.

4.06 Expenses; Contributions. During the Term, the Company agrees to reimburse all reasonable business expenses incurred by Employee consistent with the Company's policies regarding reimbursement in the performance of Employee's duties under this Agreement.

4.07 Vacation and Sick leave. During the Term, Employee shall be entitled to vacation, sick leave and holidays in accordance with the policy of the Company as to its employees.

4.08 Indemnification and Additional Insurance. The Company shall indemnify Employee with respect to matters relating to Employee's services as an officer of the Company or any of its affiliates, occurring during the course and scope of Employee's employment with the Company to the extent required by, and pursuant to the provisions in the, Delaware law. The Company may also cover Employee under a policy of officers' and directors' liability insurance providing coverage that is comparable to that provided now or hereafter to other senior executives of the Company.

5. Confidential Information and Proprietary Information.

5.01 Confidential Information. During the Term and at all times thereafter, Employee shall not divulge, furnish or make accessible to anyone or use in any way (other than in the ordinary course of the business of the Company or any of its affiliates) any confidential or secret knowledge or information of the Company or any of its affiliates which Employee has acquired or become acquainted with prior to the termination of the period of his employment by the Company (including employment by the Company or any affiliated companies prior to the date of this Agreement), whether developed by himself or by others, including, without limitation, any trade secrets, confidential or secret designs, processes, formulae, plans, devices or material (whether or not patented or patentable) directly or indirectly useful in any aspect of the business of the Company or any of its affiliates, any customer or supplier lists of the Company or any of its affiliates, any confidential or secret development or research work of the Company or any of its affiliates, or any other confidential information or secret aspect of the business of the Company or any of its affiliates (collectively, "Confidential Information"). Employee acknowledges that (a) the Company and its affiliates have expended and shall continue to expend substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill and build an effective organization, (b) Employee is and shall become familiar with the Company's and its affiliates' Confidential Information, including trade secrets, and that Employee's services are of special, unique and extraordinary value to the Company and its affiliates, (c) the above-described knowledge or information constitutes a unique and valuable asset of the Company and its affiliates

and the Company and its affiliates have a legitimate business interest and right in protecting its Confidential Information, business strategies, employee and customer relationships and goodwill and (d) any disclosure or other use of such knowledge or information other than for the sole benefit of the Company and any of its affiliates would be wrongful and would cause irreparable harm to the Company and any of its affiliates. However, the foregoing shall not apply to any knowledge or information which is now published or which subsequently becomes generally publicly known in the form in which it was obtained from the Company or any of its affiliates, other than as a direct or indirect result of the breach of this Agreement by Employee.

5.02 Proprietary Information. (a) Employee agrees that the results and proceeds of Employee's services for the Company or its affiliates (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed while an employee of the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by Employee, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company or any of its affiliates) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to Employee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company (or, as the case may be, any of its affiliates) under the immediately preceding sentence, then Employee hereby irrevocably assigns and agrees to assign any and all of Employee's right, title and interest thereto, including any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company or any of its affiliates), and the Company or its affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such affiliates without any further payment to Employee whatsoever. As to any Invention that Employee is required to assign, Employee shall promptly and fully disclose to the Company all information known to Employee concerning such Invention.

(b) Employee agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Employee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including the execution of appropriate copyright and/or patent applications or assignments. To the extent Employee has any Proprietary Rights in the Inventions that cannot be assigned in

the manner described above, Employee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 5.02 is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of the Company's being Employee's employer. Employee further agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Employee shall assist the Company in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Employee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, Employee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. Employee's obligation to assist the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of Employee's employment with the Company.

(c) Employee hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, that Employee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

5.03 Defend Trade Secrets Act. Employee acknowledges that, pursuant to 18 U.S.C. § 1833(b), an individual may not be held liable under any criminal or civil federal or state trade secret law for disclosure of a trade secret (a) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

6. Non-competition and Non-solicitation Covenants and Adversarial Restrictions.

6.01 Non-competition. Employee agrees that, during the Term and for twelve months after the termination of Employee's employment for any reason (the "Non-Compete Period"), Employee shall not, directly or indirectly, (a) engage in activities or businesses (including without limitation by owning any interest in, managing, controlling, participating in, consulting with, advising, rendering services for, or in any manner engaging in the business of owning, operating or managing any business) in any geographic location in which the Company, its subsidiaries or Affiliates engage in, whether through selling, distributing, manufacturing, marketing, purchasing, or otherwise, that compete directly or indirectly with the Company or any of its subsidiaries or Affiliates ("Competitive Activities"), it being understood that Competitive Activities as of the date hereof include, without limitation, the manufacture, marketing, license, distribution and

sale of licensed pop culture products; or (b) assist any person in any way to do, or attempt to do, anything prohibited by Section 6.01(a) above. Employee acknowledges (i) that the business of the Company and its affiliates is global in scope and (ii) notwithstanding the jurisdiction of formation or principal office of the Company and its affiliates, or the location of any of their respective executives or employees (including, without limitation, Employee), it is expected that the Company and its affiliates will have business activities and have valuable business relationships within their respective industries throughout the United States and abroad.

6.02 Indirect Competition. Employee further agrees that, during the Term and the Non-Compete Period, he will not, directly or indirectly, assist or encourage any other person in carrying out, direct or indirectly, any activity that would be prohibited by the above provisions of this Section 6 if such activity were carried out by Employee, either directly or indirectly; and in particular, Employee agrees that he will not, directly or indirectly, induce any employee of the Company to carry out, directly or indirectly, any such activity.

6.03 Non-solicitation. Employee further agrees that, during the Term and for a period of two years after the termination of his employment (the "Non-Solicitation Period"), he will not, directly or indirectly, assist or encourage any other person in seeking to employ or hire any employee, consultant, advisor or agent of the Company or any of its affiliates or encouraging any such employee, consultant, advisor or agent to discontinue employment with the Company or any of its affiliates.

6.04 Non-Disparagement. Employee agrees not to disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equityholders or affiliates, either orally or in writing, at any time, and the Company shall direct its directors and officers not to disparage Employee, either orally or in writing, at any time; provided that Employee, the Company and the Company's directors and officers may confer in confidence with their respective legal representatives and make truthful statements as required by law, or by governmental, regulatory or self-regulatory investigations or as truthful testimony in connection with any litigation involving Employee and the Company or its affiliates.

6.05 Enforceability. If a final and non-appealable judicial determination is made that any of the provisions of this Section 6 constitutes an unreasonable or otherwise unenforceable restriction against Employee, the provisions of this Section 6 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction. Moreover, and without limiting the generality of Section 6, notwithstanding the fact that any provision of this Section 6 is determined to not be enforceable through specific performance, the Company will nevertheless be entitled to recover monetary damages as a result of Employee's breach of such provision.

6.06 Acknowledgement. Employee acknowledges that Employee has carefully read this Agreement and has given careful consideration to the restraints

imposed upon Employee by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its subsidiaries and affiliates now existing or to be developed in the future. Employee expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area. Employee further acknowledges that although Employee's compliance with the covenants contained in Sections 5 and 6 may prevent Employee from earning a livelihood in a business similar to the business of the Company, Employee's experience and capabilities are such that Employee has other opportunities to earn a livelihood and adequate means of support for Employee and Employee's dependents.

7. Termination.

7.01 Grounds for Termination. Employee's employment with the Company shall terminate (a) by Employee for Good Reason, (b) by the Company for Cause, (c) by the Employee without Good Reason, (d) by the Company without Cause, (e) on account of Employee's death or disability, or (f) by expiration or non-renewal of the Term. Notwithstanding any termination of this Agreement and Employee's employment by the Company, Employee, in consideration of his employment hereunder to the date of such termination, shall remain bound by the provisions of this Agreement which specifically relate to periods, activities or obligations upon or subsequent to the termination of Employee's employment including without limitation the provisions of Sections 5, 6 and 8 hereof.

7.02 Cause Defined. Termination of Employee's employment by the Company for any of the following reasons shall be deemed termination for "Cause": (a) gross neglect or willful misconduct by Employee of Employee's duties or Employee's willful failure to carry out, or comply with, in any material respect any lawful and reasonable directive of the Board not inconsistent with the terms of this Agreement; (b) conviction of Employee of, or Employee's plea of no contest, plea of nolo contendere or imposition of adjudicated probation with respect to, any felony or crime involving moral turpitude or Employee's indictment for any felony or crime involving moral turpitude; provided if Employee is terminated following such indictment but is found not guilty or the indictment is dismissed, the termination shall be deemed to be a termination without Cause; (c) Employee's habitual unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing Employee's duties and responsibilities under this Agreement; (d) Employee's commission at any time of any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company (or any predecessor thereto or successor thereof); or (e) Employee's material breach of the restrictive covenants in Sections 5 and 6 hereof or any other confidentiality, non-compete or non-solicitation covenant; provided that the Company shall provide Employee with fifteen (15) days prior written notice before any such termination in (a) or (e) (other than to the extent that (a) relates to any fraud or intentional misconduct) with an opportunity to meet with the Board and discuss or cure any such alleged violation.

7.03 Good Reason Defined. Termination of Employee's employment by Employee for any of the following reasons shall be deemed for "Good Reason": (a) a material adverse change in Employee's title or reporting line or material duties, authorities or responsibilities, as determined by the Board (provided, that Employee's title, reporting line or material duties, authorities or responsibilities shall not be deemed to be materially adversely changed solely because the Company (or its successor) is no longer an independently operated public entity or becomes a subsidiary of another entity); (b) a material breach by the Company of any material provision of this Agreement; (c) a material reduction of Employee's Base Salary or benefits or target bonus opportunity (other than such a reduction that is generally consistent with a general reduction affecting the Company's other similarly situated executives); (d) failure by the Company to pay any portion of Employee's earned Base Salary or bonus; or (e) the Company's requiring Employee to be headquartered at any office or location more than 50 miles from Everett, Washington, provided that in the case of all the above events, Employee may not resign from his or her employment for Good Reason unless he provides the Company written notice within 90 days after the initial occurrence of the event and at least 60 days prior to the date of termination, and the Company has not corrected the event prior to the date of termination.

7.04 Surrender of Records and Property. Upon termination of his employment with the Company for any reason, Employee shall deliver promptly to the Company all records, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, data, tables, calculations or copies thereof, which are the property of the Company or any of its Affiliates or which relate in any way to the business, products, practices or techniques of the Company or any of its affiliates, and all other property, trade secrets and confidential information of the Company or any of its affiliates, including, but not limited to, all documents which in whole or in part contain any trade secrets or confidential information of the Company or any of its Affiliates, which in any of these cases are in his possession or under his control.

7.05 Payments Upon Termination. (a) If this Agreement is terminated for any reason set forth in Section 7, then Employee shall be entitled to receive (i) his earned but unpaid Base Salary through the date of the termination, (ii) any accrued and unused vacation or paid time off through the date of termination, (iii) reimbursement of any business expenses incurred in the ordinary course of business through the date of termination that have not yet been reimbursed pursuant to Section 4.06, and (iv) any earned but unpaid bonus pursuant to Section 4.02 and 4.03 for the calendar year prior to termination to the extent not yet paid when due (together, the "Accrued Compensation").

(b) If Employee's employment is terminated pursuant to Section 7.01(a) or (d) and provided that Employee shall have executed and delivered to the Company the a release of claims substantially in the form attached hereto as Exhibit A (the "Release") and any period for rescission of such Release shall have expired without Employee having rescinding such Release, in addition to the Accrued Compensation, Employee shall be entitled to receive either (i) if Employee has been an employee of the Company or its affiliates for less than two years prior to the date of termination, continuation of the Base Salary for up to six (6) months from the date of termination, payable in six equal

monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of six (6) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any; or (ii) if Employee has been an employee of the Company or its affiliates for at least two years prior to the date of termination, an amount equal to continuation of the Base Salary for up to twelve (12) months from the date of termination, payable in twelve equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of twelve (12) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any.

7.06 Termination in Connection with a Change in Control. (a) Notwithstanding the foregoing, if Employee's employment is terminated pursuant to Section 7.01(a) or (d) on or within twelve (12) months following a Change in Control, and provided that Employee shall have executed and delivered to the Company the Release and any period for rescission of such Release shall have expired without Employee having rescinding such Release, in addition to the Accrued Compensation but in lieu of any payments or benefits pursuant to Section 7.05(b), Employee shall be entitled to receive an amount equal to continuation of the Base Salary for twelve (12) months from the date of termination, payable in twelve equal monthly installments in accordance with the Company's regular payroll practices, and reimbursement, up to a maximum of twelve (12) months, of the Company-paid portion of premium payments, as if Employee had remained an active employee, for any COBRA coverage Employee elects, if any.

(b) For purposes of this Agreement, a "Change in Control" shall mean, following the Effective Date, (i) a change in ownership or control of Funko, Inc. effected through a transaction or series of transactions (other than an offering of common stock or units to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (other than Funko, Inc., any of their respective subsidiaries, ACON Equity Management, L.L.C., ACON Equity GenPar, L.L.C., any other entity owned or controlled by one or more of the managing members or managers of ACON Equity Management, L.L.C. or ACON Equity GenPar, L.L.C. (collectively, "ACON"), any employee benefit plan maintained by Funko, Inc. or any of their respective subsidiaries, or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, Funko, Inc. or ACON), directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of Funko, Inc. possessing more than fifty percent (50%) of the total combined voting power of Funko, Inc.'s securities outstanding immediately after such acquisition; (ii) the majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Board, as applicable, prior to the date of such appointment or election; or (iii) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions.

7.07 Mitigation. The amounts set forth in Section 7.05(b) and Section 7.06(a) shall be reduced by any amount Employee receives as compensation from a subsequent employer during the severance period.

7.08 Termination of Offices Held. Upon termination of his employment with the Company for any reason, Employee agrees that he shall immediately resign from any offices he holds with the Company or any of its affiliates, including any boards of directors or boards of managers.

8. Miscellaneous.

8.01 Governing Law: Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Washington, regardless of the laws that might otherwise govern under applicable principles of conflict of law.

8.02 Prior Agreements. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes all prior agreements and understandings with respect to such subject matter, and the parties hereto have made no agreement, representations or warranties relating to the subject matter of this Agreement which are not set forth herein.

8.03 Withholding Taxes. The Company may withhold from any payments or benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

8.04 Amendments. No amendments or modifications of this Agreement shall be deemed effective unless made in writing and signed by the parties hereto.

8.05 No Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there by an estoppel to enforce any provisions of this Agreement, except by a statement in writing signed by the party against whom enforcement of the waiver or estoppel is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived

8.06 Section 409A. (a) For purposes of this Agreement, “Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder (and such other Treasury or Internal Revenue Service guidance) as in effect from time to time. The parties intend that any amounts payable hereunder that could constitute “deferred compensation” within the meaning of Section 409A will be compliant with Section 409A or exempt from Section 409A. Notwithstanding the foregoing, Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Employee in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold Employee (or any beneficiary) harmless from any or all of

such taxes or penalties. No provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from the Employee or any other individual to the Company or any of its affiliates, employees or agents.

(b) Notwithstanding anything in this Agreement to the contrary, the following special rule shall apply, if and to the extent required by Section 409A, in the event that (i) Employee is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, (ii) amounts or benefits under this Agreement or any other program, plan or arrangement of the Company or a controlled group affiliate thereof are due or payable on account of "separation from service" within the meaning of Treasury Regulations Section 1.409A-l(h) and (iii) Employee is employed by a public company or a controlled group affiliate thereof: no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to Employee prior to the date that is six (6) months after the date of Employee's separation from service or, if earlier, Employee's date of death; following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date, without interest.

(c) Each payment made under this Agreement (including each separate installment payment in the case of a series of installment payments) shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Section 409A. For purposes of this Agreement, with respect to payments of any amounts that are considered to be "deferred compensation" subject to Section 409A, references to "termination of employment," "termination," or words and phrases of similar import, shall be deemed to refer to Employee's "separation from service" as defined in Section 409A and shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A.

(d) Notwithstanding anything to the contrary in this Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-l(b)(9)(v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to Employee only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which Employee's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which Employee's "separation from service" occurs. To the extent any indemnification payment, expense reimbursement, or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such indemnification payment or expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for reimbursement in any

other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which Employee incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

(e) Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of the Employee's termination of employment with the Company are subject to the Employee's execution and delivery and non-revocation of the Release, (i) no such payments shall be made on or prior to the sixtieth (60th) day immediately following Employee's date of termination (the "Release Period"), (ii) the Company shall deliver the Release to Employee no later than seven (7) days immediately following Employee's date of termination, (iii) if, as of the Release Expiration Date, Employee has failed to execute the Release or has timely revoked his acceptance of the Release thereafter, Employee shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (iv) if, as of the Release Expiration Date, Employee has executed the Release and has not revoked his acceptance of the Release thereafter, any such payments that are delayed pursuant to this Section 8.06(e) shall be paid in a lump sum on the first regularly scheduled payroll date following the expiration of the Release Period, without interest. For purposes of this Section 8.06(e), "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Employee, or, in the event that Employee's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

8.07 Compensation Recovery Policy. Employee acknowledges and agrees that, to the extent the Company adopts any clawback or similar policy pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, and any rules and regulations promulgated thereunder, he shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy with respect to past, present and future compensation, as appropriate).

8.08 Severability. To the extent any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted herefrom, and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect. In furtherance and not in limitation of the foregoing, should the duration or geographical extent of, or business activities covered by, any provision of this Agreement be in excess of that which is valid and enforceable under applicable law, then such provision shall be construed to cover only that duration, extent or activities which may validly and enforceably be covered. Employee acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement be given the construction

which renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

8.09 Assignment. The Company may transfer and assign this Agreement and the Company's rights and obligations hereunder to another entity that is substantially comparable to the Company in its financial strength and ability to perform the Company's obligations under this Agreement. After any such assignment by the Company, the Company shall be discharged from all further liability hereunder and such assignee shall thereafter be deemed to be the Company for the purposes of all provisions of this Agreement including this Section 8. Neither this Agreement nor the rights or obligations hereunder of the parties hereto shall be transferable or assignable by Employee, except in accordance with the laws of descent and distribution.

8.10 Injunctive Relief. Employee agrees that it would be difficult to compensate the Company fully for damages for any violation of the provisions of this Agreement, including without limitation the provisions of Sections 5 and 6. Accordingly, Employee specifically agrees that the Company shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Agreement and that such relief may be granted without the necessity of proving actual damages. This provision with respect to injunctive relief shall not, however, diminish the right of the Company to claim and recover damages in addition to injunctive relief.

8.11 Notices. Any notice, payment, demand or communication required or permitted to be given by the provisions of this Agreement shall be deemed to have been effectively given and received on the date personally delivered to the respective party to whom it is directed, or five (5) days after the date when deposited by registered or certified mail, with postage and charges prepaid and addressed to such party at its address below its signature. Any party may change its address by delivering a written change of address to all of the other parties in the manner set forth in this Section 8.11.

8.12 Section 280G. Notwithstanding any other provision of this Agreement or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to Employee or for Employee's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") and would, but for this Section 8.12, be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), or not be deductible under Section 280G of the Code, then such Covered Payments shall be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax. The Covered Payments shall be reduced in a manner that maximizes Employee's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, to the extent applicable, and where two or more economically equivalent amounts are subject to reduction but payable at different times, such amounts payable at the later time shall be reduced first but not below zero.

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the first paragraph.

FUNKO, INC.

By:/s/ Brian Mariotti
Name:
Title:

/s/ Andrew Perlmutter
Andrew Perlmutter

[Signature Page to the Employment Agreement]

Exhibit A

WAIVER AND RELEASE OF CLAIMS AGREEMENT

In exchange for the severance payments and benefits provided to me pursuant to Section 7.05 and 7.06 (collectively, the "Severance Benefits") of that certain Employment Agreement, dated as of October 20, 2017, by and among Funko, Inc. ("Company") and Andrew Perlmutter (the "Employee") (the "Employment Agreement"), the Employee freely and voluntarily agrees to enter into and be bound by this Waiver and Release of Claims Agreement (this "Release").

1. General Release. The Employee, on his own behalf and on behalf of his spouse, child or children (if any), heirs, personal representative, executors, administrators, successors, assigns and anyone else claiming through him (the "Releasors"), hereby releases and discharges forever Funko, Inc., and its affiliates, and each of their respective past, present or future parent, affiliated, related, and subsidiary entities and each of their respective past, present or future directors, officers, employees, trustees, agents, attorneys, administrators, plans, plan administrators, insurers, equityholders, members, representatives, predecessors, successors and assigns, and all Persons acting by, through, under or in concert with them (hereinafter collectively referred to as the "Released Parties"), from and against all liabilities, claims, demands, liens, causes of action, charges, suits, complaints, grievances, contracts, agreements, promises, obligations, costs, losses, damages, injuries, attorneys' fees and other legal responsibilities (collectively referred to as "Claims"), of any form whatsoever (whether or not relating to Employee's employment with the Company), including, but not limited to, any claims in law, equity, contract or tort, claims under any policy, agreement, understanding or promise, written or oral, formal or informal, between the Employee and the Company or any of the other Released Parties, and any claims under the Civil Rights Act of 1866, the Civil Rights Act of 1871, the Civil Rights Act of 1964, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 ("ADEA"), the Sarbanes-Oxley Act of 2002, the Securities Act of 1933, the Securities Exchange Act of 1934 (the "Exchange Act"), the Employee Retirement Income Security Act of 1974, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, the Genetic Information Nondiscrimination Act of 2008, the Worker Adjustment and Retraining Notification Act of 1988, the Delaware Discrimination in Employment Act, the Delaware Persons with Disabilities Employment Protection Act, the Delaware Whistleblowers' Protection Act, the Delaware Wage Payment and Collection Act, the Delaware Fair Employment Practices Act, Delaware's social media law, the Washington Industrial Welfare Act, the Washington Minimum Wage Act, the Washington Wage Payment Act, the Washington Wage Rebate Act, the Washington Law Against Discrimination and the Washington Leave Law, as each may have been amended from time to time, or any other federal, state or local statute, regulation, law, rule, ordinance or constitution, or common law, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, that the Employee or any of the Releasors now possess or have a right to, or have at any time heretofore owned or held, or may at any time own or hold by reason of any matter or thing arising from any cause whatsoever prior to the date of execution of this Release, and without limiting the generality of the foregoing, from all claims, demands

and causes of action based upon, relating to, or arising out of: (a) the Employment Agreement; (b) the Employee's employment or other relationship with any of the Released Parties or the termination thereof; and (c) the Employee's status as a holder of securities of any of the Released Parties. This Release includes, but is not limited to, all wrongful termination and "constructive discharge" claims, all discrimination claims, all claims relating to any contracts of employment, whether express or implied, any covenant of good faith and fair dealing, whether express or implied, and any tort of any nature. This Release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory, liquidated or punitive damages and attorneys' fees. The Employee acknowledges and reaffirms Employee's obligations under the Employment Agreement with the Company dated October 20, 2017, a signed copy of which is attached hereto as Exhibit A, including but not limited to Sections 5 and 6 thereof.

2. Covenant Not To Sue. The Employee represents and covenants that he has not filed, initiated or caused to be filed or initiated any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding against the Company or any of other the Released Parties. Except to the extent that such waiver is precluded by law, the Employee further promises and agrees that he will not file, initiate or cause to be filed or initiated any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding based upon, arising out of or relating to any Claim released hereunder, nor shall the Employee participate, assist or cooperate in any Claim, charge, suit, complaint, grievance, action, cause of action or proceeding regarding any of the Released Parties relating to any Claims released hereunder, whether before a court or administrative agency or otherwise, unless required to do so by law.

3. Exclusions. Notwithstanding the foregoing, the Employee does not release his rights to receive the Severance Benefits or any right that may not be released by private agreement. In addition, this Release will not prevent the Employee from (i) filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies") or (ii) reporting possible violations of federal law or regulation to, otherwise communicating with or participating in any investigation or proceeding that may be conducted by, or providing documents and other information, without notice to the Company, to, any Governmental Agency or entity, including in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, as each may have been amended from time to time, or any other whistleblower protection provisions of state or federal law or regulation. This Agreement does not limit Employee's right to receive an award for information provided to any Government Agencies; provided, however, that the Employee acknowledges and agrees that any Claim by him, or brought on his behalf, for damages in connection with such a charge or investigation filed with the Equal Employment Opportunity Commission would be and hereby is barred.

4. No Assignment. The Employee represents and warrants that he has made no assignment or other transfer, and covenants that he will make no assignment

or other transfer, of any interest in any Claim that he may have against any of the Released Parties.

5. Indemnification of Released Parties. The Employee agrees to indemnify and hold harmless the Released Parties, and each of them, against any loss, claim, demand, damage, expenses or any other liability whatsoever, including reasonable attorneys' fees and costs, resulting from: (i) any breach of this Release by him or his successors in interest; (ii) any assignment or transfer, or attempted assignment or transfer, of any Claims released hereunder; or (iii) any action or proceeding brought by him or his successors in interest, if such action or proceeding arises out of, is based upon, or is related to any Claims released hereunder. This indemnity does not require payment as a condition precedent to recovery by any of the Released Parties.

6. Acknowledgments. The Employee acknowledges that the Company delivered this Release to him on [_____]. The Employee agrees that the Company has advised him to consult with an attorney before executing this Release. The Employee agrees that he has had the opportunity to consult with counsel, if he chose to do so, and that the Employee has had a sufficient and reasonable amount of time to read and consider this Release before executing it. The Employee acknowledges that he is responsible for any costs and fees resulting from his attorney reviewing this Release. The Employee agrees that he has carefully read this Release and knows its contents, and that he signs this Release voluntarily, with a full understanding of its significance, and intending to be bound by its terms. The Employee acknowledges that the provision of the Severance Benefits is in exchange for the promises in the Release and is not normally available under Company policy to employees who resign or are terminated by the Company, and that, but for his execution of this Release, he would not be entitled to receive the Severance Benefits. The Employee further acknowledges that the provision of the Severance Benefits does not constitute an admission by the Released Parties of liability or of violation of any applicable law or regulation. The Company and its affiliates expressly deny any liability or alleged violation and state that the Severance Benefits are being provided solely for the purpose of compromising any and all claims of the Employee without the cost and burden of litigation.

7. ADEA Provisions. The Employee understands that this Release includes a release of claims arising under ADEA. The Employee acknowledges and agrees that he has had at least 21 days after the date of his receipt of this Release (such period, the "Consideration Period") to review this Release and consider its terms before signing this Release and that the Consideration Period will not be affected or extended by any changes, whether material or immaterial, that might be made to this Release. The Employee further acknowledges and agrees that he understands that he may use as much or all of such 21-day period as he wishes before signing, and warrants that he has done so. The Employee may revoke and cancel this Release in writing at any time within seven days after his execution of this Release (such seven-day period, the "Revocation Period") by providing notice of revocation to [_____]. This Release shall not become effective and enforceable until after the expiration of the Revocation Period; after such

time, if there has been no revocation, this Release shall immediately be fully effective and enforceable.

8. Consequences of Breach or Revocation. The Employee agrees that, notwithstanding anything to the contrary in this Release, in the event that he breaches any of the terms of the Release, or revokes the Release pursuant to Section 7, he shall forfeit the Severance Benefits and reimburse the Company for any portion of the Severance Benefits that have already been paid, and, in the event of such a breach, he shall reimburse the Company for any expenses or damages incurred as a result of such breach.

9. Severability. If any provision of the Release is declared invalid or unenforceable, the remaining portions of the Release shall not be affected thereby and shall be enforced.

10. Governing Law: Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has signed and executed this Release on the date set forth below as an expression of his intent to be bound by the foregoing terms of this Release.

_____

Date: _____

Exhibit 10.25

TAX RECEIVABLE AGREEMENT

by and among

FUNKO, INC.

FUNKO ACQUISITION HOLDINGS, LLC

the several MEMBERS (as defined herein)

MANAGEMENT REPRESENTATIVE (as defined herein) and

OTHER MEMBERS OF FUNKO ACQUISITION HOLDINGS, LLC FROM TIME TO TIME PARTY HERETO

Dated as of November 1, 2017

CONTENTS

TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of November 1, 2017, is hereby entered into by and among Funko, Inc., a Delaware corporation (the "Corporation"), Funko Acquisition Holdings, LLC, a Delaware limited liability company (the "LLC"), each of the Members from time to time party hereto, and the Management Representative. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in Section 1.01.

RECITALS

WHEREAS, the LLC is treated as a partnership for U.S. federal income tax purposes;

WHEREAS, each of the members of the LLC other than the Corporation (such members who are parties hereto, and each other Person who becomes party hereto by satisfying the Joinder Requirement, the "Members") owns (or, in the case of such other Persons, will own) limited liability company interests in the LLC (the "Units");

WHEREAS, on the date hereof, the Corporation will become the managing member of the LLC;

WHEREAS, exclusive of the Over-Allotment Option (as defined below), the Corporation will issue 10,416,666 shares of its Class A common stock, par value $0.0001 per share (the "Class A Common Stock") to certain purchasers in an initial public offering of its Class A Common Stock (the "IPO");

WHEREAS, the Corporation will use a portion of the net proceeds from the IPO to purchase newly-issued Units directly from the LLC, which proceeds will be used to repay or prepay certain indebtedness of the LLC and for general company purposes;

WHEREAS, the Corporation may issue additional Class A Common Stock in connection with the IPO as a result of the exercise by the underwriters of their over-allotment option (the "Over-Allotment Option") and, if the Over-Allotment Option is in fact exercised in whole or in part, any additional net proceeds received by the Corporation will be used by the Corporation to acquire additional newly-issued Units directly from the LLC, which proceeds that are received by the LLC will be used to repay certain indebtedness of the LLC and for general company purposes;

WHEREAS, on and after the date hereof, pursuant to the LLC Agreement, each Member has the right from time to time to require the LLC to redeem (a "Redemption") all or a portion of such Member's Units for cash or, at the Corporation's election, Class A Common Stock; *provided* that, at the election of the Corporation in its sole discretion, the Corporation may effect a direct exchange (a "Direct Exchange") of such cash or shares of Class A Common Stock for such Units;

WHEREAS, the LLC and any direct subsidiary or indirect subsidiary (owned through a chain of pass-through entities) of the LLC that is treated as a partnership for U.S. federal income tax purposes (together with the LLC and any direct or indirect subsidiary (owned through a chain of pass-through entities) of the LLC that is treated as a disregarded entity for U.S. federal income tax purposes, the "the LLC Group") will have in effect an election under Section 754 of the Code (as defined herein) for the Taxable Year (as defined herein) in which any Exchange (as defined below) occurs, which election should result in an adjustment to the Corporation's share of the tax basis of the assets owned by the LLC Group as of the date of the Exchange, with a consequent result on the taxable income subsequently derived therefrom; and

WHEREAS, the parties to this Agreement desire to provide for certain payments and make certain arrangements with respect to any tax benefits to be derived by the Corporation as the result of Exchanges and the receipt of payments under this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both (i) the singular and plural and (ii) the active and passive forms of the terms defined).

"ACON" means ACON Funko Investors, L.L.C., a Delaware limited liability company, and its Permitted Transferees..

"Actual Interest Amount" is defined in Section 3.1(b)(vii) of this Agreement.

"Advisory Firm" means Ernst & Young LLP or any other accounting firm that is nationally recognized as being an expert in Covered Tax matters and is not an Affiliate of the Corporation.

"Advisory Firm Letter" means a letter, that has been prepared by the Advisory Firm used by the Corporation in connection with the performance of its obligations under this Agreement, which states that the relevant Schedules, notices or other information to be provided by the Corporation to the Members, along with all supporting schedules and work papers, were prepared in a manner that is consistent with the terms of this Agreement and, to the extent not expressly provided in this Agreement, on a reasonable basis in light of the facts and law in existence on the date such Schedules, notices or other information were delivered by the Corporation to the Members.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

"Agreed Rate" means LIBOR plus 100 basis points.

"Agreement" is defined in the preamble.

"Amended Schedule" is defined in Section 2.4(b) of this Agreement.

"Assumed State and Local Tax Rate" means the tax rate equal to the sum of the products of (x) the Corporation's income tax apportionment rate(s) for each state and local jurisdiction in which the Corporation files income or franchise tax returns for the relevant Taxable Year and (y) the highest corporate income and franchise tax rate(s) for each such state and local jurisdiction in which the Corporation files income tax returns for each relevant Taxable Year

"Attributable" is defined in Section 3.1(b)(i) of this Agreement.

"Audit Committee" means the audit committee of the Board.

"Basis Adjustment" means the increase or decrease to the tax basis of, or the Corporation's share of, the tax basis of the Reference Assets (i) under Section 734(b), 743(b) and 754 of the Code and, in each case, the comparable sections of U.S. state and local tax law (in situations where, following an Exchange, the LLC remains in existence as an entity for tax purposes) and (ii) under Sections 732 and 1012 of the Code and, in each case, the comparable sections of U.S. state and local tax law (in situations where, as a result of one or more Exchanges, the LLC becomes an entity that is disregarded as separate from its owner for tax purposes), in each case, as a result of any Exchange and any payments made under this Agreement. Notwithstanding any other provision of this Agreement, the amount of any Basis Adjustment resulting from an Exchange of one or more Units shall be determined without regard to any Pre-Exchange Transfer of such Units and as if any such Pre-Exchange Transfer had not occurred.

"Basis Schedule" is defined in Section 2.2 of this Agreement.

"Beneficial Owner" means, with respect to any security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, with respect to such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security.

"Board" means the Board of Directors of the Corporation.

"Business Day" means any day excluding Saturday, Sunday and any day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in New York are closed.

"Change Notice" is defined in Section 3.5(a) of this Agreement.

"Change of Control" means the occurrence of any of the following events:

(1) any "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, or any successor provisions thereto (the "Exchange Act"), but excluding any employee benefit plan of such person and its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, and excluding the Permitted Transferees) becomes the "beneficial owner" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of shares of Class A Common Stock, Class B Common Stock, Preferred Stock and/or any other class or classes of capital stock of the Corporation (if any) representing in the aggregate more than fifty percent (50%) of the voting power of all of the outstanding shares of capital stock of the Corporation entitled to vote;

(2) the shareholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Corporation of all or substantially all of the Corporation's assets (including a sale of all or substantially all of the assets of the LLC);

(3) there is consummated a merger or consolidation of the Corporation with any other corporation or entity, and, immediately after the consummation of such merger or consolidation, the voting securities of the Corporation immediately prior to such merger or consolidation do not continue to represent, or are not converted into, more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

(4) the Corporation ceases to be the sole managing member of the LLC.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Class A Common Stock and Class B Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in and voting control over, and own substantially all of the shares of, an entity which owns all or

substantially all of the assets of the Corporation immediately following such transaction or series of transactions.

"Class B Common Stock" means shares of Class B common stock, par value $0.0001 per share, of the Corporation.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or other agreement.

"Corporation" is defined in the preamble to this Agreement.

"Covered Person" is defined in Section 7.17 of this Agreement.

"Covered Tax Benefit" is defined in Section 3.3(a) of this Agreement.

"Covered Taxes" means any and all U.S. federal, state, local and foreign taxes, assessments or similar charges that are based on or measured with respect to net income or profits and any interest related thereto.

"Cumulative Net Realized Tax Benefit" is defined in Section 3.1(b)(iii) of this Agreement.

"Default Rate" means the sum of (i) the highest rate applicable at the time under the Senior Secured Credit Facilities *plus* (ii) 200 basis points, it being understood that if there are no Senior Secured Credit Facilities then the Default Rate shall be LIBOR *plus* 500 basis points.

"Default Rate Interest" is defined in Section 3.1(b)(ix) of this Agreement.

"Determination" shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of U.S. state tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for tax.

"Direct Exchange" is defined in the recitals to this agreement.

"Dispute" is defined in Section 7.8(a) of this Agreement.

"Early Termination Agreed Rate" means LIBOR plus 200 basis points.

"Early Termination Effective Date" means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

"Early Termination Notice" is defined in Section 4.2 of this Agreement.

"Early Termination Payment" is defined in Section 4.3(b) of this Agreement.

"Early Termination Rate" means the lesser of (i) 6.50 % per annum, compounded annually, and (ii) the Early Termination Agreed Rate.

"Early Termination Reference Date" is defined in Section 4.2 of this Agreement.

"Early Termination Schedule" is defined in Section 4.2 of this Agreement.

"Estimated Tax Benefit Payment" is defined in Section 3.4 of this Agreement.

"Exchange" means any Direct Exchange or Redemption.

"Exchange Date" means the date of any Exchange.

"Expert" is defined in Section 7.9 of this Agreement.

"Extension Rate Interest" is defined in Section 3.1(b)(viii) of this Agreement.

"Final Payment Date" means any date on which a payment is required to be made pursuant to this Agreement. For the avoidance of doubt, the Final Payment Date in respect of a Tax Benefit Payment is determined pursuant to Section 3.1(a) of this Agreement.

"Fundamental" is defined in Section 2.2 of this Agreement.

"GAAP" means generally accepted accounting principles in the United States, as in effect from time to time; *provided, however*, that if the Corporation notifies the Members that the Corporation requests an amendment to any provision hereof to eliminate the effect of any change in GAAP or in the application thereof occurring after the date of this Agreement (including through the adoption of International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto (the "IFRS")), on the operation of such provision (or if the Members notify the Corporation that they request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof (including through the adoption of IFRS), then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

"Hypothetical Tax Liability" means, with respect to any Taxable Year, the hypothetical liability of the Corporation that would arise in respect of Covered Taxes, using the same methods, elections, conventions and similar practices used on the actual relevant Tax Returns of the Corporation but (i) calculating depreciation, amortization, or other similar deductions, or otherwise calculating any items of income, gain, or loss, using the Corporation's share of the Non-Adjusted Tax Basis as reflected

on the Basis Schedule, including amendments thereto for the Taxable Year and (ii) excluding any deduction attributable to Imputed Interest, Actual Interest Amounts or Default Rate Interest for the Taxable Year; *provided*, that for purposes determining the Hypothetical Tax Liability, the combined tax rate for U.S. state and local Covered Taxes (but not, for the avoidance of doubt, federal Covered Taxes) shall be the Assumed State and Local Tax Rate. For the avoidance of doubt, (i) the Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any tax item attributable to Imputed Interest, Actual Interest, Default Rate Interest or a Basis Adjustment (or portions thereof); and (ii) the calculation of the Hypothetical Tax Liability shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation's marginal U.S. federal income tax rate for the relevant Taxable Year, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes).

"Imputed Interest" is defined in Section 3.1(b)(vi) of this Agreement.

"Independent Directors" means the members of the Board who are "independent" under the standards set forth in Rule 10A-3 promulgated under the Exchange Act and the corresponding rules of the applicable exchange on which the Class A Common Stock is traded or quoted.

"IPO" is defined in the recitals to this Agreement.

"IRS" means the U.S. Internal Revenue Service.

"Joinder" means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

"Joinder Requirement" is defined in Section 7.6(b) of this Agreement.

"LIBOR" means during any period, the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Corporation as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (a "Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of such period as the London interbank offered rate for U.S. dollars having a borrowing date and a maturity comparable to such period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate determined by the Corporation at such time, which determination shall be conclusive absent manifest error; provided, that at no time shall LIBOR be less than 0%.

"LLC" is defined in the recitals to this Agreement.

"LLC Agreement" means that certain Second Amended and Restated Limited Liability Company Agreement of the LLC, dated as of the date hereof, as such agreement may be further amended, restated, supplemented and/or otherwise modified from time to time.

"Management Representative" is defined in Section 7.17 of this Agreement.

"Market Value" means the Common Unit Redemption Price, as defined in the LLC Agreement, determined as of an Early Termination Date.

"Members" is defined in the recitals to this Agreement.

"Net Tax Benefit" is defined in Section 3.1(b)(ii) of this Agreement.

"Non-Adjusted Tax Basis" means, with respect to any Reference Asset at any time, the tax basis that such asset would have had at such time if no Basis Adjustments had been made.

"Objection Notice" is defined in Section 2.4(a)(i) of this Agreement.

"Over-Allotment Option" is defined in the recitals to this Agreement.

"Parties" means the parties named on the signature pages to this agreement and each additional party that satisfies the Joinder Requirement, in each case with their respective successors and assigns.

"Person" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

"Permitted Transfer" means the transfer of Units by a holder of Units to any transferee as permitted by the LLC Agreement.

"Permitted Transferee" means a holder of Units pursuant to a Permitted Transfer.

"Pre-Exchange Transfer" means any transfer of one or more Units (including upon the death of a Member) (i) that occurs after the IPO but prior to an Exchange of such Units and (ii) to which Section 743(b) of the Code applies.

"Realized Tax Benefit" is defined in Section 3.1(b)(iv) of this Agreement.

"Realized Tax Detriment" is defined in Section 3.1(b)(v) of this Agreement.

"Reconciliation Dispute" is defined in Section 7.9 of this Agreement.

"Reconciliation Procedures" is defined in Section 2.4(a) of this Agreement.

"Redemption" has the meaning in the recitals to this Agreement.

"Reference Asset" means any tangible or intangible asset of the LLC or any of its successors or assigns, and whether held directly by the LLC or indirectly by the LLC through any entity in which the LLC now holds or may subsequently hold an ownership interest (but only if such entity is treated as a partnership or disregarded entity for purposes of the applicable tax), at the time of an Exchange. A Reference Asset also includes any asset the tax basis of which is determined, in whole or in part, by reference to the tax basis of an asset that is described in the preceding sentence, including "substituted basis property" within the meaning of Section 7701(a)(42) of the Code.

"Schedule" means any of the following: (i) a Basis Schedule, (ii) a Tax Benefit Schedule, or (iii) the Early Termination Schedule, and, in each case, any amendments thereto.

"Senior Obligations" is defined in Section 5.1 of this Agreement.

"Senior Secured Credit Facilities" means the indebtedness described in that certain agreement entered into on October 30, 2015 by and among FAH LLC, Funko Holdings LLC, and Funko, LLC, as borrowers, PNC Bank, National Association, as administrative agent, Cerebus Business Finance, LLC, as collateral agent, and the other persons party thereto, as amended from time to time, or any replacement or refinancing thereof.

"Subsidiary" means, with respect to any Person and as of the date of any determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls, more than 50% of the voting power or other similar interests, or the sole general partner interest, or managing member or similar interest, of such Person.

"Subsidiary Stock" means any stock or other equity interest in any Subsidiary of the Corporation that is treated as a corporation for U.S. federal income tax purposes.

"Tax Benefit Payment" is defined in Section 3.1(b) of this Agreement.

"Tax Benefit Schedule" is defined in Section 2.3(a) of this Agreement.

"Tax Return" means any return, declaration, report or similar statement required to be filed with respect to taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated tax.

"Taxable Year" means a taxable year of the Corporation as defined in Section 441(b) of the Code or comparable section of U.S. state or local tax law, as applicable (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made), ending on or after the closing date of the IPO.

"Taxing Authority" means any national, federal, state, county, municipal, or local government, or any subdivision, agency, commission or authority thereof, or any quasi-

governmental body, or any other authority of any kind, exercising regulatory or other authority in relation to tax matters.

"Termination Objection Notice" is defined in Section 4.2 of this Agreement.

"Treasury Regulations" means the final, temporary, and (to the extent they can be relied upon) proposed regulations under the Code, as promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

"True-Up" is defined in Section 3.4 of this Agreement.

"U.S." means the United States of America.

"Units" is defined in the recitals to this Agreement.

"Valuation Assumptions" means, as of an Early Termination Effective Date, the assumptions that:

(1) in each Taxable Year ending on or after such Early Termination Effective Date, the Corporation will have taxable income sufficient to fully use the deductions arising from the Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available;

(2) the U.S. federal income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Effective Date, except to the extent any change to such tax rates for such Taxable Year have already been enacted into law and the combined U.S. state and local income tax rates (but not, for the avoidance of doubt, federal income tax rates) for each such Taxable Year shall be the Assumed State and Local Tax Rate for the Taxable Year that includes the Early Termination Effective Date;

(3) all taxable income of the Corporation will be subject to the maximum applicable tax rates for each Covered Tax throughout the relevant period; *provided*, that the combined tax rate for U.S. state and local income taxes (but not, for the avoidance of doubt, federal income tax) shall be the Assumed State and Local Tax Rate, and, for the avoidance of doubt, the applicable calculations shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation's applicable marginal U.S. federal income tax rate, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes);

(4) any loss carryovers or carrybacks generated by any Basis Adjustment or Imputed Interest (including such Basis Adjustment and Imputed Interest generated as a result of payments under this Agreement) and available as of the Early Termination Effective Date will be used by the Corporation on a pro rata basis from the date of the Early Termination Effective Date through the scheduled expiration date of such loss carryovers or carrybacks;

(5) any non-amortizable assets (other than Subsidiary Stock) will be disposed of on the earlier of the fifteenth anniversary of (i) the applicable Basis Adjustment and (ii) the Early Termination Effective Date;

(6) any Subsidiary Stock will be deemed never to be disposed of except if Subsidiary Stock is directly disposed of in the Change of Control;

(7) if, on the Early Termination Effective Date, any Member has Units that have not been Exchanged, then such Units shall be deemed to be Exchanged for the Market Value that would be received by such Member if such Units had been Exchanged on the Early Termination Effective Date, and such Member shall be deemed to receive the amount of cash such Member would have been entitled to pursuant to Section 4.3(a) had such Units actually been Exchanged on the Early Termination Effective Date;

(8) any proposed adjustment to a tax item of a Party that has given rise to a Change Notice, and any reserve or contingent liability associated with a tax position that has given rise to a Reserve Notice, shall be deemed to have been favorably resolved such that the proposed adjustment or reserve or contingent liability associated with such tax position shall not be taken into account in determining the amount of any Tax Benefit Payment due to a Member; and

(9) any payment obligations pursuant to this Agreement will be satisfied on the date that any Tax Return to which such payment obligation relates is required to be filed excluding any extensions.

Section 1.2 Rules of Construction. Unless otherwise specified herein:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) For purposes of interpretation of this Agreement:

(i) The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision thereof.

(ii) References in this Agreement to a Schedule, Article, Section, clause or sub-clause refer to the appropriate Schedule to, or Article, Section, clause or subclause in, this Agreement.

(iii) References in this Agreement to dollars or "$" refer to the lawful currency of the United States of America.

(iv) The term "including" is by way of example and not limitation.

(v) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(d) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Unless otherwise expressly provided herein, (a) references to organization documents (including the LLC Agreement), agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted hereby; and (b) references to any law (including the Code and the Treasury Regulations) shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such law.

ARTICLE II.
DETERMINATION OF REALIZED TAX BENEFIT

Section 2.1 Basis Adjustments; the LLC 754 Election.

(a) Basis Adjustments. The Parties acknowledge and agree that (A) each Direct Exchange shall give rise to Basis Adjustments and (B) each Redemption using cash or Class A Common Stock contributed to the LLC by the Corporation shall be treated as a direct purchase of Units by the Corporation from the applicable Member pursuant to Section 707(a)(2)(B) of the Code that shall give rise to Basis Adjustments. In connection with a Direct Exchange or Redemption, the Parties acknowledge and agree that pursuant to applicable law the Corporation's share of the basis in the Reference Assets shall be increased by the excess, if any, of (A) the sum of (x) the fair market value of Class A Common Stock or the cash transferred to a Member pursuant to an Exchange as payment for the Units, (y) the amount of payments made pursuant to this Agreement with respect to such Exchange and (z) the amount of liabilities allocated to the Units acquired pursuant to the Exchange, over (B) the Corporation's share of the basis of the Reference Assets immediately after the Exchange attributable to the Units exchanged, determined as if each member of the LLC Group remains in existence as an entity for tax purposes and no member of the LLC Group made the election provided by Section 754 of the Code.

For the avoidance of doubt, payments made under this Agreement shall not be treated as resulting in a Basis Adjustment to the extent that such payments are treated as Imputed Interest or are Actual Interest Amounts or Default Rate Interest.

(b) Section 754 Election. In its capacity as the sole managing member of the LLC, the Corporation will ensure that, on and after the date hereof and continuing throughout the term of this Agreement, the LLC and each of its direct and indirect Subsidiaries that is treated as a partnership for U.S. federal income tax purposes will have in effect an election under Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law).

Section 2.2 Basis Schedules. Within ninety (90) calendar days after the filing of the U.S. federal income Tax Return of the Corporation for each relevant Taxable Year, the Corporation shall deliver to ACON, the Management Representative and Fundamental Capital, LLC ("Fundamental"), as applicable, a schedule (the "Basis Schedule") that shows, in reasonable detail as necessary in order to understand the calculations performed under this Agreement: (a) the Basis Adjustments with respect to the Reference Assets as a result of the relevant Exchanges effected in such Taxable Year and (b) the period (or periods) over which each Basis Adjustment is amortizable and/or depreciable. The Basis Schedule will become final and binding on the Parties pursuant to the procedures set forth in Section 2.4(a) and may be amended by the Parties pursuant to the procedures set forth in Section 2.4(b).

Section 2.3 Tax Benefit Schedules.

(a) Tax Benefit Schedule. Within ninety (90) calendar days after the filing of the U.S. federal income Tax Return of the Corporation for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, the Corporation shall provide to ACON, the Management Representative and Fundamental, as applicable, a schedule showing, in reasonable detail, the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year (a "Tax Benefit Schedule"). The Tax Benefit Schedule will become final and binding on the Parties pursuant to the procedures set forth in Section 2.4(a), and may be amended by the Parties pursuant to the procedures set forth in Section 2.4(b).

(b) Applicable Principles. Subject to the provisions of this Agreement, the Realized Tax Benefit or Realized Tax Detriment for each Taxable Year is intended to measure the decrease or increase in the actual liability of the Corporation for Covered Taxes for such Taxable Year attributable to the Basis Adjustments, Imputed Interest, Actual Interest Amounts, and Default Rate Interest as determined using a "with and without" methodology described in Section 2.4(a). Carryovers or carrybacks of any Tax item attributable to any Basis Adjustment, Imputed Interest, Actual Interest Amounts, and Default Rate Interest shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state or local tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any Tax item includes a portion that is

attributable to a Basis Adjustment, Imputed Interest, Actual Interest Amounts, and Default Rate Interest (a "TRA Portion") and another portion that is not (a "Non-TRA Portion"), such portions shall be considered to be used in accordance with the "with and without" methodology so that: (i) the amount of any Non-TRA Portion is deemed utilized first, followed by the amount of any TRA Portion (with the TRA Portion being applied on a proportionate basis consistent with the provisions of Section 3.3(a)); and (ii) in the case of a carryback of a Non-TRA Portion, such carryback shall not affect the original "with and without" calculation made in the prior Taxable Year. The Parties agree that (i) all Tax Benefit Payments (other than Imputed Interest, Actual Interest Amounts and Default Rate Interest) attributable to an Exchange will to the extent permitted by applicable law (A) be treated as subsequent upward purchase price adjustments that give rise to further Basis Adjustments for the Corporation and (B) have the effect of creating additional Basis Adjustments for the Corporation in the year of payment, and (ii) as a result, such additional Basis Adjustments will be incorporated into the current Taxable Year continuing until any incremental current Taxable Year benefits equal an immaterial amount.

Section 2.4 Procedures; Amendments.

(a) Procedures. Each time the Corporation delivers an applicable Schedule to ACON, the Management Representative and Fundamental, as applicable under this Agreement, including any Amended Schedule delivered pursuant to Section 2.4(b), but excluding any Early Termination Schedule or amended Early Termination Schedule delivered pursuant to the procedures set forth in Section 4.2, the Corporation shall also: (x) deliver supporting schedules and work papers, as determined by the Corporation or as reasonably requested by ACON and the Management Representative, as applicable, that provide a reasonable level of detail regarding the data and calculations that were relevant for purposes of preparing the Schedule; (y) deliver an Advisory Firm Letter supporting such Schedule; and (z) allow ACON and the Management Representative, as applicable, and their advisors to have reasonable access to the appropriate representatives, as determined by the Corporation or as reasonably requested by ACON and the Management Representative, as applicable, at the Corporation and the Advisory Firm in connection with a review of such Schedule. Without limiting the generality of the preceding sentence, the Corporation shall ensure that any Tax Benefit Schedule that is delivered to ACON, the Management Representative and Fundamental, as applicable, along with any supporting schedules and work papers, provides a reasonably detailed presentation of the calculation of the actual liability of the Corporation for Covered Taxes (the "with" calculation) and the Hypothetical Tax Liability of the Corporation (the "without" calculation), and identifies any material assumptions or operating procedures or principles that were used for purposes of such calculations. An applicable Schedule or amendment thereto shall become final and binding on the Parties thirty (30) calendar days from the date on which ACON, the Management Representative and Fundamental, as applicable, first received the applicable Schedule or amendment thereto unless:

(i) ACON or the Management Representative, as applicable, within thirty (30) calendar days after receiving the applicable Schedule or amendment thereto, provides the Corporation with written notice of a material objection to such Schedule that is made in good faith and that sets forth in reasonable detail ACON's or the Management Representative's, as applicable, material objection (an "Objection Notice") or

(ii) each of ACON and the Management Representative, as applicable, provides a written waiver of its right to deliver an Objection Notice within the time period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver from each of ACON and the Management Representative, as applicable, is received by the Corporation.

In the event that ACON or the Management Representative, as applicable, timely delivers an Objection Notice pursuant to clause (i) above, and if the Parties, for any reason, are unable to successfully resolve the issues raised in the Objection Notice within thirty (30) calendar days after receipt by the Corporation of the Objection Notice, the Corporation and ACON or the Management Representative, as applicable, shall employ the reconciliation procedures as described in Section 7.9 of this Agreement (the "Reconciliation Procedures").

(b) Amended Schedule. The applicable Schedule for any Taxable Year may be amended from time to time by the Corporation: (i) in connection with a Determination affecting such Schedule; (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was originally provided to ACON and the Management Representative, as applicable; (iii) to comply with an Expert's determination under the Reconciliation Procedures applicable to this Agreement; (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year; (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year; or (vi) to adjust a Basis Schedule to take into account any Tax Benefit Payments made pursuant to this Agreement (any such Schedule, an "Amended Schedule").

ARTICLE III.
TAX BENEFIT PAYMENTS

Section 3.1 Timing and Amount of Tax Benefit Payments.

(a) Timing of Payments. Except as provided in Sections 3.4 and 3.5, and subject to Sections 3.2 and 3.3, within three (3) Business Days following the date on which each Tax Benefit Schedule that is required to be delivered by the Corporation to ACON and the Management Representative, as applicable, pursuant to Section 2.3(a) of this Agreement becomes final in accordance with Section 2.4(a) of this Agreement,

the Corporation shall pay to each relevant Member the Tax Benefit Payment as determined pursuant to Section 3.1(b). Each such Tax Benefit Payment shall be made by wire transfer of immediately available funds to the bank account previously designated by such Members or as otherwise agreed by the Corporation and such Members. For the avoidance of doubt, the Members shall not be required under any circumstances to return any portion of any Tax Benefit Payment previously paid by the Corporation to the Members (including any portion of any Estimated Tax Benefit Payment or any Early Termination Payment).

(b) Amount of Payments. For purposes of this Agreement, a "Tax Benefit Payment" with respect to any Member means an amount, not less than zero, equal to the sum of: (i) the portion of the Net Tax Benefit that is Attributable to such Member (including Imputed Interest calculated in respect of such amount); and (ii) the Actual Interest Amount with respect to the Net Tax Benefit described in (i).

(i) Attributable. A Net Tax Benefit is "Attributable" to a Member to the extent that it is derived from any Basis Adjustment, Imputed Interest, or Actual Interest Amount that is attributable to an Exchange undertaken by or with respect to such Member.

(ii) Net Tax Benefit. The "Net Tax Benefit" for a Taxable Year equals the amount of the excess, if any, of (x) 85% of the Cumulative Net Realized Tax Benefit as of the end of such Taxable Year over (y) the aggregate amount of all Tax Benefit Payments previously made under this Section 3.1. For the avoidance of doubt, if the Cumulative Net Realized Tax Benefit as of the end of any Taxable Year is less than the aggregate amount of all Tax Benefit Payments previously made, no Member shall be required to return any portion of any Tax Benefit Payment previously made by the Corporation to such Member.

(iii) Cumulative Net Realized Tax Benefit. The "Cumulative Net Realized Tax Benefit" for a Taxable Year equals the cumulative amount of Realized Tax Benefits for all Taxable Years of the Corporation, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination.

(iv) Realized Tax Benefit. The "Realized Tax Benefit" for a Taxable Year equals the excess, if any, of the Hypothetical Tax Liability over the actual liability of the Corporation for Covered Taxes; *provided*, that for purposes of determining the Hypothetical Tax Liability and actual liability of the Corporation for Covered Taxes, the Corporation shall use the Assumed State and Local Tax Rate for purposes of determining such liabilities for all state and local Covered Taxes. For the avoidance of doubt, the calculation of the Hypothetical Tax Liability and the actual liability of the Corporation for Covered Taxes shall take

into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation's marginal U.S. federal income tax rate for the relevant Taxable Year, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes). If all or a portion of the actual liability for such Covered Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

(v) Realized Tax Detriment. The "Realized Tax Detriment" for a Taxable Year equals the excess, if any, of the actual liability of the Corporation for Covered Taxes over the Hypothetical Tax Liability for such Taxable Year; *provided*, that for purposes of determining the Hypothetical Tax Liability and actual liability of the Corporation for Covered Taxes, the Corporation shall use the Assumed State and Local Tax Rate for purposes of determining such liabilities for all state and local Covered Taxes. For the avoidance of doubt, the calculation of the Hypothetical Tax Liability and the actual liability of the Corporation for Covered Taxes shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation's marginal U.S. federal income tax rate for the relevant Taxable Year, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes). If all or a portion of the actual liability for such Covered Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

(vi) Imputed Interest. The parties acknowledge that the principles of Sections 1272, 1274, or 483 of the Code, as applicable, and the principles of any similar provision of U.S. state and local law, will, as applicable, apply to cause a portion of any Net Tax Benefit payable by the Corporation to a Member under this Agreement to be treated as imputed interest ("Imputed Interest"). For the avoidance of doubt, the deduction for the amount of Imputed Interest as determined with respect to any Net Tax Benefit payable by the Corporation to a Member shall be excluded in determining the Hypothetical Tax Liability of the Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(vii) Actual Interest Amount. The "Actual Interest Amount" calculated in respect of the Net Tax Benefit for a Taxable Year will equal the amount of any Extension Rate Interest. For the avoidance of doubt, any deduction for any Actual Interest Amount as determined with respect to any Net Tax Benefit payable by the Corporation to a Member shall be excluded in determining the Hypothetical Tax Liability of the Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(viii) Extension Rate Interest. Subject to Section 3.4, the amount of "Extension Rate Interest" calculated in respect of the Net Tax Benefit (including previously accrued Imputed Interest) for a Taxable Year will equal interest calculated at the Agreed Rate from the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for such Taxable Year until the date on which the Corporation makes a timely Tax Benefit Payment to the Member on or before the Final Payment Date as determined pursuant to Section 3.1(a).

(ix) Default Rate Interest. In the event that the Corporation does not make timely payment of all or any portion of a Tax Benefit Payment to a Member on or before the Final Payment Date as determined pursuant to Section 3.1(a), the amount of "Default Rate Interest" calculated in respect of the Net Tax Benefit (including previously accrued Imputed Interest and Extension Rate Interest) for a Taxable Year will equal interest calculated at the Default Rate from the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a) until the date on which the Corporation makes such Tax Benefit Payment to such Member. For the avoidance of doubt, any deduction for any Default Rate Interest with respect to any Net Tax Benefit payable by the Corporation to a Member shall be excluded in determining the Hypothetical Tax Liability of the Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(x) The Corporation and the Members hereby acknowledge and agree that, as of the date of this Agreement and as of the date of any future Exchange that may be subject to this Agreement, the aggregate value of the Tax Benefit Payments cannot be reasonably ascertained for U.S. federal income or other applicable tax purposes. Notwithstanding anything to the contrary in this Agreement, unless a Member notifies the Corporation otherwise, the stated maximum selling price (within the meaning of Treasury Regulation 15A.453-1(c)(2)) with respect to any Exchange by such Member shall not exceed 175% of the amount of the initial consideration received in connection with such Exchange (which, for the avoidance of doubt, shall include the amount of any cash and the fair market value of any Class A Common Stock received in such Exchange and shall exclude the fair market value of any Tax Benefit Payments) and the amount of the initial consideration received in connection with such Exchange and the aggregate Tax Benefit Payments to such Member in respect of such Exchange (other than amounts accounted for as interest under the Code) shall not exceed such stated maximum selling price.

(c) Interest. The provisions of Section 3.1(b) are intended to operate so that interest will effectively accrue in respect of the Net Tax Benefit for any Taxable Year as follows:

(i) first, at the applicable rate used to determine the amount of Imputed Interest under the Code (from the relevant Exchange Date until the due

date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for such Taxable Year and, if required under applicable law, through the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a));

(ii) second, at the Agreed Rate in respect of any Extension Rate Interest (from the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for such Taxable Year until the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a)); and

(iii) third, at the Default Rate in respect of any Default Rate Interest (from the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a) until the date on which the Corporation makes the relevant Tax Benefit Payment to a Member).

Section 3.2 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in the duplicative payment of any amount (including interest) that may be required under this Agreement, and the provisions of this Agreement shall be consistently interpreted and applied in accordance with that intent. For purposes of this Agreement, and also for the avoidance of doubt, no Tax Benefit Payment shall be required to be calculated or made in respect of any estimated tax payments, including, without limitation, any estimated U.S. federal income tax payments.

Section 3.3 Pro-Ration of Payments as Between the Members.

(a) Insufficient Taxable Income. Notwithstanding anything in Section 3.1(b) to the contrary, if the aggregate potential depreciation, amortization or other similar deductions in respect of the Basis Adjustments, Imputed Interest, Actual Interest Amounts, and Default Rate Interest for purposes of determining the Corporation's liability for Covered Taxes (the "Covered Tax Benefit") is limited in a particular Taxable Year because the Corporation does not have sufficient actual taxable income, then the available Covered Tax Benefit for the Corporation shall be allocated among the Members in proportion to the respective Tax Benefit Payment that would have been payable if the Corporation had in fact had sufficient taxable income so that there had been no such limitation. As an illustration of the intended operation of this Section 3.3(a), if the Corporation had $200 of aggregate potential Covered Tax Benefits in a particular Taxable Year (with $50 of such Covered Tax Benefits being attributable to Member 1 and $150 of such Covered Tax Benefits being attributable to Member 2), such that Member 1 would have potentially been entitled to a Tax Benefit Payment of $42.50 and Member 2 would have been entitled to a Tax Benefit Payment of $127.50 if the Corporation had $200 of actual taxable income, and if at the same time the Corporation only had $100 of actual taxable income in such Taxable Year, then $25 of the aggregate $100 actual Covered Tax Benefit for the Corporation for such Taxable Year would be allocated to Member 1 and $75 of the aggregate $100 actual Covered Tax benefit for the Corporation would be allocated to Member 2, such that Member 1

would receive a Tax Benefit Payment of $21.25 and Member 2 would receive a Tax Benefit Payment of $63.75.

(b) Late Payments. If for any reason the Corporation is not able to timely and fully satisfy its payment obligations under this Agreement in respect of a particular Taxable Year, then Default Rate Interest will begin to accrue pursuant to Section 5.2 and the Corporation and other Parties agree that (i) the Corporation shall pay the Tax Benefit Payments due in respect of such Taxable Year to each Member pro rata in proportion to the amount of such Tax Benefit Payments, without favoring one obligation over the other, and (ii) no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments to all Members in respect of all prior Taxable Years have been made in full.

Section 3.4 Optional Estimated Tax Benefit Payment Procedure. As long as the Corporation is current in respect of its payment obligations owed to each Member pursuant to this Agreement and there are no delinquent Tax Benefit Payments (including interest thereon) outstanding in respect of prior Taxable Years for any Member, the Corporation may, at any time on or after the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for a Taxable Year and at the Corporation's option, in its sole discretion, make one or more estimated payments to the Members in respect of any anticipated amounts to be owed with respect to a Taxable Year to the Members pursuant to Section 3.1 of this Agreement (any such estimated payments referred to as an "Estimated Tax Benefit Payment"); *provided* that any Estimated Tax Benefit Payment made to a Member pursuant to this Section 3.4 is matched by a proportionately equal Estimated Tax Benefit Payment to all other Members then entitled to a Tax Benefit Payment. Any Estimated Tax Benefit Payment made under this Section 3.4 shall be paid by the Corporation to the Members and applied against the final amount of any Tax Benefit Payment to be made pursuant to Section 3.1. The payment of an Estimated Tax Benefit Payment by the Corporation to the Members pursuant to this Section 3.4 shall also terminate the obligation of the Corporation to make payment of any Extension Rate Interest that might have otherwise accrued with respect to the proportionate amount of the Tax Benefit Payment that is being paid in advance of the applicable Tax Benefit Schedule being finalized pursuant to Section 2.4. Upon the making of any Estimated Tax Benefit Payment pursuant to this Section 3.4, the amount of such Estimated Tax Benefit Payment shall first be applied to any estimated Extension Rate Interest, then to Imputed Interest, and then applied to the remaining residual amount of the Tax Benefit Payment to be made pursuant to Section 3.1. In determining the final amount of any Tax Benefit Payment to be made pursuant to Section 3.1, and for purposes of finalizing the Tax Benefit Schedule pursuant to Section 2.4, the amount of any Estimated Tax Benefit Payments that may have been made with respect to the Taxable Year shall be increased, if the finally determined Tax Benefit Payment for a Taxable Year exceeds the Estimated Tax Benefit Payments made for such Taxable Year, with such increase being paid by the Corporation to the Members along with an appropriate amount of Extension Rate Interest in respect of the amount of such increase (a "True-Up"). If the Estimated Tax Benefit Payment for a Taxable Year exceeds the finally determined Tax Benefit Payment for such Taxable

Year, such excess, along with an appropriate amount of Extension Rate Interest in respect of such excess (being charged by the Corporation to the Member), shall be applied to reduce the amount of any subsequent future Tax Benefit Payments (including Estimated Tax Benefit Payments, if any) to be paid by the Corporation to such Member. As of the date on which any Estimated Tax Benefit Payments are made, and as of the date on which any True-Up is made, all such payments shall be made in the same manner and subject to the same terms and conditions as otherwise contemplated by Section 3.1 and all other applicable terms of this Agreement. For the avoidance of doubt, as is the case with Tax Benefit Payments made by the Corporation to the Members pursuant to Section 3.1, the amount of any Estimated Tax Benefit Payments made pursuant to this Section 3.4 that are attributable to an Exchange shall also be treated, in part, as subsequent upward purchase price adjustments that give rise to Basis Adjustments in the Taxable Year of payment to the extent permitted by applicable law and as of the date on which such payments are made (to the extent of the estimated Net Tax Benefit associated with such Estimated Tax Benefit Payment, less any Imputed Interest, and exclusive of any Extension Rate Interest).

Section 3.5 Changes; Reserves; Suspension of Payments.

(a) Receipt of Change Notice. If any Party, or any Affiliate or Subsidiary of any Party, receives a 30-day letter, a final audit report, a statutory notice of deficiency, or similar written notice from any Taxing Authority that proposes an adjustment to a tax item of a Party that would reduce the Tax Benefit Payments that may be payable by the Corporation to the Members (a "Change Notice"), prompt written notification and a copy of the relevant Change Notice shall be delivered by the Party, or its Affiliate or Subsidiary, that received such Change Notice to each of the Corporation, ACON, the Management Representative and Fundamental.

(b) Receipt of Reserve Notice. Prior to the delivery of any Tax Benefit Schedule or other Schedule by the Corporation to ACON, the Management Representative and Fundamental, management of the Corporation shall consult with the auditors for the Corporation and, if necessary, the Advisory Firm or other legal or accounting advisors to the Corporation regarding the substantive tax issues and related conclusions that underlie the calculations related to the determination of the Tax Benefit Payments required under this Agreement. If, following such consultation, the management for the Corporation shall reasonably determine that a tax reserve or contingent liability must be established by the Corporation for financial accounting purposes (as determined in accordance with GAAP) in relation to any past or future tax position that affects the amount of any past or future Tax Benefit Payments that have been made or that may be made under this Agreement, then ACON and Fundamental shall be notified of such determination (a "Reserve Notice").

(c) Suspension of Payments. From and after the date on which a Change Notice is received, to the extent provided in the following sentence, Tax Benefit Payments required to be made under this Agreement shall be paid by the Corporation to a national bank mutually agreeable to the Parties to act as escrow agent to hold such

funds in escrow pursuant to an escrow agreement until a Determination in respect of the applicable Change Notice is received. For purposes of the preceding sentence and for purposes of the determination of the amount to be placed in escrow pending a Determination, the Corporation shall suspend all future Tax Benefit Payments required under this Agreement until the amount of such suspended future Tax Benefit Payments equals the aggregate amount of Tax Benefit Payments that the Corporation reasonably determines would not be payable if such Change Notice results in an adverse Determination. From and after the date on which a Reserve Notice is issued, to the extent that the tax position that gives rise to a tax reserve or contingent liability would have the effect of reducing the Tax Benefit Payments required to be made under this Agreement, the Tax Benefit Payments required to be made under this Agreement shall, to the extent determined reasonably necessary by the Audit Committee, be paid by the Corporation to a national bank mutually agreeable to the Parties to act as escrow agent to hold such funds in escrow pursuant to an escrow agreement until the relevant reserve is released or the relevant contingent liability is eliminated or it is otherwise determined that the tax position is not reasonably expected to have the effect of reducing the Tax Benefit Payments. For purposes of the preceding sentence and for purposes of the Audit Committee's determination of the amount to be placed in escrow pending the release of the reserve or the elimination of the contingent liability, the Corporation shall be entitled to suspend all future Tax Benefit Payments required under this Agreement until the amount of such suspended future Tax Benefit Payments equals the aggregate amount of Tax Benefit Payments that the Corporation reasonably determines would not be payable if the tax position giving rise to the reserve is sustained. The amount to be placed in escrow shall be held in an interest-bearing escrow account. The date on which the Corporation pays any such Tax Benefit Payments to the escrow agent shall not be considered the date on which such Tax Benefit Payments are paid to the Members; provided, however, the Actual Interest Amount and Default Rate Interest shall not accrue on the amount of the Tax Benefit Payments after the date on which such amount is placed in the escrow, and the amount of Tax Benefit Payments payable to Members with respect to the Tax Benefit Payments at issue shall be net of expenses and taxes as set forth in Section 3.5(d).

(d) Release of Escrowed Funds. As of the date on which a reserve is released or contingent liability is eliminated (in the case of a Reserve Notice), and *provided* that no Change Notice has previously been issued and is still outstanding in relation to the same tax position that was the subject of the Reserve Notice, the relevant escrowed funds (along with any interest earned on such funds, and less (1) the out-of-pocket expenses incurred by the Corporation or the LLC in administering the escrow, and (2) any taxes imposed on the Corporation or the LLC with respect to any income earned on the investment of such funds) shall be distributed to the relevant Members. The portion of the relevant escrowed funds held back pursuant to clauses (1) and (2) of the immediately preceding sentences shall be distributed to the Corporation or the LLC, as applicable. If a Determination is received (in the case of a Change Notice), and if such Determination results in no adjustment in any Tax Benefit Payments under this Agreement, and *provided* that no Reserve Notice has previously been issued and is still outstanding in relation to the same tax position that was the subject of the Change

Notice, then the relevant escrowed funds (along with any interest earned on such funds, and less (1) the out-of-pocket expenses incurred by the Corporation or the LLC in administering the escrow, and (2) any taxes imposed on the Corporation or the LLC with respect to any income earned on the investment of such funds) shall be distributed to the relevant Members. If a Determination is received (in the case of a Change Notice), and if such Determination results in an adjustment in any Tax Benefit Payments under this Agreement, and *provided* that no Reserve Notice has previously been issued and is still outstanding in relation to the same tax position that was the subject of the Change Notice, then the relevant escrowed funds (along with any interest earned on such funds) shall be distributed as follows: (i) first, to the Corporation or the LLC in an amount equal to (1) the out-of-pocket expenses incurred by the Corporation or the LLC in administering the escrow and in contesting the Determination and (2) any taxes imposed on the Corporation or the LLC with respect to any income earned on the investment of such funds; and (ii) second, to the relevant Parties (which, for the avoidance of doubt and depending on the nature of the adjustments, may include the Corporation or the relevant Members, or some combination thereof) in accordance with the relevant Amended Schedule prepared pursuant to Section 2.4 of this Agreement.

(e) Early Termination. Notwithstanding any other provision of this Agreement, in the event of an Early Termination Notice prior to release of the escrow pursuant to Section 3.5(d), the escrowed funds shall be released to the Corporation, and any Early Termination Payment payable by the Corporation to the Members pursuant to Section 4.3 shall be computed without regard to any proposed adjustment to a tax item of a Party that has given rise to a Change Notice or any tax position that has given rise to a Reserve Notice.

ARTICLE IV.
TERMINATION

Section 4.1 Early Termination of Agreement; Breach of Agreement.

(a) Corporation's Early Termination Right. With the written approval of a majority of the Independent Directors, the Corporation may completely terminate this Agreement, as and to the extent provided herein, with respect to all amounts payable to the Members pursuant to this Agreement by paying to the Members the Early Termination Payment; *provided* that Early Termination Payments may be made pursuant to this Section 4.1(a) only if made to all Members that are entitled to such a payment simultaneously, and *provided further*, that the Corporation may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon the Corporation's payment of the Early Termination Payment, the Corporation shall not have any further payment obligations under this Agreement, other than with respect to any: (i) prior Tax Benefit Payments that are due and payable under this Agreement but that still remain unpaid as of the date of the Early Termination Notice; and (ii) current Tax Benefit Payment due for the Taxable Year ending on or including the date of the Early Termination Notice (except to the extent that the amount described in clause (ii) is included in the

calculation of the Early Termination Payment). If an Exchange subsequently occurs with respect to Units for which the Corporation has exercised its termination rights under this Section 4.1(a), the Corporation shall have no obligations under this Agreement with respect to such Exchange.

(b) Acceleration Upon Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated pursuant to this Article IV as if an Early Termination Notice had been delivered on the closing date of the Change of Control and utilizing the Valuation Assumptions by substituting the phrase "the closing date of a Change of Control" in each place where the phrase "Early Termination Effective Date" appears. Such obligations shall include, but not be limited to, (1) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the closing date of the Change of Control, (2) any Tax Benefit Payments agreed to by the Corporation and the Members as due and payable but unpaid as of the Early Termination Notice and (3) any Tax Benefit Payments due for any Taxable Year ending prior to, with or including the closing date of a Change of Control (except to the extent that any amounts described in clauses (2) or (3) are included in the Early Termination Payment). For the avoidance of doubt, Sections 4.2 and 4.3 shall apply to a Change of Control, *mutadis mutandi.*

(c) Acceleration Upon Breach of Agreement. In the event that the Corporation materially breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder, or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated and become immediately due and payable upon notice of acceleration from a Member (provided that in the case of any proceeding under the Bankruptcy Code or other insolvency statute, such acceleration shall be automatic without any such notice), and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such notice of acceleration (or, in the case of any proceeding under the Bankruptcy Code or other insolvency statute, on the date of such breach) and shall include, but not be limited to: (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such acceleration; (ii) any prior Tax Benefit Payments that are due and payable under this Agreement but that still remain unpaid as of the date of such acceleration; and (iii) any current Tax Benefit Payment due for the Taxable Year ending with or including the date of such acceleration (except to the extent included in the Early Termination Payment). Notwithstanding the foregoing, in the event that the Corporation breaches this Agreement and such breach is not a material breach of a material obligation, a Member shall still be entitled to enforce all of its rights otherwise available under this Agreement, excluding, for the avoidance of doubt, seeking an acceleration of amounts payable under this Agreement. For purposes of this Section 4.1(c), and subject to the following sentence, the Parties agree that the failure to make any payment due pursuant to this Agreement within sixty (60) days of the relevant Final Payment Date shall be deemed to be a material breach of a material obligation under

this Agreement for all purposes of this Agreement, and that it will not be considered to be a material breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within sixty (60) days of the relevant Final Payment Date. For the avoidance of doubt, a suspension of payments pursuant to Section 3.5 will not be considered to be a failure to make a payment due pursuant to this Agreement, provided that the Corporation complies with the provisions of Section 3.5(c) that require the Corporation to pay the Tax Benefit Payments to an escrow. Notwithstanding anything in this Agreement to the contrary, it shall not be a material breach of a material obligation of this Agreement if the Corporation fails to make any Tax Benefit Payment within sixty (60) days of the relevant Final Payment Date to the extent that the Corporation has insufficient funds or cannot make such payment as a result of obligations imposed in connection with the Senior Obligations or under applicable law, and cannot obtain sufficient funds to make such payments by taking commercially reasonable actions; *provided* that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporation does not have sufficient funds to make such payment as a result of limitations imposed by any Senior Obligations, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate); and *further provided* that such payment obligation shall nonetheless accrue for the benefit of the Members and the Corporation shall make such payment at the first opportunity that it has sufficient funds and is otherwise able to make such payment.

Section 4.2 Early Termination Notice. If the Corporation chooses to exercise its right of early termination under Section 4.1 above, the Corporation shall deliver to ACON, the Management Representative and Fundamental a notice of the Corporation's decision to exercise such right (an "Early Termination Notice") and a schedule (the "Early Termination Schedule") showing in reasonable detail the calculation of the Early Termination Payment. The Corporation shall also (x) deliver to ACON, the Management Representative and Fundamental supporting schedules and work papers, as determined by the Corporation or as reasonably requested by ACON or the Management Representative, that provide a reasonable level of detail regarding the data and calculations that were relevant for purposes of preparing the Early Termination Schedule; (y) deliver to ACON, the Management Representative and Fundamental an Advisory Firm Letter supporting such Early Termination Schedule; and (z) allow ACON and the Management Representative and their advisors to have reasonable access to the appropriate representatives, as determined by the Corporation or as reasonably requested by ACON or the Management Representative, at the Corporation and the Advisory Firm in connection with a review of such Early Termination Schedule. The Early Termination Schedule shall become final and binding on each Party thirty (30) calendar days from the first date on which ACON, the Management Representative and Fundamental received such Early Termination Schedule unless:

(i) ACON or the Management Representative within thirty (30) calendar days after receiving the Early Termination Schedule, provides the Corporation with (A) notice of a material objection to such Early Termination Schedule made in good faith and setting forth in reasonable detail ACON or the

Management Representative's, as applicable, material objection (a "Termination Objection Notice") and (B) a letter from an Advisory Firm (that is different from the Advisory Firm that was used by the Corporation to prepare the Early Termination Schedule) in support of such Termination Objection Notice; or

(ii) each of ACON and the Management Representative provides a written waiver of such right of a Termination Objection Notice within the period described in clause (i) above, in which case such Early Termination Schedule becomes binding on the date the waiver from ACON and the Management Representative is received by the Corporation.

In the event that ACON or the Management Representative timely delivers a Termination Objection Notice pursuant to clause (i) above, and if the Parties, for any reason, are unable to successfully resolve the issues raised in the Termination Objection Notice within thirty (30) calendar days after receipt by the Corporation of the Termination Objection Notice, the Corporation and ACON or the Management Representative, as applicable, shall employ the Reconciliation Procedures. For the avoidance of doubt, and notwithstanding anything to the contrary herein, the expense of preparing and obtaining the letter from an Advisory Firm referenced in clause (i) above shall be borne solely by ACON or the Management Representative, as applicable, and the Corporation shall have no liability with respect to such letter or any of the expenses associated with its preparation and delivery. The date on which the Early Termination Schedule becomes final in accordance with this Section 4.2 shall be the "Early Termination Reference Date."

Section 4.3 Payment Upon Early Termination.

(a) Timing of Payment. Within three (3) Business Days after the Early Termination Reference Date, the Corporation shall pay to each Member an amount equal to the Early Termination Payment for such Member. Such Early Termination Payment shall be made by the Corporation by wire transfer of immediately available funds to a bank account or accounts designated by the Members or as otherwise agreed by the Corporation and the Members.

(b) Amount of Payment. The "Early Termination Payment" payable to a Member pursuant to Section 4.3(a) shall equal the present value, discounted at the Early Termination Rate as determined as of the Early Termination Reference Date, of all Tax Benefit Payments that would be required to be paid by the Corporation to such Member, whether payable with respect to Units that were Exchanged prior to the Early Termination Effective Date or on or after the Early Termination Effective Date, beginning from the Early Termination Effective Date and using the Valuation Assumptions. For the avoidance of doubt, notwithstanding any other provision in this Agreement, neither (i) any proposed adjustment to a tax item of a Party that has given rise to a Change Notice, nor (ii) any reserve or contingent liability associated with a tax position that has given rise to a Reserve Notice, shall be taken into account in determining the amount of

any Early Termination Payment, which shall be computed as if the adjustment or tax item has been favorably resolved.

ARTICLE V.
SUBORDINATION AND LATE PAYMENTS

Section 5.1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment or Early Termination Payment required to be made by the Corporation to the Members under this Agreement shall rank subordinate and junior in right of payment to any principal, interest, or other amounts due and payable in respect of any obligations owed in respect of secured or unsecured indebtedness for borrowed money of the Corporation and its Subsidiaries ("Senior Obligations") and shall rank *pari passu* in right of payment with all current or future unsecured obligations of the Corporation that are not Senior Obligations. To the extent that any payment under this Agreement is not permitted to be made at the time payment is due as a result of this Section 5.1 and the terms of the agreements governing Senior Obligations, such payment obligation nevertheless shall accrue for the benefit of the Members and the Corporation shall make such payments at the first opportunity that such payments are permitted to be made in accordance with the terms of the Senior Obligations.

Section 5.2 Late Payments by the Corporation. Except as otherwise provided in this Agreement, the amount of all or any portion of any Tax Benefit Payment or Early Termination Payment not made to the Members when due under the terms of this Agreement, whether as a result of Section 5.1 and the terms of the Senior Obligations or otherwise, shall be payable together with any interest thereon, computed at the Default Rate and commencing from the Final Payment Date on which such Tax Benefit Payment or Early Termination Payment was first due and payable to the date of actual payment.

ARTICLE VI.
TAX MATTERS; CONSISTENCY; COOPERATION

Section 6.1 Participation in the Corporation's and the LLC's Tax Matters. Except as otherwise provided herein, the Corporation shall have full responsibility for, and sole discretion over, all tax matters concerning the Corporation and the LLC, including without limitation the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to taxes; provided, however, that if ACON owns (or would own upon an Exchange of all outstanding Units) at least five (5) percent of the Class A Common Stock, the Corporation shall not settle or fail to contest any issue pertaining to Covered Taxes that is reasonably expected to materially adversely affect the Members' rights and obligations under this Agreement without the consent of ACON, such consent not to be unreasonably withheld or delayed. If ACON fails to respond to any notice with respect to the settlement or other disposition of any such issue within fifteen (15) days of its receipt of the applicable notice, ACON shall be deemed to have consented to the proposed settlement or other disposition.

Notwithstanding the foregoing, the Corporation shall notify ACON, the Management Representative and Fundamental of, and keep them reasonably informed with respect to, the portion of any tax audit of the Corporation or the LLC, or any of the LLC's Subsidiaries, the outcome of which is reasonably expected to materially affect the Tax Benefit Payments payable to such Members under this Agreement, and ACON and the Management Representative, as applicable, shall have the right to participate in and to monitor at their own expense (but, for the avoidance of doubt, not to control) any such portion of any such Tax audit. To the extent there is a conflict between this Agreement and the LLC Agreement as it relates to tax matters concerning Covered Taxes and the Corporation and the LLC, including preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to taxes, this Agreement shall control; provided, however, that to the extent there is a conflict between this Agreement and Sections 5.05 and 9.02 of the LLC Agreement, Sections 5.05 and 9.02 of the LLC Agreement shall control.

Section 6.2 Consistency. Except as otherwise required by law, all calculations and determinations made hereunder, including, without limitation, any Basis Adjustments, the Schedules and the determination of any Realized Tax Benefits or Realized Tax Detriments, shall be made in accordance with the elections, methodologies or positions taken by the Corporation and the LLC on their respective Tax Returns. Each Member shall prepare its Tax Returns in a manner that is consistent with the terms of this Agreement, and any related calculations or determinations that are made hereunder, including, without limitation, the terms of Section 2.1 of this Agreement and the Schedules provided to the Members under this Agreement. In the event that an Advisory Firm is replaced with another Advisory Firm, such replacement Advisory Firm shall perform its services under this Agreement using procedures and methodologies consistent with the previous Advisory Firm, unless otherwise required by law or unless the Corporation and all of the Members agree to the use of other procedures and methodologies.

Section 6.3 Cooperation.

(a) Each Member shall (i) furnish to the Corporation in a timely manner such information, documents and other materials as the Corporation may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (ii) make itself available to the Corporation and its representatives to provide explanations of documents and materials and such other information as the Corporation or its representatives may reasonably request in connection with any of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter.

(b) The Corporation shall reimburse the Members for any reasonable and documented out-of-pocket costs and expenses incurred pursuant to Section 6.3(a).

ARTICLE VII.
MISCELLANEOUS

Section 7.1 Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by certified or registered mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be as specified in a notice given in accordance with this Section 7.1). All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to the Corporation, to:

Funko, Inc.
2802 Wetmore Avenue
Everett, Washington 98201

Attn: Russell Nickel

with a copy (which shall not constitute notice to the Corporation) to:

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022

Attn: Marc Jaffe

If to ACON:

ACON Funko Investors, L.L.C.
1133 Connecticut Ave. N.W., Suite 700
Washington, D.C. 20036

Attn: Kenneth R. Brotman

with a copy (which shall not constitute notice to ACON) to:

Hogan Lovells US LLP
7930 Jones Branch Drive, Ninth Floor
McLean, VA 22102

Attn: Robert Welp
Adam Brown

If to Fundamental:

Fundamental Capital, LLC
4 Embarcadero Center
Suite 1400
San Francisco, CA 94111

Attn: Kevin Keenley

with a copy (which shall not constitute notice to Fundamental) to:

Reed Smith LLP
1510 Page Mill Road Suite 110
Palo Alto, CA 94304-1127

Attn: Donald C. Reinke

If to the Management Representative (on behalf of applicable Members):

Russell Nickel
Funko, Inc.
2802 Wetmore Avenue
Everett, Washington 98201

Any Party may change its address, fax number or e-mail address by giving each of the other Parties written notice thereof in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Assignments; Amendments; Successors; No Waiver.

(a) Assignment. No Member may assign, sell, pledge, or otherwise alienate or transfer any interest in this Agreement, including the right to receive any Tax Benefit Payments under this Agreement, to any Person (other than a Permitted Transferee) without (i) the prior written consent of the Corporation (such consent not to be unreasonably withheld, conditioned or delayed) and (ii) such Person executing and delivering a Joinder agreeing to succeed to the applicable portion of such Member's interest in this Agreement and to become a Party for all purposes of this Agreement (the "Joinder Requirement"). For the avoidance of doubt, if a Member transfers Units in accordance with the terms of the LLC Agreement but does not assign to the transferee of such Units its rights under this Agreement with respect to such transferred Units, such Member shall continue to be entitled to receive the Tax Benefit Payments arising in respect of a subsequent Exchange of such Units (and any such transferred Units shall be separately identified, so as to facilitate the determination of Tax Benefit Payments hereunder). The Corporation may not assign any of its rights or obligations under this Agreement to any Person (other than any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation) without the prior written consent of each of the Members (and any purported assignment without such consent shall be null and void).

(b) Amendments. No provision of this Agreement may be amended unless such amendment is approved in writing by each of a majority of the Independent Directors, ACON, the Management Representative and Fundamental, in which case such amendment shall be permitted. No provision of this Agreement may be waived unless such waiver is in writing and signed by the Party against whom the waiver is to be effective.

(c) Successors. Except as provided in Section 7.6(a), all of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

(d) Waiver. No failure by any Party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or any other covenant, duty, agreement, or condition.

Section 7.7 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.8 Resolution of Disputes.

(a) Except for Reconciliation Disputes subject to Section 7.9, any and all disputes which cannot be settled amicably, including any ancillary claims of any Party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) (each a "Dispute") shall be finally resolved by arbitration in accordance with the International Institute for Conflict Prevention and Resolution Rules for Administered Arbitration (the "Rules") by three arbitrators, of which the Corporation shall appoint one arbitrator and the Members party to such Dispute shall appoint one arbitrator in accordance with the "screened" appointment procedure provided in Rule 5.4. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of the arbitration shall be Seattle, Washington.

(b) Notwithstanding the provisions of paragraph (a), any Party may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling another Party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Party (i) expressly consents to the application of paragraph (c) of this Section 7.8 to any such action or proceeding, and (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate. For the avoidance of doubt, this Section 7.8 shall not apply to Reconciliation Disputes to be settled in accordance with the procedures set forth in Section 7.9.

(c) Each Party irrevocably consents to service of process by means of notice in the manner provided for in Section 7.1. Nothing in this Agreement shall affect the right of any Party to serve process in any other manner permitted by law.

(d) WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

(e) In the event the parties are unable to agree whether a dispute between them is a Reconciliation Dispute subject to the dispute resolution procedure set forth in Section 7.9 or a Dispute subject to the dispute resolution procedure set forth in this Section 7.8, such disagreement shall be decided and resolved in accordance with the procedure set forth in this Section 7.8.

Section 7.9 Reconciliation. In the event that the Corporation and any Member are unable to resolve a disagreement with respect to a Schedule (other than an Early Termination Schedule) prepared in accordance with the procedures set forth in Section 2.4, or with respect to an Early Termination Schedule prepared in accordance with the procedures set forth in Section 4.2, within the relevant time period designated in this Agreement (a "Reconciliation Dispute"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "Expert") in the particular area of disagreement mutually acceptable to both Parties. The Expert shall be a partner or principal in a nationally recognized accounting firm, and unless the Corporation and such Member agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporation or such Member or other actual or potential conflict of interest. If the Parties are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the selection of an Expert shall be treated as a Dispute subject to Section 7.8 and an arbitration panel shall pick an Expert from a nationally recognized accounting firm that does not have any material relationship with the Corporation or such Member or other actual or potential conflict of interest. The Expert shall resolve any matter relating to the Basis Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, the undisputed amount shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporation, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporation except as

provided in the next sentence. The Corporation and the Members shall bear their own costs and expenses of such proceeding, unless (i) the Expert adopts the Member's position, in which case the Corporation shall reimburse the Member for any reasonable and documented out-of-pocket costs and expenses in such proceeding (including for the avoidance of doubt any costs and expenses incurred by the Member relating to the engagement of the Expert or amending any applicable Tax Return), or (ii) the Expert adopts the Corporation's position, in which case the Member shall reimburse the Corporation for any reasonable and documented out-of-pocket costs and expenses in such proceeding (including for the avoidance of doubt costs and expenses incurred by the Corporation relating to the engagement of the Expert or amending any applicable Tax Return). The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be binding on the Corporation and the Members and may be entered and enforced in any court having competent jurisdiction.

Section 7.10 Withholding. The Corporation and its affiliates and representatives shall be entitled to deduct and withhold from any payment that is payable to any Member pursuant to this Agreement such amounts as the Corporation is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid by the Corporation to the relevant Member. Each Member shall promptly provide the Corporation with any applicable tax forms and certifications reasonably requested by the Corporation in connection with determining whether any such deductions and withholdings are required under the Code or any provision of U.S. state, local or foreign tax law.

Section 7.11 Admission of the Corporation into a Consolidated Group; Transfers of Corporate Assets.

(a) If the Corporation is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Section 1501 or other applicable Sections of the Code governing affiliated or consolidated groups, or any corresponding provisions of U.S. state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments, and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If the Corporation, its successor in interest or any member of a group described in Section 7.11(a) transfers one or more assets to a corporation (or a Person classified as a corporation for U.S. income tax purposes) with which such entity does not file a consolidated Tax Return pursuant to Section 1501 of the Code, such entity, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be

received by such entity shall be equal to the fair market value of the contributed asset as determined by the Advisory Firm or a valuation expert selected by the Corporation. For purposes of this Section 7.11, a transfer of a partnership interest shall be treated as a transfer of the transferring partner's share of each of the assets and liabilities of that partnership. Notwithstanding anything to the contrary set forth herein, if the Corporation, its successor in interest or any member of a group described in Section 7.11(a), transfers its assets pursuant to a transaction that qualifies as a "reorganization" (within the meaning of Section 368(a) of the Code) in which such entity does not survive or pursuant to any other transaction to which Section 381(a) of the Code applies (other than any such reorganization or any such other transaction, in each case, pursuant to which such entity transfers assets to a corporation with which the Corporation, its successor in interest or any member of the group described in Section 7.11(a) (other than any such member being transferred in such reorganization or other transaction) does not file a consolidated Tax Return pursuant to Section 1501 of the Code), the transfer will not cause such entity to be treated as having transferred any assets to a corporation (or a Person classified as a corporation for U.S. income tax purposes) pursuant to this Section 7.11(b).

Section 7.12 Confidentiality. Each Member and its assignees acknowledges and agrees that the information of the Corporation is confidential and, except in the course of performing any duties as necessary for the Corporation and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such Person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporation and its Affiliates and successors, learned by any Member heretofore or hereafter. This Section 7.12 shall not apply to (i) any information that has been made publicly available by the Corporation or any of its Affiliates, becomes public knowledge (except as a result of an act of any Member in violation of this Agreement) or is generally known to the business community, (ii) the disclosure of information to the extent necessary for a Member to prosecute or defend claims arising under or relating to this Agreement, and (iii) the disclosure of information to the extent necessary for a Member to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such Tax Returns. If a Member or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporation shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporation or any of its Subsidiaries and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.13 Change in Law. Notwithstanding anything herein to the contrary, if, as a result of or, in connection with an actual or proposed change in law, a Member reasonably believes that the existence of this Agreement could cause income (other

than income arising from receipt of a payment under this Agreement) recognized by such Member (or direct or indirect equity holders in such Member) in connection with any Exchange to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or would have other material adverse tax consequences to such Member or any direct or indirect owner of such Member, then at the written election of such Member in its sole discretion (in an instrument signed by such Member and delivered to the Corporation) and to the extent specified therein by such Member, this Agreement shall cease to have further effect and shall not apply to an Exchange with respect to such Member occurring after a date specified by such Member, or may be amended by in a manner reasonably determined by such Member, *provided* that such amendment shall not result in an increase in any payments owed by the Corporation under this Agreement at any time as compared to the amounts and times of payments that would have been due in the absence of such amendment.

Section 7.14 Interest Rate Limitation. Notwithstanding anything to the contrary contained herein, the interest paid or agreed to be paid hereunder with respect to amounts due to any Member hereunder shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If any Member shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the Tax Benefit Payment, Estimated Tax Benefit Payment or Early Termination Payment, as applicable (but in each case exclusive of any component thereof comprising interest) or, if it exceeds such unpaid non-interest amount, refunded to the Corporation. In determining whether the interest contracted for, charged, or received by any Member exceeds the Maximum Rate, such Member may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the payment obligations owed by the Corporation to such Member hereunder. Notwithstanding the foregoing, it is the intention of the Parties to conform strictly to any applicable usury laws.

Section 7.15 Independent Nature of Rights and Obligations. The rights and obligations of the each Member hereunder are several and not joint with the rights and obligations of any other Person. A Member shall not be responsible in any way for the performance of the obligations of any other Person hereunder, nor shall a Member have the right to enforce the rights or obligations of any other Person hereunder (other than the Corporation). The obligations of a Member hereunder are solely for the benefit of, and shall be enforceable solely by, the Corporation. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Member pursuant hereto or thereto, shall be deemed to constitute the Members acting as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Members are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and the Corporation acknowledges that the Members are not acting in concert or as a group and

will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

Section 7.16 LLC Agreement. This Agreement shall be treated as part of the LLC Agreement as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations.

Section 7.17 Management Representative. By executing this Agreement, each of the Members (other than ACON and any of its Affiliates) shall be deemed to have irrevocably constituted and appointed Russell Nickel (in the capacity described in this Section 7.17 and each successor as provided below, the "Management Representative") as his, her or its agent and attorney in fact with full power of substitution to act from and after the date hereof and to do any and all things and execute any and all documents on behalf of such Members which may be necessary, convenient or appropriate to facilitate any matters under this Agreement, including but not limited to: (i) execution of the documents and certificates required pursuant to this Agreement; (ii) except to the extent specifically provided in this Agreement that notice shall be sent to Fundamental, receipt and forwarding of notices and communications pursuant to this Agreement; (iv) administration of the provisions of this Agreement; (v) except with respect to Fundamental in respect of matters for which Fundamental has negotiated separate protections as described herein, giving or agreeing to, on behalf of such Members, any and all consents, waivers, amendments or modifications deemed by the Management Representative, in its sole and absolute discretion, to be necessary or appropriate under this Agreement and the execution or delivery of any documents that may be necessary or appropriate in connection therewith; (vi) except with respect to Fundamental, amending this Agreement or any of the instruments to be delivered to the Corporation pursuant to this Agreement; (vii) taking actions Management Representative is expressly authorized to take pursuant to the other provisions of this Agreement; (viii) except with respect to Fundamental, negotiating and compromising, on behalf of such Members, any dispute that may arise under, and exercising or refraining from exercising any remedies available under, this Agreement or any other agreement contemplated hereby and executing, on behalf of such Members, any settlement agreement, release or other document with respect to such dispute or remedy; and (ix) engaging attorneys, accountants, agents or consultants on behalf of such Members in connection with this Agreement or any other agreement contemplated hereby and paying any fees related thereto. If the Management Representative is unable or unwilling to so serve, then the Members (other than ACON and its Affiliates), as applicable, holding a majority of the common units owned by such Members outstanding on the date hereof, shall elect a new Management Representative. To the fullest extent permitted by law, none of the Management Representative, any of its Affiliates, or any of the Management Representative's or Affiliate's directors, officers, employees or other agents (each a "Covered Person") shall be liable, responsible or accountable in damages or otherwise to any Member, the LLC or the Corporation for damages arising from any action taken or omitted to be taken by the Management Representative or any other Person with respect to the LLC or the Corporation, except in the case of any action or omission which constitutes, with respect to such Person,

willful misconduct or fraud. Each of the Covered Persons may consult with legal counsel, accountants, and other experts selected by it, and any act or omission suffered or taken by it on behalf of the LLC or the Corporation or in furtherance of the interests of the LLC or the Corporation in good faith in reliance upon and in accordance with the advice of such counsel, accountants, or other experts shall create a rebuttable presumption of the good faith and due care of such Covered Person with respect to such act or omission; *provided* that such counsel, accountants, or other experts were selected with reasonable care. Each of the Covered Persons may rely in good faith upon, and shall have no liability to the LLC, the Corporation or the Members for acting or refraining from acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

[*Signature Page Follows This Page*]

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Agreement as of the date first written above.

CORPORATION:

FUNKO, INC.

By: /s/ Tracy Daw
Name:
Title:

[*Signature Page to Tax Receivable Agreement*]

THE LLC:

FUNKO ACQUISITION HOLDINGS, L.L.C.

By: /s/ Tracy Daw
Name:
Title:

[*Signature Page to Tax Receivable Agreement*]

MEMBER

ACON FUNKO INVESTORS, L.L.C.

By ACON Funko Manager, L.L.C., its Manager

By: /s/ Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

MEMBER:

By: /s/ Russell Nickel
Name: Russell Nickel
Title:

MANAGEMENT REPRESENTATIVE:

By: /s/ Russell Nickel
Name: Russell Nickel
Title:

MEMBER:

By: /s/ Sean Wilkinson
Name: Sean Wilkinson
Title:

MEMBER:

By: /s/ Jacob Matson
Name: Jacob Matson
Title: Dir. Innovation

MEMBER:

VICTORIA ANNE MARIOTTI, AS TRUSTEE OF BRIAN R. MARIOTTI GRANTOR RETAINED ANNUITY TRUST

By: /s/ Victoria Anne Mariotti
Name: Victoria Anne Mariotti
Title: Trustee

MEMBER:

VICTORIA ANNE MARIOTTI, AS TRUSTEE OF MARIOTTI FAMILY IRREVOCABLE TRUST

By: /s/ Victoria Anne Mariotti
Name: Victoria Anne Mariotti
Title: Trustee

MEMBER:

By: /s/ Kurt Dicus
Name: Kurt Dicus
Title: 10-18-2017

MEMBER:

By: /s/ Laurie Anderson
Name: Laurie Anderson
Title: Controller

MEMBER:

CERBERUS ASRS HOLDINGS, LLC

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Vice President

MEMBER:

By: /s/ Mark Robben
Name: Mark Robben
Title: Director of Marketing

MEMBER:

By: /s/ Timothy Spiller
Name: Timothy Spiller
Title: Director of Operations

MEMBER:

TREVOR SCHULTZ, AS TRUSTEE OF THE TREVOR SCHULTZ FAMILY TRUST, DATED DECEMBER 8, 2011

By: /s/ Trevor Schultz
Name: Trevor Schultz
Title: Trustee

MEMBER:

By: /s/ Johanna Gepford
Name: Johanna Gepford
Title: SVP Sales

MEMBER:

By: /s/ Sanjay Srivastava
Name: Sanjay Srivastava
Title: Director, Analytics

MEMBER:

DALE SCHULTZ, AS TRUSTEE OF THE DALE SCHULTZ FAMILY TRUST, DATED DECEMBER 8, 2011

By: /s/ Dale Schultz
Name: Dale Schultz
Title: Trustee

MEMBER:

By: /s/ Andrew Perlmutter
Name: Andrew Perlmutter
Title:

MEMBER:

By: /s/ Andrew Oddie
Name: Andrew Oddie
Title:

MEMBER:

By: /s/ Robert Mitchell
Name: Robert Mitchell
Title: Sr. Director, Operations

MEMBER:

By: /s/ Adam Kriger
Name: Adam Kriger
Title:

MEMBER:

By: /s/ Brian Mariotti
Name: Brian Mariotti
Title:

[*Signature Page to Tax Receivable Agreement*]

MEMBER:

GLADSTONE CAPITAL CORPORATION

By: /s/ Bob Marcotte
Name: Bob Marcotte
Title: President

[*Signature Page to Tax Receivable Agreement*]

MEMBER:

By: /s/ Doug Kikendall
Name: Doug Kikendall
Title: Member

MEMBER:

JON P. AND TRISHAWN P. KIPP CHILDREN'S TRUST U/A/D 5/31/14

By: /s/ Shauna M. Kipp trustee
Name:
Title: Trustee

MEMBER:

By: /s/ Gustavio Rubio Escudero
Name: Gustavo Rubio Escudero
Title:

MEMBER:

By: /s/ Sarathy Annamraju
Name: Sarathy Annamraju
Title: CIO

[*Signature Page to Tax Receivable Agreement*]

MEMBER:

By: /s/ Robert Schwartz
Name: Robert Schwartz
Title: Designer

MEMBER:

By: /s/ Melissa Alton
Name: Melissa Alton
Title: Director of Procurement

MEMBER:

By: /s/ Anne Aquino
Name: Anne Aquino
Title: Retail Fulfillment Manager

MEMBER:

By: /s/ Allison Dinan
Name: Allison Dinan
Title:

MEMBER:

By: /s/ Charles Denson
Name: Charles Denson
Title: Director

MEMBER:

By: /s/ Tracy Daw
Name: Tracy Daw
Title: SVP & General Counsel

MEMBER:

By: /s/ Benjamin Butcher
Name: Benjamin Butcher
Title:

MEMBER:

By: /s/ Michael Becker
Name: Michael Becker
Title: V.P. Apparel

[*Signature Page to Tax Receivable Agreement*]

MEMBER:

GLADSTONE INVESTMENT CORPORATION

By: /s/ David Gladstone
Name: David Gladstone
Title: CEO

MEMBER:

FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company,

By: FUNDAMENTAL CAPITAL PARTNERS, LLC,
a Delaware limited liability company
Manager

By: /s/ Richard McNally
Name: Richard McNally
Title: Member

MEMBER:

FUNKO INTERNATIONAL, LLC, a Delaware Limited Liability Company,

By: FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company

By: FUNDAMENTAL CAPITAL PARTNERS, LLC, a Delaware limited liability company
Manager

By: /s/ Richard McNally
Name: Richard McNally
Title: Manager

MEMBER:

DRAWBRIDGE SPECIAL OPPORTUNITIES FUND LP

By: Drawbridge Special Opportunities GP LLC, its general partner

By: /s/ Constantine M. Dakolias
Name: Constantine M. Dakolias
Title: President

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of _____, 20___ (this "Joinder"), is delivered pursuant to that certain Tax Receivable Agreement, dated as of November 1, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Tax Receivable Agreement") by and among Funko, Inc., a Delaware corporation (the "Corporation"), Funko Acquisition Holdings, LLC, a Delaware limited liability company ("the LLC"), and each of the Members from time to time party thereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Tax Receivable Agreement.

1. Joinder to the Tax Receivable Agreement. Upon the execution of this Joinder by the undersigned and delivery hereof to the Corporation, the undersigned hereby is and hereafter will be a Member under the Tax Receivable Agreement and a Party thereto, with all the rights, privileges and responsibilities of a Member thereunder. The undersigned hereby agrees that it shall comply with and be fully bound by the terms of the Tax Receivable Agreement as if it had been a signatory thereto as of the date thereof.

2. Incorporation by Reference. All terms and conditions of the Tax Receivable Agreement are hereby incorporated by reference in this Joinder as if set forth herein in full.

3. Address. All notices under the Tax Receivable Agreement to the undersigned shall be direct to:

[Name]
[Address]
[City, State, Zip Code]
Attn:
Facsimile:
E-mail:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Joinder as of the day and year first above written.

[NAME OF NEW PARTY]

By: _____
Name:
Title:

Acknowledged and agreed
as of the date first set forth above:

FUNKO, INC.

By: _____
Name:
Title:

Exhibit 10.26

STOCKHOLDERS AGREEMENT OF

FUNKO, INC.

THIS STOCKHOLDERS AGREEMENT, dated as of November 1, 2017 (as it may be amended, amended and restated or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), is entered into by and among **Funko, Inc.**, a Delaware corporation (the "Corporation"), **ACON Funko Investors, L.L.C.**, a Delaware limited liability company ("ACON"), **ACON Funko Investors Holdings 1, L.L.C.**, a Delaware limited liability company ("ACON Funko Investors Holdco 1"), **ACON Funko Investors Holdings 2, L.L.C.**, a Delaware limited liability company ("ACON Funko Investors Holdco 2"), **ACON Funko Investors Holdings 3, L.L.C.**, a Delaware limited liability company ("ACON Funko Investors Holdco 3", and together with ACON Funko Investors Holdco 1 and ACON Funko Investors Holdco 2, the "ACON Holdcos"), **Fundamental Capital, LLC**, a Delaware limited liability company ("Fundamental Capital"), **Funko International, LLC**, a Delaware limited liability company ("Funko International") and **Brian Mariotti**, an individual ("Mr. Mariotti", and together with ACON, Fundamental Capital and Funko International, the "Original Members"). Certain terms used in this Agreement are defined in Section 7.

RECITALS

WHEREAS, each Original Member owns, directly or indirectly, outstanding membership interests in Funko Acquisition Holdings, L.L.C., a Delaware limited liability company ("FAH LLC"), which membership interests constitute and are defined as "Common Units" pursuant to the Second Amended and Restated Limited Liability Company Agreement of FAH LLC, dated as of November 1, 2017, as such agreement may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time (the "LLC Agreement" and such membership interests, the "Common Units");

WHEREAS, the Corporation is contemplating an offering and sale of the shares of Class A common stock, par value $0.0001 per share, of the Corporation (the "Class A Common Stock") in an underwritten initial public offering (the "IPO") and using a portion of the net proceeds received from the IPO to purchase Common Units;

WHEREAS, pursuant to that certain Common Unit Subscription Agreement by and between the Corporation and FAH LLC, dated as of November 1, 2017 (the "Common Unit Subscription Agreement") and that certain Common Unit Purchase Agreement by and among the Corporation and certain member(s) of FAH LLC parties thereto, dated as of November 1, 2017 (the "Common Unit Purchase Agreement"), the Corporation will hold Common Units;

WHEREAS, upon consummation of the transactions contemplated by the Common Unit Subscription Agreement and the Common Unit Purchase Agreement, it is contemplated that the Corporation will be admitted as a member, and appointed as the sole managing member of FAH LLC;

WHEREAS, in connection with, and prior to, the consummation of the IPO, it is anticipated that ACON, the ACON Holdcos, the Corporation and certain of their respective affiliates will enter into a series of related transactions pursuant to which the ACON Holdcos will become holders of Class A Common Stock;

WHEREAS, immediately following the consummation of the IPO, ACON (together with the ACON Holdcos and any other Permitted Transferees of ACON (and any affiliate of an ACON Holdco to which any such ACON Holdco transfers Class A Common Stock), in such capacity, the "ACON Related Parties") will be the record holder of shares of Class A Common Stock and Class B common stock, par value $0.0001 per share, of the Corporation ("Class B Common Stock");

WHEREAS, immediately following the consummation of the IPO, Fundamental Capital and Funko International (collectively, "Fundamental", and together with each of their Permitted Transferees, in such capacity, the "Fundamental Related Parties") will be the record holders of shares of Class B Common Stock;

WHEREAS, immediately following the consummation of the IPO, Mr. Mariotti will be the record holder of Class B Common Stock; and

WHEREAS, in order to induce the Original Members (x) to approve the sale and issuance of Common Units by FAH LLC to the Corporation and the appointment of the Corporation as the sole managing member of FAH LLC in connection with the IPO and (y) to take such other actions as shall be necessary to effectuate the transactions contemplated by the IPO, the parties hereto desire to set forth their agreement with respect to the matters set forth herein in connection with their respective investments in the Corporation.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and the Original Members agree as follows:

Agreement

Section 1. Election of the Board of Directors.

(a) Subject to this Section 1(a), the ACON Related Parties shall be entitled to designate for nomination by the Board up to three (3) Directors from time to time (any Director designated by the ACON Related Parties, an "ACON Director"). The ACON Directors shall be apportioned among the three (3) classes of Directors as nearly equal in number as possible. The right of the ACON Related Parties to designate the ACON Directors as set forth in this Section 1(a) shall be subject to the following: (i) if at any time the ACON Related Parties beneficially own, directly or indirectly, in the aggregate less than thirty-five percent (35%) but at least twenty-five percent (25%) or more of all issued and outstanding shares of Class A Common Stock (including for this purpose the Underlying Class A Shares), the ACON Related Parties shall only be entitled to designate two (2) ACON Directors, and (ii) if at any time the ACON Related Parties beneficially own, directly or indirectly, in the aggregate less than twenty-five percent (25%) but at least

fifteen percent (15%) or more of all issued and outstanding shares of Class A Common Stock (including for this purpose the Underlying Class A Shares), the ACON Related Parties shall only be entitled to designate one (1) ACON Director. The ACON Related Parties shall not be entitled to designate any ACON Directors in accordance with this Section 1(a) if at any time the ACON Related Parties beneficially own, directly or indirectly, in the aggregate less than fifteen percent (15%) of all issued and outstanding shares of Class A Common Stock (including for this purpose Underlying Class A Shares). Commencing on the one year anniversary of the date on which the Class A Common Stock is listed on a national securities exchange and ending on the earlier of (x) the date on which the Fundamental Related Parties no longer have any Director designation rights under Section 1(b) and (y) the date on which the ACON Related Parties are no longer entitled to designate three (3) ACON Directors in accordance with this Section 1(a), one of the ACON Directors shall be "independent" in accordance with the Nasdaq Stock Market and U.S. Securities and Exchange Commission rules regarding audit committee independence.

(b) Subject to this Section 1(b), the Fundamental Related Parties shall be entitled to designate for nomination by the Board one (1) Director from time to time (such Director designated by Fundamental, the "Fundamental Director"). The Fundamental Related Parties shall not be entitled to designate the Fundamental Director in accordance with this Section 1(b) from and after October 1, 2018 or if at any time prior thereto the Fundamental Related Parties beneficially own, directly or indirectly, in the aggregate less than ten percent (10%) of all issued and outstanding shares of Class A Common Stock (including for this purpose the Underlying Class A Shares).

(c) Subject to this Section 1(c), Mr. Mariotti shall be entitled to be designated for nomination by the Board as a Director. The right of Mr. Mariotti to be designated as a Director as set forth in this Section 1(c) shall be subject to Mr. Mariotti serving as the Chief Executive Officer of the Corporation. Mr. Mariotti shall not be entitled to be designated as a Director in accordance with this Section 1(c) once Mr. Mariotti ceases to be the Chief Executive Officer of the Corporation.

(d) Subject to Section 1(a), Section 1(b) and Section 1(c), each of ACON, the ACON Holdcos, Fundamental and Mr. Mariotti hereby agrees to vote, or cause to be voted, all outstanding shares of Class A Common Stock and/or Class B Common Stock, as applicable, held by the ACON Related Parties, the Fundamental Related Parties or Mr. Mariotti (or any of the Permitted Transferees) at any annual or special meeting of stockholders of the Corporation at which Directors of the Corporation are to be elected or removed, or to take all Necessary Action to cause the election or removal of the ACON Directors, the Fundamental Director and Mr. Mariotti as a Director, as provided herein.

Section 2. Vacancies and Replacements.

(a) If the number of Directors that the ACON Related Parties or the Fundamental Related Parties have the right to designate to the Board is decreased pursuant to Section 1(a) or Section 1(b), or if Mr. Mariotti is no longer entitled to serve on

the Board pursuant to Section 1(c) (each such occurrence, a "Decrease in Designation Rights"), then:

(i) unless a majority of Directors agree in writing that a Director or Directors shall not resign as a result of a Decrease in Designation Rights, each of the ACON Related Parties, the Fundamental Related Parties or Mr. Mariotti, as applicable, shall use its reasonable best efforts to cause each of (x) the appropriate number of ACON Directors that the ACON Related Parties cease to have the right to designate to serve as an ACON Director, (y) the Fundamental Director that the Fundamental Related Parties cease to have the right to designate to serve as the Fundamental Director or (z) Mr. Mariotti, if Mr. Mariotti ceases to the have the right to be designated as a Director, respectively, to offer to tender his, her or their resignation(s), and each of such ACON Directors, Fundamental Director or Mr. Mariotti so tendering a resignation, as applicable, shall resign within thirty (30) days from the date that the ACON Related Parties, the Fundamental Related Parties and/or Mr. Mariotti, as applicable, incurs a Decrease in Designation Rights; *provided*, *however*, that with respect to the Fundamental Related Parties, if the Decrease in Designation Rights occurs as a result of reaching the October 1, 2018 expiration date for such designation right as set forth in Section 1(b), then the Fundamental Director shall not be required to resign prior to the first business day after the date on which the Corporation files its Quarterly Report on Form 10-Q for the period ended September 30, 2018. In the event any such ACON Director, Fundamental Director or Mr. Mariotti, as applicable, does not resign as a Director by such time as is required by the foregoing, the ACON Related Parties, the Fundamental Related Parties and Mr. Mariotti, as holders of Class A Common Stock and Class B Common Stock, the Corporation and the Board, to the fullest extent permitted by law and, with respect to the Board, subject to its fiduciary duties to the Corporation's stockholders, shall thereafter take all Necessary Action, including voting in accordance with Section 1(d), to cause the removal of such individual as a Director; and

(ii) the vacancy or vacancies created by such resignation(s) and/or removal(s) shall be filled with one or more Directors, as applicable, designated by the Board upon the recommendation of the Nominating and Corporate Governance Committee, so long as it is established.

(b) Each of the ACON Related Parties and the Fundamental Related Parties shall have the sole right to request that one or more of their respective designated Directors, as applicable, tender their resignations as Directors of the Board (each, a "Removal Right"), in each case, with or without cause at any time, by sending a written notice to such Director and the Corporation's Secretary stating the name of the Director or Directors whose resignation from the Board is requested (the "Removal Notice"). If the Director subject to such Removal Notice does not resign within thirty (30) days from receipt thereof by such Director, the ACON Related Parties, the Fundamental Related Parties and Mr. Mariotti, as holders of Class A Common Stock and Class B Common Stock, the Corporation and the Board, to the fullest extent permitted by law and, with respect to the Board, subject to its fiduciary duties to the Corporation's stockholders, shall

thereafter take all Necessary Action, including voting in accordance with Section 1(d) to cause the removal of such Director from the Board (and such Director shall only be removed by the parties to this Agreement in such manner as provided herein).

(c) Each of the ACON Related Parties and the Fundamental Related Parties, as applicable, shall have the exclusive right to designate a replacement Director for nomination or election by the Board to fill vacancies created as a result of not designating their respective Director(s) initially or by death, disability, retirement, resignation, removal (with or without cause) of their respective Director(s), or otherwise by designating a successor for nomination or election by the Board to fill the vacancy of their respective Director(s) created thereby on the terms and subject to the conditions of Section 1.

Section 3. Initial Directors. The initial ACON Directors pursuant to Section 1(a) shall be Kenneth R. Brotman (as a Class III Director), Gino Dellomo (as a Class II Director) and Adam Kriger (as a Class I Director). The initial Fundamental Director pursuant to Section 1(b) shall be Richard McNally (as a Class II Director). Pursuant to Section 1(c), Mr. Mariotti shall be a Class I Director. Kenneth R. Brotman shall serve as the initial Chairperson of the Board (as defined in the Bylaws) for the initial term, in accordance with this Agreement and the Bylaws, after which the Chairperson of the Board shall be determined in accordance with this Agreement and the Bylaws.

Section 4. Rights of the ACON Related Parties. In addition to any voting requirements contained in the organizational documents of the Corporation or any of its Subsidiaries, the Corporation shall not take, and shall cause FAH LLC and its Subsidiaries not to take, any of the following actions (whether by merger, consolidation or otherwise) without the prior written approval of ACON and each of the ACON Holdcos for as long as the ACON Related Parties beneficially own, directly or indirectly, in the aggregate thirty percent (30%) or more of all issued and outstanding shares of Class A Common Stock (including for these purposes the Underlying Class A Shares):

(a) any transaction or series of related transactions, in each case, to the extent within the reasonable control of the Corporation, (i) in which any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Exchange Act (excluding the ACON Related Parties and any “group” that includes the ACON Related Parties, the Fundamental Related Parties and Mr. Mariotti)) acquires, directly or indirectly, in excess of fifty percent (50%) of the then outstanding shares of any class of capital stock (or equivalent) of the Corporation, FAH LLC or any of their respective Subsidiaries (whether by merger, consolidation, sale or transfer of capital stock or partnership, membership or other equity interests, tender offer, exchange offer, reorganization, recapitalization or otherwise) or (ii) following which any “person” or “group” referred to in clause (i) hereof has the direct or indirect power to elect a majority of the members of the Board or to replace the Corporation as the sole manager of FAH LLC (or to add another Person as a co-manager of FAH LLC);

(b) the reorganization, recapitalization, voluntary bankruptcy, liquidation, dissolution or winding-up of the Corporation, FAH LLC or any of their respective Subsidiaries;

(c) the sale, lease or exchange of all or substantially all of the property and assets of the Corporation and its Subsidiaries, taken as a whole;

(d) the (i) resignation, replacement or removal of the Corporation as the sole manager of FAH LLC or (ii) appointment of any additional Person as a manager of FAH LLC;

(e) any acquisition or disposition of assets of the Corporation or any of its Subsidiaries where the aggregate consideration for such assets is greater than ten million dollars ($10,000,000) in any single transaction or series of related transactions, other than transactions solely between or among the Corporation and/or one or more of the Corporation's direct or indirect wholly owned subsidiaries;

(f) the creation of a new class or series of capital stock or equity securities of the Corporation, FAH LLC or any of their respective Subsidiaries;

(g) any issuance of additional shares of Class A Common Stock, Class B Common Stock, Preferred Stock or other equity securities of the Corporation, FAH LLC or any of their respective Subsidiaries after the date hereof, other than any issuance of additional shares of Class A Common Stock or other equity securities of the Corporation or its Subsidiaries (i) under any stock option or other equity compensation plan of the Corporation or any of its Subsidiaries approved by the Board or the compensation committee of the Board, (ii) pursuant to the exercise or conversion of any options, warrants or other securities existing as of the date of this Agreement, or (iii) in connection with any redemption of Common Units as set forth in the LLC Agreement;

(h) any amendment or modification of the organizational documents of the Corporation, FAH LLC or any of their respective Subsidiaries, other than the LLC Agreement, which shall be subject to amendment or modification solely in accordance with the terms set forth therein; or

(i) any increase or decrease of the size of the Board.

Section 5. Covenants of the Corporation.

(a) The Corporation agrees to take all Necessary Action to cause (i) the Board to be comprised at least of seven (7) Directors or such other number of Directors as the Board may determine, subject to the terms of this Agreement, the Charter or the Bylaws of the Corporation; (ii) the individuals designated in accordance with Section 1 to be included in the slate of nominees to be elected to the Board at the next annual or special meeting of stockholders of the Corporation at which Directors are to be elected, in accordance with the Bylaws, Charter and General Corporation Law of the State of Delaware and at each annual meeting of stockholders of the Corporation thereafter at which such Director's term expires; (iii) the individuals designated in accordance with Section 2(c) to fill the applicable vacancies on the Board, in accordance with the Bylaws, Charter, Securities Laws, General Corporation Law of the State of Delaware and the Nasdaq Stock Market rules; (iv) an ACON Director to be the Chairperson of the Board and (v) to adhere to, implement and enforce the provisions set forth in Section 4.

(b) The ACON Related Parties, the Fundamental Related Parties and Mr. Mariotti shall comply with the requirements of the Charter and Bylaws when designating and nominating individuals as Directors, in each case, to the extent such requirements are applicable to Directors generally. Notwithstanding anything to the contrary set forth herein, in the event that the Board determines, within sixty (60) days after compliance with the first sentence of this Section 5(b), in good faith, after consultation with outside legal counsel, that its nomination, appointment or election of a particular Director designated in accordance with Section 1 or Section 2, as applicable, would constitute a breach of its fiduciary duties to the Corporation's stockholders or does not otherwise comply with any requirements of the Charter or Bylaws, then the Board shall inform the ACON Related Parties, the Fundamental Related Parties and/or Mr. Mariotti, as applicable, of such determination in writing and explain in reasonable detail the basis for such determination and shall, to the fullest extent permitted by law, nominate, appoint or elect another individual designated for nomination, election or appointment to the Board by the ACON Related Parties and/or the Fundamental Related Parties, as applicable (subject in each case to this Section 5(b)); *provided*, *however*, that if the Board informs Mr. Mariotti that Mr. Mariotti cannot be appointed or elected as set forth in this Section 5(b), Mr. Mariotti shall not be entitled to nominate a substitute to the Board. The Board and the Corporation shall, to the fullest extent permitted by law, take all Necessary Action required by this Section 5 with respect to the election of such substitute designees to the Board.

Section 6. Termination. This Agreement shall terminate upon the earliest to occur of any one of the following events:

(a) each of (i) the ACON Related Parties, (ii) the Fundamental Related Parties and (iii) Mr. Mariotti ceasing to own any shares of Class A Common Stock or Class B Common Stock;

(b) each of (i) the ACON Related Parties, (ii) the Fundamental Related Parties and (iii) Mr. Mariotti ceasing to have any Director designation rights under Section 1 and

(c) the unanimous written consent of the parties hereto.

For the avoidance of doubt, the rights and obligations (x) of the ACON Related Parties under this Agreement shall terminate upon the ACON Related Parties ceasing to own any shares of Class A Common Stock or Class B Common Stock, (y) of the Fundamental Related Parties under this Agreement shall terminate upon the Fundamental Related Parties ceasing to own any shares of Class A Common Stock or Class B Common Stock and (z) Mr. Mariotti under this Agreement shall terminate upon Mr. Mariotti ceasing to own any shares of Class A Common Stock or Class B Common Stock. Notwithstanding the foregoing, nothing in this Agreement shall modify, limit or otherwise affect, in any way, any and all rights to indemnification, exculpation and/or contribution owed by any of the parties hereto, to the extent arising out of or relating to events occurring prior to the date of termination of this Agreement or the date the rights and obligations of such party under this Agreement terminates in accordance with this Section 6.

Section 7. Definitions. As used in this Agreement, any term that it is not defined herein, shall have the following meanings:

"Board" means the board of directors of the Corporation.

"Bylaws" means the amended and restated bylaws of the Corporation, dated as of the date hereof, as the same may be further amended, restated, amended and restated or otherwise modified from time to time.

"Charter" means the amended and restated certificate of incorporation of the Corporation, effective as of the date hereof, as the same may be further amended, restated, amended and restated or otherwise modified from time to time.

"Director" means a member of the Board.

"Necessary Action" means, with respect to a specified result, all commercially reasonable actions required to cause such result that are within the power of a specified Person, including (i) voting or providing a written consent or proxy with respect to the equity securities owned by the Person obligated to undertake the necessary action, (ii) voting in favor of the adoption of stockholders' resolutions and amendments to the organizational documents of the Corporation, (iii) executing agreements and instruments, and (iv) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

"Nominating and Corporate Governance Committee" means the nominating and corporate governance committee of the Board or any committee of the Board authorized to perform the function of recommending to the Board the nominees for election as Directors or nominating the nominees for election as Directors.

"Permitted Transferees" has the meaning set forth in the Charter.

"Person" means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other entity or organization, including a government or any subdivision or agency thereof.

"Preferred Stock" means the shares of preferred stock, par value $0.0001 per share, of the Corporation.

"Securities Laws" means the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder.

"Subsidiary" means with respect to any Person, any corporation, limited liability company, partnership, association, trust or other form of legal entity, of which (a) such first Person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms voting power to elect a majority of the board of directors or others performing similar functions, or (b) such first Person is a general

partner or managing member (excluding partnerships in which such Person or any Subsidiary thereof does not have a majority of the voting interests in such partnership).

"Underlying Class A Shares" means all shares of Class A Common Stock issuable upon redemption of Common Units, assuming all such Common Units are redeemed for Class A Common Stock on a one-for-one basis.

Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; (v) the word "including" shall mean "including, without limitation"; (vi) each defined term has its defined meaning throughout this Agreement, whether the definition of such term appears before or after such term is used; and (vii) the word "or" shall be disjunctive but not exclusive. References to agreements and other documents shall be deemed to include all subsequent amendments and other modifications thereto. References to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation.

Section 8. Choice of Law and Venue; Waiver of Right to Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE. EACH OF THE PARTIES HERETO ACKNOWLEDGES AND AGREES THAT IN THE EVENT OF ANY BREACH OF THIS AGREEMENT, THE NON-BREACHING PARTY WOULD BE IRREPARABLY HARMED AND COULD NOT BE MADE WHOLE BY MONETARY DAMAGES, AND THAT, IN ADDITION TO ANY OTHER REMEDY TO WHICH THEY MAY BE ENTITLED AT LAW OR IN EQUITY, THE PARTIES SHALL BE ENTITLED TO SUCH EQUITABLE OR INJUNCTIVE RELIEF AS MAY BE APPROPRIATE. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT OF ANY JUDGMENT OF A DELAWARE FEDERAL OR STATE COURT, OR THE TAKING OF ANY ACTION UNDER THIS AGREEMENT TO ENFORCE SUCH A JUDGMENT, IN ANY OTHER APPROPRIATE JURISDICTION.

(b) IN THE EVENT ANY PARTY TO THIS AGREEMENT COMMENCES ANY LITIGATION, PROCEEDING OR OTHER LEGAL ACTION IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN, THE PARTIES TO THIS AGREEMENT HEREBY (1) AGREE UNDER ALL CIRCUMSTANCES ABSOLUTELY AND IRREVOCABLY TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURT OF CHANCERY OF THE STATE OF DELAWARE, OR IF (AND ONLY IF) SUCH COURT FINDS IT LACKS SUBJECT MATTER JURISDICTION, THE SUPERIOR COURT OF THE STATE OF DELAWARE (COMPLEX COMMERCIAL DIVISION), OR IF UNDER APPLICABLE LAW, SUBJECT MATTER JURISDICTION OVER THE MATTER

THAT IS THE SUBJECT OF THE ACTION OR PROCEEDING IS VESTED EXCLUSIVELY IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, AND APPELATE COURTS FROM ANY THEREOF, WITH RESPECT TO ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY; (2) AGREE THAT IN THE EVENT OF ANY SUCH LITIGATION, PROCEEDING OR ACTION, SUCH PARTIES WILL CONSENT AND SUBMIT TO THE PERSONAL JURISDICTION OF ANY SUCH COURT DESCRIBED IN CLAUSE (1) OF THIS SECTION 8(B) AND TO SERVICE OF PROCESS UPON THEM IN ACCORDANCE WITH THE RULES AND STATUTES GOVERNING SERVICE OF PROCESS; (3) AGREE TO WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH LITIGATION, PROCEEDING OR ACTION IN ANY SUCH COURT OR THAT ANY SUCH LITIGATION, PROCEEDING OR ACTION WAS BROUGHT IN ANY INCONVENIENT FORUM; (4) AGREE TO WAIVE ANY RIGHTS TO A JURY TRIAL TO RESOLVE ANY DISPUTES OR CLAIMS RELATING TO THIS AGREEMENT; (5) AGREE TO SERVICE OF PROCESS IN ANY LEGAL PROCEEDING BY MAILING OF COPIES THEREOF TO SUCH PARTY AT ITS ADDRESS SET FORTH HEREIN FOR COMMUNICATIONS TO SUCH PARTY; (6) AGREE THAT ANY SERVICE MADE AS PROVIDED HEREIN SHALL BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (7) AGREE THAT NOTHING HEREIN SHALL AFFECT THE RIGHTS OF ANY PARTY TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

Section 9. Notices. Any notice, request, claim, demand, document and other communication hereunder to any party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile, or by electronic mail, or first class mail, or by Federal Express or other similar courier or other similar means of communication, as follows:

(a) If to ACON, addressed as follows:

ACON Funko Investors, L.L.C.
1133 Connecticut Ave. N.W., Suite 700
Washington, D.C. 22102
Attn: Kenneth R. Brotman
Facsimile: (202) 454-1101
E-mail: kbrotman@aconinvestments.com

with a copy (which copy shall not constitute notice) to:

Hogan Lovells US LLP
7930 Jones Branch Drive, Ninth Floor
McLean, VA 22102
Attn: Robert Welp
Adam Brown

Facsimile: (703) 610-6200
E-mail: robert.welp@hoganlovells.com
adam.brown@hoganlovells.com

(b) If to Fundamental, addressed as follows:

Fundamental Capital, LLC
4 Embarcadero Center
Suite 1400
San Francisco, CA 94111
Attn: Kevin Keenley
Facsimile: (415) 543-1491
E-mail: keenley@fundamentalcapital.com

with a copy (which shall not constitute notice) to:

Reed Smith LLP
1510 Page Mill Road Suite 110
Palo Alto, CA 94304-1127
Attn:. Donald C. Reinke
Facsimile: (650) 352 0699
E-mail: dreinke@reedsmith.com

(c) If to Mr. Mariotti, addressed as follows:

Brian Mariotti
2802 Wetmore Avenue
Everett, Washington 98201
E-mail: brian@funko.com

(d) If to the Corporation, addressed as follows:

Funko, Inc.
2802 Wetmore Avenue
Everett, Washington 98201
Telephone: (425) 261-0457
Attn: Russell Nickel, Chief Financial Officer
Tracy Daw, Senior Vice President, General Counsel and Secretary
E-mail: russell@funko.com
tracy@funko.com

with a copy (which copy shall not constitute notice) to:

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn: Marc Jaffe
Ian Schuman
Facsimile: (212) 751-4864
E-mail: marc.jaffe@lw.com
ian.schuman@lw.com

or, in each case, to such other address or email address as such party may designate in writing to each party by written notice given in the manner specified herein. All such communications shall be deemed to have been given, delivered or made when so delivered by hand or sent by facsimile (with confirmed transmission), on the next business day if sent by overnight courier service (with confirmed delivery) or when received if sent by first class mail, or in the case of notice by electronic mail, when the relevant email enters the recipient's server.

Section 10. Assignment. Except as otherwise provided herein, all of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of the parties hereto. This Agreement may not be assigned (by operation of law or otherwise) without the express prior written consent of the other parties hereto, and any attempted assignment, without such consents, will be null and void; *provided*, *however*, that each of ACON, Fundamental and Mr. Mariotti is permitted to assign this Agreement to their respective Permitted Transferees of the Class B Common Stock and each ACON Holdco and Fundamental is permitted to assign this Agreement to its respective affiliates in connection with a transfer of the Class A Common Stock to such affiliate. Each of ACON, the ACON Holdcos, Fundamental and Mr. Mariotti shall cause any of their respective Permitted Transferees of the Class B Common Stock (or, in the case of an assignment of this Agreement by an ACON Holdco to one or more of its affiliates in connection with a transfer of Class A Common Stock, such ACON Holdco's affiliate), to become a party to this Agreement.

Section 11. Amendment and Modification; Waiver of Compliance. This Agreement may not be amended, modified, altered or supplemented except by means of a written instrument executed on behalf of each of the Corporation, ACON, Fundamental and Mr. Mariotti. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party or parties entitled to the benefits thereof only by a written instrument signed by the party or parties granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 12. Waiver. No failure on the part of either party hereto to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party hereto in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver thereof; and no single or partial exercise of any such power,

right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

Section 13. Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance or in any jurisdiction, shall be held to be invalid or unenforceable to any extent, (i) the remainder of this Agreement shall not be affected thereby, and each other provision hereof shall be valid and enforceable to the fullest extent permitted by law, (ii) as to such Person or circumstance or in such jurisdiction such provision shall be reformed to be valid and enforceable to the fullest extent permitted by law and (iii) the application of such provision to other Persons or circumstances or in other jurisdictions shall not be affected thereby.

Section 14. Counterparts. This Agreement may be executed in any number of counterparts and signatures may be delivered by facsimile, each of which may be executed by less than all parties, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

Section 15. Further Assurances. At any time or from time to time after the date hereof, the parties hereto agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as any other party may reasonably request in order to evidence or effectuate the provisions of this Agreement and to otherwise carry out the intent of the parties hereunder.

Section 16. Titles and Subtitles. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 17. Representations and Warranties.

(a)Each of ACON, Fundamental, Brian Mariotti, and each Person who becomes a party to this Agreement after the date hereof, severally and not jointly and solely with respect to itself, represents and warrants to the Corporation as of the time such party becomes a party to this Agreement that (a) if applicable, it is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly executed by such party and is a valid and binding agreement of such party, enforceable against such party in accordance with its terms; and (c) the execution, delivery and performance by such party of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both constitute) a default under any agreement to which such party is a party or, if applicable, the organizational documents of such party.

(b)The Corporation represents and warrants to each other party hereto that (a) the Corporation is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly authorized, executed and delivered by the Corporation and is a valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms; and (c) the execution, delivery and performance

by the Corporation of this Agreement does not violate or conflict with or result in a breach by the Corporation of or constitute (or with notice or lapse of time or both constitute) a default by the Corporation under the Charter or Bylaws, any existing applicable law, rule, regulation, judgment, order, or decree of any governmental authority exercising any statutory or regulatory authority of any of the foregoing, domestic or foreign, having jurisdiction over the Corporation or any of its Subsidiaries or any of their respective properties or assets, or any agreement or instrument to which the Corporation or any of its Subsidiaries is a party or by which the Corporation or any of its Subsidiaries or any of their respective properties or assets may be bound.

Section 18. No Strict Construction. This Agreement shall be deemed to be collectively prepared by the parties hereto, and no ambiguity herein shall be construed for or against any party based upon the identity of the author of this Agreement or any provision hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

FUNKO, INC.

By:/s/Tracy Daw
Name:
Title:

[*Signature Page to Stockholders Agreement*]

ACON FUNKO INVESTORS, L.L.C.

By ACON Funko Manager, L.L.C., its Manager

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[*Signature Page to Stockholders Agreement*]

ACON FUNKO INVESTORS HOLDINGS 1, L.L.C.

By ACON Funko Manager, L.L.C., its
Managing Member

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

ACON FUNKO INVESTORS HOLDINGS 2, L.L.C.

Bby ACON Equity GenPar, L.L.C., its
Managing Member

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Member

ACON FUNKO INVESTORS HOLDINGS 3, L.L.C.

By ACON Equity GenPar, L.L.C., its
Managing Member

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Member

By: /s/Brian Mariotti
Name: Brian Mariotti
Title:

FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company,

By: FUNDAMENTAL CAPITAL PARTNERS, LLC,
a Delaware limited liability company
Manager

By: /s/ Richard McNally
Name: Richard McNally
Title: Manager

FUNKO INTERNATIONAL, LLC, a Delaware Limited Liability Company,

By: FUNDAMENTAL CAPITAL, LLC,
a Delaware limited liability company

By: FUNDAMENTAL CAPITAL PARTNERS, LLC, a Delaware limited liability company
Manager

By: /s/Richard McNally
Name: Richard McNally
Title:

[*Signature Page to Stockholders Agreement*]

Exhibit 10.27

FUNKO ACQUISITION HOLDINGS, L.L.C.

SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

Dated as of November 1, 2017

THE COMPANY INTERESTS REPRESENTED BY THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH COMPANY INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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FUNKO ACQUISITION HOLDINGS, L.L.C.

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "***Agreement***"), dated as of November 1, 2017 (the "***Effective Time***"), is entered into by and among Funko Acquisition Holdings, L.L.C., a Delaware limited liability company (the "***Company***"), and its Members (as defined herein).

RECITALS

WHEREAS, unless the context otherwise requires, capitalized terms have the respective meanings ascribed to them in Section 1.1;

WHEREAS, the Company was formed as a limited liability company with the name "Funko Acquisition Holdings, L.L.C.", pursuant to and in accordance with the Delaware Act by the filing of the Certificate with the Secretary of State of the State of Delaware pursuant to Section 18-201 of the Delaware Act on September 24, 2015;

WHEREAS, the Company entered into a Limited Liability Company Agreement of the Company, dated as of September 24, 2015, which was amended and restated in its entirety by the Amended and Restated Limited Liability Company Agreement of the Company, dated as of October 30, 2015 as amended by (i) Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of the Company, dated as of January 10, 2017 and (ii) Amendment No. 2 to the Amended and Restated Limited Liability Company Agreement of the Company, dated as of November 1, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, together with all schedules, exhibits and annexes thereto, the "***Initial LLC Agreement***"), which the parties listed on Schedule 1 hereto have executed in their capacity as members (including pursuant to consent and joinders thereto) (collectively, the "***Pre-IPO Members***");

WHEREAS, the Pre-IPO Members, prior to the Effective Time, hold (i) Class A Units, Common Units and HR Units (each as defined in Section 2.1(a) of the Initial LLC Agreement, respectively, the "***Original Class A Units***", the "***Original Common Units***" and the "***Original HR Units***", and collectively, the "***Original Units***") of the Company, and/or (ii) options for Original Class A Units granted by the Company to certain Pre-IPO Members (the "***Original Options***");

WHEREAS, prior to the date of this Agreement, in connection with the Term Loan B Facility, the Company issued the following warrants to the following Persons: (a) Cerberus ASRS Holdings LLC (i) Warrant No. 1, exercisable for 1,233.4891 Original

Class A Units, (ii) Warrant No. 3, exercisable for 69.2160 Original Common Units, and (iii) Warrant No. 5, exercisable for 66.7021 Original Class A Units (the warrants described in paragraphs (a)(i) to (a)(iii), the "***Cerberus Warrants***") and (b) Drawbridge Special Opportunities Fund LP (i) Warrant No. 2, exercisable for 449.8431 Original Class A Units, (ii) Warrant No. 4, exercisable for 25.2425 Original Common Units, and (iii) Warrant No. 6, exercisable for 24.3257 Original Class A Units (the warrants described in paragraphs (b)(i) to (b)(iii), the "***Drawbridge Warrants***", and together with the Cerberus Warrants, the "***Original Warrants***");

WHEREAS, (a) immediately prior to the Effective Time (i) ACON distributed a portion of its Original Class A Units to ACON Funko Co-Invest, (ii) ACON Funko Co-Invest in turn distributed such Original Class A Units to ACON Funko Co-Invest Blocker, Quadren Blocker and ACON Funko AIV, (iii) ACON Funko AIV in turn distributed such Original Class A Units received from ACON Funko Co-Invest to ACON Funko AIV Blocker, Quadren Blocker and GenPar, and (iv) GenPar in turn contributed such Original Class A Units received from ACON Funko AIV to ACON Funko AIV Blocker and ACON Funko Investors Holdco 3, and (b) at or immediately after the Effective Time (i) each of Funko Merger Sub 1, Funko Merger Sub 2 and Funko Merger Sub 3 will merge with and into ACON Funko Co-Invest Blocker, ACON Funko AIV Blocker and Quadren Blocker, respectively, with each of ACON Funko Co-Invest Blocker, ACON Funko AIV Blocker and Quadren Blocker surviving such mergers, (ii) ACON Funko Investors Holdco 3 will contribute the Common Units held by it to the Corporation and (iii) as consideration for the mergers and contributions described above, each of ACON Funko Investors Holdco 1, ACON Funko Investors Holdco 2 and ACON Funko Investors Holdco 3 will receive newly issued Class A Common Stock (the transactions describe above, collectively, the "***Blocker Roll Up***").

WHEREAS, the Company and the Pre-IPO Members desire to have Funko, Inc., a Delaware corporation (the "***Corporation***"), effect an initial public offering (the "***IPO***") of shares of its Class A common stock, par value $0.0001 (the "***Class A Common Stock***"), and in connection therewith, to amend and restate the Initial LLC Agreement as of the Effective Time to reflect (a) a recapitalization of the Company and the associated split in the number of Units then outstanding (the "***Recapitalization***"), (b) the addition of the Corporation as a Member in the Company and its designation as sole Manager of the Company, and (c) the rights and obligations of the Members of the Company that are enumerated and agreed upon in the terms of this Agreement effective as of the Effective Time, at which time the Initial LLC Agreement shall be superseded entirely by this Agreement;

WHEREAS, in connection with the Recapitalization and as of the Effective Time, (i) the Original Units will be converted into Common Units as set forth herein, (ii) the Original Warrants will be exercised, converted and/or exchanged for Common Units as set forth herein and (iii) the Original Options will be converted into options to purchase Common Units;

WHEREAS, the parties listed on the Schedule of Members attached hereto as Schedule 2 are the Members as of the Effective Time and after giving effect to the Recapitalization and completion of the Blocker Roll Up;

WHEREAS, except for the Over-Allotment Option, the Corporation will sell shares of its Class A Common Stock to public investors in the IPO and will use the net proceeds received from the IPO (the "***IPO Net Proceeds***") to purchase newly issued Common Units from the Company pursuant to the IPO Common Unit Subscription Agreement; and

WHEREAS, the Corporation may issue additional shares of Class A Common Stock in connection with the IPO as a result of the exercise by the underwriters of their over-allotment option (the "***Over-Allotment Option***") and, if the Over-Allotment Option is exercised in whole or in part, any additional net proceeds (the "***Over-Allotment Option Net Proceeds***") shall be used by the Corporation to purchase additional newly issued Common Units from the Company pursuant to the IPO Common Unit Subscription Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Members, intending to be legally bound, hereby agree as follows:

ARTICLE I.
DEFINITIONS

The following definitions shall be applied to the terms used in this Agreement for all purposes, unless otherwise clearly indicated to the contrary.

"***ACON***" means ACON Funko Investors, L.L.C., a Delaware limited liability company, and its Permitted Transferees.

"***ACON Funko AIV***" means AEP III Funko AIV, L.P., a Delaware limited partnership.

"***ACON Funko AIV Blocker***" means AEP III Funko Investors, L.L.C., a Delaware limited liability company.

"***ACON Funko Co-Invest***" means ACON Funko Investors I, L.L.C., a Delaware limited liability company.

"***ACON Funko Co-Invest Blocker***" means ACON Funko Investor Holdings, L.L.C., a Delaware limited liability company.

"***ACON Funko Investors Holdco 1***" means ACON Funko Investors Holdings 1, L.L.C., a Delaware limited liability company.

"***ACON Funko Investors Holdco 2***" means ACON Funko Investors Holdings 2, L.L.C., a Delaware limited liability company.

"***ACON Funko Investors Holdco 3***" means ACON Funko Investors Holdings 3, L.L.C., a Delaware limited liability company.

"***Additional Member***" has the meaning set forth in Section 12.02.

"***ACON Related Parties***" means, collectively, (i) ACON, (ii) ACON Funko Investors Holdco 1, (iii) ACON Funko Investors Holdco 2, (iv) ACON Funko Investors Holdco 3, and (v) each of their respective Permitted Transferees.

"***Adjusted Capital Account Deficit***" means with respect to the Capital Account of any Member as of the end of any Taxable Year, the amount by which the balance in such Capital Account is less than zero. For this purpose, such Member's Capital Account balance shall be:

(a) reduced for any items described in Treasury Regulation Section 1.704- 1(b)(2)(ii)(d)(4), (5), and (6); and

(b) increased for any amount such Member is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(1) and 1.704-2(i) (relating to minimum gain).

"***Admission Date***" has the meaning set forth in Section 10.06.

"***Affiliate***" (and, with a correlative meaning, "***Affiliated***") means, with respect to a specified Person, each other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or by contract or other agreement).

"***Agreement***" has the meaning set forth in the preamble to this Agreement.

"***Assignee***" means a Person to whom a Company Interest has been transferred but who has not become a Member pursuant to Article XII.

"***Assumed Tax Liability***" means, with respect to any Member, an amount equal to the excess of (i) the product of (A) the Distribution Tax Rate *multiplied by* (B) the estimated or actual cumulative taxable income or gain of the Company, as determined for federal income tax purposes, allocated to such Member for full or partial Fiscal Years commencing on or after January 1, 2017, *less* prior losses of the Company allocated to such Member for full or partial Fiscal Years commencing on or after January 1, 2017, in each case, as determined by the Manager *over* (ii) the sum of (A) the cumulative Tax Distributions made to such Member after the closing date of the IPO pursuant to Sections 4.01(b)(i), 4.01(b)(ii) and 4.01(b)(iii) and (B) tax distributions made to such Member (or such Member's predecessor) pursuant to the Initial LLC Agreement with respect to taxable income or gain of the Company allocated for the Fiscal Year commencing on

January 1, 2017, including such tax distributions made pursuant to Section 4.01(b)(v); *provided* that, in the case of the Corporation, such Assumed Tax Liability (x) shall be computed without regard to any increases to the tax basis of the Company's property pursuant to Section 743(b) of the Code and (y) shall in no event be less than an amount that will enable the Corporation to meet both its tax obligations and its obligations pursuant to the Tax Receivable Agreement for the relevant Taxable Year; *provided further* that, in the case of each Member, such Assumed Tax Liability shall take into account any Code Section 704(c) allocations (including "reverse" 704(c) allocations) to the Member.

"***Base Rate***" means, on any date, a variable rate per annum equal to the rate of interest most recently published by The Wall Street Journal as the "prime rate" at large U.S. money center banks.

"***Black-Out Period***" means any "black-out" or similar period under the Corporation's policies covering trading in the Corporation's securities to which the applicable Redeeming Member is subject (or will be subject at such time as it owns Class A Common Stock), which period restricts the ability of such Redeeming Member to immediately resell shares of Class A Common Stock to be delivered to such Redeeming Member in connection with a Share Settlement.

"***Blockers***" means, collectively, ACON Funko AIV Blocker, ACON Funko Co-Invest Blocker and Quadren Blocker.

"***Blocker Roll Up***" has the meaning set forth in the recitals to this Agreement.

"***Book Value***" means, with respect to any Company property, the Company's adjusted basis for U.S. federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treasury Regulation Section 1.704-1(b)(2)(iv)(d)-(g).

"***Business Day***" means any day other than a Saturday or a Sunday or a day on which banks located in New York City, New York generally are authorized or required by Law to close.

"***Capital Account***" means the capital account maintained for a Member in accordance with Section 5.01.

"***Capital Contribution***" means, with respect to any Member, the amount of any cash, cash equivalents, promissory obligations or the Fair Market Value of other property that such Member (or such Member's predecessor) contributes (or is deemed to contribute) to the Company pursuant to Article III hereof.

"***Cash Settlement***" means immediately available funds in U.S. dollars in an amount equal to the Redeemed Units Equivalent.

"***Cerberus Warrants***" has the meaning set forth in the recitals to this Agreement.

"***Certificate***" means the Company's Certificate of Formation as filed with the Secretary of State of the State of Delaware, as amended or amended and restated from time to time.

"***Class A Common Stock***" has the meaning set forth in the recitals to this Agreement.

"***Class B Common Stock***" means the shares of Class B Common Stock, par value $0.0001 per share, of the Corporation.

"***Code***" means the United States Internal Revenue Code of 1986, as amended.

"***Common Unit***" means a Unit representing a fractional part of the Company Interests of the Members and having the rights and obligations specified with respect to the Common Units in this Agreement.

"***Common Unit Redemption Price***" means the arithmetic average of the volume weighted average prices for a share of Class A Common Stock (or any class of stock into which it has been converted) on the principal U.S. securities exchange or automated or electronic quotation system on which the Class A Common Stock trades, as reported by Bloomberg, L.P., or its successor, for each of the five (5) consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Redemption Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Class A Common Stock. If the Class A Common Stock no longer trades on a securities exchange or automated or electronic quotation system, then the Manager (through its board of directors, including a majority of the independent directors (within the meaning of the rules of the Stock Exchange)) shall determine the Common Unit Redemption Price in good faith.

"***Common Unitholder***" means a Member who is the registered holder of Common Units.

"***Company***" has the meaning set forth in the preamble to this Agreement.

"***Company Interest***" means the interest of a Member in Profits, Losses and Distributions.

"***Contribution Notice***" has the meaning set forth in Section 11.01(b).

"***Corporate Board***" means the Board of Directors of the Corporation.

"***Corporate Incentive Award Plan***" means the 2017 Incentive Award Plan of the Corporation, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"***Corporation***" has the meaning set forth in the recitals to this Agreement, together with its successors and assigns.

"***Credit Agreements***" means any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which the Company or any of its Subsidiaries is or becomes a borrower, as such instruments or agreements may be amended, restated, supplemented or otherwise modified from time to time and including any one or more refinancing or replacements thereof, in whole or in part, with any other debt facility or debt obligation, for as long as the payee or creditor to whom the Company or any of its Subsidiaries owes such obligation is not an Affiliate of the Company, including the Term Loan B Facility.

"***Delaware Act***" means the Delaware Limited Liability Company Act, 6 Del.C. § 18-101, *et seq*., as it may be amended from time to time, and any successor thereto.

"***Direct Exchange***" has the meaning set forth in Section 11.03(a).

"***Distributable Cash***" means, as of any relevant date on which a determination is being made by the Manager regarding a potential distribution pursuant to Section 4.01(a), the amount of cash that could be distributed by the Company for such purposes in accordance with the Credit Agreements (and without otherwise violating any applicable provisions of any of the Credit Agreements).

"***Distribution***" (and, with a correlative meaning, "***Distribute***") means each distribution made by the Company to a Member with respect to such Member's Units, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; *provided, however*, that none of the following shall be a Distribution: (a) any recapitalization that does not result in the distribution of cash or property to Members or any exchange of securities of the Company, and any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units or (b) any other payment made by the Company to a Member that is not properly treated as a "distribution" for purposes of Sections 731, 732, or 733 or other applicable provisions of the Code.

"***Distribution Tax Rate***" means a rate equal to the highest effective marginal combined federal, state and local income tax rate for a Fiscal Year applicable to corporate or individual taxpayers that may potentially apply to any Member for such Fiscal Year, taking into account the character of the relevant tax items (*e.g.*, ordinary or capital) and the deductibility of state and local income taxes for federal income tax purposes (but only to the extent such taxes are deductible under the Code), as reasonably determined by the Manager.

"***Drawbridge Warrants***" has the meaning set forth in the recitals to this Agreement.

"***Effective Time***" has the meaning set forth in the preamble to this Agreement.

"***Equity Plan***" means any stock or equity purchase plan, restricted stock or equity plan or other similar equity compensation plan now or hereafter adopted by the Company or the Corporation.

"***Equity Securities***" means (a) Units or other equity interests in the Company or any Subsidiary of the Company (including other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the Manager pursuant to the provisions of this Agreement, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Company or any Subsidiary of the Company), (b) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Company or any Subsidiary of the Company, and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Company or any Subsidiary of the Company.

"***Event of Withdrawal***" means the expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company. "Event of Withdrawal" shall not include an event that (a) terminates the existence of a Member for income tax purposes (including, without limitation, (i) a change in entity classification of a Member under Treasury Regulations Section 301.7701-3, (ii) termination of a partnership pursuant to Code Section 708(b)(1)(B), (iii) a sale of assets by, or liquidation of, a Member pursuant to an election under Code Sections 336 or 338, or (iv) merger, severance, or allocation within a trust or among sub-trusts of a trust that is a Member) but that (b) does not terminate the existence of such Member under applicable state law (or, in the case of a trust that is a Member, does not terminate the trusteeship of the fiduciaries under such trust with respect to all the Company Interests of such trust that is a Member).

"***Exchange Election Notice***" has the meaning set forth in Section 11.03(b).

"***Fair Market Value***" means, with respect to any asset, its fair market value determined according to Article XV.

"***Fiscal Period***" means any interim accounting period within a Taxable Year established by the Manager and which is permitted or required by Section 706 of the Code.

"***Fiscal Year***" means the Company's annual accounting period established pursuant to Section 8.02.

"***Funko International***" means Funko International, LLC, a Delaware limited liability company, and its Permitted Transferees.

"***Funko Merger Sub 1***" means Funko Merger Sub 1, L.L.C.

"***Funko Merger Sub 2***" means Funko Merger Sub 2, L.L.C.

"***Funko Merger Sub 3***" means Funko Merger Sub 3, L.L.C.

"***Fundamental***" means Funko International and Fundamental Capital together.

"***Fundamental Capital***" means Fundamental Capital, LLC, a Delaware limited liability company, and its Permitted Transferees.

"***GenPar***" means ACON Equity GenPar, L.L.C., a Delaware limited liability company.

"***Governmental Entity***" means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including any county, municipal or other local subdivision of the foregoing, or (d) any entity exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b) or (c) of this definition.

"***Indemnified Person***" has the meaning set forth in Section 7.04(a).

"***Initial LLC Agreement***" has the meaning set forth in the recitals to this Agreement.

"***Investment Company Act***" means the U.S. Investment Company Act of 1940, as amended from time to time.

"***IPO***" has the meaning set forth in the recitals to this Agreement.

"***IPO Common Unit Subscription***" has the meaning set forth in Section 3.03(b).

"***IPO Common Unit Subscription Agreement***" means that certain Common Unit Subscription Agreement, dated as of the date of this Agreement, by and between the Corporation and the Company.

"***IPO Net Proceeds***" has the meaning set forth in the recitals to this Agreement.

"***Joinder***" means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

"***Law***" means all laws, statutes, ordinances, rules and regulations of the United States, any foreign country and each state, commonwealth, city, county, municipality, regulatory body, agency or other political subdivision thereof.

"***liquidator***" has the meaning set forth in Section 14.02.

"***LLC Employee***" means an employee of, or other service provider (including, without limitation, any management member whether or not treated as an employee for the purposes of U.S. federal income tax) to, the Company or any of its Subsidiaries, in each case acting in such capacity.

"***Losses***" means items of Company loss or deduction determined according to Section 5.01(b).

"***Manager***" has the meaning set forth in Section 6.01.

"***Market Price***" means, with respect to a share of Class A Common Stock as of a specified date, the last sale price per share of Class A Common Stock, regular way, or if no such sale took place on such day, the average of the closing bid and asked prices per share of Class A Common Stock, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the Stock Exchange or, if the Class A Common Stock is not listed or admitted to trading on the Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Class A Common Stock is listed or admitted to trading or, if the Class A Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if the Class A Common Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in shares of Class A Common Stock selected by the Corporate Board or, in the event that no trading price is available for the shares of Class A Common Stock, the fair market value of a share of Class A Common Stock, as determined in good faith by the Corporate Board.

"***Member***" means, as of any date of determination, (a) each of the members named on the Schedule of Members and (b) any Person admitted to the Company as a Substituted Member or Additional Member in accordance with Article XII, but in each case only so long as such Person is shown on the Company's books and records as the owner of one or more Units, each in its capacity as a member of the Company. The Members shall constitute a single class or group of members for purposes of the Delaware Act.

"***Minimum Gain***" means "partnership minimum gain" determined pursuant to Treasury Regulation Section 1.704-2(d).

"***Net Loss***" means, with respect to a Fiscal Year, the excess if any, of Losses for such Fiscal Year over Profits for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Section 5.03 and Section 5.04).

"***Net Profit***" means, with respect to a Fiscal Year, the excess if any, of Profits for such Fiscal Year over Losses for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Section 5.03 and Section 5.04).

"***Officer***" has the meaning set forth in Section 6.01(b).

"***Optionee***" means a Person to whom a stock option is granted under any Stock Option Plan.

"***Original Class A Units***" has the meaning set forth in the recitals to this Agreement.

"***Original Common Units***" has the meaning set forth in the recitals to this Agreement.

"***Original HR Units***" has the meaning set forth in the recitals to this Agreement.

"***Original Options***" has the meaning set forth in the recitals to this Agreement.

"***Original SP Units***" means SP Units, as defined in Section 2.1(a) of the Initial LLC Agreement.

"***Original Units***" has the meaning set forth in the recitals to this Agreement.

"***Original Warrants***" has the meaning set forth in the recitals to this Agreement.

"***Other Agreements***" has the meaning set forth in Section 10.04.

"***Over-Allotment Contribution***" has the meaning set forth in Section 3.03(b).

"***Over-Allotment Option***" has the meaning set forth in the recitals to this Agreement.

"***Over-Allotment Option Net Proceeds***" has the meaning set forth in the recitals to this Agreement.

"***Partnership Representative***" has the meaning set forth in Section 9.03(b).

"***Percentage Interest***" means, as among an individual class of Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing such Member's Units of such class by the total Units of all Members of such class at such time. The Percentage Interest of each Member shall be calculated to the 4th decimal place.

"***Permitted Transfer***" has the meaning set forth in Section 10.02.

"***Permitted Transferee***" has the meaning set forth in Section 10.02.

"***Person***" means an individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.

"***Pre-IPO Members***" has the meaning set forth in the recitals to this Agreement.

"***Pro rata***," "***pro rata portion***," "***according to their interests***," "***ratably***," "***proportionately***," "***proportional***," "***in proportion to***," "***based on the number of Units held***," "***based upon the percentage of Units held***," "***based upon the number of Units outstanding***," and other terms with similar meanings, when used in the context of a number of Units of the Company relative to other Units, means as amongst an individual class of Units, pro rata based upon the number of such Units within such class of Units.

"***Profits***" means items of Company income and gain determined according to Section 5.01(b).

"***Pubco Offer*** has the meaning set forth in Section 10.09(a).

"***Quadren Blocker***" means Quadren Investment Inc.

"***Quarterly Tax Distribution***" has the meaning set forth in Section 4.01(b)(i).

"***Recapitalization***" has the meaning set forth in the recitals to this Agreement.

"***Redeemed Units***" has the meaning set forth in Section 11.01(a).

"***Redeemed Units Equivalent***" means the product of (a) the applicable number of Redeemed Units, *times* (b) the Common Unit Redemption Price.

"***Redeeming Member***" has the meaning set forth in Section 11.01(a).

"***Redemption***" has the meaning set forth in Section 11.01(a).

"***Redemption Date***" has the meaning set forth in Section 11.01(a).

"***Redemption Notice***" has the meaning set forth in Section 11.01(a).

"***Redemption Right***" has the meaning set forth in Section 11.01(a).

"***Registration Rights Agreement***" means that certain Registration Rights Agreement, dated as of the date of this Agreement, by and among the Corporation, certain of the Members as of the Effective Time and certain other persons whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement).

"***Retraction Notice***" has the meaning set forth in Section 11.01(c).

"***Revised Partnership Audit Provisions***" means Section 1101 of Title XI (Revenue Provisions Related to Tax Compliance) of the Bipartisan Budget Act of 2015, H.R. 1314, Public Law Number 114-74.

"***Schedule of Members***" has the meaning set forth in Section 3.01(b).

"***SEC***" means the U.S. Securities and Exchange Commission, including any governmental body or agency succeeding to the functions thereof.

"***Securities Act***" means the U.S. Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future Law.

"***Share Settlement***" means a number of shares of Class A Common Stock equal to the number of Redeemed Units.

"***Sponsor Person***" has the meaning set forth in Section 7.04(d).

"***Stock Exchange***" means the NASDAQ.

"***Stockholders Agreement***" means that certain stockholders agreement, dated as of November 1, 2017, by and among the Corporation and the other Persons party thereto (as it may be amended from time to time in accordance with its terms).

"***Stock Option Plan***" means any stock option plan now or hereafter adopted by the Company or by the Corporation, including the Corporate Incentive Award Plan.

"***Subsidiary***" means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of the voting interests thereof are at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, references to a "Subsidiary" of the Company shall be given effect only at such times that the Company has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"***Substituted Member***" means a Person that is admitted as a Member to the Company pursuant to Section 12.01.

"***Tax Distributions***" has the meaning set forth in Section 4.01(b)(i).

"***Tax Matters Partner***" has the meaning set forth in Section 9.03(a).

"***Tax Receivable Agreement***" means that certain Tax Receivable Agreement, dated as the date of this Agreement, by and among the Corporation, on the one hand, and the Members as of the Effective Time, on the other hand (together with any joinder thereto from time to time by any successor or assign to any party to such agreement).

"***Taxable Year***" means the Company's accounting period for U.S. federal income tax purposes determined pursuant to Section 9.02.

"***Term Loan B Facility***" means that certain Financing Agreement, dated as of October 30, 2015, by and among the Company, as a borrower, Funko Holdings LLC, as a borrower, and Funko, LLC, as a borrower, the guarantors that may become party thereto, the lenders from time to time party thereto, Cerberus Business Finance, LLC, as Collateral Agent, and PNC Bank, National Association, as Administrative Agent, as amended from time to time.

"***Trading Day***" means a day on which the Stock Exchange or such other principal United States securities exchange on which the Class A Common Stock is listed or

admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day).

"***Transfer***" (and, with a correlative meaning, "***Transferring***") means any sale, transfer, assignment, redemption, pledge, encumbrance or other disposition of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of Law) (a) any interest (legal or beneficial) in any Equity Securities or (b) any equity or other interest (legal or beneficial) in any Member if substantially all of the assets of such Member consist solely of Units.

"***Treasury Regulations***" means the tax regulations promulgated under the Code and any corresponding provisions of succeeding regulations.

"***Underwriting Agreement***" means the Underwriting Agreement, dated as of November 1, 2017, by and among the Corporation, the Company and Goldman, Sachs & Co., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several underwriters named therein.

"***Unit***" means a Company Interest of a Member or a permitted Assignee in the Company representing a fractional part of the Company Interests of all Members and Assignees as may be established by the Manager from time to time in accordance with Section 3.02; *provided, however*, that any class or group of Units issued shall have the relative rights, powers and duties set forth in this Agreement, and the Company Interest represented by such class or group of Units shall be determined in accordance with such relative rights, powers and duties.

"***Unitholder***" means a Common Unitholder and any Member who is the registered holder of any other class of Units, if any.

"***Unvested Corporate Shares***" means shares of Class A Common Stock issuable pursuant to awards granted under the Corporate Incentive Award Plan that are not Vested Corporate Shares.

"***Value***" means (a) for any Stock Option Plan, the Market Price for the Trading Day immediately preceding the date of exercise of a stock option under such Stock Option Plan and (b) for any Equity Plan other than a Stock Option Plan, the Market Price for the Trading Day immediately preceding the Vesting Date.

"***Vested Corporate Shares***" means the shares of Class A Common Stock issued pursuant to awards granted under the Corporate Incentive Award Plan that are vested pursuant to the terms thereof or any award or similar agreement relating thereto.

"***Vesting Date***" has the meaning set forth in Section 3.10(c)(ii).

ARTICLE II.
ORGANIZATIONAL MATTERS

Section 2.01 Formation of Company. The Company was formed on September 24, 2015 pursuant to the provisions of the Delaware Act.

Section 2.02 Second Amended and Restated Limited Liability Company Agreement. The Members hereby execute this Agreement for the purpose of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Delaware Act. The Members hereby agree that during the term of the Company set forth in Section 2.06 the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Delaware Act. No provision of this Agreement shall be in violation of the Delaware Act and to the extent any provision of this Agreement is in violation of the Delaware Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement. Neither any Member nor the Manager nor any other Person shall have appraisal rights with respect to any Company Interests (including any Units).

Section 2.03 Name. The name of the Company shall be "Funko Acquisition Holdings, L.L.C." The Manager in its sole discretion may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all of the Members and, to the extent practicable, to all of the holders of any Equity Securities then outstanding. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Manager.

Section 2.04 Purpose. The primary business and purpose of the Company shall be to engage in such activities as are permitted under the Delaware Act and determined from time to time by the Manager in accordance with the terms and conditions of this Agreement.

Section 2.05 Principal Office; Registered Office. The principal office of the Company shall be at 2802 Wetmore Avenue, Everett, Washington, 98201 or such other place as the Manager may from time to time designate. The address of the registered office of the Company in the State of Delaware shall be c/o Corporation Service Company, 251 Little Falls Drive, Suite 400, in the City of Wilmington, State of Delaware, 19808, and the registered agent for service of process on the Company in the State of Delaware at such registered office shall be Corporation Service Company. The Manager may from time to time change the Company's registered agent and registered office in the State of Delaware.

Section 2.06 Term. The term of the Company commenced upon the filing of the Certificate in accordance with the Delaware Act and shall continue in existence until dissolution of the Company in accordance with the provisions of Article XIV.

Section 2.07 No State-Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture,

and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.07, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

ARTICLE III.
MEMBERS; UNITS; CAPITALIZATION

Section 3.01 Members.

(a) At the Effective Time and concurrently with the IPO Common Unit Subscription and completion of the Blocker Roll Up (save for item (b)(ii) as described therein, which shall occur immediately after the Effective Time), the Corporation shall be automatically admitted to the Company as a Member.

(b) The Company shall maintain a schedule setting forth: (i) the name and address of each Member; (ii) the aggregate number of outstanding Units and the number and class of Units held by each Member; (iii) the aggregate amount of cash Capital Contributions that has been made by the Members with respect to their Units; and (iv) the Fair Market Value of any property other than cash contributed by the Members with respect to their Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) (such schedule, the "***Schedule of Members***"). The applicable Schedule of Members in effect as of the Effective Time and after giving effect to the Recapitalization and completion of the Blocker Roll Up is set forth as Schedule 2 attached to this Agreement. The Schedule of Members shall be the definitive record of ownership of each Unit of the Company and all relevant information with respect to each Member. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Delaware Act.

(c) No Member shall be required or, except as approved by the Manager pursuant to Section 6.01 and in accordance with the other provisions of this Agreement, permitted to (i) loan any money or property to the Company, (ii) borrow any money or property from the Company or (iii) make any additional Capital Contributions.

Section 3.02 Units.

(a) Interests in the Company shall be represented by Units, or such other securities of the Company, in each case as the Manager may establish in its discretion (subject to any limitations prescribed by the Stockholders Agreement) in accordance with

the terms and subject to the restrictions hereof. At the Effective Time, the Units will be comprised of a single class of Common Units.

(b) Subject to Section 3.04(a) and any limitations prescribed in the Stockholders Agreement, the Manager may (i) issue additional Common Units at any time in its sole discretion and (ii) create one or more classes or series of Units or preferred Units solely to the extent such new class or series of Units or preferred Units are substantially equivalent to a class of common stock of the Corporation or class or series of preferred stock of the Corporation; *provided,* that as long as there are any Members (other than the Corporation and the Blockers) (i) no such new class or series of Units may deprive such Members of, or dilute or reduce, the allocations and distributions they would have received, and the other rights and benefits to which they would have been entitled, in respect of their Company Interest if such new class or series of Units had not been created and (ii) no such new class or series of Units may be issued, in each case, except to the extent (and solely to the extent) the Company actually receives cash in an aggregate amount, or other property with a Fair Market Value in an aggregate amount, equal to the aggregate distributions that would be made in respect of such new class or series of Units if the Company were liquidated immediately after the issuance of such new class or series of Units.

(c) To the extent required pursuant to Section 3.04(a) or Section 3.10, as applicable, the Manager may amend this Agreement, without the consent of any Member or any other Person, in connection with the creation and issuance of such classes or series of Units, subject to Sections 16.03(b) and Section 16.03(d) hereof and any limitations prescribed by the Stockholders Agreement.

Section 3.03 Recapitalization; the Corporation's Capital Contribution; the Corporation's Purchase of Common Units; Member Distribution.

(a) *Recapitalization*. In connection with the Recapitalization, the number of Original Class A Units, Original SP Units, Original Common Units and Original HR Units that were issued and outstanding and held by the Pre-IPO Members prior to the Effective Time as set forth opposite to the respective Pre-IPO Member in Schedule 1 are hereby converted, as of the Effective Time, and after giving effect to the Recapitalization and completion of the Blocker Roll Up, into the number of Common Units set forth opposite the name of the respective Member on the Schedule of Members attached hereto as Schedule 2, and such Common Units are hereby issued and outstanding as of the Effective Time and the holders of such Common Units hereby continue as Members.

(b) *The Corporation's Common Unit Agreement*. Following the Recapitalization, the Corporation will acquire 10,416,666 newly issued Common Units in exchange for a portion of the IPO Net Proceeds payable to the Company upon consummation of the IPO pursuant to the IPO Common Unit Subscription Agreement with the Company (the "***IPO Common Unit Subscription***"). The IPO Common Unit Subscription shall be reflected on the Schedule of Members. In addition, to the extent the underwriters in the IPO exercise the Over-Allotment Option in whole or in part, upon the exercise of the Over-Allotment Option, the Corporation will contribute a portion of the

Over-Allotment Option Net Proceeds to the Company in exchange for newly issued Common Units pursuant to the IPO Common Unit Subscription Agreement, and such issuance of additional Common Units shall be reflected on the Schedule of Members (the "***Over-Allotment Contribution***"). The number of Common Units issued in the Over-Allotment Contribution, in the aggregate, shall be equal to the number of shares of Class A Common Stock issued by the Corporation in such exercise of the Over-Allotment Option. For the avoidance of doubt, the Corporation shall be admitted as a Member with respect to all Common Units it holds from time to time.

Section 3.04 Authorization and Issuance of Additional Units.

(a) The Company shall undertake all actions, including, without limitation, an issuance, reclassification, distribution, division or recapitalization, with respect to the Common Units, to maintain at all times a one-to-one ratio between the number of Common Units owned by the Corporation, directly or indirectly, and the number of outstanding shares of Class A Common Stock, disregarding, for purposes of maintaining the one-to-one ratio, (i) Unvested Corporate Shares, (ii) treasury stock or (iii) preferred stock or other debt or equity securities (including without limitation warrants, options or rights) issued by the Corporation that are convertible into or exercisable or exchangeable for Class A Common Stock (except to the extent the net proceeds from such other securities, including any exercise or purchase price payable upon conversion, exercise or exchange thereof, has been contributed by the Corporation to the equity capital of the Company). In the event the Corporation issues, transfers or delivers from treasury stock or repurchases Class A Common Stock in a transaction not contemplated in this Agreement, the Manager shall take all actions such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of outstanding Common Units owned by the Corporation will equal on a one-for-one basis the number of outstanding shares of Class A Common Stock. In the event the Corporation issues, transfers or delivers from treasury stock or repurchases or redeems the Corporation's preferred stock in a transaction not contemplated in this Agreement, the Manager shall have the authority to take all actions such that, after giving effect to all such issuances, transfers, deliveries, repurchases or redemptions, the Corporation holds (in the case of any issuance, transfer or delivery) or ceases to hold (in the case of any repurchase or redemption) equity interests in the Company which (in the good faith determination by the Manager) are in the aggregate substantially equivalent to the outstanding preferred stock of the Corporation so issued, transferred, delivered, repurchased or redeemed. The Company shall not undertake any subdivision (by any Common Unit split, Common Unit distribution, reclassification, recapitalization or similar event) or combination (by reverse Common Unit split, reclassification, recapitalization or similar event) of the Common Units that is not accompanied by an identical subdivision or combination of Class A Common Stock to maintain at all times a one-to-one ratio between the number of Common Units owned by the Corporation and the number of outstanding shares of Class A Common Stock, unless such action is necessary to maintain at all times a one-to-one ratio between the number

of Common Units owned by the Corporation and the number of outstanding shares of Class A Common Stock as contemplated by the first sentence of this Section 3.04(a).

(b) The Company shall only be permitted to issue additional Common Units, and/or establish other classes of Units or other Equity Securities in the Company to the Persons and on the terms and conditions provided for in Section 3.02, this Section 3.04, Section 3.10 and Section 3.11. Subject to the foregoing, the Manager may cause the Company to issue additional Common Units authorized under this Agreement and/or establish other classes of Units or other Equity Securities in the Company at such times and upon such terms as the Manager shall determine and the Manager shall amend this Agreement as necessary in connection with the issuance of additional Common Units and admission of additional Members under this Section 3.04 without the requirement of any consent or acknowledgement of any other Member.

Section 3.05 Repurchase or Redemption of shares of Class A Common Stock. If, at any time, any shares of Class A Common Stock are repurchased or redeemed (whether by exercise of a put or call, automatically or by means of another arrangement) by the Corporation for cash, then the Manager shall cause the Company, immediately prior to such repurchase or redemption of Class A Common Stock, to redeem a corresponding number of Common Units held (directly or indirectly) by the Corporation, at an aggregate redemption price equal to the aggregate purchase or redemption price of the shares of Class A Common Stock being repurchased or redeemed by the Corporation (plus any expenses related thereto) and upon such other terms as are the same for the shares of Class A Common Stock being repurchased or redeemed by the Corporation. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any repurchase or redemption if such repurchase or redemption would violate any applicable Law.

Section 3.06 Certificates Representing Units; Lost, Stolen or Destroyed Certificates; Registration and Transfer of Units.

(a) Units shall not be certificated unless otherwise determined by the Manager. If the Manager determines that one or more Units shall be certificated, each such certificate shall be signed by or in the name of the Company, by the Chief Executive Officer, Chief Financial Officer, General Counsel or any other officer designated by the Manager, representing the number of Units held by such holder. Such certificate shall be in such form (and shall contain such legends) as the Manager may determine. Any or all of such signatures on any certificate representing one or more Units may be a facsimile, engraved or printed, to the extent permitted by applicable Law. The Manager agrees that it shall not elect to treat any Unit as a “security” within the meaning of Article 8 of the Uniform Commercial Code unless thereafter all Units then outstanding are represented by one or more certificates.

(b) If Units are certificated, the Manager may direct that a new certificate representing one or more Units be issued in place of any certificate theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon delivery to the Manager of an affidavit of the owner or owners of such certificate, setting forth such allegation. The

Manager may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

(c) Upon surrender to the Company or the transfer agent of the Company, if any, of a certificate for one or more Units, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, in compliance with the provisions hereof, the Company shall issue a new certificate representing one or more Units to the Person entitled thereto, cancel the old certificate and record the transaction upon its books. Subject to the provisions of this Agreement, the Manager may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, Transfer and registration of Units.

Section 3.07 Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 3.08 No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided in this Agreement.

Section 3.09 Loans From Members. Loans by Members to the Company shall not be considered Capital Contributions. Subject to the provisions of Section 3.01(c), the amount of any such advances shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such advances are made.

Section 3.10 Corporate Stock Option Plans and Equity Plans.

(a) *Options Granted to Persons other than LLC Employees*. If at any time or from time to time, in connection with any Stock Option Plan, a stock option granted over shares of Class A Common Stock to a Person other than an LLC Employee is duly exercised:

(i) The Corporation shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to the exercise price paid to the Corporation by such exercising Person in connection with the exercise of such stock option.

(ii) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 3.10(a)(i), the Corporation shall be deemed to have contributed to the Company as a Capital Contribution, in lieu of the Capital Contribution actually made and in consideration of additional Common Units, an amount equal to the Value of a share of Class A Common Stock as of the date of such exercise multiplied by the number of shares of Class A Common Stock then

being issued by the Corporation in connection with the exercise of such stock option.

(iii) The Corporation shall receive in exchange for such Capital Contributions (as deemed made under Section 3.10(a)(ii)), a number of Common Units equal to the number of shares of Class A Common Stock for which such option was exercised.

(b) *Options Granted to LLC Employees*. If at any time or from time to time, in connection with any Stock Option Plan, a stock option granted over shares of Class A Common Stock to an LLC Employee is duly exercised:

(i) The Corporation shall sell to the Optionee, and the Optionee shall purchase from the Corporation, for a cash price per share equal to the Value of a share of Class A Common Stock at the time of the exercise, the number of shares of Class A Common Stock equal to the quotient of (x) the exercise price payable by the Optionee in connection with the exercise of such stock option divided by (y) the Value of a share of Class A Common Stock at the time of such exercise.

(ii) The Corporation shall sell to the Company (or if the Optionee is an employee of, or other service provider to, a Subsidiary, the Corporation shall sell to such Subsidiary), and the Company (or such Subsidiary, as applicable) shall purchase from the Corporation, a number of shares of Class A Common Stock equal to the excess of (x) the number of shares of Class A Common Stock as to which such stock option is being exercised over (y) the number of shares of Class A Common Stock sold pursuant to Section 3.10(b)(i) hereof. The purchase price per share of Class A Common Stock for such sale of shares of Class A Common Stock to the Company (or such Subsidiary) shall be the Value of a share of Class A Common Stock as of the date of exercise of such stock option.

(iii) The Company shall transfer to the Optionee (or if the Optionee is an employee of, or other service provider to, a Subsidiary, the Subsidiary shall transfer to the Optionee) at no additional cost to such LLC Employee and as additional compensation (and not a distribution) to such LLC Employee, the number of shares of Class A Common Stock described in Section 3.10(b)(ii).

(iv) The Corporation shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to all proceeds received (from whatever source, but excluding any payment in respect of payroll taxes or other withholdings) by the Corporation in connection with the exercise of such stock option. The Corporation shall receive for such Capital Contribution, a number of Common Units equal to the number of shares of Class A Common Stock for which such option was exercised.

(c) *Restricted Stock Granted to LLC Employees*. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Option Plan), any shares of Class A Common Stock are issued to an LLC Employee (including any shares of Class

A Common Stock that are subject to forfeiture in the event such LLC Employee terminates his or her employment with the Company or any Subsidiary) in consideration for services performed for the Company or any Subsidiary:

(i) The Corporation shall issue such number of shares of Class A Common Stock as are to be issued to such LLC Employee in accordance with the Equity Plan;

(ii) On the date (such date, the "***Vesting Date***") that the Value of such shares is includible in taxable income of such LLC Employee, the following events will be deemed to have occurred: (1) the Corporation shall be deemed to have sold such shares of Class A Common Stock to the Company (or if such LLC Employee is an employee of, or other service provider to, a Subsidiary, to such Subsidiary) for a purchase price equal to the Value of such shares of Class A Common Stock, (2) the Company (or such Subsidiary) shall be deemed to have delivered such shares of Class A Common Stock to such LLC Employee, (3) the Corporation shall be deemed to have contributed the purchase price for such shares of Class A Common Stock to the Company as a Capital Contribution, and (4) in the case where such LLC Employee is an employee of a Subsidiary, the Company shall be deemed to have contributed such amount to the capital of the Subsidiary; and

(iii) The Company shall issue to the Corporation on the Vesting Date a number of Units equal to the number of shares of Class A Common Stock issued under Section 3.10(c)(i) in consideration for a Capital Contribution that the Corporation is deemed to make to the Company pursuant to clause (3) of Section 3.10(c)(ii) above.

(d) *Future Stock Incentive Plans*. Nothing in this Agreement shall be construed or applied to preclude or restrain the Corporation from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the Corporation, the Company or any of their respective Affiliates. The Members acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the Corporation, amendments to this Section 3.10 may become necessary or advisable and that any approval or consent to any such amendments requested by the Corporation shall be deemed granted by the Manager and the Members, as applicable, without the requirement of any further consent or acknowledgement of any other Member.

(e) *Anti-dilution adjustments*. For all purposes of this Section 3.10, the number of shares of Class A Common Stock and the corresponding number of Common Units shall be determined after giving effect to all anti-dilution or similar adjustments that are applicable, as of the date of exercise or vesting, to the option, warrant, restricted stock or other equity interest that is being exercised or becomes vested under the applicable Stock Option Plan or other Equity Plan and applicable award or grant documentation.

Section 3.11 Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan. Except as may otherwise be provided in this Article III, all amounts received or deemed received by the Corporation in respect of any dividend

reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Corporation to effect open market purchases of shares of Class A Common Stock, or (b) if the Corporation elects instead to issue new shares of Class A Common Stock with respect to such amounts, shall be contributed by the Corporation to the Company in exchange for additional Units. Upon such contribution, the Company will issue to the Corporation a number of Units equal to the number of new shares of Class A Common Stock so issued.

ARTICLE IV.
DISTRIBUTIONS

Section 4.01 Distributions.

(a) *Distributable Cash; Other Distributions*. To the extent permitted by applicable Law and hereunder, Distributions to Members may be declared by the Manager out of Distributable Cash or other funds or property legally available therefor in such amounts, at such time and on such terms (including the payment dates of such Distributions) as the Manager shall determine using such record date as the Manager may designate. All Distributions made under this Section 4.01 shall be made to the Members as of the close of business on such record date on a *pro rata* basis in accordance with each Member's Percentage Interest (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)) as of the close of business on such record date; *provided, however*, that the Manager shall have the obligation to make Distributions as set forth in Sections 4.01(b) and 14.02; *provided*, *further*, that notwithstanding any other provision herein to the contrary, no Distributions shall be made to any Member to the extent such Distribution would render the Company insolvent or violate the Delaware Act. For purposes of the foregoing sentence, insolvency means the inability of the Company to meet its payment obligations when due. Promptly following the designation of a record date and the declaration of a Distribution pursuant to this Section 4.01(a), the Manager shall give notice to each Member of the record date, the amount and the terms of the Distribution and the payment date thereof. In furtherance of the foregoing, it is intended that the Manager shall, to the extent permitted by applicable Law and hereunder, have the right in its sole discretion to make Distributions to the Members pursuant to this Section 4.01(a) in such amounts as shall enable the Corporation to meet its obligations, including its obligations pursuant to the Tax Receivable Agreement (to the extent such obligations are not otherwise able to be satisfied as a result of Tax Distributions required to be made pursuant to Section 4.01(b)).

(b) *Tax Distributions*.

(i) With respect to each Fiscal Year, the Company shall, to the extent permitted by applicable Law, make cash distributions ("***Tax Distributions***") to each Member in accordance with, and to the extent of, such Member's Assumed Tax Liability. Tax Distributions pursuant to this Section 4.01(b)(i) shall be estimated by the Company on a quarterly basis and, to the extent feasible, shall be distributed to the Members (together with a statement showing the calculation of such Tax Distribution and an estimate of the Company's net taxable income

allocable to each Member for such period) on a quarterly basis on April 15th, June 15th, September 15th and January 15th (of the succeeding year) (or such other dates for which individuals are required to make quarterly estimated tax payments for U.S. federal income tax purposes) (each, a "***Quarterly Tax Distribution***"); *provided*, that the foregoing shall not restrict the Company from making a Tax Distribution on any other date. Quarterly Tax Distributions shall take into account the estimated taxable income or loss of the Company for the Fiscal Year through the end of the relevant quarterly period. A final accounting for Tax Distributions shall be made for each Fiscal Year after the allocation of the Company's actual net taxable income or loss has been determined and any shortfall in the amount of Tax Distributions a Member received for such Fiscal Year based on such final accounting shall promptly be distributed to such Member. For the avoidance of doubt, any excess Tax Distributions a Member receives with respect to any Fiscal Year shall reduce future Tax Distributions otherwise required to be made to such Member with respect to any subsequent Fiscal Year.

(ii) To the extent a Member otherwise would be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 4.01(b) (other than any distributions made pursuant to Section 4.01(b)(v)) on any given date, the Tax Distributions to such Member shall be increased to ensure that all Distributions made pursuant to this Section 4.01(b) are made *pro rata* in accordance with the Members' respective Percentage Interests. If, on a Tax Distribution Date, there are insufficient funds on hand to distribute to the Members the full amount of the Tax Distributions to which such Members are otherwise entitled, Distributions pursuant to this Section 4.01(b) shall be made to the Members to the extent of available funds in accordance with their Percentage Interests and the Company shall make future Tax Distributions as soon as funds become available sufficient to pay the remaining portion of the Tax Distributions to which such Members are otherwise entitled.

(iii) In the event of any audit by, or similar event with, a taxing authority that affects the calculation of any Member's Assumed Tax Liability for any taxable year (other than an audit conducted pursuant to the Revised Partnership Audit Provisions for which no election is made pursuant to Section 6226 thereof), or in the event the Company files an amended tax return, each Member's Assumed Tax Liability with respect to such year shall be recalculated by giving effect to such event (for the avoidance of doubt, taking into account interest or penalties). Any shortfall in the amount of Tax Distributions the Members and former Members received for the relevant taxable years based on such recalculated Assumed Tax Liability promptly shall be distributed to such Members and the successors of such former Members, except, for the avoidance of doubt, to the extent Distributions were made to such Members and former Members pursuant to Section 4.01(a) and this Section 4.01(b) in the relevant taxable years sufficient to cover such shortfall.

(iv) Notwithstanding the foregoing, Tax Distributions pursuant to this Section 4.01(b) (other than, for the avoidance of doubt, any distributions made

pursuant to Section 4.01(b)(v)), if any, shall be made to a Member only to the extent all previous Tax Distributions to such Member pursuant to Section 4.01(b) with respect to the Fiscal Year are less than the Tax Distributions such Member otherwise would have been entitled to receive with respect to such Fiscal Year pursuant to this Section 4.01(b).

(v) Notwithstanding the foregoing and anything to the contrary in this Agreement, a final accounting for tax distributions under the Initial LLC Agreement in respect of the taxable income of the Company for the portion of the Fiscal Year of the Company that ends on closing date of the IPO shall be made by the Company following the closing date of the IPO and, based on such final accounting, the Company shall make a tax distribution to the Pre-IPO Members (or in the case of any Pre-IPO Member that no longer exists, the successor of such Pre-IPO Member) in accordance with the applicable terms of the Initial LLC Agreement to the extent of any shortfall in the amount of tax distributions the Pre-IPO Members received prior to the closing date of the IPO with respect to taxable income of the Company for such portion of such Fiscal Year that will be allocated to the Pre-IPO Members pursuant to Section 706 of the Code. For the avoidance of doubt, the amount of the Tax Distribution to be made pursuant to this Section 4.01(b)(v) shall be calculated pursuant to Section 3.1(a) of the Initial LLC Agreement.

ARTICLE V.
CAPITAL ACCOUNTS; ALLOCATIONS; TAX MATTERS

Section 5.01 Capital Accounts.

(a) The Company shall maintain a separate Capital Account for each Member according to the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). For this purpose, the Company may (in the discretion of the Manager), upon the occurrence of the events specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), increase or decrease the Capital Accounts in accordance with the rules of such Treasury Regulation and Treasury Regulation Section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of Company property.

(b) For purposes of computing the amount of any item of Company income, gain, loss or deduction to be allocated pursuant to this Article V and to be reflected in the Capital Accounts of the Members, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose); *provided, however*, that:

(i) The computation of all items of income, gain, loss and deduction shall include those items described in Code Section 705(a)(l)(B) or Code Section 705(a)(2)(B) and Treasury Regulation Section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includable in gross income or are not deductible for U.S. federal income tax purposes.

(ii) If the Book Value of any Company property is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(e) or (f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(iii) Items of income, gain, loss or deduction attributable to the disposition of Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(iv) Items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

(v) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

Section 5.02 Allocations. Except as otherwise provided in Section 5.03 and Section 5.04, Net Profits and Net Losses for any Fiscal Year or Fiscal Period shall be allocated among the Capital Accounts of the Members pro rata in accordance with their respective Percentage Interests.

Section 5.03 Regulatory Allocations.

(a) Losses attributable to partner nonrecourse debt (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated in the manner required by Treasury Regulation Section 1.704-2(i). If there is a net decrease during a Taxable Year in partner nonrecourse debt minimum gain (as defined in Treasury Regulation Section 1.704-2(i)(3)), Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) shall be allocated to the Members in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(i)(4).

(b) Nonrecourse deductions (as determined according to Treasury Regulation Section 1.704-2(b)(1)) for any Taxable Year shall be allocated pro rata among the Members in accordance with their Percentage Interests. Except as otherwise provided in Section 5.03(a), if there is a net decrease in the Minimum Gain during any Taxable Year, each Member shall be allocated Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(f). This Section 5.03(b) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulation Section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Member that unexpectedly receives an adjustment, allocation or Distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)

has an Adjusted Capital Account Deficit as of the end of any Taxable Year, computed after the application of Sections 5.03(a) and 5.03(b) but before the application of any other provision of this Article V, then Profits for such Taxable Year shall be allocated to such Member in proportion to, and to the extent of, such Adjusted Capital Account Deficit. This Section 5.03(c) is intended to be a qualified income offset provision as described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) If the allocation of Net Losses to a Member as provided in Section 5.02 would create or increase an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of Losses as will not create or increase an Adjusted Capital Account Deficit. The Net Losses that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Percentage Interests, subject to this Section 5.03(d).

(e) Profits and Losses described in Section 5.01(b)(v) shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(j), (k) and (m).

(f) The allocations set forth in Section 5.03(a) through and including Section 5.03(e) (the "***Regulatory Allocations***") are intended to comply with certain requirements of Sections 1.704-1(b) and 1.704-2 of the Treasury Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Profit and Loss of the Company or make Distributions. Accordingly, notwithstanding the other provisions of this Article V, but subject to the Regulatory Allocations, income, gain, deduction and loss shall be reallocated among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts (or as close thereto as possible) they would have been if Profit and Loss (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this will be accomplished by specially allocating other Profit and Loss (and such other items of income, gain, deduction and loss) among the Members so that the net amount of the Regulatory Allocations and such special allocations to each such Member is zero. In addition, if in any Fiscal Year or Fiscal Period there is a decrease in partnership minimum gain, or in partner nonrecourse debt minimum gain, and application of the minimum gain chargeback requirements set forth in Section 5.03(a) or Section 5.03(b) would cause a distortion in the economic arrangement among the Members, the Members may, if they do not expect that the Company will have sufficient other income to correct such distortion, request the Internal Revenue Service to waive either or both of such minimum gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such minimum gain chargeback requirement.

Section 5.04 Final Allocations. Notwithstanding any contrary provision in this Agreement except Section 5.03, the Manager shall make appropriate adjustments to

allocations of Profits and Losses to (or, if necessary, allocate items of gross income, gain, loss or deduction of the Company among) the Members upon the liquidation of the Company (within the meaning of Section 1.704 1(b)(2)(ii)(g) of the Treasury Regulations), the transfer of substantially all the Units (whether by sale or exchange or merger) or sale of all or substantially all the assets of the Company, such that, to the maximum extent possible, the Capital Accounts of the Members are proportionate to their Percentage Interests. In each case, such adjustments or allocations shall occur, to the maximum extent possible, in the Fiscal Year of the event requiring such adjustments or allocations.

Section 5.05 Tax Allocations.

(a) The income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; *provided* that if any such allocation is not permitted by the Code or other applicable Law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value using the traditional method set forth in Treasury Regulations Section 1.704-3(b).

(c) If the Book Value of any Company asset is adjusted pursuant to Section 5.01(b), including adjustments to the Book Value of any Company asset in connection with the execution of this Agreement, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value using the traditional method set forth in Treasury Regulations Section 1.704-3(b).

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Members as determined by the Manager taking into account the principles of Treasury Regulation Section 1.704-1(b)(4)(ii).

(e) For purposes of determining a Member's share of the Company's "excess nonrecourse liabilities" within the meaning of Treasury Regulation Section 1.752-3(a)(3), each Member's interest in income and gain shall be determined pursuant to any proper method, as reasonably determined by the Manager; *provided*, that each year the Manager shall use its reasonable best efforts (using in all instances any proper method, including without limitation the "additional method" described in Treasury Regulation Section 1.752-3(a)(3))) to allocate a sufficient amount of the excess nonrecourse liabilities to those Members who would have at the end of the applicable Taxable Year, but for such allocation, taxable income due to the deemed distribution of money to such Member

pursuant to Section 752(b) of the Code that is in excess of such Member's adjusted tax basis in its Units; and *provided, further,* that, in making such allocations of the Company's "excess nonrecourse liabilities" in the year of the IPO, the Manager shall, to the extent permissible under law, use the methodology used in the illustration attached hereto as Exhibit C (for the avoidance of doubt, in making allocations of the Company's "excess nonrecourse liabilities" in accordance with this Section 5.05(e), the Manager shall be permitted to use the methodology set forth in Exhibit C in subsequent taxable periods as well).

(f) Allocations pursuant to this Section 5.05 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, Distributions or other Company items pursuant to any provision of this Agreement.

Section 5.06 Indemnification and Reimbursement for Payments on Behalf of a Member. If the Company is obligated to pay any amount to a Governmental Entity (or otherwise makes a payment to a Governmental Entity) that is specifically attributable to a Member or a Member's status as such (including federal income taxes as a result of Company obligations pursuant to the Revised Partnership Audit Provisions, federal withholding taxes, state personal property taxes and state unincorporated business taxes, but excluding payments such as payroll taxes, withholding taxes, benefits or professional association fees and the like required to be made or made voluntarily by the Company on behalf of any Member based upon such Member's status as an employee of the Company), then such Person shall indemnify the Company in full for the entire amount paid (including interest, penalties and related expenses). The Manager may offset Distributions to which a Person is otherwise entitled under this Agreement against such Person's obligation to indemnify the Company under this Section 5.06. In addition, notwithstanding anything to the contrary, each Member agrees that any Cash Settlement such Member is entitled to receive pursuant to Article XI may be offset by an amount equal to such Member's obligation to indemnify the Company under this Section 5.06 and that such Member shall be treated as receiving the full amount of such Cash Settlement and paying to the Company an amount equal to such obligation. A Member's obligation to make payments to the Company under this Section 5.06 shall survive the termination, dissolution, liquidation and winding up of the Company. In the event that the Company has been terminated prior to the date such payment is due, such Member shall make such payment to the Manager (or its designee), which shall distribute such funds in accordance with this Agreement. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 5.06, including instituting a lawsuit to collect such contribution with interest calculated at a rate per annum equal to the sum of the Base Rate plus 300 basis points (but not in excess of the highest rate per annum permitted by Law). Each Member hereby agrees to furnish to the Company such information and forms as required or reasonably requested in order to comply with any Laws and regulations governing withholding of tax or in order to claim any reduced rate of, or exemption from, withholding to which the Member is legally entitled.

ARTICLE VI.
MANAGEMENT

Section 6.01 Authority of Manager.

(a) Except for situations in which the approval of any Member(s) is specifically required by this Agreement, (i) all management powers over the business and affairs of the Company shall be exclusively vested in the Corporation, as the sole managing member of the Company (the Corporation, in such capacity, the "***Manager***") and (ii) the Manager shall conduct, direct and exercise full control over all activities of the Company. The Manager shall be the "manager" of the Company for the purposes of the Delaware Act. Except as otherwise expressly provided for herein and subject to the other provisions of this Agreement, the Members hereby consent to the exercise by the Manager of all such powers and rights conferred on the Members by the Delaware Act with respect to the management and control of the Company. Any vacancies in the position of Manager shall be filled in accordance with Section 6.04.

(b) The day-to-day business and operations of the Company shall be overseen and implemented by officers of the Company (each, an "***Officer***" and collectively, the "***Officers***"), subject to the limitations imposed by the Manager. An Officer may, but need not, be a Member. Each Officer shall be appointed by the Manager and shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he shall resign or shall have been removed in the manner hereinafter provided. Any one Person may hold more than one office. Subject to the other provisions in this Agreement (including in Section 6.07 below), the salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Manager. The authority and responsibility of the Officers shall include, but not be limited to, such duties as the Manager may, from time to time, delegate to them and the carrying out of the Company's business and affairs on a day-to-day basis. The existing Officers of the Company as of the Effective Time shall remain in their respective positions and shall be deemed to have been appointed by the Manager. All Officers shall be, and shall be deemed to be, officers and employees of the Company. An Officer may also perform one or more roles as an officer of the Manager. Any Officer may be removed at any time, with or without cause, by the Manager.

(c) The Manager shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Company) or the merger, consolidation, reorganization or other combination of the Company with or into another entity, for the avoidance of doubt, without the prior consent of any Member or any other Person being required, subject to the limitations prescribed by the Stockholders Agreement.

Section 6.02 Actions of the Manager. The Manager may act through any Officer or through any other Person or Persons to whom authority and duties have been delegated pursuant to Section 6.07.

Section 6.03 Resignation; No Removal. The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective. For the avoidance of doubt, the Members have no right under this Agreement to remove or replace the Manager.

Section 6.04 Vacancies. Subject to the limitations prescribed in the Stockholders Agreement, vacancies in the position of Manager occurring for any reason shall be filled by the Corporation (or, if the Corporation has ceased to exist without any successor or assign, then by the holders of a majority in interest of the voting capital stock of the Corporation immediately prior to such cessation). For the avoidance of doubt, the Members have no right under this Agreement to fill any vacancy in the position of Manager.

Section 6.05 Transactions Between Company and Manager. The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, *provided*, that such contracts and dealings (other than contracts and dealings between the Company and its Subsidiaries) are on terms comparable to and competitive with those available to the Company from others dealing at arm's length or are approved by the Members and otherwise are permitted by the Credit Agreements. The Members hereby approve each of the contracts or agreements between or among the Manager, the Company and their respective Affiliates entered into on or prior to the date of this Agreement in accordance with the Initial LLC Agreement or that the board of managers has approved in connection with the IPO as of the date of this Agreement, including the IPO Common Unit Subscription Agreement.

Section 6.06 Reimbursement for Expenses. The Manager shall not be compensated for its services as Manager of the Company except as expressly provided in this Agreement. The Members acknowledge and agree that, upon consummation of the IPO, the Manager's Class A Common Stock will be publicly traded and therefore the Manager will have access to the public capital markets and that such status and the services performed by the Manager will inure to the benefit of the Company and all Members; therefore, the Manager shall be reimbursed by the Company for any reasonable out-of-pocket expenses incurred on behalf of the Company, including without limitation all fees, expenses and costs associated with the IPO and all fees, expenses and costs of being a public company (including without limitation public reporting obligations, proxy statements, stockholder meetings, stock exchange fees, transfer agent fees, legal fees, SEC and FINRA filing fees and offering expenses) and maintaining its corporate existence. For the avoidance of doubt, the Manager shall not be reimbursed for any federal, state or local taxes imposed on the Manager or any subsidiary of the Manager (other than taxes paid by the Manager on behalf of the Company and any subsidiary of the Company but only if the taxes paid were the legal liability of the Company and/or any subsidiary of the Company). In the event that shares of Class A Common Stock are sold to underwriters in the IPO (or in any subsequent public offering) at a price per share that is lower than the price per share for which such shares of Class A Common Stock are sold to the public in the IPO (or in such subsequent public offering, as applicable) after taking into account underwriters' discounts or commissions and brokers'

fees or commissions (such difference, the "***Discount***") (i) the Manager shall be deemed to have contributed to the Company in exchange for newly issued Common Units the full amount for which such shares of Class A Common Stock were sold to the public and (ii) the Company shall be deemed to have paid the Discount as an expense. To the extent practicable, expenses incurred by the Manager on behalf of or for the benefit of the Company shall be billed directly to and paid by the Company and, if and to the extent any reimbursements to the Manager or any of its Affiliates by the Company pursuant to this Section 6.06 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of the Company), such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Members' Capital Accounts.

Section 6.07 Delegation of Authority. The Manager (a) may, from time to time, delegate to one or more Persons such authority and duties as the Manager may deem advisable, and (b) may assign titles (including, without limitation, chief executive officer, president, chief financial officer, chief operating officer, general counsel, senior vice president, vice president, secretary, assistant secretary, treasurer or assistant treasurer) and delegate certain authority and duties to such Persons as the same may be amended, restated or otherwise modified from time to time. Any number of titles may be held by the same individual. The salaries or other compensation, if any, of such agents of the Company shall be fixed from time to time by the Manager, subject to the other provisions in this Agreement.

Section 6.08 Limitation of Liability of Manager.

(a) Except as otherwise provided herein or in an agreement entered into by such Person and the Company, neither the Manager nor any of the Manager's Affiliates or Manager's officers, employees or other agents shall be liable to the Company, to any Member that is not the Manager or to any other Person bound by this Agreement for any act or omission performed or omitted by the Manager in its capacity as the sole managing member of the Company pursuant to authority granted to the Manager by this Agreement; *provided, however*, that, except as otherwise provided herein, such limitation of liability shall not apply to the extent the act or omission was attributable to the Manager's gross negligence, willful misconduct or knowing violation of Law or for any present or future breaches of any representations, warranties or covenants by the Manager or its Affiliates contained herein or in the other agreements with the Company. The Manager may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and shall not be responsible for any misconduct or negligence on the part of any such agent (so long as such agent was selected in good faith and with reasonable care). The Manager shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by the Manager in good faith reliance on such advice shall in no event subject the Manager to liability to the Company or any Member that is not the Manager.

(b) Whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner which is, or provide terms which are, "fair

and reasonable" to the Company or any Member that is not the Manager, the Manager shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable United States generally accepted accounting practices or principles, notwithstanding any other provision of this Agreement or any duty otherwise existing at Law or in equity.

(c) Whenever in this Agreement or any other agreement contemplated herein, the Manager is permitted or required to take any action or to make a decision in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, and shall, to the fullest extent permitted by applicable Law and notwithstanding any duty otherwise existing at Law or in equity, have no duty or obligation to give any consideration to any interest of or factors affecting the Company, other Members or any other Person.

(d) Whenever in this Agreement the Manager is permitted or required to take any action or to make a decision in its "good faith" or under another express standard, the Manager shall act under such express standard and, to the extent permitted by applicable Law, shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein, notwithstanding any provision of this Agreement or duty otherwise, existing at Law or in equity, and, notwithstanding anything contained herein to the contrary, so long as the Manager acts in good faith, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or impose liability upon the Manager or any of the Manager's Affiliates and shall be deemed approved by all Members.

Section 6.09 Investment Company Act. The Manager shall use its best efforts to ensure that the Company shall not be subject to registration as an investment company pursuant to the Investment Company Act.

Section 6.10 Outside Activities of the Manager. The Manager shall not, directly or indirectly, enter into or conduct any business or operations, other than in connection with (a) the ownership, acquisition and disposition of Common Units, (b) the management of the business and affairs of the Company and its Subsidiaries, (c) the operation of the Manager as a reporting company with a class (or classes) of securities registered under Section 12 of the Exchange Act and listed on a securities exchange, (d) the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests of the Corporation or the Company or any of its Subsidiaries, (e) financing or refinancing of any type related to the Corporation or the Company, its Subsidiaries or their assets or activities, (f) treasury and treasury management, (g) stock repurchases, (h) the declaration and payment of dividends with respect to any class of securities and (i) such activities as are incidental to the foregoing, subject, with respect to each of the foregoing, to any limitations prescribed by the Stockholders Agreement; *provided, however*, that, except as otherwise provided herein, the net proceeds of any financing raised by the Manager pursuant to the preceding clauses (d) and (e) shall be made available to the

Company, whether as Capital Contributions, loans or otherwise, as appropriate; *provided*, *further*, that the Manager may, in its sole and absolute discretion, from time to time hold or acquire assets in its own name or otherwise other than through the Company and its Subsidiaries so long as the Manager takes commercially reasonable measures to ensure that the economic benefits and burdens of such assets are otherwise vested in the Company or its Subsidiaries, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Company or any of its Subsidiaries, the Members shall negotiate in good faith to amend this Agreement to reflect such activities and the direct ownership of assets by the Manager. Nothing contained herein shall be deemed to prohibit the Manager from executing any guarantee of indebtedness of the Company or its Subsidiaries.

ARTICLE VII.
RIGHTS AND OBLIGATIONS OF MEMBERS AND MANAGER

Section 7.01 Limitation of Liability and Duties of Members.

(a) Except as provided in this Agreement or in the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Member (including without limitation, the Manager) shall be obligated personally for any such debts, obligations, contracts or liabilities of the Company solely by reason of being a Member or the Manager (except to the extent and under the circumstances set forth in any non-waivable provision of the Act). Notwithstanding anything contained herein to the contrary, to the fullest extent permitted by applicable Law, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

(b) In accordance with the Delaware Act and the laws of the State of Delaware, a Member may, under certain circumstances, be required to return amounts previously distributed to such Member. It is the intent of the Members that no Distribution to any Member pursuant to Articles IV or XIV shall be deemed a return of money or other property paid or distributed in violation of the Delaware Act. The payment of any such money or Distribution of any such property to a Member shall be deemed to be a compromise within the meaning of Section 18-502(b) of the Delaware Act, and, to the fullest extent permitted by Law, any Member receiving any such money or property shall not be required to return any such money or property to the Company or any other Person, unless such distribution was made by the Company to its Members in clerical error. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of any other Member.

(c) Notwithstanding any other provision of this Agreement (but subject, and without limitation, to Section 6.08 with respect to the Manager), to the extent that, at Law or in equity, any Member (other than the Manager in its capacity as such) (or any

Member's Affiliate or any manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of any Member or of any Affiliate of a Member) has duties (including fiduciary duties) to the Company, to the Manager, to another Member, to any Person who acquires an interest in a Company Interest or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties or standards expressly set forth herein, if any. The elimination of duties (including fiduciary duties) to the Company, the Manager, each of the Members, each other Person who acquires an interest in a Company Interest and each other Person bound by this Agreement and replacement thereof with the duties or standards expressly set forth herein, if any, are approved by the Company, the Manager, each of the Members, each other Person who acquires an interest in a Company Interest and each other Person bound by this Agreement.

Section 7.02 Lack of Authority. No Member, other than the Manager or a duly appointed Officer, in each case in its capacity as such, has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to make any expenditure on behalf of the Company. The Members hereby consent to the exercise by the Manager of the powers conferred on them by Law and this Agreement.

Section 7.03 No Right of Partition. No Member, other than the Manager, shall have the right to seek or obtain partition by court decree or operation of Law of any Company property, or the right to own or use particular or individual assets of the Company.

Section 7.04 Indemnification.

(a) Subject to Section 5.06, the Company hereby agrees to indemnify and hold harmless any Person (each an "***Indemnified Person***") to the fullest extent permitted under applicable Law, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Company is providing immediately prior to such amendment), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such Person (or one or more of such Person's Affiliates) by reason of the fact that such Person is or was a Member or an Affiliate thereof (other than as a result of an ownership interest in the Corporation) or is or was serving as the Manager or a director, officer, employee or other agent of the Manager, or a director, manager, Officer, employee or other agent of the Company or is or was serving at the request of the Company as a manager, officer, director, principal, member, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise; *provided, however*, that no Indemnified Person shall be indemnified for any expenses, liabilities and losses suffered that are attributable to such Indemnified Person's or its Affiliates' gross negligence, willful misconduct or knowing violation of Law or for any present or future breaches of any representations, warranties or covenants by such Indemnified Person or its Affiliates contained herein or in the other agreements with the Company. Reasonable expenses,

including attorneys' fees, incurred by any such Indemnified Person in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding, including any appeal therefrom, upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Company.

(b) The right to indemnification and the advancement of expenses conferred in this Section 7.04 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, bylaw, action by the Manager or otherwise.

(c) The Company shall maintain directors' and officers' liability insurance, or substantially equivalent insurance, at its expense, to protect any Indemnified Person (and the investment funds, if any, they represent) against any expense, liability or loss described in Section 7.04(a) whether or not the Company would have the power to indemnify such Indemnified Person against such expense, liability or loss under the provisions of this Section 7.04. The Company shall use its commercially reasonable efforts to purchase and maintain property, casualty and liability insurance in types and at levels customary for companies of similar size engaged in similar lines of business, as determined in good faith by the Manager, and the Company shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by the Manager.

(d) Notwithstanding anything contained herein to the contrary (including in this Section 7.04), the Company agrees that any indemnification and advancement of expenses available to any current or former Indemnified Person from (i) ACON; (ii) Fundamental or (iii) any investment fund that is an Affiliate of ACON or Fundamental, as applicable, or of the Company, in each case, who was appointed to serve as a director of the Company or served as a Member of the Company by virtue of such Person's service as a member, director, partner or employee of any such fund prior to or following the Effective Time (any such Person, a "Sponsor Person") shall be secondary to the indemnification and advancement of expenses to be provided by the Company pursuant to this Section 7.04. Such indemnification and advancement of expenses shall be provided out of and to the extent of Company assets only. No Member (unless such Member otherwise agrees in writing or is found in a non-appealable decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company. The Company (i) shall be the primary indemnitor of first resort for such Sponsor Person pursuant to this Section 7.04 and (ii) shall be fully responsible for the advancement of all expenses and the payment of all damages or liabilities with respect to such Sponsor Person which are addressed by this Section 7.04.

(e) If this Section 7.04 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify

and hold harmless each Indemnified Person pursuant to this Section 7.04 to the fullest extent permitted by any applicable portion of this Section 7.04 that shall not have been invalidated and to the fullest extent permitted by applicable Law.

(f) From the Effective Time through December 31, 2021, neither the Company nor the Manager shall, and shall not permit their respective Subsidiaries to, amend, repeal or otherwise modify any provision in any such Subsidiary's certificate or articles of incorporation or formation or bylaws or operating agreement relating to the exculpation or indemnification (including fee advancement) of any officers and/or directors (unless required by Law). The Company and the Manager shall cause each Subsidiary to honor and perform under all indemnification obligations owed to any of the individuals who were officers and/or directors of such Subsidiary prior to the Effective Time.

Section 7.05 Members Right to Act. For matters that require the approval of the Members, the Members shall act through meetings and written consents as described in paragraphs (a) and (b) below:

(a) Except as otherwise expressly provided by this Agreement, acts by the Members holding a majority of the Units, voting together as a single class, shall be the acts of the Members. Any Member entitled to vote at a meeting of Members or to express consent or dissent to Company action in writing without a meeting may authorize another person or persons to act for it by proxy. An electronic mail, telegram, telex, cablegram or similar transmission by the Member, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the Member shall (if stated thereon) be treated as a proxy executed in writing for purposes of this Section 7.05(a). No proxy shall be voted or acted upon after eleven (11) months from the date thereof, unless the proxy provides for a longer period. A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and that the proxy is coupled with an interest. Should a proxy designate two or more Persons to act as proxies, unless that instrument shall provide to the contrary, a majority of such Persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or, if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, the Company shall not be required to recognize such proxy with respect to such issue if such proxy does not specify how the votes that are the subject of such proxy are to be voted with respect to such issue.

(b) The actions by the Members permitted hereunder may be taken at a meeting called by the Manager or by the Members holding a majority of the Units entitled to vote on such matter on at least five (5) Business Days prior written notice to the other Members entitled to vote, which notice shall state the purpose or purposes for which such meeting is being called. The actions taken by the Members entitled to vote or consent at any meeting (as opposed to by written consent), however called and noticed, shall be as valid as though taken at a meeting duly held after regular call and notice if (but not until), either before, at or after the meeting, the Members entitled to vote or consent as to whom it was improperly held signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. The actions by the Members entitled to

vote or consent may be taken by vote of the Members entitled to vote or consent at a meeting or by written consent (without the requirement of prior notice), so long as such consent (x) is signed by Members having not less than the minimum number of Units that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted and (y) such request for consent in writing was distributed to all Members entitled to vote thereon simultaneously. Prompt notice of the action so taken, which shall state the purpose or purposes for which such consent is required and may be delivered via email, without a meeting shall be given to those Members entitled to vote or consent who have not consented in writing; *provided, however*, that the failure to give any such notice shall not affect the validity of the action taken by such written consent. Any action taken pursuant to such written consent of the Members shall have the same force and effect as if taken by the Members at a meeting thereof.

Section 7.06 Inspection Rights. The Company shall permit each Member and each of its designated representatives to examine the books and records of the Company or any of its Subsidiaries at the principal office of the Company or such other location as the Manager shall reasonably approve during reasonable business hours for any purpose reasonably related to such Member's Company Interest; *provided*, that Manager has a right to keep confidential from the Members certain information in accordance with Section 18-305 of the Delaware Act.

ARTICLE VIII.
BOOKS, RECORDS, ACCOUNTING AND REPORTS, AFFIRMATIVE COVENANTS

Section 8.01 Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists and copies of documents required pursuant to applicable Laws. All matters concerning (a) the determination of the relative amount of allocations and Distributions among the Members pursuant to Articles IV and V and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Manager, whose determination shall be final and conclusive as to all of the Members absent manifest clerical error.

Section 8.02 Fiscal Year. The Fiscal Year of the Company shall end on December 31 of each year or such other date as may be established by the Manager.

ARTICLE IX.
TAX MATTERS

Section 9.01 Preparation of Tax Returns. The Manager shall arrange for the preparation and timely filing of all tax returns required to be filed by the Company. On or before April 15, June 15, September 15, and December 15 of each Fiscal Year, the Company shall send to each Person who was a Member at any time during the prior quarter, an estimate of such Member's state tax apportionment information and allocations to the Members of taxable income, gains, losses, deductions and credits for

the prior quarter, which estimate shall have been reviewed by the Company's outside tax accountants. In addition, no later than (i) March 30 following the end of the prior Fiscal Year, the Company shall provide to each Person that was a Member at any time during such Fiscal Year a statement showing an estimate of such Member's state tax apportionment information and such Member's estimated allocations of taxable income, gains, losses, deductions and credits for such Fiscal Year and (ii) July 31 following the end of the prior Fiscal Year, the Company shall send to each Person who was a Member at any time during such Fiscal Year, a statement showing such Member's final state tax apportionment information and allocations to the Members of taxable income, gains, losses, deductions and credits for such Fiscal Year and a completed IRS Schedule K-1. The Company shall notify the Members upon receipt of any notice of any material income tax examination of the Company by federal, state or local authorities. Subject to the terms and conditions of this Agreement and except as otherwise provided in this Agreement, in its capacity as Tax Matters Partner, the Corporation shall have the authority to prepare the tax returns of the Company using such permissible methods and elections as it determines in its reasonable discretion, including without limitation the use of any permissible method under Section 706 of the Code for purposes of determining the varying Company Interests of its Members.

Section 9.02 Tax Elections. The Taxable Year shall be the Fiscal Year set forth in Section 8.02. The Company and any eligible Subsidiary shall have in effect an election pursuant to Section 754 of the Code, shall not thereafter revoke such election and shall make a new election pursuant to Section 754 to the extent necessary following any "termination" of the Company or the Subsidiary under Section 708 of the Code. Each Member will upon request supply any information reasonably necessary to give proper effect to any such elections.

Section 9.03 Tax Controversies.

(a) With respect to the Tax Year that includes the date of the IPO (and any Tax Year beginning on or before December 31, 2017), the Corporation is hereby designated the Tax Matters Partner of the Company within the meaning given to such term in Section 6231 of the Code (the Corporation, in such capacity, the "***Tax Matters Partner***") and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and to do or refrain from doing any or all things reasonably requested by the Company with respect to the conduct of such proceedings. The Tax Matters Partner shall keep Members reasonably informed of the progress of any material income tax examinations, audits or other proceedings and all Members shall have the right to observe and participate at their sole expense in any such tax proceedings to the extent permitted by applicable law. Nothing set forth in this Agreement shall diminish,

limit or restrict the rights of any Member under Subchapter C, Chapter 63, Subtitle F of the Code (Code Sections 6221 et seq.).

(b) With respect to Tax Years beginning after December 31, 2017, pursuant to the Revised Partnership Audit Provisions, the Corporation shall be designated and may, on behalf of the Company, at any time, and without further notice to or consent from any Member, act as the "partnership representative" of the Company (within the meaning given to such term in Section 6223 of the Code) (the "***Partnership Representative***") for purposes of the Code. The Partnership Representative shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Partnership Representative and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and to do or refrain from doing any or all things reasonably requested by the Company with respect to the conduct of such proceedings. The Partnership Representative shall keep Members reasonably informed regarding any material income tax proceedings, and the Members shall have the right to observe and participate through representatives of their own choosing (at their sole expense) in any such tax proceedings to the extent permitted by applicable law. Nothing herein shall diminish, limit or restrict the rights of any Member under the Revised Partnership Audit Provisions.

ARTICLE X.
RESTRICTIONS ON TRANSFER OF UNITS; PREEMPTIVE RIGHTS

Section 10.01 Transfers by Members. No holder of Units shall Transfer any interest in any Units, except Transfers (a) pursuant to and in accordance with Sections 10.02 and 10.09 or (b) approved in writing by the Manager, in the case of Transfers by any Member other than the Manager, or (c) in the case of Transfers by the Manager, to any Person who succeeds to the Manager in accordance with Section 6.04. Notwithstanding the foregoing, "Transfer" shall not include an event that terminates the existence of a Member for income tax purposes (including, without limitation, a change in entity classification of a Member under Treasury Regulations Section 301.7701-3, termination of a partnership pursuant to Code Section 708(b)(1)(B), a sale of assets by, or liquidation of, a Member pursuant to an election under Code Sections 336 or 338, or merger, severance, or allocation within a trust or among sub-trusts of a trust that is a Member), but that does not terminate the existence of such Member under applicable state Law (or, in the case of a trust that is a Member, does not terminate the trusteeship of the fiduciaries under such trust with respect to all the Company Interests of such trust that is a Member).

Section 10.02 Permitted Transfers. The restrictions contained in Section 10.01 shall not apply to any of the following (each, a "***Permitted Transfer***" and each transferee, a "***Permitted Transferee***"): (i)(A) a Transfer pursuant to a Redemption or Exchange in accordance with Article XI hereof or (B) a Transfer by a Member to the Corporation or any of its Subsidiaries, (ii) a Transfer by any Member to such Member's

spouse, any lineal ascendants or descendants or trusts or other entities in which such Member or Member's spouse, lineal ascendants or descendants hold (and continue to hold while such trusts or other entities hold Units) 50% or more of such entity's beneficial interests, (iii) a Transfer pursuant to the Laws of descent and distribution, (iv) a Transfer to a partner, shareholder, member or Affiliated investment fund of such Member (which may include special purpose investment vehicles wholly owned by one or more Affiliated investment funds but shall not include portfolio companies) and (v) any Transfer as shall be necessary to effectuate the Blocker Roll Up; *provided, however*, that (x) the restrictions contained in this Agreement will continue to apply to Units after any Permitted Transfer of such Units, and (y) in the case of the foregoing clauses (ii), (iii), (iv) and (v), the Permitted Transferees of the Units so Transferred shall agree in writing to be bound by the provisions of this Agreement and, except with respect to the Transfers contemplated by the foregoing clause (v), the transferor will deliver a written notice to the Company and the Members, which notice will disclose in reasonable detail the identity of the proposed Permitted Transferee. In the case of a Permitted Transfer of any Common Units by any Member that is authorized to hold Class B Common Stock in accordance with the Corporation's certificate of incorporation to a Permitted Transferee in accordance with this Section 10.02, such Member (or any subsequent Permitted Transferee of such Member) shall be required to also transfer an equal number of shares of Class B Common Stock corresponding to the proportion of such Member's (or subsequent Permitted Transferee's) Common Units that were transferred in the transaction to such Permitted Transferee. All Permitted Transfers are subject to the additional limitations set forth in Section 10.07(b).

Section 10.03 Restricted Units Legend. The Units have not been registered under the Securities Act and, therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is then available. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units (if such securities remain Units as defined herein after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED ON NOVEMBER 1, 2017, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF FUNKO ACQUISITION HOLDINGS, L.L.C., AS MAY BE AMENDED AND MODIFIED FROM TIME TO TIME, AND FUNKO ACQUISITION HOLDINGS, L.L.C. RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY FUNKO ACQUISITION

HOLDINGS, L.L.C. TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

The Company shall imprint such legend on certificates (if any) evidencing Units. The legend set forth above shall be removed from the certificates (if any) evidencing any units which cease to be Units in accordance with the definition thereof.

Section 10.04 Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective Permitted Transferee to be bound by this Agreement and any other agreements executed by the holders of Units and relating to such Units in the aggregate to which the transferor was a party, including without limitation the Stockholders Agreement (collectively, the "***Other Agreements***") by executing and delivering to the Company counterparts of this Agreement and any applicable Other Agreements.

Section 10.05 Assignee's Rights.

(a) The Transfer of a Company Interest in accordance with this Agreement shall be effective as of the date of its assignment (assuming compliance with all of the conditions to such Transfer set forth herein), and such Transfer shall be shown on the books and records of the Company. Profits, Losses and other Company items shall be allocated between the Transferor and the Assignee according to Code Section 706, using any permissible method as determined in the reasonable discretion of the Manager. Distributions made before the effective date of such Transfer shall be paid to the Transferor, and Distributions made on or after such date shall be paid to the Assignee.

(b) Unless and until an Assignee becomes a Member pursuant to Article XII, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable Law, other than the rights granted specifically to Assignees pursuant to this Agreement; *provided, however*, that, without relieving the Transferring Member from any such limitations or obligations as more fully described in Section 10.06, such Assignee shall be bound by any limitations and obligations of a Member contained herein that a Member would be bound on account of the Assignee's Company Interest (including the obligation to make Capital Contributions on account of such Company Interest).

Section 10.06 Assignor's Rights and Obligations. Any Member who shall Transfer any Company Interest in a manner in accordance with this Agreement shall cease to be a Member with respect to such Units or other interest and shall no longer have any rights or privileges, or, except as set forth in this Section 10.06, duties, liabilities or obligations, of a Member with respect to such Units or other interest (it being understood, however, that the applicable provisions of Sections 6.08 and 7.04 shall continue to inure to such Person's benefit), except that unless and until the Assignee (if not already a Member) is admitted as a Substituted Member in accordance with the provisions of Article XII (the "***Admission Date***"), (i) such assigning Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Units or other interest, and (ii) the Manager may, in its sole discretion, reinstate all or any portion of the rights and privileges of such Member with respect to such Units or other interest for any

period of time prior to the Admission Date. Nothing contained herein shall relieve any Member who Transfers any Units or other interest in the Company from any liability of such Member to the Company with respect to such Company Interest that may exist on the Admission Date or that is otherwise specified in the Delaware Act or for any liability to the Company or any other Person for any materially false statement made by such Member (in its capacity as such) or for any present or future breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the other agreements with the Company.

Section 10.07 Overriding Provisions.

(a) Any Transfer or attempted Transfer of any Units in violation of this Agreement (including any prohibited indirect Transfers) shall be null and void ab initio, and the provisions of Sections 10.05 and 10.06 shall not apply to any such Transfers. For the avoidance of doubt, any Person to whom a Transfer is made or attempted in violation of this Agreement shall not become a Member, shall not be entitled to vote on any matters coming before the Members and shall not have any other rights in or with respect to any rights of a Member of the Company. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance. The Manager shall promptly amend the Schedule of Members to reflect any Permitted Transfer pursuant to this Article X.

(b) Notwithstanding anything contained herein to the contrary (including, for the avoidance of doubt, the provisions of Section 10.01 and Article XI and Article XII), in no event shall any Member Transfer any Units to the extent such Transfer would:

(i) result in the violation of the Securities Act, or any other applicable federal, state or foreign Laws;

(ii) cause an assignment under the Investment Company Act;

(iii) in the reasonable determination of the Manager, be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any Credit Agreement which the Company or the Manager is a party; *provided* that (x) the payee or creditor to whom the Company or the Manager owes such obligation is not an Affiliate of the Company or the Manager and (y) such Credit Agreement, individually or in the aggregate, has an aggregate principal amount of loans or revolving commitments then outstanding that is equal to or greater than $20,000,000.00;

(iv) be a Transfer to a Person who is not legally competent or who has not achieved his or her majority of age under applicable Law (excluding trusts for the benefit of minors);

(v) cause the Company to be treated as a "publicly traded partnership" or to be taxed as a corporation pursuant to Section 7704 of the Code or successor provision of the Code; or

(vi) result in the Company having more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations Section 1.7704-1(h)(3)).

Section 10.08 Spousal Consent. In connection with the execution and delivery of this Agreement, any Member who is a natural person will deliver to the Company an executed consent from such Member's spouse (if any) in the form of Exhibit B-1 attached hereto or a Member's spouse confirmation of separate property in the form of Exhibit B-2 attached hereto. If, at any time subsequent to the date of this Agreement such Member becomes legally married (whether in the first instance or to a different spouse), such Member shall cause his or her spouse to execute and deliver to the Company a consent in the form of Exhibit B attached hereto. Such Member's non-delivery to the Company of an executed consent in the form of Exhibit B at any time shall constitute such Member's continuing representation and warranty that such Member is not legally married as of such date.

Section 10.09 Tender Offers and Other Events with respect to the Corporation.

(a) In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to Class A Common Stock (a "***Pubco Offer***") is proposed by the Corporation or is proposed to the Corporation or its stockholders and approved by the Corporate Board or is otherwise effected or to be effected with the consent or approval of the Corporate Board, the Common Unitholders shall be permitted to participate in such Pubco Offer by delivery of a Redemption Notice (which Redemption Notice shall be effective immediately prior to the consummation of such Pubco Offer (and, for the avoidance of doubt, shall be contingent upon such Pubco Offer and not be effective if such Pubco Offer is not consummated)). In the case of a Pubco Offer proposed by the Corporation, the Corporation will use its reasonable best efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit the Common Unitholders to participate in such Pubco Offer to the same extent or on an economically equivalent basis as the holders of shares of Class A Common Stock without discrimination; provided, that without limiting the generality of this sentence (and without limiting the ability of any Member holding Common Units to consummate a Redemption at any time pursuant to the terms of this Agreement), the Manager will use its reasonable best efforts expeditiously and in good faith to ensure that such Common Unitholders may participate in such Pubco Offer without being required to have their Common Units and shares of Class B Common Stock redeemed (or, if so required, to ensure that any such redemption shall be effective only upon, and shall be conditional upon, the closing of the transactions contemplated by the Pubco Offer). For the avoidance of doubt, in no event shall Common Unitholders be entitled to receive in such Pubco Offer aggregate consideration for each Common Unit that is greater than the consideration payable in respect of each share of Class A

Common Stock in connection with a Pubco Offer (it being understood that payments under or in respect of the Tax Receivable Agreement shall not be considered part of any such consideration).

(b) The Corporation shall send written notice to the Company and the Common Unitholders at least thirty (30) days prior to the closing of the transactions contemplated by the Pubco Offer notifying them of their rights pursuant to this Section 10.09, and setting forth (i) a copy of the written proposal or agreement pursuant to which the Pubco Offer will be effected, (ii) the consideration payable in connection therewith, (iii) the terms and conditions of transfer and payment and (iv) the date and location of and procedures for selling Common Units. In the event that the information set forth in notice changes from that set forth in the initial notice, a subsequent notice shall be delivered by the Corporation no less than seven (7) days prior to the closing of the Pubco Offer.

ARTICLE XI.
REDEMPTION AND EXCHANGE RIGHTS

Section 11.01 Redemption Right of a Member.

(a) Each Member (other than the Corporation and the Blockers) shall be entitled to cause the Company to redeem (a "***Redemption***") its Common Units (excluding, for the avoidance of doubt, any Common Units that are subject to vesting conditions or subject to Transfer limitations pursuant to this Agreement) in whole or in part (the "***Redemption Right***") at any time and from time to time following the waiver or expiration of any contractual lock-up period relating to the shares of the Corporation that may be applicable to such Member. A Member desiring to exercise its Redemption Right (each, a "***Redeeming Member***") shall exercise such right by giving written notice (the "***Redemption Notice***") to the Company with a copy to the Corporation. The Redemption Notice shall specify the number of Common Units (the "***Redeemed Units***") that the Redeeming Member intends to have the Company redeem and a date, not less than three (3) Business Days nor more than ten (10) Business Days after delivery of such Redemption Notice (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods), on which exercise of the Redemption Right shall be completed (the "***Redemption Date***"); *provided*, that the Company, the Corporation and the Redeeming Member may change the number of Redeemed Units and/or the Redemption Date specified in such Redemption Notice to another number and/or date by mutual agreement signed in writing by each of them; *provided, further,* that a Redemption may be conditioned (including as to timing) by the Redeeming Member on (i) the Corporation and/or the Redeeming Member having entered into a valid and binding agreement with a third party for the sale of shares of Class A Common Stock that may be issued in connection with such proposed Redemption (whether in a tender or exchange offer, private sale or otherwise) and such agreement is subject to customary closing conditions for agreements of this kind and the delivery of the Class A Common Stock by the Corporation or the Redeeming Member, as applicable, to such third party, (ii) the closing of an announced merger, consolidation or other transaction or event in which the shares of Class A Common Stock that may be issued in connection with such proposed Redemption would be exchanged or converted or become exchangeable or convertible

into cash or other securities or property and/or (iii) the closing of an underwritten distribution of the shares of Class A Common Stock that may be issued in connection with such proposed Redemption. Subject to Section 11.03 and unless the Redeeming Member timely has delivered a Retraction Notice as provided in Section 11.01(c) or has revoked or delayed a Redemption as provided in Section 11.01(b) or (d), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date):

(i) the Redeeming Member shall transfer and surrender, free and clear of all liens and encumbrances (x) the Redeemed Units to the Company, and (y) a number of shares of Class B Common Stock equal to the number of Redeemed Units to the Corporation to the extent applicable;

(ii) the Company shall (x) cancel the Redeemed Units, (y) transfer to the Redeeming Member the consideration to which the Redeeming Member is entitled under Section 11.01(b), and (z) if the Units are certificated, issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to clause (i) of this Section 11.01(a) and the Redeemed Units; and

(iii) the Corporation shall cancel for no consideration the shares of Class B Common Stock (and the Corporation shall take all actions necessary to retire such shares transferred to the Corporation and such shares shall not be re-issued by the Corporation) upon a transfer of such shares of Class B Common Stock that were Transferred pursuant to Section 11.01(a)(i)(y) above.

(b) In exercising its Redemption Right, a Redeeming Member shall, to the fullest extent permitted by applicable Law, be entitled to receive the Share Settlement or the Cash Settlement; *provided,* that the Corporation shall have the option (as determined solely by its independent directors (within the meaning of the rules of the NASDAQ) who are disinterested) as provided in Section 11.02 and subject to Section 11.01(e) to select whether the redemption payment is made by means of a Share Settlement or a Cash Settlement. Within three (3) Business Days of delivery of the Redemption Notice, the Corporation shall give written notice (the "***Contribution Notice***") to the Company (with a copy to the Redeeming Member) of its intended settlement method; *provided*, that if the Corporation does not timely deliver a Contribution Notice, the Corporation shall be deemed to have elected the Share Settlement method (subject to the limitations set forth above).

(c) In the event the Corporation elects the Cash Settlement in connection with a Redemption, the Redeeming Member may retract its Redemption Notice by giving written notice (the "***Retraction Notice***") to the Company (with a copy to the Corporation) within three (3) Business Days of delivery of the Contribution Notice. The timely delivery of a Retraction Notice shall terminate all of the Redeeming Member's, Company's and

the Corporation' rights and obligations under this Section 11.01 arising from the Redemption Notice.

(d) In the event the Corporation elects a Share Settlement in connection with a Redemption, a Redeeming Member shall be entitled to revoke its Redemption Notice or delay the consummation of a Redemption if any of the following conditions exists:

(i) any registration statement pursuant to which the resale of the Class A Common Stock to be registered for such Redeeming Member at or immediately following the consummation of the Redemption shall have ceased to be effective pursuant to any action or inaction by the SEC or no such resale registration statement has yet become effective;

(ii) the Corporation shall have failed to cause any related prospectus to be supplemented by any required prospectus supplement necessary to effect such Redemption;

(iii) the Corporation shall have exercised its right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Redeeming Member to have its Class A Common Stock registered at or immediately following the consummation of the Redemption;

(iv) the Corporation shall have disclosed in good faith to such Redeeming Member any material non-public information concerning the Corporation, the receipt of which results in such Redeeming Member being prohibited or restricted from selling Class A Common Stock at or immediately following the Redemption without disclosure of such information (and the Corporation does not permit disclosure);

(v) any stop order relating to the registration statement pursuant to which the Class A Common Stock was to be registered by such Redeeming Member at or immediately following the Redemption shall have been issued by the SEC;

(vi) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Class A Common Stock is then traded;

(vii) there shall be in effect an injunction, a restraining order or a decree of any nature of any Governmental Entity that restrains or prohibits the Redemption;

(viii) the Corporation shall have failed to comply in all material respects with its obligations under the Registration Rights Agreement, and such failure shall have affected the ability of such Redeeming Member to consummate the resale of

Class A Common Stock to be received upon such redemption pursuant to an effective registration statement; or

(ix) the Redemption Date would occur three (3) Business Days or less prior to, or during, a Black-Out Period;

If a Redeeming Member delays the consummation of a Redemption pursuant to this Section 11.01(d), the Redemption Date shall occur on the fifth (5^{th}) Business Day following the date on which the conditions giving rise to such delay cease to exist (or such earlier day as the Corporation, the Company and such Redeeming Member may agree in writing).

(e) The number of shares of Class A Common Stock or the Redeemed Units Equivalent that a Redeeming Member is entitled to receive under Section 11.01(b) (whether through a Share Settlement or Cash Settlement) shall not be adjusted on account of any Distributions previously made with respect to the Redeemed Units or dividends previously paid with respect to Class A Common Stock; *provided, however*, that if a Redeeming Member causes the Company to redeem Redeemed Units and the Redemption Date occurs subsequent to the record date for any Distribution with respect to the Redeemed Units but prior to payment of such Distribution, the Redeeming Member shall be entitled to receive such Distribution with respect to the Redeemed Units on the date that it is made notwithstanding that the Redeeming Member transferred and surrendered the Redeemed Units to the Company prior to such date; *provided*, *further*, *however*, that a Redeeming Member shall be entitled to receive any and all Tax Distributions that such Redeeming Member otherwise would have received in respect of income allocated to such Member for the portion of any Fiscal Year irrespective of whether such Tax Distribution(s) are declared or made after the Redemption Date.

(f) In the case of a Share Settlement, in the event of a reclassification or other similar transaction as a result of which the shares of Class A Common Stock are converted into another security, then in exercising its Redemption Right a Redeeming Member shall be entitled to receive the amount of such security that the Redeeming Member would have received if such Redemption Right had been exercised and the Redemption Date had occurred immediately prior to the record date of such reclassification or other similar transaction.

Section 11.02 Election and Contribution of the Corporation. In connection with the exercise of a Redeeming Member's Redemption Rights under Section 11.01(a), the Corporation shall contribute to the Company the consideration the Redeeming Member is entitled to receive under Section 11.01(b). The Corporation, at its option (as determined solely by its independent directors (within the meaning of the rules of the NASDAQ) who are disinterested) subject to the limitations set forth in Section 11.01(b), shall determine whether to contribute, pursuant to Section 11.01(b), the Share Settlement or the Cash Settlement. Unless the Redeeming Member has timely delivered a Retraction Notice as provided in Section 11.01(c), or has revoked or delayed a Redemption as provided in Section 11.01(b) or (d), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (i) the

Corporation shall make its Capital Contribution to the Company (in the form of the Share Settlement or the Cash Settlement) required under this Section 11.02, and (ii) in the event of a Share Settlement, the Company shall issue to the Corporation a number of Common Units equal to the number of Redeemed Units surrendered by the Redeeming Member. Notwithstanding any other provisions of this Agreement to the contrary, in the event that the Corporation elects a Cash Settlement, the Corporation shall only be obligated to contribute to the Company an amount in respect of such Cash Settlement equal to the net proceeds (after deduction of any Discounts) from the sale by the Corporation of a number of shares of Class A Common Stock equal to the number of Redeemed Units to be redeemed with such Cash Settlement, which in no event shall exceed the amount paid by the Company to the Redeeming Member as Cash Settlement; *provided*, that (i) the Discount shall be an expense of the Company as described in Section 6.06 and (ii) for the avoidance of doubt, if the Cash Settlement to which the Redeeming Member is entitled exceeds the amount that is contributed to the Company by the Corporation, the Company shall still be required to pay the Redeeming Member the full amount of the Cash Settlement. The timely delivery of a Retraction Notice shall terminate all of the Company's and the Corporation' rights and obligations under this Section 11.02 arising from the Redemption Notice.

Section 11.03 Exchange Right of the Corporation.

(a) Notwithstanding anything to the contrary in this Article XI (save for the limitations set forth in Section 11.01(b) regarding the option to select the Share Settlement or the Cash Settlement, and without limitation to the rights of the Members under Section 11.01, including the right to revoke a Redemption Notice), the Corporation may, in its sole and absolute discretion (as determined solely by its independent directors (within the meaning of the rules of the NASDAQ) who are disinterested) (subject to the limitations set forth on such discretion in Section 11.01(b)), elect to effect on the Redemption Date the exchange of Redeemed Units for the Share Settlement or Cash Settlement, as the case may be, through a direct exchange of such Redeemed Units and such consideration between the Redeeming Member and the Corporation (a "***Direct Exchange***"). Upon such Direct Exchange pursuant to this Section 11.03, the Corporation shall acquire the Redeemed Units and shall be treated for all purposes of this Agreement as the owner of such Units.

(b) The Corporation may, at any time prior to a Redemption Date, deliver written notice (an "***Exchange Election Notice***") to the Company and the Redeeming Member setting forth its election to exercise its right to consummate a Direct Exchange; *provided*, that such election is subject to the limitations set forth in Section 11.01(b) and does not prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. An Exchange Election Notice may be revoked by the Corporation at any time; *provided*, that any such revocation does not prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption

Date. The right to consummate a Direct Exchange in all events shall be exercisable for all the Redeemed Units that would have otherwise been subject to a Redemption.

(c) Except as otherwise provided by this Section 11.03, a Direct Exchange shall be consummated pursuant to the same timeframe as the relevant Redemption would have been consummated if the Corporation had not delivered an Exchange Election Notice and as follows:

(i) the Redeeming Member shall transfer and surrender, free and clear of all liens and encumbrances (x) the Redeemed Units, and (y) a number of shares of Class B Common Stock equal to the number of Redeemed Units, to the extent applicable, in each case, to the Corporation;

(ii) the Corporation shall (x) pay to the Redeeming Member the consideration to which the Redeeming Member is entitled under Section 11.01(b), and (y) cancel for no consideration the shares of Class B Common Stock (and the Corporation shall take all actions necessary to retire such shares transferred to the Corporation and such shares shall not be re-issued by the Corporation) upon a transfer of such shares of Class B Common Stock that were Transferred pursuant to Section 11.03(c)(i)(y) above; and

(iii) the Company shall (x) register the Corporation as the owner of the Redeemed Units and (y) if the Units are certificated, issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to Section 11.03(c)(i)(x) and the Redeemed Units, and issue to the Corporation a certificate for the number of Redeemed Units.

Section 11.04 Reservation of shares of Class A Common Stock; Listing; Certificate of the Corporation. At all times the Corporation shall reserve and keep available out of its authorized but unissued Class A Common Stock, solely for the purpose of issuance upon a Redemption or Direct Exchange, such number of shares of Class A Common Stock as shall be issuable upon any such Redemption or Direct Exchange pursuant to Share Settlements; *provided* that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of any such Redemption or Direct Exchange by delivery of purchased Class A Common Stock (which may or may not be held in the treasury of the Corporation) or the delivery of cash pursuant to a Cash Settlement. The Corporation shall deliver Class A Common Stock that has been registered under the Securities Act with respect to any Redemption or Direct Exchange to the extent a registration statement is effective and available for such shares. The Corporation shall use its commercially reasonable efforts to list the Class A Common Stock required to be delivered upon any such Redemption or Direct Exchange prior to such delivery upon each national securities exchange upon which the outstanding shares of Class A Common Stock are listed at the time of such Redemption or Direct Exchange (it being understood that any such shares may be subject to transfer restrictions under applicable securities Laws). The Corporation covenants that all Class A Common Stock issued upon a Redemption or Direct Exchange will, upon issuance, be validly issued, fully

paid and non-assessable. The provisions of this Article XI shall be interpreted and applied in a manner consistent with the corresponding provisions of the Corporation's certificate of incorporation.

Section 11.05 Effect of Exercise of Redemption or Exchange Right. This Agreement shall continue notwithstanding the consummation of a Redemption or Direct Exchange and all governance or other rights set forth herein shall be exercised by the remaining Members and the Redeeming Member (to the extent of such Redeeming Member's remaining interest in the Company). No Redemption or Direct Exchange shall relieve such Redeeming Member of any prior breach of this Agreement.

Section 11.06 Tax Treatment. Unless otherwise required by applicable Law, the parties hereto acknowledge and agree a Redemption or a Direct Exchange, as the case may be, shall be treated as a direct exchange between the Corporation and the Redeeming Member for U.S. federal and applicable state and local income tax purposes.

ARTICLE XII.
ADMISSION OF MEMBERS

Section 12.01 Substituted Members. Subject to the provisions of Article X hereof, in connection with the Permitted Transfer of a Company Interest hereunder, the Permitted Transferee shall become a Substituted Member on the effective date of such Transfer, which effective date shall not be earlier than the date of compliance with the conditions to such Transfer, and such admission shall be shown on the books and records of the Company, including the Schedule of Members.

Section 12.02 Additional Members. Subject to the provisions of Article X hereof, any Person that is not a Member as of the Effective Time may be admitted to the Company as an additional Member (any such Person, an "***Additional Member***") only upon furnishing to the Manager (a) duly executed Joinder and counterparts to any applicable Other Agreements and (b) such other documents or instruments as may be reasonably necessary or appropriate to effect such Person's admission as a Member (including entering into such documents as may reasonably be requested by the Manager). Such admission shall become effective on the date on which the Manager determines in its sole discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company, including the Schedule of Members.

ARTICLE XIII.
WITHDRAWAL AND RESIGNATION; TERMINATION OF RIGHTS

Section 13.01 Withdrawal and Resignation of Members. Except in the event of Transfers pursuant to Section 10.06, no Member shall have the power or right to withdraw or otherwise resign as a Member from the Company prior to the dissolution and winding up of the Company pursuant to Article XIV. Any Member, however, that attempts to withdraw or otherwise resign as a Member from the Company without the prior written consent of the Manager upon or following the dissolution and winding up of

the Company pursuant to Article XIV, but prior to such Member receiving the full amount of Distributions from the Company to which such Member is entitled pursuant to Article XIV, shall be liable to the Company for all damages (including all lost profits and special, indirect and consequential damages) directly or indirectly caused by the withdrawal or resignation of such Member. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to the provisions of Section 10.06, such Member shall cease to be a Member.

ARTICLE XIV.
DISSOLUTION AND LIQUIDATION

Section 14.01 Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substituted Members or the attempted withdrawal, removal, dissolution, bankruptcy or resignation of a Member. The Company shall dissolve, and its affairs shall be wound up, upon:

(a) the decision of the Manager together with holders of a majority of the Common Units entitled to vote then outstanding to dissolve the Company (excluding for purposes of such calculation the Corporation and the Blockers and all Common Units held directly or indirectly by any of them);

(b) a dissolution of the Company under Section 18-801(4) of the Delaware Act, unless the Company is continued without dissolution pursuant thereto; or

(c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Delaware Act.

Except as otherwise set forth in this Article XIV, the Company is intended to have perpetual existence. An Event of Withdrawal shall not in and of itself cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

Section 14.02 Winding up and Termination. Subject to Section 14.05, on dissolution of the Company, the Manager shall act as liquidating trustee or may appoint one or more Persons as liquidating trustee (each such Person, a "liquidator"). The liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidators shall continue to operate the Company properties with all of the power and authority of the Manager. The steps to be accomplished by the liquidators are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidators shall pay, satisfy or discharge from Company funds, or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash fund for contingent, conditional and unmatured liabilities in such amount and for such term as the liquidators may reasonably determine) all of the debts, liabilities and obligations of the Company; and

(c) all remaining assets of the Company shall be distributed to the Members in accordance with Article IV by the end of the Taxable Year during which the liquidation of the Company occurs (or, if later, by ninety (90) days after the date of the liquidation).

The distribution of cash and/or property to the Members in accordance with the provisions of this Section 14.02 and Section 14.03 below constitutes a complete return to the Members of their Capital Contributions, a complete distribution to the Members of their interest in the Company and all the Company's property and constitutes a compromise to which all Members have consented within the meaning of the Delaware Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 14.03 Deferment; Distribution in Kind. Notwithstanding the provisions of Section 14.02, but subject to the order of priorities set forth therein, if upon dissolution of the Company the liquidators determine that an immediate sale of part or all of the Company's assets would be impractical or would cause undue loss (or would otherwise not be beneficial) to the Members, the liquidators may, in their sole discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy Company liabilities (other than loans to the Company by Members) and reserves. Subject to the order of priorities set forth in Section 14.02, the liquidators may, in their sole discretion, distribute to the Members, in lieu of cash, either (a) all or any portion of such remaining Company assets in-kind in accordance with the provisions of Section 14.02(c), (b) as tenants in common and in accordance with the provisions of Section 14.02(c), undivided interests in all or any portion of such Company assets or (c) a combination of the foregoing. Any such Distributions in kind shall be subject to (y) such conditions relating to the disposition and management of such assets as the liquidators deem reasonable and equitable and (z) the terms and conditions of any agreements governing such assets (or the operation thereof or the holders thereof) at such time. Any Company assets distributed in kind will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with Article V. The liquidators shall determine the Fair Market Value of any property distributed in accordance with the valuation procedures set forth in Article XV.

Section 14.04 Cancellation of Certificate. On completion of the winding up of the Company as provided herein, the Manager (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation of the Certificate with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. The Company shall continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 14.04.

Section 14.05 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Sections 14.02 and 14.03 in order to minimize any losses otherwise attendant upon such winding up.

Section 14.06 Return of Capital. The liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Members (it being understood that any such return shall be made solely from Company assets).

ARTICLE XV.
VALUATION

Section 15.01 Determination. "***Fair Market Value***" of a specific Company asset will mean the amount which the Company would receive in an all-cash sale of such asset in an arms-length transaction with a willing unaffiliated third party, with neither party having any compulsion to buy or sell, consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (and after giving effect to any transfer taxes payable in connection with such sale), as such amount is determined by the Manager (or, if pursuant to Section 14.02, the liquidators) in its good faith judgment using all factors, information and data it deems to be pertinent.

Section 15.02 Dispute Resolution. If any Member or Members dispute the accuracy of any determination of Fair Market Value in accordance with Section 15.01, and the Manager and such Member(s) are unable to agree on the determination of the Fair Market Value of any asset of the Company, the Manager and such Member(s) shall each select a nationally recognized investment banking firm experienced in valuing securities of closely-held companies such as the Company in the Company's industry (the "***Appraisers***"), who shall each determine the Fair Market Value of the asset or the Company (as applicable) in accordance with the provisions of Section 15.01. The Appraisers shall be instructed to give written notice of their determination of the Fair Market Value of the asset or the Company (as applicable) within thirty (30) days of their appointment as Appraisers. If Fair Market Value as determined by an Appraiser is higher than Fair Market Value as determined by the other Appraiser by 10% or more, and the Manager and such Member(s) do not otherwise agree on a Fair Market Value, the original Appraisers shall designate a third Appraiser meeting the same criteria used to select the original two. If Fair Market Value as determined by an Appraiser is within 10% of the Fair Market Value as determined by the other Appraiser (but not identical), and the Manager and such Member(s) do not otherwise agree on a Fair Market Value, the Manager shall select the Fair Market Value of one of the Appraisers. The fees and expenses of the Appraisers shall be borne by the Company.

ARTICLE XVI.
GENERAL PROVISIONS

Section 16.01 Power of Attorney.

(a) Each Member who is a natural person hereby constitutes and appoints the Manager (or the liquidator, if applicable) with full power of substitution, as his or her true and lawful agent and attorney-in-fact, with full power and authority in his or her name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) this Agreement, all certificates and other instruments and all amendments thereof which the Manager deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (B) all instruments which the Manager deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (C) all conveyances and other instruments or documents which the Manager deems appropriate or necessary to reflect the dissolution and winding up of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; and (D) all instruments relating to the admission, substitution or withdrawal of any Member pursuant to Article XII or XIII; and

(ii) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of the Manager, to evidence, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Members hereunder or is consistent with the terms of this Agreement, in the reasonable judgment of the Manager, to effectuate the terms of this Agreement.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the transfer of all or any portion of his or her Company Interest and shall extend to such Member's heirs, successors, assigns and personal representatives.

Section 16.02 Confidentiality.

(a) Each of the Members agrees to hold the Company's Confidential Information in confidence and may not disclose such information except as otherwise authorized separately in writing by the Manager. "***Confidential Information***" as used herein includes all information concerning the Company or its Subsidiaries in the possession of or furnished to any Member, including but not limited to, ideas, financial product structuring, business strategies, innovations and materials, all aspects of the Company's business plan, proposed operation and products, corporate structure, financial and organizational information, analyses, proposed partners, software code and

system and product designs, employees and their identities, equity ownership, the methods and means by which the Company plans to conduct its business, all trade secrets, trademarks, tradenames and all intellectual property associated with the Company's business. With respect to each Member, Confidential Information does not include information or material that: (a) is rightfully in the possession of such Member at the time of disclosure by the Company; (b) before or after it has been disclosed to such Member by the Company, becomes part of public knowledge, not as a result of any action or inaction of such Member in violation of this Agreement; (c) is approved for release by written authorization of the Chief Executive Officer, Chief Financial Officer or Senior Vice President, General Counsel and Secretary of the Company or of the Corporation, or any other officer designated by the Manager; (d) is disclosed to such Member or their representatives by a third party not, to the knowledge of such Member in violation of any obligation of confidentiality owed to the Company with respect to such information; or (e) is or becomes independently developed by such Member or their respective representatives without use or reference to the Confidential Information.

(b) Each of the Members may disclose Confidential Information to its Subsidiaries, Affiliates, partners, directors, officers, employees, counsel, advisers, consultants, outside contractors and other agents, on the condition that such Persons keep the Confidential Information confidential to the same extent as such disclosing party is required to keep the Confidential Information confidential, solely to the extent it is reasonably necessary or appropriate to fulfill its obligations or to exercise its rights under this Agreement; *provided*, that the disclosing party shall remain liable with respect to any breach of this Section 16.02 by any such Subsidiaries, Affiliates, partners, directors, officers, employees, counsel, advisers, consultants, outside contractors and other agents.

(c) Notwithstanding Section 16.02(a) or Section 16.02(b), each of the Members may disclose Confidential Information (i) to the extent that such party is legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, (ii) for purposes of reporting to its stockholders and direct and indirect equity holders the performance of the Company and its Subsidiaries and for purposes of including applicable information in its financial statements to the extent required by applicable Law or applicable accounting standards; (iii) to any bona fide prospective purchaser of the equity or assets of a Member, or the Common Units held by such Member, or a prospective merger partner of such Member (*provided*, that (i) such Persons will be informed by such Member of the confidential nature of such information and shall agree in writing to keep such information confidential in accordance with the contents of this Agreement and (ii) each Member will be liable for any breaches of this Section 16.02 by any such Persons), or (iv) to the extent required to be disclosed by applicable Law. Notwithstanding any of the foregoing, nothing in this Section 16.02 will restrict in any manner the ability of the Corporation to comply with its disclosure obligations under Law, and the extent to which any Confidential Information is necessary or desirable to disclose.

Section 16.03 Amendments. This Agreement may be amended or modified upon the consent of the Manager and a majority of the Common Units entitled to vote then outstanding (excluding for purposes of such all Common Units held directly or

indirectly by the Corporation), which majority shall include the Common Units held by ACON and its Permitted Transferees for so long as ACON and such Permitted Transferees own five percent (5%) of the Common Units. Notwithstanding the foregoing, no amendment or modification:

(a) to this Section 16.03 may be made without the prior written consent of the Manager and each of the Members;

(b) to any of the terms and conditions of this Agreement which terms and conditions expressly require the approval or action of certain Persons may be made without obtaining the consent of the requisite number or specified percentage of such Persons who are entitled to approve or take action on such matter;

(c) to any of the terms and conditions of Article VI (and related definitions as used directly or indirectly therein) may be made without the prior written consent of the Manager; and

(d) to any of the terms and conditions of this Agreement which would (A) reduce the amounts distributable to a Member pursuant to Articles IV and XIV in a manner that is not *pro rata* with respect to all Members, (B) increase the liabilities of such Member hereunder, (C) otherwise materially and adversely affect a holder of Units in a manner materially different than any other holder of Units of the same class or series (other than amendments, modifications and waivers necessary to implement the provisions of Article XII) or (D) materially and adversely affect the rights of any Member under Article XI, shall be effective against such affected Member or holder of Units, as the case may be, without the prior written consent of such Member or holder of Units, as the case may be.

Notwithstanding any of the foregoing, the Manager may make any amendment (i) of an administrative nature that is necessary in order to implement the substantive provisions hereof, without the consent of any other Member; *provided*, that any such amendment does not adversely change the rights of the Members hereunder in any respect, or (ii) to reflect any changes to the Class A Common Stock.

Section 16.04 Title to Company Assets. Company assets shall be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. The Company shall hold title to all of its property in the name of the Company and not in the name of any Member. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for, or in payment of, any individual obligation of any Member.

Section 16.05 Addresses and Notices. Any notice, request, demand or instruction specified or permitted by this Agreement will be in writing and will be either personally delivered, or received by certified mail, return receipt requested, or sent by reputable overnight courier service (charges prepaid) to the Company or by electronic

mail at the address set forth below and to any other recipient and to any Member at such address as indicated by the Company's records, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally or sent by telecopier (*provided* confirmation of transmission is received), three (3) days after deposit in the U.S. mail and one (1) day after deposit with a reputable overnight courier service or if sent by electronic mail, upon confirmed receipt. Whenever any notice is required to be given by Law or this Agreement, a written waiver thereof signed by the Person entitled to such notice, whether before or after the time stated at which such notice is required to be given, shall be deemed equivalent to the giving of such notice.

To the Company:

Funko Acquisition Holdings, L.L.C.
2802 Wetmore Avenue,
Everett, Washington 98201
Attn: Russell Nickel, Chief Financial Officer
Tracy Daw, Senior Vice President, General Counsel and Secretary
E-mail: russell@funko.com
tracy@funko.com

with a copy (which copy shall not constitute notice) to:

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn: Marc Jaffe
Ian Schuman
Facsimile: (212) 751-4864
E-mail: marc.jaffe@lw.com
ian.schuman@lw.com

Section 16.06 Binding Effect; Intended Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 16.07 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Company Profits, Losses, Distributions, capital or property other than as a secured creditor.

Section 16.08 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to

exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 16.09 Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which together shall constitute one and the same agreement binding on all the parties hereto.

Section 16.10 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any suit, dispute, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be heard in the state or federal courts of the State of Delaware, and the parties hereby consent to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE SERVED ON ANY PARTY ANYWHERE IN THE WORLD, WHETHER WITHIN OR WITHOUT THE JURISDICTION OF ANY SUCH COURT (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT) AND SHALL HAVE THE SAME LEGAL FORCE AND EFFECT AS IF SERVED UPON SUCH PARTY PERSONALLY WITHIN THE STATE OF DELAWARE. WITHOUT LIMITING THE FOREGOING, TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES AGREE THAT SERVICE OF PROCESS UPON SUCH PARTY AT THE ADDRESS REFERRED TO IN SECTION 16.05 (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT), TOGETHER WITH WRITTEN NOTICE OF SUCH SERVICE TO SUCH PARTY, SHALL BE DEEMED EFFECTIVE SERVICE OF PROCESS UPON SUCH PARTY.

Section 16.11 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 16.12 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 16.13 Delivery by Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic transmission, including by a facsimile machine or via

email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic transmission by a facsimile machine or via email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through such electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 16.14 Right of Offset. Whenever the Company is to pay any sum (other than pursuant to Article IV) to any Member, any amounts that such Member owes to the Company which are not the subject of a good faith dispute may be deducted from that sum before payment. For the avoidance of doubt, the distribution of Units to the Corporation shall not be subject to this Section 16.14.

Section 16.15 Entire Agreement. This Agreement, those documents expressly referred to herein (including the Registration Rights Agreement and the Tax Receivable Agreement), any indemnity agreements entered into in connection with the Initial LLC Agreement with any member of the board of directors at that time and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. For the avoidance of doubt, the Initial LLC Agreement is superseded by this Agreement as of the Effective Time and shall be of no further force and effect thereafter.

Section 16.16 Remedies. Each Member shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any Law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by Law.

Section 16.17 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word “including” in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification

to any agreement, document or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The use of the words “or,” “either” and “any” shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Second Amended and Restated Limited Liability Company Agreement as of the date first written above.

COMPANY:

FUNKO ACQUISITION HOLDINGS, L.L.C.

By: /s/Tracy Daw
Name:
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Brian Mariotti
Name: Brian Mariotti
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Russell Nickel
Name: Russel Nickel
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Tracy Daw
Name: Tracy Daw
Title: SVP & General Counsel

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Andrew Perlmutter
Name: Andrew Perlmutter
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Charles Denson
Name: Charles Denson
Title: Director

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Adam Kriger
Name: Adam Kriger
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

ACON FUNKO INVESTORS, L.L.C.

By ACON Funko Manager, L.L.C., its Manager

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

ACON FUNKO INVESTORS, HOLDINGS, L.L.C.

By ACON Funko Holdings 1, L.L.C.,
its managing member

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

AEP III FUNKO INVESTORS, L.L.C.

By ACON Funko Holdings 2, L.L.C.,
its managing member

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

QUADREN INVESTMENT INC.

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: President

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

ACON FUNKO INVESTORS HOLDINGS 3, L.L.C.

By ACON Equity GenPar L.L.C.,
its managing member

By: /s/Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Member

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

FUNKO INTERNATIONAL, LLC, a Delaware Limited Liability Company

By: FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company

By: FUNDAMENTAL CAPITAL PARTNERS, LLC, a Delaware limited liability company
Manager

By: /s/Richard McNally
Name: Richard McNally
Title: Manager

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company,

By: FUNDAMENTAL CAPITAL PARTNERS, LLC, a Delaware limited liability company Manager

By: /s/Richard McNally
Name: Richard McNally
Title: Manager

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

GLADSTONE INVESTMENT CORPORATION

By: /s/David Gladstone
Name: David Gladstone
Title: CEO

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MEMBER:

GLADSTONE CAPITAL CORPORATION

By: /s/Bob Marcotte
Name: Bob Marcotte
Title: President

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

JON P. AND TRISHAWN P. KIPP CHILDREN'S TRUST U/A/D 5/31/14

By: /s/Shauna M. Kipp trustee
Name:
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Kurt Dicus
Name: Kurt Dicus
Title: Sr. Director of I.T.

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

VICTORIA ANNE MARIOTTI, AS TRUSTEE OF BRIAN R. MARIOTTI GRANTOR RETAINED ANNUITY TRUST

By: /s/Victoria Anne Mariotti
Name: Victoria Anne Mariotti
Title: Trustee

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Jacob Matson
Name: Jacob Matson
Title: Dir. Innovation

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MEMBER:

VICTORIA ANNE MARIOTTI, AS TRUSTEE OF MARIOTTI FAMILY IRREVOCABLE TRUST

By: /s/Victoria Anne Mariotti
Name: Victoria Anne Mariotti
Title: Trustee

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Robert Mitchell
Name: Robert Mitchell
Title: Sr. Director, Operations

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

CERBERUS ASRS HOLDINGS, LLC

By: /s/Daniel E. Wolf
Name: Daniel E. Wolf
Title: Vice President

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MEMBER:

By: /s/Sean Wilkinson
Name: Sean Wilkinson
Title:

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MEMBER:

By: /s/Timothy Spiller
Name: Timothy Spiller
Title: Director of Operations

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

TREVOR SCHULTZ, AS TRUSTEE OF THE TREVOR SCHULTZ FAMILY TRUST, DATED DECEMBER 8, 2011

By: /s/Trevor Schultz
Name: Trevor Schultz
Title: Trustee

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Sanjay Srivastava
Name: Sanjay Srivastava
Title: Director, Analytics

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

DALE SCHULTZ, AS TRUSTEE OF THE DALE SCHULTZ FAMILY TRUST, DATED DECEMBER 8, 2011

By: /s/Dale Schultz
Name: Dale Schultz
Title: Trustee

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Mark Robben
Name: Mark Robben
Title: Director of Marketing

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Andrew Oddie
Name: Andrew Oddie
Title: MD EMEA

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Doug Kikendall
Name: Doug Kikendall
Title: Member

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Laurie Anderson
Name: Laurie Anderson
Title: Controller

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Gustavo Rubio Escudero
Name: Gustavo Rubio Escudero
Title: Director, Digital

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Sarathy Annamraju
Name: Sarathy Annamraju
Title: CIO

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Robert Schwartz
Name: Robert Schwartz
Title: Designer

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Anne Aquino
Name: Anne Aquino
Title: Retail Fulfillment Manager

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Melissa Alton
Name: Melissa Alton
Title: Director of Procurement

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Allison Dinan
Name: Allison Dinan
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Benjamin Butcher
Name: Benjamin Butcher
Title:

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Johanna Gepford
Name: Johanna Gepford
Title: SVP Sales

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

By: /s/Michael Becker
Name: Michael Becker
Title: V.P. Apparel

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

MEMBER:

DRAWBRIDGE SPECIAL OPPORTUNITIES FUND LP

By: Drawbridge Special Opportunities GP LLC, its general partner

By: /s/Constantine Dakolias
Name: Constantine M. Dakolias
Title: President

[Signature Page to Second Amended and Restated Limited Liability Company Agreement]

SCHEDULE 1

SCHEDULE OF PRE-IPO MEMBERS

Member	Original Class A Units	Original Warrants for Class A Units	Original Options for Class A Units	Original SP Units	Original Common Units	Original Warrants for Common Units	Original HR Units
ACON Funko Investors, L.L.C.	64,718.608	-	-	-	-	-	-
ACON Funko Investors Holdings, L.L.C.	30,657.595						
Quadren Investment Inc.	36,081.486						
AEP III Funko Investors, L.L.C.	12,926.645						
ACON Funko Investors Holdings 3, L.L.C.	8.115						
Funko International, LLC	34,096.3140	-	-	-	-	-	5,415.1470
Fundamental Capital, LLC	7,456.8803	-	-	-	-	-	1,174.4932
Gladstone Investment Corporation	-	-	-	-	-	-	933.6460
Gladstone Capital Corporation	-	-	-	-	-	-	933.6460

Member	Original Class A Units	Original Warrants for Class A Units	Original Options for Class A Units	Original SP Units	Original Common Units	Original Warrants for Common Units	Original HR Units
Brian Mariotti	22,717.7991	-	-	-	3,500	-	1,838.9465
Brian R. Mariotti Grantor Retained Annuity Trust	813.6834	-	-	-	-	-	-
Mariotti Family Irrevocable Trust	1,625.3668	-	-	-	-	-	-
Jon P. and Trishawn P. Kipp Children's Trust uad 5/31/14	11,542.8754	-	-	-	-	-	970.9919
Benjamin Butcher	150.00	-	413.3913	-	1,000	-	58.4364
Johanna Gepford	186.3988	-	513.4659	-	1,000	-	71.3661
Andrew Perlmutter	251.9768	-	1,033.4783	-	1,250	-	146.0909
Russell Nickel	290.0118	-	546.6765	-	1,000	-	77.1360
Sean Wilkinson	-	-	-	-	-	-	29.1657
Anne Aquino	-	-	-	-	-	-	11.6663

Member	Original Class A Units	Original Warrants for Class A Units	Original Options for Class A Units	Original SP Units	Original Common Units	Original Warrants for Common Units	Original HR Units
Robert Schwartz	-	-	-	-	-	-	11.6663
Timothy Spiller	30.8200	-	-	-	-	-	11.6663
Allison Dinan	72.6540	-	779.88	-	-	-	29.3623
Jacob Matson	107.2370	-	165.8139	-	25	-	10.8348
Doug Kikendall	256.833	-	-	-	-	-	-
Mark Robben	35.9570	-	-	-	35	-	-
Charles Denson	-	-	-	-	209	-	-
Adam Kriger	-	-	-	-	209	-	-
Sarathy Annamraju	120.999	-	-	-	1,000	-	-
Tracy Daw	120.999	-	-	-	500	-	-
Michael Becker	-	-	-	-	200	-	-
Robert Mitchell	-	-	-	-	100	-	-

Member	Original Class A Units	Original Warrants for Class A Units	Original Options for Class A Units	Original SP Units	Original Common Units	Original Warrants for Common Units	Original HR Units
Laurie Jo Anderson	-	-	-	-	100	-	-
Melissa Alton	-	-	-	-	50	-	-
Sanjay Srivastava	-	-	-	-	75	-	-
Kurt Dicus	-	-	-	-	75	-	-
Gustavo Rubio Escudero	-	-	-	-	75	-	-
Andrew Oddie	846.5826	-	-	-	-	-	-
Dale Schultz Trust	357.09	-	-	-	-	-	-
Trevor Schultz Trust	357.09	-	-	-	-	-	-
Cerberus ASRS Holdings LLC	46.006	1,300.1912	-	-	-	69.216	-
Drawbridge Special Opportunities Fund LP	-	474.1688	-	-	-	25.2452	-

SCHEDULE 2*

SCHEDULE OF MEMBERS

Member	Common Units (Vested)	Common Units (Unvested)	Options	Contact Information for Notice
1. Funko, Inc.	10,417,982	-	-	2802 Wetmore Avenue Everett, WA 98201
2. ACON Funko Investors, L.L.C.	10,495,687	-	-	1133 Connecticut Avenue NW, Suite 700, Washington DC 20036
3. Funko Subsidiary Holdings 1, L.L.C.	4,971,870	-	-	2802 Wetmore Avenue Everett, WA 98201
4. Funko Subsidiary Holdings 2, L.L.C.	2,096,368	-	-	2802 Wetmore Avenue Everett, WA 98201
5. Funko Subsidiary Holdings 3, Inc.	5,851,485	-	-	2802 Wetmore Avenue Everett, WA 98201
6. Funko International, LLC	5,686,538	-	-	4 Embarcadero Center Suite 1400 San Francisco CA 94111

7. Fundamental Capital, LLC	1,243,138	-	-	4 Embarcadero Center Suite 1400 San Francisco CA 94111
8. Gladstone Investment Corporation	33,181	-	-	1521 Westbranch Drive Suite 100 McLean VA 22102
9. Gladstone Capital Corporation	33,181	-		1521 Westbranch Drive Suite 100 McLean VA 22102
10. Brian Mariotti	3,742,823	726,807	-	2808 Wetmore Avenue Everett WA 98201
11. Brian R. Mariotti Grantor Retained Annuity Trust	412,075	-	-	120 C Avenue Unit 208 Coronado CA 92118
12. Mariotti Family Irrevocable Trust	206,037	-	-	120 C Avenue Unit 208 Coronado CA 92118
13. Jon P. and Trishawn P. Kipp Children's Trust uad 5/31/14	1,910,084	-	-	12051 87th Avenue NE Kirkland WA 98034
14. Ben Butcher	86,954	207,660	66,612	3234 NE 100th Street Seattle WA 98125

15. Johanna Gepford	86,979	194,163	82,737	4930 125th Avenue NE Snohomish WA 98290
16. Andrew Perlmutter	138,258	259,575	166,529	14424 156th Avenue NE Woodinville WA 98072
17. Russell Nickel	124,163	207,660	87,927	511 NE 84th Street Seattle WA 98115
18. Sean Wilkinson	1,037	-	-	3312 NE 185th Street Lake Forest Park WA 98155
19. Anne Lorraine Aquino	414	-	-	602 102nd Pl SE Unit B Everett WA 98208
20. Robert Schwartz	414	-	-	19517 88th Avenue W Edmonds WA 98026
21. Timothy Spiller	3,710	-	-	1715 Pine Avenue Snohomish WA 98290
22. Allison Dinan	10,799	-	125,505	6180 NE 185th Street Kenmore WA 98028
23. Jacob Matson	12,274	3,842	26,557	3225 139th PL SE Mill Creek WA 98012
24. Douglas Kikendall	27,466	-	-	825 NE 7th Street Seattle WA 98115

25. Mark Robben	3,845	5,378	-	10736 Densmore Avenue Seattle WA 98133
26. Charles Denson	16,058	16,059	-	2 Centerpointe Drive Suite 140 Lake Oswego OR 97035
27. Adam Kriger	16,058	16,059	-	1485 Stone Canyon Road Los Angeles CA 90077
28. Andy Oddie	159,485	-	-	12 Culmstock Road London SW11 6LX
29. Dale Schultz Family Trust Dated December 8, 2011	83,156	-	-	25232 Prado Dela Puma Calabasas CA 91302
30. Trevor Schultz Family Trust Dated December 8, 2011	83,156	-	-	25232 Prado Dela Puma Calabasas CA 91302
31. Cerberus ASRS Holdings, LLC	178,617	-	-	875 Third Avenue 12th Floor New York NY 10022
32. Drawbridge Special Opportunities Fund LP	61,781	-	-	Fortress Investment Group 1345 Avenue of the Americas 46th Floor New York NY 10105

33. Sarathy Annamraju	62,644	115,254	-	11014 NE 58th Pl Kirkland WA 98033
34. Tracy Daw	43,436	57,627	-	3837 212th Avenue SE Sammamish WA 98075
35. Sanjay Srivastava	2,881	8,644	-	7810 238th Avenue NE Redmond WA 98053
36. Gustavo Rubio Escudero	2,881	8,644	-	2456 172nd Avenue NE Redmond WA 98052
37. Kurt Dicus	2,881	8,644	-	14170 NE 183rd Street Unit 433 Woodinville WA 98072
38. Laurie Anderson	3,841	11,526	-	12524 NE 168th Ct Woodinville WA 98072
39. Robert Mitchell	-	15,367	-	5000 SE 2nd Pl Renton WA 98059
40. Michael Becker	-	30,734	-	1830 Avenida Del Mundo #1103 Coronado CA 92118
41. Melissa Alton	-	7,684	-	3406 124th Street SE Everett WA 98208
Total	**48,313,637**	**1,901,327**	**555,867**	

* This Schedule of Members shall be updated from time to time to reflect any adjustment with respect to any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Common Units, or to reflect any additional issuances of Common Units pursuant to this Agreement.

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of _____, 20___ (this "Joinder"), is delivered pursuant to that certain Second Amended and Restated Limited Liability Company Agreement, dated as of November 1, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "LLC Agreement") by and among Funko Acquisition Holdings, L.L.C., a Delaware limited liability company (the "Company"), Funko, Inc., a Delaware corporation and the managing member of the Company ("Holdings"), and each of the Members from time to time party thereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the LLC Agreement.

1. Joinder to the LLC Agreement. Upon the execution of this Joinder by the undersigned and delivery hereof to Holdings, the undersigned hereby is and hereafter will be a Member under the LLC Agreement and a party thereto, with all the rights, privileges and responsibilities of a Member thereunder. The undersigned hereby agrees that it shall comply with and be fully bound by the terms of the LLC Agreement as if it had been a signatory thereto as of the date thereof.

2. Incorporation by Reference. All terms and conditions of the LLC Agreement are hereby incorporated by reference in this Joinder as if set forth herein in full.

3. Address. All notices under the LLC Agreement to the undersigned shall be direct to:

[Name]
[Address]
[City, State, Zip Code]
Attn:
Facsimile:
E-mail:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Joinder as of the day and year first above written.

[NAME OF NEW MEMBER]

By:
Name:
Title:

Acknowledged and agreed
as of the date first set forth above:

FUNKO ACQUISITION HOLDINGS, L.L.C.

By: FUNKO, INC., its Managing Member

By:
Name:
Title:

Exhibit B-1

FORM OF AGREEMENT AND CONSENT OF SPOUSE

The undersigned spouse of _____ (the "Member"), a party to that certain Second Amended and Restated Limited Liability Company Agreement, dated as of November 1, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Agreement") by and among Funko Acquisition Holdings, L.L.C., a Delaware limited liability company (the "Company"), Funko, Inc., a Delaware corporation and the managing member of the Company ("Holdings"), and each of the Members from time to time party thereto (capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Agreement), acknowledges on her own behalf that:

I have read the Agreement and understand its contents. I acknowledge and understand that under the Agreement, any interest I may have, community property or otherwise, in the Units owned by the Member is subject to the terms of the Agreement which include certain restrictions on transfer.

I hereby consent to and approve the Agreement. I agree that said Units and any interest I may have, community property or otherwise, in such Units are subject to the provisions of the Agreement and that I will take no action at any time to hinder operation of the Agreement on said Units or any interest I may have, community property or otherwise, in said Units.

I hereby acknowledge that the meaning and legal consequences of the Agreement have been explained fully to me and are understood by me, and that I am signing this Agreement and consent without any duress and of free will.

Dated: _____

[NAME OF SPOUSE]

By:
Name:

Exhibit B-2

FORM OF SPOUSE'S CONFIRMATION OF SEPARATE PROPERTY

The undersigned spouse of _____ (the "Member"), a party to that certain Second Amended and Restated Limited Liability Company Agreement, dated as of November 1, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Agreement") by and among Funko Acquisition Holdings, L.L.C., a Delaware limited liability company (the "Company"), Funko, Inc., a Delaware corporation and the managing member of the Company ("Holdings"), and each of the Members from time to time party thereto (capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Agreement), acknowledges and confirms on his or her own behalf that the Units owned by said Member are the sole and separate property of said Member, and I hereby disclaim any interest in same.

I hereby acknowledge that the meaning and legal consequences of this Member's spouse's confirmation of separate property have been fully explained to me and are understood by me, and that I am signing this Member's spouse's confirmation of separate property without any duress and of free will.

Dated: _____

[NAME OF SPOUSE]

By:
Name:

Exhibit C

METHODOLOGY FOR ALLOCATION OF EXCESS NONRECOURSE LIABILITIES

752 Debt Allocation Illustration

Total Excess Non Recourse ("Tier 3") Liabilities: 175,000,000

Section 704(c) Summary

Estimated Section 704(b) Value of Company property subject to nonrecourse liabilities as of the Effective Time
1,000,000,000

Estimated Tax basis of Company property subject to nonrecourse liabilities as of the Effective Time 750,000,000

Aggregate amount of built-in gain on Section 704(c) property as of the Effective Time 250,000,000

	(a)	(b)	(c)	(d)	(e)	(f)	= (d) + (f)
Member	**Estimated Negative Tax Capital**	**704(c) Gain in Excess of Tier 2 / 704(c) Minimum Gain**	**Lesser of: (a) or (b)**	**Tier 3A: in proportion to (c)**	**Remaining partner 704(c) minimum gain**	**Tier 3B: in proportion to (e)**	**Total Excess Nonrecourse Liabilities**
Total Partnership	30,000,000	250,000,000	30,000,000	30,000,000	220,000,000	145,000,000	175,000,000
Partner 1	-	-	-	-	-	-	-
Partner 2	-	150,000,000	-	-	150,000,000	98,863,636	98,863,636
Partner 3	15,000,000	50,000,000	15,000,000	15,000,000	35,000,000	23,068,182	38,068,182
Partner 4	10,000,000	30,000,000	10,000,000	10,000,000	20,000,000	13,181,818	23,181,818
Partner 5	5,000,000	20,000,000	5,000,000	5,000,000	15,000,000	9,886,364	14,886,364
Total	**30,000,000**	**250,000,000**	**30,000,000**	**30,000,000**	**220,000,000**	**145,000,000**	**175,000,000**

Exhibit 10.28

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "***Agreement***") is made as of November 1, 2017 by and among Funko, Inc., a Delaware corporation (the "***Corporation***"), and each Person identified on the Schedule of Holders attached hereto as of the date hereof (such Persons, collectively, the "***Original Equity Owner Parties***").

Recitals

WHEREAS, the Corporation is contemplating an offer and sale of its shares of Class A common stock, par value $0.0001 per share (the "***Class A Common Stock***" and such shares, the "***Shares***"), to the public in an underwritten initial public offering (the "***IPO***");

WHEREAS, the Corporation desires to use a portion of the net proceeds from the IPO to purchase Common Units (as defined below) of Funko Acquisition Holdings, L.L.C., a Delaware limited liability company (the "***Company***"), and the Company desires to issue its Common Units to the Corporation in exchange for such portion of the net proceeds from the IPO;

WHEREAS, immediately prior to the consummation of the issuance of Common Units by the Company to the Corporation, the Original Equity Owner Parties and certain other Persons that hold equity interests in the Company are the sole members of the Company (the Original Equity Owner Parties, together with such other Persons, the "***Original Equity Owners***");

WHEREAS, immediately prior to or simultaneous with the purchase by the Corporation of the Common Units, the Corporation, the Company and the Original Equity Owners will enter into that certain Second Amended and Restated Limited Liability Company Agreement of the Company (such agreement, as it may be amended, restated, amended and restated, supplemented or otherwise modified form time to time, the "***LLC Agreement***");

WHEREAS, in connection with the closing of the IPO, (i) the Corporation will become the sole managing member of the Company, (ii) under the LLC Agreement, the equity interests held by the Original Equity Owners prior to such time will be cancelled and new Common Units (as defined in the LLC Agreement, the "***Common Units***") of the Company will be issued, (iii) each Person identified on the Schedule of Holders attached hereto as a "Former Equity Owner" (such Persons, collectively, the "***Former Equity Owners***") will exchange their indirect interest in the Common Units for shares of Class A Common Stock, (iv) each Person identified on the Schedule of Holders attached hereto as a "Continuing Equity Owner Party" (such Persons, collectively, the "***Continuing Equity Owner Parties***") and certain other Original Equity Owners will become non-managing members of the Company, but otherwise continue to hold Common Units in the Company (such persons, collectively, the "***Continuing Equity Owners***"), and (v) in consideration of the Corporation acquiring the Common Units and

becoming the managing member of the Company and for other good consideration, the Company has provided the Continuing Equity Owners with a redemption right pursuant to which the Continuing Equity Owners can redeem their Common Units for, at the Corporation's option, shares of Class A Common Stock or cash on the terms set forth in the LLC Agreement; and

WHEREAS, in connection with the IPO and the transactions described above, the Corporation has agreed to grant to the Holders (as defined below) certain rights with respect to the registration of the Registrable Securities (as defined below) on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1:

"***Acquired Common***" has the meaning set forth in Section 9.

"***Additional Holder***" has the meaning set forth in Section 9, and shall be deemed to include each such Person's Affiliates, immediate family members, heirs, successors and assigns who may succeed to such Person as a Holder hereunder.

"***Affiliate***" of any Person means any other Person controlled by, controlling or under common control with such Person; *provided* that the Corporation and its Subsidiaries shall not be deemed to be Affiliates of any Holder. As used in this definition, "control" (including, with its correlative meanings, "controlling," "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise).

"***Agreement***" has the meaning set forth in the recitals.

"***Automatic Shelf Registration Statement***" has the meaning set forth in Section 2(a).

"***Business Day***" means any day of the year on which national banking institutions in New York are open to the public for conducting business and are not required or authorized to close.

"***Capital Stock***" means (i) with respect to any Person that is a corporation, any and all shares, interests or equivalents in capital stock of such corporation (whether voting or nonvoting and whether common or preferred), (ii) with respect to any Person that is not a corporation, individual or governmental entity, any and all partnership, membership, limited liability company or other equity interests of such Person that confer on the holder thereof the right to receive a share of the profits and losses of, or the distribution of assets of the issuing Person, and (iii) any and all warrants, rights

(including conversion and exchange rights) and options to purchase any security described in the clause (i) or (ii) above.

"***Class A Common Stock***" has the meaning set forth in the recitals.

"***Class B Common Stock***" means the Corporation's Class B common stock, par value $0.0001 per share.

"***Common Units***" has the meaning set forth in the recitals.

"***Company***" has the meaning set forth in the recitals.

"***Continuing Equity Owner Parties***" has the meaning set forth in the recitals, and shall be deemed to include their respective Affiliates, immediate family members, heirs, successors and assigns who may succeed to such Person as a Holder hereunder.

"***Continuing Equity Owners***" has the meaning set forth in the recitals.

"***Controlling Holder***" means each of the Controlling Holders as identified on the Schedule of Holders, so long as such Holders continue to hold Registrable Securities.

"***Corporation***" has the meaning set forth in the recitals.

"***Demand Registrations***" has the meaning set forth in Section 2(a).

"***End of Suspension Notice***" has the meaning set forth in Section 2(f)(ii).

"***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

"***FINRA***" means the Financial Industry Regulatory Authority.

"***Former Equity Owners***" has the meaning set forth in the recitals, and shall be deemed to include their respective Affiliates, immediate family members, heirs, successors and assigns who may succeed to such Person as a Holder hereunder.

"***Free Writing Prospectus***" means a free-writing prospectus, as defined in Rule 405.

"***Holdback Period***" has the meaning set forth in Section 4(a)(i).

"***Holder***" means any Person that is a party to this Agreement from time to time, as set forth on the signature pages hereto.

"***Holder Indemnified Parties***" has the meaning set forth in Section 7(a).

"***IPO***" has the meaning set forth in the recitals.

"***Joinder***" has the meaning set forth in Section 9.

"***LLC Agreement***" has the meaning set forth in the recitals.

"***Long-Form Registrations***" has the meaning set forth in Section 2(a).

"***MNPI***" means material non-public information within the meaning of Regulation FD promulgated under the Exchange Act.

"***Original Equity Owner Parties***" has the meaning set forth in the recitals, and shall be deemed to include their respective Affiliates, immediate family members, heirs, successors and assigns who may succeed to such Person as a Holder hereunder.

"***Original Equity Owners***" has the meaning set forth in the recitals.

"***Person***" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"***Piggyback Registrations***" has the meaning set forth in Section 3(a).

"***Public Offering***" means any sale or distribution to the public of Capital Stock of the Corporation pursuant to an offering registered under the Securities Act, whether by the Corporation, by Holders and/or by any other holders of the Corporation's Capital Stock.

"***Registrable Securities***" means (i) any Class A Common Stock (A) issued by the Corporation in connection with the IPO in exchange for the Common Units of the Former Equity Owners or (B) issued by the Corporation in a Share Settlement in connection with (x) the redemption by the Company of Common Units owned by any Continuing Equity Owner Parties or (y) at the election of the Corporation, in a direct exchange for Common Units owned by any Continuing Equity Owner Party, in each case in accordance with the terms of the LLC Agreement, (ii) any Capital Stock of the Corporation or of any Subsidiary of the Corporation issued or issuable with respect to the securities referred to in clause (i) above by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization, and (iii) any other Shares owned, directly or indirectly, by Holders. As to any particular Registrable Securities owned by any Person, such securities shall cease to be Registrable Securities on the date such securities (a) have been sold or distributed pursuant to a Public Offering, (b) have been sold in compliance with Rule 144 following the consummation of the IPO, (c) have been repurchased by the Corporation or a Subsidiary of the Corporation or (d) may be disposed of pursuant to Rule 144 in a single transaction without volume limitation or other restrictions on transfer thereunder. For purposes of this Agreement, a Person shall be deemed to be a Holder, and the Registrable Securities shall be deemed to be in existence, whenever such Person has the right to acquire, directly or indirectly, such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but

disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected, and such Person shall be entitled to exercise the rights of a holder of Registrable Securities hereunder; *provided* a holder of Registrable Securities may only request that Registrable Securities in the form of Capital Stock of the Corporation that is registered or to be registered as a class under Section 12 of the Exchange Act be registered pursuant to this Agreement. For the avoidance of doubt, (x) while Common Units and/or shares of Class B Common Stock may constitute Registrable Securities, under no circumstances shall the Corporation be obligated to register Common Units or shares of Class B Common Stock, and only Shares issuable upon redemption or exchange of Common Units will be registered and (y) in no event will Common Units held by the Blockers (as defined in the LLC Agreement) be considered Registrable Securities.

"***Registration Expenses***" has the meaning set forth in Section 6(a).

"***Rule 144***," "***Rule 158***," "***Rule 405***" and "***Rule 415***" mean, in each case, such rule promulgated under the Securities Act (or any successor provision) by the Securities and Exchange Commission, as the same shall be amended from time to time, or any successor rule then in force.

"***Sale Transaction***" has the meaning set forth in Section 4(a)(i).

"***Schedule of Holders***" means the schedule attached to this Agreement entitled "Schedule of Holders," which shall reflect each Holder from time to time party to this Agreement.

"***Securities***" has the meaning set forth in Section 4(a)(i).

"***Securities Act***" means the U.S. Securities Act of 1933, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

"***Share Settlement***" means "Share Settlement" as defined in the LLC Agreement.

"***Shares***" has the meaning set forth in the recitals.

"***Shelf Offering***" has the meaning set forth in Section 2(d)(ii).

"***Shelf Offering Notice***" has the meaning set forth in Section 2(d)(ii).

"***Shelf Offering Request***" has the meaning set forth in Section 2(d)(ii).

"***Shelf Registrable Securities***" has the meaning set forth in Section 2(d)(ii).

"***Shelf Registration***" has the meaning set forth in Section 2(a).

"***Shelf Registration Statement***" has the meaning set forth in Section 2(d)(i).

"***Short-Form Registrations***" has the meaning set forth in Section 2(a).

"***Subsidiary***" means, with respect to the Corporation, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of Capital Stock of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors is at the time owned or controlled, directly or indirectly, by the Corporation, or (ii) if a limited liability company, partnership, association or other business entity, either (x) a majority of the Capital Stock of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of managers, general partners or other oversight board vested with the authority to direct management of such Person is at the time owned or controlled, directly or indirectly, by the Corporation or (y) the Corporation or one of its Subsidiaries is the sole manager or general partner of such Person.

"***Suspension Event***" has the meaning set forth in Section 2(f)(ii).

"***Suspension Notice***" has the meaning set forth in Section 2(f)(ii).

"***Suspension Period***" has the meaning set forth in Section 2(f)(i).

"***Underwritten Takedown***" has the meaning set forth in Section 2(d)(ii).

"***Violation***" has the meaning set forth in Section 7(a).

"***WKSI***" means a "well-known seasoned issuer" as defined under Rule 405.

Section 2. Demand Registrations.

(a) Requests for Registration. Subject to the terms and conditions of this Agreement, at any time from and after 180 days following the IPO, each Controlling Holder may request registration under the Securities Act of all or any portion of their Registrable Securities on Form S-1 or any similar long-form registration ("***Long-Form Registrations***"), and each Controlling Holder may request registration under the Securities Act of all or any portion of their Registrable Securities on Form S-3 or any similar short-form registration ("***Short-Form Registrations***") if available; *provided* that the Company shall not be obligated to file registration statements relating to any Long-Form Registration or Short-Form Registration under this Section 2(a) unless the market value of the Registrable Securities proposed to be registered is at least $15 million (or, if less, such Registrable Securities represent all Registrable Securities then held by the Controlling Holder requesting such registration). All registrations requested pursuant to this Section 2(a) are referred to herein as "***Demand Registrations***." The Controlling Holder making a Demand Registration may request that the registration be made pursuant to Rule 415 under the Securities Act (a "***Shelf Registration***") and, if the Corporation is a WKSI at the time any request for a Demand Registration is submitted to the Corporation, that such Shelf Registration be an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an "***Automatic Shelf Registration Statement***"). Except to the extent that Section 2(d) applies, upon receipt of the request for the Demand Registration, the Corporation shall as promptly as

reasonably practicable (but in no event later than ten days after receipt of the request for the Demand Registration) give written notice of the Demand Registration to all other Holders who hold Registrable Securities and, subject to the terms of Section 2(e), shall include in such Demand Registration (and in all related registrations and qualifications under state blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within (i) 15 days, in the case of any notice with respect to a Long-Form Registration, or (ii) ten days, in the case of any notice with respect to a Short-Form Registration, after the receipt of the Corporation's notice. Each Holder agrees that such Holder shall treat as confidential the receipt of the notice of Demand Registration and shall not disclose or use the information contained in such notice of Demand Registration without the prior written consent of the Corporation or until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the Holder in breach of the terms of this Agreement. Notwithstanding the foregoing, the Corporation shall not be required to take any action that would otherwise be required under this Section 2 if such action would violate Section 4(a) hereof or any similar provision contained in the underwriting agreement entered into in connection with any underwritten Public Offering.

(b) Long-Form Registrations. The Controlling Holders shall be entitled to request an unlimited number of Long-Form Registrations in which the Corporation shall pay all Registration Expenses, regardless of whether any registration statement is filed or any such Demand Registration is consummated. All Long-Form Registrations shall be underwritten registrations unless otherwise approved by the applicable Controlling Holder.

(c) Short-Form Registrations. In addition to the Long-Form Registrations described in Section 2(b), each Controlling Holder shall be entitled to request an unlimited number of Short-Form Registrations in which the Corporation shall pay all Registration Expenses, regardless of whether any registration statement is filed or any such Demand Registration is consummated. Demand Registrations shall be Short-Form Registrations whenever the Corporation is permitted to use any applicable short form and if the managing underwriters (if any) agree to the use of a Short-Form Registration. After the Corporation has become subject to the reporting requirements of the Exchange Act, the Corporation shall use its reasonable best efforts to make Short-Form Registrations available for the sale of Registrable Securities.

(d) Shelf Registrations.

(i) Subject to the availability of required financial information, as promptly as practicable after the Corporation receives written notice of a request for a Shelf Registration, the Corporation shall file with the Securities and Exchange Commission a registration statement under the Securities Act for the Shelf Registration (a "***Shelf Registration Statement***"). The Corporation shall use its reasonable best efforts to cause any Shelf Registration Statement to be declared effective under the Securities Act as soon as practicable after the initial filing of such Shelf Registration Statement, and once effective, the Corporation

shall cause such Shelf Registration Statement to remain continuously effective for such time period as is specified in the request by the Holders, but for no time period longer than the period ending on the earliest of (A) the third anniversary of the initial effective date of such Shelf Registration Statement, (B) the date on which all Registrable Securities covered by such Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement, and (C) the date as of which there are no longer any Registrable Securities covered by such Shelf Registration Statement in existence. Without limiting the generality of the foregoing, the Corporation shall use its reasonable best efforts to prepare a Shelf Registration Statement with respect to all of the Registrable Securities owned by or issuable to the Original Equity Owner Parties in accordance with the terms of the LLC Agreement (or such other number of Registrable Securities specified in writing by the Holder with respect to the Registrable Securities owned by or issuable to such Holder) to enable and cause such Shelf Registration Statement to be filed and maintained with the Securities and Exchange Commission as soon as practicable after the later to occur of (i) the expiration of the Holdback Period and (ii) the Corporation becoming eligible to file a Shelf Registration Statement for a Short-Form Registration; *provided* that any of the Original Equity Owner Parties may, with respect to itself, instruct the Corporation in writing not to include in such Shelf Registration Statement the Registrable Securities owned by or issuable to such Holder. In order for any of the Original Equity Owner Parties to be named as a selling securityholder in such Shelf Registration Statement, the Corporation may require such Holder to deliver all information about such Holder that is required to be included in such Shelf Registration Statement in accordance with applicable law, including Item 507 of Regulation S-K promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto. Notwithstanding anything to the contrary in Section 2(d)(ii), any Holder that is named as a selling securityholder in such Shelf Registration Statement may make a secondary resale under such Shelf Registration Statement without the consent of the Holders representing a majority of the Registrable Securities or any other Holder if such resale does not require a supplement to the Shelf Registration Statement.

(ii) In the event that a Shelf Registration Statement is effective, Holders representing Registrable Securities either (a) with a market value of at least $15 million, or (b) that represent at least 10% of the aggregate market value of the Registrable Securities registered pursuant to such Shelf Registration Statement shall have the right at any time or from time to time to elect to sell pursuant to an offering (including an underwritten offering (an "***Underwritten Takedown***")) Registrable Securities available for sale pursuant to such registration statement ("***Shelf Registrable Securities***"), so long as the Shelf Registration Statement remains in effect, and the Corporation shall pay all Registration Expenses in connection therewith; *provided* that each Controlling Holder shall have the right at any time and from time to time to elect to sell pursuant to an offering (including an Underwritten Takedown) pursuant to a Shelf Offering Request (as defined below) made by such Controlling Holder. The applicable Holders shall make such election by delivering to the Corporation a

written request (a "***Shelf Offering Request***") for such offering specifying the number of Shelf Registrable Securities that such Holders desire to sell pursuant to such offering (the "***Shelf Offering***"). In the case of an Underwritten Takedown, as promptly as practicable, but no later than two Business Days after receipt of a Shelf Offering Request, the Corporation shall give written notice (the "***Shelf Offering Notice***") of such Shelf Offering Request to all other holders of Shelf Registrable Securities. The Corporation, subject to Sections 2(e) and 8 hereof, shall include in such Shelf Offering the Shelf Registrable Securities of any other Holder that shall have made a written request to the Corporation for inclusion in such Shelf Offering (which request shall specify the maximum number of Shelf Registrable Securities intended to be sold by such Holder) within five Business Days after the receipt of the Shelf Offering Notice. The Corporation shall, as expeditiously as possible (and in any event within ten Business Days after the receipt of a Shelf Offering Request, unless a longer period is agreed to by the Holders representing a majority of the Registrable Securities that made the Shelf Offering Request), use its reasonable best efforts to facilitate such Shelf Offering. Each Holder agrees that such Holder shall treat as confidential the receipt of the Shelf Offering Notice and shall not disclose or use the information contained in such Shelf Offering Notice without the prior written consent of the Corporation or until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the Holder in breach of the terms of this Agreement.

(iii) Notwithstanding the foregoing, if any Holder desires to effect a sale of Shelf Registrable Securities that does not constitute an Underwritten Takedown, the Holder shall deliver to the Corporation a Shelf Offering Request no later than two Business Days prior to the expected date of the sale of such Shelf Registrable Securities, and subject to the limitations set forth in Section 2(d)(i), the Corporation shall file and effect an amendment or supplement to its Shelf Registration Statement for such purpose as soon as reasonably practicable.

(iv) Notwithstanding the foregoing, if a Controlling Holder wishes to engage in an underwritten block trade off of a Shelf Registration Statement (either through filing an Automatic Shelf Registration Statement or through a take-down from an existing Shelf Registration Statement), then notwithstanding the foregoing time periods, such Holders only need to notify the Corporation of the block trade Shelf Offering two Business Days prior to the day such offering is to commence (unless a longer period is agreed to by Holders representing a majority of the Registrable Securities wishing to engage in the underwritten block trade) and the Corporation shall promptly notify other Holders and such other Holders must elect whether or not to participate by the next Business Day (i.e., one Business Day prior to the day such offering is to commence) (unless a longer period is agreed to by the Holders representing a majority of the Registrable Securities wishing to engage in the underwritten block trade) and the Corporation shall as expeditiously as possible use its reasonable best efforts to facilitate such offering (which may close as early as two Business Days after the

date it commences); *provided* that Holders representing a majority of the Registrable Securities wishing to engage in the underwritten block trade shall use commercially reasonable efforts to work with the Corporation and the underwriters prior to making such request in order to facilitate preparation of the registration statement, prospectus and other offering documentation related to the underwritten block trade.

(v) The Corporation shall, at the request of Holders representing a majority of the Registrable Securities covered by a Shelf Registration Statement, file any prospectus supplement or, if the applicable Shelf Registration Statement is an Automatic Shelf Registration Statement, any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by such Holders to effect such Shelf Offering.

(e) Priority on Demand Registrations and Shelf Offerings. The Corporation shall not include in any Demand Registration or Shelf Offering any securities that are not Registrable Securities without the prior written consent of Holders representing a majority of the Registrable Securities included in such registration or offering. If a Demand Registration or a Shelf Offering is an underwritten offering and the managing underwriters advise the Corporation in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities, if any, that can be sold therein without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Corporation shall include in such registration or offering, as applicable, (i) first, the Registrable Securities of Holders requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among the such Holders on the basis of the number of Registrable Securities owned by each such Holder that such Holder of Registrable Securities shall have requested to be included therein, (ii) second, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, and (iii) third, securities the Corporation requested to be included in such registration for its own account which, in the opinion of the underwriters, can be sold without any such adverse effect. Alternatively, if the number of Registrable Securities which can be included on a Shelf Registration Statement is otherwise limited by Instruction I.B.6 to Form S-3 (or any successor provision thereto), the Corporation shall include in such registration or offering prior to the inclusion of any securities which are not Registrable Securities the number of Registrable Securities requested to be included which can be included on such Shelf Registration Statement in accordance with the requirements of Form S-3, pro rata among the respective Holders thereof on the basis of the amount of Registrable Securities owned by each such Holder that such Holder of Registrable Securities shall have requested to be included therein.

(f) Restrictions on Demand Registration and Shelf Offerings.

(i) The Corporation shall not be obligated to effect any Demand Registration within 90 days after the effective date of a previous Demand Registration or a previous registration in which Registrable Securities were included pursuant to Section 3. The Corporation may postpone, for up to 60 days from the date of the request, the filing or the effectiveness of a registration statement for a Demand Registration or suspend the use of a prospectus that is part of a Shelf Registration Statement for up to 60 days from the date of the Suspension Notice (as defined below) and therefore suspend sales of the Shelf Registrable Securities (such period, the "***Suspension Period***") by providing written notice to the Holders of Registrable Securities or Shelf Registrable Securities, as applicable, if (A) the Corporation's board of directors determines in its reasonable good faith judgment that the offer or sale of Registrable Securities would reasonably be expected to have a material adverse effect on any proposal or plan by the Corporation or any Subsidiary to engage in any material acquisition of assets or stock (other than in the ordinary course of business) or any material merger, consolidation, tender offer, recapitalization, reorganization or other transaction involving the Corporation or any Subsidiary, (B) upon advice of counsel, the sale of Registrable Securities pursuant to the registration statement would require disclosure of MNPI not otherwise required to be disclosed under applicable law, and (C) either (x) the Corporation has a bona fide business purpose for preserving the confidentiality of such transaction or (y) disclosure of such MNPI would have a material adverse effect on the Corporation or the Corporation's ability to consummate such transaction; *provided* that in such event, the Holders shall be entitled to withdraw such request for a Demand Registration or underwritten Shelf Offering and the Corporation shall pay all Registration Expenses in connection with such Demand Registration or Shelf Offering. The Corporation may delay a Demand Registration hereunder only once in any twelve-month period, except with the consent of each Controlling Holder. The Corporation also may extend the Suspension Period with the consent of each Controlling Holder.

(ii) In the case of an event that causes the Corporation to suspend the use of a Shelf Registration Statement as set forth in paragraph (f)(i) above or pursuant to applicable subsections of Section 5(a)(vi) (a "***Suspension Event***"), the Corporation shall give a notice to the Holders of Registrable Securities registered pursuant to such Shelf Registration Statement (a "***Suspension Notice***") to suspend sales of the Registrable Securities and such notice shall state generally the basis for the notice and that such suspension shall continue only for so long as the Suspension Event or its effect is continuing. If the basis of such suspension is nondisclosure of MNPI, the Corporation shall not be required to disclose the subject matter of such MNPI to Holders. A Holder shall not effect any sales of the Registrable Securities pursuant to such Shelf Registration Statement (or such filings) at any time after it has received a Suspension Notice from the Corporation and prior to receipt of an End of Suspension Notice (as defined below). Each Holder agrees that such Holder shall treat as confidential

the receipt of the Suspension Notice and shall not disclose or use the information contained in such Suspension Notice without the prior written consent of the Corporation or until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the Holder in breach of the terms of this Agreement. Holders may recommence effecting sales of the Registrable Securities pursuant to the Shelf Registration Statement (or such filings) following further written notice to such effect (an "***End of Suspension Notice***") from the Corporation, which End of Suspension Notice shall be given by the Corporation to the Holders and their counsel, if any, promptly following the conclusion of any Suspension Event; *provided* that in no event shall an End of Suspension Notice be given after the end of the Suspension Period unless with the consent of each Controlling Holder.

(iii) Notwithstanding any provision herein to the contrary, if the Corporation gives a Suspension Notice with respect to any Shelf Registration Statement pursuant to this Section 2(f), the Corporation agrees that it shall (A) extend the period of time during which such Shelf Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from the date of receipt by the Holders of the Suspension Notice to and including the date of receipt by the Holders of the End of Suspension Notice, and (B) provide copies of any supplemented or amended prospectus necessary to resume sales, with respect to each Suspension Event; *provided* that such period of time shall not be extended beyond the date that there are no longer Registrable Securities covered by such Shelf Registration Statement.

(g) Selection of Underwriters. Controlling Holder(s) initiating any Demand Registration representing a majority of the Registrable Securities included in such Demand Registration shall have the right to select the investment banker(s) and manager(s) to administer the offering (including assignment of titles), subject to the Corporation's approval not be unreasonably withheld, conditioned or delayed. If any Shelf Offering is an Underwritten Takedown, the Holders representing a majority of the Registrable Securities participating in such Underwritten Takedown shall have the right to select the investment banker(s) and manager(s) to administer the offering relating to such Shelf Offering (including assignment of titles), subject to the Corporation's approval not to be unreasonably withheld, conditioned or delayed.

(h) Fulfillment of Registration Obligations. Notwithstanding any other provision of this Agreement, a registration requested pursuant to this Section 2 shall not be deemed to have been effected: (i) if the number of Registrable Securities requested to be included in a Long-Form Registration by the initiating Controlling Holder is cut back by the managing underwriters pursuant to Section 2(e) by more than twenty percent (20%); (ii) if the registration statement is withdrawn without becoming effective in accordance with Section 2(f) or otherwise without the consent of the initiating Controlling Holder; (iii) if after it has become effective such registration is interfered with by any stop order, injunction or other order or requirement of the Securities and Exchange Commission or any other governmental authority for any reason other than a misrepresentation or an omission by the Holder making such Demand Registration, or

an Affiliate of such Holder (other than the Corporation and its controlled Affiliates), and, as a result thereof, the Registrable Securities requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the related registration statement; (iv) if the registration does not contemplate an underwritten offering, if it does not remain effective for at least 180 days (or such shorter period as will terminate when all securities covered by such registration statement have been sold or withdrawn); or if such registration statement contemplates an underwritten offering, if it does not remain effective for at least 180 days plus such longer period as, in the opinion of counsel for the underwriter or underwriters, a prospectus is required by applicable law to be delivered in connection with the sale of Registrable Securities by an underwriter or dealer; or (v) in the event of an underwritten offering, if the conditions to closing (including any condition relating to an overallotment option) specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied or waived other than by reason of some wrongful act or omission by the Holder that made the Demand Registration, or an Affiliate of such Holder.

(i) Other Registration Rights. The Corporation represents and warrants that it is not a party to, or otherwise subject to, any other agreement granting registration rights to any other Person with respect to any securities of the Corporation. Except as provided in this Agreement, the Corporation shall not grant to any Persons the right to request the Corporation or any Subsidiary to register any Capital Stock of the Corporation or of any Subsidiary, or any securities convertible or exchangeable into or exercisable for such securities, without the prior written consent of the applicable Controlling Holder.

Section 3. Piggyback Registrations.

(a) Right to Piggyback. Following the IPO, whenever the Corporation proposes to register any of its securities under the Securities Act (other than (i) pursuant to a Demand Registration, (ii) in connection with registrations on Form S-4 or S-8 promulgated by the Securities and Exchange Commission or any successor or similar forms or (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities) and the registration form to be used may be used for the registration of Registrable Securities (a "***Piggyback Registration***"), the Corporation shall give prompt written notice to all Holders who hold Registrable Securities of its intention to effect such Piggyback Registration and, subject to the terms of Section 3(c), shall include in such Piggyback Registration (and in all related registrations or qualifications under blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within fifteen days after delivery of the Corporation's notice.

(b) Piggyback Expenses. The Registration Expenses of the Holders shall be paid by the Corporation in all Piggyback Registrations, whether or not any such registration became effective.

(c) Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Corporation, and the managing underwriters advise the Corporation in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Corporation shall include in such registration (i) first, the securities the Corporation proposes to sell, (ii) second, the Registrable Securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among the Holders on the basis of the number of Registrable Securities owned by each such Holder that such Holder of Registrable Securities shall have requested to be included therein, and (iii) third, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(d) Selection of Underwriters. If any Piggyback Registration is an underwritten offering, the selection of investment banker(s) and manager(s) for the offering shall be at the election of the Corporation (in the case of a primary registration) or at the election of the holders of other Corporation securities requesting such registration (in the case of a secondary registration); *provided* that Holders representing a majority of the Registrable Securities included in such Piggyback Registration may request that one or more investment banker(s) or manager(s) be included in such offering (such request not to be binding on the Corporation or such other initiating holders of Corporation securities).

(e) Right to Terminate Registration. The Corporation shall have the right to terminate or withdraw any registration initiated by it under this Section 3 whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Corporation in accordance with Section 6.

Section 4. Lock-Up Agreements. In connection with the IPO, each Controlling Holder, Funko International, LLC and Fundamental Capital, LLC (each a "Lock-Up Party") has entered into a customary lock-up agreement with Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives (the "Representatives") of the several underwriters, pursuant to which each Lock-Up Party has agreed to certain restrictions relating to the shares of Capital Stock and certain other securities held by them (collectively, the "Lock-Up Restrictions") during the period ending 180 days after the date of the final prospectus issued in connection with the IPO (such period, the "Lock-Up Period"). In the event that the Representatives consent to the release from the Lock-Up Restrictions of any shares of Capital Stock (or other securities) held by a Lock-Up Party (any such party, the "Released Party," and any shares of Capital Stock or other securities so released, the "Released Shares"), such Released Party hereby agrees not to sell or otherwise dispose of any Released Shares unless the same percentage of the total number of outstanding shares of Class A Common Stock held by each other Lock-Up Party (assuming the exchange of all membership interests of the Company for a corresponding number of shares of Class A Common Stock in accordance with the LLC

Agreement) as is equal to the percentage of the total number of outstanding shares of Class A Common Stock of the Released Party represented by the Released Shares (assuming the exchange of all membership interests of the Company for a corresponding number of shares of Class A Common Stock in accordance with the LLC Agreement) is immediately and fully released from any Lock-Up Restrictions on the same terms as the Released Shares. The Corporation may impose stop-transfer instructions with respect to the shares of Capital Stock and other securities subject to the Lock-Up Restrictions until the end of the Lock-Up Period.

Section 5. Registration Procedures.

(a) Whenever the Holders have requested that any Registrable Securities be registered pursuant to this Agreement or have initiated a Shelf Offering, (x) such Holders shall, if applicable, cause such Registrable Securities to be exchanged into shares of Class A Common Stock in accordance with the terms of the LLC Agreement prior to sale of such Registrable Securities and (y) the Corporation shall use its reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Corporation shall as expeditiously as possible:

(i) in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder, prepare and file with the Securities and Exchange Commission (subject to the availability of required financial information) a registration statement, and all amendments and supplements thereto and related prospectuses, with respect to such Registrable Securities and use its reasonable best efforts to cause such registration statement to become effective (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Corporation shall furnish to the counsel selected by the Controlling Holder(s) initiating a Demand Registration or, in all other cases, the Holders representing a majority of the Registrable Securities covered by such registration statement copies of all such documents proposed to be filed, which documents shall be subject to the review and comment of such counsel);

(ii) notify each holder of Registrable Securities of (A) the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose, (B) the receipt by the Corporation or its counsel of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (C) the effectiveness of each registration statement filed hereunder;

(iii) prepare and file with the Securities and Exchange Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period ending when all of the securities

covered by such registration statement have been disposed of in accordance with the intended methods of distribution by the sellers thereof set forth in such registration statement (but in any event not before the expiration of any longer period required under the Securities Act or, if such registration statement relates to an underwritten Public Offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sale of Registrable Securities by an underwriter or dealer) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iv) furnish to each seller of Registrable Securities thereunder such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), each Free Writing Prospectus and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(v) use its reasonable best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller (provided that the Corporation shall not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (B) consent to general service of process in any such jurisdiction or (C) subject itself to taxation in any such jurisdiction);

(vi) notify each seller of such Registrable Securities (A) promptly after it receives notice thereof, of the date and time when such registration statement and each post-effective amendment thereto has become effective or a prospectus or supplement to any prospectus relating to a registration statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained, (B) promptly after receipt thereof, of any request by the Securities and Exchange Commission for the amendment or supplementing of such registration statement or prospectus or for additional information and (C) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, subject to Section 2(f), at the request of any such seller, the Corporation shall prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain

an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading;

(vii) use reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Corporation are then listed and, if not so listed, to be listed on a securities exchange and, without limiting the generality of the foregoing, to arrange for at least two market markers to register as such with respect to such Registrable Securities with FINRA;

(viii) use reasonable efforts to provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(ix) enter into and perform such customary agreements (including underwriting agreements in customary form) and take all such other actions as the Holders representing a majority of the Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, effecting a stock split, combination of shares, recapitalization or reorganization);

(x) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate and business documents and properties of the Corporation as shall be necessary to enable them to exercise their due diligence responsibility, and cause the Corporation's officers, directors, employees, agents, representatives and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(xi) take all reasonable actions to ensure that any Free-Writing Prospectus utilized in connection with any Demand Registration or Piggyback Registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, shall not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xii) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Corporation's first full calendar quarter after the effective date

of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158;

(xiii) to the extent that a Holder, in its sole and exclusive judgment, might be deemed to be an underwriter of any Registrable Securities or a controlling person of the Corporation, permit such Holder to participate in the preparation of such registration or comparable statement and allow such Holder to provide language for insertion therein, in form and substance satisfactory to the Corporation, which in the reasonable judgment of such Holder and its counsel should be included;

(xiv) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or the issuance of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Class A Common Stock included in such registration statement for sale in any jurisdiction use reasonable efforts promptly to obtain the withdrawal of such order;

(xv) use its reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(xvi) cooperate with the Holders of Registrable Securities covered by the registration statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement and enable such securities to be in such denominations and registered in such names as the managing underwriter, or agent, if any, or such Holders may request;

(xvii) cooperate with each Holder of Registrable Securities covered by the registration statement and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xviii) use its reasonable best efforts to make available the executive officers of the Corporation to participate with the Holders of Registrable Securities covered by the registration statement and any underwriters in any “road shows” or other selling efforts that may be reasonably requested by the Holders in connection with the methods of distribution for the Registrable Securities;

(xix) in the case of any underwritten Public Offering, use its reasonable best efforts to obtain one or more cold comfort letters from the Corporation’s independent public accountants in customary form and covering such matters of

the type customarily covered by cold comfort letters as the Holders representing a majority of the Registrable Securities being sold reasonably request;

(xx) in the case of any underwritten Public Offering, use its reasonable best efforts to provide a legal opinion of the Corporation's outside counsel, dated the closing date of the Public Offering, in customary form and covering such matters of the type customarily covered by legal opinions of such nature, which opinion shall be addressed to the underwriters and the Holders of such Registrable Securities being sold;

(xxi) if the Corporation files an Automatic Shelf Registration Statement covering any Registrable Securities, use its reasonable best efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such Automatic Shelf Registration Statement is required to remain effective;

(xxii) if the Corporation does not pay the filing fee covering the Registrable Securities at the time an Automatic Shelf Registration Statement is filed, pay such fee at such time or times as the Registrable Securities are to be sold; and

(xxiii) if the Automatic Shelf Registration Statement has been outstanding for at least three (3) years, at the end of the third year, file a new Automatic Shelf Registration Statement covering the Registrable Securities, and, if at any time when the Corporation is required to re-evaluate its WKSI status the Corporation determines that it is not a WKSI, use its reasonable efforts to refile the Shelf Registration Statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

(b) Any officer of the Corporation who is a Holder agrees that if and for so long as he or she is employed by the Corporation or any Subsidiary thereof, he or she shall participate fully in the sale process in a manner customary and reasonable for persons in like positions and consistent with his or her other duties with the Corporation and in accordance with applicable law, including the preparation of the registration statement and the preparation and presentation of any road shows.

(c) The Corporation may require each Holder requesting, or electing to participate in, any registration to furnish the Corporation such information regarding such Holder and the distribution of such Registrable Securities as the Corporation may from time to time reasonably request in writing.

(d) If the Original Equity Owner Parties or any of their respective Affiliates seek to effectuate an in-kind distribution of all or part of their respective Registrable Securities to their respective direct or indirect equityholders, the Corporation shall, subject to any applicable lock-ups, work with the foregoing persons to facilitate such in-kind distribution in the manner reasonably requested and such distributees shall have

the right to become a party to this Agreement by the joinder in the form of Exhibit A hereto and thereby have all of the rights of such Original Equity Owner Parties under this Agreement, other than the Demand Registration rights of a Controlling Holder.

Section 6. Registration Expenses.

(a) The Corporation's Obligation. All expenses incident to the Corporation's performance of or compliance with this Agreement (including, without limitation, all registration, qualification and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, fees and disbursements of custodians, and fees and disbursements of counsel for the Corporation and all independent certified public accountants, underwriters (excluding underwriting discounts and commissions) and other Persons retained by the Corporation) (all such expenses being herein called "***Registration Expenses***"), shall be borne as provided in this Agreement, except that the Corporation shall, in any event, pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Corporation are then listed. Each Person that sells securities pursuant to a Demand Registration or Piggyback Registration hereunder shall bear and pay all underwriting discounts and commissions applicable to the securities sold for such Person's account.

(b) Counsel Fees and Disbursements. In connection with each Demand Registration, each Piggyback Registration and each Shelf Offering, the Corporation shall reimburse the Holders of Registrable Securities included in such registration for the reasonable fees and disbursements of not more than one law firm (as selected by the Controlling Holders of a majority of the Registrable Securities of all Controlling Holders included in such registration, or if no Registrable Securities of any Controlling Holders are included in such registration, by Holders of a majority of the Registrable Securities included in such registration) engaged to represent such Holders in connection with such registration.

Section 7. Indemnification and Contribution.

(a) By the Corporation. The Corporation shall indemnify and hold harmless, to the extent permitted by law, each Holder, such Holder's officers, directors, managers, employees, partners, stockholders, members, trustees, Affiliates, agents and representatives, and each Person who controls such Holder (within the meaning of the Securities Act) (the "***Holder Indemnified Parties***") against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable attorney fees and expenses) caused by, resulting from, arising out of, based upon or related to any of the following statements, omissions or violations (each a "***Violation***") by the Corporation: (i) any untrue or alleged untrue statement of material fact contained in (A) any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus, or any

amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 7, collectively called an "***application***") executed by or on behalf of the Corporation or based upon written information furnished by or on behalf of the Corporation filed in any jurisdiction in order to qualify any securities covered by such registration under the securities laws thereof, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Corporation of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Corporation and relating to action or inaction required of the Corporation in connection with any such registration, qualification or compliance. In addition, the Corporation will reimburse such Holder Indemnified Party for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such losses. Notwithstanding the foregoing, the Corporation shall not be liable in any such case to the extent that any such losses result from, arise out of, are based upon, or relate to an untrue statement or alleged untrue statement, or omission or alleged omission, made in such registration statement, any such prospectus, preliminary prospectus or Free-Writing Prospectus or any amendment or supplement thereto, or in any application, in reliance upon, and in conformity with, written information prepared and furnished in writing to the Corporation by such Holder Indemnified Party expressly for use therein or by such Holder Indemnified Party's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Corporation has furnished such Holder Indemnified Party with a sufficient number of copies of the same. In connection with an underwritten offering, the Corporation shall indemnify such underwriters, their officers and directors, and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Holder Indemnified Parties.

(b) By Each Holder. In connection with any registration statement in which a Holder is participating, each such Holder shall furnish to the Corporation in writing such information and affidavits as the Corporation reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, shall indemnify the Corporation, its officers, directors, managers, employees, agents and representatives, and each Person who controls the Corporation (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses resulting from any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such Holder; *provided* that the obligation to indemnify shall be individual, not joint and several, for each Holder and shall be limited to the net amount of proceeds received by such Holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Claim Procedure. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which

it seeks indemnification (provided that the failure to give prompt notice shall impair any Person's right to indemnification hereunder only to the extent such failure has prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicted indemnified parties shall have a right to retain one separate counsel, chosen by the Holders representing a majority of the Registrable Securities included in the registration if such Holders are indemnified parties, at the expense of the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 7 is held by a court of competent jurisdiction to be unavailable to, or is insufficient to hold harmless, an indemnified party or is otherwise unenforceable with respect to any loss, claim, damage, liability or action referred to herein, then the indemnifying party shall contribute to the amounts paid or payable by such indemnified party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such loss, claim, damage, liability or action as well as any other relevant equitable considerations; provided that the maximum amount of liability in respect of such contribution shall be limited, in the case of each seller of Registrable Securities, to an amount equal to the net proceeds actually received by such seller from the sale of Registrable Securities effected pursuant to such registration. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if the contribution pursuant to this Section 7(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account such equitable considerations. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to herein shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject hereof. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(t) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) Release. No indemnifying party shall, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. Notwithstanding anything to the contrary in this Section 7, an indemnifying party shall not be liable for any amounts paid in settlement of any loss, claim, damage, liability, or action if such settlement is effected without the consent of the indemnifying party, such consent not to be unreasonably withheld, conditioned or delayed.

(f) Non-exclusive Remedy; Survival. The indemnification and contribution provided for under this Agreement shall be in addition to any other rights to indemnification or contribution that any indemnified party may have pursuant to law or contract and shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of Registrable Securities and the termination or expiration of this Agreement. Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

Section 8. Underwritten Registrations.

(a) Participation. No Person may participate in any Public Offering hereunder which is underwritten unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including, without limitation, pursuant to any over-allotment or "green shoe" option requested by the underwriters; provided that no Holder shall be required to sell more than the number of Registrable Securities such Holder has requested to include) and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, custody agreements and other documents required under the terms of such underwriting arrangements. Each Holder shall execute and deliver such other agreements as may be reasonably requested by the Corporation and the lead managing underwriter(s) that are consistent with such Holder's obligations under Section 4, Section 5 and this Section 8(a) or that are necessary to give further effect thereto. To the extent that any such agreement is entered into pursuant to, and consistent with, Section 4 and this Section 8(a), the respective rights and obligations created under such agreement shall supersede the respective rights and obligations of the Holders, the Corporation and the underwriters created pursuant to this Section 8(a).

(b) Price and Underwriting Discounts. In the case of an underwritten Demand Registration or Underwritten Takedown requested by Holders pursuant to this Agreement, the price, underwriting discount and other financial terms of the related underwriting agreement for the Registrable Securities shall be determined by the Holders representing a majority of the Registrable Securities included in such underwritten offering.

(c) Suspended Distributions. Each Person that is participating in any registration under this Agreement, upon receipt of any notice from the Corporation of the happening of any event of the kind described in Section 5(a)(vi)(B) or (C), shall immediately discontinue the disposition of its Registrable Securities pursuant to the registration statement until such Person's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 5(a)(vi). In the event the Corporation has given any such notice, the applicable time period set forth in Section 5(a)(iii) during which a Registration Statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to this Section 8(c) to and including the date when each seller of Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 5(a)(vi).

Section 9. Additional Parties; Joinder. Subject to the prior written consent of each Controlling Holder, the Corporation may make any Person who acquires Class A Common Stock or rights to acquire Class A Common Stock from the Corporation after the date hereof (including without limitation any Person who acquires Common Units) a party to this Agreement (each such Person, an "***Additional Holder***") and to succeed to all of the rights and obligations of a Holder under this Agreement by obtaining an executed joinder to this Agreement from such Additional Holder in the form of Exhibit A attached hereto (a "***Joinder***"). Upon the execution and delivery of a Joinder by such Additional Holder, the Class A Common Stock of the Corporation acquired by such Additional Holder or issuable upon redemption or exchange of Common Units acquired by such Additional Holder (the "***Acquired Common***") shall be Registrable Securities to the extent provided herein, such Additional Holder shall be a Holder under this Agreement with respect to the Acquired Common, and the Corporation shall add such Additional Holder's name and address to the Schedule of Holders and circulate such information to the parties to this Agreement.

Section 10. Rule 144. At all times after the Corporation has filed a registration statement with the Securities and Exchange Commission pursuant to the requirements of either the Securities Act or the Exchange Act, the Corporation shall file all reports required to be filed by it under the Securities Act and the Exchange Act and shall take such further action as any Holder may reasonably request, including (i) instructing the transfer agent for the Registrable Securities to remove restrictive legends from any Registrable Securities sold pursuant to Rule 144 (to the extent such removal is permitted under Rule 144 and other applicable law), and (ii) cooperating with the Holder of such Registrable Securities to facilitate the transfer of such securities through the facilities of The Depository Trust Company, in such amounts and credited to such accounts as such Holder may request (or, if applicable, the preparation and delivery of certificates representing such securities, in such denominations and registered in such names as such Holder may request), all to the extent required to enable the Holders to sell Registrable Securities pursuant to Rule 144. Upon request, the Corporation shall deliver to any Holder a written statement as to whether it has complied with such requirements.

Section 11. Subsidiary Public Offering. If, after an initial Public Offering of the Capital Stock of one of its Subsidiaries (including the Company), the Corporation distributes securities of such Subsidiary to its equityholders, then the rights and obligations of the Corporation pursuant to this Agreement shall apply, *mutatis mutandis*, to such Subsidiary, and the Corporation shall cause such Subsidiary to comply with such Subsidiary's obligations under this Agreement.

Section 12. Transfer of Registrable Securities. Notwithstanding anything to the contrary contained herein, except in the case of (i) a transfer to the Corporation, (ii) a transfer by any Original Equity Owner Party or any of its Affiliates to its respective equityholders, (iii) a Public Offering, (iv) a sale pursuant to Rule 144 after the completion of the IPO or (v) a transfer in connection with a sale of the Corporation, prior to transferring any Registrable Securities to any Person (including, without limitation, by operation of law), the transferring Holder shall cause the prospective transferee to execute and deliver to the Corporation a Joinder agreeing to be bound by the terms of this Agreement. Any transfer or attempted transfer of any Registrable Securities in violation of any provision of this Agreement shall be void, and the Corporation shall not record such transfer on its books or treat any purported transferee of such Registrable Securities as the owner thereof for any purpose.

Section 13. MNPI Provisions.

(a) Each Holder acknowledges that the provisions of this Agreement that require communications by the Corporation or other Holders to such Holder may result in such Holder and its Representatives (as defined below) acquiring MNPI (which may include, solely by way of illustration, the fact that an offering of the Corporation's securities is pending or the number of Corporation securities or the identity of the selling Holders).

(b) Each Holder agrees that it will maintain the confidentiality of such MNPI and, to the extent such Holder is not a natural person, such confidential treatment shall be in accordance with procedures adopted by it in good faith to protect confidential information of third parties delivered to such Holder ("***Policies***"); *provided* that a holder may deliver or disclose MNPI to (i) its directors, officers, employees, agents, attorneys, affiliates and financial and other advisors (collectively, the "***Representatives***"), but solely to the extent such disclosure reasonably relates to its evaluation of exercise of its rights under this Agreement and the sale of any Registrable Securities in connection with the subject of the notice, (ii) any federal or state regulatory authority having jurisdiction over such Holder, (iii) any Person if necessary to effect compliance with any law, rule, regulation or order applicable to such Holder, (iv) in response to any subpoena or other legal process, or (v) in connection with any litigation to which such Holder is a party; *provided further*, that in the case of clause (i), the recipients of such MNPI are subject to the Policies or agree to hold confidential the MNPI in a manner substantially consistent with the terms of Section 13 and that in the case of clauses (ii) through (v), such disclosure is required by law and such Holder shall promptly notify the Corporation of such disclosure to the extent such Holder is legally permitted to give such notice.

(c) Each Holder shall have the right, at any time and from time to time (including after receiving information regarding any potential Public Offering), to elect to not receive any notice that the Corporation or any other Holders otherwise are required to deliver pursuant to this Agreement by delivering to the Corporation a written statement signed by such Holder that it does not want to receive any notices hereunder (an "***Opt-Out Request***"); in which case and notwithstanding anything to the contrary in this Agreement the Corporation and other Holders shall not be required to, and shall not, deliver any notice or other information required to be provided to Holders hereunder to the extent that the Corporation or such other Holders reasonably expect would result in a Holder acquiring MNPI. An Opt-Out Request may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. A Holder who previously has given the Corporation an Opt-Out Request may revoke such request at any time, and there shall be no limit on the ability of a Holder to issue and revoke subsequent Opt-Out Requests; *provided* that each Holder shall use commercially reasonable efforts to minimize the administrative burden on the Corporation arising in connection with any such Opt-Out Requests.

Section 14. General Provisions.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may be amended, modified, terminated or waived only with the prior written consent of the Corporation and each Controlling Holder; *provided* that no such amendment, modification, termination or waiver that would materially and adversely affect a Holder in a manner materially different than any other Holder (*provided* that the accession by Additional Holders to this Agreement pursuant to Section 9 shall not be deemed to adversely affect any Holder), shall be effective against such Holder without the consent of such Holder that is materially and adversely affected thereby. The failure or delay of any Person to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such Person thereafter to enforce each and every provision of this Agreement in accordance with its terms. A waiver or consent to or of any breach or default by any Person in the performance by that Person of his, her or its obligations under this Agreement shall not be deemed to be a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person under this Agreement.

(b) Remedies. The parties to this Agreement shall be entitled to enforce their rights under this Agreement specifically (without posting a bond or other security), to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that a breach of this Agreement would cause irreparable harm and money damages would not be an adequate remedy for any such breach and that, in addition to any other rights and remedies existing hereunder, any party shall be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

(c) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited, invalid, illegal or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such prohibition, invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such prohibited, invalid, illegal or unenforceable provision had never been contained herein.

(d) Entire Agreement. Except as otherwise provided herein, this Agreement contains the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

(e) Successors and Assigns. This Agreement shall bind and inure to the benefit and be enforceable by the Corporation and its successors and assigns and the Holders and their respective successors and assigns (whether so expressed or not). In addition, whether or not any express assignment has been made, the provisions of this Agreement which are for the benefit Holders are also for the benefit of, and enforceable by, any subsequent or successor Holder.

(f) Notices. Any notice, demand or other communication to be given under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient but; if not, then on the next Business Day, (iii) one Business Day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) three Business Days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications shall be sent to the Corporation at the address specified below and to any Original Equity Owner Party or to any other party subject to this Agreement at such address as indicated on the Schedule of Holders, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change such party's address for receipt of notice by providing prior written notice of the change to the sending party as provided herein. The Corporation's address is:

Funko, Inc.
2802 Wetmore Avenue
Everett, Washington 98201
Attn: General Counsel

With a copy to:

Latham & Watkins LLP
885 Third Avenue

New York, New York 10022
Attn: Marc D. Jaffe, Esq.
Facsimile: (212) 751-4864

or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

(g) Business Days. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the time period shall automatically be extended to the immediately following Business Day.

(h) Governing Law. The corporate law of the State of Delaware shall govern all issues and questions concerning the relative rights of the Corporation and its stockholders. All other issues and questions concerning the construction, validity, interpretation and enforcement of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(i) MUTUAL WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

(j) CONSENT TO JURISDICTION AND SERVICE OF PROCESS. EACH OF THE PARTIES IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE CITY AND COUNTY OF NEW YORK BOROUGH OF MANHATTAN, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH ABOVE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS PARAGRAPH. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, AND HEREBY AND THEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY

SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(k) No Recourse. Notwithstanding anything to the contrary in this Agreement, the Corporation and each Holder agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement, shall be had against any current or future director, officer, employee, general or limited partner or member of any Holder or of any Affiliate or assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Holder or any current or future member of any Holder or any current or future director, officer, employee, partner or member of any Holder or of any Affiliate or assignee thereof, as such for any obligation of any Holder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

(l) Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word “including” in this Agreement shall be by way of example rather than by limitation.

(m) No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

(n) Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

(o) Electronic Delivery. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent executed and delivered by means of a photographic, photostatic, facsimile or similar reproduction of such signed writing using a facsimile machine or electronic mail shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

(p) Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Holder shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and the transactions contemplated hereby.

(q) No Inconsistent Agreements. The Corporation shall not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Holders in this Agreement.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

FUNKO, INC.

By: /s/ Tracy Daw
Name:
Title:

[*Signature Page to Registration Rights Agreement*]

ACON FUNKO INVESTORS, L.L.C.

By: ACON Funko Manager, L.L.C.,
its Manager

By:/s/ Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[*Signature Page to Registration Rights Agreement*]

FUNKO INTERNATIONAL, LLC, a Delaware Limited Liability Company

By: FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company

By: FUNDAMENTAL CAPITAL PARTNERS, LLC, a Delaware limited liability company
Manager

By: /s/ Richard McNally
Name: Richard McNally
Title: Manager

[*Signature Page to Registration Rights Agreement*]

FUNDAMENTAL CAPITAL, LLC, a Delaware limited liability company,

By: FUNDAMENTAL CAPITAL PARTNERS, LLC, a Delaware limited liability company
Manager

By:/s/ Richard McNally
Name: Richard McNally
Title: Manager

[*Signature Page to Registration Rights Agreement*]

By: /s/ Brian Mariotti
Name: Brian Mariotti
Title:

[*Signature Page to Registration Rights Agreement*]

ACON FUNKO INVESTORS HOLDINGS 1, L.L.C.

By: ACON Funko Manager, L.L.C., its Managing Member

By: /s/ Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[*Signature Page to Registration Rights Agreement*]

ACON FUNKO INVESTORS HOLDINGS 2, L.L.C.

By: ACON Equity GenPar, L.L.C., its Managing Member

By: /s/ Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[*Signature Page to Registration Rights Agreement*]

ACON FUNKO INVESTORS HOLDINGS 3, L.L.C.

By: ACON Equity GenPar, L.L.C., its Managing Member

By: /s/ Kenneth Brotman
Name: Kenneth Brotman
Title: Managing Director

[*Signature Page to Registration Rights Agreement*]

JON P. AND TRISHAWN P. KIPP CHILDREN'S TRUST U/A/D 5/31/14

By: /s/ Shauna M. Kipp trustee
Name:
Title:

[*Signature Page to Registration Rights Agreement*]

By: /s/ Tracy Daw
Name: Tracy Daw
Title: SVP & General Counsel

[*Signature Page to Registration Rights Agreement*]

By: /s/ Russell Nickel
Name: Russell Nickel
Title:

[*Signature Page to Registration Rights Agreement*]

By: /s/ Andrew Perlmutter
Name: Andrew Perlmutter
Title:

SCHEDULE OF HOLDERS

Holder	Controlling Holder?	Continuing Equity Owner Party/ Former Equity Owner
ACON Funko Investors, L.L.C.	Yes	Continuing Equity Owner Party
ACON Funko Investors Holdings 1, L.L.C.	Yes	Former Equity Owner
ACON Funko Investors Holdings 2, L.L.C.	Yes	Former Equity Owner
ACON Funko Investors Holdings 3, L.L.C.	Yes	Former Equity Owner
Funko International, LLC	No	Continuing Equity Owner Party
Fundamental Capital, LLC	No	Continuing Equity Owner Party
Tracy Daw	No	Continuing Equity Owner Party
The Jon P. and Trishawn P. Kipp Children's Trust uad 5/31/14	No	Continuing Equity Owner Party
Brian Mariotti	No	Continuing Equity Owner Party
Russell Nickel	No	Continuing Equity Owner Party
Andrew Perlmutter	No	Continuing Equity Owner Party

EXHIBIT A

REGISTRATION RIGHTS AGREEMENT JOINDER

The undersigned is executing and delivering this Joinder pursuant to the Registration Rights Agreement dated as of November 1, 2017 (as the same may hereafter be amended, the "***Registration Rights Agreement***"), among Funko, Inc., a Delaware corporation (the "***Corporation***"), and the other person named as parties therein.

By executing and delivering this Joinder to the Corporation, and upon acceptance hereof by the Corporation upon the execution of a counterpart hereof, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the provisions of the Registration Rights Agreement as a Holder of Registrable Securities in the same manner as if the undersigned were an original signatory to the Registration Rights Agreement, and the undersigned's shares of Class A Common Stock shall be included as Registrable Securities under the Registration Rights Agreement to the extent provided therein. The Corporation is directed to add the address below the undersigned's signature on this Joinder to the Schedule of Holders attached to the Registration Rights Agreement.

Accordingly, the undersigned has executed and delivered this Joinder as of the _____ day of _____, 20__.

_____
Signature of Stockholder

_____
Print Name of Stockholder
Its:

Address: _____
_____
_____

Agreed and Accepted as of
_____, 20__

Funko, Inc.

By: _____
Name:
Its:

EXHIBIT 21

LIST OF SUBSIDIARIES

Funko Acquisition Holdings, LLC

Funko Holdings, LLC

Funko, LLC

Loungefly, LLC

Funko UK, Ltd.

A Large Evil Corporation Ltd.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-221390) pertaining to the Funko, Inc. 2017 Incentive Award Plan of our report dated March 16, 2018, with respect to the consolidated financial statements of Funko, Inc. included in this Annual Report (Form 10-K) of Funko, Inc. for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Seattle, Washington
March 16, 2018

EXHIBIT 31.1

CERTIFICATION

I, Brian Mariotti, certify that:

1. I have reviewed this annual report on Form 10-K of Funko, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2018

/s/ Brian Mariotti
Brian Mariotti
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Russell Nickel, certify that:

1. I have reviewed this Annual Report on Form 10-K of Funko, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2018

/s/ Russell Nickel
Russell Nickel
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report on Form 10-K of Funko, Inc. (the "Company") for the period ended December 31, 2017 (the "Report"), I, Brian Mariotti, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2018

/s/ Brian Mariotti
Brian Mariotti
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report on Form 10-K of Funko, Inc. (the "Company") for the period ended December 31, 2017 (the "Report"), I, Russell Nickel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2018

/s/ Russell Nickel
Russell Nickel
Chief Financial Officer