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Kooth

Healthcare

24 September 2026

Improved profitability and growth drivers

Kooth's H126 results show encouraging profitability improvements. Gross profit margins grew to 74% (H125: 63%), adjusted EBITDA more than doubled to £5.3m (H125: £2.6m) and profit after tax was £2m (H125: loss of £1.3m). However, revenue and annual recurring revenue (ARR) fell 2% and 0.5%, respectively, on a constant currency basis, offsetting the Michigan contract. An improving funding backdrop supports Kooth's priorities of increasing pipeline conversions and activating the Alliance Model. Management expects underlying results broadly in line with expectations for the year before the potential impact of foreign exchange movements.

Margin improvements encouraging

The results were promising on profitability, despite the revenue declines. Reported revenue fell 3.9% to £30.8m (H125: £32.1), or 2% in constant currency, as a £0.7m fx headwind and the £0.8m planned tapering of California product development revenue outweighed Michigan's £0.5m contribution. Reported ARR of £62.9m was 1.9% higher y-o-y but 0.5% lower y-o-y in constant currency. Gross profit nonetheless rose to £22.9m (H125: £20.2m) as Californian direct user marketing normalised to £3.5m (from £7.2m), taking gross margin up 11.3pp to 74.1%. With admin costs held flat, adjusted EBITDA reached £5.3m against a restated £2.6m, profit after tax was £2.0m from a £1.3m loss and operating cash flow swung to a £3.6m inflow from a £2.6m outflow, leaving net cash of £23.1m (H125: £15.3m) and a $9.5m working capital facility undrawn.

Tailwinds create multiple catalyst opportunities

The demand for mental health services is high and has garnered further attention after Meta's $18bn settlement, a macro catalyst event for Kooth's business model. Policy tailwinds in the UK also provide support for funding early, open-access, non-diagnostic care. Management estimates that these respective drivers more than double the $1bn annual US opportunity, and it provides a c £400m opportunity in the UK focused on NEETs (young people not in education, employment or training). Management's current strategic priorities involve converting the 2025 and 2026 US state pipelines, capitalising on the recent UK Soluna launch, sustained focus on delivery in California and moving the Alliance Model from groundwork to activation, supported by its American Psychological Association 'Gold' certification.

Valuation

Consensus still implies EV/EBITDA at 3.9x for FY26e and 3.6x for FY27e, while the shares trade on a forward P/E of 25.9x for FY26e and 21.0x for FY27e. We continue to believe that the EV-based multiples appear modest for the current business.

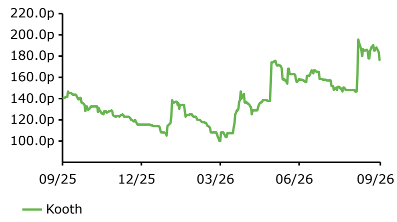
Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	EV/EBITDA (x)
12/25	63.3	11.3	4.3	6.70	26.7	3.7
12/26e	63.1	10.4	4.1	6.80	26.3	4.0
12/27e	60.8	11.4	4.5	8.40	21.3	3.7

Source: Kooth; LSEG Data & Analytics. Note: EBITDA is adjusted; EPS is diluted.

Price	**178.90p**
Market cap	**£65m**

Share price performance



Share details

Code	KOO
Listing	AIM
Shares in issue	36.3m
Net cash at 30 June 2026	£23.1m

Business description

Kooth is a UK-based digital mental health platform providing accessible, evidence-based support for children, young people and adults. The company provides more than 20 million people across the UK and US with access to safe and effective care, operating across both public and private sectors, offering its services through contracts with governments, healthcare systems, employers and insurers.

Bull points

- California registrations and independent evidence of outcomes support Soluna's integration into public healthcare and education systems.
- The State Alliance model provides a route to additional states and new funding sources.
- Net cash of £23.1m and an existing scalable platform provide financial capacity for product investment and operating leverage.

Bear points

- California represents revenue concentration.
- Earnings exposed to sterling-dollar movements.
- Public sector procurement can be prolonged.

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