Sleep Cycle (Q3 Review) - Resilient profitability and diversification progress at trough valuation

Redeye has updated its estimates and valuation for Sleep Cycle following the Q3 2025 report, which showed stable profitability and further progress in diversification, despite softer topline trends. Subscription growth remained subdued, driven by lower new customer inflows in the app store channel, while partnerships continued to gain momentum and now account for 11% of total sales. Meanwhile, initiatives such as the Sleep SDK and the ongoing sleep apnea tracking project reinforce Sleep Cycle's shift toward a broader, higher-margin business model with increased recurring revenue potential. At 4x EV /EBIT 2026e, Sleep Cycle is valued at three-year trough levels, potentially offering an attractive entry point for long-term investors ahead of upcoming catalysts.

Read more and download the Research Update.

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Attachments

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