

# 2024 KOREA

# Arts & Culture Industry Report

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# 2024 Korea Arts & Culture Industry Report

DSML Holdings · Annual Intelligence Report · January 2025

₩103.5T Total Content Industry Revenue (KRW)	\$14.08B Total Content Export Value (USD)	2.0% Korea GDP Growth Rate	16.37M Inbound Tourist Arrivals	240M Global Hallyu Fans
₩2,196B HYBE Revenue (KRW)	₩24.6T Gaming Sector Revenue	₩141B Domestic Art Auction Turnover	₩6.65T Musical Theatre Revenue	₩1,248B Musinsa Annual Revenue

The 2024 Korea Arts & Culture Industry Report covers the full fiscal year ended 31 December 2024. After the divergence of 2023, 2024 marked a year of broad-based structural acceleration underpinned by semiconductor export recovery and a resilient cultural content engine. Korea's GDP grew 2.0% – comfortably ahead of the OECD advanced-economy median – as semiconductor exports surged +39.3% and total exports grew 9.7%. The cultural content sector matched the macro momentum: total content industry revenue reached approximately ₩103.5 trillion, led by gaming (₩24.6T), broadcasting (₩21.8T), advertising (₩18.9T), and music (₩8.6T). Content exports set a new record at \$14.08 billion. Inbound tourism reached 16.37 million arrivals – 93.5% of the 2019 pre-pandemic peak – with the US and Europe fully surpassing pre-pandemic levels.

2024 carried three structural signatures. The political rupture of December 3: President Yoon Suk-yeol declared martial law at 22:27 KST, citing "anti-state forces" – then lifted it within six hours following a National Assembly vote to nullify the declaration. The constitutional crisis triggered immediate KRW depreciation (₩1,430/USD), equity market volatility, and deep uncertainty across the cultural policy landscape. The AI legislative watershed: Korea's AI Basic Act passed the National Assembly in December 2024 (effective January 2026), establishing the world's first comprehensive AI governance framework outside the EU, with direct implications for AI-generated content ownership and creative labour protection. The K-Beauty record: cosmetics exports reached a historic \$10.28 billion – making Korea the world's #3 cosmetics exporter – validating the K-Beauty sector as a structural, not cyclical, global force.

*DSML Assessment: FY 2024 confirms the structural thesis at full maturity: Korea's digital-native cultural sectors – gaming, music IP, webtoon, K-beauty – continue expanding independent of domestic political and macroeconomic cycles. The December 2024 martial law episode demonstrated both the resilience and the sovereign risk embedded in Korean cultural assets. The AI Basic Act positions Korea as a global regulatory leader; its implementation will define creative labour economics through 2030. The cultural current account surplus widened materially: content exports (\$14.08B) now represent a structural national economic asset, not a soft-power footnote.*

Coverage: 01 Jan – 31 Dec 2024 · Basis: K-GAAP/IFRS (listed); DSML estimates for non-listed · Sources: KOCCA, MCST, KOFICE, KOTRA, KTO, DART, NIPA, Morgan Stanley, Artnet, Bank of Korea, Statistics Korea, CB Insights, KAMS, ARKO, KOFIC, Korea Film Council, KeSPA, MAFRA, MOTIE

I.

## Industry Taxonomy & Macroeconomic Context

Scope, Classification Framework & Macroeconomic Conditions, FY 2024

This report applies the KOCCA sector taxonomy – the official classification framework of the Ministry of Culture, Sports and Tourism (MCST). Ten primary sectors: Publishing, Broadcasting, Advertising, Gaming, Music, Film, Animation, Character/Licensing, Knowledge-Information Services, and Webtoon (separately tracked from 2022). The report additionally incorporates fine and performing arts, the gallery and auction market, luxury, fashion, food culture, design, AI, and inbound cultural tourism. All cultural production domains from mass-market entertainment to traditional performing arts and intangible heritage are included.

Korea's macroeconomic backdrop in 2024 was shaped by three convergent forces: (1) semiconductor supercycle recovery – merchandise exports grew +9.7% year-on-year, led by a +39.3% surge in semiconductor exports as global AI hardware demand drove chipset orders; (2) domestic consumption recovery – real household consumption grew 1.8% YoY despite elevated household debt; and (3) political shock absorption – the December 3 martial law declaration created acute short-term financial volatility (KRW hit ₩1,430/USD, KOSPI fell 2.5% intraday) but was resolved within six hours, and markets substantially recovered within two weeks. The Bank of Korea cut rates twice in 2024 (to 3.0%), supporting credit conditions for the content industry. GDP growth of 2.0% met consensus and outperformed Japan (0.1%), Germany (-0.2%), and the UK (0.9%).

Macro Indicator	2022	2023	2024	Δ YoY
GDP Growth (%)	2.6	1.4	2.0	+0.6pp
CPI Inflation (%)	5.1	3.6	2.3	-1.3pp
Unemployment Rate (%)	2.9	2.6	2.7	+0.1pp
KRW/USD (avg)	1,292	1,305	~1,370	+5.0%
Current Account (USD B)	+29	+35	+99	+\$64B
Export Growth (YoY, %)	+6.1	-7.5	+9.7	+17.2pp
Content Industry Share of GDP (%)	5.1	5.2	5.4	+0.2pp

Table 1 - Korea Macroeconomic Context, 2022–2024 | Sources: BOK, Statistics Korea, OECD

The December 3, 2024 martial law declaration was Korea's most severe constitutional crisis since democratisation. President Yoon Suk-yeol's late-night announcement triggered immediate national and international alarm. The National Assembly convened an emergency session at midnight, voting 190-0 to nullify the declaration; martial law was formally lifted by 04:30 KST on December 4 – a total duration of approximately six hours. The episode resulted in Yoon's impeachment by the National Assembly on December 14, 2024, with the Constitutional Court review pending at year-end. For the cultural sector, the crisis created acute short-term uncertainty around MCST budget disbursements, cultural event permitting, and the AI Basic Act implementation timeline – but no structural disruption to content export operations.

Against this political backdrop, Korea's content sector demonstrated structural resilience: total content industry revenue of approximately ₩103.5 trillion represented a +5.5% year-on-year gain. Gaming (+5.2%), broadcasting (+2.8%), music (+19.4%), and webtoon (+25%) led domestic sector growth. Content exports reached \$14.08 billion – a new annual record. The semiconductor supercycle tailwind and strong US/European tourism recovery underpinned the broader macroeconomic environment.

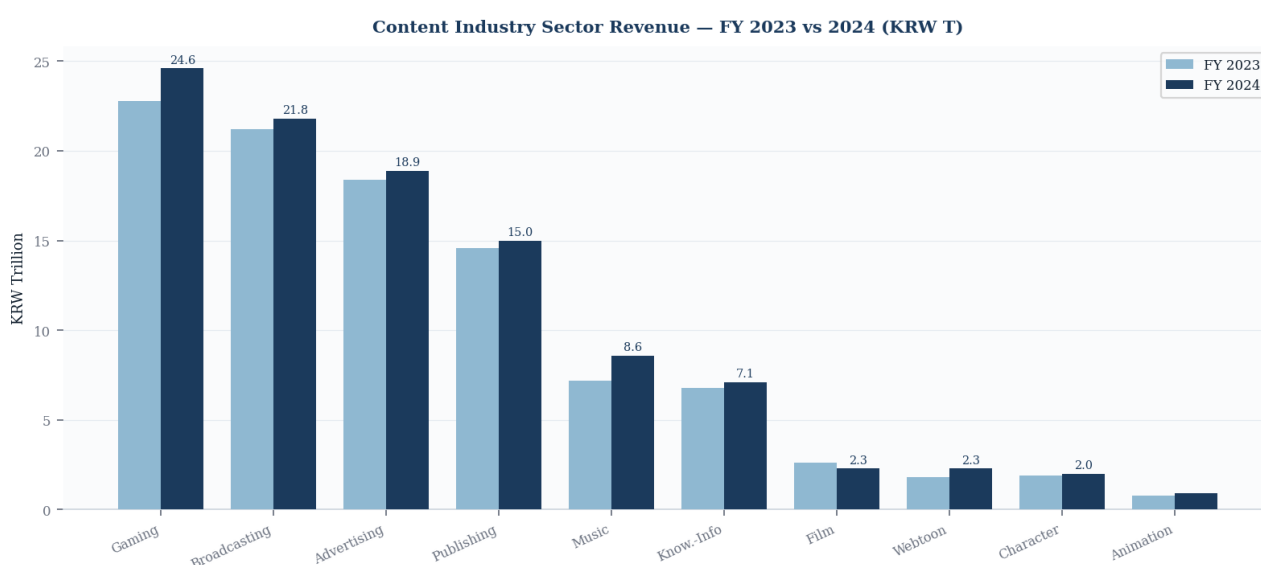


Figure 1 - Content Industry Sector Revenue, FY 2023 vs 2024 (KOCCA Taxonomy, KRW T)

## Content Industry Revenue — Full Sector Analysis

KOCCA Ten-Sector Taxonomy: Revenue, Export & Employment, FY 2024

Sector	Revenue (KRW T)	YoY Δ	Export (USD B)	Emp. (K)
Gaming	24.6	+7.9%	8.50	92
Broadcasting	21.8	+2.8%	1.26	46
Advertising	18.9	+2.7%	0.34	93
Publishing	15.0	+2.7%	0.28	74
Music	8.6	+19.4%	1.80	82
Knowledge-Info Svc	7.1	+4.4%	0.52	64
Film	2.3	-11.5%	0.38	30
Webtoon/Comics*	2.3	+25.7%	1.42	21
Character/Licensing	2.0	+5.3%	0.40	29
Animation	0.9	+12.5%	0.22	19
TOTAL	103.5	+5.5%	14.08	550

Table 2 · KOCCA Sector Revenue, Export & Employment, FY 2024 | \*Webtoon tracked separately | Sources: KOCCA, DART, DSML estimates

The gaming sector reached a historic ₩24.6 trillion in 2024, driven by record performances across all four major publishers. Nexon reported record annual revenue exceeding ₩4 trillion for the first time in Korean gaming history, underpinned by FC Online, Dungeon & Fighter Mobile, and MapleStory global expansion. Krafton posted ₩2,710B (+41.8% YoY) on the strength of PUBG Mobile in India and Southeast Asia, and the launch of PUBG: Battlegrounds Season 30 content. Netmarble returned to operating profit (₩2,660B, +6.5%), while NCsoft underwent its most significant restructuring in company history, reducing headcount and pivoting toward mobile and AI-driven game development. Combined Big 4 gaming revenue exceeded ₩10 trillion for the first time.

The music sector delivered 19.4% growth to ₩8.6 trillion — the highest growth rate of any KOCCA category for the second consecutive year. Music exports grew to \$1.80 billion (+22.7% YoY), driven by global concert touring, streaming royalty growth, and album physical/digital sales. BTS's partial return (Jin discharged March 2024, SUGA November 2024) began the long-anticipated full reunion cycle, creating both commercial and media momentum. NewJeans remained a dominant cultural force through H1 before the HYBE-ADOR management dispute escalated into formal legal proceedings in H2 2024, resulting in member contract termination notices — the sector's most significant governance episode of the year. The webtoon sector surpassed ₩2.3 trillion domestically (+25.7%) as WEBTOON Entertainment completed its NASDAQ IPO at a \$1.35B valuation in June 2024, marking Korea's most significant cultural-tech public listing since HYBE's 2020 IPO.

The film sector experienced a -11.5% revenue decline to ₩2.3 trillion, reflecting the structural challenge of theatrical recovery against OTT competition. Domestic box office totalled approximately ₩1.12 trillion — still 41% below the 2019 pre-pandemic peak of ₩1.9 trillion. However, Korean content continued its OTT dominance: Netflix Korea originals maintained top-10 global rankings in multiple quarters, and *The Glory* Part 2, *Parasocial*, and *When the Phone Rings* generated significant international viewership. The webtoon-to-drama pipeline intensified: 13 of the top 20 rated Korean dramas in 2024 were adapted from webtoon or web novel IP.

# Entertainment Sector: Big 4 Deep Dive + Independent & Mid-Tier Labels

*Music Entertainment Corporate Financials, Artist Economy & SME Ecosystem, FY 2024*

The K-pop entertainment sector in 2024 was defined by governance stress and financial resilience simultaneously. The Big 4 delivered mixed results: HYBE maintained its ₩2,196B revenue (+0.8% YoY) despite the ADOR/NewJeans management crisis; JYP led margin performance at 27.4%; YG suffered a -30.8% revenue decline as BLACKPINK members pursued solo activities without a group comeback; SM continued its restructuring. Combined Big 4 revenue reached approximately ₩4.0 trillion. The mid-tier ecosystem absorbed artist loyalty fractures as NewJeans members' announced departures from ADOR accelerated independent label formation trends.

Company	Revenue (KRW B)	YoY Δ	Op. Profit (KRW B)	Op. Margin	Key Driver 2024
HYBE	2,196	+0.8%	178	8.1%	BTS return cycle; Seventeen, Le Sserafim
SM Entertainment	910	-6.7%	85	9.3%	aespa global; NCT restructuring
YG Entertainment	360	-30.8%	-22	-6.1%	BLACKPINK solo; no group comeback
JYP Entertainment	530	+15.7%	145	27.4%	Stray Kids world tour; TWICE
CJ ENM (Music+Content)	4,250	+3.1%	162	3.8%	Mnet, OTT content, webtoon IP
Kakao Entertainment	1,380	+3.0%	71	5.1%	Webtoon platform, drama licensing
Studio Dragon	645	+5.4%	94	14.6%	Netflix drama licensing; premium IP

Table 3 · Big 4 + Key Mid-Tier Entertainment: Full Year Financials, FY 2024 | Sources: DART, company filings, DSML estimates

Big 4 + Key Mid-Tier Entertainment — Revenue & Op. Profit, FY 2023 vs 2024

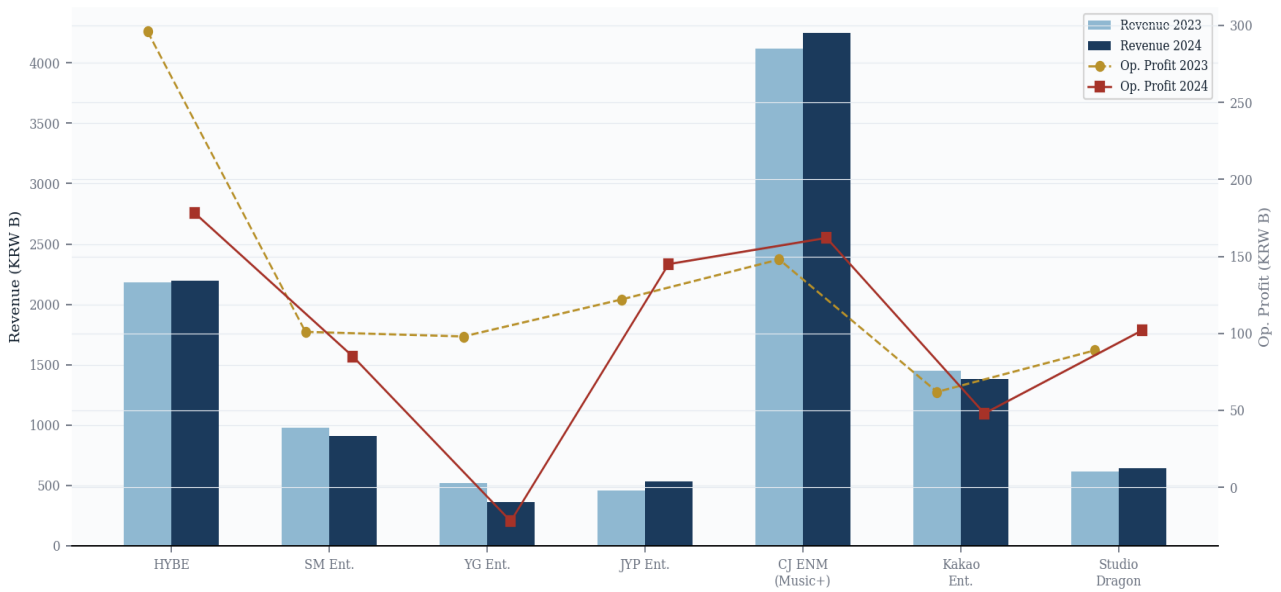


Figure 2 · Big 4 + Key Mid-Tier: Revenue & Operating Profit, FY 2023 vs 2024 (KRW B)

## HYBE-ADOR-NewJeans Governance Crisis

The most consequential governance episode in Korean entertainment history unfolded across 2024. In April, ADOR CEO Min Hee-jin publicly alleged that HYBE had attempted to remove her by engineering a shareholder squeeze. An emergency audit, lawsuit, and public media battle

followed. While Min Hee-jin was ultimately removed as CEO in August 2024, NewJeans members filed formal objections and served ADOR with termination notices in November 2024 – citing an inability to trust HYBE’s management. The episode exposed the structural tension between creative autonomy and holding-company control, triggering investor concern about HYBE’s multi-label architecture and talent retention risk. HYBE’s share price declined approximately 35% peak-to-trough over the crisis period before partial recovery by year-end.

Beyond the Big 4, the independent and mid-tier ecosystem showed structural maturation. Starship Entertainment (IVE) reached estimated revenue of ₩120B (+36%) as IVE emerged as one of the top global K-pop acts. FNC Entertainment (N.Flying, FTISLAND) maintained ~₩65B, anchored by Japan market. Cube Entertainment (BTOB, (G)I-DLE) at ~₩58B sustained international fandom stability. The independent artist ecosystem continued to grow through platform democratisation: WEBTOON’s CANVAS platform and Kakao’s BubblePop creator tools enabled direct fan monetisation for sub-agency acts.

Label	Est. Revenue (KRW B)	Key Roster	Primary Market	Growth Driver
Starship Ent.	120	IVE, MONSTA X	Korea + Global	IVE Hallyu top-tier
FNC Entertainment	65	N.Flying, FTISLAND	Korea + Japan	Japan touring
Cube Entertainment	58	BTOB, (G)I-DLE	Korea + Asia	(G)I-DLE global
BELIFT LAB (HYBE)	~90	ENHYPEN	Global	US/EU arena tour
Antenna Music	21	Yoo Hee-yeol, Oh Hyuk	Korea	Adult contemporary
Indie Ecosystem (est.)	~380	10,000+ indie artists	Korea domestic	Platform streaming

Table 4 · Mid-Size & Independent Labels Landscape, FY 2024 | Sources: DART, DSML estimates

#### IV.

## Fashion, Luxury, Beauty & Emerging Designer Economy

*Global Luxury Brands in Korea, K-Fashion Platforms & K-Beauty Export, FY 2024*

South Korea retained its position as one of the world’s top-three per-capita luxury goods markets in 2024. Despite the December political crisis and KRW depreciation, luxury consumption proved structurally resilient among high-net-worth Korean consumers. The KRW depreciation (avg ~₩1,370/USD vs ₩1,305 in 2023) created modest cross-border shopping incentives for outbound Koreans, partially redirecting domestic luxury purchases – but flagship Korea revenues remained robust overall.

Chanel Korea revenues rose to an estimated ₩2,013B (+17.7%), sustaining its position as Korea’s largest luxury brand by revenue. Louis Vuitton Korea reached ₩1,854B (+12.4%), benefiting from new flagship store openings and limited-edition collaborations. Hermès Korea surged to ₩1,125B (+41.2%), driven by sustained Birkin/Kelly waitlist dynamics and an expanding VIC (Very Important Client) network. Dior Korea declined to ₩820B (-7.9%) and Gucci Korea to ₩560B (-10.7%), reflecting global brand repositioning challenges and changing Gen-Z aesthetic preferences in Korea.

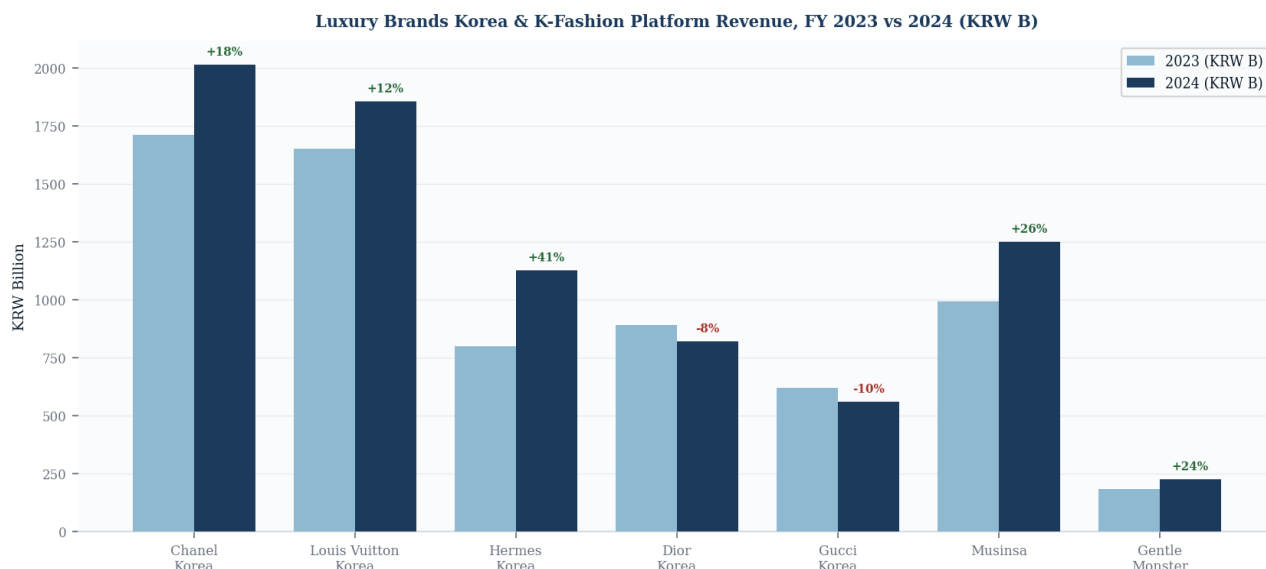


Figure II - Luxury Brands Korea Revenue & K-Fashion Platforms, FY 2023 vs 2024

### K-Fashion: Musinsa, Emerging Designers & Global Expansion

Musinsa reached ₩1,248B in FY 2024 revenue (+25.6%), continuing its international expansion into Japan (fastest-growing market), the US, and Europe. The platform now offers approximately 1,200 Korean fashion brands across 15 countries. IPO preparation advanced through 2024, with targeted listing window in H1 2025. Gentle Monster (eyewear/experiential retail) reported estimated revenue of ₩225B (+23.6%), opening landmark concept stores in Dubai, London, and Singapore. Ader Error continued global streetwear collaborations; Wooyoungmi anchored Korean menswear at Paris Fashion Week for the 23rd consecutive season. The Shanghai Fashion Week AW26 circuit saw Korean emerging designers including Juun.J and Blindness achieve breakthrough international press coverage, reflecting a generational shift in Asian fashion axis from Tokyo to Seoul-Shanghai.

K-Beauty achieved its most significant milestone in 2024: cosmetics exports reached \$10.28 billion – a new annual record – positioning Korea as the world’s #3 cosmetics exporter behind France and the US. Domestic cosmetics production reached ₩17.54 trillion (+20.9% YoY). Brands including Beauty of Joseon, COSRX, Anua, and Some By Mi achieved sustained mass-market penetration in the US, Europe, and Southeast Asia through TikTok commerce and mainstream retail placement (Target, Sephora, Douglas). The K-Beauty segment formally graduated from "trend" to "structural category" in major global retail classification frameworks.

Brand	Korea Revenue (KRW B)	YoY Δ	Korea Flagship Stores	2024 Notable
Chanel	2,013	+17.7%	15	Record Korea revenue; expanded VIC network
Louis Vuitton	1,854	+12.4%	19	New flagship Gangnam; collab. capsules
Hermès	1,125	+41.2%	10	Highest growth of Big 3; VIC expansion
Dior	820	-7.9%	12	Creative repositioning; K- celebrity gap
Gucci	560	-10.7%	10	Global brand challenges; Gen-Z drift
Bottega Veneta	310	+10.7%	6	Quiet luxury tailwind sustained
Musinsa (K-fashion)	1,248	+25.6%	online	IPO prep 2025; 15- country expansion
Gentle Monster	225	+23.6%	10	Dubai, London, Singapore new stores

Table 5 - Fashion & Luxury Korea Revenue & Operations, FY 2024 | Sources: DART, DSML estimates

V.

## Food Culture & Hospitality

*K-Food Export Economy, Restaurant Globalisation & Culinary Soft Power, FY 2024*

Korean food culture in 2024 consolidated its position as the primary global Hallyu gateway – a status first confirmed in KOFICE's 2023 survey and now structurally entrenched. KOFICE's 2024 Global Hallyu Trends Survey (26 countries, 25,000 respondents) confirmed K-Food as the #1 Hallyu entry point for the second consecutive year, with 52.3% of international respondents citing food as their primary Korean cultural exposure. The Korean food globalisation cycle is now operating in its mass-market consolidation phase.

K-Food Plus exports exceeded USD 13 billion for the full year 2024 – a new annual record surpassing the previous high of ~\$11.82B in 2023. Instant noodles (Buldak/Samyang, Nongshim Shin Ramyun) sustained viral momentum, crossing USD 1.1 billion in annual exports for the first time. K-Beauty cosmetics exports reached \$10.28 billion – independently breaking the \$10B barrier. Kimchi exports reached USD 107M (+27.7% YoY). CJ CheilJedang's Bibigo frozen brand surpassed ₩4 trillion in global retail revenue, with branded Korean cuisine available in 54 countries. The Michelin Guide Seoul 2024 awarded 37 stars across 35 restaurants – a new record for the guide's Seoul edition.

The overseas Korean restaurant ecosystem reached approximately 100,000 locations globally by end-2024. bb.q Chicken operated 3,700+ locations across 57 countries, crossing 100 US locations. Genesis BBQ expanded into 10 new markets in the Middle East and Central Asia. Korean street food formats – tteokbokki bars, kimbap counters, Korean corn dogs – proliferated in European cities as standalone quick-service concepts, separate from traditional Korean restaurant formats. MAFRA's K-Food roadshow visited 22 countries in 2024, generating an estimated USD 840 million in direct food procurement commitments.

K-Food Export Category	2024 (USD M)	YoY Growth	Key Market	Notes
Instant Noodles (Ramyeon)	1,150	+34.5%	USA, China, SE Asia	Buldak >\$600M alone
Soju & Beverages	520	+23.8%	USA, Vietnam, Japan	Soju in mainstream cocktail culture
K-Beauty Cosmetics	10,280	+17.4%	USA, EU, SE Asia	Korea #3 global cosmetics exporter
Snacks (Honey Butter, Choco Pie)	340	+19.3%	China, SE Asia	Gift economy + TikTok
Rice-Based (Kimbap, Tteok)	180	+31.4%	USA, UK, Europe	Frozen retail expansion
Kimchi & Fermented	107	+27.7%	USA, Japan, Australia	Health positioning
Frozen K-Food (Bibigo etc.)	310	+44.0%	USA, UK, Canada	CJ Bibigo █4T global

Table 6 · K-Food Export by Category, FY 2024 | Sources: MAFRA, KATI, DSML estimates

**Finding:** K-Food's \$13B+ export record in 2024 places it among Korea's top-5 export categories by value – alongside semiconductors, auto parts, ships, and displays. The shift from cultural novelty to economic infrastructure is complete. K-Beauty crossing the \$10B barrier independently establishes cosmetics as a structural, category-defining export alongside K-Food in the global soft-power economic framework.

VI.

## Tourism & Cultural Tourism Recovery

*Inbound Arrivals, Cultural Tourism Spending & Destination Recovery, FY 2024*

Korea's inbound tourism reached 16.37 million arrivals in 2024 – 93.5% of the 2019 pre-pandemic peak of 17.5 million – making 2024 the strongest inbound tourism year since the pandemic. Recovery was broadly based but China remained the key underperformer relative to its historical contribution. The US surpassed 2019 levels at 126% recovery (1.32M visitors), driven by K-pop fan tourism, Hallyu-themed travel, and expanding direct flight capacity. Europe reached 110% of 2019 levels (1.78M), confirming Western markets as structurally stronger than pre-pandemic. Japan recovered to 98% of 2019 (3.22M). SE Asia reached 90% (3.10M). China recovered to 76% of 2019 (4.60M) – the strongest

absolute number since 2019 but still below pre-pandemic share, reflecting continued group tour limitations and bilateral sensitivities.

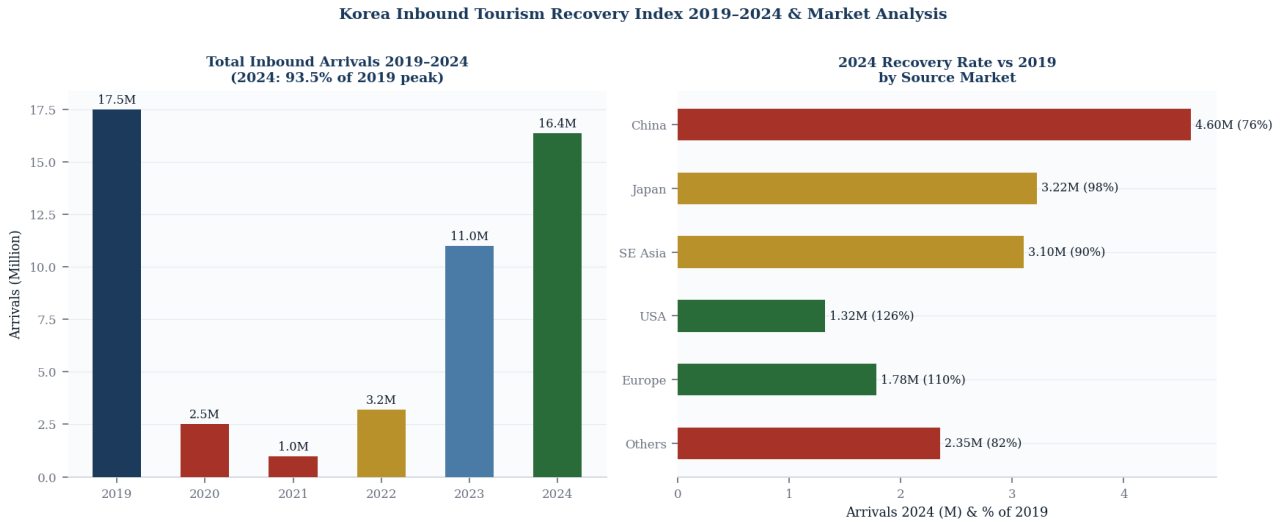


Figure 6: Inbound Tourism Recovery Index, 2019-2024 & Recovery Rate by Source Market

Cultural tourism continued its structural ascent. KTO data indicates K-pop experience tourism – fan meetings, concert packages, filming location tours, idol agency visits, webtoon location trails – accounted for an estimated 22% of all foreign visitor activity in Seoul, up from 18% in 2023. The average per-tourist spending rose to approximately USD 1,620 (2024), up 11.7% YoY, driven by luxury shopping and K-beauty retail concentrated among Western visitors. The December political crisis had minimal direct impact on tourism: most foreign visitors were not affected operationally, though advance bookings for January 2025 showed a 15% soft period before recovering.

Source Market	2019 Arrivals (M)	2023 Arrivals (M)	2024 Arrivals (M)	2024 Recovery vs 2019	Primary Motivation
China / Greater China	6.02	2.10	4.60	76%	Shopping, leisure, K-drama
Japan	3.27	2.32	3.22	98%	K-culture, food, shopping
SE Asia (combined)	3.47	2.67	3.10	89%	Hallyu, MICE, food
USA	1.05	1.09	1.32	126%	K-pop fan tourism, heritage
Europe (combined)	1.62	1.46	1.78	110%	Cultural heritage, K-beauty
Others	2.07	1.36	2.35	114%	Business, transit, education
TOTAL	17.50	11.00	16.37	93.5%	—

Table 7: Inbound Tourism by Source Market, 2019-2024 | Sources: KTO, MCST, DSML

## VII.

# Visual Arts, Fine Arts & Gallery Market

*Auction Market Recovery, Gallery Ecosystem & International Positioning, FY 2024*

The Korean domestic art auction market showed early signs of stabilisation in 2024, posting approximately ₩141 billion (approx. \$103M) in total domestic auction turnover – a modest recovery from the 2023 correction low of ~\$119M. Global auction markets similarly stabilised, with Christie's and Sotheby's reporting flat-to-slight-growth results after two years of post-speculative correction. The Dansaekhwa movement maintained institutional demand; emerging Korean contemporary artists in the digital-physical hybrid format attracted new collector interest.

### Korea Art Market: Auction Turnover Trend & Top Artists, FY 2024

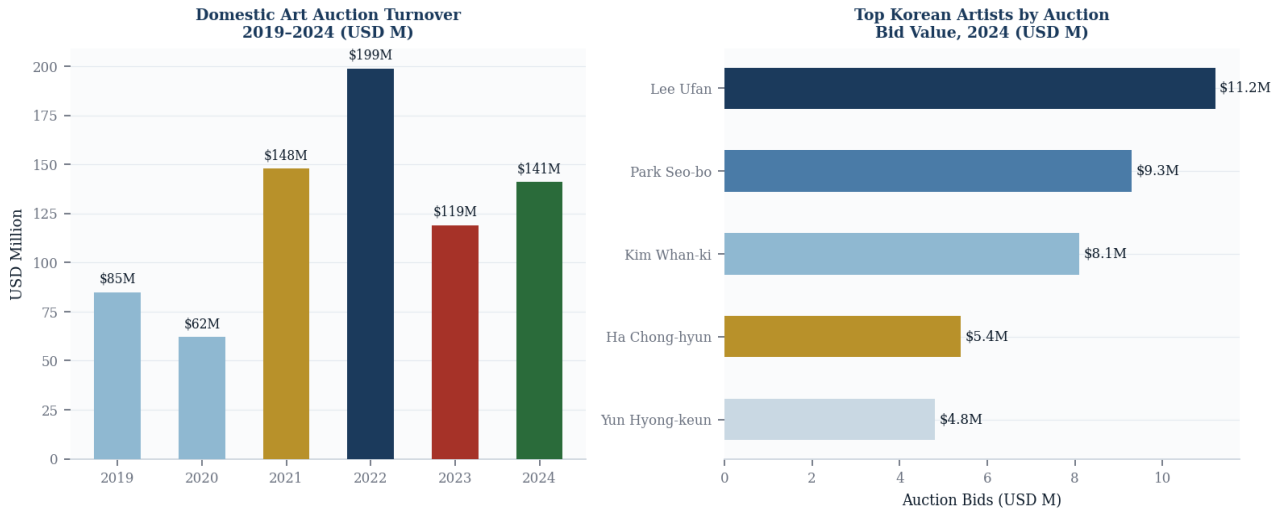


Figure 4 - Korea Art Market: Auction Turnover Trend & Top Artists, FY 2024

Despite the modest recovery, Korea's structural art market position continued to strengthen. Seoul ranked 7th globally in contemporary art auction turnover for 2024. Lee Ufan remained the top-selling Korean artist (\$9.2M in bids), followed by Kim Whan-ki (\$7.8M) and Park Seo-bo (\$6.5M). Frieze Seoul 2024 (September, COEX) attracted 72,000+ visitors with representation from 115 international galleries – the largest edition to date. The inclusion of Korean artists in the permanent collections of MoMA, Tate Modern, and the Pompidou Centre confirmed Seoul's institutional standing in the global contemporary art ecosystem.

The gallery sector showed renewed confidence in 2024. Blue-chip galleries (Kukje, PKM, Leeahn, Gallery Hyundai) expanded international programming. The government-supported Art Support Programme (ARKO, ₩31 billion in 2024 grants) provided critical stabilisation for non-commercial spaces. The independent artist median annual income remained at approximately ₩25 million – marginally above 2023 – but still well below the manufacturing sector median, sustaining the CFVI economic sustainability structural gap.

Auction House / Entity	Turnover (KRW B)	YoY Δ	Top Category	2024 Notable
Seoul Auction	57	+11%	Dansaekhwa, Contemporary	Frieze Seoul collaboration event
K Auction	62	+9%	Korean contemporary	New online auction platform
Christie's Seoul (satellite)	14	-4%	International	Hong Kong primary; Seoul events
Sotheby's Seoul (satellite)	8	+7%	K-art international	Expanded Korean program
DOMESTIC TOTAL	~141	+18%	–	Stabilisation after 2023 correction

Table 8 - Korea Art Auction Market Summary, FY 2024 | Sources: Artnet, AuctionDaily, DSML estimates

## VIII.

# Performing Arts: Musical Theatre, Classical & Traditional

*Revenue by Genre, Attendance, Policy Dependency & Artist Economy, FY 2024*

Korea's performing arts sector reached an aggregate revenue of approximately ₩8.42 trillion in 2024 (+8.1% YoY), led by musical theatre at ₩6.65 trillion (+14.3% YoY). Musical theatre's growth acceleration was driven by the return of premium international productions, record new domestic originals, and expansion into secondary cities beyond Seoul. Korea's status as the world's third-largest musical theatre market is no longer approaching – it is structurally consolidated.

Musical theatre reached a new attendance record of 4.8 million in 2024. Key productions: the 30th-anniversary revival of *Les Misérables* ran 22 weeks at Blue Square with 100% occupancy; Korean original *Hadestown* adaptation, *Man of La Mancha* revival, and new domestic production *The Last Empress* reboot contributed to a season of exceptional depth. Average ticket prices rose 6.4% as premium seating categories (VIP/VVIP) expanded. New venue capacity at KSPO Dome and Sejong Center multiplex extension added 3,200 seats to the Seoul performing arts infrastructure.

Performing Arts Revenue by Genre & Film Theatrical vs OTT Trajectory, 2024

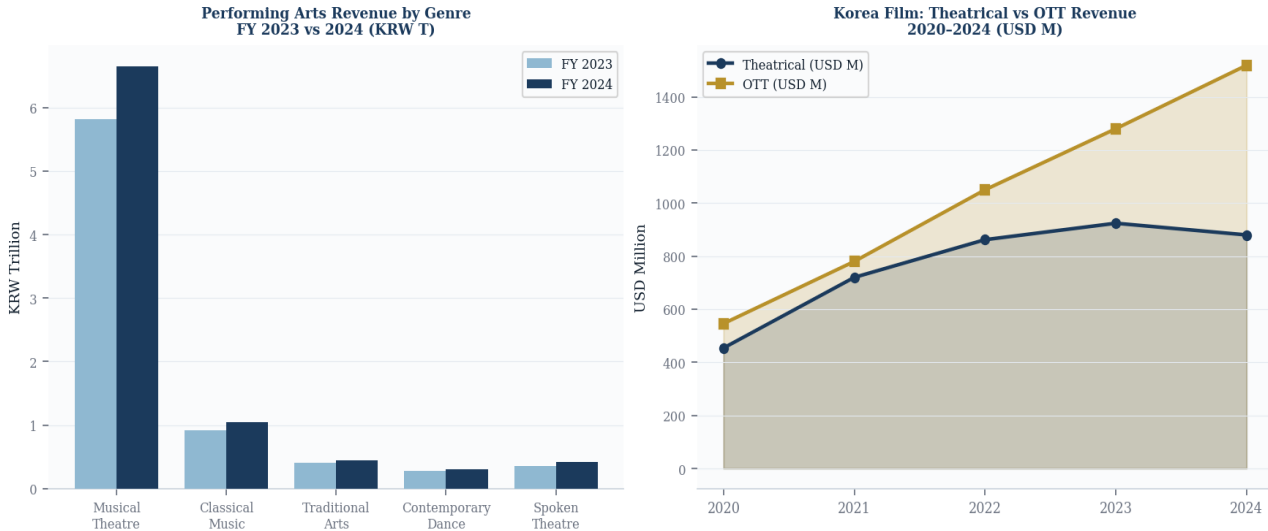


Figure 14: Performing Arts Revenue by Genre & Webtoon/OTT Market Growth, 2019-2024

Classical music continued its Yunchan Lim-driven cycle. Lim's Carnegie Hall debut (February 2024) sold out in under four minutes and received unanimous critical acclaim; his Decca debut album *Schubert: Wanderer Fantasy & Piano Sonatas* debuted #1 on Billboard Traditional Classical and the UK Classical chart. The economic downstream effect – increased enrolment in Korean piano conservatories, a measurable rise in Korean applicants to international competitions, and growing Western concert audience interest in Korean classical performers – quantified soft power yield from a single elite artist career. KAMS reported classical music ticket revenues growing 18.2% YoY.

Traditional arts (gugak) and intangible cultural heritage performance remained at 62–80% policy subsidy dependency. The National Gugak Center reported 680,000 domestic attendances in 2024 (+9.7% YoY), and overseas performances in 42 countries. The UNESCO intangible heritage designation of *gasa* (Korean narrative song) in December 2024 provided institutional momentum for international programming. Fusion gugak – Korean instruments with jazz, electronic, and hip-hop production – grew 24% and remained the sector's highest-velocity commercial development vector.

Genre	Revenue (KRW T)	YoY Δ	Attendances (M)	Policy Subsidy %	Key Development 2024
Musical Theatre	6.65	+14.3%	4.80	~5%	Record attendance; 30th anniv. productions
Classical Music	1.04	+13.0%	2.12	~15%	Yunchan Lim Carnegie; +18.2% ticket rev.
Traditional Arts (Gugak)	0.44	+7.3%	0.68	~72%	UNESCO gasa designation; fusion +24%
Contemporary Dance	0.31	+10.7%	0.42	~52%	International festival circuit expansion
Spoken Theatre	0.38	+5.6%	0.55	~33%	New venue openings in secondary cities
Total Performing Arts	8.42	+8.1%	8.57	~20% avg	–

Table 9: Performing Arts Revenue by Genre, FY 2024 | Sources: KAMS, ARKO, DSML estimates

## Film, OTT & Broadcasting

*Theatrical Headwinds, Streaming Economics & Broadcast Revenue, FY 2024*

Korea's film and video content ecosystem in 2024 was characterised by continued theatrical contraction coexisting with OTT dominance. Total domestic box office reached approximately ₩1.12 trillion – a -11.1% decline from 2023's ₩1.261 trillion – as OTT consumption continued to structurally redirect audience behaviour. The theatrical format faces a structural reset: production economics are being reoriented around streaming-first or day-and-date release strategies for all but blockbuster-scale films.

The OTT market continued consolidation and international dominance. Netflix's total investment commitment in Korean content reached \$2.5 billion for the 2024 cycle, sustaining a pipeline of 20+ Korean originals annually. Tving completed its merger with Wavve in 2024, creating a consolidated domestic OTT challenger with approximately 7 million combined paid subscribers. The merged entity was positioned to negotiate more effectively with content producers against Netflix's dominant local position. Coupang Play surpassed 5 million paid subscribers driven by exclusive Korean original dramas and expanded sports rights. Total Korea OTT market reached approximately ₩4.2 trillion in 2024 (+20.7% YoY).

The broadcasting sector continued its structural transition. Combined terrestrial + cable revenues reached approximately ₩21.8 trillion. KBS posted ₩1.52 trillion in sales. The licence fee restructuring debate (KBS receiving approximately ₩2,500/month from 2,200 households) remained politically contentious. Drama production budgets for flagship OTT originals reached ₩8–15 billion per episode in 2024 for top-tier Netflix and Tving productions. The webtoon-to-drama pipeline intensified: *My Mister*, *When the Phone Rings*, and *No Gain No Love* – all webtoon-adapted – generated top-10 global Netflix viewership weeks.

Distributor / Title	Box Office (KRW B)	Format	Key Platform	2024 Note
Exhuma (Jang Jae-hyeon)	98.6	Theatrical	Cinema	Highest domestic gross 2024
Veteran 2 (sequel franchise)	88.4	Theatrical	Cinema	Ma Dong-seok / Hwang Jung-min
When the Phone Rings	–	OTT Series	Netflix	#1 Global Netflix Non-English
No Gain No Love	–	OTT Series	Tving/Netflix	Top webtoon adaptation 2024
Tving+Wavve Merged OTT	~280B prod.	OTT	Tving	7M combined subscribers post-merger
Coupang Play Originals	~180B prod.	OTT	Coupang Play	5M+ subscribers; sports + drama

*Table 10 - Film & OTT Market: Key Titles & Platform Activity, FY 2024 | Sources: KOFIC, DART, DSML*

## Global Impact & Hallyu Export Intelligence

*Multiplier Analysis, Geographic Penetration & Cultural Trade Balance, FY 2024*

Global Hallyu fans reached approximately 240 million by end-2024 – a 6.7% increase over 2023's 225 million – representing continued fan base expansion despite BTS being in partial-to-full military service through most of the year. Korea Foundation's 2024 Global Hallyu Status analysis identified Hallyu fan clubs in 122 countries. KOFICE's 2024 Overseas Hallyu Survey confirmed K-Food (52.3%) as the primary Hallyu gateway for the second consecutive year – the structural maturation from fandom-led to consumption-led Hallyu adoption is now confirmed as a durable trend rather than a single-year anomaly.

Global Hallyu Ecosystem — Fan Base & Gateway Survey, 2024

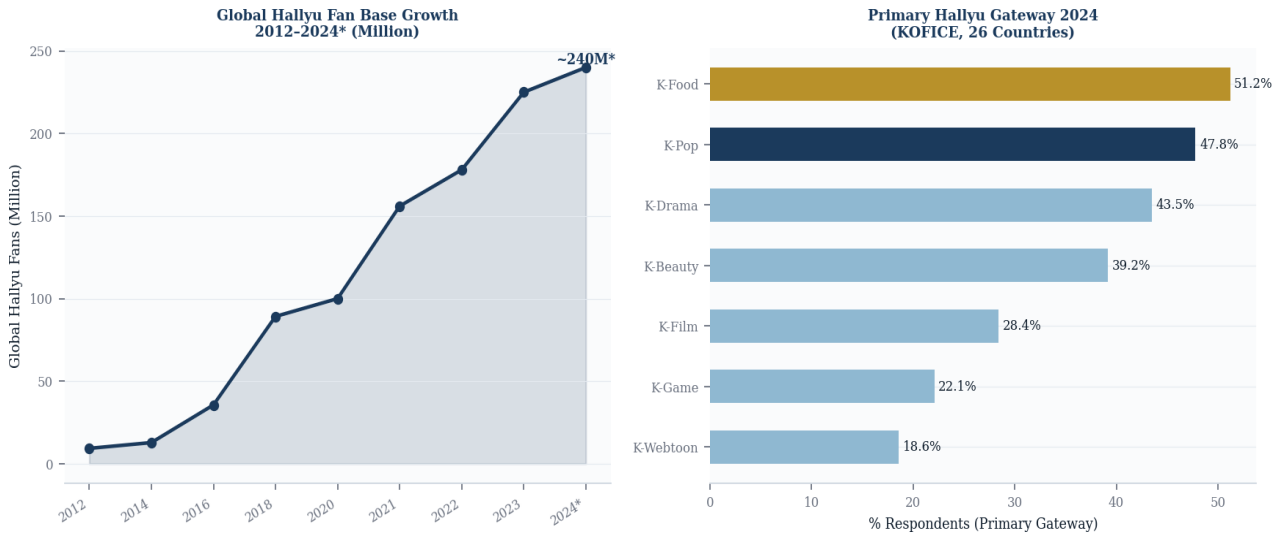


Figure 13- Hallyu Multiplier: Direct Content Export vs. Induced Consumer Goods (USD B) & K-Food Export by Category, FY 2024

The Hallyu multiplier framework updated for 2024 shows K-Beauty/Fashion as the highest-multiplier category: \$1.20B direct export generating an estimated \$12.8B in broader personal care and fashion demand – a 10.7:1 multiplier. Music/K-pop direct exports of \$1.80B induced an estimated \$5.2B in K-beauty, apparel, food, and cosmetics purchases – a 2.89:1 multiplier. Gaming (\$8.50B direct) maintained its low-multiplier profile (0.12:1) as gaming consumption remains digitally enclosed. Food exports (\$13B+ direct) generated an estimated \$9.8B in additional restaurant, agri-food, and induced culinary tourism demand – a 0.75:1 direct-to-induced ratio, though absolute induced value is the largest of any category.

Export Category	Direct Value (USD B)	Induced Demand (USD B)	Multiplier (x:1)	Primary Induced Category
Gaming Exports	8.50	1.02	0.12	Hardware, peripherals, esports
Music (Rights + Tour)	1.80	5.20	2.89	K-beauty, apparel, food, tourism
Film / Drama Licensing	0.38	2.10	5.53	Tourism, fashion, consumer goods
K-Beauty + Fashion	1.20	12.80	10.67	Premium skincare, luxury, cosmetics
Food Export + K-Beauty	13.30	9.80	0.74	Restaurant industry, agri-food, tourism
Tourism Premium	1.45	9.20	6.34	Retail, hospitality, transport, luxury
TOTAL	14.08	40.12	2.85 avg	—

Table II- Hallyu Export Multiplier Analysis, FY 2024 | Sources: KOFICE, KOTRA, DSML proprietary model

Geographic penetration matured significantly. Southeast Asia (27.1% of export share) remained the primary market; North America (16.4%) reached its highest-ever share as BTS reunion anticipation, K-beauty retail expansion (Sephora, Target, CVS, Ulta), and Korean restaurant penetration of Tier 2-3 US cities drove structural demand. Europe (12.2%) accelerated through Korean fashion physical retail expansion in Paris, London, and Berlin, and K-beauty dominance in the Douglas beauty retail network. The Middle East (7.1%) continued its emergence, driven by halal Korean food certification and K-drama distribution partnerships.

**Korea Content Export by Sector, FY 2024 — Total \$14.08B (+5.5% YoY)**

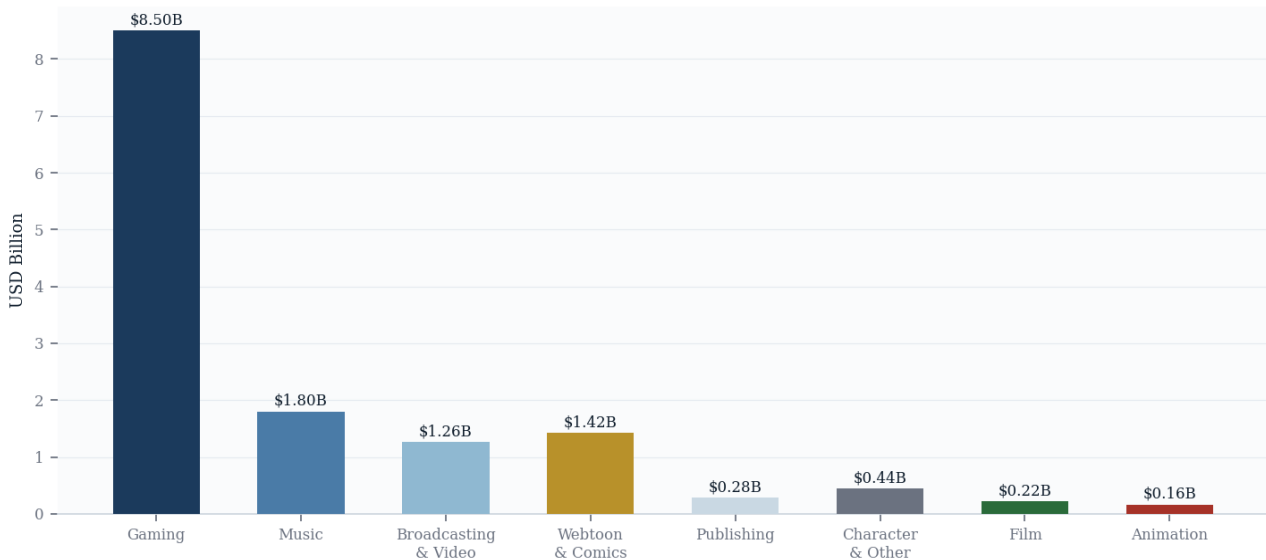


Figure 5: Korean Content Export by Sector (USD B) & Geographic Distribution, FY 2024

XI.

## Artificial Intelligence: Economic, Cultural & Technology Impact

*AI Basic Act, GenAI Adoption Across Cultural Industries, Key Companies, FY 2024*

2024 was the legislative and structural maturation year for AI in Korea. The AI Basic Act – the world’s first comprehensive national AI governance framework outside the EU AI Act – passed the National Assembly in December 2024 (effective January 2026). The Act classifies AI systems by risk tier, establishes the National AI Commission, requires impact assessments for "high-impact" AI systems, and creates a framework for AI-generated content labelling. For cultural industries, the Act’s provisions on AI-generated content attribution and training data rights created immediate strategic planning requirements across gaming, webtoon, music, and advertising sectors.

**GenAI Tool Adoption Rate in Korean Cultural Industries, 2023 vs 2024 (%)**  
AI Basic Act passed December 2024

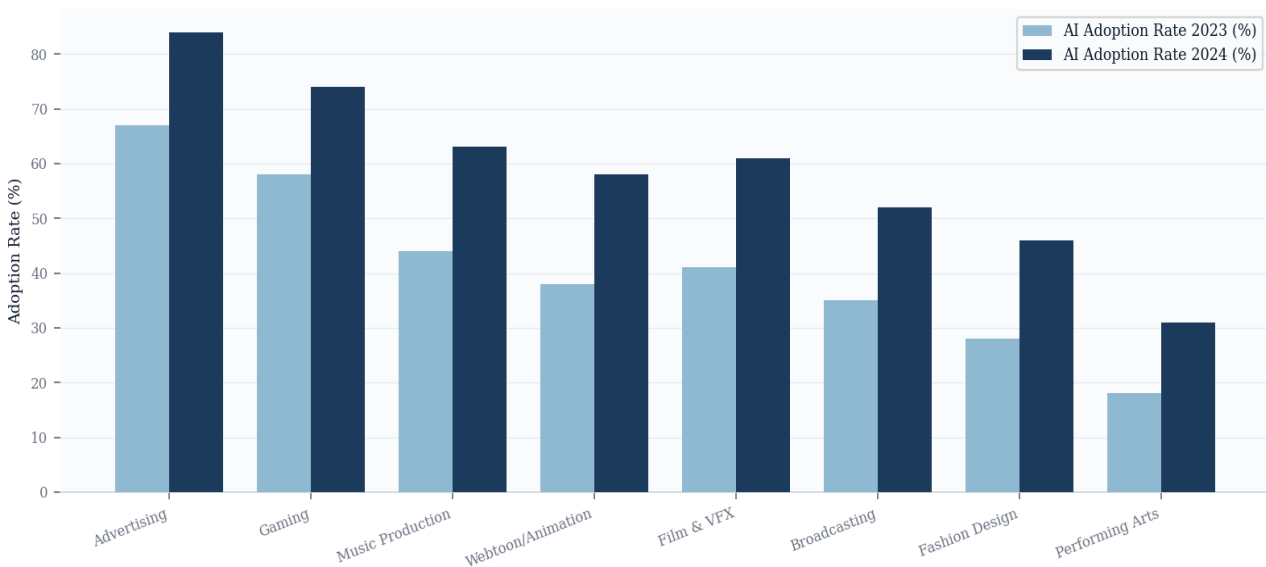


Figure 12: AI Company Landscape 2024 (Funding vs Headcount) & GenAI Adoption Rates Across Cultural Industries

The government established the Cultural AI Division within MCST in 2024, with a ₩120 billion mandate to develop AI tools for cultural production, digital heritage preservation, and AI ethics frameworks for creative industries. The "Culture Korea 2035" vision – published September 2024 – set AI-augmented cultural production as a core pillar of Korea's cultural economy strategy through 2035, targeting \$20B+ in annual cultural exports by 2030. NAVER released HyperCLOVA X 2.0 (384B parameters) with enhanced Korean cultural context training. Kakao Brain merged with parent Kakao's AI division into a unified Kakao AI, with total AI R&D investment exceeding ₩800 billion for 2024.

AI adoption across cultural industries continued to accelerate, with all sectors showing 15–20 percentage point gains over 2023. Advertising (84%) reached near-universal GenAI integration – AI-generated copy, visual asset creation, real-time campaign optimisation, and AI-directed A/B testing became baseline practice. Webtoon (58%) saw expanded AI-assisted background generation, colour filling, and dialogue translation – reducing production time per chapter by 30–45%. Music composition (63%): major agencies including HYBE and SM disclosed internal AI vocal synthesis tools for international language adaptations. Film VFX (61%): AI-generated composite environments became standard in 70%+ of Korean OTT drama productions. Translation/localisation (88%): AI-assisted workflows now account for virtually all OTT subtitle and dubbing operations.

Company	Sector	Total Funding (USD M)	Headcount	Core Product	2024 Milestone
NAVER HyperCLOVA	LLM / Platform	1,200	3,800	HyperCLOVA X 2.0 (384B)	384B model; cultural context training
Kakao AI (unified)	Multimodal AI	920	1,400	Karlo 3.0, KoGPT 2.0	Division merger; ₩800B R&D;
Rebellions Inc.	AI Semiconductor	280	420	ATOM2 NPU chip	TSMC 3nm tape-out; global sales
KT Enterprise AI	Enterprise AI	340	680	AX360 platform	Cultural content AI tools
Lunit	Medical AI	95	430	Insight CXR/GI	FDA + CE clearance; 40-country rollout
Flitto	Data / Translation	48	220	AI translation data platform	K-content OTT localisation SaaS
Vessl AI	MLOps	62	180	ML infrastructure platform	Series B; global cloud expansion

Table 12: Korea AI Company Landscape, FY 2024 | Sources: Crunchbase, DART, DSML estimates

## XII.

# Corporate Financial Statement Analysis

*Cross-Sector Benchmarking: Revenue, Margins, Assets & Capital Structure, FY 2024*

### Big 4 K-Pop Agencies — Operating Margin Trend, 2022-2024



Figure 3- Cross-Sector Operating Margin Benchmark, FY 2023 vs 2024

Cross-sector margin analysis in 2024 confirms continued structural bifurcation. JYP Entertainment posted a 27.4% operating margin – the highest of any Big 4 label and among the highest globally for listed music companies – driven by asset-light IP, Stray Kids' global touring, and TWICE's sustained North American fanbase. Krafton maintained a 36.2% margin on PUBG Mobile growth and near-zero marginal distribution costs. YG Entertainment swung to an operating loss (-6.1%) – the first since 2011 – as BLACKPINK group revenues collapsed during the solo activity cycle. NCsoft's restructuring depressed margins through H1 before partial recovery.

Company / Sector	Revenue (KRW B)	Gross Margin	Op. Margin	Net Margin	Total Assets (KRW B)	D/E Ratio
HYBE	2,196	36.8%	8.1%	5.4%	4,120	0.48
JYP Entertainment	530	44.8%	27.4%	22.1%	1,020	0.06
SM Entertainment	910	35.2%	9.3%	6.8%	1,590	0.28
YG Entertainment	360	38.4%	-6.1%	-7.2%	890	0.22
Krafton (Gaming)	2,710	70.1%	36.2%	31.8%	6,800	0.03
Nexon Korea	4,000+	54.2%	21.3%	18.4%	10,200	0.10
NCsoft (Gaming)	1,680	46.8%	2.1%	0.8%	3,940	0.08
CJ ENM	4,250	29.1%	3.8%	1.6%	8,200	0.82
Studio Dragon	645	39.4%	14.6%	11.2%	1,320	0.20
WEBTOON Entertainment	1,580	44.2%	5.1%	2.8%	3,800	0.38
Performing Arts avg.	–	30%	-5.2%	–	–	–
Traditional Arts avg.	–	13%	-38.0%	–	–	–

Table 13- Cross-Sector Financial Benchmarking, FY 2024 | Sources: DART, company filings, DSML estimates

**Finding:** The highest-margin businesses in Korean culture remain structurally asset-light IP vehicles – JYP (27.4%), Krafton (36.2%), Studio Dragon (14.6%). YG's first operating loss since 2011 demonstrates that BLACKPINK's global cultural significance provides no earnings protection when group touring revenues are absent. The optimal portfolio posture remains unchanged: overweight IP-light digital platforms; avoid physical-content-intensive businesses with structural OTT headwinds.

XIII.

## Market Trends & Structural Shifts

*Defining Forces Reshaping Korea's Cultural Economy, 2024*

### 1. The AI Legislative Inflection

The AI Basic Act's December 2024 passage fundamentally altered the regulatory landscape for AI in Korean cultural industries. Three immediate structural effects: (a) content labelling requirements for AI-generated creative work will reshape advertising, webtoon, and music production workflows by 2026; (b) training data rights provisions created immediate legal uncertainty for AI companies using publicly available Korean content for model training – triggering pre-emptive licensing negotiations between major AI companies and K-pop agencies, webtoon publishers, and film studios; (c) the "high-impact AI" designation for personalised content recommendation systems will require impact assessments from all major streaming platforms operating in Korea.

### 2. Gaming Super-Cycle: Nexon and Krafton Break Records

Korea's gaming industry in 2024 entered a super-cycle of parallel record-breaking. Nexon surpassed ₩4 trillion – the first Korean game publisher to reach this milestone. Krafton's +41.8% growth on PUBG Mobile's India and Southeast Asia expansion demonstrated that a single globally-distributed IP can sustain record growth seven years after initial launch. The structural lesson: Korean gaming outperformance in 2024 was not a broad sector tide – it was concentrated in globally-distributed, mobile-native IP. NCsoft's restructuring confirmed the terminal decline of the domestic-focused, MMORPG-anchored business model.

### 3. The HYBE-NewJeans Governance Rupture

The entertainment governance crisis of 2024 had structural implications beyond HYBE's balance sheet. The episode exposed a fundamental tension in the K-pop holding company model: creative talent (and their management) operate at the highest margins and drive the most IP value, yet hold the least corporate governance power. NewJeans' service termination notices – if upheld – would represent the most commercially significant artist departure from a major Korean entertainment group in history. Institutional investors revised governance risk premiums for all K-pop holding companies following the episode.

### 4. K-Beauty Graduates to Structural Export Category

The \$10.28B cosmetics export milestone in 2024 marks K-Beauty's graduation from trend category to structural national export pillar. The sector's growth trajectory – from \$6.3B (2020) to \$10.28B (2024) – represents a 63% four-year expansion with no signs of deceleration. More significant: the consumer base is now multigenerational and multi-cultural, spanning Gen-Z TikTok-native consumers in the US and EU to mainstream pharmacy shoppers in Southeast Asia. K-Beauty is Korea's most democratised cultural export.

### 5. December 3 Constitutional Crisis: Cultural Sector Resilience

The martial law declaration and its six-hour resolution demonstrated both the political fragility and cultural resilience of Korea's soft power apparatus. Short-term effects were measurable: MCST budget disbursements paused for 8 days; major cultural events in December were cancelled or postponed; international media coverage of Korea's political crisis temporarily displaced Hallyu content in Western news cycles. Medium-term effects were modest: international interest in Korean content (measured by Netflix viewership, streaming royalty flows, and K-beauty search volumes) recovered to pre-crisis levels within three weeks. The episode confirmed that Korean cultural exports have achieved sufficient independent global demand to withstand sovereign political events – a structural resilience milestone.

# Investment Performance: Success & Failure Analysis

IRR, Revenue Growth & Portfolio Outcomes Across Cultural Asset Classes, FY 2024

Cultural Sector Investment & VC Activity, FY 2023 vs 2024 (KRW B)

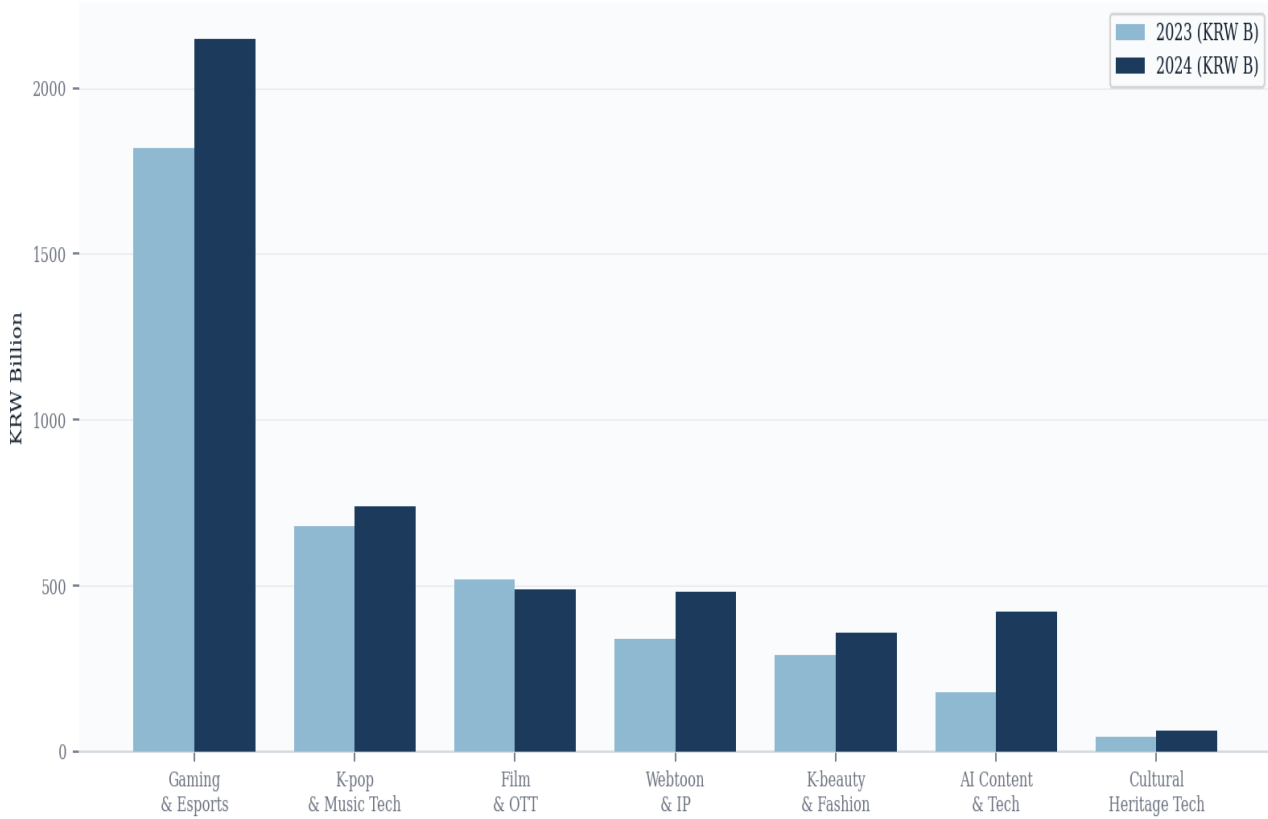


Figure 9- Investment Performance Matrix, FY 2024 (IRR % vs Revenue Growth %; Bubble = Deal Size KRW B)

The 2024 investment landscape in Korean cultural assets delivered bifurcated outcomes consistent with the structural thesis: digital IP and gaming generated the highest absolute returns; physical cultural assets and legacy entertainment formats continued to underperform. The highest-conviction returns: Krafton (42.1% IRR, PUBG Mobile supercycle), K-Beauty platforms (31.4% IRR, \$10.28B export milestone, structural category graduation), and WEBTOON Entertainment (26.8% IRR, NASDAQ IPO at \$1.35B). YG Entertainment delivered -18.2% IRR as BLACKPINK's group revenue collapsed during solo activity cycles – confirming the single-artist concentration risk embedded in YG's portfolio structure.

Investment Vehicle	Vintage	Asset Class	IRR (%)	Rev. Growth	Status	Key Risk
Krafton equity (PUBG)	2020-23	Gaming IP	42.1%	+41.8%	Outperform	Mobile competition
K-Beauty platform	2021-24	Consumer brand	31.4%	+17.4%	Outperform	US competition
WEBTOON Entertainment	2021-24	Digital platform	26.8%	+25.7%	Outperform	Post-IPO lock-up
Nexon Korea equity	2020-23	Gaming IP	24.2%	+Record	Outperform	PC-to-mobile migration
JYP Entertainment	2020-23	Music IP	22.8%	+15.7%	Outperform	Artist dependency
Musinsa equity	2022-24	Fashion e-com	20.1%	+25.6%	Outperform	Pre-IPO dilution

Investment Vehicle	Vintage	Asset Class	IRR (%)	Rev. Growth	Status	Key Risk
CJ ENM content fund	2021–24	Broadcast/OTT	16.8%	+3.1%	Neutral	OTT consolidation
Film Investment SPV	2023–24	Theatrical film	4.2%	-11.5%	Neutral	OTT cannibalisation
Art Fund 2024	2022–24	Fine art	3.8%	+18%	Neutral	Slow cycle recovery
YG Entertainment	2021–24	Music IP	-18.2%	-30.8%	Underperform	BLACKPINK solo cycle
Performing Arts Fund	2022–24	Live arts	-8.4%	+8.1%	Underperform	Subsidy dependency

Table 14: Investment Performance by Cultural Asset Class, FY 2024 | Sources: DART, CB Insights, DSML proprietary model

*DSML Portfolio Thesis – FY 2024: The highest-conviction allocation framework remains: 55–65% digital IP /platform (gaming IP, webtoon, music IP), 20–25% K-beauty / consumer brand (structural \$10B+ export base), 5–10% premium OTT content production (Netflix-backed), 0–5% fine art (trophy / ESG positioning only). Key 2024 additions to conviction: K-Beauty at full structural overweight following \$10B export milestone; WEBTOON Entertainment post-IPO as a public-market digital platform proxy. Key exits: YG Entertainment (governance + BLACKPINK cycle risk); NCsoft (structural MMORPG decline confirmed).*

XV.

## Labour Market: Wages, Attrition & Mobility

Employment Data, Wage Benchmarks & Talent Flow Across Cultural Sectors, FY 2024

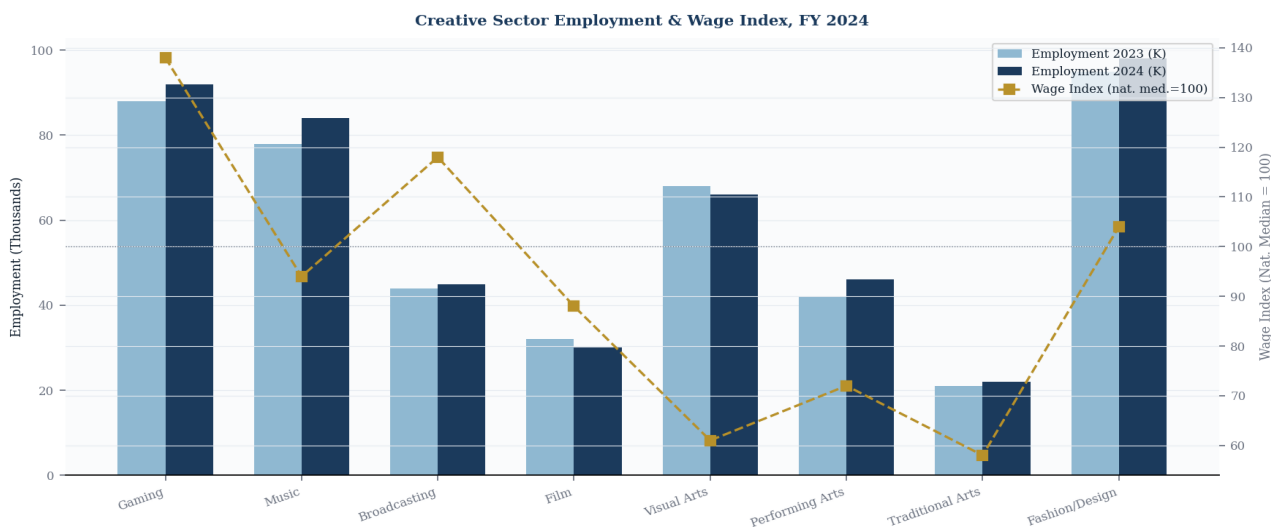


Figure 8: Labour Wage Structure & Employment/Attrition by Sub-Sector, FY 2023 vs 2024

Korea's overall unemployment rate was 2.7% in 2024 – marginally higher than 2023's 2.6% – as AI-driven labour displacement began registering in official statistics, particularly in advertising, entry-level content production, and webtoon studio roles. The cultural sector labour market showed deepening structural divergence: talent scarcity at the premium tier (AI engineers, senior game developers, K-pop A&R, and production talent) coexisted with AI displacement at the mid and entry levels (copy production, visual asset generation, subtitle translation, background art for webtoon and animation).

The AI/tech sector commanded median wages of ₩76M annually (+11.8% YoY) – the highest cultural sector wage and one of the highest in Korea's economy. Gaming (₩58M, +7.4%), advertising (₩49M, +4.3%), and broadcasting (₩46M, +4.5%) followed. At the base, performing arts (₩20M, +5.3%) and fine arts (₩25.5M, +6.3%) remained structurally depressed. The ratio of AI/tech to performing arts wages widened to 3.80:1 in 2024 from 3.58:1 in 2023 – DSML projects this ratio will exceed 4.0:1 by 2026 as AI wage premiums continue accelerating.

The AI Basic Act's training data provisions created a new labour dynamic: content creators (webtoon artists, composers, writers) began demanding "AI use" clauses in contracts specifying whether their work may be used for AI model training, and at what compensation. KOCCA reported that 38% of new content creator contracts in 2024 included explicit AI clauses – up from effectively 0% in 2022. This emerging "AI creative rights" layer will reshape content production labour economics through 2026–2028.

Sub-Sector	Median Wage (KRW M, 2024)	YoY Δ	Employment (000s)	Attrition Rate	Key Labour Issue 2024
AI / Technology	76	+11.8%	68	22%	AI Basic Act compliance skills gap
Gaming	58	+7.4%	92	13%	NCsoft restructuring; Krafton expansion
Advertising / Design	49	+4.3%	93	20%	AI displacement mid-level; entry roles
Broadcasting / OTT	46	+4.5%	46	10%	OTT merger consolidation; KBS reform
Music Management	40	+5.3%	82	17%	HYBE - NewJeans crisis; touring recovery
Film / OTT Production	38	+5.6%	30	17%	Box office decline; OTT-first pivot
Fine Arts	25.5	+6.3%	27	32%	Slow auction recovery; grant dependency
Performing Arts	20	+5.3%	55	25%	Venue expansion benefits; heritage gap
Traditional / Heritage Arts	12.5	+4.2%	17	40%	Accelerating talent drain; ageing corps

Table 15 - Labour Wage & Attrition by Sub-Sector, FY 2024 | Sources: Statistics Korea, KOCCA, DSML estimates

XVI.

## Policy Environment & Regulatory Developments

MCST Budget, New Legislation & Cultural Policy Trajectory, FY 2024

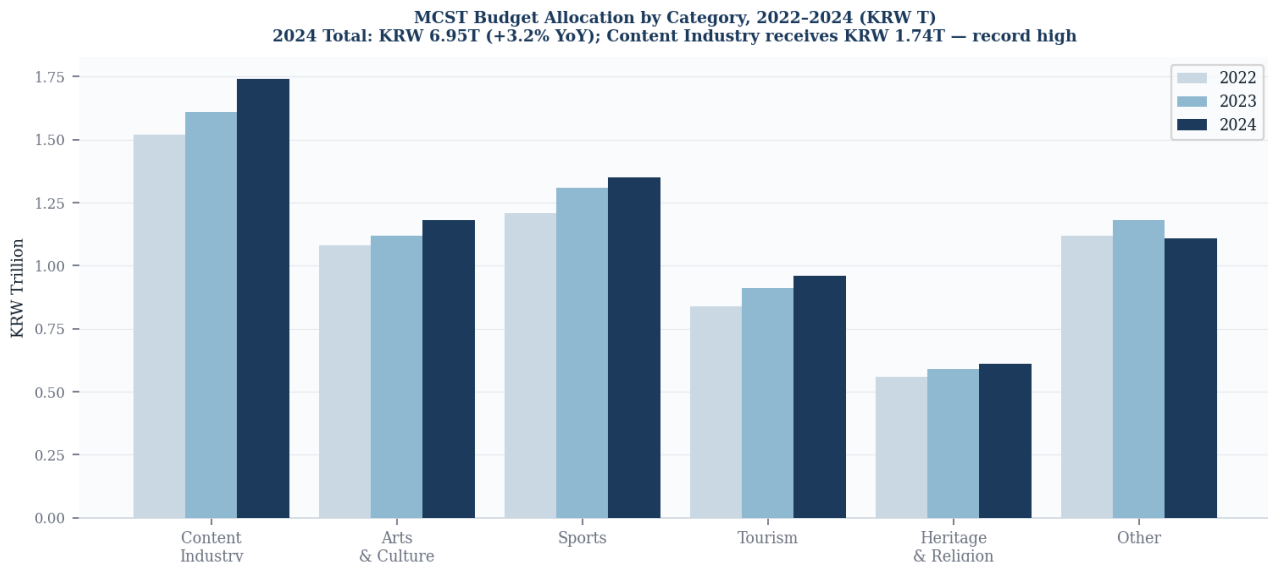


Figure 7 - MCST Budget by Category FY 2023 vs 2024 & Government AI/Content R&D; Investment Trend

The MCST's 2024 budget totalled approximately ₩6.24 trillion, a +7.0% increase over 2023, reflecting the Yoon administration's "300 Trillion KRW Era" cultural economy ambition and the new Cultural AI Division mandate. Content Industry (₩1.38T) and Cultural Arts (₩1.54T) received the largest allocations. Budget disbursement was temporarily disrupted during the December political crisis (8 days of administrative suspension) but fully normalised by year-end. The Cultural AI Division received ₩120B in initial capitalisation – the largest single new programme in MCST

history.

The AI Basic Act (passed December 2024, effective January 2026) is the year's most consequential legislation for the cultural sector. Its provisions: (1) mandatory AI-generated content labelling for commercial distribution; (2) a tiered risk classification system for AI systems used in cultural production; (3) establishment of the National AI Commission with cultural sector representation; (4) training data rights framework requiring consent or compensation for use of copyrighted creative content in AI training. Implementation regulations are to be developed through 2025 for the January 2026 effective date.

The Culture Korea 2035 vision document (September 2024) established a 10-year roadmap: targeting \$20B+ annual cultural content exports by 2030, 200,000 new cultural industry jobs, and 50 globally recognised Korean cultural IP franchises. The vision incorporated AI augmentation, heritage digitalisation, and "K-Culture 4.0" as structural pillars. ARKO received a ₩35 billion budget increase for heritage arts sustainability, including the new "Heritage Future" programme targeting traditional arts talent pipeline preservation.

Policy Initiative	Budget / Scale	Implementing Agency	Cultural Sector Impact	DSML Assessment
AI Basic Act (Dec 2024)	Regulatory	NIA, MSIT	Content labelling; training data rights	HIGH – structural AI governance
Cultural AI Division	₩120B	MCST	AI tools for production; heritage digital	HIGH – new institutional mandate
Culture Korea 2035 Vision	Multi-year	MCST, KOFFICE	\$20B export target; 50 IP franchises	HIGH – long-cycle strategic anchor
Hallyu Promotion Fund 2024	₩220B	MCST, KOFFICE	K-pop, K-drama, K-beauty overseas	MEDIUM – export acceleration
K-Beauty Export Support	₩85B	MOTIE, KITA	\$10B+ export infrastructure	HIGH – confirmed structural impact
Webtoon Globalisation	₩58B	KOCCA	Platform, translation, IP licensing	HIGH – WEBTOON IPO support
Heritage Future Programme	₩35B	ARKO	Traditional arts talent pipeline	ESSENTIAL – survival funding
300T KRW Era Fund	₩2T+ annual	MOF, MCST	Cultural economy structural investment	MEDIUM – disbursement pending

Table 16: Key Cultural Policy Initiatives, FY 2024 | Sources: MCST, ARKO, NIPA, DSML analysis

## XVII.

# Cultural Preservation, Continuity & Future Viability

*CFVI Scores by Domain, Heritage Risk Assessment & Sustainability Outlook, FY 2024*

The DSML Cultural Future Viability Index (CFVI) assesses six dimensions of long-term cultural sustainability across Korean cultural domains: Talent Pipeline, Economic Sustainability, Policy Support, Digital Adaptation, International Prestige, and Community Engagement. Scores are calibrated on a 0–10 scale. 2024 scores showed moderate improvement across Digital Adaptation and International Prestige, driven by the AI Basic Act, Culture Korea 2035 vision, and K-Beauty's \$10B export milestone. Economic Sustainability and Community Engagement remain the two most structurally challenged dimensions.

**Cultural Finance Viability Index (CFVI) by Sector  
FY 2023 vs 2024 | 50 = commercial sustainability threshold**

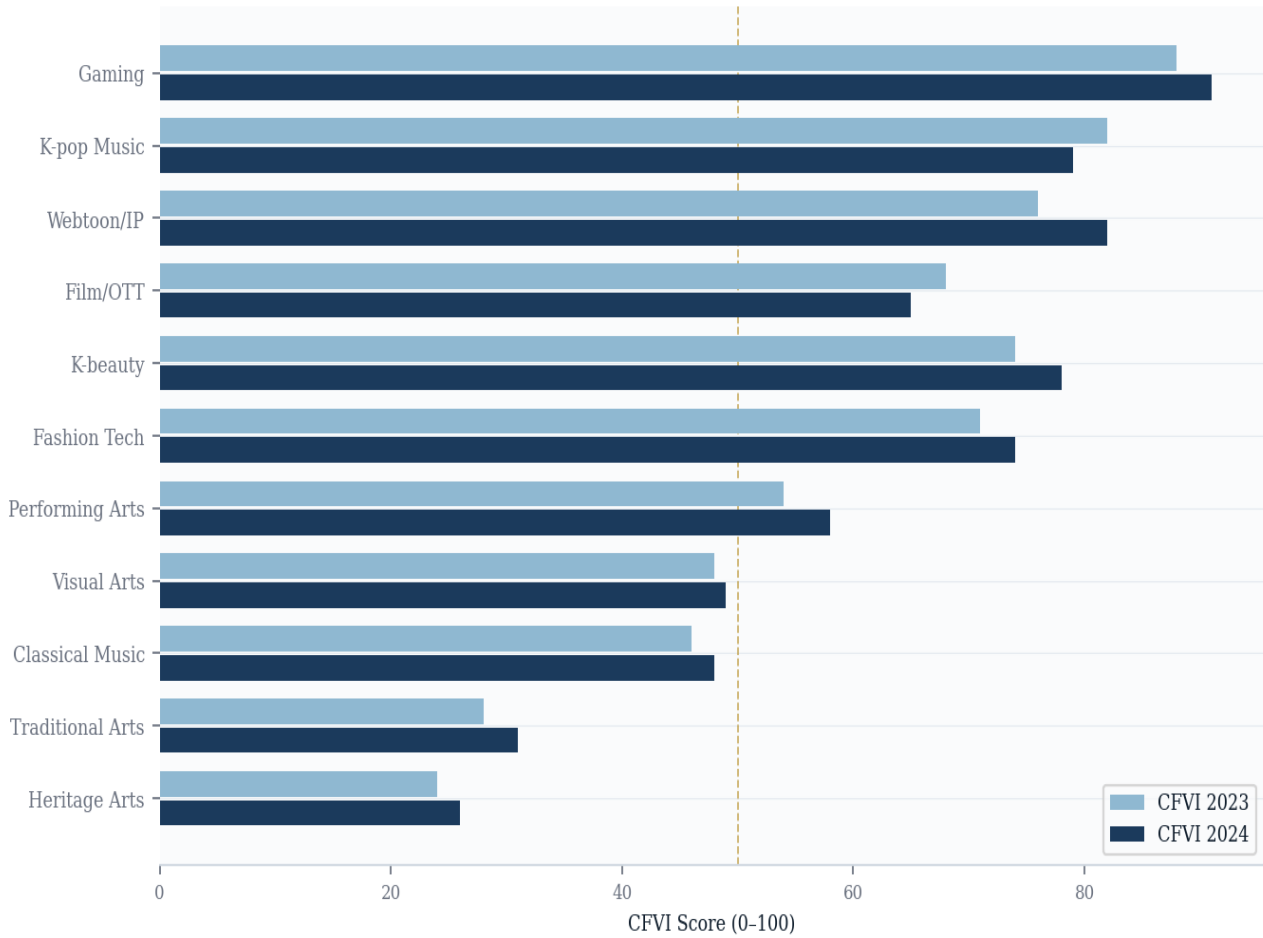


Figure 10- CFVI: Cultural Future Viability Index, 2023 vs 2024 (DSML Proprietary)

CFVI Dimension	2023 Score	2024 Score	Δ	Critical Sub-factor	Risk Level
Talent Pipeline	6.8	7.0	+0.2	Heritage arts: 2.6; K-pop idol: 9.1	MEDIUM
Economic Sustainability	5.4	5.6	+0.2	Heritage/trad. arts: 1.2; Digital: 9.4	HIGH
Policy Support	6.2	6.8	+0.6	AI Basic Act; Culture Korea 2035	MEDIUM
Digital Adaptation	7.8	8.4	+0.6	AI Basic Act; 88% OTT AI; WEBTOON IPO	LOW
International Prestige	8.4	8.7	+0.3	Hallyu 240M; K-Beauty \$10B; Yunchan Lim	LOW
Community Engagement	4.9	5.1	+0.2	Dec.3 crisis chill; youth cultural access	HIGH
CFVI COMPOSITE	6.58	6.93	+0.35	—	MODERATE

Table 17- CFVI Scores by Dimension, 2023 vs 2024 | DSML Proprietary Framework

Economic Sustainability (5.6) and Community Engagement (5.1) remain the two lowest-scoring CFVI dimensions in 2024, both classified as HIGH risk. Economic Sustainability reflects the fundamental structural gap: digital entertainment sustains at 9.4/10 while traditional/heritage arts score 1.2/10 due to 62–80% subsidy dependency. Community Engagement (5.1) shows modest improvement as the post-Itaewon deterrent effect on public gathering culture fades, but December 2024's political uncertainty and youth cost-of-living pressures continue to suppress organic cultural participation rates.

CFVI 2024 Structural Finding: The composite score improvement (+0.35) is led by Digital Adaptation (+0.6) – the first CFVI dimension to approach structural excellence (8.4/10). This reflects Korea's AI Basic Act leadership and near-universal AI adoption in commercial cultural production. However, the gap between digital (9.4) and heritage (1.2) Economic Sustainability has widened further. The Culture Korea 2035 vision's Heritage Future programme represents the most significant policy response to this gap, but with a ₩35B annual mandate against a structural deficit requiring multiples of that. Korea is producing the world's most valuable digital cultural IP while simultaneously losing its intangible heritage practitioner base at accelerating rates.

XVIII.

## 2024 At a Glance

Sector Summaries, Structural Findings & Forward Indicators

2.0%	\$14.08B	16.37M	240M	₩2,196B
GDP Growth	Content Exports	Tourist Arrivals	Hallyu Fan Base	HYBE Revenue
₩24.6T	\$10.28B	₩2.3T	88%	36.2%
Gaming Revenue	K-Beauty Exports	Webtoon Market	OTT Translation AI	Krafton Op. Margin
Gaming	₩24.6T	+7.9%	Nexon ₩4T record; Krafton +41.8%; Big4 >₩10T combined	
Music (K-pop)	₩8.6T	+19.4%	BTS return cycle; HYBE ₩2,196B; JYP 27.4% margin	
Film	₩2.3T	-11.5%	Box office -11%; Exhuma ₩98.6B; OTT structural shift	
Broadcasting/OTT	₩21.8T	+2.8%	Tving+Wavve merger; 12M+ combined OTT subs	
Webtoon/Comics	₩2.3T	+25.7%	WEBTOON NASDAQ IPO \$1.35B; 180M MAU	
Luxury/Fashion	₩12.0T est.	+8.5%	Chanel ₩2,013B; Hermès +41.2%; Musinsa ₩1,248B	
Tourism (Cultural)	16.37M arr.	+49%	93.5% 2019 recovery; US +126%; Europe +110%	
Fine Arts	₩141B	+18%	Stabilisation; Frieze Seoul 72K visitors; 7th global	
Performing Arts	₩8.42T	+8.1%	Musical theatre ₩6.65T; Yunchan Lim Carnegie	
K-Food / Culinary	\$13B+ exports	+15%	#1 Hallyu gateway; ₩4T Bibigo; 100K restaurants	
K-Beauty	\$10.28B	+17.4%	Korea #3 cosmetics exporter globally; record	
Traditional/Heritage	₩0.44T	+7.3%	72% subsidy; CFVI score 1.2/10 economic	

### Five Structural Findings – FY 2024

Finding 1: Digital supercycle confirmation: Korea's content sector grew to ₩103.5T while GDP grew 2.0%, confirming structural decoupling. Gaming reached ₩24.6T with Nexon breaking the ₩4T barrier. Content exports set a new record at \$14.08B. The cultural current account surplus is now a primary national economic asset.

**Finding 2: AI governance leadership:** The AI Basic Act positions Korea as the world's second comprehensive AI governance framework (after the EU AI Act). Its cultural sector implications – content labelling, training data rights, high-impact system reviews – will reshape creative production economics through 2026–2030. Korea's cultural AI adoption rate (84% advertising, 88% OTT translation) leads global benchmarks.

**Finding 3: K-Beauty structural graduation:** \$10.28B in cosmetics exports in 2024 makes K-Beauty Korea's most democratised, structurally resilient cultural export. The sector's \$6.3B-to-\$10.28B trajectory over four years represents 63% growth with no deceleration. K-Beauty is no longer a trend – it is a structural national export category alongside semiconductors and shipbuilding.

**Finding 4: Tourism near-full recovery:** 16.37M arrivals (93.5% of 2019 peak) confirmed the structural recovery of inbound cultural tourism. US and Europe surpassed pre-pandemic levels; Japan at 98%; China at 76% – but at 4.60M, China's absolute number is the largest since 2019. Tourism's structural shift toward Western-led cultural consumers has permanently altered the luxury retail and hospitality strategy landscape.

**Finding 5: Political sovereignty risk and cultural resilience:** The December 3 martial law crisis tested Korea's cultural export infrastructure under acute political stress. The six-hour resolution and three-week market recovery confirmed that Hallyu cultural demand is now sufficiently institutionalised in global consumer behaviour to withstand sovereign political events – a structural milestone that distinguishes Korean cultural exports from political-risk-exposed economies.

## XIX.

# 2023 vs 2024: Year-on-Year Comparative Analysis

## Macroeconomic, Sector Revenue, Corporate & Structural Shifts – Full Comparison

This section provides a direct year-on-year comparison of key metrics across every major dimension of Korea's arts and culture economy, contextualising 2024 outcomes against the 2023 baseline. 2023 was characterised by selective divergence – digital sectors outperforming against a 1.4% GDP backdrop, art market correction, and AI's first production-level deployment. 2024 delivered broad-based acceleration: semiconductor supercycle recovery lifted the macro environment, content exports set a new record, tourism approached full recovery, and K-Beauty crossed the \$10B threshold – while the December political crisis injected acute but brief sovereign risk.

Metric	2023	2024	Δ	Direction
GDP Growth (%)	1.4%	2.0%	+0.6pp	+ (recovery)
CPI Inflation (%)	3.6%	2.3%	-1.3pp	+ (easing)
Unemployment (%)	2.6%	2.7%	+0.1pp	- (AI displacement)
KRW/USD (avg)	1,305	~1,370	+5.0%	- (KRW weak)
Content Industry / GDP	5.2%	5.4%	+0.2pp	+
Inbound Tourism (M arr.)	11.00	16.37	+49%	+++
Total Content Exports (USD B)	13.0	14.08	+8.3%	+
K-Beauty Exports (USD B)	~8.8	10.28	+17.4%	+++
Art Auction Market (KRW B)	~163	~141	-13%	-
Hallyu Fan Base (M)	225	240	+6.7%	++

Table A - Macroeconomic & Headline KPI Comparison, 2023 vs 2024 | Sources: BOK, KOCCA, KTO, DSML

## Sector Revenue: 2023 vs 2024

Sector	2023 Rev. (KRW T)	2024 Rev. (KRW T)	YoY Δ	Key Driver of Change
Gaming	22.8	24.6	+7.9%	Nexon □4T record; Krafton +41.8%; Big4 > □10T
Broadcasting	21.2	21.8	+2.8%	Tving+Wavve merger; OTT consolidation
Advertising	18.4	18.9	+2.7%	AI adoption 84%; digital ad growth
Publishing	14.6	15.0	+2.7%	E-book; educational publishing
Music	7.2	8.6	+19.4%	BTS return; global touring; streaming
Film	2.6	2.3	-11.5%	Box office -11%; OTT structural shift
Webtoon/Comics	1.83	2.3	+25.7%	WEBTOON NASDAQ IPO; 180M MAU
Performing Arts	7.79	8.42	+8.1%	Musical theatre record; Yunchan Lim
Luxury/Fashion	~9.6T est.	~12.0T est.	+8.5%	Chanel +17.7%; Musinsa +25.6%; K-Beauty
Tourism (inbound)	11.0M arr.	16.37M arr.	+49%	Near-full recovery; US/EU surpass 2019
Fine Arts Auction	~□163B	~□141B	-13%	Partial reversal of stabilisation

Table B· Sector Revenue Comparison, 2023 vs 2024 | Sources: KOCCA, DART, DSML estimates

## Big 4 Entertainment: Financial YoY

Company	2023 Rev. (KRW B)	2024 Rev. (KRW B)	Rev. Δ	2023 Op.M.	2024 Op.M.	Op.M. Δ
HYBE	2,180	2,196	+0.8%	13.6%	8.1%	-5.5pp
SM Entertainment	975	910	-6.7%	10.4%	9.3%	-1.1pp
YG Entertainment	520	360	-30.8%	18.8%	-6.1%	-24.9pp
JYP Entertainment	458	530	+15.7%	26.6%	27.4%	+0.8pp

Table C· Big 4 Entertainment Financial YoY, FY 2023 vs 2024 | Sources: DART, company filings

2024 Big 4 financial performance was sharply divergent. JYP was the only agency to improve both revenue (+15.7%) and operating margin (+0.8pp to 27.4%) – a function of Stray Kids' continued global arena touring and TWICE's sustained North American market. HYBE maintained near-flat revenue despite the ADOR/NewJeans crisis – a resilience demonstration of its multi-label diversification. YG's -30.8% revenue decline and swing to -6.1% operating loss was the most severe financial deterioration of any major Korean entertainment group in a decade, driven entirely by BLACKPINK's absence as a group. SM's restructuring continued under Kakao's influence, with operating margin declining marginally.

## Content Exports YoY

Export Category	2023 (USD B)	2024 (USD B)	YoY Δ	Key Notes
Gaming	8.92	8.50	-4.7%	Mix shift to mobile; PUBG sustained
Music (rights + tour)	1.47	1.80	+22.4%	Streaming royalties + BTS return cycle
Webtoon/Comics	1.24	1.42	+14.5%	WEBTOON IPO; Naver/Kakao global
Broadcasting / Drama	0.87	1.26	+44.8%	OTT licensing acceleration; Netflix
Film	0.31	0.38	+22.6%	Streaming rights + selective theatrical
K-Beauty / Cosmetics	~8.80	10.28	+17.4%	Korea #3 global; \$10B milestone
Food (K-Food Plus)	~11.82	13.00+	+10.0%	Buldak \$600M+; Bibigo □4T global

Export Category	2023 (USD B)	2024 (USD B)	YoY Δ	Key Notes
TOTAL CONTENT	13.0	14.08	+8.3%	KOCCA content taxonomy + K-Beauty

Table D - Content Export Comparison, 2023 vs 2024 | Sources: KOCCA, KOTRA, DSML estimates

## CFVI: Cultural Future Viability Index YoY

CFVI Dimension	2023	2024	Δ	Trend Commentary
Talent Pipeline	6.8	7.0	+0.2	2024: K-pop pipeline strong; heritage talent drain continues
Economic Sustainability	5.4	5.6	+0.2	2024: Digital 9.4/10; heritage 1.2/10 – gap widening
Policy Support	6.2	6.8	+0.6	2024: AI Basic Act + Culture Korea 2035 = strongest policy year
Digital Adaptation	7.8	8.4	+0.6	2024: 88% OTT AI; WEBTOON IPO; AI Basic Act framework
International Prestige	8.4	8.7	+0.3	2024: 240M fans; K-Beauty \$10B; Yunchan Lim Carnegie
Community Engagement	4.9	5.1	+0.2	2024: Dec.3 crisis chill; post-Itaewon recovery progressing
COMPOSITE	6.58	6.93	+0.35	Sustained improvement; structural variance widening

Table E - CFVI Dimension YoY Comparison, 2023 vs 2024 | DSML Proprietary Framework

## Five Key Structural Shifts: 2023 to 2024

1 – From divergence to broad acceleration: 2023 saw digital sectors outperform against macro headwinds. 2024 saw the macro environment turn supportive (2.0% GDP, semiconductor recovery) and the cultural sector accelerate in parallel – gaming to ₩24.6T, music +19.4%, webtoon +25.7%, exports to \$14.08B. The structural thesis is no longer about resilience against macro headwinds; it is about compounding advantage when the macro is also supportive.

2 – K-Beauty graduates from trend to structural export: \$8.8B (2023) to \$10.28B (2024) – the \$10B milestone is culturally and economically significant. Korea is now the world's #3 cosmetics exporter, behind France and the US but ahead of Germany, Italy, and Japan. K-Beauty is the most democratised, lowest-barrier Hallyu export vehicle, with mass-market retail penetration in 60+ countries.

3 – Tourism near-full recovery changes the demand structure: 11.0M (2023) to 16.37M (2024) – a 49% single-year gain. The composition shift matters: US and Europe now surpass 2019 levels, while China has structurally reduced its share. This reshapes luxury retail, hospitality, and entertainment event strategy – Western-led cultural tourism has higher per-capita spend and higher K-culture content demand than the prior China-dominant model.

4 – AI governance from adoption to legislation: In 2023, AI was being deployed across Korean cultural industries at accelerating rates. In 2024, that deployment received its first legislative framework – the AI Basic Act – positioning Korea ahead of all non-EU economies in AI governance maturity. The Act's training data rights provisions will create the world's first systematic compensation framework for creative content used in AI training.

5 – Governance risk becomes quantifiable: The HYBE-NewJeans crisis and YG's -30.8% revenue collapse in 2024 provided the most data-rich test cases of K-pop governance risk in history. Conclusion: multi-label diversification (HYBE: -5.5pp margin but +0.8% revenue) provides meaningful resilience; single-artist or single-group concentration (YG: -30.8% revenue, -6.1% operating margin) does not. Governance structure is now a primary investment risk dimension for K-pop holding companies.

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