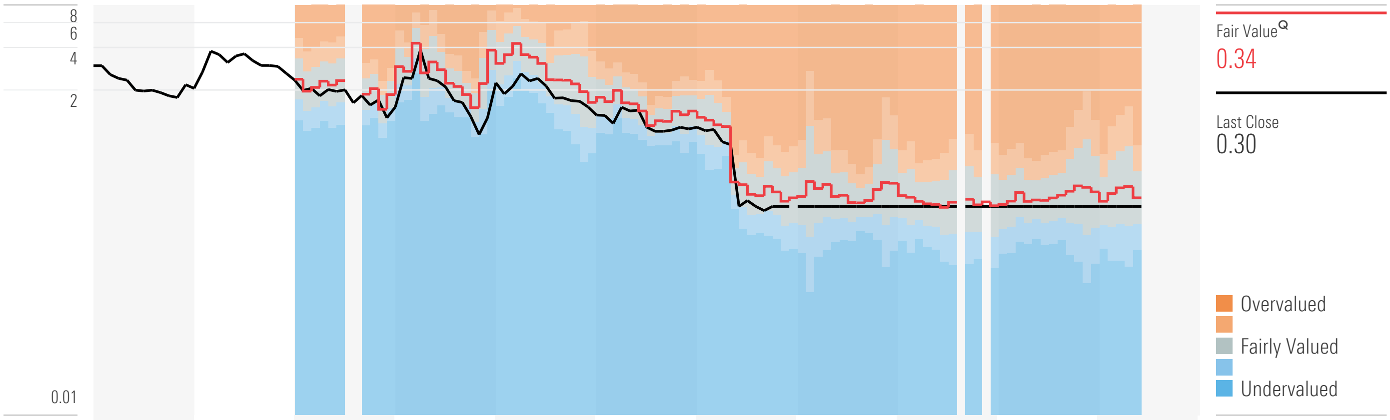
Quantitative Equity Research Report | Release: 25 May 2021, 23:01 UTC | Reporting Currency: EUR | Trading Currency: EUR | Exchange: BOLSA DE MADRID

Neuron Bio SA NEU ★★★

25 May 2021, 22:44 UTC

Economic Moat	Uncertainty	Price/Fair Value	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	Extreme	0.9	—	3.7831 Mil	Small Core	Healthcare	Biotechnology



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Performance
	—	—	0.82	0.59	0.81	0.77	0.87	0.69	0.99	0.79	0.87	Price/Fair Value
	-30.00	14.29	-35.42	48.39	-40.87	-18.03	-72.48	0.00	0.00	0.00	0.00	Total Return %
	-22.92	7.67	-61.12	41.68	-35.80	-21.06	-84.10	11.57	-15.27	11.91	26.80	+/- Index

Total Return % as of 25 May 2021. Last Close as of 25 May 2021. Fair Value as of 25 May 2021, 22:44 UTC. Index: Morningstar Spain GR EUR.

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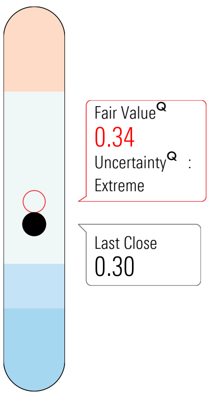
Valuation as of 25 May 2021



NEU is Under Valued at a 13% discount.

Economic Moat
Narrow

Financial Health
Strong

1-Star Price
> 0.81

5-Star Price
< 0.15

Financials as of 25 May 2021 (Fiscal Year End 31 Dec 2017)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
418	200	53	157	201	437	—	—	—	—	437	Revenue (K)
-2,873	-2,481	-1,893	-2,455	-1,935	-3,884	—	—	—	—	-3,884	Operating Income (K)
-686	-1239	-3566	-1558	-960	-889	—	—	—	—	-889	Operating Margin (%)
-631	99	-1,139	-2,552	88	-2,320	—	—	—	—	-2,320	Net Income (K)
-0.13	0.02	-0.25	-0.36	0.01	-0.18	—	—	—	—	-0.18	Diluted Earnings/Share
-3,567	-1,172	54	-2,769	-301	-40	—	—	—	—	-40	Operating Cash Flow (K)
-2,933	-3,487	-4,032	-688	-1,362	-2,301	—	—	—	—	-2,301	Capital Spending (K)
-6,500	-4,659	-3,978	-3,457	-1,663	-2,341	—	—	—	—	-2,341	Free Cash Flow (K)
4.73	4.36	4.49	7.04	8.50	12.61	—	—	—	—	12.61	Avg Shares Outstand(Mil)
—	—	—	—	—	—	—	—	—	—	—	Dividend Per Share

Valuation as of 25 May 2021

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
—	—	0.82	0.59	0.81	0.77	0.87	0.69	0.99	0.79	0.87	Price/Fair Value
38.73	51.09	54.04	86.53	148.14	33.38	—	—	—	—	8.67	Price/Sales
—	103.70	41.83	—	—	—	—	—	—	—	—	Price/Earnings
—	—	—	294.12	—	—	—	—	—	—	—	Price/Cash Flow
0.95	1.01	0.77	1.40	1.40	1.99	—	—	—	—	0.40	Price/Book

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Operating Performance as of — (Fiscal Year End 31 Dec 2017)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
-3.15	0.44	-4.53	-9.02	0.31	-7.56	—	—	—	—	—	Return on Assets
-5.98	0.98	-11.8	-27.68	1.06	-27.32	—	—	—	—	—	Return on Equity
-4.8	0.79	-9.47	-11.7	2.36	-7.35	—	—	—	—	—	Rtn on Invested Capital

Business Description

Neuron Bio SA develops its research in two sectors of biotechnology: the Biosanitary (Neuron Biolabs) and the Bioindustrial (Neol Bio). Neuron Biolabs develops biosolutions for its application in the pharmaceutical and agri-food industry through its pharma, diagnostic and services divisions. Neol Bio is dedicated to the development of innovative microbial industrial biotechnology processes for its application to different sectors: functional food, oleochemistry, bioenergy and other bioproducts.

Quantitative Equity Reports Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings).

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to http://global.morningstar.com/equitydisclosures for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.
*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*
*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ - the stock is somewhat overvalued.
*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*
*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.
*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*
*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.
*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)*
*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.
*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*
*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation**– Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

Farily Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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