

Diurnal Group

Leveraging the known pathway

Corporate news

Pharma & biotech

26 April 2022

Price 14.8p
Market cap £25m

Net cash (£m) at 31 December 2021 24.4
Shares in issue 169.3m
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 (AI) in the US and EU. Efmody is approved for the treatment of CAH in the EU and UK.

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Diurnal has announced the extension of its existing marketing and distribution agreement with EffRx Pharmaceuticals, to include Efmody (in addition to Alkindi) in Switzerland. The agreement is in line with Diurnal's strategy to leverage Alkindi's supply chain and distribution network for Efmody and we expect more such agreements in the near future. After filing a market authorisation application (MAA) to Swissmedic in H222, EffRx expects the product to be launched in 2024. Further, on 20 April Diurnal announced that it has extended its marketing agreement (for Alkindi and Efmody) with Er-Kim to add Greece, Cyprus and Malta to the existing markets (Turkey, Romania and Bulgaria).

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
6/20	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

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

Diurnal has announced the extension of its marketing and distribution agreement with EffRx Pharmaceuticals. As part the new agreement terms, EffRx will have rights to market Efmody in addition to Alkindi in Switzerland. EffRx plans to submit the MAA to Swissmedic (the Swiss authorisation and supervisory authority for medicines and medical device) in H222 with a target market launch in 2024 post approval. The regulatory submission is likely to be based on the European regulatory dossier and published clinical trial data. As a reminder, Efmody targets the rare medical condition congenital adrenal hyperplasia (CAH), with the company estimating c 450 patients in Switzerland.

Earlier, on 20 April, the company announced the extension of another distribution agreement, with Er-Kim, based in Turkey, to distribute its products (both Alkindi and Efmody) in Greece, Cyprus and Malta, in addition to the current regions (Turkey, Bulgaria and Romania). Diurnal estimates the combined market opportunity for these three newly covered geographies to be worth c €7m. Following this agreement, management believes that the company has increased its geographical reach to 70% of the EU market.

The current developments are part of Diurnal's strategy for a global roll-out plan for Alkindi and Efmody. After the Scottish Medicines Consortium's decision to not recommend Efmody for automatic reimbursement in NHS Scotland for the treatment of CAH in adults, the commercialisation steps are directed towards utilising the resources to scale up Efmody sales in other European markets and to develop Alkindi sales further.

We believe the company will continue to leverage the Alkindi distribution set up for Efmody, as discussed [in our recent report dated 21 April](#). This should not only streamline the distribution network but is anticipated to help Diurnal generate operating leverage and improve profitability in the longer term.

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