

## Research Update

August 31, 2020

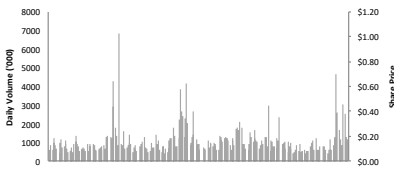
Rating:	BUY	(unchanged)
Target Price:	\$2.50 ↑	(previously \$2.10)
Last Price:	\$1.76	
Ticker:	IPA-V	

### Market Data

Target return (incl. dist.):	42.0%
Dividend/yield:	\$0.00 / 0.0%
Shares outstanding (M):	74.1
Market capitalization (\$M):	130.416
Enterprise value (\$M):	132
52-week range (\$):	0.45 - 2.06
Fiscal year end:	Apr. 30, 2020
Average weekly volume:	297,824
Currency (unless otherwise indicated):	CAD

Forecast summary	F19A	F20E	F21E	F22E
<b>Revenue (\$M)</b>	10.9	14.1	20.7	n/a
Previous		14.0	20.6	n/a
<b>Adj. EBITDA (\$M)</b>	-3.5	-0.9	0.4	n/a
Previous		0.1	0.4	n/a
<b>EPS (\$)</b>	(0.12)	(0.07)	(0.02)	n/a
Previous		-0.1	0.0	n/a

Key trading multiples	F19A	F20E	F21E	F22E
EV/Revenue	12.1x	9.4x	6.4x	n/a
EV/adj. EBITDA	n/a	n/a	318.8x	n/a



	Q1	Q2	Q3	Q4	YE
<b>Revenue (\$M)</b>					
F2019	2.9	2.7	2.7	2.6	10.9
F2020	2.7	3.2	4.0	4.1	14.1
F2021	4.5	4.7	5.6	5.8	20.7
F2022	n/a	n/a	n/a	n/a	n/a
<b>Adj. EBITDA (\$M)</b>					
F2019	(0.3)	(0.7)	(0.5)	(1.9)	(3.5)
F2020	(0.6)	(0.1)	0.7	(0.9)	(0.9)
F2021	0.1	0.1	0.1	0.1	0.4
F2022	n/a	n/a	n/a	n/a	n/a
<b>EPS (\$)</b>					
F2019	(0.02)	(0.02)	(0.02)	(0.06)	(0.12)
F2020	(0.03)	(0.02)	(0.01)	(0.01)	(0.07)
F2021	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)
F2022	n/a	n/a	n/a	n/a	n/a

shaded values above are iAS forecasts

### Company Profile

ImmunoPrecise (IPA) is a full-service, end-to-end, Contract Research Organization (CRO). A CRO is a company that supports the biotechnology, pharmaceutical and medical devices industries in the form of research on an outsourced, contracted basis. IPA's CRO services include, but are not limited to, target design and antigen modeling, immunization, antibody discovery, characterization and optimization and manufacturing and account for 95% of the Company's revenue.

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## Gaining Traction – IPA Releases F2020 Results, Target Increased to \$2.50

### Event

This morning, before market open IPA released their Q4/F20 and fiscal 2020 results.

### Highlights

- Record annual revenues.** IPA reported record revenues for fiscal 2020 of \$14.1M, in line with our \$14M estimate, representing a 29% increase YoY. Quarterly revenues were up 57% YoY as a result of increased client volume and the financial value of new contracts. The Company expects another positive quarter for Q1/F21.
- Working with top pharma names.** IPA's laboratory operations are carried out in three facilities, which are located in Victoria, BC (IPA Canada), as well as Utrecht and Oss in the Netherlands (U-Protein Express and IPA Europe). The Company is working with 65% of the top 20 global pharma companies and its customer base has grown to include over 400 of the leading pharma and biotech companies worldwide. The Company expects to continue to have larger, multi-year contracts in the future.
- Positive read on COVID-19 programs.** IPA previously announced it had identified a series of lead candidate antibodies using its proprietary technologies demonstrating potent *in vitro* neutralizing activity. Now IPA plans to submit an Investigational New Drug Application (IND) to the FDA shortly. An IND is a request to the FDA to administer the investigational drug to humans and becomes effective 30 days after FDA receives notice. IPA has received several grants for their COVID-19 programs, such as the SERC grant to develop a potential saliva-based COVID-19 antibody test in collaboration with the University of Victoria. The Company continues to explore further granting opportunities to continue to validate and support their programs.
- Model updates.** We have updated our comps set to include a more diverse set of global CRO's in drug-discovery and development.

### Valuation & Bottom Line

IPA posted a record quarter and fiscal 2020 results with revenue of \$14.1M (iA: \$14M), representing a 29% increase YoY. The Company's year over year success has been attributed in part to its increased traction in the biotech industry. Its customer base has grown to include over 400 of the leading biotech and pharma companies worldwide, working with 65% of the top 20 global pharma companies. We see ample upside in IPA given the growth in demand for outsourced services provided in antibody discovery and development. Our target price is determined by the average of two valuation approaches, namely a Price-to-Book and a TEV/Total Revenue valuation. Based on our new and refined comps set, we are applying a 10.5x multiple to our TEV/Total Revenue valuation, which we believe better reflects the upside potential for IPA. We are increasing our target to \$2.50 (previously \$2.10) and maintaining our Buy Recommendation.

## Valuation & Recommendation

### Valuation Summary

Our target price is determined by the average of two valuation approaches, namely a Price-to-Book and a TEV/Total Revenue valuation.

**Price to Book.** Using a P/B multiple of 7.0x (IPA historical 5-year average of 6.8x) our implied share price for IPA is \$1.73/share.

**TEV/Total Revenue.** We utilized a 10.5x TEV/Total Revenue multiple as reflected by an average of the following peer companies: Bionano Genomics Inc. (BNGO-OQ, Not Rated), Fusion Antibodies (LON: FAB), Genscript Biotech (HKG: 1548), Syngene International (NSE: SYNGENE), WuXi Biologics (HKG: 2269), ICON plc (NASDAQ: ICLR) and Evotec AG (ETR: EVT).

Our implied share price for IPA is \$3.17/share.

### Exhibit 1: IPA Comps

Company	Ticker	Close	Mkt Cap (\$M)	Debt+Pref (\$M)	Ent. Value (\$M)	-----Revenue-----			-----EV/Revenue-----		
						2019A	2020E	2021E	2019A	2020E	2021E
Bionano Genomics Inc.	BNGO-OQ	0.60	90	(6)	84	12	8	21	7.2x	10.5x	4.0x
Fusion Antibodies Plc	FAB-L	87.50	20	1	21	n/a	n/a	n/a	n/a	n/a	n/a
Genscript Biotech	1548-HK	14.98	28,770	(25,471)	3,299	n/a	n/a	n/a	n/a	n/a	n/a
Ectotec SE	EVTG-DE	22.11	3,330	234	3,564	430	464	531	8.3x	7.7x	6.7x
ICON plc	ICLR-O	182.80	9,620	(247)	9,373	2,814	2,717	3,047	3.3x	3.5x	3.1x
WuXi Biologics	2269-HK	201.40	273,360	(32,789)	240,571	3,858	5,265	7,508	62.4x	45.7x	32.0x
Syngene International Ltd.	STNN-NS	474.20	188,080	5,490	193,570	17,731	20,089	22,792	10.9x	9.6x	8.5x
<b>Totals / Average</b>			<b>503,270</b>	<b>(52,787)</b>	<b>450,480</b>	<b>24,845</b>	<b>28,543</b>	<b>33,899</b>	<b>18.4x</b>	<b>15.4x</b>	<b>10.9x</b>
<b>ImmunoPrecise Antibodies Ltd (iAS)</b>	<b>IPA-V</b>	<b>1.75</b>	<b>130.00</b>	<b>1.8</b>	<b>131.8</b>	<b>35</b>	<b>38</b>	<b>46</b>	<b>3.7x</b>	<b>3.5x</b>	<b>2.8x</b>

When taking an average of the two valuation approaches, we arrive at our revised \$2.50/share target price.

**Exhibit 2: Valuation and Target Price****Price To Book Valuation**

Book Value of Equity	\$	17,133,248
Price to Book Value Multiple		7.0x
Equity Value	\$	119,932,733
Shares Outstanding (end of Q4/21E)		69,189,664
<b>Implied Share Price</b>		<b>\$1.73</b>

**TEV/Total Revenue Valuation**

Total Revenue (F2021)	\$	20,676,359
Mean TEV/Total Revenue Multiple as per comp set		10.5x
Enterprise Value	\$	217,101,770
Less: Net Debt	\$	1,356,601
Plus: Cash and Equivalents	\$	3,416,636
Equity Value	\$	219,161,805
Shares Outstanding (end of Q4/21E)		69,189,664
<b>Implied Share Price</b>		<b>\$3.17</b>

Average Valuation	\$2.45
<b>Target Price (Rounded)</b>	<b>\$2.50</b>

Source: iA Securities



### Investment Recommendation Rating System

<b>Strong Buy:</b>	Expected to provide a substantial return over the next 12 months, with a lower level of risk than comparable investments.
<b>Buy:</b>	Expected to provide a reasonably positive return over the next 12 months.
<b>Speculative Buy:</b>	Expected to provide a positive return over the next 12 months, but with a high level of risk, or based on a future uncertain event.
<b>Hold:</b>	Expected to remain in a trading range near the current share price for the next 12 months.
<b>Sell:</b>	Expected to deliver a negative return over the next 12 months.
<b>Under Review:</b>	Currently available information is inadequate to provide an investment rating.
<b>Tender:</b>	Investors should tender their shares to the current offer.

### Company Related Disclosures

Issuer Company	Ticker	Exch.	Disclosures
ImmunoPrecise Antibodies Ltd.	IPA	V	-

*See legend of Disclosures on next page.*

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