

March 10, 2022

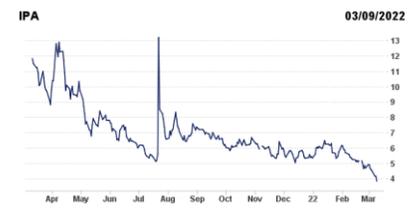
ImmunoPrecise (IPA)

3Q22 Earnings out Next Week; PolyTope COVID-19 Trials to Begin this Fall

Company Update

- ▶ ImmunoPrecise Antibodies provided an update on its Polytope TATX-03 antibody cocktail therapy for COVID-19, including positive data regarding no acute adverse events in IND-enabling studies and a continuing intent to begin human clinical trials in the US by calendar 3Q22. The Company also announced a release date of March 16 for their fiscal 3Q22 (January) results. We are estimating that IPA will record revenues of CDN\$5.0 million, up 11% year-over-year, and a net loss of (\$0.25) per share, as compared to (\$0.08) one year ago. We maintain our Buy rating on IPA shares and \$12.00 price target, or 15x estimated calendar year 2022E revenues.
- ▶ The Company continues to have discussions with the FDA related to TATX-03 and, as part of those discussions, the agency has asked for more detailed data regarding the build-up of antibody serum concentrations in laboratory animal models, thus extending the final toxicology study portion of the IND filing by about 90 days to June 2022. The timelines for other key components of the clinical program, including clinical batch production and the launch of the intended Phase 1 clinical trial are not impacted and on schedule as planned for calendar 3Q of this year. Although the COVID-19 pandemic is waning in severity, IPA believes its multi-antibody therapeutic approach provides proven strong efficacy against all tested SARS-CoV-2 variants-of-concern and will have utility in the future.
- ▶ IPA is set to report its 3Q22 financial results on Wednesday, March 16th before the market opens. We are estimating that the Company will post a 11% increase in revenues from its monoclonal antibody-based Clinical Research Organization and drug discovery and development services, while increased R&D activities related to its Talem Therapeutics internal R&D unit will widen the operating loss in 3Q22. Even with the expected operating loss and cash burn of \$2-\$3 million (CDN) for the quarter, the Company's cash balances of over \$38 million (CDN) at the start of the quarter are expected to provide adequate resources to support revenue and clinical pipeline growth. Key aspects to watch for the 3Q22 results include growth in client accounts, clinical progress and partnership activity for Talem, and completion of ongoing expansion efforts in Europe and North America.
- ▶ We are maintaining our Buy rating on IPA despite recent weakness in these shares, as the Company continues its track record of strong revenue growth in the burgeoning antibody market and steadily adds value to the expanding R&D pipeline at its Talem Therapeutics subsidiary.

Rating:	Buy
Current Price	\$3.96
Price Target	\$12
52-Wk Range	\$4.06 - \$16.47
Shares Outstanding (mm)	19.4
Market Cap (mm)	\$77
Enterprise Value (mm)	\$37
Average Volume (000s)	32
Net Cash/Share	\$1.97
Book Value	\$2.62
Sector Weight	Overweight



FY Apr		Q1	Q2	Q3	Q4	Total	P/E	EV/Rev
EPS	2020A	(\$0.15)A	(\$0.10)A	(\$0.05)A	(\$0.07)A	(\$0.36)A		
	2021A	(\$0.04)A	(\$0.03)A	(\$0.08)A	(\$0.31)A	(\$0.45)A		
	2022E	(\$0.17)A	(\$0.26)A	(\$0.25)E	(\$0.24)E	(\$0.91)E		
Revenue (m)	2020A	\$2.7A	\$3.2A	\$4.0A	\$4.1A	\$14.1A		2.6x
	2021A	\$3.8A	\$4.8A	\$4.5A	\$4.9A	\$17.9A		2.4x
	2022E	\$4.6A	\$4.7A	\$5.0E	\$5.3E	\$19.6E		2.0x

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Company Overview

ImmunoPrecise Antibodies (IPA) is an innovation-driven, technology platform company that supports its pharmaceutical and biotechnology company partners in their quest to discover and develop novel, therapeutic antibodies against all classes of disease targets. The Company aims to transform the conventional, multi-vendor, product development model by bringing innovative and high-throughput, data-driven technologies to its partners. These incorporate the advantages of diverse antibody repertoires with the Company's therapeutic antibody discovery suite of technologies, to exploit antibodies of broad epitope coverage, multiple antibody formats, valency and size, and to discover antibodies against multiple/rare epitopes.

Conclusion and Stock Valuation

IPA's shares have fallen off recently after reaching all-time highs two years ago on news of the Company's launching its SARS-CoV-2 antibody cocktail therapeutic program and the start of trading on the Nasdaq Stock Exchange, reflecting a steady increase in value leading up to that peak driven by revenue growth and new partnership agreements. We believe that positive upcoming clinical developments and growth in revenue will help these shares regain their upward momentum, and thus we are maintaining our Buy rating on IPA shares and 12–18-month price target of \$12.00. Our price target is based on average price/revenue multiples of 18x and 15x for calendar 2021 and 2022, respectively, for our group of nine bioprocessing and CRO stocks, including Bio-Techne (TECH, Buy), Ligand Pharma (LGND, Buy), ICON plc (ICLR, NC) and BioLife Solutions (BLFS, Hold). This target represents potential share price appreciation from current levels of more than 100% for IPA.

Figure 1: ImmunoPrecise Antibodies Income Statement

FYE April	2017	2018	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22E	4Q22E	2022E	2023E
			April		July	October	January	April		July	October	January	April	April	April
Revenue	\$15,412	\$5,441	\$10,926	\$14,058	\$3,765	\$4,755	\$4,516	\$4,876	\$17,912	\$4,588	\$4,722	\$5,000	\$5,300	\$19,610	\$23,900
Cost of sales		2,990	5,632	6,024	1,355	1,966	954	2,099	6,373	2,082	2,147	2,220	2,300	8,749	10,040
Gross profit		\$2,451	\$5,295	\$8,034	\$2,410	\$2,789	\$3,562	\$2,777	\$11,538	\$2,506	\$2,575	\$2,780	\$3,000	\$10,861	\$13,860
Expenses	9,703														
Research and development	4,293	509	486	446	309	1,049	0	615	1,974	1,119	2,848	3,000	3,050	10,017	7,500
Sales and marketing	3,260	135	819	378	33	256	216	186	691	163	198	200	220	781	900
Amortization and depreciation		234	1,876	2,573	678	716	731	612	2,737	670	640	670	700	2,680	3,000
General and administrative	4,962	6,503	8,637	9,190	2,364	3,033	3,876	4,462	13,735	4,020	3,577	3,600	3,650	14,847	15,500
Total costs and operating expenses	22,218	7,380	11,818	12,587	3,384	5,054	4,824	5,875	19,137	5,972	7,263	7,470	7,620	28,325	26,900
(Loss) income from operations	(6,806)	(4,929)	(6,523)	(4,553)	(974)	(2,265)	(1,261)	(3,098)	(7,599)	(3,466)	(4,688)	(4,690)	(4,620)	(17,464)	(13,040)
Other income (expense)	(56)	(132)	(1,089)	(740)	606	1,855	56	(913)	1,604	424	(131)	100	150	543	1,500
(Loss) income before income taxes	(6,862)	(5,061)	(7,612)	(5,293)	(368)	(410)	(1,205)	(4,011)	(5,995)	(3,042)	(4,819)	(4,590)	(4,470)	(16,921)	(11,540)
Provision for income taxes	21	(110)	(5)	346	(181)	(53)	(89)	(1,021)	(1,344)	(188)	(190)	(200)	(200)	(778)	(200)
Net (loss) income	(6,883)	(5,171)	(7,617)	(4,947)	(549)	(464)	(1,294)	(5,032)	(7,339)	(3,230)	(5,009)	(4,790)	(4,670)	(17,699)	(11,740)
Basic income per share	(\$3.22)	(\$0.57)	(\$0.61)	(\$0.36)	(\$0.04)	(\$0.03)	(\$0.08)	(\$0.31)	(\$0.45)	(\$0.17)	(\$0.26)	(\$0.25)	(\$0.24)	(\$0.91)	(\$0.60)
Diluted income per share	(\$3.22)	(\$0.57)	(\$0.61)	(\$0.36)	(\$0.04)	(\$0.03)	(\$0.08)	(\$0.31)	(\$0.45)	(\$0.17)	(\$0.26)	(\$0.25)	(\$0.24)	(\$0.91)	(\$0.60)
Basic shares outstanding	2,137	9,107	12,542	13,629	14,483	15,649	16,904	16,474	16,474	19,224	19,345	19,450	19,550	19,392	19,650
Diluted shares outstanding	2,137	9,107	12,542	13,629	14,483	15,649	16,904	16,474	16,474	19,224	19,345	19,450	19,550	19,392	19,650
Key ratios:															
Revenue growth	37.8%	-64.7%	100.8%	28.7%	38.6%	50.3%	11.9%	17.6%	27.4%	21.9%	-0.7%	10.7%	8.7%	9.5%	22.0%
Gross margins	37.0%	100.0%	48.5%	57.1%	64.0%	58.7%	78.9%	57.0%	64.4%	54.6%	54.5%	55.5%	56.5%	55.4%	58.0%
R&D/revenues	27.9%	9.4%	4.4%	3.2%	8.2%	22.1%	0.0%	12.6%	11.0%	24.4%	60.3%	60.0%	57.5%	51.1%	31.4%
Sales/revenues	21.2%	2.5%	7.5%	2.7%	0.9%	5.4%	4.8%	3.8%	3.9%	3.6%	4.2%	4.0%	4.2%	4.0%	3.8%
G&A/revenues	32.2%	119.5%	79.0%	65.4%	62.8%	63.8%	85.8%	91.5%	76.7%	87.6%	75.8%	72.0%	68.9%	75.7%	64.9%
Tax Rate	-0.3%	2.2%	0.1%	-6.5%	49.1%	13.0%	7.4%	25.5%	22.4%	6.2%	3.9%	4.4%	4.5%	4.6%	1.7%
Deprec, amort & non-cash comp.	2,874	1,366	3,895	3,312	1,110	1,558	1,867	2,272	6,807	1,573	1,801	1,900	2,000	7,274	8,000
Cash Flow/share	(\$1.88)	(\$0.42)	(\$0.29)	(\$0.12)	\$0.04	\$0.07	\$0.03	(\$0.17)	(\$0.03)	(\$0.09)	(\$0.17)	(\$0.15)	(\$0.14)	(\$0.54)	(\$0.19)
EBITDA/share	(\$1.87)	(\$0.41)	(\$0.27)	(\$0.11)	\$0.06	\$0.05	\$0.05	(\$0.03)	\$0.14	(\$0.07)	(\$0.14)	(\$0.13)	(\$0.12)	(\$0.46)	(\$0.17)

Source: The Benchmark Company, LLC

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Hold	59	18%	0	0%
Sell	3	1%	0	0%

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Buy: Stock is expected to outperform the analyst’s defined Sector/Industry Index* over the following 6 to 12 months.

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Benchmark Disclosures as of March 10, 2022

Company	Disclosure
ImmunoPrecise	1

Investment Risk

Investment risks that may prevent the stock from reaching our price target include regulatory risks (i.e., FDA, other international agencies and standard setting organizations), competition from larger and smaller competitors, lack of profitability and liquidity issues.

Valuation Methodology

Our price target of \$12.00 reflects over 100% potential appreciation from current levels, as the Company increases its awareness with investors and these shares begin to approach industry valuation norms. Our price target is based on 18x and 15x estimated revenues for calendar 2021E and calendar 2022E, respectively, comparable to industry average multiples.

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