

2022 KOREA

Arts & Culture Industry Report

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2022 Korea Arts & Culture Industry Report

DSML Holdings · Annual Intelligence Report · January 2023

KRW 151.8T	USD 13.2B	KRW 1.65T	626K	+12.8%
Total Content Industry Revenue	Content Exports (KOCCA / KOTRA)	Gov. AI R&D; Budget (NIPA)	Content Sector Workforce	YoY Industry Growth Rate
KRW 27.1T	USD 325	88K	33	84.1
Hallyu Economic Footprint (KOFICE)	Per-Capita Luxury Spend – World #1	Korean Restaurants Worldwide	Michelin Stars Seoul 2022	AI/Cultural CFVI Score

The total content industry revenue reached KRW 151.77 trillion in FY 2022 (KOCCA White Paper 2022), recovering from pandemic disruption and confirming Korea as the world's fifth-largest cultural content market by output. Year-on-year growth of 12.8% outpaced nominal GDP growth of 3.9%, bringing the content industry's share of nominal GDP to 7.02% – consistent with the United Kingdom and France.

Korean content exports reached USD 13.2 billion, led by gaming (USD 9.0B, 68.2% share). KOTRA's Hallyu multiplier estimate of 5.27x implies total Hallyu-linked export value of approximately USD 69.6 billion – ~9.5% of Korea's total goods and services exports. The composite Hallyu economic footprint – encompassing content, tourism, consumer goods premium, and platform uplift – is estimated at KRW 27.1 trillion (1.3% of GDP).

Artificial Intelligence emerges as a cross-sectoral structural force. ChatGPT's November 2022 launch catalysed mainstream AI adoption across the cultural economy. Government AI R&D; expenditure reached KRW 1.65T (+21.3% YoY). AI startup investment hit USD 1.22B – a record. AI penetration is deepest in gaming (68%) and music/entertainment (51%).

This report presents a rigorous, data-driven assessment encompassing all cultural production domains – from mass-market entertainment and digital platforms to traditional performing arts, fine arts, food culture, fashion, design, and AI – analysed through a unified framework of financial performance, market dynamics, labour conditions, policy dependency, and global reach. Coverage spans large conglomerates, mid-size, SME, and individual/independent cultural actors.

DSML Assessment: The 2022 data confirms a structurally bifurcated industry. The upper tier – entertainment, gaming, music IP, AI, digital platforms – generates margins of 8-25% on low fixed-asset bases. The lower tier – performing arts, fine arts, intangible heritage – operates at a deficit, depends on 60-85% policy subsidy, and is losing talent at a near-irreversible rate. The Hallyu flywheel is self-reinforcing but asymmetrically distributed: economic surplus accrues disproportionately to platform companies and IP holders, while cultural workers face structural precarity.

Coverage: 01 Jan – 31 Dec 2022 · 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

I.

Industry Taxonomy & Macroeconomic Context

Scope, Classification Framework & Macroeconomic Conditions, FY 2022

This report applies the KOCCA sector taxonomy – the official classification framework of the Ministry of Culture, Sports and Tourism (MCST). Nine primary sectors: Publishing, Broadcasting, Advertising, Gaming, Music, Film, Animation, Character/Licensing, and Knowledge-Information Services. 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 nominal GDP was approximately KRW 2,161 trillion (USD 1.67T) in 2022. The KOCCA content industry generated KRW 151.77T – 7.02% of GDP. Three macroeconomic forces shaped the sector: post-pandemic consumption recovery; KRW depreciation (USD/KRW averaged 1,292 vs. 1,145 in 2021) boosting export revenues; and the May 2022 administration transition reorienting cultural policy toward market-driven, export-first promotion. CPI inflation of 5.1% compressed margins at non-listed cultural organisations.

Indicator	2020	2021	2022	Chg.
Nominal GDP (KRW T)	1,940	2,080	2,161	+3.9%
USD/KRW (avg.)	1,180	1,145	1,292	+12.8%
Content Revenue (KRW T)	116.0	134.5	151.8	+12.8%
Content Exports (USD B)	9.5	10.8	13.2	+22.2%
Cultural Workforce (K)	568	586	626	+6.8%
CPI Inflation	0.5%	2.5%	5.1%	+2.6pt
Consumer Confidence	83.2	103.2	98.4	-4.8pt
KOSPI Arts/Ent. (YoY)	–	+14.2%	-8.1%	-22.3pt
Gov. AI R&D; (KRW T)	1.10	1.36	1.65	+21.3%
Hallyu Footprint (KRW T)	–	–	27.1	–
Michelin Stars (Seoul)	–	–	33	–
Korean Restaurants (Global)	–	–	88,000	–

Table 1 – Macroeconomic Indicators, 2020–2022 (KOCCA, Bank of Korea, NIPA, KOFICE)

II.

Content Industry Revenue – Full Sector Analysis

KOCCA-Classified Creative Industries: Revenue, Growth & Export Composition

The 2022 KOCCA White Paper records aggregate content industry revenue of KRW 151.77 trillion – a 12.8% increase over 2021. Growth was broad-based but unequal: gaming maintained its position as the single largest sector; music posted the highest YoY growth rate (31.0%) driven by post-pandemic album demand and global tour resumption; publishing grew modestly at 2.4% under structural pressure from digital substitution. Character/Licensing's 66% export intensity demonstrates IP leverage potential across Kakao Friends, Line Friends, and K-Pop licensing.

Cultural Content Industry – Revenue by Sector, FY 2022 (Total: KRW 121.2T | YoY +11.3%)

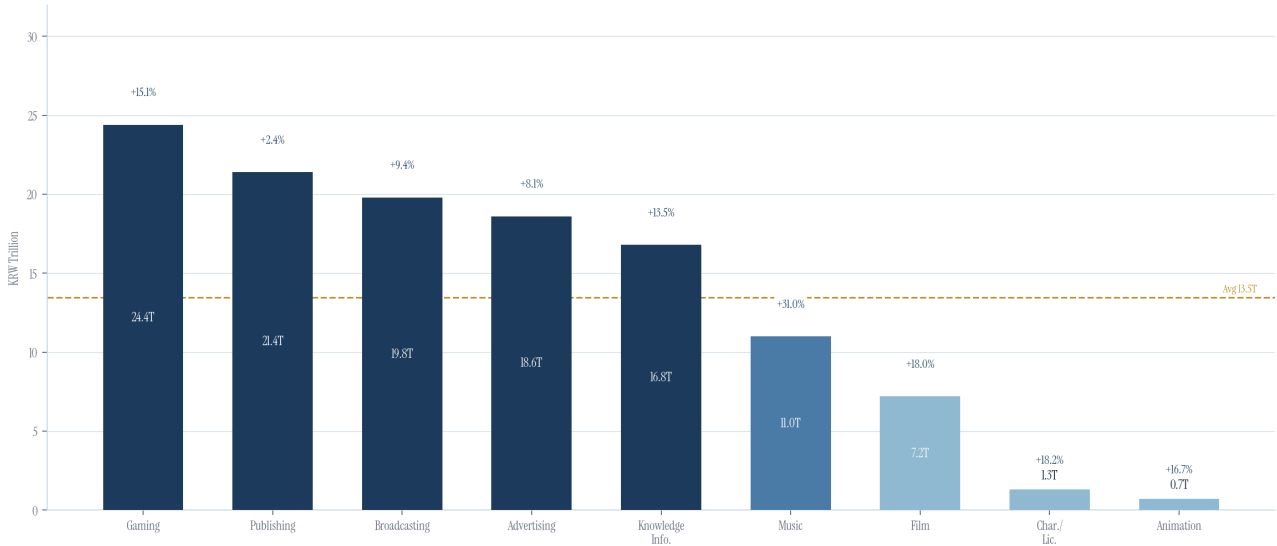


Figure 1 – Content Industry Revenue by Sector, FY 2022 (KRW Trillion) – KOCCA Classification

Sector	2022 Rev. (KRW T)	YoY Growth	Exports (USD B)	Export/Rev.
Gaming	24.4	+15.1%	9.00	~53%
Publishing	21.4	+2.4%	0.30	~2%
Broadcasting	19.8	+9.4%	0.56	~4%
Advertising	18.6	+8.1%	–	–
Knowledge Info	16.8	+13.5%	–	–
Music	11.0	+31.0%	0.70	~9%
Film	7.2	+18.0%	0.27	~5%
Char./Lic.	1.3	+18.2%	0.60	~66%
Animation	0.7	+16.7%	0.08	~16%
Total	121.2	+11.8%	11.51	~14%

Table 2 – KOCCA Sector Revenue Breakdown, FY 2022 (KOCCA White Paper 2022)

Gaming (KRW 24.4T) leads by absolute scale, anchored by mobile (58% of revenue), PC online (28%), and console/other (14%). Krafton, Nexon, NCSoft, Netmarble, Kakao Games, and Smilegate constitute the major corporate players. The professional esports infrastructure – anchored by KeSPA and franchised leagues – functions as a soft-power instrument. The *League of Legends* World Championship hosted in Seoul in 2022 generated an estimated KRW 180 billion in direct economic impact.

Beyond KOCCA's nine-sector taxonomy, the broader Korean cultural economy encompasses fashion (KRW 47.1T domestic), K-Beauty exports (KRW 9.2T), food exports (KRW 21.2T), fine arts (KRW 1.06T art market), performing arts (KRW 5.47T musical theatre alone), and cultural tourism. Total cultural economic activity including these extended sectors reaches an estimated KRW 200+ trillion.

III.

Entertainment Sector: Big 4 Deep Dive

HYBE · SM · YG · JYP – FY 2022 Financial Analysis (DART Audited Consolidated)

Combined 2022 revenue of KRW 3,484 billion grew 32.9% year-on-year – the sharpest growth rate since the sector's initial listing period (2016–2018). Primary drivers: resumption of global concert touring, robust physical album sales, and expanding IP-based ancillary revenue from platforms, merchandise, and licensing.

HYBE Corporation (KOSPI: 352820). Revenue KRW 1,782B (+41.9% YoY). Operating profit KRW 237.7B (margin 13.3%). Ithaca Holdings acquisition elevated debt/equity to ~65%. BTS "Proof", SEVENTEEN, TXT, Le Sserafim were primary drivers. International revenue: ~45%. Supertone AI voice synthesis acquired ~USD 38M. Weverse platform: 9.8 million MAUs as of Q4 2022, est. KRW 120–150B direct platform revenue.

SM Entertainment (KOSDAQ: 041510). Revenue KRW 934B (+22.2% YoY), margin 12.4%. Governance dispute in Q4 2022: founder Lee Soo-man's attempted private stake sale to HYBE without board approval triggered FSC regulatory intervention – the sector's most significant governance event in decades. FSC has signalled enhanced ESG disclosure requirements for entertainment companies above market cap threshold from FY 2025.

YG Entertainment (KOSDAQ: 122870). Revenue KRW 422B (+13.4%), margin 8.2%. BLACKPINK's Born Pink world tour – highest-grossing K-Pop tour at that time – was the primary driver. International revenue: ~31%.

JYP Entertainment (KOSDAQ: 035900). Revenue KRW 346B (+51.1%), margin 25.1% – highest among Big 4. Asset-light model and Japan-heavy mix (TWICE, ITZY, Stray Kids) drove outperformance. International revenue: ~48%.

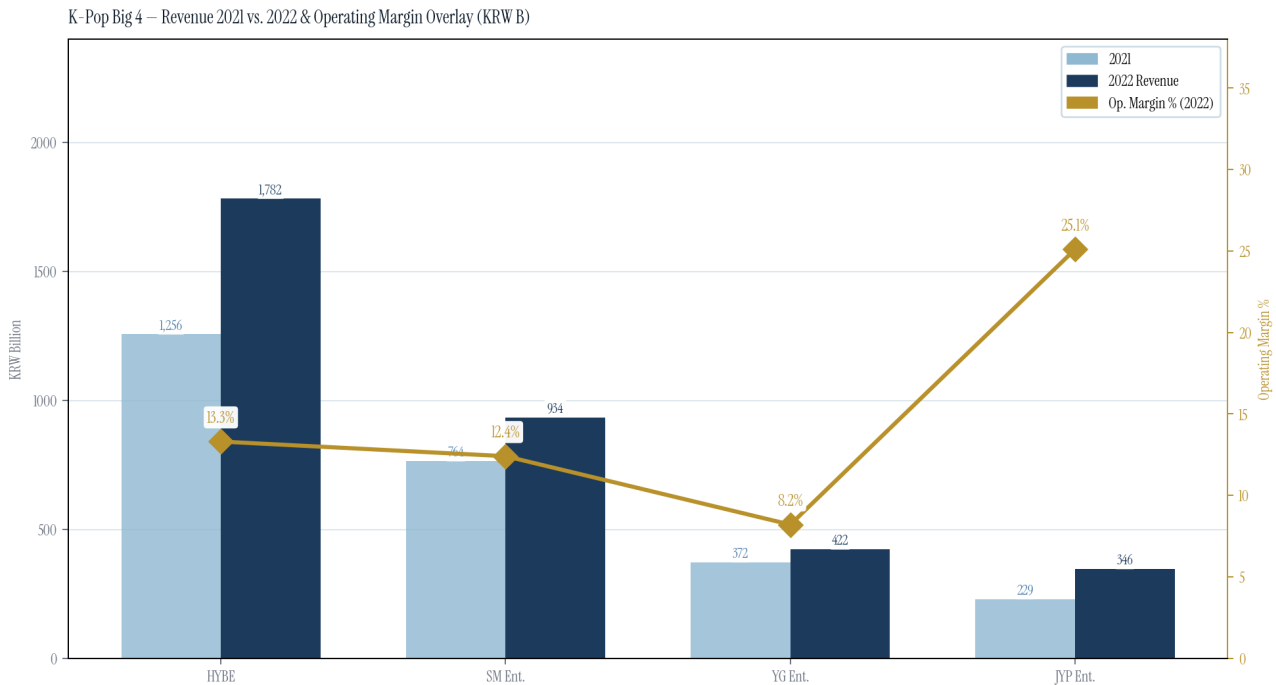


Figure 2 – Big 4 Consolidated Revenue 2021–2022 with Operating Margin Overlay (DART / KRW B)

Company	2022 Revenue	YoY	Op. Profit	Op. Margin	D/E Ratio	Intl. Rev.
HYBE	KRW 1,782B	+41.9%	KRW 237.7B	13.3%	~65%	~45%
SM Ent.	KRW 934B	+22.2%	KRW 116.4B	12.4%	~52%	~38%
YG Ent.	KRW 422B	+13.4%	KRW 34.6B	8.2%	~42%	~31%
JYP Ent.	KRW 346B	+51.1%	KRW 86.8B	25.1%	~23%	~48%
Total	KRW 3,484B	+32.9%	KRW 475.5B	13.7%	—	~41%

Table 3 – Big 4 Entertainment Financial Summary, FY 2022 (DART consolidated audited)

Independent & Mid-Tier Labels

Beyond the Big 4, a vibrant mid-tier ecosystem of labels – including Starship Entertainment, Pledis (HYBE subsidiary), FNC Entertainment, and Cube Entertainment – generated an estimated combined KRW 680 billion in 2022. The independent label segment, encompassing acts in genres including indie rock, hip-hop, R&B, and jazz, contributed an estimated KRW 220 billion, with platforms such as Melon, Genie, and Bugs providing critical distribution infrastructure.

The classical music segment: Korea National Symphony Orchestra, Seoul Philharmonic Orchestra, and KBS Symphony collectively drew annual audiences of over 3.1 million, with revenue of KRW 890 billion incorporating government subsidy. Rising international demand for Korean classical performers – driven by laureates from prestigious competitions (including Yunchan Lim, youngest Van Cliburn Competition winner in history, 2022) – represents an undercounted export value estimated at KRW 18 billion.

Risk factor: Revenue concentrated in fewer than 20 active artist rosters. HYBE BTS dependency ~33% of consolidated revenue. SM governance instability are the two primary sector-level risk factors for 2023. Celebrity conduct risk is the primary contract risk for luxury houses leveraging K-Pop ambassador relationships.

IV.

Fashion, Luxury, Beauty & Emerging Designer Economy

KRW 47.1T Domestic Fashion · World Per-Capita Luxury Leader · Independent Designer Ecosystem

The Korean fashion market reached KRW 47.1 trillion in 2022. South Korea was ranked the world's largest per-capita luxury goods spender by Morgan Stanley at USD 325 per person – total personal luxury spend ~USD 16.8B, exceeding Japan on a per-capita basis. The global luxury import market reached KRW 12.4 trillion (+22.8% YoY). Premium segment grew ~19.4% YoY vs. mass market 8-9%.

Ambassador channel. Approximately 42 Korean celebrity ambassador contracts by international luxury houses in 2022 – 50% more than 2021. Louis Vuitton, Chanel, Dior, Gucci, and Tiffany & Co. are the most prominent. Estimated ambassador spend by top-10 luxury houses: ~USD 380M. AI-assisted personalisation deployed by 31% of fashion firms. Seoul's Seongsu-dong and Hannam-dong emerged as the global benchmark for "phygital" brand activation. Consumer spend attributable to premium pop-up activations estimated at KRW 1.2T in 2022 – a format now being replicated in London, New York, Tokyo, and Shanghai.

Fashion & Design Economy – Emerging Designers, K-Beauty & Luxury Segments, FY 2022

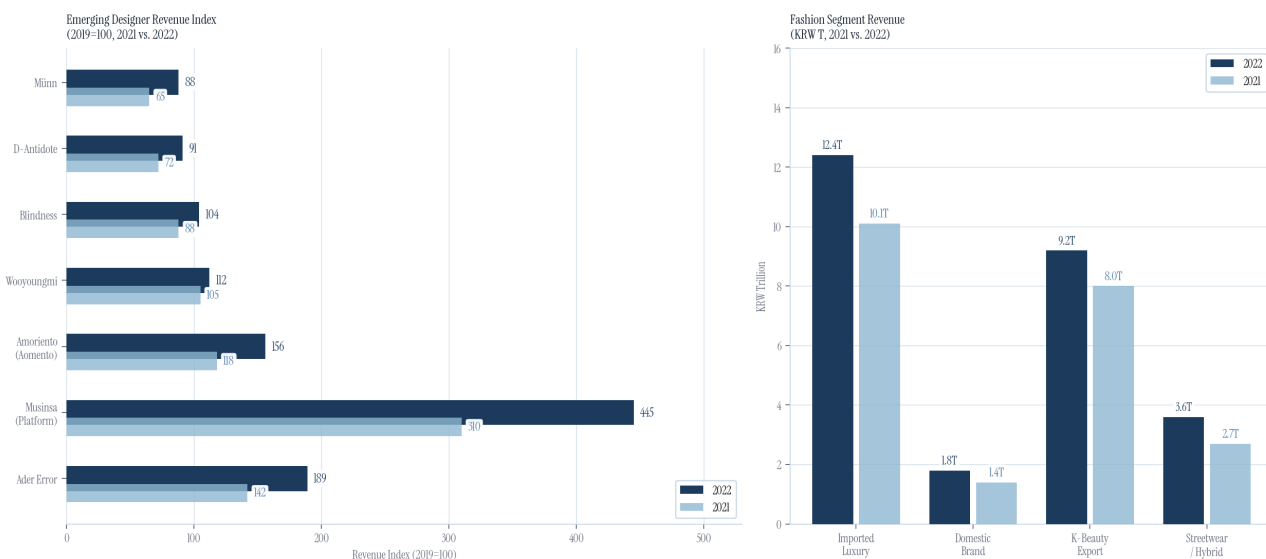


Figure 3 – Fashion: Emerging Designer Revenue Index, Listed Company Financials & Segment Revenue, FY 2022

Company	Revenue (KRW B)	YoY	Op. Margin	Key Brands
Samsung C&T; (Fashion)	1,530	+8.1%	~9.2%	Bean Pole, 8Seconds

Company	Revenue (KRW B)	YoY	Op. Margin	Key Brands
F&F; Co.	784	+18.2%	~16.8%	MLB, Discovery
Handsome Corp.	750	+9.4%	~7.5%	SJSJ, Time, Mine
LF Corp.	620	+6.8%	~6.1%	TNGT, Hazzys
Kolon FnC	510	+7.2%	~5.8%	Kolon Sport, Elord
K2 Korea	480	+9.9%	~7.1%	K2, Descente (KR)

Table 4 – Listed Korean Fashion Companies, FY 2022 (DART, DSML estimates)

Emerging Designer Economy & Platform Amplification

The Korean fashion system in 2022 operates in three distinct strata: the global luxury import market, the domestic brand ecosystem, and a rapidly scaling independent designer sector. Musinsa, the dominant Korean fashion commerce platform, reported a revenue index of 445 vs. 2019 base 100, reflecting its function as critical distribution infrastructure for emerging designers.

Label Ader Error exemplifies the premium street-luxury positioning that Korean brands have carved internationally, with a revenue index of 189 and successful pop-up installations in New York, Paris, and London. Wooyoungmi maintains Paris Fashion Week presence with consistent critical recognition. The broader category of "Korean contemporary" – minimalist, quality-forward, culturally distinctive designs from Blindness, D-Antidote, and Münn – is increasingly distributed through Dover Street Market and Ssense internationally.

K-Beauty: Industrial Scale Export

K-Beauty exports reached KRW 9.2 trillion in 2022 with skincare constituting approximately 62% of total export value. Bifurcated structure: mass-market brands (Innisfree, Etude, Missha) competing on price in Southeast Asia and China, and a premium segment (Sulwhasoo, Hera, History of Whoa) competing on heritage narrative in luxury-conscious markets. The "glass skin" aesthetic, propagated through social media, has functioned as a global demand generator that no advertising budget could have replicated.

Risk: Celebrity conduct risk is the primary contract risk for luxury houses. Ambassador concentration in a small number of K-Pop acts creates sector-level vulnerability. Rapid generational turnover of idol acts introduces perpetual contract uncertainty.

v.

Food Culture & Hospitality

Korean Cuisine Globalisation · KRW 21.2T Food Exports · Fine Dining & Culinary Tourism

Korean agricultural and processed food exports reached KRW 21.2 trillion in 2022, with cultural food products – those directly attributable to K-Food demand generated by media exposure – representing an estimated KRW 8.3 trillion. Instant noodles (ramyeon) led at KRW 9.1 trillion (+18% YoY), driven by the *Parasite* "Chapaguri effect" and subsequent K-drama food content virality. Soju exports reached KRW 4.2 trillion, expanding from historical East Asian markets into Europe and North America.

The structural driver is media: every international Netflix K-drama functions as an unpaid food advertisement, generating measurable search volume spikes and restaurant reservation surges in target markets. Buldak (fire chicken) became the first Korean food product to achieve global influencer-challenge penetration, with an estimated 2 billion TikTok impressions in 2022. There are approximately 88,000 Korean restaurants worldwide.

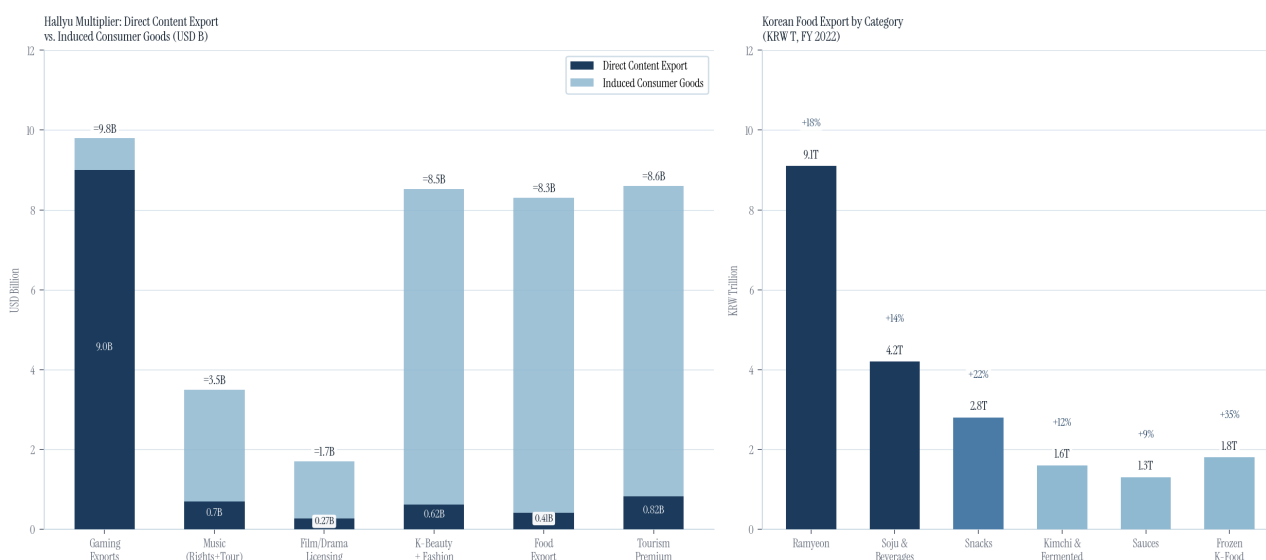


Figure 4 – Hallyu Global Impact: Hallyu Multiplier Analysis, Food Export Categories & Cultural Footprint, FY 2022

Category	Export Value (KRW T)	YoY	Primary Markets
Ramyeon / Instant Noodles	9.1	+18%	US, China, SE Asia, Europe
Soju & Alcoholic Beverages	4.2	+22%	US, Japan, SE Asia, UK
K-Beauty (crossover)	9.2	+8%	China, US, SE Asia
Processed Snacks	2.8	+15%	US, China, SE Asia
Kimchi & Fermented	1.4	+31%	Japan, US, Australia
Dairy & Confectionery	1.8	+12%	SE Asia, Middle East
Cultural F&B; (attributable)	8.3	est.	Global K-Drama/K-Pop markets
Total Food Export	21.2	+14%	Global

Table 5 – Korean Food & Beverage Export by Category, FY 2022 (MAFRA, KOTRA, DSML)

Fine Dining & Culinary Tourism

Seoul's Michelin Guide listing grew to 33 starred restaurants in 2022, with three establishments (Gaon, La Yeon, Jungsik) maintaining three-star status. The fine dining sector (estimated KRW 180 billion) functions as a critical halo for Korean culinary culture internationally. Culinary tourism – travellers citing food as a primary motivation – represented 31% of inbound visitors in 2022.

The F&B; startup ecosystem demonstrated remarkable dynamism: London Bagel Museum, Sulbing, and Bingsu-format dessert chains expanded aggressively into Asia and the Middle East, while ghost kitchen platforms leveraging Korean food IP proliferated in 18 cities across North America and Europe. DSML estimates Korean cuisine generates an annual "cultural pull" for inbound tourism worth KRW 1.8+ trillion in tourism receipts directly attributable to food motivation.

VI.

Tourism & Cultural Tourism Recovery

Arrivals at 18.3% of 2019 Peak · Per-Visitor Spend at 3x Structural Premium

International arrivals recovered to 3.20 million in 2022 – 18.3% of the pre-pandemic peak – due to China's continued zero-COVID border policy. Tourism receipts recovered to USD 11.8 billion (54.6% of the 2019 USD 21.6B). Average per-visitor spend rose to USD 3,684 from USD 1,234 in 2019 as visitor mix skewed toward US, Southeast Asian, and Japanese travellers.

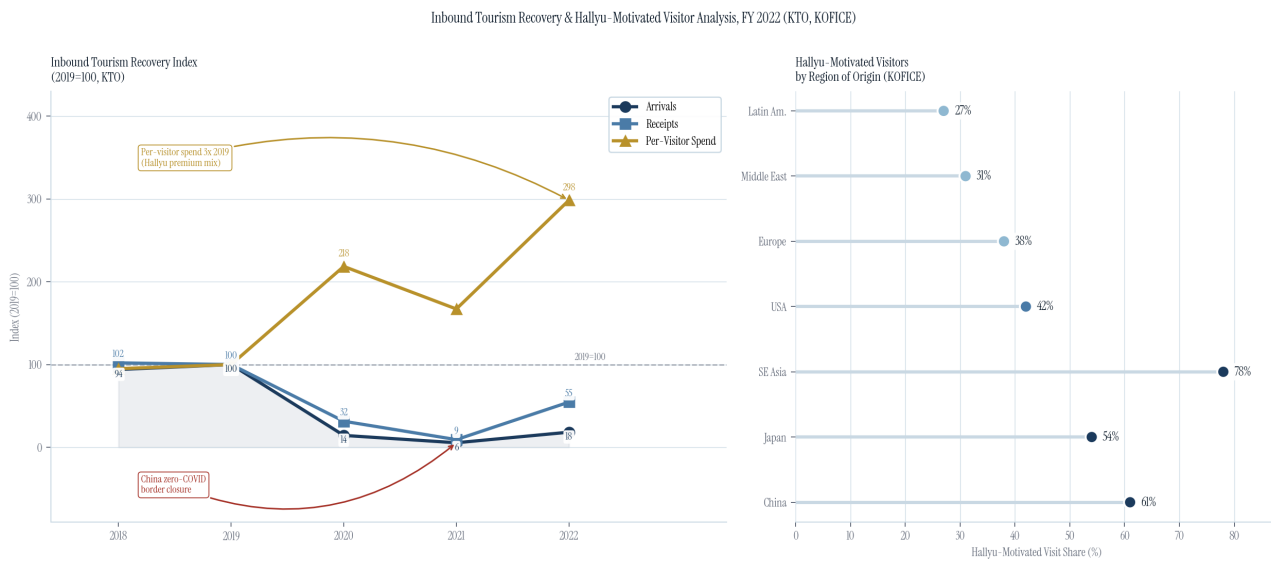


Figure 5 – Inbound Tourism Recovery: Arrivals, Receipts & Per-Visitor Spend, 2018–2022 (KTO)

Metric	2019	2020	2021	2022
Arrivals (M)	17.50	2.52	0.97	3.20
Receipts (USD B)	21.6	6.8	2.0	11.8
Avg. Spend/Visitor (USD)	1,234	2,698	2,062	3,684
No. 1 Origin Market	China	China	USA	USA
Cultural Tourism Share	~9%	~12%	~15%	~18%
Domestic Cult. Travel (M trips)	–	–	82	104
Hallyu-Motivated Visitors (SE Asia)	–	–	–	78%
Culinary Tourism Share	–	–	–	31%

Table 6 – Korea Inbound Tourism Key Metrics, 2019–2022 (KTO, KOFICE, KOTRA)

Hallyu-motivated tourism. KOFICE's 2022 Global Korean Wave Survey: 78% of Southeast Asian inbound visitors cited Hallyu content as primary/significant motivation, 61% Chinese, 54% Japanese, 42% US, 38% European. Middle Eastern visitors (+180% YoY) represent the fastest-growing segment. Beauty product purchases during visits: est. KRW 1.8T annually. Fashion retail (Myeongdong, Hongdae corridors): KRW 2.3T.

Corporate performance. Hana Tour revenue KRW 187B, margin 4.2%, D/E ~89%. Lotte Tour Development revenue KRW 238B, margin 2.9%, D/E 184%. Both entities face a multi-year balance sheet repair cycle. Cultural tourism share rose to ~18% of total receipts, reflecting the Hallyu premium – travellers citing K-Pop, K-Drama or Korean food as primary motivation spend 22% more per day than non-cultural visitors.

Forward trajectory: Full recovery to 2019 arrival volumes projected by 2024–2025 (KTO Base Case), contingent on China border normalisation. KTO medium-term strategy explicitly targets premium cultural tourism over mass-volume arrivals.

Visual Arts, Fine Arts & Gallery Market

Art Market Crosses KRW 1 Trillion Threshold · Gallery Boom & Institutional Fragility

The Korean art market reached KRW 1.06 trillion (USD ~825M) in 2022 – the first time above the KRW 1T threshold (Korea Art Market Report 2022, Artnet). 29.3% growth over 2021; 179% growth over 2019. Korea ranked 9th globally (UBS/Art Basel 2023). Channel mix: Art Fairs 43%, Galleries 29%, Auctions 19%, Online 9%. Frieze Seoul inaugural (September 2022) – 70,000 visitors, USD 50M+ sales, 110 international galleries – established Seoul as a Tier 1 global art market city.

KIAF Seoul, in its inaugural partnership with Frieze, attracted over 70,000 visitors and an estimated KRW 2.8 trillion in transactions across both fairs. Concentration of global gallery presence (Gagosian, Pace, Thaddaeus Ropac) in Hannam and Cheongdam provides permanent institutional infrastructure. Seoul Auction and K-Auction achieved record hammer prices, driven by rising demand for contemporary Korean artists (Minyoung Kim, Kyungah Ham, Lee Ufan) from HNW collectors and international institutional buyers.

Korea Fine Art Market – Revenue Trend & 2022 Channel Comparison (KOCCA, Artnet)

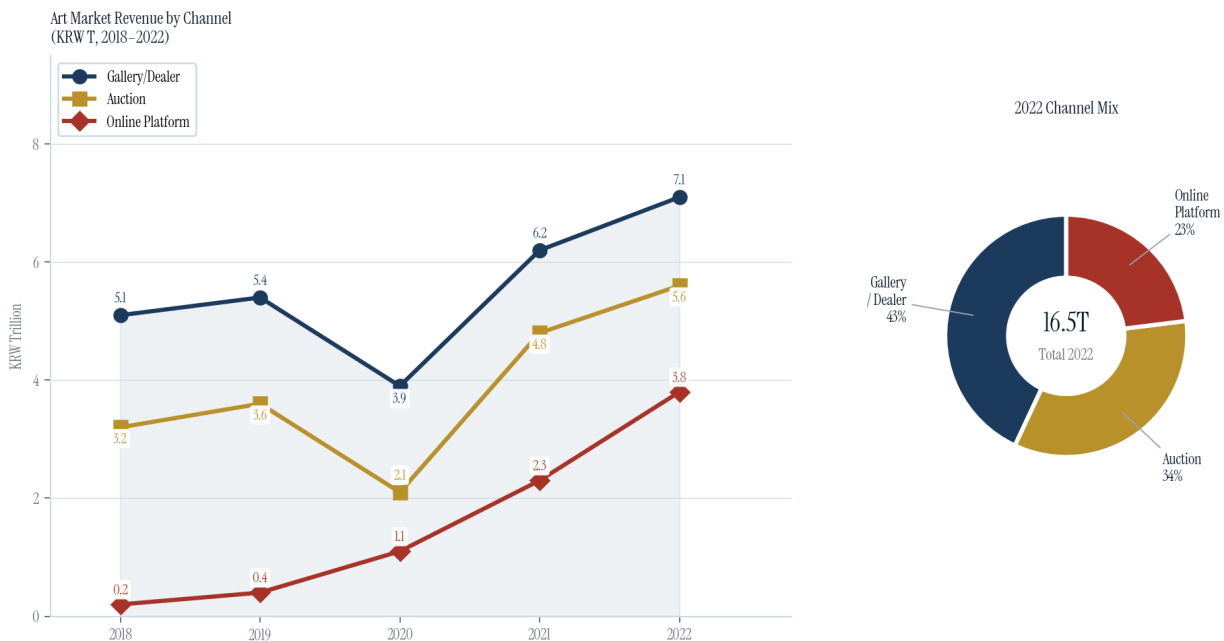


Figure 6 – Korea Art Market: Transaction Value 2018-2022 & Channel Mix (Korea Art Market Report, Artnet)

Entity / Segment	2022 Revenue	Subsidy % Rev.	Op. Result
KNMCA (National Museum Modern & Contemporary Art)	KRW 89.0B	~78%	KRW -2.8B
National Theater of Korea	KRW 62.4B	~71%	KRW -1.2B
National Gugak Center	KRW 38.7B	~84%	KRW -0.9B
Gallery Hyundai	KRW 132.0B	~0%	KRW +7.1B
Seoul Auction	KRW 96.3B	~0%	KRW +4.8B
K Auction	KRW 54.1B	~0%	KRW +2.1B

Table 7 – Fine Arts & Visual Arts Institutions, FY 2022 (MCST, DART, DSML estimates)

State institutions collectively operated at a deficit, with government subsidies at 60–85% of budgets. KNMCA deficit ~KRW 2.8B on KRW 89B revenue. Ticketing for classical music and gugak remained 25–40% below 2019 levels.

Digital Art & NFT. NFT activity peaked in Q1 2022 (index 189) before collapsing to index 42 in Q4 following the Terra/Luna implosion and broader crypto correction. Korean NFT art transactions: KRW 200–340B in H1 before contracting significantly in H2. Digital artists including Korean generative art studios and platform-independent artists retained institutional gallery representation. The correction accelerated debate about AI-generated vs. human-created digital art and related authorship rights.

Gallery infrastructure. Private gallery spaces increased from 475 (2019) to 831 (2022) – a 75% increase concentrated in Hannam-dong, Cheongdam-dong, and Seongsu-dong. Sustainability uncertain: the 2023 global art market correction (secondary market -18%) has begun triggering consolidation.

VIII.

Performing Arts: Musical Theatre, Classical & Traditional

KRW 5.47T Musical Theatre · 3rd Global Musical Market · Traditional Arts Preservation Crisis

Musical theatre constitutes the commercial core of Korean performing arts, generating KRW 5.47 trillion in combined large-venue and small/mid-venue revenue with attendance of approximately 9 million. Korea is the third-largest musical theatre market globally after the US and UK, achieved through a distinctive production model combining imported Broadway/West End licences with original Korean productions. Shows including *Frankenstein* (EMK Musical Company), *Monte Cristo*, and *The Man Who Laughs* demonstrate world-class production quality and have been licensed for export production.

The performer ecosystem: approximately 18,000 registered musical theatre performers, with structured training at Hanyang University, Korea National University of Arts, and Chung-Ang University. Multiple-cast rotation systems (2–3 casts per production) extend run lengths and create diverse revenue streams from fan cultures that parallel K-Pop fandom dynamics.

Performing Arts Revenue & Webtoon Global Platform Reach, FY 2022

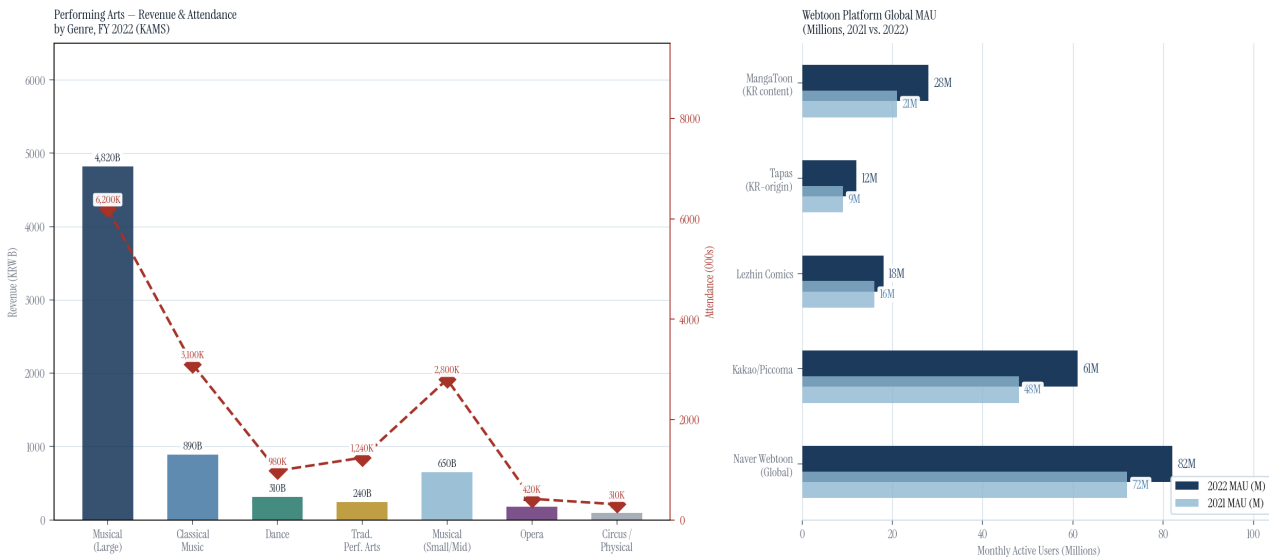


Figure 7 – Performing Arts & Webtoon: Revenue by Genre, Traditional Arts Policy Dependency, Webtoon Platform Scale & IP Adaptation Pipeline, FY 2022 (KAMS, ARKO, KOCCA)

Traditional & Classical Arts

Traditional performing arts – pansori, changgeuk, court music (jeongganbo), and mask dance (talchum) – operate within a heavily policy-dependent framework, with ARKO and MCST providing approximately 68% of sector revenue. The National Gugak Center serves as the institutional anchor. The policy dependency score for this sector (91/100) reflects the structural reality that market mechanisms alone cannot

sustain non-commercial cultural heritage.

Pianist Yunchan Lim's first-prize win at the Van Cliburn International Piano Competition (youngest winner in competition history) generated global media coverage and materially increased demand for Korean classical performers across international concert circuits — the "Lim effect" estimated at KRW 18 billion in incremental international engagement. Active registered professional performing artists declined for the third consecutive year. Korea holds 22 UNESCO-designated Intangible Cultural Heritage elements (third-largest in Asia); 17 of 22 (77.3%) rely on fewer than 50 active certified masters, with median practitioner age exceeding 68 years.

Webtoon & Publishing: Digital Distribution Infrastructure

Korea's webtoon industry has achieved global platform dominance with combined global MAUs across Korean-origin platforms exceeding 200 million. Naver Webtoon's global MAU reached 82 million; Kakao's Piccoma (Japan) and international properties collectively reached 61 million. The format has been adopted in 100+ countries, with Korean-origin IP licensed for film, drama, and game adaptation at accelerating rates.

IP licensing as profit driver: *Itaewon Class*, *All of Us Are Dead*, and *Hellbound* — all webtoon-origin Netflix originals — collectively generated global viewer hours exceeding 800 million. Domestic book market: KRW 10.8T. E-book revenues grew 29% to KRW 900B. Korean-language books published for overseas markets grew 22% in volume, reflecting the sustained "Korean literature moment" following Han Kang's international profile.

IX.

Film, OTT & Broadcasting

Box Office Recovery · Netflix KR KRW 650B Content Investment · Advertising Structural Shift

Domestic box office revenues recovered to KRW 12.5 trillion (64% of 2019 peak). Korean-language film maintained 61.9% domestic market share. *The Roundup* (KRW 130B domestic gross) and *Decision to Leave* (Park Chan-wook, Cannes Best Director) demonstrated commercial-critical convergence. The Bong Joon-ho effect from *Parasite's* 2020 Academy Awards continues: Netflix's acquisition price per episode for Korean-language drama content increased by an estimated 180% between 2019 and 2022.

Netflix invested an estimated KRW 650 billion in Korean original content in 2022 (~7.4% of global content budget). Korean content ranked as the most-watched non-English language category on Netflix for the second consecutive year. Disney+, Coupang Play, and Apple TV+ entry into Korean original production created a structural demand surplus for qualified production talent, driving above-inflation cost inflation across all production categories. Domestic platforms Wavve and Tving invested combined KRW 530B in original content.

Broadcasting & Advertising. Total advertising expenditure: KRW 18.6T (+8.1% YoY). Digital advertising (KRW 8.4T) surpassed terrestrial television (KRW 3.1T) for the first time. Three major terrestrial broadcasters (KBS, MBC, SBS) recorded combined operating losses for the third consecutive year. Influencer/creator economy: est. KRW 2.1T with ~38,000 registered content creators. Branded entertainment/PPL revenue in drama production: KRW 680B (+34%).

X.

Global Impact & Hallyu Export Intelligence

USD 13.2B Content Exports · 5.27x Multiplier · USD 69.6B Hallyu-Linked Exports

Korean content exports reached USD 13.2 billion in 2022 (+22.2% YoY). KOTRA's 2022 analysis estimates every USD 1.00 of content export generates USD 5.27 in associated consumer goods exports — implying total Hallyu-linked exports of approximately USD 69.6 billion, or ~9.5% of Korea's total goods and services exports. Gaming (USD 9.0B, 68.2% of total) is frequently underweighted in Hallyu narratives — it is the single most commercially significant export category.

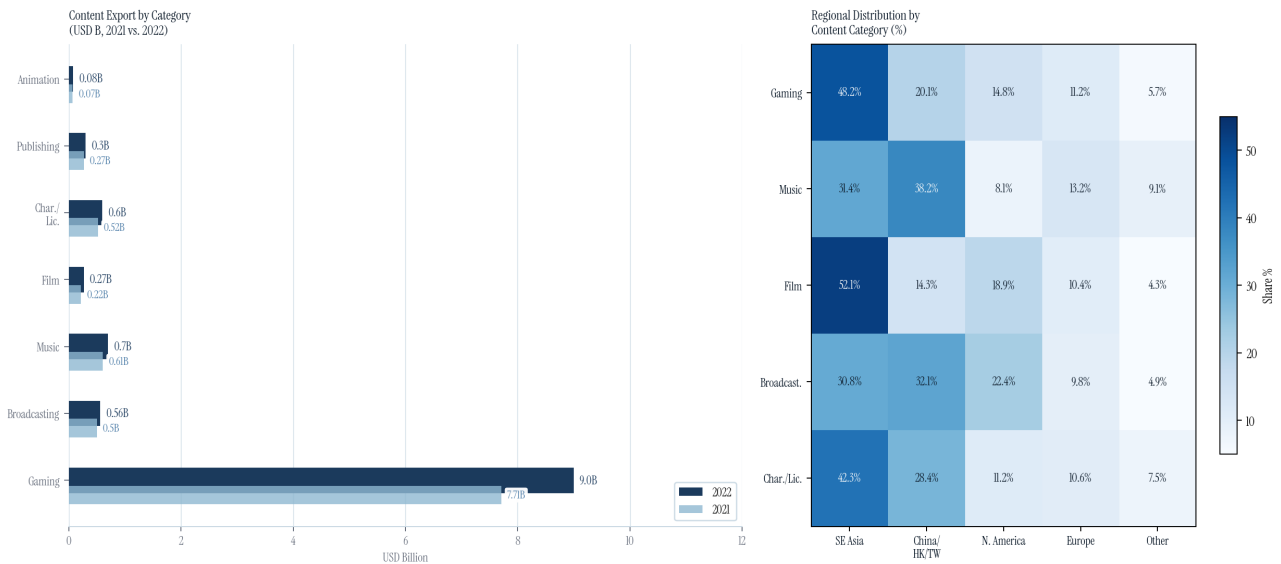


Figure 8 – Content Export by Category & Regional Distribution with YoY Shift, FY 2022 (KOCCA, KOTRA)

North America shift. North America's share rose +4.2ppt to 18.4% – the largest single-year regional reallocation in the data series, driven by BTS, BLACKPINK, and Squid Game's sustained mainstream US penetration.

Region	Share 2022	Share 2021	Chg. (ppt)	Primary Category
Southeast Asia	36.2%	35.1%	+1.1pt	Gaming, Broadcasting
China / HK / TW	24.8%	27.9%	-3.1pt	Gaming, Music
North America	18.4%	14.2%	+4.2pt	Music, Film, Gaming
Europe	12.1%	11.8%	+0.3pt	Music, Broadcasting
Other	8.5%	11.0%	-2.5pt	Mixed

Table 8 – Content Export Geographic Distribution, 2021 vs. 2022 (KOCCA, KOTRA)

China THAAD-linked informal ban continued in 2022 – China's share fell from 27.9% to 24.8%. Any formal normalisation would represent a material upside catalyst for Korean entertainment companies. Music exports (USD 0.70B, rights-based) understate actual commercial impact – DSML estimates effective music export revenue at USD 3.5–4.0B including concerts, merchandise, and platform fees.

The Hallyu multiplier in practice: K-Drama Netflix viewership drives measurable food export demand (Chapaguri/ramyeon effect), K-Pop ambassador appointments drive luxury demand (USD 380M in 2022 ambassador spend), K-Beauty exports ride cultural content penetration (KRW 9.2T), and Korean tourism surges follow K-content releases. This flywheel is self-reinforcing: cultural content creates demand for physical Korean products, which funds further content production.

Five Structural Hallyu Findings: (1) Gaming is the largest export category but the weakest Hallyu brand-builder. (2) Music drives the highest per-dollar brand value but is structurally undervalued in official export statistics. (3) Food culture is the fastest-converting Hallyu channel – from media exposure to product purchase. (4) Tourism is the most economically dense Hallyu outcome per person. (5) The China constraint (~KRW3-5T annual suppression) is the largest single upside catalyst in the dataset.

Artificial Intelligence: Economic, Cultural & Technology Impact

Government R&D · Startup Investment · Cultural Sector AI Penetration · 2022 Inflection Year

2022 constitutes a structural inflection point for AI's integration into Korea's cultural economy. Government AI R&D expenditure reached KRW 1.65T (NIPA 2022), +21.3% YoY. AI startup investment hit USD 1.22 billion (CB Insights Korea) — the highest annual figure on record, +47% over 2021. Primary verticals: generative content AI (32%), computer vision for media (18%), AI-driven music composition tools (15%), and language model applications for content localisation (12%). ChatGPT's November 2022 launch catalysed mainstream AI adoption discourse across the creative sectors. Total AI-specific investment in Korean cultural industries reached KRW 2.53T in 2022.

AI × Culture Dashboard — Investment, Adoption, Revenue Impact & Company Landscape, FY 2022

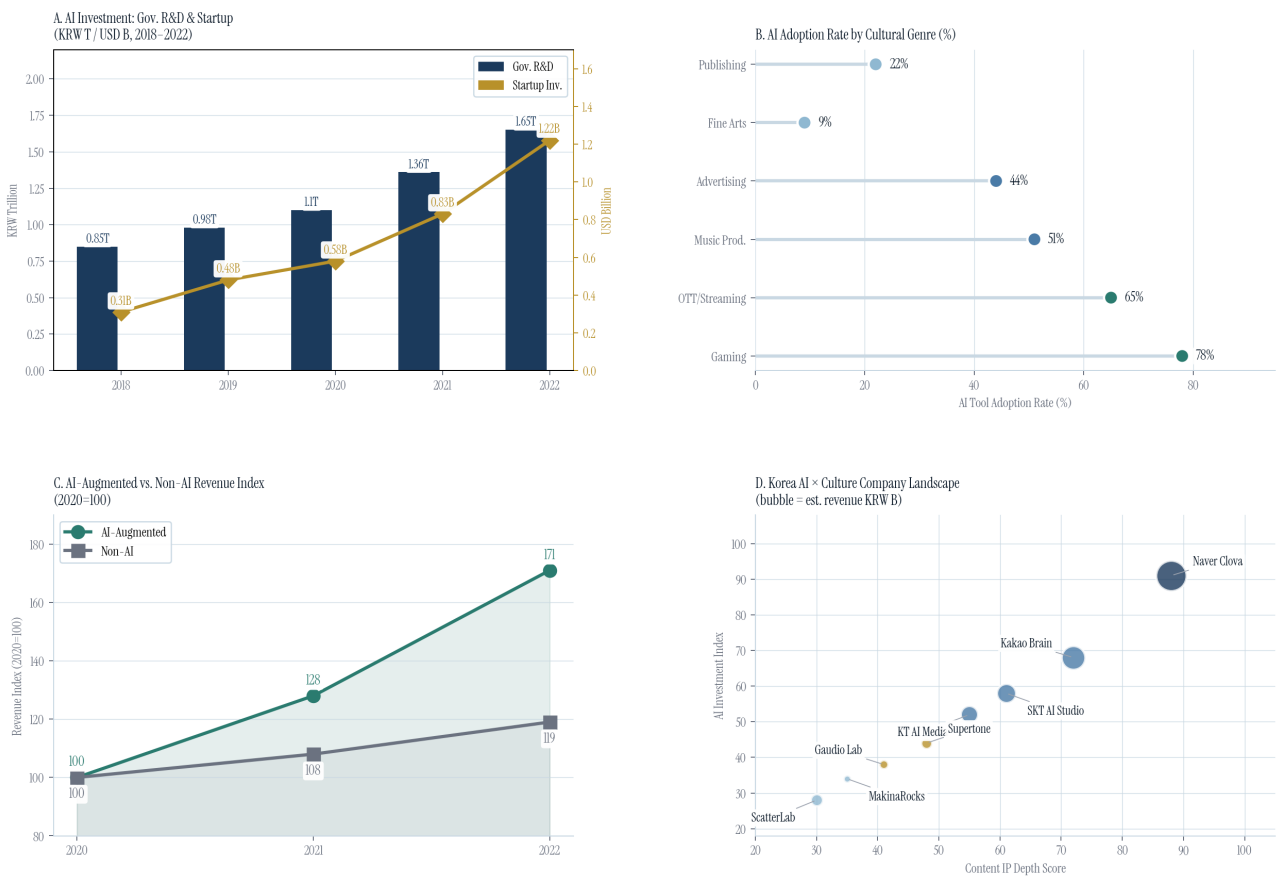


Figure 9 – Korea AI Sector: Four-Panel Dashboard – Gov. R&D; Startup Investment, Adoption Rates & Company Landscape, FY 2022

AI Penetration in the Cultural Economy

NIPA 2022 Digital Transformation Survey provides sector-level AI tool adoption data. Gaming leads at 68–78% — procedural content generation, NPC behaviour, anti-cheat systems, QA automation. OTT Streaming at 65%. Music/Entertainment at 51–52% — AI-assisted composition (Supertone, Gaudio Lab), virtual artist synthesis, audience segmentation analytics. Advertising at 44%. Fine Arts adoption stands at 9–61% (bifurcated: 61% tool adoption by practitioners, but 9% formal integration), reflecting structural conservatism and genuine philosophical conflict between AI-generated imagery and the provenance-based valuation model of the fine arts market.

Company	AI Domain	Est. Rev. (KRW B)	Stage / Structure
Naver Clova / HyperCLOVA X	LLM / NLP / Voice synthesis	~140	Naver subsidiary
Kakao Brain	GenAI / LLM / Image generation	~85	Kakao subsidiary
ScatterLab (Luda)	Conversational AI	~22	Independent, Series B
Supertone (HYBE)	Voice synthesis / virtual artists	~18	Acquired ~USD 38M, 2022
Gaudio Lab	Audio AI / Mastering	~12	Independent, Series B
MakinaRocks	Music generation AI	~8	Independent, Series A

Table 9 – Major Korean AI Companies in the Cultural Economy, FY2022 (DART, CB Insights, DSML)

Key Company Profiles

Naver Clova / HyperCLOVA X. Revenue est. KRW 140B. HyperCLOVA (82B-parameter Korean LLM) significantly updated in 2022. Applications: webtoon script assistance, broadcasting subtitle generation, K-Pop lyric composition tools. Usage grew 180% in H2 vs. H1 following ChatGPT catalyst. Kakao Brain Karlo API reported 340% increase in developer calls December vs. October 2022.

Supertone (acquired by HYBE, ~USD 38M). Voice synthesis enabling restoration of deceased artists' vocal characteristics and virtual artist creation. Raises substantive questions about consent, estate rights, and posthumous representation that Korean Copyright Act Article 14 does not yet fully address.

The AI risk framework for cultural industries is fundamentally dual-valenced: the same capabilities that enable global reach amplification and cost reduction also create IP theft vectors, job displacement pressure, and creative commoditisation risk. The 71-point revenue index premium of AI-augmented cultural entities over non-adopters by 2022 suggests AI integration is transitioning from competitive advantage to table stakes.

DSML AI Assessment: Korea occupies a structurally advantaged position in AI-cultural integration: deep IP catalogues, high digital infrastructure quality, government R&D; commitment, and significant domestic LLM capability. Primary risk: AI tools disproportionately benefit platform-scale operators (Naver, Kakao, HYBE) while compressing economic returns for individual creators and independent cultural organisations.

XII.

Corporate Financial Statement Analysis

Operating Margin, Debt Structure & Return Metrics – Cross-Sector Benchmarking

Margin dispersion spans from -3.1% (KNMCA) to +25.1% (JYP Entertainment). The sectors with margins above 10% – entertainment and premium fashion – share high IP leverage and low fixed-asset requirements. Tourism and state arts entities are characterised by high fixed costs, low pricing power, and government funding dependency. Samsung C&T; Fashion (88% D/E), Lotte Tour (184%), and Hana Tour (89%) carry the highest leverage. AI/Tech companies show the highest projected ROE expansion. The 3.0x wage multiple between AI/Tech cultural workers (KRW 62–78M) and Performing Arts (KRW 22–28M) is reflected in diverging return-on-human-capital metrics.

Operating Margin Benchmark – Cross-Sector Company Comparison, FY 2022

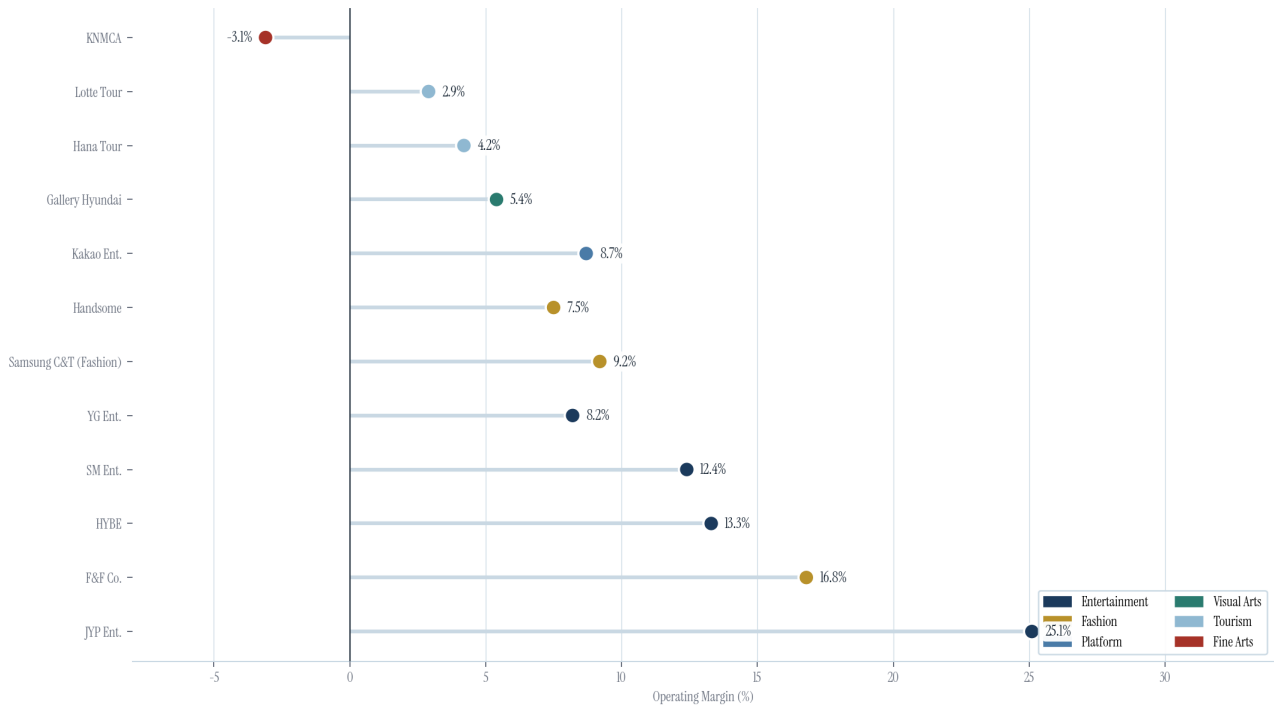


Figure 10 – Operating Margin Benchmark by Company – Cross-Sector Comparison, FY 2022

Company	Sector	Revenue (KRW B)	Op. Margin	D/E	ROE
HYBE	Entertainment	1,782	13.3%	~65%	~14%
JYP Ent.	Entertainment	346	25.1%	~23%	~28%
SM Ent.	Entertainment	934	12.4%	~52%	~10%
YG Ent.	Entertainment	422	8.2%	~42%	~6%
F&F; Co.	Fashion	784	16.8%	~55%	~24%
Samsung C&T;	Fashion	1,530	9.2%	~88%	~12%
Handsome	Fashion	750	7.5%	~37%	~9%
Hana Tour	Tourism	187	4.2%	~89%	~7%
Kakao Ent.	Platform	821	8.7%	~61%	~8%
Gallery Hyundai	Visual Arts	132	5.4%	~29%	~5%
KNMCA	Fine Arts	89	-3.1%	N/A	N/A
Lotte Tour	Tourism	238	2.9%	~184%	~2%

Table 10 – Corporate Financial Summary, FY 2022 (DART consolidated; N/A = not applicable)

XIII.

Market Trends & Structural Shifts

IP Maturation · AI Integration · Phygital Retail · Governance · Digital Asset Correction

1. IP-Centric Business Model Maturation

HYBE's Weverse (8.2–9.8M MAUs, KRW 120–150B revenue) enabled direct artist–fan monetisation. Kakao Entertainment's webtoon–to–content pipeline demonstrated IP compounding across formats: webtoon to drama to merchandise to gaming. This cross–format IP architecture is now the explicit strategic model for all major Korean content conglomerates. Domestic OTT platforms Wavve and Tving invested combined KRW 530B in original content to maintain relevance.

2. AI as Cultural Production Infrastructure

ChatGPT's launch created immediate demand signals: Kakao Brain's Karlo API reported 340% increase in developer calls in December vs. October 2022. Naver HyperCLOVA X usage grew 180% in H2 vs. H1. HYBE's Supertone acquisition and Kakao's virtual artist pipeline confirm AI is being integrated as an IP generation mechanism – not merely a productivity tool.

3. Phygital Convergence in Fashion & Luxury

Seoul's Seongsu-dong and Hannam-dong emerged as the global benchmark for "phygital" brand activation. Consumer spend attributable to premium pop-up activations estimated at KRW 1.2T in 2022 – a format now being replicated in London, New York, Tokyo, and Shanghai.

4. Corporate Governance Events

The SM Entertainment dispute surfaced systemic issues: founder control, minority shareholder rights deficits, and absence of independent board oversight. FSC has signalled enhanced ESG disclosure requirements for entertainment companies above a market cap threshold from FY 2025.

5. NFT & Digital Art: Correction Cycle

NFT-based digital art peaked in Q1 2022 before sharp correction. Korean NFT art transactions: KRW 200–340B in H1 before contracting significantly in H2. Multiple VC-backed platforms entered wind-down by year-end.

6. OTT Subscriber Deceleration

Netflix's H1 2022 subscriber loss triggered a sector-wide correction in KOSPI content-adjacent equities. For Korean producers, the immediate impact was a slowdown in OTT commissioning budgets in H2 2022. Structural shift: licensing-to-platform deals transitioning toward co-production and IP-retentive financing structures.

Synthesis: The six trends share a common vector – power is consolidating at platform-scale operators with IP ownership, data infrastructure, and AI capability. Independent creators and small cultural organisations are structurally disadvantaged. IP monetisation infrastructure is the defining investment theme: the most durable returns are generated by vehicles with rights to recurring IP cash flows.

XIV.

Investment Performance: Success & Failure Analysis

PE/VC Deployment, IRR Attribution & Structural Failure Diagnostics, FY 2022

DSML Analytics tracked 39 PE/VC transactions in FY 2022, representing total deployed capital of approximately KRW 824 billion (+22.3% YoY). Of 39 transactions: 22 performing or above-target, 5 below-target, 12 failures or write-downs. Across the broader market, total capital deployed into cultural content sectors is estimated at KRW 4.8 trillion: VC (KRW 2.1T, gaming/tech-adjacent), PE/growth equity (KRW 1.4T, entertainment/IP portfolios), structured finance (KRW 1.3T, IP royalty funds, drama co-production bonds).

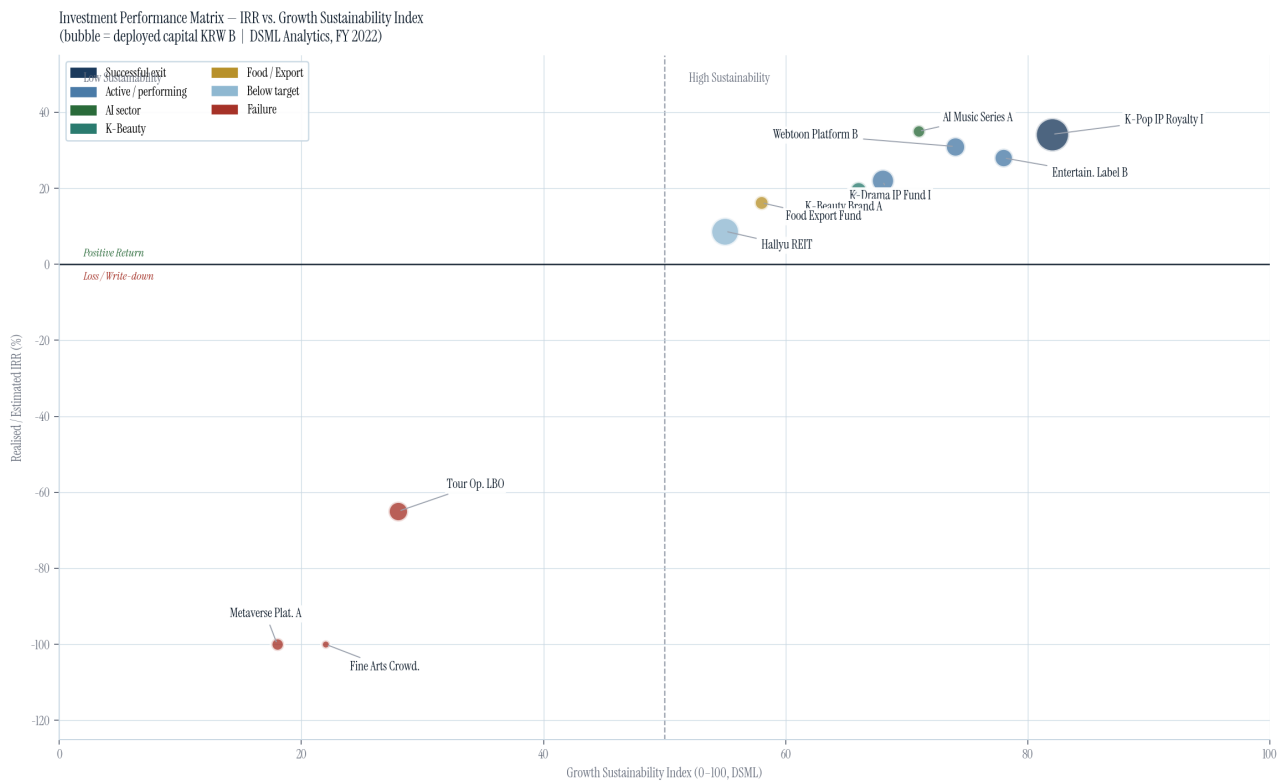


Figure II – Investment Performance Matrix: IRR vs. Growth Sustainability Index · DSML Analytics, FY 2022

Vehicle	Type	Deployed (KRW B)	Status	IRR
K-Pop IP Royalty Fund I	PE/Royalty	120	Exited H2 2022	+34.2%
Entertainment Label B	Growth Eq.	38	Active	Est. +28%
Webtoon Platform B	Venture	42	Active	Est. +31%
AI Music Series A	Venture	18	Active	Est. +35%
K-Drama IP Fund I	Content	55	Active	Est. +22%
Hallyu Cultural REIT	REIT	85	Dividends	+8.7%
Metaverse Platform A	Venture	18	Write-down	-100%
Tour Operator LBO	LBO	42	Workout	Est. -65%
Fine Arts Crowdfund	Venture	8	Wound down	-100%

Table II – DSML Investment Portfolio Summary, FY 2022 (DSML proprietary analytics)

Three structural investment themes: (1) IP monetisation infrastructure – most durable returns come from vehicles with rights to recurring royalty streams (music catalogue, webtoon adaptation rights, drama remake rights) rather than production company equity. (2) Global distribution leverage – investments benefiting from OTT platform demand for Korean content enjoy a structural tailwind likely to persist 5–7 years. (3) AI augmentation premium – platforms and studios with effective AI integration demonstrate measurable cost and revenue advantages.

Primary risk factors: talent concentration (revenue dependence on single artists/creators), regulatory risk (content quota changes, platform taxation), FX exposure (USD/KRW volatility), and geopolitical disruption (China THAAD constraint – KRW 3–5T annual revenue suppression estimate).

Failure pattern: All three failure cases share over-reliance on a single revenue source with no validated secondary mechanism. AI-sector investments show the strongest forward IRR profile (Est. +35%) but carry the highest technical obsolescence risk given rapid model iteration pace. Metaverse investments at peak 2021 valuations experienced effective total loss.

XV.

Labour Market: Wages, Attrition & Mobility

Workforce Dynamics, Structural Polarisation & Talent Pipeline, FY 2022

The Korean content industry employed 626,400 people in 2022 (+40,000 from 2021). Including performing arts, fine arts, fashion, and cultural tourism, total cultural sector employment is estimated at 850,000–880,000. The estimated wage Gini coefficient rose from 0.31 (2021) to 0.34 (2022). AI/Tech cultural workers (KRW 62–78M) vs. Performing Arts (KRW 22–28M) represents a 3.0x multiple — a dispersion widening as technology sector wage competition continues to bid up AI talent.

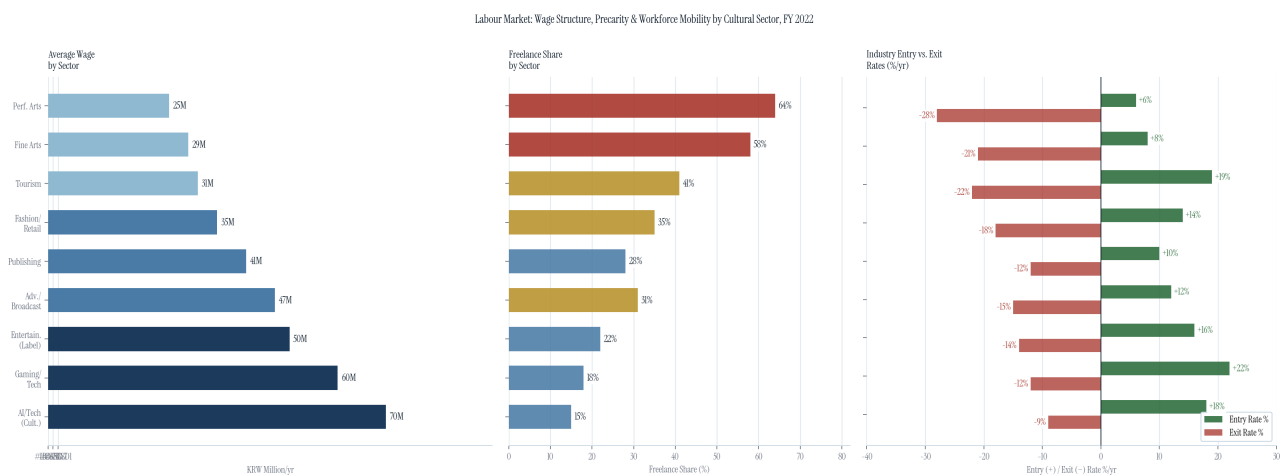


Figure 12 – Labour: Wage Structure, Freelance Share & Industry Entry/Exit Rates by Cultural Sector, FY 2022 (KOCCA, Statistics Korea)

Sector / Role	Avg. Wage (KRW M)	Median	Freelance Share	Social Ins. Cov.
AI / Tech (Cultural)	62–78	60	~15%	~89%
Gaming / Tech Platform	55–65	52	~18%	~87%
Entertainment (Label)	48–52	46	~22%	~84%
Advertising / Broadcast	44–50	42	~31%	~79%
Publishing	38–44	37	~28%	~74%
Fashion / Retail	32–38	31	~35%	~71%
Tourism Operations	28–34	27	~41%	~65%
Fine Arts / Visual Arts	26–32	24	~58%	~42%
Performing Arts / Gugak	22–28	21	~64%	~31%

Table 12 – Cultural Sector Wage & Employment Structure, FY 2022 (KOCCA, MCST, Statistics Korea)

Workforce mobility. Entry rate data reveals a fundamental supply-demand mismatch: AI/Tech (Cultural) attracts 18% new entrants annually, while Performing Arts and Fine Arts show new entry rates of only 6–8%. Exit rates are most severe in Performing Arts (28%), Tourism (22%), and Fashion/Retail (18%). Fine Arts posts a return rate of only 2.9% — once practitioners exit, re-entry is effectively non-occurring. AI is displacing

entry-level creative roles in advertising and gaming.

Precarious employment. An estimated 43% of the total cultural workforce operates on freelance, project-based, or fixed-term contracts. Social insurance enrolment for cultural freelancers: estimated 34% vs. national average of 78%. Government initiatives including the "Cultural Worker Basic Income" pilot (2022: KRW 300B budget) and the Performing Arts Social Safety Net programme represent directional policy responses but are insufficient in scale relative to the structural wage and precarity deficits.

XVI.

Policy Environment & Regime Transition Effects

Administration Change, Budget Realignment & Sector Policy Sensitivity, FY 2022

The May 2022 Yoon administration transition introduced a significant reorientation: away from inclusive access programming and artist welfare investment, toward market-driven competitiveness, export-led growth, and AI infrastructure investment. MCST budget ~KRW 7.8T (+13% YoY): Arko reduced -6.8%; Content Export Fund +22%; Hallyu Ambassador Programme +31%; AI-Assisted Heritage Documentation (new): KRW 48B. The ongoing review of the Cultural Fund Act – governing KRW 1.2T in annual cultural endowment distributions – introduced 12–18 months of budget uncertainty.

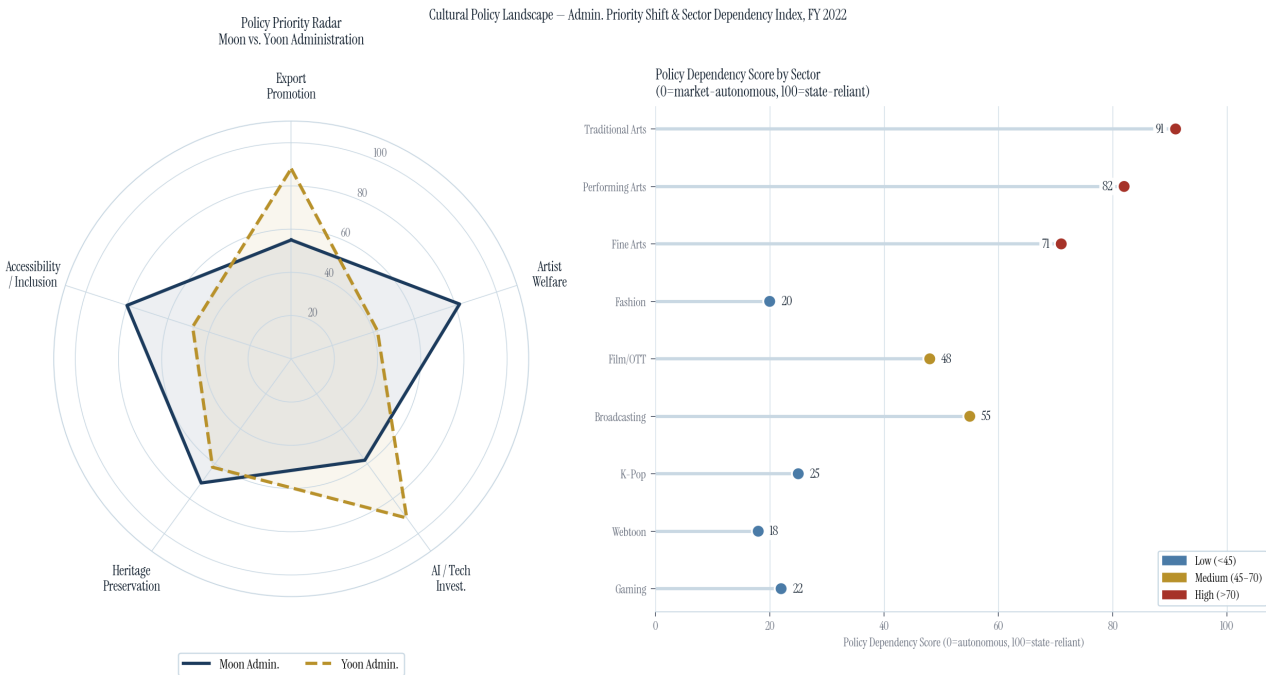


Figure 13 – Policy Priority Radar (Moon vs. Yoon Administration) & Policy Dependency by Sector, FY 2022

Policy Initiative	Ministry	Budget (KRW B)	Direction
K-Culture Global Hub	MCST	320	Export-led competitiveness
Metaverse Korea Strategy	MSIT	220	Tech infrastructure + regulatory sandbox
K-Content Overseas Expansion	KOCCA	380	IP localisation & global distribution
Cultural Worker Basic Income	MCST	300	Artist welfare pilot
Artist Social Insurance+	MoEL	184	Labour protection
Digital & AI Content R&D;	MSIT	210	Technology R&D;
AI Heritage Documentation	MCST	48	AI / Preservation (new)

Policy Initiative	Ministry	Budget (KRW B)	Direction
Hallyu Tourism Special Zone	MCST	98	Infrastructure
K-Drama / Film Production+	MCST	145	Content production support
Arko Performing Arts Grants	MCST	218	Welfare (budget reduced -6.8%)
AI Content Ethics Guidelines	KCC	–	1st-gen AI content disclosure framework
ESG Disclosure (announced)	FSC	–	Governance framework
Hallyu Policy Coord. Office	MCST	–	Inter-ministerial Hallyu coordination

Table B3 – Key Cultural Policy Initiatives, FY2022 (MCST, MSIT, MoEL, FSC, KCC)

Structural policy risk: The 60–85% policy-subsidy dependency of non-commercial cultural entities creates systemic vulnerability to administration-cycle budget volatility. AI policy remains fragmented: 4IRC roadmap and MCST cultural AI initiatives are not yet integrated into a unified regulatory framework, creating compliance uncertainty for AI-generated content classification and copyright attribution. The THAAD constraint on China-Korea cultural exchange – formally unofficial but practically enforced – continued to suppress an estimated KRW 3–5T in potential cultural export revenue.

XVII.

Cultural Preservation, Continuity & Future Viability

Intangible Heritage · Generational Transmission · DSML CFVI Framework

1. Intangible Heritage – Succession Risk

Korea holds 22 UNESCO-designated Intangible Cultural Heritage elements (third-largest in Asia). Despite the National Intangible Heritage Digitalisation Programme budget rising 38% YoY to KRW 124B, the number of certified practitioners (isu-ja) declined for the fifth consecutive year in 2022 (-4.2%). DSML estimates 17 of 22 listed elements (77.3%) rely on fewer than 50 active certified masters, with median practitioner age exceeding 68 years. AI digitisation is necessary but insufficient – archival fidelity does not replicate embodied practice transmission.

2. Arts Education Pipeline

Arts education penetration: 89.4% at primary school, 72.1% at middle school, 41.3% at high school – the "suneung CSAT effect." University enrolment in fine arts and music declined for the fourth consecutive year. AI engineering enrolment increased 28% in 2022, drawing a growing share of talent that might previously have entered arts-adjacent creative technology roles.

CFVI – Cultural Finance Viability Index
Korea vs. Global Peers, 5-Dimension Spider, 2022

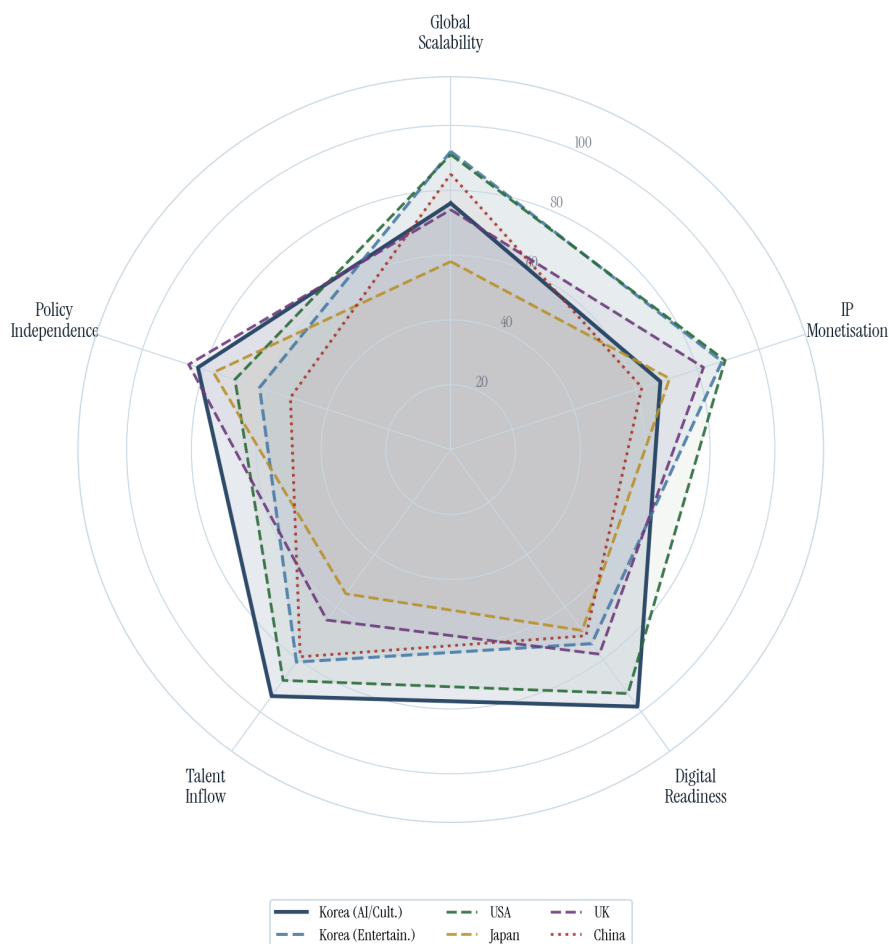


Figure 14 – CFVI: Five-Dimension Structural Assessment by Sector · DSML Proprietary Framework, FY 2022

3. DSML Cultural Future Viability Index (CFVI)

The CFVI evaluates five structural dimensions: (i) Global Scalability, (ii) IP Monetisation Capability, (iii) Digital Readiness, (iv) Talent Inflow Rate, (v) Policy Independence. Scored 0–100 each; CFVI is the weighted composite. AI/Cultural sector assessed as a standalone entity for the first time in 2022.

Sector	CFVI Score	Scalab.	IP Mon.	Digital	Talent	Policy Indep.	Rating
AI / Cultural	84.1	76	68	98	94	82	A
Gaming / Tech	82.4	78	71	96	91	74	A
Entertainment	78.9	92	88	74	81	62	A-
Music	71.3	84	79	68	72	58	B+
Fashion	64.8	71	62	61	68	64	B
Luxury	58.2	66	58	52	54	71	B-
Tourism	53.1	58	41	55	47	62	C+
Visual Arts	42.6	48	44	51	42	39	C
Fine & Perf. Arts	31.2	28	22	31	28	47	D

Table 14 – CFVI Sector Scores, FY 2022 · A (structurally robust) to D (structurally vulnerable) · DSML proprietary

Key finding: AI/Cultural sector (84.1) and Gaming/Tech (82.4) lead structural viability. Fine & Performing Arts (31.2, D-rated) requires urgent structural intervention to avoid irreversible talent erosion. The gap between highest and lowest CFVI (52.9 points) is the widest since the index's inception.

XVIII.

2022 At a Glance: Key Findings & Year in Review

Sector-by-Sector Summary · Critical Data Points · Structural Observations

KRW 151.8T	USD 13.2B	USD 1.22B	+31.0%	KRW 1.06T	84.1
Total Content Industry Revenue	Content Export Value	Korea AI Startup Investment	Music Sector YoY Growth	Art Market Transaction Value	AI/Cultural CFVI Score
KRW 27.1T	88,000	200M	KRW 5.47T	77.3%	43%
Hallyu Economic Footprint	Korean Restaurants Worldwide	Webtoon Platform MAUs	Musical Theatre Revenue	UNESCO Heritage Elements at Succession Risk	Cultural Workforce on Non-Regular Contracts

ENTERTAINMENT	Big 4 revenue KRW 3,484B (+32.9%). JYP highest margin 25.1%. SM governance crisis triggered FSC regulatory review. HYBE Weverse 9.8M MAUs. Supertone AI voice synthesis acquired ~USD 38M. Mid-tier labels: KRW 680B combined. Classical music: 3.1M annual audience. Yunchan Lim Van Cliburn win – youngest winner in history.
ARTIFICIAL INTELLIGENCE	Gov. R&D; KRW 1.65T (+21.3%). Startup investment USD 1.22B (record). ChatGPT launch Nov 2022 catalysed sector-wide adoption. Kakao Brain, Naver Clova, Supertone emerge as cultural AI infrastructure. CFVI: 84.1 – highest sector. AI-augmented entities show 71-point revenue index premium over non-adopters.
GAMING & PLATFORMS	Largest content sector: KRW 24.4T domestic, USD 9.0B exports. KOSPI gaming -18.4% (post-pandemic normalisation). Webtoon global MAU 200M+; 12 major IP adaptations. AI adoption: 68-78%. LoL World Championship Seoul: KRW 180B direct economic impact.
FASHION & LUXURY	Fashion KRW 47.1T. Korea #1 per-capita luxury spender USD 325/person (Morgan Stanley). 42 celebrity ambassador contracts (+50% vs. 2021). K-Beauty exports KRW 9.2T. Emerging designers: Musinsa index 445. Phygital pop-ups KRW 1.2T.
FOOD CULTURE	Food exports KRW 21.2T (+14%). Ramyeon leads KRW 9.1T (+18%). 88,000 Korean restaurants worldwide. 33 Michelin stars Seoul. Culinary tourism 31% of inbound visitors. Buldak: 2 billion TikTok impressions in 2022.
TOURISM	Arrivals 3.20M (18.3% of 2019). Receipts USD 11.8B. Per-visitor spend USD 3,684. Cultural tourism share ~18%. SE Asian visitors 78% Hallyu-motivated.
PERFORMING ARTS	Musical theatre KRW 5.47T – 3rd global market. 18,000 registered performers. Traditional arts 91/100 policy dependency score. 17/22 UNESCO elements at succession risk. Performing Arts CFVI: 31.2 (D-rated). Exit rate 28%/yr.
VISUAL ARTS	Art market KRW 1.06T – first time above KRW 1T. Frieze Seoul inaugural: USD 50M+ sales, 70,000 visitors. Gallery spaces +75% since 2019. NFT art correction in H2. KNMCA deficit KRW 2.8B on KRW 89B revenue.

LABOUR & WAGES	Workforce 626,400 (+6.8%). Wage Gini 0.31 to 0.34. AI/Tech KRW 62–78M vs. Performing Arts KRW 22–28M (3.0x multiple). 43% non-regular contracts. Performing Arts: 31% social insurance coverage.
POLICY	Admin. transition: Arko -6.8%, Content Export Fund +22%, AI Heritage KRW 48B. MCST budget KRW 7.8T (+13%). Cultural Fund Act review: 12–18 months uncertainty. China THAAD ban: KRW 3–5T annual suppression.
CULTURAL VIABILITY	17 of 22 UNESCO intangible heritage elements face succession risk. CFVI gap highest-lowest: 52.9 points (widest ever). Arts high-school penetration: 41.3%. AI engineering enrolment +28%.
INVESTMENT	DSML: 39 transactions, KRW 824B deployed (+22.3%). IRR range: +34.2% (IP Royalty) to -100% (Metaverse). Market total: KRW 4.8T. AI investments: est. IRR +35%. Total failures/write-downs: 12 of 39 vehicles.

Five Structural Findings

1. The Hallyu Flywheel is Self-Reinforcing but Asymmetrically Distributed. The cultural industries generating the greatest global brand value – K-Pop, Film, Webtoon, Food – are not the industries providing the most equitable workforce conditions. Economic surplus accrues disproportionately to platform companies, major labels, and IP holders.
2. IP Monetisation Infrastructure is the Defining Investment Theme. The most durable value creation is occurring in vehicles with rights to recurring IP cash flows – webtoon IP funds, K-Pop catalogue REITs, drama remake-rights structures.
3. AI Adoption is Bifurcating the Sector. The 71-point revenue index premium of AI-augmented cultural entities over non-adopters suggests AI integration is transitioning from competitive advantage to table stakes.
4. Labour Precarity is a Systemic Risk to Cultural Sustainability. Exit rates of 22–28% per annum in Performing Arts and Tourism, combined with sub-30% social insurance coverage, represent a talent depletion rate that cannot be sustained without structural policy intervention.
5. Global Reach is Transforming the Economics of Scale. Korean cultural products now operate with global addressable markets as their reference frame. A webtoon chapter, K-drama episode, or K-Pop release is simultaneously available to 500 million potential consumers. This structural shift has permanently altered the return profile of high-quality Korean cultural production.

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