

BUSINESS & MARKET DUE-DILIGENCE

# The *One-Way* System

How Harim turned the whole chicken — feed to fork — into Korea's lowest-cost broiler franchise, why a two-year commodity cycle still governs its margin, and what a consulting acquirer must underwrite to own the value-add ladder above it.

KOSDAQ 136480 · Harim Co., Ltd.

FY2025 revenue	FY2025 OP margin	Broiler share (#1)	54-qtr avg OP margin*
<b>₩1,440bn</b>	<b>3.3%</b>	<b>~20.7%</b>	<b>0.6%</b>

Prepared for a consulting firm supporting commercial / market due-diligence on Harim and the Korean integrated-poultry and processed-food sector. This is a business-analysis and market-research brief, not an equity-research note: it carries no price target and treats market signals (KRX) only as a secondary overlay.

**Evidence base** · DART Annual Report 2025.12 (rcept 20260318000871) + 5-yr consolidated financials; 14 Harim filings; peer Annual Report for Maniker (027740) & Cherrybro (066360); KRX 1-yr panel; MAFRA / KREI / KAPE / Korea Broiler Council market data, adversarially verified (50-claim pass). Figures cited inline. · Seoul · 2026-06-04 · *\*lowest among Korea's top-500 food firms (CEO Score, 54 qtrs from the 2011 spin-off).*

# Contents

NINE SECTIONS · ~30 PAGES

The monograph is built around a single analytical spine — **the One-Way system**: Harim runs one continuous vertical flow (feed → breeding → grow-out → slaughter → processing → distribution) that makes it the lowest-cost producer in a ~94%-integrated oligopoly. But the same flow sells a **commodity** (the bird), so reported margin is governed by a two-year broiler cycle. Every section reads the business through one question: can the *value-add ladder above the cycle* — fresh meat → branded processed → samgyetang export — lift durable margin before the premium-food drag and group leverage pull it down.

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## HOW TO READ THIS DOCUMENT

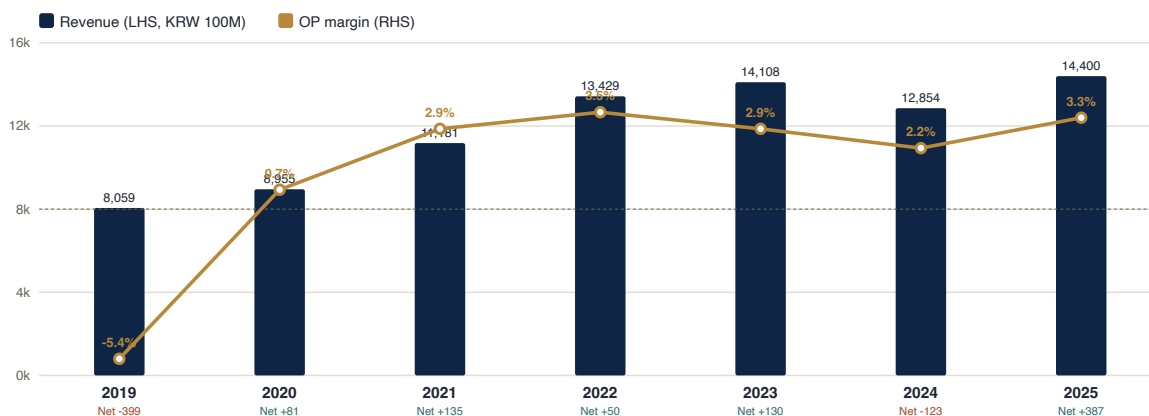
The number that matters most is not the 2025 record (revenue ₩1,440 bn, net income ₩38.7 bn). It is the **0.6% average operating margin Harim has earned across 54 quarters** since its 2011 spin-off — the lowest of any large Korean food firm. The thesis of this report is that Harim is a **scale-dominant, cost-leading commodity processor** whose investable question is the *durability of the value-add ladder*, not the size of the bird.

# Executive Summary

THE THESIS

Harim Co. (KOSDAQ 136480) is **Korea's #1 vertically-integrated broiler company** — a single "One-Way" flow from feed and breeding through grow-out, slaughter, processing and distribution that makes it, in its own words, the country's **most cost-competitive** chicken producer DART 20260318000871. In FY2025 it posted **record revenue of ₩1,440.0 bn (+12.0% YoY)**, operating profit of **₩47.7 bn (3.3% margin)** and net income of **₩38.7 bn** — a sharp rebound from a FY2024 net **loss** of **−₩12.3 bn** DART 20260318000871, consolidated. That swing is the whole story: Harim sells a commodity, and its margin is governed by a roughly two-year broiler cycle, not by the strength of the franchise.

Seven years in one chart: revenue compounds, but the operating margin oscillates with the broiler cycle — and turned negative in 2019



Source: DART 20260318000871 (Annual Report 2025.12) + 5-yr consolidated financials (fmlttSinglAcnt CFS). OP margin on a −6...+6% right-hand scale; net income labelled below each year.

The cost leadership is real and the scale is uncontested — Harim's ~20.7% slaughter share is roughly **twice the nearest single competitor** and ~31% on a group basis Korea Broiler Council / APQA slaughter data. But the quality of earnings is the opposite of the scale. Across the **54 quarters since its 2011 spin-off**, Harim's average operating margin is just **0.6%** — the lowest among Korea's top-500 food firms — with 24 of those quarters in outright loss CEO Score, 2024-09. The franchise dominates volume; the cycle dominates profit.

### THE ONE-SENTENCE THESIS

Harim is the lowest-cost, highest-share operator in a mature, ~94%-integrated Korean broiler oligopoly — but that commodity core earns a near-zero through-cycle margin. The investable question is whether the **value-add ladder above the cycle** (branded processed + samgyetang export) can reach durable operating profit before the commodity cycle, the group's **loss-making premium-food bet (The Misik)**, and a **controlling family with a demonstrated taste for leverage** offset it. The ladder is strategically right — and, today, still loss-making at the segment level.

## Five findings

- 1 Scale leader, lowest cost — by a wide margin.** ~20.7% share (#1,  $\approx 2\times$  #2; ~31% group), the deepest vertical integration in Korean poultry, a ₩250 bn Iksan smart-factory, and contract supply from ~600 farms (85% of birds). This is a durable cost-and-distribution moat DART 20260318000871.
- 2 The cycle, not the company, sets the margin.** FY2024 was an industry trough (net –₩12.3 bn; live-bird price –23.9% to ₩1,570/kg); FY2025 a supply-discipline rebound (net +₩38.7 bn; ₩1,903/kg). Every listed peer troughed in 2024 and rebounded in 2025 in lock-step KREI Livestock Outlook; DART peer filings.
- 3 The value-add ladder is being climbed at a loss.** Processed rose from 12.5% of sales (2022) to ~16% and earns  $\approx 2.3\times$  the per-kg margin of fresh meat — yet the processed *segment* posted a –₩24.7 bn operating loss in FY2025. Strategically right, not yet earning DART 20260318000871, segment.
- 4 The 2025 rebound is lower-quality than the headline.** In Q1 2026 group OP rose +67.8% YoY, but the *core broiler* segment OP collapsed –70.9% — the print was carried by a one-off feed/hatchery swing, and broiler-slaughter utilisation fell to 66.4% DART 20260513000674.
- 5 The real risks sit at the group, off this balance sheet.** The ₩500 bn+ cumulative loss of the The Misik premium-food venture (housed at Harim Holdings, *not* 136480) and the collapsed ₩6.4 tn HMM bid that would have levered affiliate Pan Ocean both signal group-level financial aggression that can bleed into the listed entity DART; Harim Holdings disclosures; thebell.

## The three make-or-break diligence questions

Everything in this monograph reduces to three questions a commercial-DD client must answer before underwriting Harim or the sector. We frame them here and resolve each in the sections that follow.

### A · Does the ladder earn?

The value-add story (processed + samgyetang export) is real on a per-kg basis but loss-making at the segment level today. **Does it reach operating profitability — and how fast?** The cleanest forward KPI is the processed share trajectory and its segment margin. → §3, §7

### B · Top or new base?

FY2025 was a record. **Is it a cycle top or a durable new base?** The Q1'26 core-broiler weakness argues caution; the answer turns on 2026 supply discipline, feed-grain prices, and AI. → §2, §5, §6

### C · How does the group bleed in?

The listed entity is clean-ish; the group is not. **How do The Misik losses, HMM-style leverage appetite, cartel litigation and succession structure transmit to 136480?** → §3, §8

FY2025 revenue

**₩1,440bn**

+12.0% YoY · record

FY2025 net income

**₩38.7bn**

vs -₩12.3bn FY2024

Operating cash flow

**₩129.1bn**

+47% YoY

Net debt

**₩288.7bn**

Borrowing dependency  
43.2% ↓

Broiler slaughter share

**~20.7%**

#1, ≈2× #2; ~31% group

processed share of sales

**13.4%**

from 12.5% (2022)

Through-cycle OP margin

**0.6%**

54-qtr avg (2011–)

Holding-co ownership

**57.4%**

Harim Holdings; group  
58.9%

#### A NOTE ON FRAMING

Per the client brief, this is a **business and market analysis, not an investment view**. We do not opine on the share price; KRX signals appear once, in §9, as a secondary overlay. The unit of analysis throughout is the **listed operating company, Harim 136480** — deliberately firewalled from the broader Harim Group (Harim Holdings, 70 affiliates) except where group facts demonstrably transmit to the listed entity's economics.

# 1 The Business in Its Own Words

THE ONE-WAY MODEL

Harim describes its own production as a "One-Way process" — a single continuous flow in which a live bird enters and a packaged product leaves, with no break in the chain <sup>DART 20260318000871</sup>. That sentence is the entire business model. Harim owns or controls every step: breeding stock (grandparent/parent stock), hatching, feed milling, contract grow-out, slaughter, further-processing, and distribution. It is the most complete **vertical integration** in Korean poultry, and it is the source of both the cost moat and the commodity exposure.

## Segments and the legal-entity map

For external reporting Harim runs three operating segments — **Broiler, processed (processed meat), and other (feed, hatchery, foodservice)** — but the value chain is run across the listed company and three consolidated subsidiaries:

Stage	Activity	Run by
Breeding / grow-out	GP/parent/broiler rearing, hatching, hatching-eggs	Harim + HBC
Feed	compound-feed milling (540,000 t/yr; Gimje-Jeongeup)	Harim
Slaughter / processing	broiler slaughter & fresh-meat production	Harim (Iksan-Jeongeup)
Spent-hen / export	Spent-hen slaughter & export	Singgreen FS
Further-processing	nuggets, samgyetang, RTE (200 t/day, ~350 SKU)	Harim

Source: DART 20260318000871, business overview. HBC and Singgreen FS are 100%-owned consolidated subsidiaries; SINGGREEN VINA (Vietnam distribution) is held via Singgreen.

## Where the revenue comes from — and where the profit does **not**

On the FY2025 product split, **Broiler/fresh meat is ~70.7%** of revenue (fresh meat alone 59.7%), **Processed 13.4%**, and other (feed, hatchery, foodservice, biological assets) ~15.9%; sales are **98.96% domestic**, with samgyetang-led exports just ~1.0% <sup>DART 20260318000871</sup>. But the operating-profit split tells a different and crucial story.



**THE HEADLINE TENSION**

In FY2025 the strategically-prized **processed segment lost ₩24.7 bn at the operating level** (loss widened from –₩11.2 bn in 2024), while group profit was carried by the commodity **broiler (+₩34.1 bn)** and a swing in **other/feed (+₩38.4 bn)** DART 20260318000871. The business sells most of what it makes as a commodity and earns its profit there — exactly the opposite of where the strategy points.

**Channels.** Harim sells to large-format retail (large marts (e.g. E-Mart)), fried-chicken franchises (e.g. Hosigi Two-Chicken), and B2B distributors, and has pushed into online/early-delivery DART 20260318000871. Concentration on a handful of mart and franchise buyers is a recurring negotiating-leverage exposure (\$8).

**Market position, in the company's words:** cumulative slaughter of ~202.4 million birds and a ~20.7% **domestic share** — **#1**, against ~40 competitors, with claimed **#1 brand power** DART 20260318000871, APQA (Quarantine Agency) slaughter data.

**Physical capacity — the asset base**

The One-Way flow is anchored in heavy, capital-intensive plant. The cost moat is literally built of it.

Asset	Capacity	Note
Iksan slaughter / processing	400,000 birds/day	₩250 bn smart-factory; full operation 2019; animal-welfare line
Jeongeup slaughter / processing	230,000 birds/day	animal-welfare slaughter system
Gimje + Jeongeup feed mills	~540,000 t/yr	captive compound feed
Further-processing	200 t/day · ~350 SKU	nuggets, samgyetang, RTE
Hatcheries (×4)	~140m chicks/yr	internal chick supply

Source: DART 20260318000871, production facilities. FY2025 utilisation: slaughter 71.8%, processing 85.9%, feed 89.4% (blended 82.8%); hatchery 92.9%.

**ENTITY BOUNDARY — LOAD-BEARING**

The famous "The Misik" premium ramen / RTE brand and the ₩520 bn First Kitchen complex are NOT inside Harim 136480. They sit in Harim Industries Co., a non-listed subsidiary of the holding company Harim Holdings (003380). In this annual report "The Misik" and "First Kitchen" do not appear at all; "Harim Industries" appears once, as a related-party transaction line (₩5.67 bn) DART 20260318000871, related parties. Even the "Harim" brand trademark is owned by Harim Holdings, not by the listed company. Conflating the group's premium-food losses with 136480 materially overstates the listed entity's exposure — a distinction we hold throughout (and quantify in §3).

**The ownership chain in one line**

Harim 136480 is **57.37% owned by Harim Holdings** (the listed holding company); with related parties the controlling bloc is **58.91%**, against chairman **Kim Hong-kuk's** direct 1.23% DART 20260318000871, largest shareholder. The group spans **70 affiliates (5 listed)** — including Pan Ocean (shipping), NS Home Shopping, Sunjin, Farmsco and Jeil Feed — under a co-CEO structure (Kim Hong-kuk + Jung Ho-seok). The share count has been static at **106,209,702** for years; there are no dilutive capital events on record (KRX universe confirms) — the only FY2025 capital action was lifting HBC from 90% to 100% KRX universe.csv; DART 20260318000871.

**People and R&D — a commodity profile**

Harim employs **2,564 staff** (790 office, 1,774 production) at an average ₩54.4 m, and spends just **₩3.4 bn — 0.24% of sales — on R&D** DART 20260318000871. That R&D intensity is the signature of a commodity food processor, not a branded-CPG or technology business; it is a relevant data point for any thesis that the company can out-innovate CJ or Ottogi up the value ladder (§6).

## Why "One-Way" is the right metaphor — and the right risk lens

A consulting client should hold two implications of the One-Way model simultaneously.

**The upside: structural cost leadership.** Because Harim owns each link — breeding genetics, feed formulation, grow-out contracts, slaughter, processing — it captures the full chain margin and removes the markups an un-integrated processor pays at every handoff. The company states plainly that vertical integration delivers "*production-cost reduction to international standards ... the most price-competitive among domestic integrators*" (company's words, translated) DART 20260318000871. In a market where ~96% of birds move through contract integration, the depth of that integration is the competitive variable — and Harim's is the deepest.

**The downside: the chain amplifies a commodity.** The same integration that lowers cost also means a single input — the live-bird price — and a single output — fresh-meat price — set the result. Harim sources 80–95% of birds from ~600 contract farms and imports the feed grains (corn, soybean meal) that are its largest cost; both legs are volatile and outside its control. The One-Way flow has **no diversification valve**: when the broiler cycle turns, the whole chain turns with it. That is precisely what §2 shows across seven years.

### SECTION 1 TAKEAWAY

Harim is the most completely integrated, lowest-cost, highest-share broiler operator in Korea — a genuine cost-and-scale moat. But it is a **commodity** moat: ~71% of revenue and the bulk of profit are fresh meat, the value-add ladder is small and (today) loss-making, and the premium-food ambition the market associates with "Harim" largely lives in a different legal entity. The investment case rests on the ladder, not the bird.

Quick reference — Harim 136480 at a glance (FY2025, consolidated)		Value
Revenue		₩1,440.0 bn
Operating profit / margin		₩47.7 bn / 3.3%
Net income		₩38.7 bn
Revenue mix (broiler / processed / other)		70.7% / 13.4% / 15.9%
Domestic / export		99.0% / 1.0%
Employees		2,564
Holding-co ownership (Harim Holdings)		57.37%

## 2 The Last Five Years

THE CYCLE, DECOMPOSED

Read across 2019–2025, Harim's results trace a clean commodity cycle with an upward revenue drift. Revenue grew from ₩806 bn to ₩1,440 bn, but operating margin oscillated between –5.4% and +3.5%, and the company swung through **two outright loss years (2019, 2024)** DART 20260318000871, 5-yr CFS. The pattern is not idiosyncratic — it is the broiler cycle (\$5) running through a fixed-cost vertical chain.

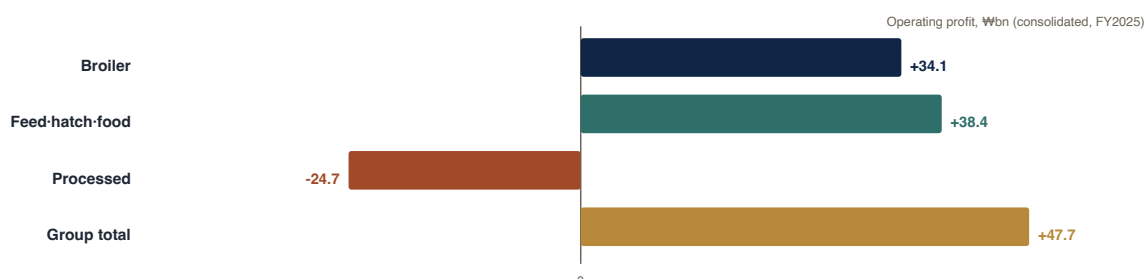
consolidated, ₩bn	2019	2020	2021	2022	2023	2024	2025
Revenue	805.9	895.5	1,118.1	1,342.9	1,410.8	1,285.4	1,440.0
Operating profit	-43.4	6.1	32.1	46.8	40.4	28.5	47.7
OP margin	-5.4%	0.7%	2.9%	3.5%	2.9%	2.2%	3.3%
Net income	-39.9	8.1	13.5	5.0	13.0	-12.3	38.7
Total equity	254.8	284.9	298.5	301.1	308.6	289.1	325.4

Source: DART 20260318000871 + prior annual filings, consolidated (CFS).

### The 2024 trough → 2025 record, mechanically

**2024 (the trough).** Record domestic production met still-elevated tariff-quota imports; the live-bird distribution price fell –23.9% to ₩1,570/kg, fresh-meat realisations dropped, and Harim slid to a **net loss of –₩12.3 bn**, its weakest in years (Q4-2024 alone an operating loss of –₩7.3 bn) KREI Livestock Outlook; DART. **2025 (the rebound).** Supply discipline (broiler slaughter –0.5% to 775.7 m birds, no duty-free import quota, AI culls) lifted the live price +21.2% to ₩1,903/kg, while feed grains eased; operating profit rebounded to ₩47.7 bn and net income to a record ₩38.7 bn KREI 2026 Agriculture Outlook; DART. The rebound was a **price/supply event, not a demand surge.**

**FY2025 segment operating profit — the rebound was carried by feed/other and commodity broiler, while the value-add segment lost money**



Source: DART 20260318000871, segment financials. Group total ₩47.7bn = broiler +34.1 + other +38.4 + processed –24.7.

## The balance sheet: capital-intensive, levered, but deleveraging

Vertical integration is balance-sheet-heavy, and Harim carries the leverage to match — but FY2025's cash generation improved every ratio.

consolidated, ₩bn	FY2024	FY2025	Ratio	FY2024	FY2025
Operating cash flow	87.6	129.1	Debt-to-equity Debt-to-equity	188.1%	162.8%
Investing cash flow	-85.2	-32.2	Borrowing dependency Borrowing dependency	51.3%	43.2%
CAPEX (PP&E)	—	39.0	Current ratio Current ratio	61.5%	72.2%
Total borrowings	—	369.8	DPS (common)	₩0	₩40
Net debt	—	288.7	Payout (consolidated)	—	11.0%
Year-end cash	41.3	81.1			

Harim repaid ₩20 bn of bonds in 2025, resumed a token dividend (DPS ₩40, ~11% payout against a stated policy of 10% of standalone net income), and holds no buyback/cancellation programme DART 20260318000871. The deleveraging is real but the structure remains **capital-intensive and ~163% geared** — a balance sheet with limited slack to absorb a second consecutive trough year or an AI shock.

## Momentum into 2026 — the rebound is real, but lower-quality

The most recent print (Q1 2026) confirms the headline rebound is intact but flags a deterioration at the core. Group revenue rose +1.7% YoY and operating profit +67.8% — but that beat was **entirely a feed/hatchery swing**:

Q1 2026 vs Q1 2025 (consolidated, ₩bn)	Rev '26	Rev YoY	OP '26	OP '25
Broiler	240.7	+6.1%	3.6	12.5
Processed	55.5	-9.1%	-3.7	-5.7
Feed·hatch·food	31.8	-7.8%	11.7	0.2
<b>Group</b>	<b>328.0</b>	<b>+1.7%</b>	<b>11.7</b>	<b>6.9</b>

Source: DART 20260513000674 (Quarterly Report 2026.03), segment. Core broiler OP fell -70.9% YoY; slaughter utilisation fell to 66.4% from 73.6% (9M'25).

### QUALITY-OF-EARNINGS FLAG

The Q1'26 group profit grew while the **core broiler segment that defines Harim weakened sharply** (OP -70.9% on +6.1% revenue) and processing stayed loss-making. The summer samgyetang peak (Q2-Q3) is the tell: if broiler margins do not recover there, FY2025 risks proving to be the cycle top rather than a new base — diligence question **B**.

## What five years actually proves

Stepping back from the annual noise, the 2019–2025 record settles three things a client should treat as established fact rather than thesis.

- ▶ **Revenue compounds with the category, slowly.**  $\sim +10\%/yr$  nominal over the window, driven by volume/share and price, not by a step-change in mix. There is no evidence yet of the branded-food inflection that would re-rate the revenue base.
- ▶ **Margin is cyclical and thin, with a floor below zero.** Two loss years in seven, a 54-quarter average of 0.6%, and a peak operating margin of 3.5%. This is the margin profile of a commodity processor, full stop <sup>CEO Score; DART</sup>.
- ▶ **The franchise is durable through the cycle.** Despite two loss years, equity rose 255 → 325 bn, leverage fell, and share held at #1. Harim does not get competed away in a downturn — it out-survives weaker integrators (\$6). The risk is earnings *quality*, not solvency.

The strategic question the five years pose is therefore sharp: a cost-leading, share-dominant, cycle-bound commodity business throws off real operating cash (₩129 bn in 2025) but a near-zero through-cycle margin. **What does it do with the cash and the scale?** Harim's answer — climb the value ladder into branded processed chicken and exports, while the group separately chases premium packaged food — is the subject of \$3, and the crux of the investment case.

### BRIDGE TO SECTION 3

Hold two facts together from here: (1) the value-add ladder earns  $\approx 2.3\times$  the per-kg margin of commodity fresh meat, and (2) the processed segment nonetheless *lost* ₩24.7 bn in 2025. The reconciliation of those two facts — scale, fixed cost, and where the group's premium-food money is actually being spent — is the most important analysis in this report.

### 3 Products & the Value-Add Ladder

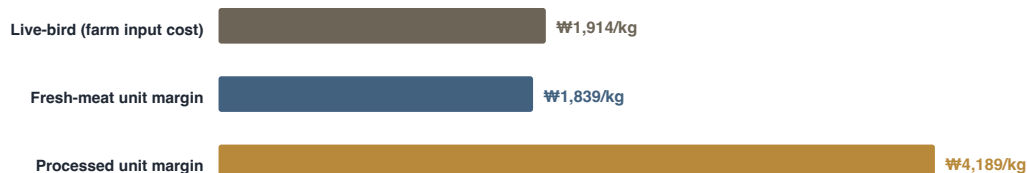
FRESH → PROCESSED → EXPORT

Harim's strategy is a deliberate climb up a value ladder, away from the volatile commodity bird toward higher-margin, branded, less-cyclical products. The ladder has three rungs inside the listed company — **fresh meat** → **branded processed (nuggets, samgyetang, RTE)** → **exports** — plus a fourth, much larger and riskier rung that sits *outside* it (The Misik, at the holding company). Getting the boundary right is half the analysis.

#### The per-kg margin case — why the ladder matters

On a per-kilogram basis the logic is compelling: processed product sells at roughly double the price of raw broiler and earns roughly **2.3× the unit margin of fresh meat**.

The value-add ladder, per kilogram — processed product earns  $\approx 2.3\times$  the unit margin of commodity fresh meat



Processed product earns  $\approx 2.3\times$  the per-kg margin of commodity fresh meat. Illustrative (analyst calc, Q1-2024 basis); live-bird = FY2025 farm purchase price.

Illustrative (analyst calculation, Q1-2024 basis, dealsite); live-bird = FY2025 farm purchase price (DART 20260318000871). Not an audited segment disclosure — see caveat.

Every point of revenue that shifts from commodity fresh meat ( $\sim$ ₩1,839/kg margin) to branded processed ( $\sim$ ₩4,189/kg) structurally **de-cyclicalises** earnings. The processed share of Harim's sales has risen from **12.5% (2022) to  $\sim$ 16%**, and the cleanest single forward KPI for the whole thesis is whether that share keeps climbing — and, critically, whether it does so at a *profit* <sup>DART; dealsite</sup>.

#### THE RECONCILIATION — READ THIS CAREFULLY

The per-kg margin is attractive, yet the processed **segment lost ₩24.7 bn at the operating level in FY2025**. The two facts coexist because the segment carries the fixed cost of the further-processing plants, brand-building and a still-sub-scale SKU range against a price-competitive market — the unit economics of a *marginal* processed kilo are good, but the segment as built does not yet cover its overhead. This is the central operational risk: **the ladder is real, but Harim is climbing it at a loss, and has been for years**. Diligence question **A** is exactly this: at what processed scale/mix does the segment break even, and is the path credible?

## The export rung — small today, the cleanest growth optionality

Exports are ~1% of Harim's revenue, but they are the rung with the clearest secular tailwind. Korea's total chicken-product exports roughly doubled from **US\$19.7 m (2023) toward US\$40 m+ (2024)** on the back of a landmark event: the **first-ever samgyetang shipment to the EU in May 2024** (8.4 t to Germany), achieved ~28 years after Korea first requested access MAFRA; sedaily. Harim is the **#1 Korean samgyetang exporter**, with company-disclosed samgyetang exports rising ₩5.97 bn (2021) → ₩8.28 bn (2024) and a self-cited ~30–40% share, shipping to the US, Japan, Taiwan, Canada and now the EU Harim Holdings newsroom; Korea Herald. The government's **K-Food 2030 target of US\$21 bn** (declared Dec 2025) puts samgyetang inside a 14-item record-high cohort MAFRA, 2025-12-23.

### WHY EXPORT IS THE HIGHEST-QUALITY RUNG

Unlike domestic processed, exports carry **brand premium + scarcity + policy tailwind** and route through Harim's existing samgyetang processing — incremental margin on installed assets. It is small, but it is the rung most likely to earn its way up. The EU and US "mainstreaming" of samgyetang from ethnic-mart to retail is the optionality a client should size.

## The fourth rung — The Misik — and why it must be firewalled

The market associates "Harim" with the premium **The Misik** ramen/RTE brand and the giant First Kitchen plant. For diligence on 136480 this is the single most important thing to get right: **The Misik is not in the listed company**. It is operated by **Harim Industries Co.**, a **non-listed subsidiary of Harim Holdings**, and it has been a capital sink:

The Misik / Harim Industries (Harim Holdings affiliate — NOT 136480)	Figure
Annual operating loss, 2020 → 2024	−₩29.4bn → −₩127.6bn
Cumulative operating loss (2020–2024)	−₩412.3bn
Cumulative loss incl. 2025 (cited)	~−₩529.6bn
Cumulative revenue (2020–2024)	~₩222.8bn
Harim Industries debt (2024) / D-to-E	₩725.7bn / 226.7%
Iksan First Kitchen investment (end-2020)	~₩520bn

Source: DART filings of Harim Industries via Korean trade press (foodtoday, bizwatch, datanews), adversarially verified. Peer D/E for context: Nongshim 34.6% / Ottogi 64.9% / Samyang Foods 92.6%.

### THE BOUNDARY CUTS BOTH WAYS

**For the listed entity, this is good news:** 136480 does not carry the ₩500 bn+ premium-food loss directly. **But the group does** — and the same controlling family runs both. The risk is transmission: related-party purchases, shared brand, capital-allocation priority, and the reputational/strategic pull of a flagship project that has lost money for five straight years. A client must price the firewall as porous, not absolute (§8).

## Product portfolio — what Harim actually sells

### FRESH / COMMODITY (≈71%)

- ▶ **Harim chicken (KS-marked)** — whole bird, parts, cut, marinated
- ▶ Brand lines: Jayeon Sillok (animal-welfare), Fresh-Up, IFF
- ▶ Channel: large marts, franchise, distributors, online

### PROCESSED (≈13%)

- ▶ **Harim nuggets, Yonggary Chicken** — RTE/frozen
- ▶ **samgyetang** — domestic + the export flagship
- ▶ **chilled chicken breast** — chilled chicken breast (sous-vide, flavoured); company-cited #1 in 2024\*

### EXPORT (≈1%)

- ▶ Frozen samgyetang to US / Japan / Taiwan / Canada / EU
- ▶ FDA + CFIA certified; passed EU inspection
- ▶ #1 Korean samgyetang exporter (~30–40% share, company-cited)

### AT THE GROUP, NOT 136480

- ▶ **The Misik** (ramen, RTE rice) — Harim Industries
- ▶ Melting Piece, Foody Buddy, Harim Pet Food — affiliates
- ▶ Distribution via NS Home Shopping (group)

\*The "#1 chilled chicken-breast 2024" claim is company-sourced (Embrain purchase-panel, refrigerated category only); independent sales-rank metrics name other brands as category leaders. Treat as company-cited positioning, not an audited share.

## Section 3 verdict

### SECTION 3 TAKEAWAY

Harim's value ladder is **strategically correct and partially proven**: processed product earns ~2.3× the unit margin of commodity meat, the processed share is rising, and the export rung has a genuine policy-backed tailwind. But the ladder is **not yet earning** — processed is loss-making at the segment level, and the group's flagship premium-food bet (The Misik) is a ₩500 bn+ cautionary tale of how expensive the climb can be. The investment case is a bet that Harim can make the *chicken-native* rungs (processed + samgyetang) profitable while keeping the general-packaged-food ambition (where it is sub-scale vs CJ/Ottogi) firewalled and disciplined.

## 4 Operations & the Integration Moat

Harim's moat is operational, not brand or technology: it is the only Korean integrator that owns the full chain at scale, and it converts that ownership into the lowest production cost in the industry. This section sizes the moat and its limits.

### The integration ledger

Link	Harim's control	Competitive read
Breeding (grandparent/parent stock)	Owens grand-parent stock; only Harim & Cherrybro hold grandparent stock	Structural — most peers buy chicks
Feed	Captive mills, ~540k t/yr	Removes the largest single markup
Grow-out	~600 contract farms, 85% of birds	Asset-light volume, fixed offtake
Slaughter	630k birds/day; ₩250bn smart-factory	Scale + yield + welfare branding
Processing (processed)	200 t/day, ~350 SKU	The value-ladder engine (\$3)
Distribution	Retail/franchise/online + group NS Home Shopping	Captive channel optionality

The cost edge is quantified where peers disclose it: Cherrybro — the only comparably-integrated peer — reports a feed-conversion ratio (FCR) of ~1.51 vs an industry ~1.72, the kind of efficiency that integration buys [DART 20260323000992](#). Harim, larger and equally integrated, sits at or below that frontier and states it is the most price-competitive domestic integrator [DART 20260318000871](#).

#### THE HBC / SINGGREEN CONSOLIDATION — HOUSEKEEPING, NOT A DEAL

The cluster of "merger" filings in early 2026 was Harim absorbing **HBC**, a wholly-owned breeding subsidiary (revenue ~₩4.5 bn), via a no-new-share small-scale merger "for operational efficiency" [DART 20260122000488](#). It internalises the upstream breeding rung of the One-Way chain and is immaterial to the financials — not a strategic event. **Singgreen FS** (spent-hen slaughter + export, ₩52 bn revenue) remains the larger consolidated subsidiary.

## Where the moat stops

Integration is a cost moat, not a pricing moat. Three limits matter for diligence:

- ▶ **It does not set the output price.** Fresh-meat realisations track the live-bird cycle regardless of how efficiently Harim produces. The moat lowers the cost line; it does not lift or stabilise the revenue line. In a trough, the most efficient producer simply loses less.
- ▶ **It concentrates input risk.** Owning feed means owning exposure to imported corn/soybean-meal prices and the KRW/USD rate — the 2025 margin recovery leaned on a bearish global grain outlook (record US corn crop), which can reverse <sup>USDA WASDE 2025</sup>.
- ▶ **It demands continuous capital.** Smart-factory, welfare-slaughter, biosecurity and processing all require reinvestment (₩39 bn PP&E capex in 2025); the moat is maintained, not free.

## The operational differentiators Harim leans on

### ANIMAL-WELFARE SMART-FACTORY

All Iksan/Jeongeup lines run an animal-welfare slaughter system; Harim positions this as both a quality/yield lever and a premium-branding hook (Jayeon Sillok). Welfare and low-carbon certification are increasingly cost-of-entry under MAFRA's 3rd Animal Welfare Master Plan (2025–2029) — Harim is ahead of the regulatory curve <sup>DART; MAFRA</sup>.

### BIOSECURITY & SUPPLY RESILIENCE

Contract-farm diversification (~600 farms) and four internal hatcheries buffer avian-influenza disruption, but cannot eliminate it — AI remains the dominant supply shock (\$5). FY2025 already absorbed an H1 AI episode plus a hatchery fire that lifted breeding-egg costs <sup>DART 20260318000871</sup>.

### SECTION 4 TAKEAWAY

Harim's integration is a **genuine, defensible cost moat** — the deepest in Korean poultry, validated by share, survival through two trough years, and explicit cost leadership. But it is a moat around a **commodity**: it minimises cost, not volatility, and it concentrates feed/FX/biosecurity risk on a single levered balance sheet. The moat is why Harim wins the volume war; it is not, by itself, why the equity would re-rate. That depends on \$3's ladder and \$7's forward view.

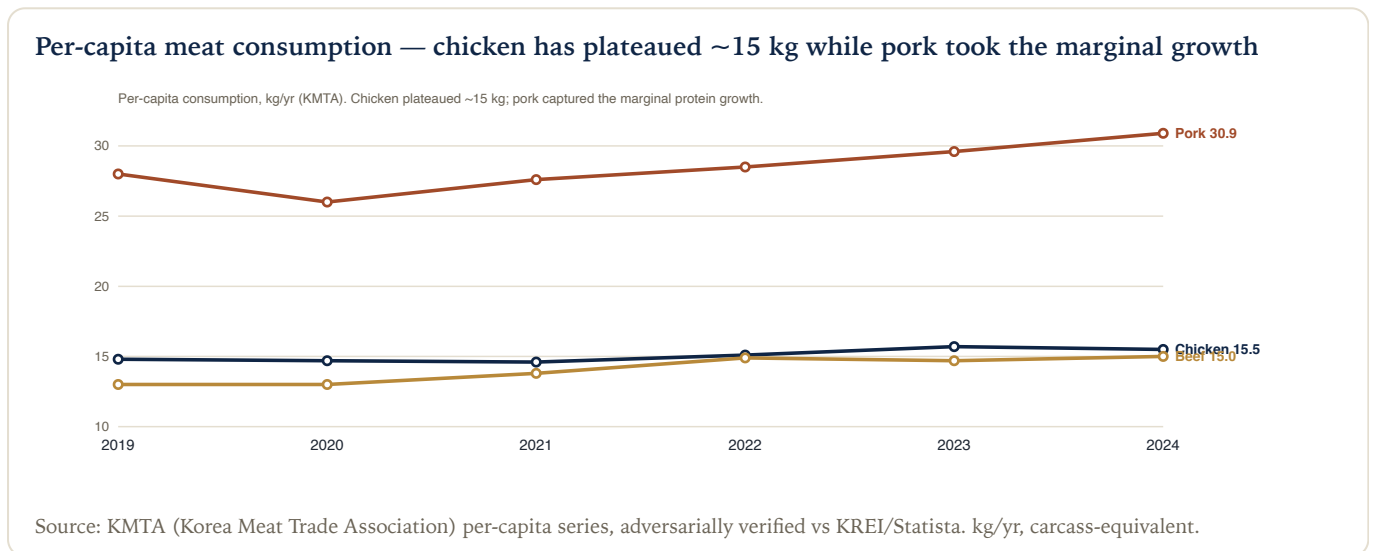
## 5 Market Structure & Demand

### THE KOREAN BROILER COMPLEX

Harim operates in a **mature, ~₩3.2 tn (packaged-meat value), ~94%-vertically-integrated** Korean chicken market whose profitability is governed by a two-year supply cycle, punctuated by avian influenza, and shaped by feed-grain and FX cost swings. Demand is structurally flat; the action is on the supply and cost side, and — for growth — in exports and processing.

#### Demand: mature, with chicken plateaued behind pork

Korean per-capita chicken consumption roughly **doubled over 20 years (7.8 kg in 2003 → 15.7 kg in 2023)**, but has **plateaued at ~15 kg** since 2021 while **pork captured the marginal protein growth (28.0 → 30.9 kg, 2019–2024)** <sup>KMTA; KREI</sup>. Chicken is the #3 meat (~25% of red+white meat by weight), structurally behind pork (~50%). The demand thesis for Harim is therefore **not** domestic per-capita growth — it is share, value-mix and exports.



Korea's chicken **self-sufficiency fell to 77% in 2023** — the first sub-80% reading on record — as tariff-quota imports surged, recovering to ~83% in 2024 as the quota lapsed <sup>MAFRA/KREI</sup>. Packaged chicken meat is the **4th-largest food category by production value (₩3.24 tn)**, behind packaged pork, beef and seasoned meat <sup>MFDS 2025 production stats</sup>.

## Structure: a ~94%-integrated oligopoly under an antitrust shadow

The defining structural fact is integration: ~94–95% of broilers are produced by integrators, and ~96% of slaughter volume is contract-farmed — the independent spot market is a thin residual KAPE; Korea Broiler Council. The market is an oligopoly of ~6 majors, and it carries a live antitrust shadow: in 2022 the KFTC fined 16 integrators ₩175.8 bn for a ~12-year output/price cartel (covering ~77% of the fresh-broiler market), with five firms — including peers Olpum, Hangang Food, Dongwoo, Maniker, Cherrybro — referred to prosecutors KFTC, 2022-03; etnews. Cartel litigation is an ongoing sector-wide governance/legal risk.

## The cycle: ₩1,570 → ₩1,903/kg, and what drives it

The live-bird price (live-bird distribution price) is the sector's heartbeat. It collapsed to ₩1,570/kg in 2024 (–23.9%) on oversupply, then rebounded +21.2% to ₩1,903/kg in 2025 on supply discipline (slaughter –0.5%, no import quota, AI culls) KREI Livestock Outlook. For reference, the COVID trough hit ~₩696/kg in August 2020 (roughly –43% in a month) — the amplitude is severe KREI; verified. The cycle is a classic ~2-year broiler whip: placement-driven oversupply → biological/voluntary supply cut + policy → price rebound.

### COST DRIVER 1 — FEED (CORN / SOYBEAN MEAL)

Korea imports ~11.5m t corn/yr; feed is the largest broiler cost. The 2025–26 outlook is disinflationary — a record US corn crop (+13%) and rising soybean-meal supply point to lower compound-feed cost — the relief leg of the 2025 margin recovery USDA WASDE 2025.

### COST DRIVER 2 — FX (KRW/USD)

Won weakness through 2024–26 raises imported-grain cost in won terms and can erase the benefit of cheaper dollar grain. The 2025 poultry outlook explicitly flags FX uncertainty as the key downside to the feed-cost tailwind.

## The recurring shock: avian influenza

Highly-pathogenic AI is the dominant supply shock. The 2020–21 season was a record ~30 m-bird cull; cumulative Nov-2020→May-2024 reached 47.5 m birds at 794 premises, and 5-year cull compensation totalled ₩528.9 bn National Assembly audit 2024; MAFRA. The 2024–25 season began 35 days early (Oct 2024) with 49 poultry-farm outbreaks and ~6.7 m culled; a more-lethal H5N1 strain is the key forward supply risk into 2025–26 MAFRA, verified.

## Growth where it exists: processing & exports

With domestic per-capita flat, the market's growth vectors are the two rungs of Harim's ladder:

- ▶ **Processed / HMR.** Korea's HMR (convenience-food) market roughly doubled over a decade to ~₩6.5 tn (2023, KREI basis; Euromonitor ~₩5.3 tn, ~₩7 tn projected 2024), driven by single-person households, solo dining, and food inflation pushing consumers from dining-out to RTE — a tailwind for branded chicken HMR KREI; Euromonitor, verified. (Korea processed-meat market estimates range widely by methodology — ~US\$3.7–12 bn, ~3–4.4% CAGR independently — so we anchor on direction, not a single vendor figure.)
- ▶ **Exports / K-Food.** Chicken-product exports doubled to US\$40 m+ (2024) on the EU samgyetang opening; the broader K-Food+ basket hit a record US\$13.0 bn (2024), with the US overtaking Japan as #1 destination and a government US\$21 bn 2030 target MAFRA, verified. Samgyetang sits inside the record-high cohort and has multi-year EU/US runway.

## Regulation: a cost-and-differentiation vector

Three regulatory tracks raise cost but enable premiumisation, and Harim leans into all three: **animal welfare** (MAFRA's 3rd Master Plan, 2025–2029, expanding welfare-certified slaughter), **antibiotic control** (veterinary-drug PLS phased in for chicken from 2024), and **low-carbon/ESG** (poultry's lower carbon intensity vs beef is a relative advantage Harim markets) MAFRA, verified.

### SECTION 5 TAKEAWAY — THE MARKET IN ONE PARAGRAPH

A mature, ~₩3.2 tn, ~94%-integrated oligopoly where Harim sits #1 (~20%). Domestic demand is flat (chicken plateaued ~15 kg; pork takes the growth); profitability is set by a ~2-year live-bird cycle (₩1,570 → ₩1,903/kg) with **feed/FX** the cost swing and **avian influenza** the recurring shock. The only structural growth is in **processing and exports** — precisely the rungs of Harim's ladder — and the only structural risk overhangs are **AI virulence, feed/FX reversal, cartel litigation and import-quota policy**. This is a share-and-mix game in a no-volume-growth pond.

## Market scorecard — the numbers a client will quote

Metric	Value	Basis / source
Packaged chicken-meat production value	₩3.24 tn	MFDS 2025 (4th-largest food category)
Domestic chicken production (2024)	~607–618k t	MAFRA / KREI
Per-capita chicken (2023 / plateau)	15.7 kg / ~15 kg	KMTA / KREI
Vertical-integration rate	~94–95%	Korea Broiler Council / KAPE
Contract-farmed slaughter share	~96%	KAPE distribution survey
Live-bird price 2024 → 2025	₩1,570 → ₩1,903/kg	KREI Livestock Outlook (+21.2%)
Self-sufficiency (2023 / 2024)	77% / ~83%	MAFRA (2023 = first sub-80%)
Chicken-product exports (2023 → 2024)	\$19.7m → \$40m+	MAFRA (EU opening)
K-Food+ exports 2024 / 2030 target	\$13.0bn / \$21.0bn	MAFRA
2022 KFTC cartel fine (16 firms)	₩175.8bn	KFTC (~77% of market)

Every figure independently verified against ≥2 sources where available; single-source or contested figures (per-capita 2024, processed-meat TAM, samgyetang share) flagged in-text as ranges.

### DILIGENCE QUESTION B, RESTATED FOR THE MARKET

The forward call on whether FY2025 is "top or base" reduces to four observable market variables: (1) 2026 broiler placement/slaughter discipline, (2) feed-grain prices (currently a tailwind), (3) KRW/USD (a swing risk), and (4) AI virulence (a tail risk). A client can monitor all four monthly via KREI Livestock Outlook and USDA WASDE — we map them to scenarios in §7.

## 6 Competitive Landscape

SCALE, CYCLE, POSITION

Harim is the uncontested scale leader of a low-margin commodity oligopoly — roughly the size of both listed peers combined — yet it does not earn the highest margin. The competitive read is that **scale buys survival and cost leadership, not pricing power**, and that the whole tier rises and falls together on the cycle.

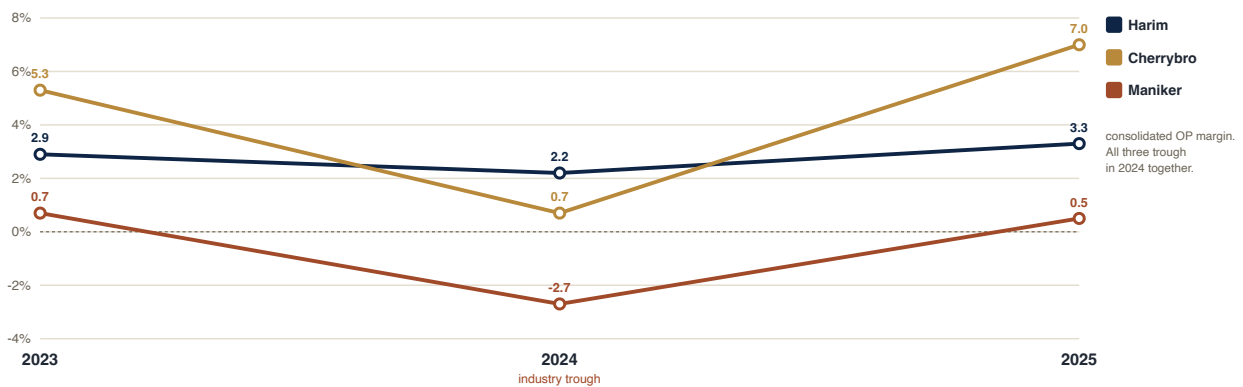
The listed peers, on a like-for-like (consolidated) basis

consolidated, FY2025, ₩bn	Revenue	OP	OP margin	Net	Equity	D/E
<b>Harim</b>	1,440.0	47.7	3.3%	38.7	325.4	163%
Cherrybro	405.4	28.5	7.0%	28.6	138.8	136%
Maniker	368.9	2.0	0.5%	-0.3	41.6	274%

Source: DART Annual Report 2025.12 — Harim 20260318000871, Cherrybro 20260323000992, Maniker 20260313001223 (all consolidated CFS). Cherrybro/Maniker consolidated, triple-checked vs WiseReport/FnGuide.

The scale gap is the headline: **Harim ≈ Cherrybro + Maniker combined × 1.86**. But note the margin ordering — Cherrybro, far smaller, earns **7.0%** (more than 2× Harim) because, like a smaller Harim, it owns the full chain (own grandparent stock + feed mills + processing) and captures upstream margin; Maniker, a near-captive slaughter arm of the EASY Holdings group that buys feed/chicks from sister companies, is chronically marginal (a consolidated *net loss* in 2025, 274% geared) DART peer filings.

The cycle is industry-wide: all three listed integrators troughed in 2024 and rebounded in 2025, in lock-step



Source: DART consolidated filings. Harim has the lowest-amplitude margin (scale + diversification dampens the swing); Cherrybro swings hardest; Maniker is chronically near/below zero.

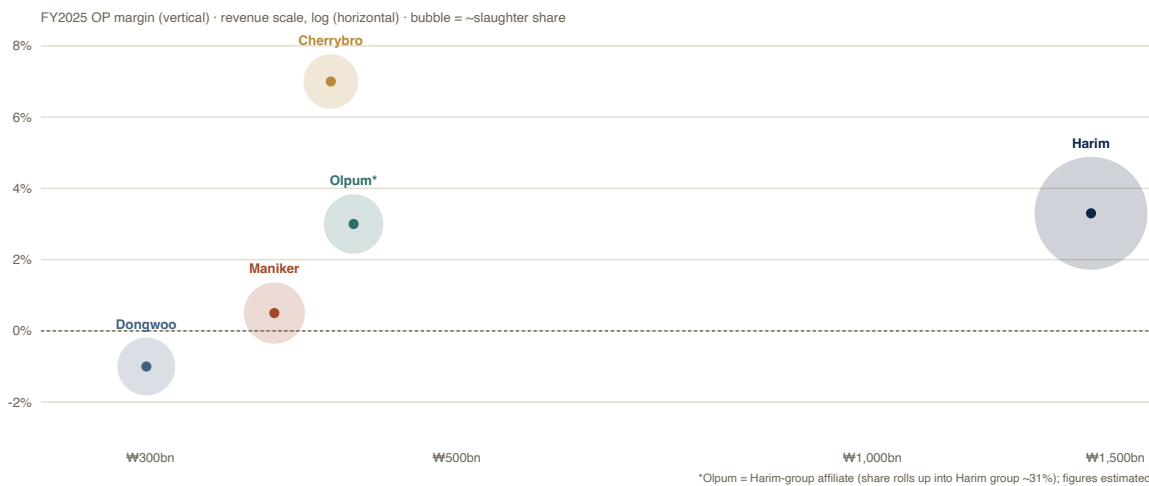
## The full field and the share ranking

Beyond the two listed peers, the broiler tier includes non-listed integrators and several Harim-group affiliates. On the cleanest published ranking (2021 slaughter volume), Harim led at **19.1% standalone** — roughly 2× the #2 — rising to **~20.4% in 2024**; on a group basis (adding Olpum, Hangang Food, Singgreen) the Harim bloc is **~31%** Korea Broiler Council; Newsis.

Player	Group / ownership	Share*	Position
Harim	Harim Holdings	~20.4%	#1, deepest integration, brand, smart-factory
Maniker	EASY Holdings	9.1%	#2 standalone; captive slaughter arm
Olpum	Harim Holdings (same group)	~8.7%	Harim-group; succession vehicle
Dongwoo (Farm-to-Table)	Independent	8.3%	B2B to ~60 franchise chains; FY24 loss
Chamfre	Independent	8.2%	First welfare-certified broiler (2015)
Cherrybro	Cherrybe Holdings (founder)	7.6%	Fully integrated; highest peer margin

\*2021 slaughter-volume share (Korea Broiler Council), the cleanest published breakdown; Harim 2024 ≈ 20.4% (Newsis). Hangang Food (Harim-group, ~250k birds/day) and Sajowon (Sajo group) complete the major tier. Maniker F&G (195500) is a processed-chicken sister of Maniker under EASY Holdings (parent Farmstory), a value-ladder rival not a raw-broiler one.

### Scale vs margin, sized by share — Harim owns the scale, Cherrybro the margin; the commodity tier clusters near zero



Source: DART consolidated FY2025 + Korea Broiler Council share. Bubble = approx. slaughter share. Olpum figures estimated (Harim-group; rolls into Harim group ~31%).

## The other competitive frontier — branded food, where Harim is the challenger

As Harim climbs the value ladder it leaves the pond it dominates and enters one it does not. In branded packaged food its competitors are an order of magnitude larger:

Player (FY2024 food revenue)	Revenue	vs Harim
CJ CheilJedang (food division)	₩11,353bn	~8.8×
DongwonF&B	₩4,484bn	~3.5×
Ottogi (HMR #2)	multiples	—
<b>Harim (total)</b>	<b>₩1,285bn</b>	<b>1.0×</b>

Source: company filings / trade press, verified. CJ food ≈ 2.5× DongwonF&B; both dwarf Harim in branded HMR. This is where The Misik has struggled to a sub-1% ramen share.

The asymmetry is the point: in **raw broiler Harim is the gorilla; in branded HMR it is a sub-scale challenger** against CJ (which pursues scale/global) and Dongwon (premium niche), both of which can outspend Harim's marketing and out-distribute it on shelf. Harim's defensible value-ladder footholds are therefore the **chicken-native** ones — nuggets, samgyetang, chilled breast — where owning the bird is an advantage, not the general-HMR turf where The Misik lost ₩500 bn proving the point.

### Two cautionary tales — the risks made concrete

#### A · Group leverage — the HMM bid

In 2023 the Harim Group (via Pan Ocean + JKL) was named preferred bidder for **HMM at ₩6.4 tn** — ~5× the listed entity's annual revenue — planning a ₩2–3 tn Pan Ocean rights issue that would have lifted that affiliate's debt ratio toward 100%+. The deal **collapsed in early 2024**. The read-through: a controlling family willing to lever a commodity affiliate to swallow an asset many times its size — the clearest evidence of group financial-aggression risk over the listed ticker thebell, verified.

#### B · Single-product fragility — Cherrybro

Cherrybro is the in-sector near-miss: trade press repeatedly warned it would be hardest-hit in a down-cycle, and FY2024 delivered — operating profit –86%, a net loss. It did *not* hit capital impairment, and FY2025 rebounded hard (OP +894%) — so the lesson is the **violence of the broiler cycle on an undiversified balance sheet**, exactly the exposure Harim shares (71% broiler, 0.6% through-cycle margin) but cushions with scale and the feed/other diversification DART 20260323000992.

## Harim's defensible position — and where it is exposed

### DEFENSIBLE

- ▶ **Scale** —  $\approx 2\times$  the next single integrator;  $\sim 31\%$  group. Volume leadership is not contestable in the medium term.
- ▶ **Cost** — deepest integration, own breeding stock + feed, ₩250bn smart-factory; the stated lowest-cost producer.
- ▶ **Brand + channel** — the most-recognised broiler brand, plus captive group distribution (NS Home Shopping).
- ▶ **Survival** — out-lasts weaker integrators through troughs (Maniker's erosion, Dongwoo's FY24 loss).

### EXPOSED

- ▶ **Commodity cyclicality** — 71% broiler; 0.6% through-cycle margin; two loss years in seven.
- ▶ **Margin, not scale, gap** — smaller Cherrybro earns  $2\times$  Harim's margin; scale  $\neq$  profitability here.
- ▶ **Branded-food sub-scale** — a challenger vs CJ ( $\sim 9\times$ ) / Dongwon ( $\sim 3.5\times$ ) on the ladder it must climb.
- ▶ **Group overhang** — The Misik drag, HMM-style leverage appetite, cartel litigation, succession (Olpum).

### SECTION 6 TAKEAWAY — THE POSITIONING VERDICT

Harim occupies a **paradoxical position: dominant and low-quality at once**. It is the scale-and-cost leader of a market that does not reward scale with margin — Cherrybro, a third its size, out-earns it because margin here comes from integration depth and mix, not volume, and the whole tier moves together on the cycle. Harim's edge is **survival and cost**; its equity story rests on whether the chicken-native value ladder (§3) can out-run the cycle faster than CJ and Dongwon can out-spend its branded-food ambitions — all under a group with a demonstrated taste for outsized leverage. A dominant commodity leader whose re-rating depends on escaping the very commodity it dominates.

# 7 Five-Year Forward View

2026–2030, ON A BUSINESS BASIS

We frame 2026–2030 on a business basis — revenue and through-cycle margin, not a share price. The shape of the forward view is set by three knowns and one unknown: **flat domestic demand**, an **export/processing tailwind**, a **feed-cost cycle** — and the **amplitude of the broiler cycle and AI**, which no operator controls.

## The demand and cost drivers, weighted

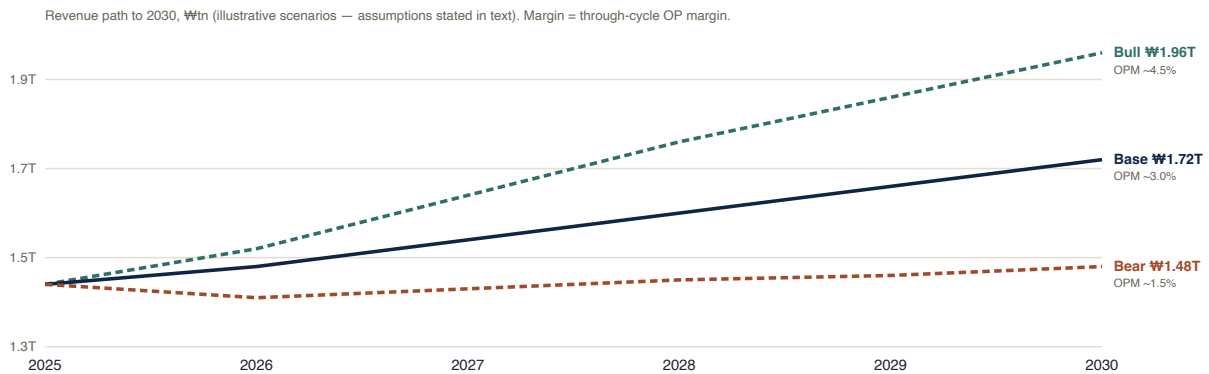
### TAILWINDS

- ▶ **Export runway** — EU samgyetang opened 2024; US mainstreaming; K-Food \$21bn-2030 target. Small base, high growth, high margin.
- ▶ **HMR/processed mix** — single-person households / solo dining sustain branded chicken HMR; every point of mix-shift de-cyclicalises margin.
- ▶ **Feed relief** — record global grain crop points to lower 2026 feed cost (if FX cooperates).
- ▶ **Welfare/low-carbon premium** — regulation Harim is ahead of, enabling price premium.

### HEADWINDS

- ▶ **Demand plateau** — domestic chicken flat ~15kg; growth must come from share/mix/export.
- ▶ **Cycle & AI** — a 2026–27 oversupply trough or a virulent H5N1 season can erase a year of profit.
- ▶ **FX** — won weakness can flip the feed tailwind to a headwind.
- ▶ **Group drag** — continued The Misik losses / capital priority at the holding level.

### Illustrative 2026–2030 revenue paths — the spread is the cycle plus the pace of the value-ladder climb



Illustrative scenarios (NRG construction; assumptions below). Revenue ₩tn; margin = through-cycle OP margin. Not a forecast or price target.

## Three scenarios, with explicit assumptions

### Bull · ₩1.96tn

#### OPM ~4.5%

2030 revenue ~₩1.96 tn. Processed share climbs past 20% and reaches segment break-even; samgyetang export compounds 20%+ on EU/US; feed stays benign; no severe AI year; group keeps The Misik ring-fenced. The ladder works — margin re-rates toward the integrated-peer (Cherrybro) frontier.

### Base · ₩1.72tn

#### OPM ~3.0%

2030 revenue ~₩1.72 tn (~3.4% CAGR). Share/price drift continues, processed share grinds toward ~18% but stays around segment break-even, export grows off a small base, one normal trough year inside the window. Margin oscillates ~2–4% — a better-run version of the last five years.

### Bear · ₩1.48tn

#### OPM ~1.5%

2030 revenue ~₩1.48 tn (flat). A 2026–27 oversupply trough and/or a virulent AI season, FX-driven feed inflation, and continued processed-segment losses; group capital pulled toward premium-food. Back to a sub-2% through-cycle grind with another possible loss year.

## What separates the scenarios — the two swing factors

The revenue spread (₩1.48–1.96 tn) is modest; the **margin** spread (1.5–4.5%) is where the value is, and it turns on exactly two things a client should underwrite:

- ▶ **Does the processed segment reach operating break-even, and when?** This is the difference between base and bull. It requires the processed business to grow into its fixed-cost base and the chicken-native premium lines (samgyetang export, chilled breast) to scale — not the general-HMR fight with CJ. The KPI is segment OP, not segment revenue.
- ▶ **How violent is the next cycle/AI leg?** This is the difference between base and bear, and it is exogenous. Harim's scale and feed/other diversification dampen but do not remove it; the levered balance sheet (163% D/E) limits how many trough years it can absorb cheaply.

### FORWARD-VIEW VERDICT

On a business basis, Harim is most likely a ~₩1.7 tn, ~3%-through-cycle-margin business in 2030 — a bigger, better-deleveraged version of today — with genuine, asymmetric upside *if* the value-ladder segment turns profitable and the export rung compounds. The forward case is not a demand story; it is an **execution-on-mix story wrapped in a commodity cycle**. Diligence questions A and B are the whole valuation.

## 8 Due-Diligence Risk Register

### WHAT TO UNDERWRITE

The risks cluster into operating (the cycle and its inputs), strategic (the ladder), and group/governance (the family and the affiliates). We rank them by what most shapes a transaction or commercial decision.

Risk	Type	Severity	What to underwrite
Broiler cycle — live-bird price swing	Operating	High	Through-cycle (not peak) margin; the 0.6% 54-qtr base case
Avian influenza	Operating	High	Biosecurity, insurance/compensation, 2025–26 H5N1 virulence
Feed cost / FX	Operating	High	Corn/SBM hedging, KRW exposure on imported grain
Value-ladder execution — processed losses	Strategic	High	Segment break-even path; export scaling; SKU rationalisation
Group financial aggression — HMM-style leverage	Governance	High	Related-party flows, capital-allocation priority, guarantees
Premium-food drag — The Misik (Harim Industries)	Group	Med	Firewall porosity; brand/related-party transmission to 136480
Channel concentration	Operating	Med	Mart/franchise buyer power; price-vs-volume on imports
Cartel litigation	Legal	Med	Sector-wide; ongoing damages suits post-2022 KFTC fine
Succession / governance	Governance	Med	Olpum-centred succession; co-CEO structure; 57% holdco control
Capital intensity / leverage	Financial	Med	163% D/E; capacity to absorb consecutive trough years
Quality of earnings — Q1'26 core weakness	Operating	Med	Whether 2025 is top or base; segment-level momentum

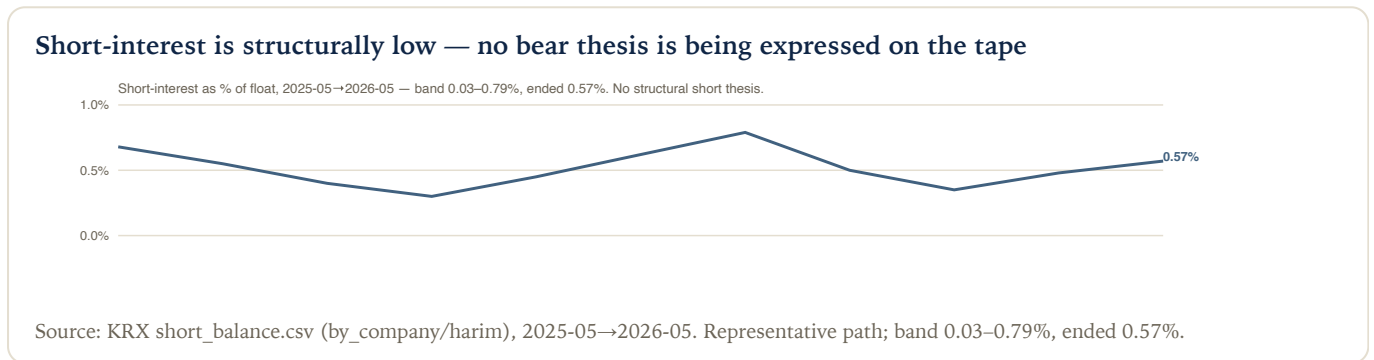
#### THE TWO RISKS AN ANNUITY CANNOT OFFSET

Most operating risks (cycle, feed, AI, concentration) are what Harim's **scale and integration are built to absorb** — it out-survives the field. The two it cannot self-offset are **(1) value-ladder execution** (a strategic choice that is currently losing money) and **(2) group financial aggression** (a governance variable outside the listed entity's control). These two should be the first workstreams in any engagement.

## 9 Market Overlay (Secondary)

KRX, FOR COMPLETENESS

Per the client brief this is a business analysis, not an investment view. For completeness only, the KRX signals corroborate the narrative without driving it — and they say the market is **neither short nor euphoric** on Harim.



Three observations, all secondary to the business case:

- ▶ **No short thesis.** Short-balance stayed in a low 0.03–0.79% band and ended at 0.57% — consistent with a thin borrowable float (57% held by Harim Holdings, founder shares locked) and the absence of any structural bear bet [KRX short\\_balance.csv](#).
- ▶ **A quality up-grade.** KOSDAQ promoted Harim from mid-tier section to **blue-chip section in May 2026** — an exchange-level signal of size/stability, coincident with the record FY2025 [KRX universe.csv](#).
- ▶ **Earnings up, multiple down.** Despite the record year, the shares fell ~8.8% and market cap compressed ₩333 bn → ₩304 bn — the market is pricing the *cycle and earnings quality* (the 0.6% through-cycle margin, the Q1'26 core softness), not rewarding the rebound [KRX ohlcv.csv](#).

### FINAL WORD

Harim is the **dominant, lowest-cost, highest-share operator** in a mature Korean commodity-protein market — a genuine cost-and-scale franchise that survives every cycle. The business is not in question; its **earnings quality** is. The case turns on two things a client must underwrite directly: whether the **value-add ladder** (processed + samgyetang export) can earn its way above the cycle, and how the **group's financial behaviour** transmits to the listed entity. Filings establish the shape of both; only primary, on-the-ground diligence settles them — which is where Nathan Research begins.

# Working With Nathan Research

COMPLIANT EXPERT NETWORK

Filings and market data establish the *shape* of this business; they do not capture the operating detail that decides a deal — whether the processed-segment break-even is real, how the live-bird and feed contracts actually price, how the group allocates capital between the listed chicken business and its premium-food ambitions. That detail lives with the people who built, ran, supplied, and competed with these operations — and reaching them, compliantly, is what Nathan Research does.

Nathan Research Group operates **Korea's first dedicated expert-network service, established in 2013**. We were built for the global private-equity, hedge-fund, or corporate-strategy team that has a thesis on a Korean asset and needs primary, on-the-ground diligence that public disclosure cannot supply. The Korean agri-food and protein complex is one of our deepest benches.

## Who we put in the room

For a Harim or Korean-poultry/processed-food engagement, we source, vet, and convene primary experts across the value chain:

- ▶ **Former executives & managers** — from Harim and its integrator peers (Maniker, Cherrybro, Dongwoo, Olpum, Hangang)
- ▶ **Live-production & feed specialists** — breeding, grow-out contracting, feed formulation, FCR economics
- ▶ **Processing & food-safety engineers** — slaughter, further-processing, HACCP, animal-welfare systems
- ▶ **Retail & foodservice buyers** — large marts, fried-chicken franchise, and B2B distributor channel
- ▶ **Export & trade experts** — samgyetang/heat-treated poultry into the US, Japan, and the new EU market
- ▶ **Regulatory & market specialists** — MAFRA / KAPE / Korea Broiler Council, AI biosecurity, cartel-litigation counsel

## How an engagement works

### 1 • Scope

We translate your thesis into a precise expert profile and question set, mapped to the diligence decisions you need to close.

### 2 • Source & vet

We identify, screen, and compliance-clear each expert — confirming relevance, recency, and the absence of conflicts before any call.

### 3 • Convene & synthesize

We arrange interviews on your timeline and, where useful, deliver written synthesis tied back to the questions in this brief.

### THE QUESTIONS THIS BRIEF LEAVES OPEN — AND WE CAN HELP CLOSE

**Ladder break-even** — what processed scale/mix actually covers its fixed cost, and how the processed and chilled-breast lines really price and pull through. **Cycle & cost** — how live-bird and feed contracts are struck, and how the next AI/oversupply leg would hit Harim vs peers. **Group transmission** — how The Misik capital priority, related-party flows, and the family's leverage appetite are read by counterparties on the ground. None is answerable from filings alone; all are diligence-able with the right primary voices.

## Partner With Nathan Research

START THE CONVERSATION

If your team is evaluating **Harim**, the **Korean integrated-poultry sector**, or the broader **Korean agri-food and processed-protein supply chain**, we would welcome the conversation. Tell us the decision you are trying to make — we will tell you, candidly, whether and how our network can help you make it.

*What to expect when you reach out:* A direct reply from a partner, not an intake form — and a scoping conversation rather than a sales call. From there: a compliant, conflict-cleared expert panel assembled to your timeline, and, where useful, written synthesis that builds directly on the analysis in this monograph.

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**COMPLIANCE** This brief is based solely on public disclosures and media sources. Nathan Research does not request or facilitate the exchange of material non-public information, trade secrets, confidential supplier, customer or contract-farming terms, or undisclosed pricing, volume, or cost data — and runs every engagement through a documented compliance protocol with expert attestations and client-defined restricted-topic lists, agreed before the first call.

# A Appendix

SOURCES · METHODOLOGY · GLOSSARY

## Evidence base & methodology

This monograph synthesizes a full inventory of primary and secondary sources, assembled and cross-checked on 2026-06-04 via a parallel re-search workflow and a 50-claim adversarial verification pass (33 confirmed, 11 refuted-and-corrected, 6 flagged uncertain). Figures are cited in-line; where independent sources disagreed (market sizing, per-capita 2024, samgyetang share, premium-food loss cut-offs) ranges or company-disclosed flags are used rather than single-vendor point estimates.

**Regulatory (DART, primary):** Harim Annual Report 2025.12 (rcept 20260318000871) + 5-yr structured consolidated financials; Semi-annual Report 2025.06 (20250812000667); Quarterly Report 2025.09 (20251112000411) and 2026.03 (20260513000674); the HBC merger cluster (20260122000488 + amendment + merger completion 20260401004414); Harim Holdings 5% reports; 14 Harim filings in total.

**Peers (DART, primary):** Maniker 027740 Annual Report (20260313001223) and Cherrybro 066360 (20260323000992), consolidated — collected for this engagement and reconciled against WiseReport / FnGuide.

**Market (KRX):** by\_company/harim OHLCV, short\_balance, universe (1-yr, 2025-05→2026-06) — used only as a secondary overlay, never as a valuation input.

**Market & industry (verified web):** MAFRA, KREI Agricultural Outlook / Livestock Outlook, KAPE (Korea Institute for Animal Products Quality Evaluation), Korea Broiler Council, KMTA, MFDS production statistics, KFTC cartel ruling, USDA FAS/WASDE — each headline figure corroborated across ≥2 sources where available.

**Group / boundary:** Harim Holdings (003380) affiliate structure; Harim Industries / The Misik loss series via DART-derived trade press (foodtoday, bizwatch, datanews); HMM/Pan Ocean saga via the-bell — used to firewall, and to stress-test the firewall on, the listed entity.

**Note on contested figures:** the The Misik cumulative loss (₩412.3bn through 2024 / ~₩529.6bn through 2025 — window-dependent), the processed-meat TAM (US\$3.7–12bn by methodology), Harim's samgyetang share (~30–40%) and the "#1 chilled chicken-breast" claim (company panel) are presented with their source basis and should be corroborated in primary diligence.

## Glossary

계열화 (vertical integration)	Integrator-controlled production from breeding to processing; ~94–95% of Korean broilers.
위탁사육 / 생계 (contract grow-out / live bird)	Birds raised by contract farms (~600 for Harim, 85% of supply); 생계유통가격 = the live-bird price that drives the cycle.
육계 / 육가공	Broiler (fresh meat) / further-processed (nuggets, samgyetang, RTE) — the commodity base and the value-add ladder.
도계 (slaughter)	Capacity measured in birds/day (Harim 630k); 도계량 = slaughter volume, the basis for market share.
FCR (사료요구율)	Feed-conversion ratio — kg feed per kg liveweight; the core integration-efficiency metric (lower is better).
삼계탕 (samgyetang)	Whole-chicken ginseng soup; Korea's flagship chicken export, EU-opened 2024.
고병원성 AI	Highly-pathogenic avian influenza — the recurring supply shock (record ~30m-bird cull, 2020–21).
더미식 / 하림산업	Premium ramen/RTE brand and its operating company — a 하림지주 affiliate, NOT listed Harim 136480.
하림지주 (Harim Holdings)	KOSPI holding company (003380); owns 57.37% of Harim 136480 and ~70 group affiliates.

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