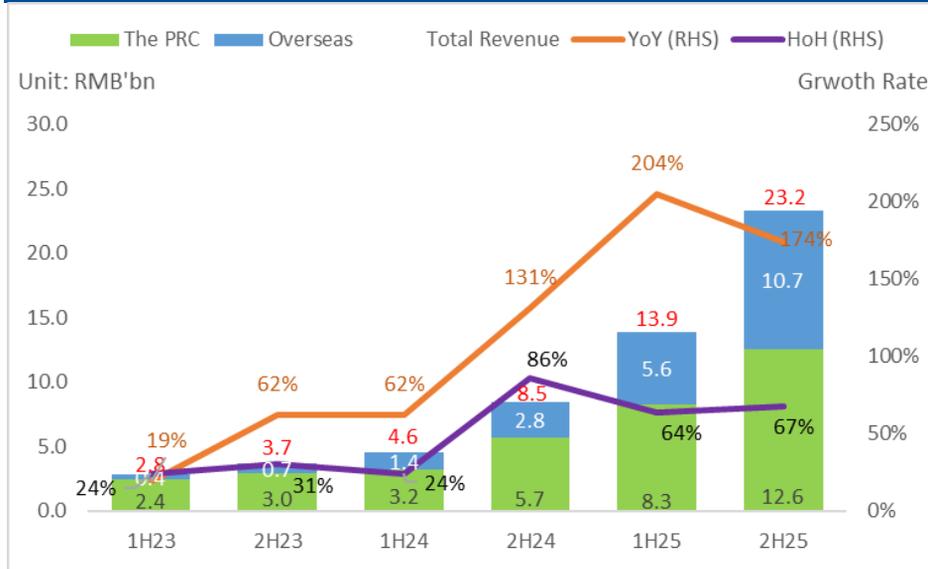


What's Hot Today:

► Pop Mart (9992 HK, \$149.60, HK\$200bn) Sustainable Global IPs

Pop Mart is a global leader in the IP-driven blind-box toys retailer, recently known for its Labubu character. It posted a 2H25 revenue of RMB23.2bn (+175% YoY/ +67% HoH), with net profit reaching RMB8.2bn (+272% YoY/ +79% HoH). The company will allocate 25% of its net profit as dividend at RMB2.38 per share, first distribution since IPO. Despite the strong results, share price plunged by over 30% since the results as market is concerned with its growth potential. However, we believe the company has cultivated a new culture in the overseas market and the business model is sustainable.

Fig 1: Total Revenue (RMB bn)



Source: Company Data, Sunwah Kingsway Research

Slower Overseas Growth: During 2H25, revenue from mainland China amounted to RMB12.6bn (+121% YoY/ +52% HoH), beating market estimates, driven by optimized channel operations and strong online growth (+205% YoY) from POP Draw and livestreaming. A net of only 2 new stores was added, bringing the total to 445, driven by small-store closures and flagship store upgrades. Overseas revenue reached RMB10.7bn (+281% YoY, +91% HoH), representing a 6% HoH increase to 46% of total revenue, but sequential growth missed market expectations, amid weaker overseas operations. Overall, 57 net stores were added for a total of 185 overseas stores.

Looking ahead, the company will set up regional headquarters to drive expansion in Latin America, Africa and Middle East. It will hire local design teams to strengthen product design capabilities and cater for different cultures and markets. It also plans to add more than 100 stores in overseas market while increasing the number of cities covered.

China & HK Indices	CLOSE	1D	YTD
HSI	24,951	0.4%	-2.6%
HSCEI	8,453	0.8%	-5.2%
HSCCI	4,164	0.1%	3.7%
CSI300	4,502	0.6%	-2.8%
Shanghai A	4,104	0.6%	3.9%
Shanghai B	263	0.8%	3.9%
Shenzhen A	2,699	1.3%	1.9%
Shenzhen B	1,201	0.4%	-5.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	45,166	-1.7%	-6.0%
S&P 500	6,368	-1.7%	-7.0%
Nasdaq	20,948	-2.1%	-9.9%
NIKKEI Index	50,928	-4.6%	1.2%
FTSE Index	9,967	-0.0%	0.4%
CAC Index	7,701	-0.9%	-5.5%
DA-X Index	22,300	-1.4%	-8.9%

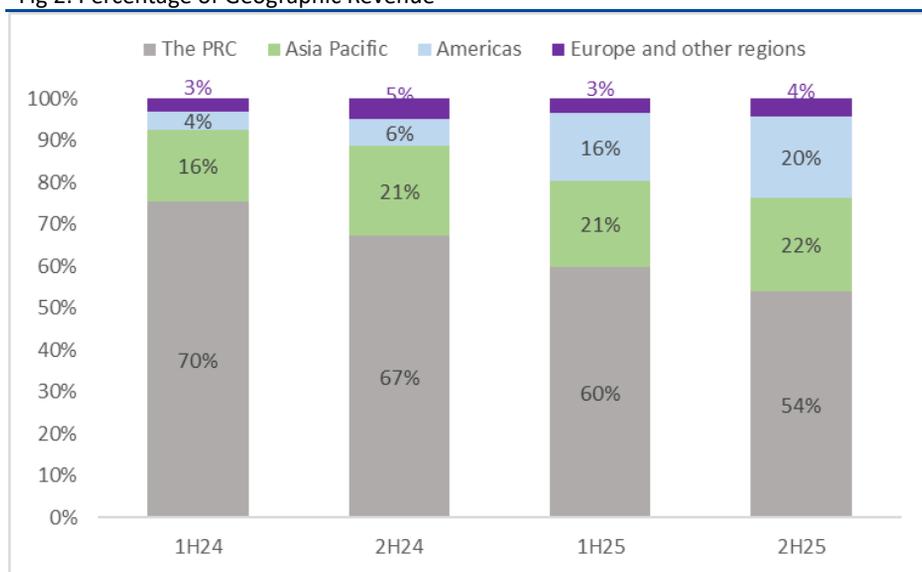
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,494	2.7%	3.0%
STEEL (US\$/oz.)	2,665	-2.6%	4.8%
SILVER (US\$/oz.)	69	2.5%	-4.4%
CRUDE OIL (US\$/bbl)	99	5.5%	77.8%
COPPER (US\$/oz.)	12,195	-1.0%	-1.8%
ALUMINIUM (US\$/oz.)	3,296	1.6%	10.0%
PLATINUM (US\$/oz.)	1,867	1.9%	-10.5%
ZINC (US\$/oz.)	3,115	1.2%	-0.1%
WHEAT (US\$/bu)	605	0.0%	20.0%
CORN (US\$/bu)	462	-1.1%	3.6%
SUGAR (US\$/lb)	139	4.1%	
SOYBEAN (US\$/bu)	1,159	-1.2%	9.7%
PVC (US\$/t)	5,614	-0.4%	45.8%
CRB	368	1.9%	3.0%
BDI			8.2%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.832	0.869	160.310	0.799	6.911
HKD	0.128		0.111	20.470	10.203	0.882
EUR	1.151	9.015		184.520	1.088	7.957
JPY	0.006	4.885	0.542		0.498	0.043
CHF	1.252	9.804	1.088	200.657		8.650
RMB	0.145	1.133	0.126	23.186	0.116	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	31	15.9%

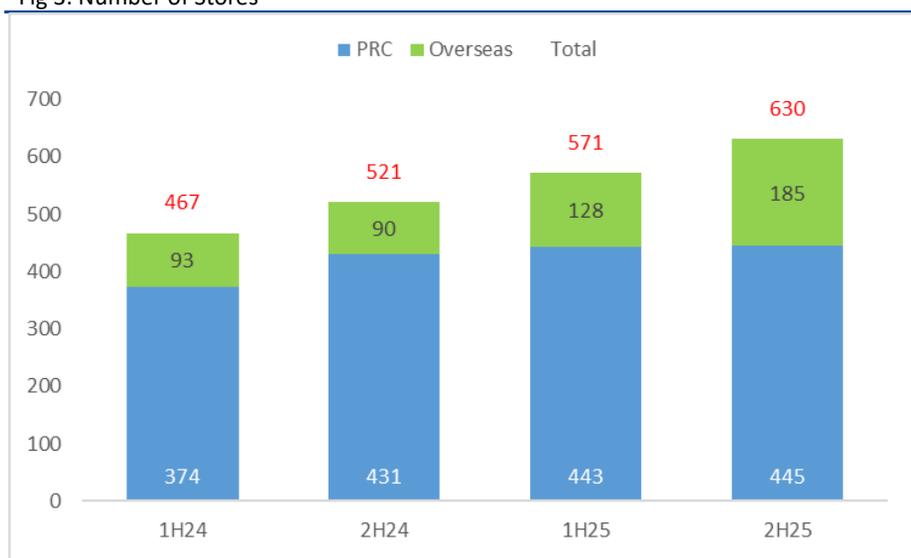
Source: Bloomberg

Fig 2: Percentage of Geographic Revenue



Source: Company Data, Sunwah Kingsway Research

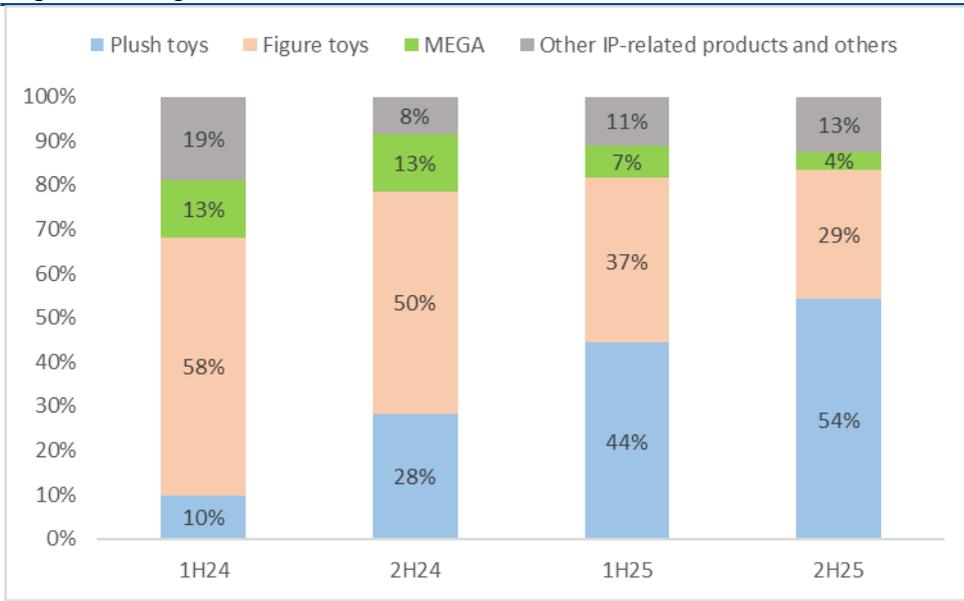
Fig 3: Number of Stores



Source: Company Data, Sunwah Kingsway Research

Higher-Margin Product Mix: High-margin plush revenue surged to RMB12.6bn (+427% YoY, +105% HoH), accounting for 54% of total revenue, supported by Labubu and broader IP plush expansion. Figure toys grew to RMB6.8bn (+60% YoY, +32% HoH) but declined to 29% of total sales. Other IP-related businesses rose to RMB2.9bn (+307% YoY, +88% HoH), or 13% of total, driven by derivatives, licensing and theme parks. MEGA revenue fell to RMB0.9bn, representing 4% of sales.

Fig 4: Percentage of Product Revenue

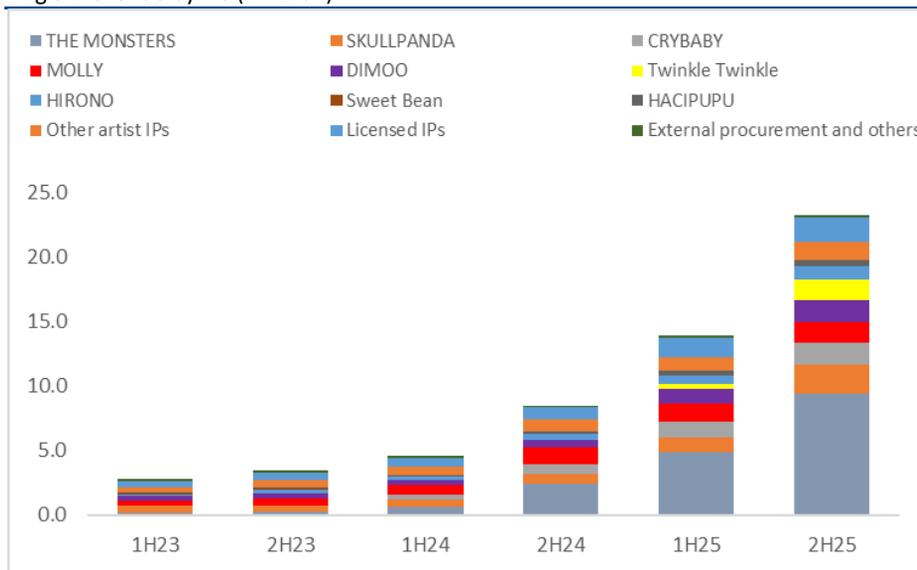


Source: Company Data, Sunwah Kingsway Research

Strong Labubu Series Growth: Sales from the Monster series anchored by Labubu reached RMB9.3bn (+287% YoY /+94% HoH), with its share of total revenue rising 5% HoH to 40% and responsible for 48% of the total revenue increment. Classic IPs including Molly, SKULLPANDA and DIMOO grew to RMB5.5bn (+115% YoY / +50% HoH), with its share edging down 3% sequentially to 24%, which contributed over 20% of total incremental revenue. The newly launched Twinkle Twinkle surged 328% HoH to RMB1.7bn (7% of revenue), with its incremental contribution reaching 14% of total revenue growth. Overall, the share of Artist IP rose further to 90%.

As Labubu has attracted various international collaborations, such as the Macy's Thanksgiving last year and the upcoming FIFA World Cup, it is expected that its global presence will continue to increase. Furthermore, its film with Sony Pictures is in script development which could drive another wave of sales when the movie comes out. As for other IPs, the company is also actively developing them and seeking more new characters. For instance, there will be an artist partnership launching in the second half of 2026.

Fig 5: Revenue by IPs (RMB bn)

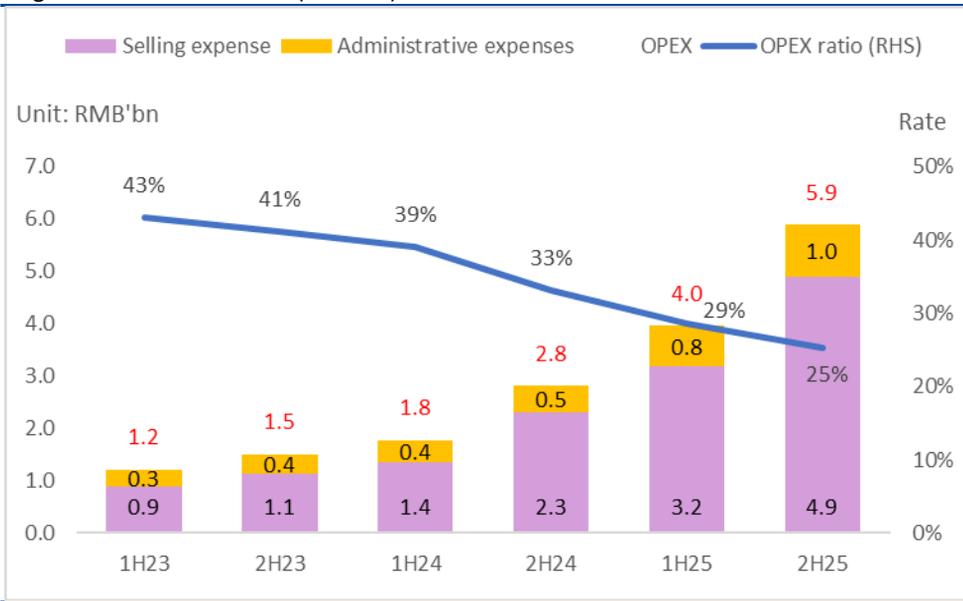


Source: Company Data, Sunwah Kingsway Research

Profitability set a record: Higher overseas revenue mix (overseas GPM 10% above PRC) and higher-margin plush mix lifted GPM to 73%. Core operating profit was 11.1bn (+273% YoY/+92% HoH), with core OPM rising to 48%, supported by operating leverage and efficiency as opex ratio fell 4% sequentially to 25%. Net profit reached 8.2bn (+272% YoY/+79% HoH), NPM improved to 35%. Overall profitability remained strong and hit a new high.

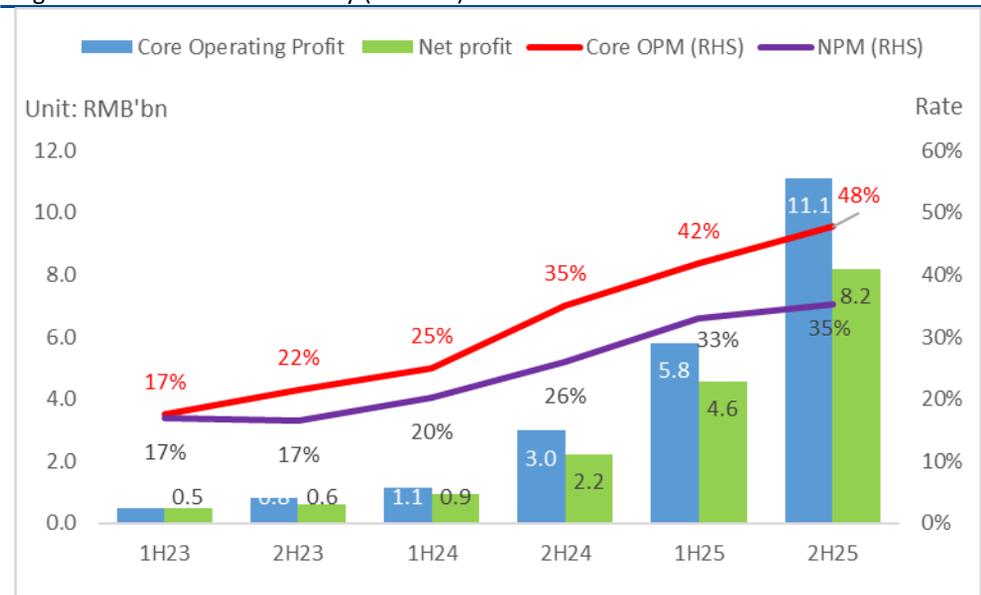
Going forward, the NPM is expected to at least be maintained given that the contribution from the plush toys is increasing.

Fig 6: Breakdown of OPEX (RMB bn)



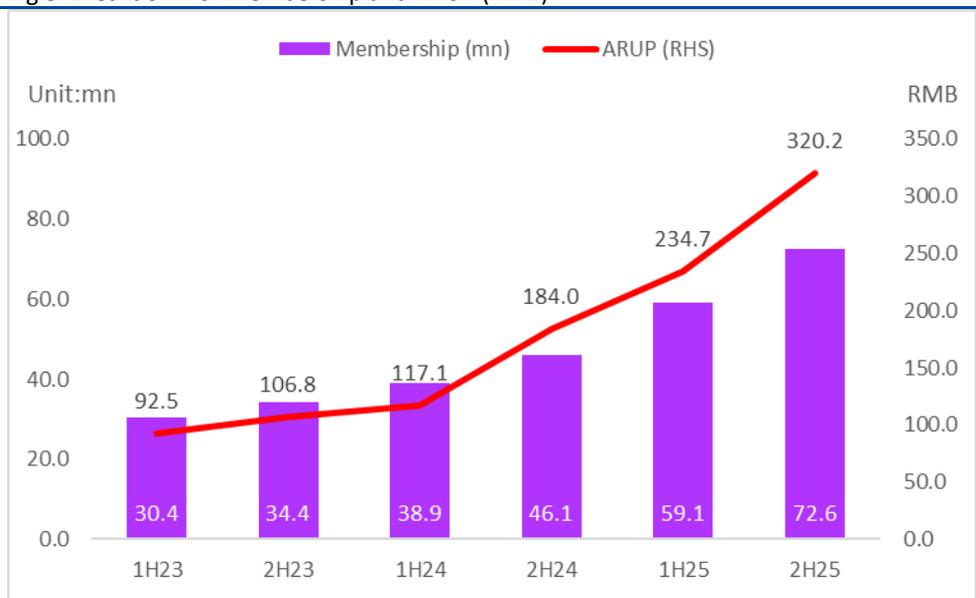
Source: Company Data, Sunwah Kingsway Research

Fig 7: Breakdown of Profitability (RMB bn)



Source: Company Data, Sunwah Kingsway Research

Fig 8: Breakdown of Membership and ARUP (RMB)

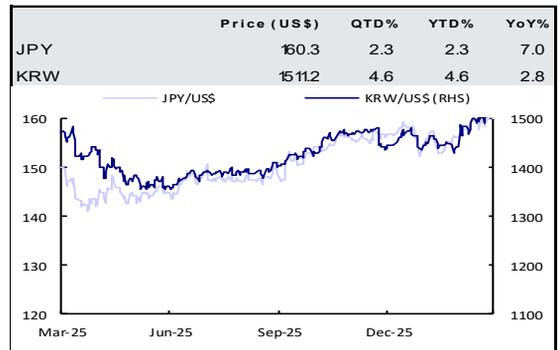
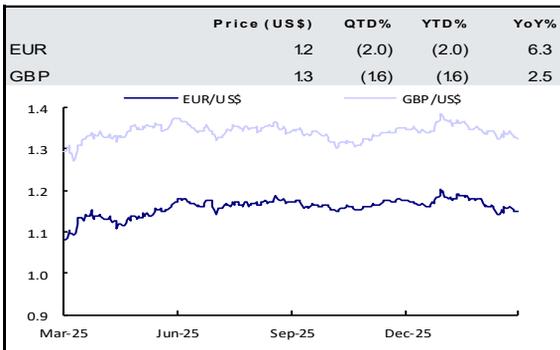
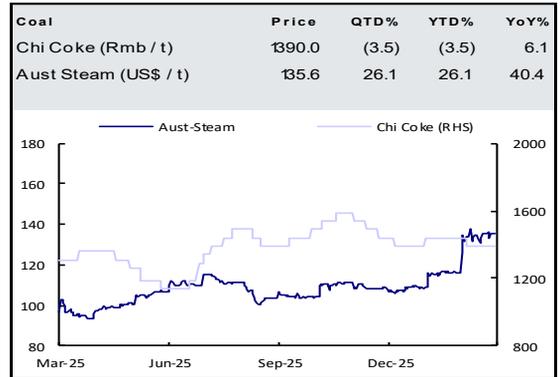
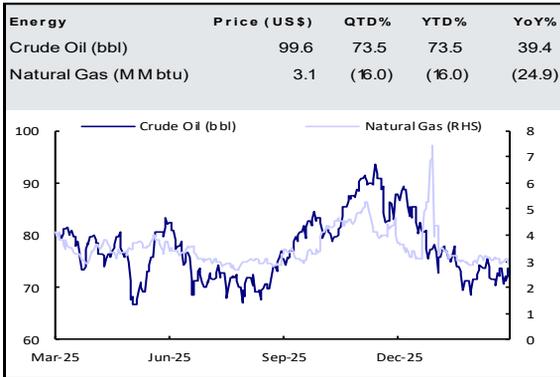
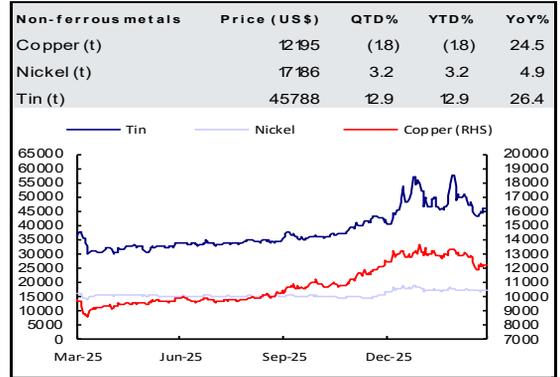


Source: Company Data, Sunwah Kingsway Research

Our views: The company's share price dropped more than 30%, blaming the missed market expectations and possibility the Labubu effect had faded. However, we are of the view that the company's revenue can be resilient. The Mgt targets no less than 20% YoY revenue growth in 2026. It is believed that with the diversifying IP contribution, the reliance of Labubu will be reduced as the other key IPs are also experiencing high growth. With the global sales network, and the mix of self-developed IPs and popular local demand, the company has successfully brought the blind-box toys culture to the western countries. We are also confident with the company's marketing ability in leveraging global events to increase its product presence.

Using the Mgt's 2026 revenue target and assuming a NPM of 35% (no worse than FY25), our back-of-the-envelope calculation suggested that FY26E revenue could reach RMB44.5bn with a net profit of RMB15.6bn. This translates to an FY26E EPS of RMB11.62. By applying a 15x PE and an exchange rate of 0.88, we arrive at a fair value price of HK\$198, or a 32% upside potential. As a benchmark, Sanrio (8136 JP) is currently trading at 24.2x FY26E PE with an estimate profit growth of 27% YoY. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
ISM Manufacturing PMI	MoM		1-Apr-26
Retail Sales	MoM		1-Apr-26
Business Inventories	MoM		1-Apr-26
Trade Balance	MoM		2-Apr-26
Employment Report	MoM		3-Apr-26
Durable Goods Orders	MoM		7-Apr-26
Personal Income & Spending	MoM		9-Apr-26
PPI	MoM		14-Apr-26
Housing Starts / Building Permits	MoM		29-Apr-26
New home Sales	MoM		5-May-26
Factory Orders	MoM		10-Apr-26
Initial Jobless Claims	WoW		2-Apr-26
Wholesale Inventories	MoM		9-Apr-26
CPI	MoM		10-Apr-26
Existing Home Sales	MoM		13-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	QoQ		9-Apr-26
Consumer Confidence	MoM		31-Mar-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Mar-26
Foreign Exchange Reserves	QoQ		7-Apr-26
Money Supply - M2	MoM		9-Apr-26
PPI	MoM		10-Apr-26
CPI	MoM		10-Apr-26
Trade Balance	MoM		14-Apr-26
Retail Sales	MoM		16-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	YoY		16-Apr-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		31-Mar-26
Retail Sales	MoM		1-Apr-26
PMI	MoM		8-Apr-26
Foreign Currency Reserve	MoM		9-Apr-26
Unemployment Rate	MoM		23-Apr-26
CPI	MoM		23-Apr-26
Trade Balance	MoM		28-Apr-26
GDP	QoQ		5-May-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Composite Interest Rate	MoM		

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