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Kooth

Healthcare

31 July 2026

Soluna embeds as renewal risk recedes

Kooth provides clinically accredited digital mental health support, focused on children and young adults. H126 trading was in line with expectations. Adjusted EBITDA is expected to rise to £5.0–5.4m (H125: £1.6m), implying a c 17% margin (H125: 5%) as strong California user engagement compares with a prior year that included accelerated investment. Revenue is expected to be £30.8m (H125: £32.1m), with the 4% decline reflecting planned tapering of California product development revenue and £0.7m of fx headwinds, partly offset by Michigan. Net cash increased to £23.1m (H125: £15.3m), providing a robust balance sheet for further expansion.

H126: California engagement supports EBITDA

The trading update supports FY26 consensus of £10.4m adjusted EBITDA and £63.1m revenue. California remains the anchor of Kooth's US business. Its multi-year, $188m minimum value agreement with DHCS launched Soluna statewide in January 2024 for c six million people aged 13–25 and runs to mid-2027. H126 therefore reflects the contract's planned shift from initial platform development towards ongoing service delivery, rather than weaker demand. Michigan began contributing after its March launch under a one-year, $2.6m contract covering up to 100,000 students aged 13–18. As Kooth's third contracted US state (in addition to California and New Jersey) and first in the Midwest, it provides an early test of Soluna beyond California, while beginning to reduce geographic concentration.

Embedding digital prevention in public systems

Demand for youth mental health support continues to exceed traditional service capacity, supporting preventative, population-wide digital models. Registrations for Soluna exceeded targets having increased to 187,000 (FY25: 144,000; H125: 128,000), with DHCS and Northwestern evidence supporting its reach and user outcomes. California's balanced budget and Soluna's inclusion in the CYBHI Legacy Report are also supportive of potential contract renewal. UK presence remains strong, with Soluna rollout ahead of the new school year and the West Midlands pathfinder programme broadening funding routes beyond core NHS commissioning.

California renewal terms remain the swing factor

Kooth shares are up c 34% ytd, with little reaction to the update. Consensus implies 0.5x EV/revenue in FY26 and FY27, c 3.1x and 2.8x EV/EBITDA, and c 22x and 18x P/E, respectively. The EV-based multiples appear modest for a profitable business with predominantly recurring revenues. Confirmation of California contract renewal terms, further state wins and evidence that UK funding diversification can stabilise growth are the clearest potential re-rating triggers.

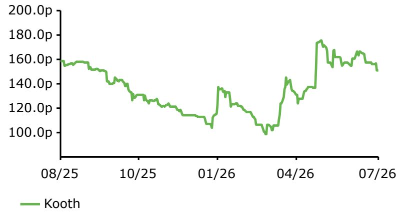
Consensus estimates

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	22.6	2.8
12/26e	63.1	10.4	4.1	6.80	22.3	3.1
12/27e	60.8	11.4	4.5	8.40	18.0	2.8

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

Price	**151.50p**
Market cap	**£55m**

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.

Analysts

Arron Aatkar, PhD	+44 (0)20 3077 5700
Dan Ridsdale	+44 (0)20 3077 5700
Chloe Wong	+44 (0)20 3077 5700

healthcare@edisongroup.com

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Australia

New Zealand

United Kingdom

United States

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom