

Image Plus Consultants Limited

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Executive Summary

Cofounded by Dr. Karlene McDonnough and Dr. Lilieth Ann Robinson-Bridgewater, Image Plus Consultants Limited is the owner & operator of Apex Radiology. The Company was started with the goal of offering accessible, high-quality diagnostic imaging services at a reasonable cost. The Company is inviting applications for up to 247,889,936 new ordinary shares in the Company at a price of \$2.00 per share. Image Plus has reserved 65,000,000 shares for employees, key stakeholders and the broker, with the remaining 182,889,936 shares available for subscription for the general public. The Company intends to use the funds raised to strategically and sustainably expand their business.

Issuer	Image Plus Consultants Limited
Arranger	JMMB Securities Limited
Securities	Up to 247,889,936 newly-issued ordinary shares: <ul style="list-style-type: none"> • 65,000,000 – Reserved Shares • 182,889,936 – Non-reserved Shares
Price per share	\$2.00 per share, for all subscription pools
Minimum Subscription	5,000 shares; amounts above this must be made in multiples of 100.
Use of Proceeds	<ul style="list-style-type: none"> • Acquire property suitable to relocate the Company's largest operations • Procure new bio-medical equipment to offer additional services at the Ocho Rios Location • Expand the offering of interventional procedures
Dividend Policy	For the first two years after listing while the Company continues its growth phase, up to 55% of distributable profits will be made available for dividend payments, subject to working capital needs. The Company intends to consider dividend distributions on a semi-annual basis
P/E ratio	13.63x (after tax) 11.24x (before tax)
P/B ratio	6.85x
Timetable of Key Dates	Opening Date: December 28, 2022 Closing Date ¹ : January 11, 2023

¹ Subject to the right of the Company to close the subscription list at any time after it opens on 9:00 a.m. on the Opening Date
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Image Plus Consultants Limited

Company Overview

Image Plus Consultants Limited (trading as “Apex Radiology”) is a private Medical Imaging Company. Established in 1996, the Company offers the following services: X-ray, Ultrasound, CT scan, Fluoroscopy and Nuclear Medicine. Image Plus’ centres are interconnected and allow for Tele-Radiology, web-based appointment booking and direct access to referring physicians. Image Plus’ facilities provides physicians with imaging capabilities to facilitate the diagnosis and treatment of diseases and disorders and may reduce unnecessary invasive procedures, potential reducing the cost and amount of care for patients.

The table below outlines the equipment available at the Company’s locations:

Location	Services				
	CT Scan Machines	X-Ray Machines	Ultrasound Machines	Interventional Radiology	Fluoroscopic Unit & Nuclear Medicine Unit
Molynes Road		✓	✓		
Winchester Medical	✓	✓	✓	✓	✓
Old Hope Road	✓	✓	✓	✓	
Ocho Rios	✓	✓	✓		

The Company operates from four locations: 2A Molynes Road; Winchester Surgical & Medical Institute at 3a Winchester Road; 129 Old Hope Road; and Shops 8, 9, & 10, White River North Commercial Complex. A facility was opened in Portmore in 2003 but was subsequently shuttered in 2014. As at October 31, 2022, Image Plus had 70 full-time and 4-part-time employees, inclusive of radiographers, sonographers, technologists, marketing and administrative employees.

Image Plus anticipates continued growth for the imaging services industry and the Company due to increased demand for healthcare services as the population ages and improved consumer awareness and demand for preventative diagnostic screening. The Company is the largest provider of freestanding, fixed-site outpatient diagnostic imaging sites in Jamaica (4). Image Plus sees its size and scale enabling it to achieve operating, sourcing, and administrative efficiencies such as savings on equipment on medical supply sourcing and favourable maintenance contracts from equipment manufacturers.

Additionally, the Company has facility density in highly-populated areas and offers comprehensive multi-modality diagnostic imaging services. This allows Image Plus to offer patients and referring physicians’ one location to serve their needs for multiple procedures and enables the Company to reach a large share of the Jamaican population. The Company estimates that its branch network is accessible to 54% of the population.

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Details of Shareholdings

The shareholdings of ordinary shares in the Company before and after the invitation, assuming all the shares are fully subscribed and the holdings of the existing shareholders do not change, is outlined below:

Shareholders before Invitation	Issued Shares	Percentage Ownership
Dr. Karlene McDonnough	303,417,282	30.6%
Dr. Lilieth Bridgewater	160,632,679	16.2%
Quad G Limited	210,210,666	21.2%
Advanced Imaging Limited	168,565,156	17.0%
Surescan Radiology Services Limited	49,577,987	5.0%
Dr. Leon Vaughan & Dr. Marian Allison-Vaughan	99,155,974	10.0%
Total	991,559,744	100.0%
Shareholders after Invitation	Issued Shares	Percentage Ownership
Dr. Karlene McDonnough	303,417,282	24.5%
Dr. Lilieth Bridgewater	160,632,679	13.0%
Quad G Limited	210,210,666	17.0%
Advanced Imaging Limited	168,565,156	13.6%
Surescan Radiology Services Limited	49,577,987	4.0%
Dr. Leon Vaughan & Dr. Marian Allison-Vaughan	99,155,974	8.0%
Image Plus Employee Reserved Shareholders	17,875,000	1.4%
Image Plus Key Partner Reserved Shareholders	42,125,000	3.4%
Broker Reserved Shareholders	5,000,000	0.4%
General Public	182,889,936	14.8%
Total	1,239,449,680	100.0%

Corporate Governance

The company is led by Executive Director & CEO, Mrs. Kisha Anderson. Mrs. Anderson joined the Image Plus team as a consultant in 2020, working along the Board to chart the strategic direction of the Company. She brings her over two decades of experience in the financial sector, where her last role was Country CEO for the JMMB Group. The table below outlines the membership of the Board of Directors and their roles:

Image Plus Consultants Limited

Director	Role
Dr. Karlene McDonnough	Co-Founder & Chairman
Dr. L. Ann Robinson- Bridgewater	Co-Founder & Director
Dr. Steven Lewis	Director
Dr. Marian Allison-Vaughan	Company Secretary/Director
Dr. Gordon Bradshaw	Director
Ms. Carolyn Dacosta	Independent Director & Chair - Remuneration & Corporate Governance Committee
Dr. Jacqueline Leckie	Independent Director & Chair - Audit Committee
Dr Leon Vaughan	Non-Executive Director
Mrs. Kisha Anderson	Executive Director & CEO

Financial Performance

Profitability

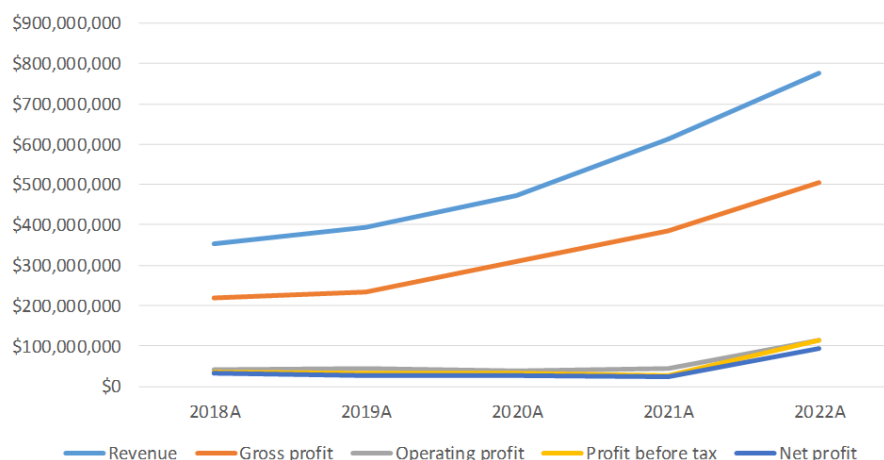
Image Plus posted revenue of \$777.5M for the year ended February 28, 2022, a 27.1% increase year-over-year. Revenues have grown consistently over the last five years, a compound annual growth rate (CAGR) of 21.9%. This growth was attributed to increased scan volumes in all of the Company's facilities (driven partially by the Ministry of Health & Wellness Extended Healthcare Service Delivery (ECHSD) Project) and price increases on services.

	2018FY	2019FY	2020FY	2021FY	2022FY
No. of Facilities	3	3	4	4	4
No. of Scans/Procedures	35,921	37,280	40,980	39,120	46,371
Revenue	352,259,616	393,950,334	472,589,646	611,927,717	777,468,851
Cost of Sales	(132,546,234)	(161,501,498)	(164,058,681)	(227,142,693)	(272,199,449)
Gross Profit	219,713,382	232,448,836	308,530,965	384,785,024	505,269,402

The Winchester Road location contributes the largest share of revenues while Ultrasound generates the greatest volume activity. CT generates the most revenues per modality. Private patients accounted for 56% of revenues for the 2022FY with the MOHW accounting for 25%, Health Insurance accounting for 15% and 4% from Other.

Image Plus Consultants Limited

Image Plus Operating Results 2018-2022



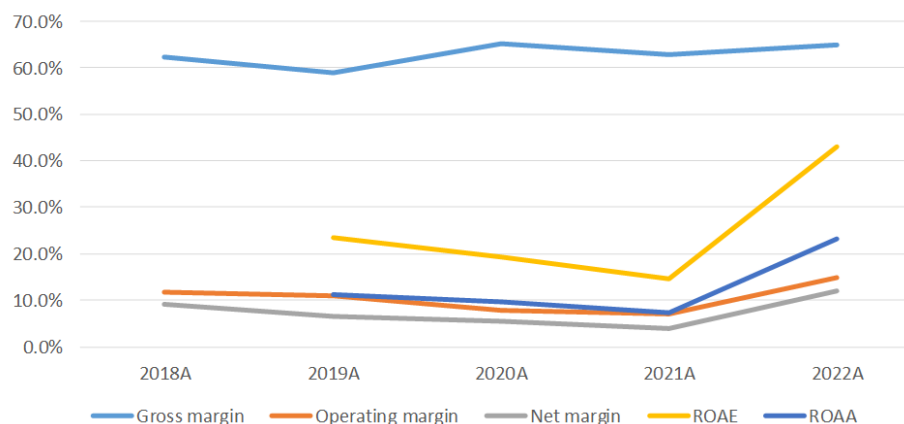
Gross profits amounted to \$505.3M for the 2022FY, up 31.3% from the previous year, as cost of sales grew slower than revenues, up 19.8% to \$272.2M. The increase in cost of sales was attributed to an increase in the number of radiographers, sonographers, technicians, etc. and annual salary increases and incentives paid to them. The gross profit margin improved during the year to 65.0%, which compared to 62.9% in the 2021FY. Image Plus' gross margin has been fairly stable over the past five years, ranging from 59.0% in 2019 to the 5-year high of 65.0% in the 2022FY.

Operating Profit was \$115.1M for the year, up 165.6% from the prior year. Driving this increase was the increase in gross profit and a positive "net movement on impairment provision" of \$16.1M, relative to a negative movement of \$17.4M in the 2021FY, which more than offset a 25.4% increase in administrative expenses that amounted to \$364.7M. Operating profits moved from \$41.6M in 2018, a CAGR of 29.0%.

The largest administrative expense was directors' fees, which amounted to \$66.5M in the 2022FY, relative to \$35M in the previous year. Historically, Image Plus paid directors' fees to those shareholders who were also directors and did not pay dividends. Going forward, directors' fees will be more in line with the rates customary of listed companies of a similar size, and dividends will be paid in accordance with the dividend policy.

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Image Plus Profitability Margins 2018-2022



Pre-tax profits amounted to \$113.1M, more than quadrupling the prior year's result while net profits amounted to \$94.3M, up 298.4% year-over-year. Net profits have grown a CAGR of 30.6% since 2018, up from the \$32.4M. The net profit margin stood at 12.1% for the 2022FY, more than triple the 3.9% reported to the 2021FY, and up from 9.2% in the 2018FY. The return on average equity stood at 42.9% for the 2022FY, up from 14.7% in 2021. The return on average assets was 23.3% for the 2022FY, in comparison to 7.2% in the previous year.

Liquidity & Solvency

Total assets as at February 28, 2022 amounted to \$447.4M, up 23.1% year-over-year, and has grown at CAGR of 20.6% over between 2018 and 2022. The largest asset class was property, plant & equipment, which amounted to \$206.3M, down 9.9% year-over-year, and represented 46% of total assets. The next largest asset was "trade and other receivables" which totalled \$139.0M, and was up 91.3%; this increase was the main driver behind the increase in total assets for the 2022FY.

Receivables represents amounts due from patients, insurance company and the MOHW. The majority of receivables were due from insurance companies and the MOHW, from which the Company noted that it had a 100% collection rate. The increase in receivables was attributed to the increase in revenues reported as the Company completed more procedures from the previous year. Receivables collection is an area of import for the company as the share of receivables that are more than 3 months due (bad debt) have moved from \$2.7M in 2018 to \$38.6M in 2022. Bad debt as a percentage of receivables moved from 20.3% in 2018 to 27.8% in 2022.

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Cash and cash equivalents amounted to \$51.1M, up 107.7% year-over-year while financial investments stood at \$13.8M. Driving the increase in cash and cash equivalents was a 127.2% increase in net cash provided by operating activities to \$96.1M. Net cash used in investing activities amounted to \$27.7M, down 35.5%, inclusive of \$20.3M in purchase of property, plant & equipment (PPE) and a \$17.9M spend on investments, partially offset by \$10.3M in proceeds from the sale of PPE. Net cash used in financing activities amounted to \$41.9M, driven by \$37.8M in debt repayments and \$3.5M in lease payments.

Image Plus maintains adequate liquidity as evidenced by a current ratio of 1.70x, up from 1.21x in 2021 and 1.11x in 2018. The days' receivables outstanding ratio stood at 50 days, up from 32 days in the previous year, however, the days' payables outstanding stood at 92 days, up from 76 days a year prior. The days' receivables outstanding shows how long on average Image Plus takes to collect on receivables while the days' payables outstanding displays how long the Company takes to pay creditors. In Image Plus' case, it has more time to pay back creditors, than it takes to collect on invoices, which is a positive for cash management.

Total liabilities amounted to \$180.6M, down 5.5% year-over-year. Total debt amounted to \$73.4M down 36.0% year-over-year with \$30.0M in short-term debt, down 7.0%, while long-term debt fell 47.4% to \$43.4M. Image Plus's ability to service its debt is strong, as evidenced by the interest coverage ratio of 18.2x, up from 5.53x in the 2021FY.

Total equity as at February 28, 2022 stood at \$266.8M up 54.6% year-over-year. Driving this increase was a 56.4% increase in retained earnings to \$261.5M. Image Plus has relative low leverage, with a debt-to-equity ratio of 0.28x, down from 0.66x a year prior. If this Invitation is successful, Image Plus' leverage will decline further, creating room to take on additional debt to fund the growth initiatives outlined in the Prospectus.

Six Months Results for period ended August 31, 2022

Image Plus saw a continuation of the impressive growth of the 2022FY into the 2023FY. For the first six months of the year, revenues amounted to \$554.8M, up 52.8% or \$126.9M year-over-year. This improvement was attributed to a material increase in patient cases and price adjustments on both private and MOHW patient referrals. Patient cases amounted to 27,707 for the six-month period, up from 22,899 in the period year period. The company anticipates that this trend will continue for the remainder of the year due to the expansion of its on-call services and continued improvement in fluoroscopy booking following the installing of a new unit.

Image Plus Consultants Limited

Gross profit rose 53.5% to \$363.9M resulting in a gross margin of 65.6% (relatively unchanged from a year prior – 65.3%). The operating profit amounted to \$160.4M, up 225.0% year-over-year, as administrative expenses rose just 7.7%. Net profits amounted to \$124.9M, more than tripling the \$37.3M reported for the first six months of the 2022FY. The net profit margin improved from 10.3% to 22.5%.

Total assets amounted to \$619.4M, up 54.5% while shareholders' equity climbed 72.4% to \$361.8M and total liabilities amounted to \$257.6M, up 34.8% from a year prior. The growth in assets was driven by a 20.9% increase in PPE and a 149.4% increase in receivables to \$247.5M. The growth in PPE was due to the acquisition of a new fluoroscopy unit at the Winchester Road location, while the growth in receivables reflected growth in non-cash related payor settlements (MOHW and insurers).

Image Plus continued to generate positive operating cash flows, reporting net operating cash flows of \$52.2M, up 15.0% from the prior year. Net cash used in investing activities amounted to \$108.1M following an \$88.1M cash outlay on PPE.

Valuation

At an invitation price of \$2.00 per share, Image Plus has a Price to Earnings (P/E) ratio of 13.63x and a Price to Book Value ratio of 6.85x. If the Trailing Twelve Months Profit before Tax is utilized, the P/E ratio improves to 11.24x. Image Plus has a competitor in Elite Diagnostics Limited, who is listed on the Junior Market of the Jamaica Stock Exchange. If this Invitation is successful, Elite would be a direct peer of Image Plus. The table below compares key financial metrics of Image Plus and Elite Diagnostics.

Peer Comparison	Price	Market Capitalization	P/E (x)	P/B (x)	ROAE	ROAA	Net Profit Margin	Debt-to-Equity (x)
Image Plus	\$2.00	2,478,899,360	13.63	6.85	63.64%	35.65%	22.5%	0.36
Elite Diagnostics	\$3.18	1,123,812,000	19.75	2.32	11.97%	6.50%	8.2%	1.03

**metrics based on last twelve months results*



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Investment Positives and Negatives

Positives	Negatives
Image Plus is the largest provider of freestanding, fixed-site outpatient diagnostic imaging sites in Jamaica with four branches	Company derives 25% of its revenues from the MOHW which has contributed to the significant growth in receivables' balance.
Consistent top-line growth over the past five years, which has translated to improved profitability.	The medical imaging industry is competitive with several players offering similar services
The Company has low leverage levels which can be utilized to fund its expansion goals and support the continuation in the growth.	Material dependence on physician referrals for new business.

Sources: <http://www.Jamstockex.com>, JMMB Investment & Research, Bloomberg, Company Financials, International Monetary Fund



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APPENDIXIMPORTANT DISCLOSURES

ABSTRACT—As a part of our new Portfolio Strategy we are recommending strict adherence to the following Portfolio Allocation **DEFINITIONS/RECOMMENDATIONS**.

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MARKETPERFORM/HOLD/MARKETWEIGHT—EXPOSURE TO THE ASSET SHOULD BE EQUAL TO 5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB.

UNDERPERFORM/UNDERWEIGHT— ADJUST EXPOSURE IN YOUR PORTFOLIO HELD AT JMMB TO BETWEEN 2.5% AND 4.9% FOR THIS PARTICULAR ASSET

STRONGLY UNDERPERFORM/UNDERWEIGHT—REDUCE EXPOSURE TO THIS ASSET TO BELOW 2.5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

SELL—REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO (0%).

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