



SUSTAINABILITY REPORT
2025-2029

OPTIMUM MEDICAL & HEALTHCARE SERVICES, INC.

SUSTAINABILITY REPORT

2025-2029

In compliance with the requirements of the Insurance Commission per letter dated 27 November 2025, we are submitting herewith the sustainability report for the five-year period as aligned with projected financial statements.

This report outlines the financial, operational and governance foundations for the resumption of our full-scale operations beginning 2026 and is a follow-through to our previously submitted business plan. It explains the assumptions and strategic initiatives underlying our Company's projected Balance Sheet, Income Statement and Cash Flow Statement and demonstrates how these projections align with the Company's commitment to long-term financial viability, regulatory compliance and responsible growth. Through this narrative, the Company affirms that its sustainability approach is grounded in prudent financial management, sound governance, and continuous investment in people, systems and market development to ensure stable and sustainable operations in the years ahead.

The Company's financial projections for the next five years are primarily based on historical financial data generated during periods when operations were conducted under normal business conditions. These historical figures serve as the most reliable benchmark for estimating future performance, particularly in the absence of recent operational data due to the period of inactivity. While management considers these assumptions reasonable and supportable, it recognizes inherent limitations arising from changes in market conditions, regulatory requirements, cost structures, and industry dynamics. Accordingly, projections are subject to periodic review and adjustment to reflect actual operating results and emerging risks.

Our commitment to a full-scale operation anchored on our long-term financial viability and growth are explained in the following sections.

1. Economic Sustainability and Revenue Growth

The Company's economic sustainability is anchored on the gradual recovery and expansion of operating revenues beginning 2025 and accelerating through 2029. As shown in the projected Statement of Income, service revenues increase from Php 6.16 Million in 2025 to Php 31.19 Million by 2029, reflecting the resumption of full operations, improved marketing penetration, and strengthened distribution channels. This growth trajectory supports the Company's sustainability objective of achieving stable and recurring income streams from core HMO operations.

Investment income further supplements operating revenues, increasing steadily from Php180,000 in 2025 to Php 465,850 by 2029, consistent with the Company's conservative treasury and investment management strategy.

2. Cost Management and Profitability

Operating and administrative expenses increase proportionately with business volume from Php 2.47 Million in 2025 to Php 11.11 Million in 2029, reflecting controlled scaling of operations, staffing, compliance costs and systems enhancements. Despite this increase, the Company maintains improving profitability, with net income rising from Php 2.76 million in 2025 to Ph 15.06 million in 2029. This demonstrates the management's commitment to cost discipline and operational efficiency as part of long-term financial sustainability.

The provision of income for income tax is computed using prevailing tax regulations, increasing in line with taxable income and confirming that no preferential tax assumptions were applied in the projections.

The projected income statement of the Company for the next five years is estimated to be:

OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.

Projected Statement of Income

For the Five-Year Period 2025-2029

	2024	2025	2026	2027	2028	2029
Service Revenues	-	6,160,242	9,240,363	13,860,544	20,790,817	31,186,225
Operating & Administrative Expense	(2,088,151)	(2,474,144)	(3,292,413)	(4,938,620)	(7,407,930)	(11,111,895)
Gross Profit	(2,088,151)	3,686,098	5,947,950	8,921,924	13,382,887	20,074,330
Income Before Income Tax	(2,088,151)	3,686,098	5,947,950	8,921,924	13,382,887	20,074,330
Provision for Income Tax	-	(921,524)	(1,486,987)	(2,230,481)	(3,345,722)	(5,018,582)
Net Income for the Year	(2,088,151)	2,764,573	4,460,962	6,691,443	10,037,165	15,055,747
Other Comprehensive Loss						
Investment Income		180,000	350,000	385,000	423,500	465,850
TOTAL COMPREHENSIVE INCOME	(2,088,151)	2,944,573	4,810,962	7,076,443	10,460,665	15,521,597

3. Financial Position and Capital Sustainability

The projected Balance Sheet reflects a strengthening financial position over the five-year period. Total assets increase from Php 20.21 Million in 2025 to Php63.78 Million by 2029, driven primarily by growth in current assets, including cash, treasury bill investments and prepaid and other current assets. This growth supports liquidity, operational readiness and regulatory compliance.

The steady increase in property and equipment from Php 150,000 in 2025 to Php 1.98 Million in 2029 aligns with the Company's sustainability initiative to invest in infrastructure, systems and operational capability as operations normalize and expand.

On the equity side, the Company reflects compliance with capital requirements through sustained capital stock levels and deposits for future subscription, while retained earnings grow from Php1.77 Million in 2025 to Php 39.64 Million in 2029, signaling long-term financial viability and recovery from prior periods of inactivity.

The projected balance sheet of the Company for the next five years is estimated to be:

**OPTIMUM MEDICAL AND HEALTHCARE SERVICES
INC.**

PROJECTED FINANCIAL POSITION

For the Five-Year Period 2025-2029

	2024	2025	2026	2027	2028	2029
ASSETS						
Current Assets						
Cash	1,960,236	6,653,774	5,457,513	3,990,224	6,960,143	9,872,052
Investment in Treasury Bills	5,188,647	6,988,647	10,488,647	14,688,647	15,278,647	17,225,987
Prepaid expenses and other current assets	4,852,907	6,412,603	9,328,964	14,318,842	22,295,928	34,707,896
Total Current Assets	12,001,791	20,055,024	25,275,124	32,997,713	44,534,718	61,805,936
Noncurrent Assets						
Property and Equipment - net	1	150,000	375,000	712,500	1,218,750	1,978,125
Other Non-Current Assets	-	-	-	-	-	-
Total Noncurrent Assets	1	150,000	375,000	712,500	1,218,750	1,978,125
	12,001,792	20,205,024	25,650,124	33,710,213	45,753,468	63,784,061
LIABILITIES AND EQUITY						
Current and Other Liabilities						
Trade and other payables	2,377,510	2,424,074	2,385,933	2,394,052	2,455,904	2,637,832
Fund Liability	-	-	-	-	-	-
Unearned Membership Reserve	-	256,564	384,845	577,268	865,902	1,298,853
Unearned Admin. Reserve	-	162,239	243,359	365,039	547,558	821,337
Accrued and other taxes payables	156,956	1,078,480	1,643,943	2,387,437	3,502,677	5,175,538
Advances from Officers	641,164	512,931	410,345	328,276	262,621	210,097
Total Liabilities	3,175,630	4,434,288	5,068,426	6,052,072	7,634,662	10,143,657
Equity						
Capital stock – 1 par value						
Authorized/Issued–10,000,000 shares	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Deposit for Future Subscription	-	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings	(1,173,838)	1,770,736	6,581,698	13,658,141	24,118,806	39,640,404
Total Equity	8,826,162	15,770,736	20,581,698	27,658,141	38,118,806	53,640,404
	12,001,792	20,205,024	25,650,124	33,710,213	45,753,468	63,784,061

4. Liquidity and Cash Flow Sustainability

The projected Cash Flow Statement demonstrates the Company's ability to generate and manage cash prudently. Operating receipts grow consistently, driven by operational funds and investment income collections, resulting in total receipts increasing from Php11.34 Million in 2025 to Php 36.29 Million in 2029.

Cash disbursements reflect planned investments in property and equipment, treasury bill acquisitions, provider payments, taxes and operating expenses, all aligned with the projected scale of operations. Despite these disbursements, the Company maintains positive ending balances throughout the projection period, ending at Php 9.87 Million in 2029, underscoring liquidity, sustainability and prudent cash management.

The projected cash flow statement of the Company for the next five years is estimated to be:

OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.

Projected Cash Flow

For the Five-Year Period 2025-2029

	2025	2026	2027	2028	2029
Cash Balance Beginning of the Year	1,960,236	6,653,774	5,457,513	3,990,224	6,960,143
Add: Receipts					
Operational Fund	6,188,806	9,283,209	13,924,813	20,887,219	31,330,829
Receipt of Invt. Income/AR	1,150,582	1,126,465	1,006,172	5,370,438	4,964,060
Deposit for Future Subscription	4,000,000	-			
Total Receipts	11,339,387	10,409,674	14,930,985	26,257,657	36,294,889
Total Funds Available	13,299,624	17,063,448	20,388,498	30,247,881	43,255,032
Less: Disbursements					
Acquisition of Property & Equipment	150,000	225,000	337,500	506,250	759,375
Payments for:					
Cost of Services	2,530,275	3,795,413	5,693,119	8,539,679	12,809,519
Taxes	-	921,524	1,486,987	2,230,481	3,345,722
Due to Provider	128,233	102,586	82,069	65,655	52,524
Treasury Bills Acquisition	1,782,000	3,478,400	4,174,080	5,008,896	6,010,675
Operating Expenses	2,055,341	3,083,012	4,624,518	6,936,777	10,405,165
Total Disbursements	6,645,849	11,605,936	16,398,274	23,287,738	33,382,980
Ending Cash Balance	6,653,774	5,457,513	3,990,224	6,960,143	9,872,052

5. Receivables, Liabilities and Working Capital Management

The Sustainability Report's assumption of steady receivable collection and regular settlement of liabilities is supported by stable levels of trade and other payables and advances from officers as well as collection of receivables as well as the consistent cash inflows from operations shown in the Cash Flow Statement. This reflects disciplined working capital management, which is critical to sustainable operations in the HMO sector.

6. Regulatory Compliance and PFRS 17 Readiness

The increasing levels of unearned membership and administrative reserves shown in the Balance Sheet are consistent with strengthened recognition and measurement of service obligations, supporting the Company's commitment to full compliance with PFRS 17 by year-end. These reserves also demonstrate prudent risk management and alignment with regulatory expectations.

7. Growth Enablement and Market Sustainability

Projected revenue growth and increasing operational cash flows provide the financial capacity to support sustainability initiatives cited in this report, including the engagement of reliable marketing partners, continued training and development of personnel, and the pursuit of regulatory approval for new product offerings. These initiatives are financially supported by the projected surplus cash flows and retained earnings over the projected period.

The attached projected financial statements are directly aligned with the Sustainability Report narrative and demonstrate that the Company's plan to resume full operations in 2026 is supported by realistic assumptions, strong capital positioning, positive cash flows, regulatory compliance, and clear path toward long-term financial and operational sustainability.
