

## Research Update

December 23, 2020

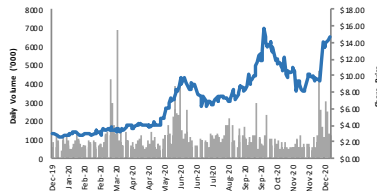
Rating:	BUY	(unchanged)
Target Price:	\$20.00	(unchanged)
Last Price:	\$16.81	
Ticker:	IPA-V	

### Market Data

Target return (incl. dist.):	19.0%
Dividend/yield:	\$0.00 / 0.0%
Shares outstanding (M):	16.5
Market capitalization (\$M):	277.365
Enterprise value (\$M):	243
52-week range (\$):	2.55 - 15.70
Fiscal year end:	Apr. 30, 2020
Average weekly volume:	82,603
Currency (unless otherwise indicated):	CAD

Forecast summary	F19A	F20A	F21E	F22E
Revenue (\$M)	10.9	14.1	20.4	22.6
Previous			212	24.0
Adj. EBITDA (\$M)	-3.1	-0.1	3.1	2.3
Previous			n/c	2.9
EPS (\$)	(0.12)	(0.07)	(0.14)	(0.19)
Previous			-0.08	-0.10

Key trading multiple	F19A	F20A	F21E	F22E
EV/Revenue	22.2x	17.3x	11.9x	n/a
EV/adj. EBITDA	n/a	n/a	77.6x	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	3.8	4.8	5.8	6.0	20.4
F2022	6.0	6.2	6.4	6.6	25.3
<b>Adj. EBITDA (\$M)</b>					
F2019	(0.3)	(0.7)	(0.4)	(1.7)	(3.1)
F2020	(0.5)	(0.1)	0.5	0.0	(0.1)
F2021	0.9	0.8	1.0	0.4	3.1
F2022	0.5	0.5	1.0	0.2	2.3
<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	(0.01)	(0.03)	(0.03)	(0.07)	(0.14)
F2022	(0.06)	(0.06)	(0.03)	(0.08)	(0.23)

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.

Chelsea Stellick | [chelsea.stellick@iagto.ca](mailto:chelsea.stellick@iagto.ca) | 1.403.705.4982

Associate: Paul Stewardson | [paul.stewardson@iagto.ca](mailto:paul.stewardson@iagto.ca)

## IPA is Making the List - We Checked it Twice and IPA is Coming to Nasdaq Town!

### Event

Today, before market open IPA announced that it has received approval for listing on the NASDAQ Global Market (Nasdaq) under the ticker IPA.

### Highlights

- **Nasdaq uplist.** IPA has been approved for listing on the Nasdaq under the ticker symbol IPA. Trading is expected to begin market open on December 30, 2020.
- **Recapping PolyTope™ formulation, the most comprehensive antibody cocktail out there.** In early March, IPA announced the details of the development of a PolyTope™ monoclonal antibody (mAb) therapy that can be used as a prophylactic vaccine for high risk patients. Cocktail therapies are widely believed to be a promising approach to the SARS-CoV-2 virus. In November, IPA announced the nomination of its formulation consisting of four human, synergistic antibodies for clinical testing. It is currently the most comprehensive antibody cocktail that is being brought forward.
- **AbCellera sets a precedent.** Earlier this month, B.C. based biotech AbCellera (ABCL-O, Not Rated) began trading on the Nasdaq which immediately led to a 250% price surge intraday following their debut (priced at US\$20/share). AbCellera is working with Eli Lilly (LLY-N, Not Rated) in the development of a monoclonal antibody treatment for COVID-19, analogous to IPA's PolyTope™ program that is developing monoclonal antibody cocktails for COVID-19.
- **Model updates.** We have made no updates to our model

### Valuation & Bottom Line

IPA announced today that it has been approved for listing on the Nasdaq under the trading symbol IPA. Trading is expected to commence on December 30, 2020. We believe this is extremely positive for the name as it will increase the Company's visibility and investor base. We believe this is timely as there is increasing evidence surrounding the mutation of the SARS-CoV-2 virus, which will further push interest and demand for IPA's PolyTope™ formulation. We expect IPA to engage in a preclinical trial examining the safety, tolerability and efficacy in the SARS-CoV-2 Syrian hamster model in new year. Lastly, a competing antibody CRO listed on the Nasdaq, AbCellera received tremendous interest from investors, and is currently trading over US\$12B. With so much capital chasing a closely comparable company we expect this bodes well for IPA's Nasdaq debut. Our target price is determined by the average of two valuation approaches, namely a Price-to-Book and a TEV/Total Revenue valuation. We are maintaining our target to \$20.00/share and reaffirming our Buy recommendation.

## Valuation & Recommendation

### Valuation Summary

Our target price is determined by the average of two valuation approaches, namely Price-to-Book and TEV/Total Revenue. When taking an average of the two valuation approaches, we arrive at our \$20.00/share target price.

**Price to Book.** We utilize a P/B multiple of 11.0x which is 4.0x higher than IPA's historical five-year average of ~7.0x. We attribute this additional 4.0x of the multiple to the upside potential of the Talem Therapeutics subsidiary, as well as the incremental value associated with the NASDAQ uplisting, which will bring greater visibility and market support to the stock. Our implied share price for IPA is \$20.69/share.

**TEV/Total Revenue.** We utilized a 12.5x TEV/Total Revenue multiple. Our TEV/Total Revenue is reflected by an average of the following peer companies: Bionano Genomics Inc. (BNGO-OQ, Not Rated), Fusion Antibodies (FAB-LON, Not Rated), Genscript Biotech (1548-HKG, Not Rated), Syngene International (SYNGENE-NSE, Not Rated), WuXi Biologics (2269-HKG, Not Rated), ICON plc (ICLR-NASDAQ, Not Rated), and Evotec AG (EVT-ETR, Not Rated). We have also included Voyager Therapeutics (VYGR-NASDAQ, Not Rated) and expect to be adding more companies with pharma-like business models that will better reflect Talem Therapeutics. Our implied share price for IPA is \$19.10/share.

The average of the two valuation approaches brings us to our revised \$20.00/share target price.

### Exhibit 1: IPA Comps

Company	Ticker	Close	Mkt Cap (\$M)	Debt+Pref (\$M)	Ent. Value (\$M)	-----Revenue-----			-----EV/Revenue-----		
						2020E	2021E	2022E	2020E	2021E	2022E
Fusion Antibodies Plc	FAB-L	119.02	30	(1)	29	n/a	n/a	n/a	n/a	n/a	n/a
Genscript Biotech	1548-HK	11.58	22,540	(20,561)	1,979	n/a	n/a	n/a	n/a	n/a	n/a
Ectotec SE	EVTG-DE	29.62	4,860	162	5,022	477	549	632	10.5x	9.1x	7.9x
ICON plc	ICLR-O	194.83	10,230	(359)	9,871	2,791	3,144	3,393	3.5x	3.1x	2.9x
WuXi Biologics	2269-HK	91.40	373,110	(59,784)	313,326	5,358	7,871	11,334	58.5x	39.8x	27.6x
Syngene International Ltd.	STNN-NS	615.30	244,040	(6,648)	237,392	20,089	22,507	26,606	11.8x	10.5x	8.9x
Abcellera Biologics Inc	ABCL-O	43.40	12,510	(3)	12,507	28	n/a	n/a	n/a	n/a	n/a
Voyager Therapeutics	VYGR-O	8.05	340	(202)	138	181	59	52	0.8x	2.3x	2.7x
<b>Totals / Average</b>			<b>667,740</b>	<b>(87,395)</b>	<b>580,350</b>	<b>28,932</b>	<b>34,149</b>	<b>42,047</b>	<b>17.0x</b>	<b>13.0x</b>	<b>10.0x</b>
<b>ImmunoPrecise Antibodies Ltd (iAS)</b>	<b>IPA-V</b>	<b>16.81</b>	<b>250.00</b>	<b>(7.0)</b>	<b>243.0</b>	<b>14</b>	<b>21</b>	<b>27</b>	<b>17.3x</b>	<b>11.6x</b>	<b>9.0x</b>

Source: iA Securities, Refinitiv

### Exhibit 2: Valuation and Target Price

Price To Book Valuation	
Book Value of Equity (2022)	\$ 29,433,415
Price to Book Value Multiple	11.0x
Equity Value	\$ 323,767,569
Shares Outstanding (end of Q4/F22E)	15,649,162
<b>Implied Share Price</b>	<b>\$20.69</b>
TEV/Total Revenue Valuation	
Total Revenue (F2022)	\$ 22,638,730
Mean TEV/Total Revenue Multiple as per comp set	12.5x
Enterprise Value	\$ 282,984,119
Less: Net Debt	\$ 3,050,948
Plus: Cash and Equivalents	\$ 18,941,783
Equity Value	\$ 298,874,955
Shares Outstanding (end of Q4/F22E)	15,649,162
<b>Implied Share Price</b>	<b>\$19.10</b>
Average Valuation	\$19.89
<b>Target Price (Rounded)</b>	<b>\$20.00</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 below*

### General Disclosures

Please note that Industrial Alliance Securities Inc. merged with MGI Securities Inc. on April 1, 2014 and continued their operations as Industrial Alliance Securities Inc. As a result, the enclosed disclosures may relate to either Industrial Alliance Securities Inc. or to MGI Securities Inc. for the period prior to April 1, 2014. All appropriate disclosure will be included until no longer needed.

The information and opinions contained in this report were prepared by Industrial Alliance Securities Inc. Industrial Alliance Securities Inc. is controlled by Industrial Alliance Insurance & Financial Services Inc. Industrial Alliance Insurance & Financial Services Inc is a TSX Exchange listed company (IAG-T) and as such, Industrial Alliance Securities Inc. is an affiliate of Industrial. The opinions, estimates and projections contained in this report are those of Industrial Alliance Securities Inc. as of the date of this report and are subject to change without notice. Industrial Alliance Securities Inc. endeavours to ensure that the contents have been compiled or derived from sources that we believe to be reliable and contain information and opinions that are accurate and complete. However, Industrial Alliance Securities Inc. makes no representations or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Industrial Alliance Securities Inc. that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security. The reader should not rely solely on this report in evaluating whether or not to buy or sell securities of the subject company.

### Definitions

"Research Analyst" means any partner, director, officer, employee or agent of Industrial Alliance Securities Inc. who is held out to the public as a research analyst or whose responsibilities to Industrial Alliance Securities Inc. include the preparation of any written report for distribution to clients or prospective clients of Industrial Alliance Securities Inc. which includes a recommendation with respect to a security.

"Research Report" means any written or electronic communication that Industrial Alliance Securities Inc. has distributed or will distribute to its clients or the general public, which contains an analyst's recommendation concerning the purchase, sale or holding of a security (but shall exclude all government debt and government guaranteed debt).

### Conflicts of Interest

The research analyst and or associates who prepared this report are compensated based upon (among other factors) the overall profitability of Industrial Alliance Securities Inc., which may include the profitability of investment banking and related services. In the normal course of its business, Industrial Alliance Securities Inc. may provide financial advisory services for the issuers mentioned in this report. Industrial Alliance Securities Inc. may buy from or sell to customers the securities of issuers mentioned in this report on a principal basis.

**Analyst's Certification**

Each Industrial Alliance Securities Inc. research analyst whose name appears on the front page of this research report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst's personal views about the issuer and securities that are the subject of this report and all other companies and securities mentioned in this report that are covered by such research analyst and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.

**Analyst's Ethics**

As a condition of employment, analysts are required to adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute (formerly Association for Investment Management and Research).

**Analyst Trading**

Industrial Alliance Securities Inc. permits analysts to own and trade in the securities and or the derivatives of the issuer under their research coverage, subject to the following restrictions. No trades can be executed in anticipation of coverage for a period of 30 days prior to the issuance of the report and 5 days after the dissemination of the report to our clients. For a change in recommendation, no trading is allowed for a period of 24 hours after the dissemination of such information to our clients. A transaction against an analyst's recommendation can only be executed for a reason unrelated to the outlook of the stock for the issuer and with the prior approval of the Director of Research and the Chief Compliance Officer.

**Research Dissemination Policy**

Industrial Alliance Securities Inc. makes its research available in electronic and printed formats and makes every effort to disseminate research simultaneously to all eligible clients. Research is available to our institutional clients via Bloomberg and First Call as well as through our sales representatives via email, fax or regular mail. Electronic versions are distributed in PDF format. Additionally, the research is only intended to be distributed in jurisdictions where Industrial Alliance Securities Inc. is licensed.

**For Canadian Residents:** This report has been approved by Industrial Alliance Securities Inc. which accepts responsibility for this report and its dissemination in Canada. Canadian clients wishing to effect transactions in any such issuer discussed should do so through a qualified salesperson of Industrial Alliance Securities Inc. in their particular jurisdiction.

**For US Residents:** Industrial Alliance Securities Inc. is not a U.S. broker-dealer and therefore is not governed by U.S. laws, rules or regulations applicable to U.S. broker-dealers. Consequently, the persons responsible for the content of this publication are not licensed in the U.S. as research analysts in accordance with applicable rules promulgated by the U.S. self-regulatory organizations. Any U.S. institutional investor wishing to effect trades in any security referred to herein should contact Industrial Alliance Securities Inc. (USA) Inc., a U.S. broker-dealer affiliate of Industrial Alliance Securities Inc.

**Disclosure Legend**

1. Within the last 12 months, Industrial Alliance Securities Inc. has received compensation for fiscal advisory and M&A services, or provided other investment banking services with respect to the securities of the issuer.
2. Industrial Alliance Securities Inc. expects to receive or intends to seek compensation for investment banking services from the issuer covered in this report within the next three months.
3. In the past 12 months, Industrial Alliance Securities Inc. has managed or co-managed a public offering of securities for the issuer which may include new issues, underwriting, or agency agreements.
4. Industrial Alliance Securities Inc. makes a market in the securities of the issuer.
5. Industrial Alliance Securities Inc. beneficially owned 1% or more of the common equity (including derivatives exercisable or convertible within 60 days) of the issuer as of the month end preceding this report.
6. The Industrial Alliance Securities Inc. research analyst(s), who cover the issuer discussed, members of the research analyst's household, research associate(s) or other individual(s) involved directly or indirectly in producing this report:
  - a. have a long position in its common equity securities.
  - b. have a short position in its common equity securities.
7. The analyst has visited the issuer's operations. No payment or reimbursement was received from the issuer for the associated travel costs.
8. In the past 12 months, the issuer is (or has been) a client of Industrial Alliance Securities Inc. and received non-banking and non-securities related services for which Industrial Alliance Securities Inc. received or expects to receive compensation.
9. In the past 12 months, Industrial Alliance Securities Inc., its officers, directors, or analysts involved in the preparation of this report has provided services to the issuer for remuneration other than normal course investment advisory or trade execution services.
10. An officer or director of Industrial Alliance Securities Inc., outside of the Equity Research Department, or a member of his/her household is an officer or director of the issuer or acts in an advisory capacity to the issuer.
11. The analyst has relied in the preparation of the recommendation on material provided by a third party which will be disclosed on request.

**Copyright**

All rights reserved. All material presented in this document may not be reproduced in whole or in part, or further published or distributed or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of Industrial Alliance Securities Inc.

Industrial Alliance Securities Inc. is a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.