Note: The following is a redacted version of the original report published 15 October 2026 [93 pgs]

Goldman Sachs Research

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Music in the Air

10 Years on: Recomposing the narrative around AI, pricing, and opportunities in ad-supported and D2C



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Full list of authors inside.

Ten years after the original Music in the Air, the industry's investment debate has solidly evolved from one centered primarily on streaming adoption toward one focused on monetization. While the industry's physical to streaming transition is well underway, its future is still debated. The next decade will likely be shaped by three major investor debates: **(1) to what extent is there opportunity to increase the price of subscription streaming**, first in developed markets, but then increasingly in emerging markets; **(2) to what extent can the industry improve monetization of free / ad-supported listening,** where improved segmentation, enhancements to ad-tech, and a renewed focus on driving free-to-paid conversion will need to do a better job creating value; and **(3) how will the opportunities and risks associated with Generative AI play out across the industry,** where we generally view scaled DSPs as relative beneficiaries but see a more balanced risk/reward profile for labels and rights holders. More broadly, we continue to believe the industry's focus is shifting from consumption growth toward monetization growth, with value increasingly accruing to companies best positioned to improve pricing, distribution, consumer relationships, discovery, and monetization.

Estimate Changes. Following publication of the IFPI's annual report earlier this year, and to reflect recent industry data points, we modestly increase our long-term outlook for the music industry. We now forecast global music industry revenue growth of +6.7% YoY in 2026 and +5.8% CAGR from 2025-35E, supported by stronger outlooks for subscription streaming, physical music, synchronization, emerging-market monetization, and pricing. We broadly maintain our Recorded Music outlook while increasing our expectations for Streaming, Physical, and Downloads & Other Digital revenues, resulting in a +1.2% increase to our 2026 Recorded Music revenue forecast. We continue to expect the industry to benefit from pricing, subscriber growth in emerging markets, AI-related monetization opportunities, and continued strength in live music. This year's report marks the first time since 2022 that our industry estimates have been revised higher.

Why read this report? In this report, we introduce our re-architected global music industry model and revisit the most important debates shaping the next decade of industry growth. Specifically, we assess the opportunities and risks around Generative AI, reexamine the ad-supported monetization opportunity, evaluate the emerging direct-to-consumer ecosystem, update our long-term industry forecasts, and outline our investment framework across the global music value chain.

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Ten years after the original *Music in the Air*, the industry's investment debate has solidly evolved from one centered primarily on streaming adoption toward one focused on monetization. While the industry's physical to streaming transition is well under way, its future is still debated. The next decade will likely be shaped by three major investor debates: **(1) to what extent is there opportunity to increase the price of subscription streaming**, first in developed markets, but then increasingly in emerging markets; **(2) to what extent can the industry improve monetization of free / ad-supported listening**, where improved segmentation, enhancements to ad-tech, and a renewed focus on driving free-to-paid conversion will need to do a better job creating value; and **(3) how will the opportunities and risks associated with Generative AI play out across the industry**, where we generally view scaled DSPs as relative beneficiaries but see a more balanced risk/reward profile for labels and rights holders. More broadly, we continue to believe the industry's focus is shifting from consumption growth toward monetization growth, with value increasingly accruing to companies best positioned to improve pricing, distribution, consumer relationships, discovery, and monetization.

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PM Summary

Why Read This Report?

- **New Industry Forecasting Framework.** We introduce a re-architected Music in the Air industry model, incorporating regional data across accounts, subscribers, recorded music revenues, publishing revenues, and monetization trends. The framework provides a more granular view of the key drivers of industry growth and better captures the interaction between subscribers, accounts, ARPU, and pricing on a regional basis.
- **Introducing Our Music Investment Framework.** We introduce a framework for investing across the music value chain. Broadly, we favor distributors of music and audio, as well as live entertainment businesses, over owners of music rights, where we take a more selective approach. While premium content remains valuable, we increasingly believe consumer relationships, distribution, discovery, engagement, and monetization capabilities will become more important sources of value creation over time.
- **Sizing the AI Opportunity.** We introduce updated frameworks for evaluating both the opportunity and risk associated with Artificial Music, including scenarios around AI-generated content, licensing structures, adoption pathways, and the potential impact on industry revenues. We also examine which business models and intellectual property categories appear most exposed and most protected as AI adoption accelerates.
- **Revisiting the Ad-Supported Debate.** Advertising-supported music remains one of the industry's most debated monetization opportunities. We believe investors underappreciate the opportunity for ad-supported audio to improve economics through greater consumer segmentation, premium ad-supported offerings, improved listener monetization, and a clearer conversion funnel from free-to-paid. We introduce a framework for evaluating how increased differentiation of the ad-supported tier, including higher ad loads, functionality restrictions, and intermediary paid products, could both improve monetization and accelerate subscription conversion over time.
- **The Rise of Direct-to-Consumer Music.** We highlight the rapidly expanding direct-to-consumer ecosystem and the growing importance of artist-owned fan relationships. As artists increasingly seek to monetize fandom beyond streaming, we map the key players, business models, and revenue opportunities emerging across memberships, commerce, ticketing, community, and fan-engagement platforms. Based on our industry conversations, if this ecosystem continues to develop the way it has been, the D2C opportunity could grow from representing ~tens of millions of revenue to the industry today to ~hundreds of millions over the next decade.

Key Takeaways / Industry Forecast

1/ Recorded Music growth surprise to the upside in 2025

Recorded Music revenue growth in 2025 exceeded our expectations, driven by a combination of i) subscription streaming growth, ii) improving pricing realization, and iii) stronger-than-expected ad-supported trends. While investors have increasingly focused on streaming maturity in developed markets, industry monetization initiatives continue to offset moderating subscriber growth, reinforcing our view that music remains in the early innings of a shift from consumption growth toward monetization growth.

2/ We are modestly raising our long-term outlook for the music industry

After several years of revising our long-term industry outlook lower, we are modestly raising our 2025-35 forecast with growth in both Recorded Music and Music Publishing revenues underpinned by our constructive outlook for pricing, emerging-market monetization, ad-supported revenue, and new revenue streams developing across the music ecosystem. While growth is likely to moderate from the pace observed during the industry's streaming adoption phase, we continue to see a long runway for industry expansion supported by favorable consumer behavior and an increasingly diversified monetization model.

3/ Live Music remains one of the strongest growth stories in media

We expect the Live Music industry to continue generating robust MSD% revenue growth through 2035, supported by structural growth in fan spending, continued globalization of the concert ecosystem, pricing power for premium experiences, and the increasing importance of live events within the broader artist monetization funnel. More broadly, we continue to view live entertainment as one of the clearest examples of consumers prioritizing experiences over goods, a trend that remains supportive of long-term demand.

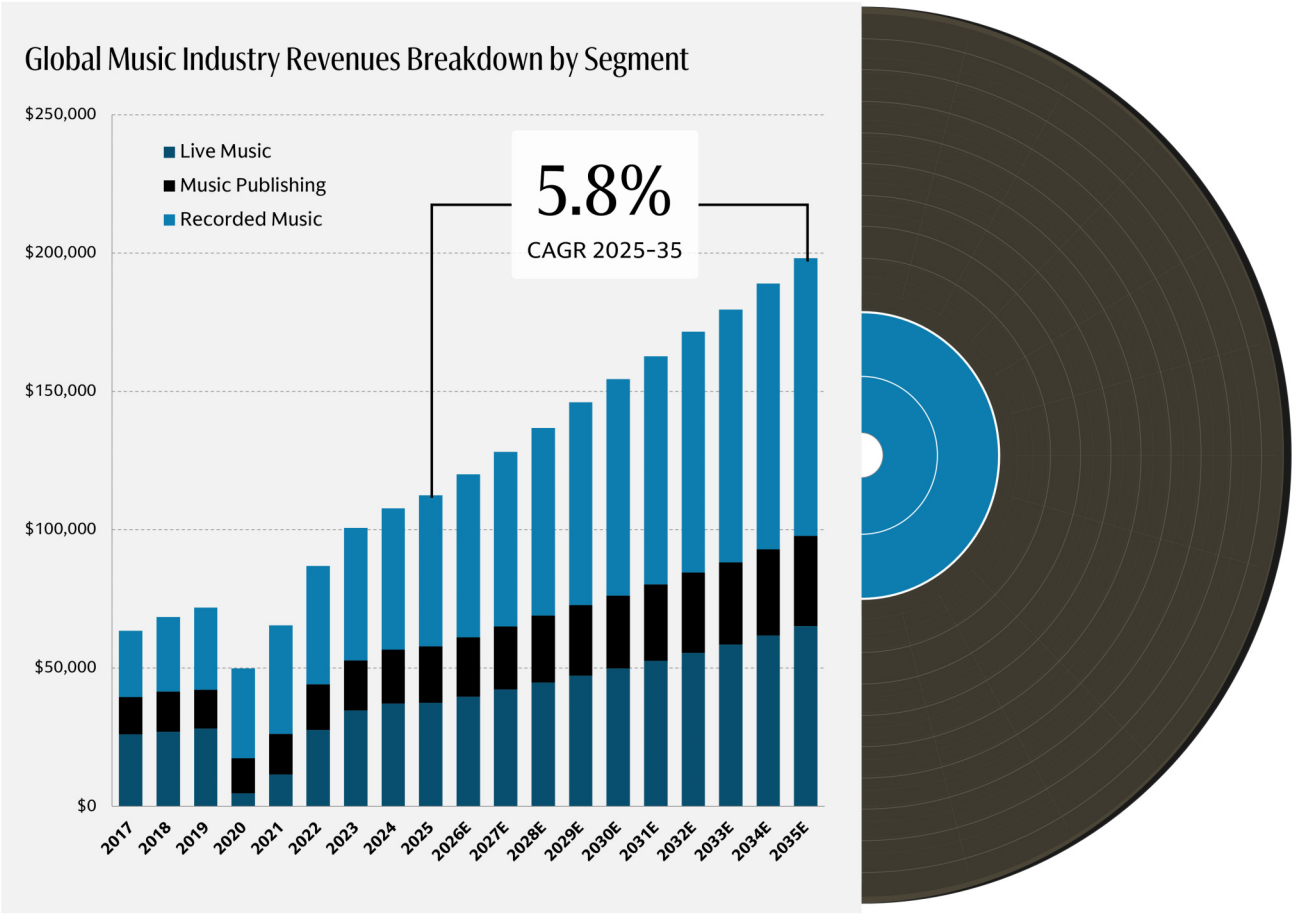
4/ AI remains more opportunity than threat over the near-term, but longer-term risks exist

While the range of potential outcomes remains wide, we continue to view the emergence of Artificial Music and the licensing ecosystem developing around it as a net near-term positive for music rights holders. We estimate AI-related licensing, creation tools, and new monetization opportunities have the potential to drive ~10% upside to Recorded Music revenues by 2035. Longer term, however, the debate becomes substantially more open-ended and increasingly dependent on consumer preferences and cultural adoption of artificial art. We believe generationally recognizable catalog, superstar artists, and culturally relevant front-line IP are likely to remain the most insulated, while generic, functional, and background-oriented music categories face greater disruption risk.

5/ Ad-supported remains an opportunity

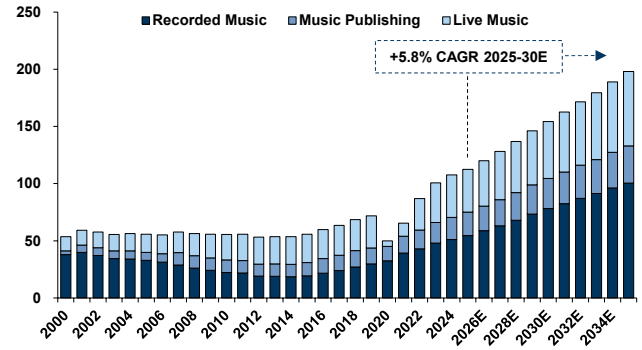
Despite years of investment and strong listener engagement growth, ad-supported music has yet to establish itself as a meaningful long-term value driver for the broader music industry. Revenue growth remains heavily influenced by advertising market conditions, while emerging streaming categories have generally failed to become material contributors to industry economics (relative to the level of engagement). That said, we continue to see opportunities to improve listener monetization and utilize ad-supported products more effectively as subscription acquisition funnels. In particular, we believe the industry should move more aggressively to differentiate the

ad-supported experience from premium offerings, helping both improve monetization and encourage conversion into paid subscriptions against the backdrop of ongoing pricing increases.



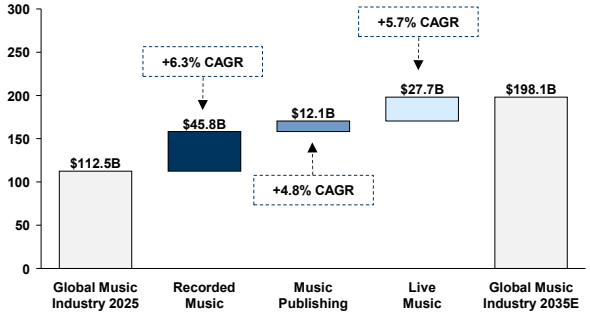
Our thesis in charts

Exhibit 1: We expect the Global Music Industry to grow at a +5.8% CAGR from 2025 to 2035E driven by...
Global Music Market Retail Revenue ($B)



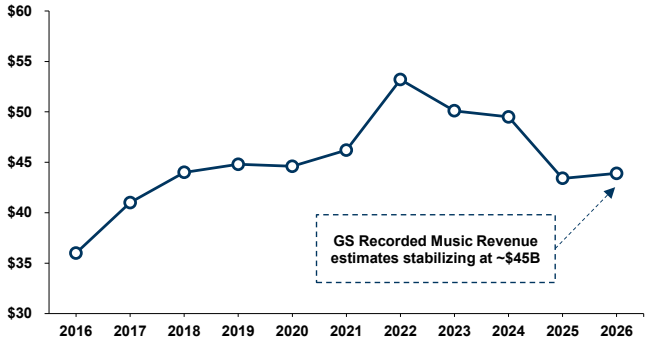
Source: Music and Copyright, Company data, Goldman Sachs Global Investment Research, IFPI Global Music Report 2026

Exhibit 2: ...mid-single-digit annualized growth in Recorded Music, Music Publishing and Live Music
Global Music Market Retail Revenue Growth ($B)



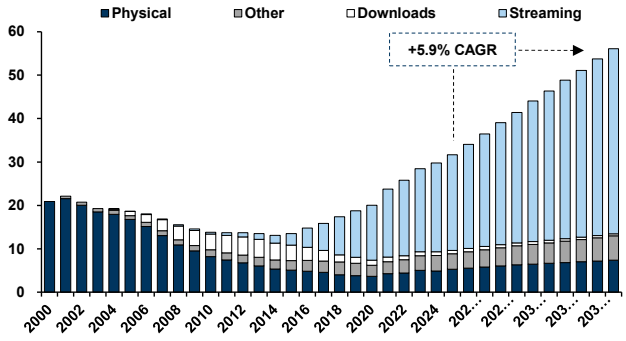
Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 3: For the first time since 2022, we are increasing our outlook for Recorded Music Revenue
GS Published Estimates for Recorded Music Retail Revenue in 2030 ($B)



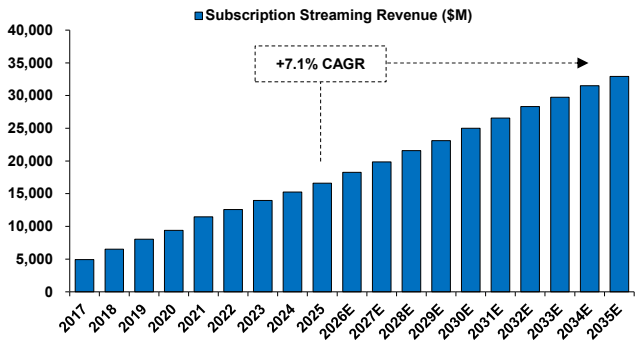
Source: Goldman Sachs Global Investment Research

Exhibit 4: We expect Recorded Music revenue to grow at a 5.9% CAGR from $31.7B in 2025 to $56.1B in 2035 led by streaming revenue growth
Recorded Music Rightsholder Revenue, ($B, 2000-2035E)



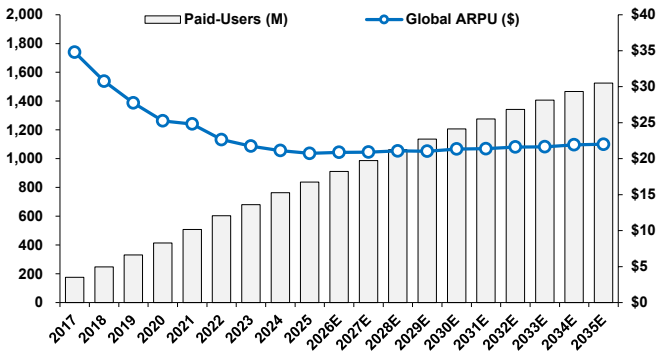
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 5: We see Subscription Streaming revenue growing at a 7.1% CAGR driven by...
Subscription Streaming Rightsholder Revenue ($M)



Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 6: ...mid-single digit annualized growth in Paid Subscribers and low-single digit annualized growth in Global ARPU
Paid Subscribers (M) and Global ARPU ($)



Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 7: We skew net positive on the impact of Generative AI on the music industry...
Opportunities & Risks to Music Entities from AI

	Opportunity	Risk
DSPs	Algorithmic personalization to improve playlists, recommendations, and content creation Capture value of listeners paying a premium to create music with AI Margin expansion through content segmentation and tiered royalty models	Competition from new distribution platforms Increased storage, compute, & processing costs Strained label relationships & increased regulatory scrutiny
Record Labels	Emerging AI licensing revenue streams Production & marketing cost efficiencies Utilizing predictive analytics to optimize capital allocation and A&R spend	Market share dilution of royalty payouts as AI listenership increases As AI tools lower barriers to entry, potential for disintermediation as tastemakers
Music Rights Holders	Emerging AI licensing revenue streams Leveraging AI to optimize catalog assets and improve discovery AI forensic royalty recovery tools allow for real-time auditing and recovery of uncollected income	Erosion of copyright control over unauthorized usage Leveraging an artist's voice and likeness without sufficient guardrails can erode catalog value

Source: Goldman Sachs Global Investment Research

Exhibit 8: ...which could drive as much as a ~10% uplift in Subscription Streaming Revenue by 2035 (GSe)
Gen AI Music Uplift Scenario Analysis ($M)

Generative AI Monetization Uplift	Bear	Base	Bull	
AI Subscriber TAM (2035)				
Japan + South Korea Subscribers	60	60	60	
+ USA & Canada Subscribers	268	268	268	
+ Europe Subscribers	278	278	278	
+ Australasia Subscribers	22	22	22	
Generative AI Subscriber TAM (M, 2035)	**628**	**628**	**628**	A
AI Implied Product Users				
Generative AI Subscriber TAM (M, 2035)	628	628	628	A
x Penetration of Gen AI music Offering (%)	4%	8%	10%	B
Implied Product users (M)	**25.1**	**50.2**	**62.8**	A x B = C
AI Music ARPU				
AI Music Creation ARPU, monthly	$6	$11	$18	D
x 12 months	12	12	12	E
AI Music Creation ARPU, annual	**$72**	**$132**	**$210**	D x E = F
x Rightsholders cut of retail ARPU	50%	50%	50%	G
Gen AI ARPU, annual	**$36**	**$66**	**$105**	F x G = H
Uplift				
Implied Product users (M)	25	50	63	C
x Gen AI ARPU, annual	$36	$66	$105	H
Generative AI Monetization Uplift	**$904**	**$3,316**	**$6,594**	C x H = I
% uplift to subscription streaming revenue	***3%***	***10%***	***20%***	

Source: Goldman Sachs Global Investment Research

Exhibit 9: We estimate that the introduction of a paid ad-light tier (to improve ad-supported monetization) could represent a ~MSD% uplift to our base case for global ad-supported streaming revenues by 2030E and HSD by 2035E
Potential uplift from an ad-light music offering, GS-estimated ($M)

Uplift from ad-light music tier	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Internet Users less Paid Subscribers													
Japan + South Korea	121.1	119.6	116.2	113.7	111.3	109.1	107.0	105.2	103.5	102.0	100.7	99.5	98.4
USA & Canada	166.7	162.8	160.2	156.8	153.2	149.6	146.1	142.8	139.6	136.5	133.7	131.0	128.6
Europe	405.6	393.1	374.3	365.0	356.5	348.9	342.1	336.1	331.4	327.8	324.1	321.3	319.4
Australasia	16.1	15.4	15.1	14.8	14.5	14.2	13.9	13.6	13.3	13.1	12.9	12.7	12.6
Ad-Supported TAM (M)	**709.5**	**690.9**	**665.9**	**650.3**	**635.6**	**621.8**	**609.2**	**597.7**	**587.9**	**579.5**	**571.4**	**564.6**	**558.9**
% YoY		*-2.6%*	*-3.6%*	*-2.3%*	*-2.3%*	*-2.2%*	*-2.0%*	*-1.9%*	*-1.6%*	*-1.4%*	*-1.4%*	*-1.2%*	*-1.0%*
Penetration of ad-light music offering	0.0%	0.0%	0.0%	0.0%	0.8%	1.8%	3.3%	5.0%	6.5%	7.8%	8.8%	9.5%	10.0%
Incremental pp	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.8%*	*1.0%*	*1.5%*	*1.8%*	*1.5%*	*1.3%*	*1.0%*	*0.8%*	*0.5%*
Implied product users (M)	**0.0**	**0.0**	**0.0**	**0.0**	**4.8**	**10.9**	**19.8**	**29.9**	**38.2**	**44.9**	**50.0**	**53.6**	**55.9**
Incremental users (M)	*0.0*	*0.0*	*0.0*	*0.0*	*4.8*	*6.1*	*8.9*	*10.1*	*8.3*	*6.7*	*5.1*	*3.6*	*2.3*
Developed markets revenue	11,936	12,762	13,577	14,411	15,260	16,121	16,990	17,864	18,738	19,607	20,469	21,316	22,146
Developed markets premium ARPU (annual to rightsholders)	$30.76	$30.42	$30.48	$30.55	$30.74	$31.05	$31.45	$31.92	$32.48	$33.11	$33.80	$34.52	$35.26
Ad-light to Ad-free ARPU ratio	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Developed markets ad-light ARPU (annual, GSe)	**$12.31**	**$12.17**	**$12.19**	**$12.22**	**$12.30**	**$12.42**	**$12.58**	**$12.77**	**$12.99**	**$13.25**	**$13.52**	**$13.81**	**$14.10**
Ad-light monetization uplift ($M)	**0.0**	**0.0**	**0.0**	**0.0**	**58.6**	**135.1**	**249.0**	**381.6**	**496.5**	**594.9**	**675.9**	**740.5**	**788.3**
% YoY						*130.5%*	*84.3%*	*53.2%*	*30.1%*	*19.8%*	*13.6%*	*9.6%*	*6.5%*
% uplift to global streaming revenues					0.2%	0.5%	0.8%	1.2%	1.4%	1.6%	1.8%	1.8%	1.9%
% uplift to global recorded music revenues					0.1%	0.2%	0.3%	0.5%	0.6%	0.7%	0.7%	0.8%	0.8%
% uplift to global music industry revenues					0.0%	0.1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.4%	0.4%
% uplift to global ad-supported (audio + video) streaming revenues					**1.0%**	**2.1%**	**3.6%**	**5.2%**	**6.4%**	**7.2%**	**7.8%**	**8.1%**	**8.1%**

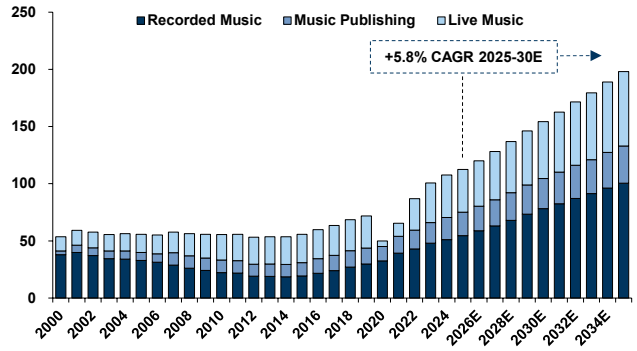
Source: IFPI, Goldman Sachs Global Investment Research

Global Music Outlook

We update our global music industry model following the publication of the 2025 Recorded Music market figures from IFPI, and to reflect the latest industry trends and data points.

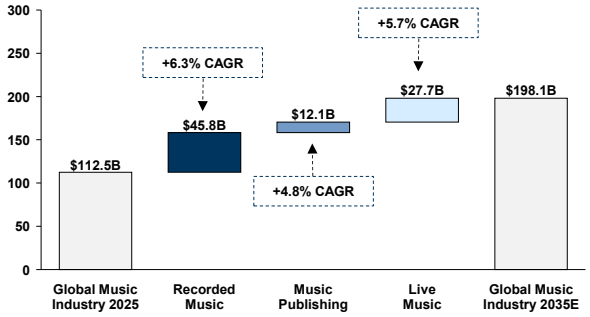
The global music market (recorded, publishing and live) grew slower than expected in 2025, up +4.4% YoY (vs. GSe +7.7% YoY prior), driven by slightly stronger growth in gross Recorded Music (+6.9% YoY vs. GSe +6.6% YoY prior), offset by slower growth in Live Music (+0.5% YoY vs. GSe +10.5% prior) and with growth for slower gross Music Publishing coming broadly inline (+5.3% YoY vs. GSe +5.5% YoY prior). Looking ahead, we forecast global music industry retail revenue growth of +6.7% YoY in 2026 and +5.8% annualized from 2025 to 2035E driven by continued growth in gross Recorded Music, Music Publishing, and Live Music. *We detail the drivers of this growth in the sections within.*

Exhibit 12: We expect the Global Music Industry to grow at a +5.8% CAGR from 2025 to 2035E driven by...
Global music market Retail Revenue ($B)



Source: Music and Copyright, Company data, Goldman Sachs Global Investment Research, IFPI Global Music Report 2026

Exhibit 13: ...driven by mid-single -digit annualized growth across in Recorded Music, Music Publishing and Live Music
Global Music Industry Retail Revenue Growth ($B)



Source: IFPI, Goldman Sachs Global Investment Research

Data from the IFPI Global Music Report 2026 was used to create material in this report. All statements using IFPI data represent Goldman Sachs' interpretation of data, research opinion or viewpoints published as part of the IFPI Global Music Report 2026, and have not been reviewed by IFPI. Each IFPI publication speaks as of its original publication date (and not as of the date of this report).

Recorded Music Growth in 2025

2025 global recorded music rightsholder revenue growth came in +60bps above our expectations

According to the IFPI 2026 Global Music Report, the global Recorded Music market grew +6.4% YoY in constant currency in 2025, an acceleration from +4.7% growth YoY in constant currency in 2024, to reach a total value of $31.7B. We note that Recorded Music rightsholder revenue growth in 2025 came in 60bps above our expectations of +5.8% YoY in constant currency (see Exhibit 14) driven by the following factors.

- **Subscription streaming** growth decelerated to +8.8% YoY in 2025 (vs. GSe of +9.0% YoY) following growth of +9.3% YoY in 2024, driven by i) weaker-than-expected paid streaming ARPU growth (-1.8% YoY in 2025 vs. GSe -1.1% YoY) and ii) modestly slower-than-expected subscriber growth (+9.6% YoY vs. GSe +10.0% prior, and up +12.3% in 2024).
  - **Subscribers.** There were 73M new subscribers in 2025, compared with 84M/77M net additions in 2024/23, primarily driven by subscriber growth in emerging markets.
  - **ARPU.** The rate of ARPU decline continued to improve in 2025 (from -2.8% YoY in 2024 to -1.8% YoY in 2025), supported by the streaming pricing increases.
- **Ad-supported streaming** growth was stronger than our expectations (+4.3% YoY CC vs. GSe +2.7% YoY CC prior) due to i) improved advertising market conditions vs 2024, ii) sustained engagement across free-to-user video platforms where music underpinned content, and iii) stronger performance in global social media platform licensing revenues, partially offset by iv) user preferences shifting from long-form towards short-form video where the remuneration for music companies is currently fixed in nature (thus capping the upside).
- **Physical sales** increased +8.0% YoY in constant currency (GSe +1.4% YoY CC prior) becoming the fastest growing format in 2025, mainly reflecting increased fan demand for tangible music experiences, specifically in markets like Japan and South Korea. Physical revenues of $5.4B in 2025 were the highest since 2013, driven by superfans' demand for vinyls (vinyls revenue +13.7% YoY), supported by the release of Taylor Swift's *The Life of a Showgirl*.
- **Performance rights** growth decelerated to +0.3% YoY in constant currency (GSe +6.0% YoY CC prior) driven by internet licensing (+60.9% YoY) and public performance (+5.4% YoY), offset by private copying levies (-21.5% YoY).
- **Sync growth** declined to -2.0% YoY in constant currency (GSe +6.0% YoY CC prior)

as the US continues to work through the effects of the SAG-AFTRA strikes in 2023 and France faces a tough comp vs the media spend brought in from hosting the Summer Olympics in 2024.

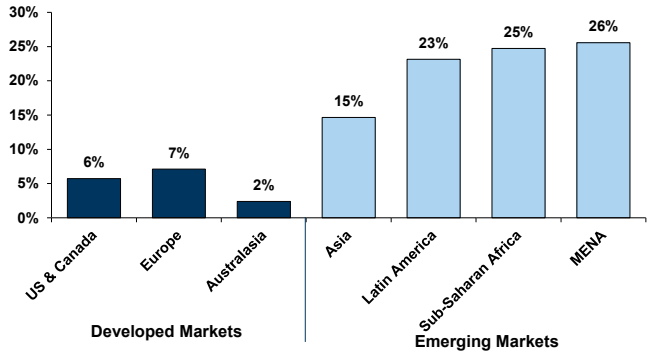
- **Downloads & Other Digital** were better than expected, with revenues down -5.0% YoY in constant currency (GSe -10.0% YoY CC prior) supported by growth in mobile personalization and other digital revenue growth. We note that structural declines continue in the Downloads & Other Digital segment as consumption shifts towards music streaming.

Exhibit 14: 2025 Recorded Music market growth was +60bps stronger than we expected, driven by greater than expected growth in Streaming, Downloads, and Physical
Global Recorded Music constant currency growth (%) in 2025

	2025			
Recorded Music	Actual	Gse	Beat/Miss	Beat/Miss %
Paid Streaming	8.8%	9.0%	Miss	-0.2%
Ad-supported Streaming	4.3%	2.7%	Beat	1.6%
Streaming	7.7%	7.4%	Beat	0.3%
Downloads	-5.0%	-10.0%	Beat	5.0%
Physical	8.0%	1.4%	Beat	6.6%
Performance	0.3%	6.0%	Miss	-5.7%
Sync	-2.0%	6.0%	Miss	-8.0%
Recorded Music	**6.4%**	**5.8%**	**Beat**	**0.6%**

Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 15: Emerging regions (i.e., Asia, Latin America, Sub-Saharan Africa, and MENA) grew subscription streaming revenues double-digit in 2025
Subscription streaming revenues growth (%) by region, 2025



Source: IFPI Global Music Report 2026

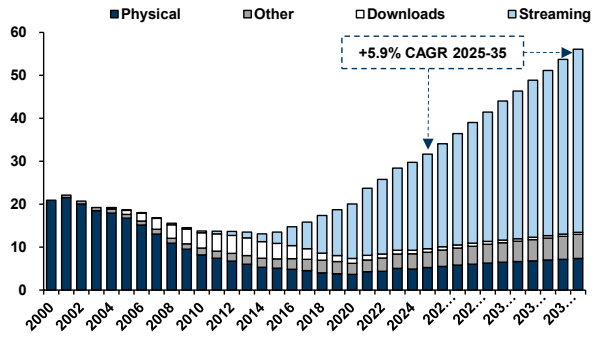
Recorded Music Growth Outlook

After three years of negative revisions, we broadly maintain our outlook for Recorded Music Revenue growth to reflect improvements in outlook for Streaming, Physical, and Download & Other Digital revenue, offset by slower growth in Performance Rights revenue. We now model Recorded Music (RM) Rightsholder Revenue growing at a 5.9% CAGR from 2025 to 2035E (vs +5.9% prior).

- **(+) Streaming.** We increase our outlook for RM streaming revenue by ~0-2% driven by an improvement in our outlook for subscription streaming revenue growth (up ~1-2% vs our prior expectations), partially offset by our lowered outlook for ad-supported streaming revenue growth (down ~1-3% vs our prior expectations).
  - Subscription streaming. Our uptick in subscription streaming revenue growth is mainly due to flow through of faster than expected subscriber and DM ARPU growth, where we expect the industry will benefit from improvements paid conversion as new product features (around AI) encourage more paid streaming options and as rights holders benefit to a greater degree from per-sub minimum step-ups and price increases.
  - Ad-supported streaming. Our outlook for slower ad-supported streaming revenue growth is driven by i) continued underperformance on digital-audio advertising monetization, which has lagged other forms of digital advertising including video, social and search, and ii) nearer-term pressures from the macroeconomic environment. While ad-supported has disappointed over the last several years, we still see opportunities for it to grow, which we highlight in *our 'Drivers of Global Paid Subscriber Growth' and 'Drivers of Global ARPU/Pricing Growth' sections below.*
- **(+) Physical.** We increase our outlook for Physical revenue by ~HSD-LDD%, reflecting increased fan demand for tangible music experiences (e.g., vinyls, CDs), where we have seen recent accelerations in markets like Japan, South Korea, and the US. We expect these trends to continue as fans increasingly view physical formats as collectibles rather than as a way to listen, and as artists increasingly incorporate physical formats into their album rollouts and tour experiences.
- **(+) Downloads & Other Digital.** We increase our outlook for Downloads & Other Digital revenues to reflect a more moderate decay curve around Downloads and Personalized Digital Audio.
- **(+) Synchronization.** We increase our outlook for Synchronization revenue by ~HSD-LDD% going forward as i) we see more opportunities for music to be incorporated in TV and films (aided by AI) and ii) as Hollywood recovers after the SAG-AFTRA strikes and benefits from a more robust theatrical outlook.
- **(-) Performance rights.** We lower our outlook for Performance Rights revenue by ~HSD-LDD% as strength public performance is weighed down by continued pressure on Radio, TV, and cable end-markets.
- **(=) Retail vs Rights-holder splits**. We maintain our outlook for Retail to Rightsholders conversion (aka. Gross to Net conversion in our model) of ~57% over

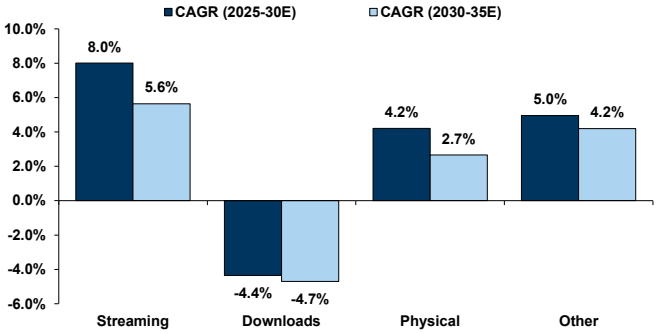
the forecast period as the industry market structure and negotiating leverage between rights holders an DSP remain largely the same.

Exhibit 16: We expect Recorded Music rightsholder revenue to grow at a +5.9% CAGR from $31.7B in 2025 to $56.1B in 2035 driven by...
Recorded Music Rightsholder Revenue ($B, 2000-2035E)



Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 17: ...growth in Streaming, Physical and Other music revenue
Global Recorded Music Revenue CAGRs by type (%)



Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 18: We broadly maintain our Recorded Music forecasts in 2026 where our raised outlook in Streaming and Physical is partially offset by our outlook for weaker Performance Rights...
Estimate Changes ($M)

	2026E		2027E		2028E		2029E		2030E		2031E	
Global Music Industry	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**
Global Recorded Music Industry Revenue	**58,868**	**704**	**63,164**	**930**	**67,880**	**1,269**	**73,310**	**961**	**78,192**	**1,196**	**82,459**	**1,315**
% YoY growth	*7.8%*	*48bps*	*7.3%*	*30bps*	*7.5%*	*43bps*	*8.0%*	*-61bps*	*6.7%*	*24bps*	*5.5%*	*7bps*
% change in estimate		*1.2%*		*1.5%*		*1.9%*		*1.3%*		*1.6%*		*1.6%*
Global Music Publishing Industry Revenue	**21,441**	**(209)**	**22,751**	**32**	**24,168**	**383**	**25,565**	**714**	**26,370**	**455**	**27,641**	**664**
% YoY growth	*4.8%*	*-48bps*	*6.1%*	*117bps*	*6.2%*	*154bps*	*5.8%*	*130bps*	*3.2%*	*-113bps*	*4.8%*	*72bps*
% change in estimate		*-1.0%*		*0.1%*		*1.6%*		*2.9%*		*1.8%*		*2.5%*
Live Music Revenue (Tickets + Sponsorship)	**39,644**	**(860)**	**42,221**	**(1,524)**	**44,754**	**(1,615)**	**47,216**	**(2,399)**	**49,812**	**(2,779)**	**52,552**	**(2,669)**
% YoY growth	*6.0%*	*0bps*	*6.5%*	*-150bps*	*6.0%*	*0bps*	*5.5%*	*-150bps*	*5.5%*	*-50bps*	*5.5%*	*50bps*
% change in estimate		*-2.1%*		*-3.5%*		*-3.5%*		*-4.8%*		*-5.3%*		*-4.8%*
Global Music Industry Revenue	**119,954**	**(365)**	**128,135**	**(562)**	**136,802**	**37**	**146,090**	**(724)**	**154,375**	**(1,129)**	**162,652**	**(691)**
% YoY growth	*6.7%*	*16bps*	*6.8%*	*-14bps*	*6.8%*	*49bps*	*6.8%*	*-56bps*	*5.7%*	*-25bps*	*5.4%*	*-2bps*
% change in estimate		*-0.3%*		*-0.4%*		*0.0%*		*-0.5%*		*-0.7%*		*-0.4%*

Recorded Music	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**
Streaming Revenue	23,957	73	25,914	103	28,109	219	30,071	(6)	32,378	140	34,363	189
Downloads Revenue	765	86	733	122	702	152	669	174	639	193	606	206
Physical Revenue	5,532	430	5,813	555	6,056	619	6,308	692	6,471	681	6,639	695
Performance Rights Revenue	3,064	(174)	3,185	(247)	3,318	(286)	3,466	(319)	3,588	(385)	3,720	(412)
Synchronization Revenue	737	0	792	11	851	32	915	55	961	57	1,009	69
Global Recorded Music Industry Revenue	**34,055**	**416**	**36,437**	**544**	**39,037**	**736**	**41,428**	**596**	**44,037**	**686**	**46,338**	**747**
Global Recorded Music Revenue - Gross Retail Value	**58,868**	**704**	**63,164**	**930**	**67,880**	**1,269**	**73,310**	**961**	**78,192**	**1,196**	**82,459**	**1,315**

Streaming	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**
Users of Subscription Accounts	912	14	987	21	1,062	23	1,135	26	1,207	29	1,276	32
Annual ARPU	$20.88	($0.08)	$20.91	($0.14)	$21.08	($0.07)	$21.03	($0.20)	$21.34	$0.00	$21.38	$0.00
Subscription Streaming Revenue	**18,255**	**176**	**19,853**	**235**	**21,593**	**396**	**23,104**	**309**	**24,991**	**585**	**26,551**	**651**
Gross Streaming Revenue	**23,957**	**73**	**25,914**	**103**	**28,109**	**219**	**30,071**	**(6)**	**32,378**	**140**	**34,363**	**189**
Streaming Retail Revenue	**46,072**	**(103)**	**49,835**	**207**	**54,056**	**431**	**58,962**	**1,123**	**63,487**	**1,486**	**67,379**	**1,659**

Source: Music and Copyright, IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 19: ...resulting in a +0.5% increase in Global Recorded Music revenue growth
Estimate Changes (%)

	2026E		2027E		2028E		2029E		2030E		2031E	
Global Music Industry	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**
Global Recorded Music Revenue	7.8%	*48bps*	7.3%	*30bps*	7.5%	*43bps*	8.0%	*-61bps*	6.7%	*24bps*	5.5%	*7bps*
Global Publishing Revenue	4.8%	*-48bps*	6.1%	*117bps*	6.2%	*154bps*	5.8%	*130bps*	3.2%	*-113bps*	4.8%	*72bps*
Global Live Music Revenue	6.0%	*0bps*	6.5%	*-150bps*	6.0%	*0bps*	5.5%	*-150bps*	5.5%	*-50bps*	5.5%	*50bps*
Global Music Industry Revenue	**6.7%**	***16bps***	**6.8%**	***-14bps***	**6.8%**	***49bps***	**6.8%**	***-56bps***	**5.7%**	***-25bps***	**5.4%**	***32bps***
Recorded Music	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**
Streaming	8.8%	*18bps*	8.2%	*10bps*	8.5%	*42bps*	7.0%	*-86bps*	7.7%	*49bps*	6.1%	*13bps*
Downloads & Other Digital	-4.2%	*531bps*	-4.2%	*582bps*	-4.3%	*573bps*	-4.7%	*528bps*	-4.5%	*555bps*	-5.1%	*493bps*
Physical	5.0%	*211bps*	5.1%	*203bps*	4.2%	*77bps*	4.2%	*87bps*	2.6%	*-51bps*	2.6%	*-6bps*
Performance Rights	4.5%	*-197bps*	3.9%	*-207bps*	4.2%	*-81bps*	4.4%	*-56bps*	3.5%	*-147bps*	3.7%	*-32bps*
Synchronization	15.0%	*848bps*	7.5%	*150bps*	7.5%	*250bps*	7.5%	*250bps*	5.0%	*0bps*	5.0%	*100bps*
Total Recorded Music Revenue	**7.6%**	***54bps***	**7.0%**	***30bps***	**7.1%**	***43bps***	**6.1%**	***-48bps***	**6.3%**	***13bps***	**5.2%**	***6bps***
Gross Total Recorded Music Revenue	**7.8%**	***48bps***	**7.3%**	***30bps***	**7.5%**	***43bps***	**8.0%**	***-61bps***	**6.7%**	***24bps***	**5.5%**	***7bps***
Streaming	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**	**Current**	**Change**
Users of Subscription Accounts	9.0%	*43bps*	8.2%	*70bps*	7.6%	*3bps*	6.9%	*14bps*	6.3%	*6bps*	5.7%	*15bps*
Annual ARPU	0.7%	*51bps*	0.2%	*-31bps*	0.8%	*34bps*	-0.2%	*-58bps*	1.4%	*94bps*	0.2%	*2bps*
Subscription Streaming Revenue	**10.0%**	***57bps***	**8.8%**	***24bps***	**8.8%**	***72bps***	**7.0%**	***-54bps***	**8.2%**	***110bps***	**6.2%**	***12bps***
Gross Streaming Revenue	**8.8%**	***29bps***	**8.2%**	***69bps***	**8.5%**	***42bps***	**7.0%**	***-88bps***	**7.7%**	***48bps***	**6.1%**	***13bps***
Streaming Retail Revenue	**8.8%**	***18bps***	**8.2%**	***10bps***	**8.5%**	***42bps***	**9.1%**	***124bps***	**7.7%**	***49bps***	**6.1%**	***13bps***

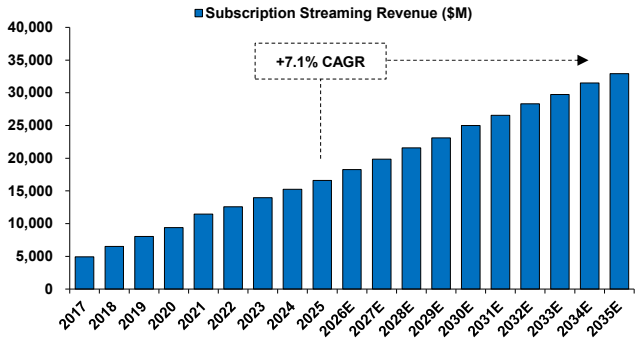
Source: Music and Copyright, IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Subscription Streaming Revenue Outlook

Paid-Subscription Streaming. We expect global paid-subscription streaming industry revenue to grow at a +7.1% CAGR from $17B in 2025 to $33B in 2035E (see Exhibit 20) driven by 6.2% annualized growth in paid subscribers and 0.6% growth in global ARPU (see Exhibit 21).

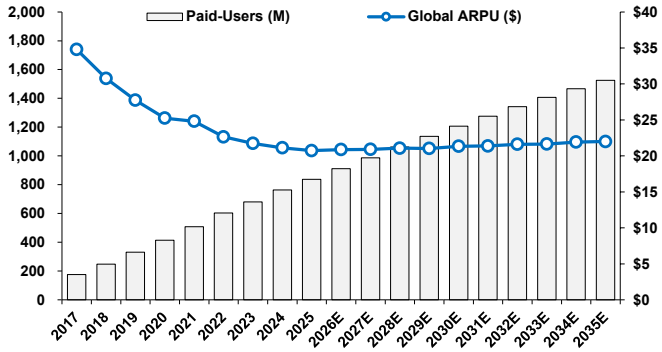
We increase our outlook for paid-subscription streaming revenue by ~1.5% over our 2025 to 2035E forecast period driven by better than expected performance in 2025 (~1% beat vs GSe) and modest improvements to both our outlook for subscriber growth and ARPU.

Exhibit 20: We see Subscription Streaming revenue growing at a 7.1% CAGR driven by...
Subscription Streaming Rightsholder Revenue ($M, 2017-2035E)



Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 21: ...mid-single digit annualized growth in Paid Subscribers and low-single digit annualized growth in Global ARPU
Paid Subscribers (M) and Global ARPU ($), 2017-2035E



Source: IFPI, Goldman Sachs Global Investment Research

Outlook for Global Paid Subscribers

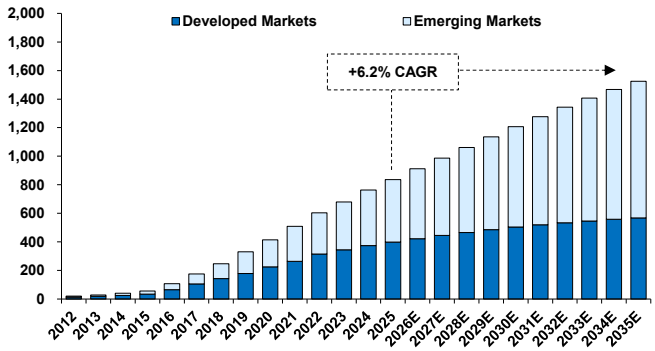
Paid subscribers. We expect the number of users of subscription accounts (i.e., global paid music streaming subscribers) to grow at a +6.2% CAGR from 837M in 2025 to 1,525M in 2035E driven by an increasing TAM and penetration across both developed and emerging markets. This is based on global paid streaming penetration (as a % of internet users) rising from 15% in 2025 to 21% in 2035. Within this, we assume DM penetration will rise from 42% in 2025 to 55% in 2035, and EM penetration will rise from 10% in 2025 to 15% in 2035. We note that we define developed markets as USA & Canada, Europe, and Australasia, while emerging markets include Asia, Latin America, Sub-Saharan Africa, and MENA in our model and throughout this note.

- **Increasing Paid Subscriber TAM.** We expect that the total addressable market for paid music streaming will increase modestly in developed markets and more considerably in emerging markets over the next several years driven by population growth and increasing internet user penetration.
  - We believe that internet users is a high quality proxy for paid subscription streaming music TAM given that i) the internet provides base-level accessibility to streaming services and ii) access to the internet/mobile is likely associated with some modest degree of disposable income that can be allocated towards discretionary media services such as streaming. We would

note that usage of music streaming services is primarily mobile-driven in both developed and emerging markets.

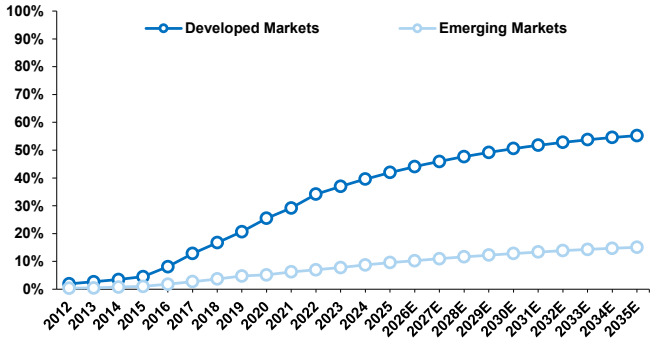
- **Paid Subscription Penetration.** Currently, the penetration of paid subscription music services is relatively low compared to a number of relevant proxies. For example, at the end of 2025, global paid music streaming subscribers totaled 837M, per IFPI. This represented just 10% of the global population (8.2B) and 15% of global internet users (GSe 5.5B). We expect penetration of paid subscription music streaming to increase in both developed and emerging markets over the next several years supported by i) favorable consumer and demographic tailwinds, ii) device innovation, and iii) an attractive value, convenience, and accessibility proposition.

Exhibit 22: We see Global Paid Subscription Music Streaming Users growing at a 6.2% CAGR from 2025 to 2035E driven by...
Paid Subscription Music Users (M) by DM and EM



Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 23: ...increasing penetration of paid music in Developed and Emerging Markets against a growing base of Internet Users
Paid subscriber penetration (% of Internet Users) by DM and EM

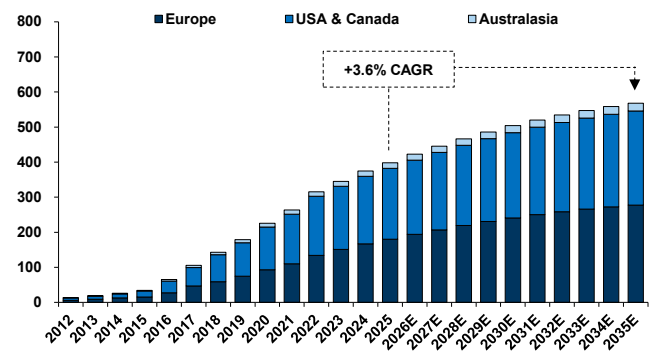


Source: IFPI, Goldman Sachs Global Investment Research

Developed Markets

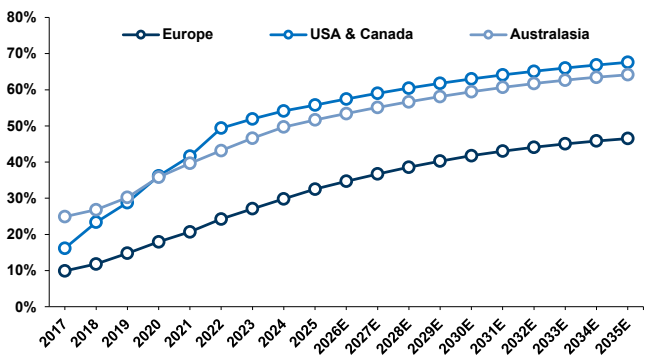
Through the 2010s, developed markets (DM) were the main driver of global subscriber growth, as penetration rose rapidly from 5% in 2015 to 42% in 2025, on our estimates. However, DM subscriber growth has started to decelerate to mid-to-high-single-digits annually in 2023-25 as the streaming market has begun to mature.

Exhibit 24: We see Developed Market Subscribers growing at 3.6% CAGR as...
Paid Subscription Music Users (M) - Developed Markets



Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 25: ...penetration rates across Europe, North America and Australasia increase into the 50-70% range
Paid subscriber penetration (% of Internet Users) - Developed Markets



Source: IFPI, Goldman Sachs Global Investment Research

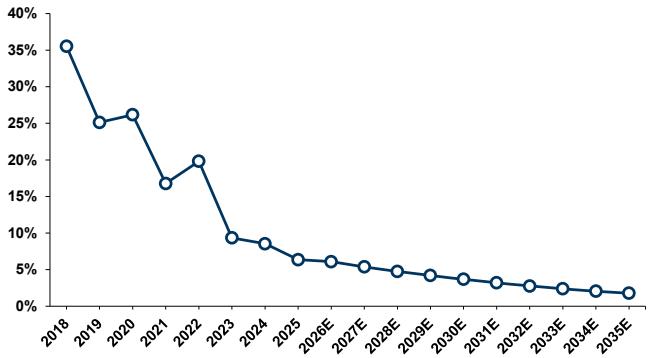
Looking ahead, we expect the number of Developed Market paid music streaming subscribers to grow at a +3.6% CAGR from 398M in 2025 to 568M in 2035E driven primarily by increasing subscriber penetration, which we believe will be driven by the following factors:

- **We see no reason why music streaming penetration will not reach the level of more mature entertainment services such as video streaming in Developed Markets.** For instance, paid music penetration as a % of the US population is currently ~53% in 2025 (GSe) compared to ~60% for gaming and ~90% for SVOD (see Exhibit 27). We expect most developed markets to approach peak penetration at 60%+ by 2035E.
- **We believe further product offering innovation will help drive new subscriber acquisition and improve retention.** We believe DSPs will be able to differentiate its products and attract/retain new subscribers as it enhances the value of its paid subscription.
- **We see opportunity for increased conversion from free-to-paid among older age groups**, especially as younger age cohorts who are heavy users of paid streaming services grow older, and as DSPs adapt their marketing strategies to target older demographics.
  - For instance, 65% of 16-24 year olds in the UK are using paid streaming services compared to 41% among 45-54 year olds and less than 25% for 55-64 year olds in 2024 (see Exhibit 28).
  - Meanwhile, the conversion of free to paid users in 2024 is the highest among 25-34 year olds at 3.22x, dropping to 2.20x and 2.11x for 35-44 and 45-54 year olds, respectively.
  - Perhaps more importantly, we have observed a meaningful improvement in these conversion levels vs. 3 years prior among all age groups but particularly among under 25s (from 1.47x in 2021 to 2.77x in 2024) (see Exhibit 29).
- **We see opportunity for the introduction of an ad-light tier to drive further subscriber acquisition.** An ad-light tier would incentivize ad-supported users to pay a small incremental fee (~$1-2 GSe) for a reduced ad load, resulting in modest subscriber growth.
- **We also see incremental (albeit more modest) subscriber growth potential from**

the introduction of premium add-ons and super-premium tiers, such as AI-powered remix tools, expanded live experiences, exclusive windowing/early music access, and physical music offerings (e.g., vinyls). These add-ons can meaningfully enhance the perceived value of a subscription by giving users a tangible reason to pay up beyond standard ad-free access.

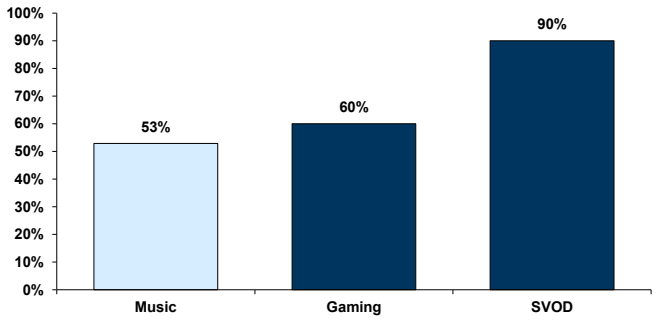
- We view this as a less significant driver of new subscriber acquisition relative to the other levers discussed above, given that the user base that is most likely to value and pay for these add-ons (superfans and highly engaged listeners) is disproportionately already converted to the paid base tier.

Exhibit 26: We expect total DM subscriber growth to stabilize in the MSD% over the next 5 years...
Developed Market subscriber YoY growth (%, 2013-2035E)



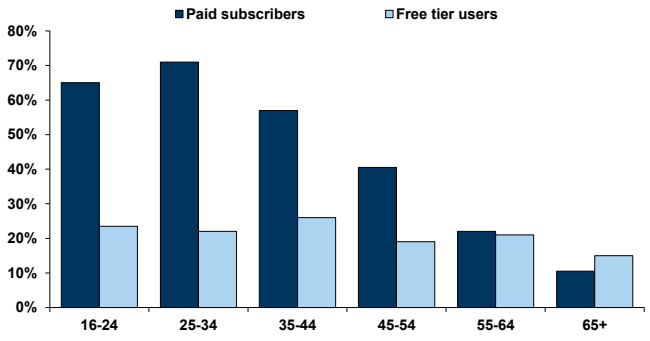
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 27: ...with opportunity for paid music penetration to reach levels similar to other forms of entertainment
Penetration of entertainment services in the US (as a % of population/households), 2025



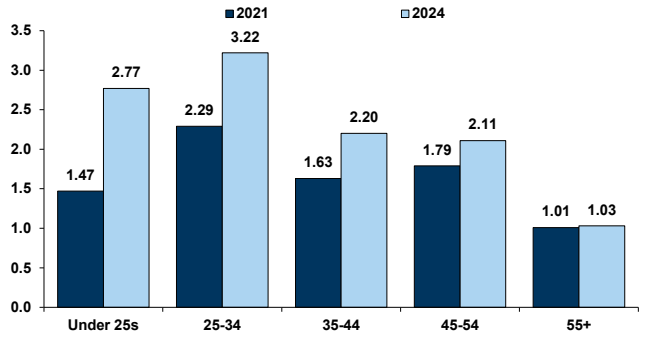
Source: IFPI Global Music Report 2026, Entertainment Software Association, Deloitte's 2026 Digital Media Trends Consumer Survey, Goldman Sachs Global Investment Research

Exhibit 28: We see opportunity for increased conversion from free-to-paid among older age groups...
Paid music and free tier music penetration by age group in 2024, UK



Source: BPI, AudienceNet, Audiomonitor 2024

Exhibit 29: ...especially as younger age cohorts who are heavy users of paid streaming services grow older, and as DSPs adapt their marketing strategies to target older demographics.
Ratio of paid to free subscribers by age group in 2021/24, UK

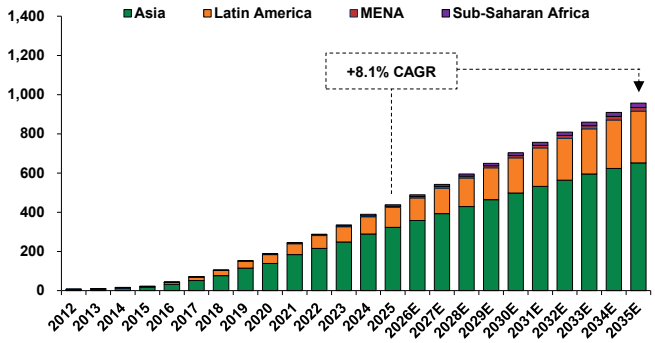


Source: BPI, AudienceNet, Audiomonitor 2024

Emerging Markets

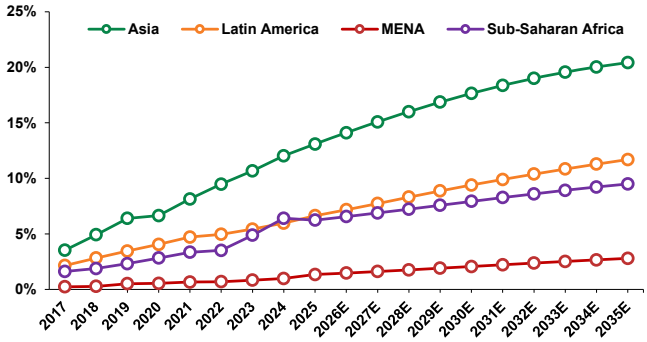
Emerging markets (EM) have become the major driver of subscription growth, accounting for over half of new subscribers since 2021 (on our estimates), including nearly 67% in 2025, although penetration remains at only 10% of the internet population.

Exhibit 30: We see Emerging Market subscribers growing at a +8.1% CAGR as...
Paid Subscription Music Users (M) - Emerging Markets



Source: IFPI, Goldman Sachs Global Investment Research

Exhibit 31: ...as paid music services offerings mature and penetration rates improve
Paid subscriber penetration (% of Internet Users) - Emerging Markets



Source: IFPI, Goldman Sachs Global Investment Research

We see a strong runway for future subscriber growth in emerging markets, which we believe will account for up to 75% of net adds by 2035, driven by regions such as Asia, Latin America, and Africa, and underpinned by structural factors such as demographic growth and rising internet/mobile penetration. We expect the number of EM paid music streaming subscribers to grow at an +8.1% CAGR from 438M in 2025 to 956M in 2035E driven primarily by increasing subscriber penetration, which we believe will be driven by the following factors:

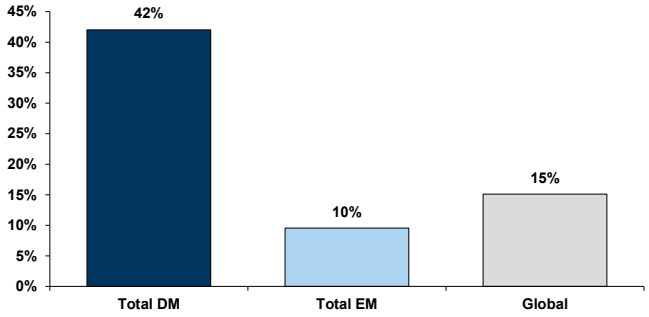
- **The large base of existing ad-supported users in EM constitutes an attractive pool of new subscriber acquisition over time**, given paying ratios (paying subscribers / total MAUs) tend to improve over time as i) music markets mature, ii) user engagement increases, and more importantly, and as iii) major streaming services increase the level of differentiation between the premium and freemium offerings (which we expect the pace of which will accelerate in coming years).
  - In **India**, there were ~14M paid subscribers of a music streaming service out of ~178M total active users in 2025, implying an ~8% paying ratio, per EY and FICCI. We note that of freemium users surveyed in India, 64% said they'd be willing to pay if their preferred service eliminated its free tier entirely (under certain conditions): i) at least 42% cited a low price point as the trigger and ii) 38% said they'd pay if there were no other free alternatives.

- In **Africa**, we estimate this paying ratio to be ~LSD%, reflecting the region's relatively nascent monetization base. Within Sub-Saharan Africa, South Africa accounts for 78.1% of recorded music revenues (vs. 75% in 2024), underscoring how concentrated and early-stage paid conversion remains across the rest of the region. That said, we see meaningful long-term upside as rising internet usage and smartphone penetration, improving digital payment infrastructure, and continued adoption of licensed streaming (as opposed to piracy) narrow the gap between engagement growth and paid subscriber growth.
- In **Latin America**, we see a faster-improving conversion story than in Africa or India, with the region standing out as the fastest-growing globally in 2025. Recorded Music revenue growth (+17.1% YoY in 2025) in the region is being driven by record net subscriber additions in 2025, owing to markets like Brazil and Mexico, per MIDiA Research.

- **We see both DSPs and major labels actively allocating resources to grow their presence in EM**, which we expect to result in paid subscriber growth over time. DSPs have rolled out localized pricing and packaging, curated its platform experience to local audiences, and increased licensing of local-language catalogs. Labels, meanwhile, have moved beyond licensing into direct market development by acquiring and partnering with local labels/artist-management businesses, signing regional artists, and pushing pricing/product structures that favor paid conversion over ad-supported volume.
- **We view continued growth in internet access and smartphone penetration as a key driver of paid conversion in emerging markets**, as it broadens the top of the funnel for paid subscribers. Mobile broadband coverage across Sub-Saharan Africa, South/Southeast Asia, and Latin America already extends beyond actual usage, so the binding constraint has shifted from network availability to affordability and device cost, both of which continue to improve as entry-level device prices fall and data pricing becomes more competitive. As smartphone penetration deepens, a greater share of the population in these regions gains access to streaming, which we expect to expand the pool from which paid subscribers are ultimately drawn.
- **We view improvements in local mobile payment infrastructure as a driver of paid conversion in EM.** In economies where credit and debit card penetration remains low, a large population of engaged free listeners had no practical means of purchasing a subscription. Mobile money wallets, direct carrier billing, and instant bank transfer systems now allow users to pay without a traditional bank card. This reduces friction for EM users, converting a previously

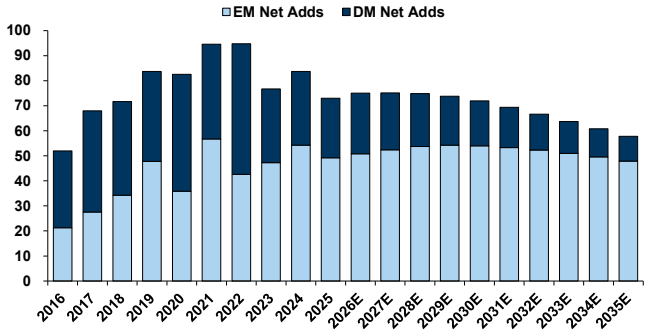
unmonetizable base into an addressable one. As these payment systems continue to scale, we expect payment friction to become a progressively smaller drag on EM paid subscriber conversion.

Exhibit 32: Paid subscriber penetration in EM was 10% in 2025 compared to 42% in DM, per our estimates
Paid streaming penetration (as a % of internet users), 2025



Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 33: We expect EM to drive majority of net adds through 2035
Net subscriber adds by DM vs EM (M, 2016-2035E)



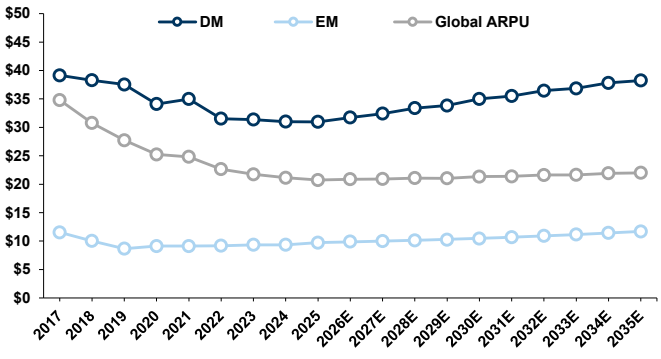
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Drivers of Global ARPU/Pricing Growth

Global Paid Subscription ARPU

Paid subscription ARPU. We expect global paid-subscription ARPU to improve modestly at a 0.6% CAGR from $20.74 in 2025 to $22.01 in 2035E, driven by i) opportunities for music streaming services to increase pricing in developed markets and ii) improving price discovery for streaming music services in emerging markets, offset by
iii) a mix shift toward lower ARPU emerging markets, multi-user plans (e.g. family plan), and bundle subscriptions.

Exhibit 34: We expect global paid subscription ARPU to improve globally through 2035...
DM, EM, and Global Paid Subscription ARPU ($)



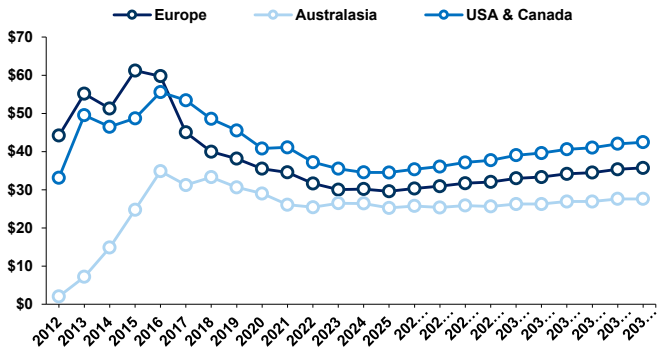
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Developed Markets ARPU

We see developed market ARPU increasing at +2% CAGR from 2025 to 2035 driven by i) improved monetization of base level on-demand music tiers, ii) improved

monetization of multi-user plans, and iii) improved pricing from Premium service tiers as DSPs add incremental services to differentiate themselves from the competition, modestly offset by iv) a continued mix-shift towards lower ARPU multi-user and bundled plans. Over the long-term, we see potential upside to DM ARPU from further customer segmentation, including Generative AI tiers and other "Superfan" offerings, discussed in more detail below.

Exhibit 35: We see developed market ARPU increasing at 2% CAGR through 2035E
Paid Subscription ARPU ($) - Developed Markets



Source: IFPI, Goldman Sachs Global Investment Research

Tailwinds to DM ARPU:

- **We believe DM ARPU will benefit from improved monetization of base level on-demand music tiers**, as music remains under monetized compared to other forms of media, in our view. A music streaming subscription offers a compelling value proposition for consumers as i) on a cost per hour basis, music streaming remains one of the cheapest forms of entertainment, and ii) an individual only needs a single music subscription to access the entire global content library. As developed markets mature, we believe the music industry will continue shifting focus towards improving monetization of music (over pure subscriber growth). We expect major DSPs will adopt a price increase cadence every ~12-24 months, resulting in DM ARPU growth.

- **We see an opportunity to improve monetization of multi-user plans** (e.g., student, family, and Duo plans). While multi-user plans have proven effective in achieving greater subscriber acquisition, the per-user monetization of these plans materially lags individual plan pricing. In our view, these plans offer a greater value proposition to consumers than the standard individual tier which we believe gives DSPs the opportunity to capture more value through higher pricing increases or by tightening the definition/eligibility of the family plan, without meaningfully impacting demand.
  - **Family plan economics.** Family plans in particular (typically serving up to 6 users) have been a significant source of ARPU dilution, as effective per-user revenue falls far below the individual plan price.
  - **We see additional monetization upside from tightening household verification on multi-user plans.** Most family plans require members to reside at the same address, but enforcement has been minimal in practice. We estimate a meaningful share of family plan users are not actual household members, but rather friends sharing a plan to reduce costs.
  - Beyond verification, **we also see an opportunity to restructure family plan pricing itself, moving from a flat rate toward per-member incremental pricing.** Rather than charging a single flat fee regardless of household size, platforms could adopt a structure such as a base 2-user plan price, plus a modest fee for each additional member up to a 6-user cap. This would raise effective per-user monetization even at full occupancy but still at a significant discount to individual pricing (preserving the plan's core value proposition).
  - **Revenue uplift.** We provide an illustrative analysis for the DM subscription streaming revenue uplift if family plans were repriced higher. Our illustrative

analysis results in a 4% uplift to DM subscription streaming revenue assuming family plans were priced +20% higher.

- **We expect DSPs to earn incremental pricing power as they broaden the value proposition beyond music catalog access.** Music catalogs are near-identical across music platforms, which has historically left price as the primary point of competition and constrained any single DSP's ability to raise prices independently. As streaming matures in DM, we believe that DSPs will increasingly compete on product differentiation and value-added services rather than catalog alone, affording them greater pricing power over time.
  - **Potential features.** The trend is already under way, as DSPs build differentiated feature sets on top of the shared catalog: i) podcast and audiobook inclusion, ii) enhanced audio quality through lossless, hi-fi, and spatial audio, iii) increasingly sophisticated AI-driven personalization and playlisting, and iv) live experiences and ticket pre-sale access.
- **We also see meaningful upside to pricing in developed markets as DSPs launch premium add-ons and super-premium tiers**, such as AI-powered remix tools, expanded live experiences, exclusive windowing/early music access, and physical music offerings (e.g., vinyl). We view these add-ons as a mechanism to unlock monetization beyond base tier price hikes. The add-ons capture incremental willingness-to-pay from the existing base of superfans and highly engaged listeners, a group that is disproportionately already converted to the paid tier but values deeper engagement and differentiated experiences beyond standard ad-free access.
  - We see this as a complementary pricing lever to the broader product-differentiation dynamic discussed above. Rather than relying solely on raising the price of the base tier, super-premium add-ons allow DSPs to extract higher pricing specifically from the portion of the base most willing to pay, without pushing price increases onto more price-sensitive subscribers.

Headwinds to DM ARPU:

- In the near term, **we see continued mix-shift into multi-user plans as a persistent drag on blended developed market ARPU**. Family and Duo plans have grown faster than individual plans primarily in DM, and per-user revenue on these plans remains meaningfully below the individual price point as discussed above. While DSPs are now making more efforts to improve monetization of multi-user plans, we expect this mix-shift to remain a structural drag on annual ARPU in the medium-term even as platforms push through headline price increases.
- **We also see the ongoing expansion of bundled distribution** (through telco partnerships, device manufacturers, and super-app ecosystems) **as a headwind to DM pricing power**. While bundling has proven effective at driving subscriber growth and reducing churn, it typically comes at a lower effective price/ARPU than direct-to-consumer plans. As bundled subscribers become a larger share of the overall base, we would expect continued pressure on blended ARPU, even if the arrangement remains net additive to overall subscriber volumes and reach.

Risks to Consider:

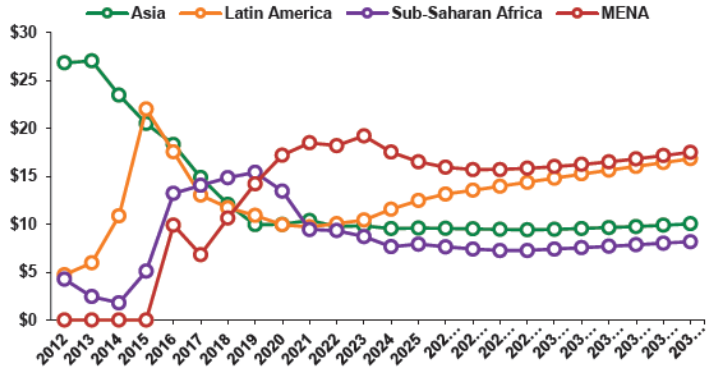
- **We see competitive pressure as a risk to developed market ARPU as volume growth slows**. Paid streaming penetration is maturing in the Nordics, UK, US, and Australia. As volume growth continues to slow, revenue growth will be increasingly driven by ARPU, raising the temptation for competitive discounting to gain share. With near-identical catalogs across major platforms, content differentiation remains difficult, leaving price as one of the few levers of competition.
- **We see growing limits to price elasticity as a risk to continued developed market ARPU growth.** While we still believe music remains relatively under-monetized, further price increases carry the risk of rising churn levels or subscriber migration to student/family plans, ad-supported tiers, or piracy. We see this risk intensifying as base tier prices approach $20, particularly as platforms compete for the same entertainment dollar as short-form video and gaming. This is compounded by diminishing marginal subscriber quality. As high-value users are increasingly already captured, incremental subscribers skew more price-sensitive and toward lower-yield plans, pressuring ARPU even as subscriber counts grow.
- **We see regulatory friction as a risk to DM ARPU over the long-term.** Tightening consumer-protection rules around auto-renewal and cancellation are designed to make subscriptions easier to exit, which could raise churn and erode the passive retention that current pricing strategies implicitly rely on. We believe requirements to provide advanced notice of price changes are particularly relevant, as they convert what has historically been a passive price increase into an active decision point at which subscribers can reconsider.

Historical Price Increases:

Emerging Markets ARPU

We see opportunity for ARPU in emerging markets to increase over time as the market benefits from i) music's value proposition remaining attractive relative to other forms of content, ii) improving income levels across these regions, iii) improving local content driving pricing power, iv) a transition from promotional to full-price plans, and v) the emergence of super-premium tiers. We expect benefits from these tailwinds to be offset by i) a mix shift towards lower-ARPU bundles and ii) competition from other free music alternatives and piracy.

Exhibit 42: We see opportunity for ARPU in emerging markets to increase over time
Paid Subscription ARPU ($) - Emerging Markets

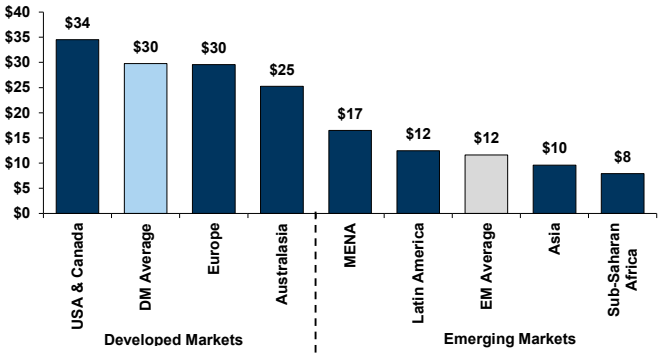


Source: IFPI, Goldman Sachs Global Investment Research

That said, we stress that user monetization in EMs will take time to improve as these markets remain at the front end of the "S" adoption curve (and are thus prioritizing volume growth over price taking). We expect emerging markets to remain more focused

on driving subscriber volume given penetration is still ~10% currently (compared to 42% in developed markets). EM ARPU is currently $12 per year, or ~2.5x lower than DM ARPU of $30, based on our calculations on rightholder share. We note that we have started to see local players in emerging markets such as China begin to shift focus towards improving monetization / ARPU.

Exhibit 43: EM ARPU is currently ~2.5x lower than in DM
ARPU by country/region, 2025



Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Tailwinds to EM ARPU:

- Similar to DM, **we believe EM ARPU will benefit from improved monetization of base level on-demand music tiers**, given that music remains under monetized compared to other forms of media like video, gaming, and news. We believe a music streaming subscription offers a compelling value proposition for consumers as i) on a cost per hour basis, music streaming remains one of the cheapest forms of entertainment, and ii) an individual only needs a single music subscription to access the vast majority of the global content library. As emerging markets mature, we believe the music industry will shift focus towards better monetization of music (over pure subscriber growth).
- **We see rising disposable incomes as a fundamental driver of EM ARPU growth over the long term.** Given that subscription prices in these markets are typically set as a share of local disposable income, the affordable price point rises mechanically as nominal GDP per capita grows. Platforms have historically been slow to reprice in local currency, but we believe label tolerance for permanent low pricing is diminishing as labels renegotiate their wholesale contracts. We note that we would expect price escalation to begin in the more mature emerging markets first, with Latin America one of the furthest along given its sustained double-digit revenue growth over the past decade.
- **We see the growing depth of local music catalogs as a driver of pricing power in EM**, as platforms with strong local content are better positioned to raise prices. Genres such as Afrobeats and K-pop have become culturally important to their respective markets, giving platforms with robust local catalogs leverage. As music players build out local infrastructure and operations and platforms deepen local

catalog and curation, we expect DSPs to gain greater perceived value in these markets, supporting improved conversion and, over time, greater pricing power.

- **We see the ongoing transition from promotional to full-price plans as a near-term ARPU tailwind in emerging markets**. EM platforms have historically relied on aggressive promotional pricing (i.e., extended free trials, carrier subsidies, and deep introductory discounts) to drive subscriber acquisition. As these promotions roll off, we expect a growing share of the base to migrate to full-price plans.
- Similar to DM, **we also see some upside to pricing in emerging markets as DSPs launch premium add-ons and super-premium tiers**, such as AI-powered remix tools, expanded live experiences, exclusive windowing/early music access, and physical music offerings (e.g., vinyl). We note that we expect this monetization lever to prove more effective in DM than EM given the greater willingness-to-pay dynamic in developed markets. We view these add-ons as a mechanism to unlock monetization beyond base tier price hikes.

Headwinds to EM ARPU:

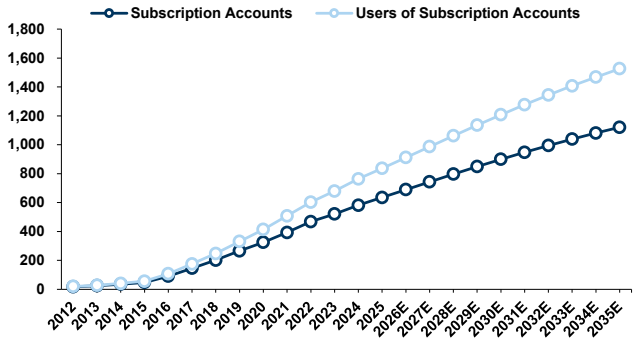
- **We expect a continued shift toward multi-user and bundled plans to weigh on blended ARPU in emerging markets**, with a more pronounced impact than in developed markets given EM's earlier stage on the adoption curve. Family plans are more prevalent in EM, reflecting price-sensitive, cost-sharing consumer behavior, and lower-ARPU telco bundles also remain a key acquisition channel. That said, bundles can act as a gateway to full-price subscriptions once introductory periods expire, and some telcos are shifting from fully-subsidized to co-payment models, lifting effective ARPU. On balance, we expect EM platforms to continue prioritizing volume over monetization near-term, making this mix-shift a net dilutive drag on blended ARPU.
- **We view the availability of high-quality free alternatives as one of the more meaningful constraints on paid subscription ARPU in emerging markets**, potentially limiting how quickly entry-tier pricing can rise. Beyond global platforms, a number of local services also compete for listener attention in smaller markets, further broadening the set of no/low-cost alternatives consumers can turn to before considering a paid subscription. While in secular decline, piracy also persists in parts of Sub-Saharan Africa, South Asia, and Southeast Asia, aided by limited enforcement and continued access via messaging channels, torrent sites, and modified apps. Taken together, we believe these free and lower-cost alternatives may be an underappreciated factor shaping how quickly entry-tier pricing can rise in these markets.

History of Price Increases:

We see meaningful room for gradual price increases in emerging markets, as current subscription pricing sits at very low absolute levels relative to developed markets (often just $1-3/month for individual plans), a level originally set to compete with piracy and match local purchasing power. As platforms establish market position and consumers become increasingly habituated to paid streaming, we expect this pricing to gradually rise. Given the low starting base, we would note that even modest absolute price increases (e.g., $2-4/month) can represent substantial percentage ARPU growth. Looking ahead, we expect EM subscription prices to grow at L-MSD% CAGR in local currency terms over the next decade, driven by inflation, rising incomes, and increasing willingness to pay.

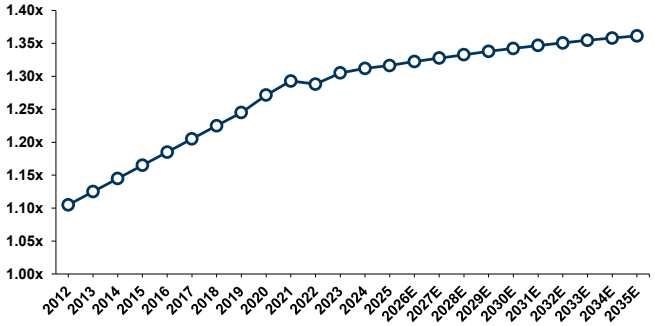
ARPA vs ARPU

Exhibit 45: Growth in total users has consistently outpaced growth in subscription accounts.
Subscription Accounts vs Users of Subscription Accounts (M, 2012-2035E)



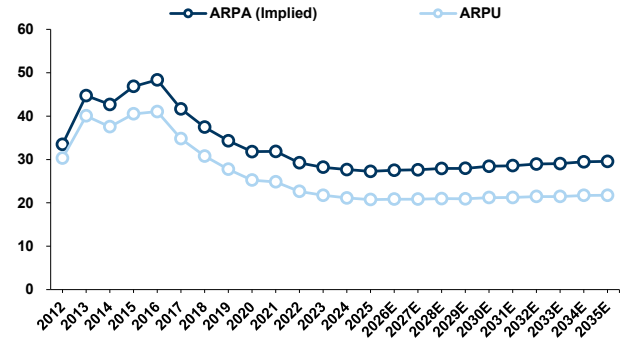
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 46: The ratio of users per account is ticking higher over time (though at a more moderate pace vs pre-2020)
Users per account, 2012-2035E



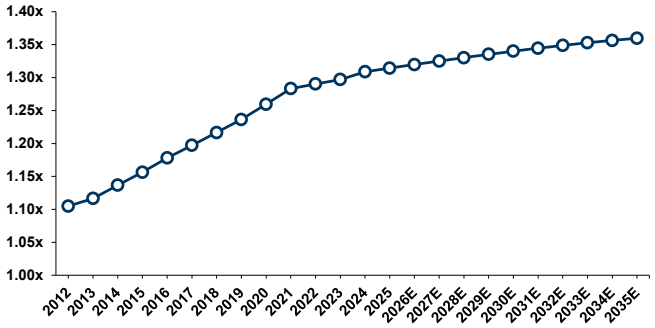
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 47: As a result of the growing users per account dynamic, the gap between implied ARPA and reported ARPU is growing
Average Revenue per User of Subscription Account vs Implied Average Revenue per Account ($, 2012-2035E)



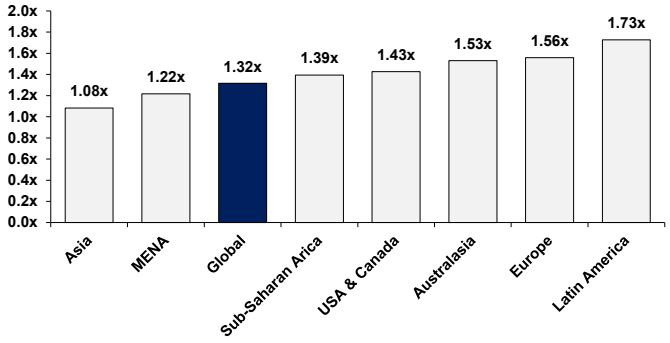
Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 48: Similarly, the ratio of ARPA to ARPU has been increasing
Average Revenue per User of Subscription Account vs Implied Average Revenue per Account, 2012-2035E



Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Exhibit 49: There are more users per account in certain regions, including LatAm, Europe, and Australasia
User per Subscription Account by Region, 2025



Source: IFPI Global Music Report 2026, Goldman Sachs Global Investment Research

Disclosure Appendix

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We, Stephen Laszczyk, Eric Sheridan, Lincoln Kong, CFA, Minami Munakata, Eric Cha, Adam Berlin, James Tate, Alex Vegliante, CFA, Antares Tobelem, Danni Kennedy, Luqing Zhou and Haruki Kubota, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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Disclosures

Rating and pricing information

Alphabet Inc. (Buy, $348.29), HYBE Co. (Buy, W163,900), JYP Ent. (Neutral, W39,550), Live Nation Entertainment Inc. (Buy, $171.34), NetEase Inc. (ADR) (Buy, $119.60), NetEase Inc. (H) (Buy, HK$186.50), Sirius XM Holdings (Neutral, $26.33), Sony Group (Buy, ¥3,814), Sphere Entertainment Co (Buy, $109.25), Spotify Technology S.A. (Buy, $526.42), Tencent Music Entertainment Group (ADR) (Buy, $7.96), Tencent Music Entertainment Group (H) (Buy, HK$30.88), Universal Music Group (Neutral, €14.68), Warner Music Group (Neutral, $28.91) and iHeartMedia Inc. (Sell, $1.97).

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