

Diurnal Group

Trading update

Alkindi sales underpin top-line growth

Pharma and biotech

Diurnal announced a [trading update](#) for the 12-month period ending June 2022, reporting top-line results broadly in line with consensus estimates. While total revenue grew by 7.1% y-o-y (to £4.7m), core product sales improved 104% y-o-y to £4.62m (£2.27m in FY21). Licensing revenue was a modest £0.06m versus £2.1m in FY21 (comprising upfront and milestone payments from Citrine Medicine for China). Product sales momentum was supported by a 60.8% growth in Alkindi during the period as well as the first revenue contribution from Efmody in Germany (£0.97m) following pricing approval in September 2021. Detailed results are expected in September 2022 (alongside a planned R&D day), pending which our estimates remain under review.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
06/20	6.3	(5.1)	(4.1)	0.0	N/A	N/A
06/21	4.4	(11.1)	(7.0)	0.0	N/A	N/A
06/22	4.7	N/A	N/A	N/A	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Diurnal's trading performance for the 12-month period ending 30 June 2022 was primarily driven by a strong rebound in demand for Alkindi (hydrocortisone granules in capsules to treat adrenal insufficiency) following a relatively subdued FY21. Sales grew 60.8% to £3.65m versus a 5% y-o-y decline in the previous year. Sales benefited from contribution from the company's second product, Efmody (hydrocortisone modified-release hard capsules to treat congenital adrenal hyperplasia), following its September 2021 launch in Germany. While this is encouraging, sales were likely adversely affected by the subsequent decision by the Scottish Medicines Consortium not to recommend Efmody for automatic reimbursement in NHS Scotland. Following this announcement, management had lowered its near-term guidance for Efmody (see our [21 April Update](#) for more details) and anticipated Efmody to become a profitable franchise with the regulatory approval in the broader adrenal insufficiency indication (anticipated earliest by CY24). We expect further clarity on this from the upcoming R&D Day. Our estimates remain under review.

The cash balance at the end of the period stood at £16.5m (£24.4m at the end of December 2021), which management estimates should extend the runway into Q2 of CY23 with further fund-raising required during the year. Separately, we note that Diurnal has changed its year-end to December and will be presenting audited results for the 18-month period ended 31 December 2022 in Q1 of CY23.

27 July 2022

Price 10.38p
Market cap £18m

Net cash (£m) at 30 June 2022	16.5
Shares in issue	170m
Free float	68.1%
Code	DNL
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Diurnal Group is a specialty pharma company developing new formulations of hormone-based products for the treatment of endocrine disorders. Alkindi is marketed for paediatric adrenal insufficiency in the US and EU. Efmody is approved for the treatment of congenital adrenal hyperplasia in the EU and UK.

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