

Initiating Coverage:

# Pop Mart International Group Ltd.

Pop Mart's Blind Box Boom: Unpacking Growth One Toy at a Time

**Key Take-away:** Pop Mart is emerging as a global cultural force, transforming collectible toys into emotional commodities through its dopamine-driven blind box format. With a share price of \$34.50 and a market cap of \$46.54B, the niche Chinese brand leads a fast-evolving market by tapping into hyper-consumption, resale culture, and emotionally driven spending. Backed by collaborations with independent artists and giants like Disney, Pop Mart is well positioned for global expansion.

**Collectibles as Affordable Comfort:** Pop Mart's success lies in its ability to turn collectible toys into a form of personal expression and emotional coping—especially during uncertain economic times. Much like the "lipstick effect," collectibles like Labubu and Skullpanda serve as low-cost luxuries that offer comfort and identity. The toys aren't just displayed—they're worn on luxury bags, phones, and clothing, symbolizing a shift in what modern status and self-expression look like.

**Resale Market and Demand:** With some limited-edition Labubu figurines reselling for up to \$7,000 and stores frequently out of stock, Pop Mart has created a secondary market more common to sneaker drops than toys. Its blind box model, which builds suspense and urgency, has created a gamified shopping experience. This dynamic encourages volume purchasing and social engagement through swaps, making it a brand powered as much by scarcity and community as by product.

**Creative Market Strategy:** Rather than simply exporting Chinese toys, Pop Mart curates a platform of regional artists and unique characters that appear worldwide. It handles competition by partnering with established names like Disney and Sanrio and works with international, independent artists to create culturally tailored content. This allows Pop Mart to enter diverse markets not as an outsider, but as a creative partner and trendsetter—something few consumer brands have successfully pulled off.

**Valuation:** We initiate coverage with a \$45.00 PT.



Consortium Research Group  
Consumer | Toys & Games  
July 1<sup>st</sup>, 2025

Stock Rating: Overweight

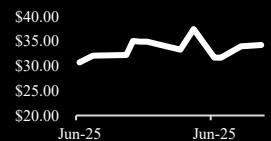
Price Target: \$45.60

Price: \$34.50

Potential Upside/Downside: 32.17%

Ticker: OTC: SPOPMF

1 Month History



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## Company Overview

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**From Startup to Market Leader:** Pop Mart began as a variety store in Beijing in 2010, founded by then-college student Wang Ning. After early financial struggles, the company pivoted in 2015 to focus on designer toys, a decision driven by social media trends among young collectors. Headquartered in Beijing, Pop Mart is best known for its collectible “blind box” toys featuring original IPs like Labubu and Skullpanda, as well as licensed collaborations with brands like Disney and Harry Potter. Credited with creating China’s designer toy market, the company has cultivated a loyal following of affluent teens and young adults. Sales are split roughly evenly between physical stores and online platforms, supported by a toy-trading and social media app. Its toys are extremely popular on the secondhand market, drawing attention even from venture capital firms.

**Labubu’s Global Breakthrough:** Labubu, created by Hong Kong artist Kasing Lung, has become Pop Mart’s most commercially successful IP, with a major surge in popularity in early 2024. The catalyst was an organic Instagram post by Blackpink’s Lisa, which quickly turned the toy into a viral sensation—first in Thailand, then across Southeast Asia and other international markets. The resulting demand drew attention from Thai celebrities, influencers, and even members of the royal family and government. Thailand now holds the largest inventory of Labubu dolls in Asia and is home to Pop Mart’s first concept store outside China. The Thai government has also partnered with the company to promote tourism, featuring a life-sized Labubu mascot in traditional attire touring key Bangkok landmarks. This wave of consumer enthusiasm highlights the strength of Pop Mart’s IP monetization strategy and its ability to scale brand equity through organic celebrity influence.

**Marketing Strategy and International Growth:** Pop Mart’s success is rooted in its innovative use of the blind box format, which drives repeat purchases through a combination of surprise, scarcity, and collectability. By concealing rare “chase” figures in uniform packaging, the company taps into psychological drivers like the gambler’s mentality and herd behavior—particularly effective among Millennial and Gen Z consumers. This model helped fuel a \$676 million USD listing on the Hong Kong Stock Exchange in 2020, doubling its shares value after its first day of going public and giving the company a \$7 billion market cap. Pop Mart has since expanded globally, with international sales growing nearly 135% in 2023 and ambitions to reach 50% of total sales from overseas markets. Its marketing strategy heavily leverages user-generated content—fans and influencers share unboxing experiences online, creating viral engagement and reinforcing the brand’s cultural distinction. Pop Mart’s ability to manufacture artificial scarcity and status-driven demand has helped it transform designer toys into lifestyle products for a younger, experience-driven consumer base.

## Industry Overview

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**Not Just for Kids:** The fastest-growing segment in the toy industry is now “kidults,” primarily Gen Z and Millennials, who represent a powerful force in collectibles, drawn by nostalgia, emotional connection, and a desire for self-expression. Their demand for premium toys—from limited-edition figures to high-end Lego sets—has fueled billions in annual sales and reshaped industry strategies. Kidult spending has accelerated since the pandemic, sustaining year-over-year growth. Companies like Lego, Funko, and Mattel are tapping into this trend through unboxing experiences, social media engagement, and product lines tailored to adults. For example, Lego’s adult-focused category has helped the company double its revenue to nearly \$10 billion. As the toy collectibles market heads toward a projected \$38.2 billion by 2034, the kidult demographic is becoming the new normal.

**Beyond the Toy Aisle:** Distribution in the toy collectibles industry has become increasingly multi-channel, blending physical retail, e-commerce, vending machines, and resale platforms. While brick-and-mortar stores offer tactile experiences and in-person discovery, online channels like Amazon, Shopee, and brand-owned sites enable broader reach and direct engagement with collectors. Social media and resale platforms have also become key drivers, turning limited-edition drops into viral events and fueling secondary markets where scarcity can push prices well above retail. This hybrid approach not only maximizes visibility and sales but also reinforces brand loyalty and community engagement, making distribution a core lever of growth and differentiation in the collectibles industry.

**Unique by Design:** In a saturated and trend-driven market, collectible toy companies must differentiate to thrive. Success increasingly depends on offering unique products, fostering emotional connections, and building loyal communities. Dreams Inc. sets itself apart with lifestyle-oriented, kawaii designs that blend into home decor and emphasize relaxation and emotional well-being. Funko stands out through its vast licensing portfolio, rapid trend response, and iconic Pop! figure design, catering to collectors who value visibility and packaging. In contrast, Pop Mart leans on original IP, artist collaborations, and the excitement of blind box scarcity to build brand loyalty and community engagement. By investing in exclusive characters and curated experiences, these companies demonstrate that strong identity and product differentiation are essential to competing in today's collectible toy landscape.

## Peer Comparisons

Comparable Companies					
\$mm					
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Bandai Namco Holdings Inc. (NCBDF)	\$22,639	\$21,030	23.5x	\$8,569	\$1,540
Kakao Corp. (035720.KS)	\$19,645	\$16,237	195.2x	\$5,691	\$927
Sanrio Company Ltd. (SNROF)	\$11,800	\$11,290	39.9x	\$144,900	\$54,077
Miniso Group Holding Ltd. (MNSO)	\$5,500	\$5,780	16.2x	\$17,700	\$1,100
Pop Mart International Group Ltd.	\$45,007	\$56,206	104.2x	\$1,818	\$639

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
Bandai Namco Holdings Inc. (NCBDF)	13.7x	39.9%	18.0%	14.5%	18.2%
Kakao Corp. (035720.KS)	17.5x	50.2%	16.3%	5.7%	4.2%
Sanrio Company Ltd. (SNROF)	0.2x	75.0%	37.3%	28.8%	44.9%
Miniso Group Holding Ltd. (MNSO)	5.3x	45.1%	6.2%	17.8%	9.2%
Pop Mart International Group Ltd.	87.9x	65.3%	35.1%	31.5%	103.0%

High	87.93x	75.0%	37.3%	31.5%	103.0%
75th Percentile	17.51x	65.3%	35.1%	28.8%	44.9%
Average	24.91x	55.1%	22.6%	19.7%	35.9%
Median	13.66x	50.2%	18.0%	17.8%	18.2%
25th Percentile	5.25x	45.1%	16.3%	14.5%	9.2%
Low	0.21x	39.9%	6.2%	5.7%	4.2%

Pop Mart Valuation	
Implied Enterprise Value (25th Percentile)	\$ 3,359
Implied Enterprise Value (Median)	\$ 8,731
Implied Enterprise Value (75th Percentile)	\$ 11,195
Implied Share Price (25th Percentile)	\$ 2.98
Implied Share Price (Median)	\$ 6.98
Implied Share Price (75th Percentile)	\$ 8.82

Sources: WSJ, Yahoo Finance

## Investment Theses

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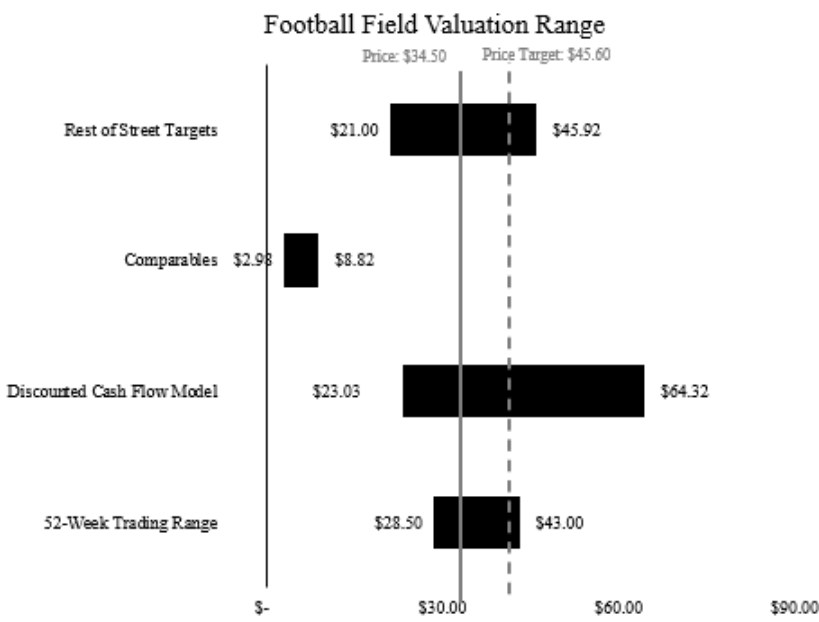
**International Expansion:** Pop Mart's overseas expansion has rapidly evolved from a strategic experiment into a major revenue driver, with international sales growing 375.2% YoY to USD 709.8M in 2024. Following strong momentum in Southeast Asia (619% revenue growth) and North America (nearly sixfold increase), the company plans to open ~100 new stores overseas in 2025, including two U.S. flagships, prioritizing high-visibility locations in North America and Europe. These efforts will enhance brand recognition, deepen consumer engagement, and replicate the success of its Asia strategy through immersive retail and culturally resonant collaborations.

**Brand Loyalty and Diversification:** Pop Mart is evolving from a toy company into a cultural brand by expanding its IP across new product categories and experiences. In addition to core properties like The Monsters, Molly, Skullpanda, and Crybaby—generating over USD 140M in 2024—the company is branching into jewelry, apparel, home goods, mobile games, and animation. It also offers immersive brand experiences through IP-themed events, toy exhibitions, and destinations like POPLAND in Beijing. This shift toward lifestyle and entertainment positions Pop Mart as a leading source of “affordable art” for Gen Z consumers, strengthening brand loyalty and engagement beyond traditional toy sales.

**Profitable Business Model:** With a gross profit margin of 66.8% in 2024, Pop Mart has maintained strong operational efficiency while expanding its consumer base. Its blind box model, combined with frequent launches and a strong digital presence, creates a cycle of emotional consumption that fuels repeat purchases. In 2024, over 46 million loyalty members accounted for 92.7% of sales, with a repurchase rate of 49.4%. This combination of emotional marketing and solid financial metrics supports rapid growth, possibly concentrated in the short term.

Price Target & Valuation

Our analysis gives \$POPMF a price target of \$45.00 and an overweight rating.



Potential Downsides to Our Rating

**Regulatory Risk:** Pop Mart faces potential regulatory headwinds, particularly in China, where blind-box mechanics have drawn criticism for encouraging addictive behavior among youth. The government has already imposed age restrictions and banned blind-box sales to children under eight, and recent commentary from state media has signaled the possibility of further tightening. These developments have already impacted investor sentiment, with Pop Mart’s stock declining in response to regulatory scrutiny. While most Pop Mart customers are adults and international markets may offset domestic pressure, heightened regulation could still dampen domestic growth and consumer sentiment.

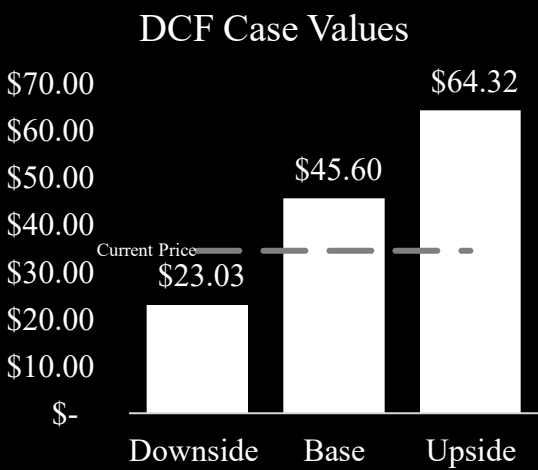
**Format Fatigue and Competition Risk:** Pop Mart’s success depends heavily on the blind box format, which may lose appeal over time as consumers get tired of the concept. The company also faces growing competition from cheaper copycats and counterfeit products, which can hurt its brand and pricing. On top of that, Pop Mart must keep creating new and exciting characters to stay relevant—if it fails to do so, demand could slow, and its competitive edge could weaken.

**Brand Burnout and Cultural Relevance Risk:** Pop Mart’s growth is powered by fast-moving pop culture, internet aesthetics, and millennial/Gen Z consumer behavior—but these trends are fickle.

Our Price Target: **\$45.00**  
Our PT assumes continued strong growth and margin expansion. This outlook is driven by the success of original IPs and the sustained demand from the growing “kidult” demographic.

Our Upside Case: **\$64.00**  
Our upside case reflects continued strength in the collectible toy market, accelerated international expansion, and sustained demand from the growing “kidult” demographic. If Pop Mart builds on its current momentum and continues to innovate through new IP launches and high-impact licensing collaborations, we believe earnings could surpass expectations, driving meaningful upside for the stock.

Our Downside Case: **\$23.00**  
Our downside case assumes weakened demand from trend fatigue or an economic slowdown, underperformance of original IPs, and stalled international growth. Higher marketing and distribution costs, lower product prices, and potential overstock from unsold products could further hurt profits and push the stock lower.



As the brand matures, it risks losing cultural relevance or being seen as a fading fad. A historical parallel is Beanie Babies, once a cultural phenomenon that crashed when hype outpaced long-term demand. Pop Mart's characters and collaborations, while currently resonant, may not age well or translate across generations and global markets. If the brand becomes too commercialized or overexposed, it could lose its "cool factor"—especially as it scales and tries to appeal to broader audiences without alienating core fans.

## Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	1,801	2,395	3,353	4,638	6,339	52.1%
EBITDA	687	881	1,274	1,732	2,324	50.1%
EBIT	568	750	939	1,268	1,690	43.9%
NOPAT	78	119	49	116	422	75.5%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	38.1%	36.8%	38.0%	37.3%	36.7%	37.4%
EBIT Margin	31.5%	31.3%	28.0%	27.3%	26.7%	29.0%
Revenue Growth	103.0%	33.0%	40.0%	38.3%	36.7%	50.2%
EBIT Growth	250.3%	32.1%	25.2%	35.0%	33.3%	75.2%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	106.9x	78.3x	62.0x	45.9x	34.4x	65.5x
EV/Sales	25.5x	19.2x	13.7x	9.9x	7.2x	15.1x
EV/EBITDA	66.8x	52.1x	36.0x	26.5x	19.7x	40.2x
FCF Yield	0.9%	1.3%	1.6%	2.2%	2.9%	3.8%

## About \$POPMF

Pop Mart International Group Ltd. (POPMF), founded in 2010, is a designer and retailer of collectible art toys and lifestyle products. The company is best known for its blind-box model, which adds surprise and collectability to its offerings. Pop Mart operates through multiple channels, including retail stores, vending machines (Robo Shops), e-commerce platforms, and IP development. With a growing international presence in mainland China, the U.S., and Europe, the brand resonates strongly with Gen Z and millennial consumers. Pop Mart's mission is to bring joy and spark passion through designer toys and playful experiences. Its broader vision is to become a leading global force in pop culture and entertainment by combining art and technology to create innovative, emotionally resonant products.

## Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

**Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months.

**Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Discounted Cash Flow	
Active Case:	2 Base
Current Share Price	\$34.50

DCF Analysis (\$mm)																
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035
Stub						0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50
Discount Period						0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00
Revenue	360	689	684	887	1,801	2,395	3,353	4,638	6,339	8,558	11,410	15,024	19,531	25,064	31,748	39,685
Revenue Growth	0%	32%	-1%	30%	103%	33%	40%	38%	37%	35%	33%	32%	30%	28%	27%	25%
Sales	360	689	684	887	1,801	2,395	3,353	4,638	6,339	8,558	11,410	15,024	19,531	25,064	31,748	39,685
	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	104	168	73	162	568	750	939	1,268	1,690	2,225	2,691	3,706	4,687	5,848	7,196	8,731
EBIT Margin	29%	24%	11%	18%	32%	31%	28%	27%	27%	26%	25%	25%	24%	23%	23%	22%
Tax Expense	26	49	24	46	146	175	188	254	338	445	578	741	937	1,170	1,439	1,746
Effective Tax Rate	25%	29%	33%	28%	28%	23%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
NOPAT	77.36	119.24	48.80	116.05	421.53	575.00	751.07	1,014.25	1,352.33	1,780.00	2,312.48	2,964.64	3,743.87	4,678.65	5,756.97	6,984.56
D&A	35	67	90	94	119	131	335	464	634	856	1,141	1,502	1,953	2,506	3,175	3,969
Capex	32	51	51	55	71	78	335	464	634	856	1,141	1,502	1,953	2,506	3,175	3,969
Changes in NWC	(12)	(104)	(17)	19	34	34	0	0	0	0	0	0	0	0	0	0
UFCF	93	239	104	135	435	594	751	1,014	1,352	1,780	2,312	2,965	3,750	4,679	5,757	6,985
PV of FCF						578	671	811	966	1,137	1,321	1,514	1,712	1,910	2,101	2,279

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	1.72
Risk Free Rate	4.39%
Cost of Equity	11.84%
Weighted Average Cost of Debt	3.76%
Tax Rate	20.00%
Cost of Debt	0.00%
Total Equity	\$46,544
Total Debt	\$184
Equity/Total Capitalization	99.91%
Debt/Total Capitalization	0.09%
WACC	11.85%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$6,985
Growth	4.00%
Terminal Value	\$89,003
PV of Terminal Value	\$29,045
PV of Projection Period	\$15,001
PV of Terminal Value	\$29,045
Implied TEV	\$44,046
(-) Debt	\$184
(+) Cash	\$832
Implied Equity Value	\$44,694
Basic Shares Outstanding	1343
Implied Share Price	\$33.28
Upside/Downside	-3.53%

Implied Exit BF EV/EBIT	5.0x
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Terminal Value	
Exit Multiple Method	
2034 EBIT	\$8,731
EV/EBIT Exit Multiple	16.0x
Terminal Value	\$139,691
PV of Terminal Value	\$45,586
PV of Projection Period	\$15,001
PV of Terminal Value	\$45,586
Implied TEV	\$60,588
(-) Debt	\$184
(+) Cash	\$832
Implied Equity Value	\$61,235
Diluted Shares Outstanding	1,343
Implied Share Price	\$45.60
Upside/Downside	32.2%

Implied PGR	-3.0%
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Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$45.60
Upside/Downside	32.17%