

MAXICARE HEALTHCARE CORPORATION

**MINUTES OF THE RELATED PARTY TRANSACTION
COMMITTEE MEETING**

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City¹
11 October 2024, 1:30 P.M.

PRESENT:

ENRICO S. CRUZ
TEODORO M. PANGANIBAN
RICARDO V. MARTIN
RIZALINA G. MANTARING

ALSO PRESENT:

ESTHER WILEEN S. GO
BRIAN M. GO
CHRISTIAN S. ARGOS
JASPER HENDRIK T. CHENG
JAY MAURICIO
JERRY PEREZ
ATTY. ANDREW FORNIER
ATTY. MARY ZOELLI R. VELASCO
PAU VALLES

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Mr. Enrico S. Cruz (“**Mr. Cruz**”), the Chairperson, called the meeting of the Related Party Transaction (“**RPT**”) Committee (the “**Committee**”) to order and presided over the same. The Assistant Corporate Secretary, Atty. Mary Zoelli R. Velasco, (“**Atty. Velasco**”) recorded the Minutes of the proceedings.

Atty. Velasco certified that notices were sent to all members of the Committee in accordance with Maxicare Healthcare Corporation’s (the “**Corporation**” or “**Maxicare**”) By-Laws. Since majority of the members of the Committee were present, the Assistant Corporate Secretary certified the existence of a quorum for the transaction of business at hand.

II. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

¹ The meeting was conducted virtually through video conferencing (Zoom Video Conferencing) pursuant to Securities and Exchange Commission Memorandum Circular No. 6-2020, dated 12 March 2020, and in accordance with the Corporation’s duly approved and adopted *Internal Rules of Procedures for the Conduct of the Board and Shareholders Meetings*.

The Minutes of the last Committee held on 16 July 2024 was presented to the members for approval, a copy of which was previously distributed to the members of the Committee. Upon motion duly made and duly seconded, the Minutes of the Meeting held on 16 July 2024 was approved.

III. REPORT ON RELATED PARTIES AND RPTs FOR THE QUARTER ENDED 30 SEPTEMBER 2024

Mr. Jerry Perez, (“Mr. Perez”) the Corporation’s Assistant Vice President for Finance, reported on the current material RPTs for third quarter of 2024, as follows.

Updated Materiality Threshold

Before discussing the material RPTs, Mr. Perez discussed updating the RPT materiality threshold to , which was % of the total shareholders equity based on the 2023 Audited Financial Statements (“AFS”).

RPT Materiality Threshold

For Q3 of 2024, the materiality is 10% which is 10% of the total shareholders equity based on the 2023 audited financial statements.

MAXICARE HEALTHCARE CORP.											
STATEMENTS OF CHANGES IN EQUITY											
	Capital Stock		Capital Paid in Excess of Par Value	Treasury Stock	Subscribed Capital	Deposit for future stock subscriptions	Share in Remeasurement Gain (Loss) on Liability of an Associate	Remeasurement Gain (Loss) on Retirement Plan	Revaluation Surplus on Property and Equipment	Appropriated Retained Earnings	Unappropriated Retained Earnings (Deficit)
	Common	Preferred	(Note 23)	(Note 23)	(Note 23)	(Note 23)	(Note 11)	(Note 10)	(Notes 13)	(Note 21)	(Note 22)
Balance at January 1, 2023, as previously reported											
Effect of change in accounting policy (Notes 2 and 15)											
Balance at January 1, 2023, as restated											
Issuance of preferred stock											
Total comprehensive income (loss) during the year											
Balance at December 31, 2023											

Date: October 11, 2024
Meeting Name: RPT Committee Meeting
Division/ Department Name: Finance

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RPT Internal Limits

- Aggregate Exposure Limit to a related party shall not exceed 5% of the Company's total assets
 - 5% of the total assets is [REDACTED]
 - **None of the related parties exceeded the exposure limit**
- Aggregate Exposure Limit to all related parties shall not exceed 20% of the Company's total assets
 - 20% of the total assets is [REDACTED]
 - **Total related parties balances do not exceed the exposure limit**

**Unaudited Total Assets as of September 30, 2024*

As requested by the Committee, Mr. Perez reported that the aggregate exposure limit to a related party shall not exceed five percent (5%) of the company's total assets. This five percent (5%) of the total assets is [REDACTED]. He showed the computation that this was based on the [REDACTED] total assets. He noted that none of the related parties exceeded this exposure limit.

Mr. Perez then discussed the aggregate exposure to all related parties which shall not exceed 20% of the total assets. He noted that the 20% of the total assets was [REDACTED]. Meanwhile, the total related party balances do not exceed this exposure limit as well. According to Mr. Perez, this was based on the unaudited total assets as of 30 September 2024.

Material RPTs for the second quarter ended 30 September 2024

Mr. Perez reported the material RPTs transactions for the quarter ended 30 September 2024:

Parent/Subsidiary/ Affiliate	Related Counterparty	Relationship between the parties	Transaction date	Type of Transaction	Amount	Terms	Rationale for entering into the Transaction
Parent	Pin An Holdings Corporation	Major shareholder (42.31%)	As of September 30, 2024	Outstanding balance of Capital stock - Preferred shares		Under terms and conditions allowed under the Corporation Code.	Shareholder as source of the Company's funding requirements.
Subsidiary	Maxicare Health Services, Inc. (MHSI)	Subsidiary (Wholly owned)	As of September 30, 2024	Outstanding balance of investment in Subsidiary		Investment in a wholly owned subsidiary with health services operations.	Investment in a subsidiary that will operate medical clinics and provides various health services.
			As of September 30, 2024	Advances to Related Parties		Under ordinary healthcare provider terms and conditions.	Transactions were undertaken in the normal course of the business between an HMO and a primary care services provider.
			As of September 30, 2024	Deposit to Healthcare Providers			
			As of September 30, 2024	Accrued Expenses			
			3rd Quarter of 2024	Healthcare Benefits and Claims - Outpatient			
Affiliate	Equicom Savings Bank	Affiliate	As of September 30, 2024	Cash in Bank		Under savings deposits terms and conditions	Transactions were undertaken in the normal course of the business.
				Time Deposit		Under short-term time deposit terms and conditions	

- i. ***Pin-An Holdings Corporation (“Pin-An”) (major shareholder).***
During the covered period, the outstanding balance on the subscription to Maxicare’s preferred shares in the amount of ₱1,000,000.00 was reported. The terms and conditions hereunder were in accordance with the Revised Corporation Code. The rationale for the transaction was that Pin-An was one of the sources of the company's funding requirements.
- ii. ***Maxicare Health Services, Inc. (“MHSI”) (wholly-owned subsidiary).*** The material transactions and balances reported were as follows: (i) outstanding balance of investment in a subsidiary that operates medical clinics and provides various health services, amounting to ₱1,000,000.00, (ii) advances to related parties amounting to ₱1,000,000.00, (iii) accrued expenses amounting to ₱1,000,000.00, (iv) deposit to healthcare providers amounting to ₱1,000,000.00, and (v) healthcare benefits and claims – outpatient amounting to ₱1,000,000.00. It was noted that the transactions were undertaken in the normal course of the business between an HMO and a similarly-situated service provider.

Mr. Teodoro Panganiban (“**Mr. Panganiban**”) inquired which among the transactions was recently approved by the Committee in the previous meeting. Mr. Perez responded that it was the deposit to healthcare providers amounting to ₱1,000,000.00, and advances to related parties amounting to ₱1,000,000.00. In response to Mr. Panganiban’s query, Mr. Perez confirmed that these two transactions were advances. Mr. Panganiban then asked the difference between the advances and deposit and the rationale behind separating these

advances. Mr. Perez explained that the deposit was the amount equivalent of one and a half month of the utilization with MHSI as a healthcare provider. Meanwhile, the advances of ₱1,000,000.00 were used to temporarily fund the construction of the Primary Care Centers.

Mr. Panganiban clarified the type of shares involved in the transaction regarding the outstanding balance of investment in a subsidiary that operates medical clinics and provides various health services, amounting to ₱1,000,000.00. Mr. Perez said that the shares involved are common shares.

Mr. Panganiban then clarified what were the accrued expenses. Mr. Perez explained that these were accrued expense for the healthcare services as of 30 September 2024, thus, it is a payable account. Mr. Perez added that Maxicare had not yet received the billing from MHSI.

Mr. Panganiban asked whether the remaining account was booked as an asset. Mr. Perez answered that the healthcare benefits and claims – outpatient amounting to ₱1,000,000.00 was the utilization expense for the health care services provided by MHSI.

Mr. Panganiban likewise asked which of the transactions herein was the revolving fund for MHSI. Mr. Perez responded that the revolving fund was the deposit to healthcare providers amounting to ₱1,000,000.00.

- iii. ***Equicom Savings Bank (affiliate).*** The material transactions and balances for the covered period pertained to the outstanding balance of time deposit account amounting to ₱1,000,000.00 and cash in bank amounting to ₱1,000,000.00. It was noted that the transactions were undertaken in the normal course of business. Mr. Perez noted that this item should not be considered as an RPT based on a previous comment in one of the Committee meetings, but this was nevertheless reported for the information of the Committee.

Mr. Ricardo V. Martin (“**Mr. Martin**”) then asked which of the transactions listed in the table above was subject to the ₱1,000,000.00 related-party limit. Mr. Perez explained that it was the net assets. Thus, these were the medical clinics and various health services, amounting to ₱1,000,000.00, advances to related parties amounting to ₱1,000,000.00, and deposit to healthcare providers amounting to ₱1,000,000.00. However, Mr. Perez said that the accrued expenses should be deducted in the computation of the net

exposure. Mr. Martin then asked how the healthcare benefits and claims – outpatient amounting to \$1.5 million was treated. Mr. Perez replied that it was an expense under the income statement hence it was not part of the exposure.

Mr. Perez explained that under the RPT policy of Maxicare, transactions exceeding \$10,000 shall be reported to the Committee. Hence, in response to Mr. Martin's query, the \$1.5 million transaction for the healthcare benefits and claims – outpatient was reported since it was a transaction with a related party which exceeded the \$10,000 threshold.

Mr. Perez likewise reported on the cumulative material RPTs with the following related parties for the first three quarters of 2024:

Parent/Subsidiary/ Affiliate	Related Counterparty	Relationship between the parties	Type of Transaction	Amount	Terms	Rationale for entering into the Transaction
Subsidiary	Maxicare Health Services, Inc (MHSI)	Subsidiary (Wholly owned)	Healthcare Benefits and Claims - Outpatient	\$1.5 million	Under ordinary healthcare provider terms and conditions. Under ordinary healthcare provider terms and conditions.	Transactions were undertaken in the normal course of the business between an HMO and a primary care services provider.
Affiliate	Equicom Services Inc (formerly ONET)	Affiliate	Contractual services	\$1.5 million	Under ordinary service provider terms and conditions	Transactions were undertaken in the normal course of the business
Affiliate	Doctor Anywhere	Affiliate	Teleconsult	\$1.5 million	Under ordinary healthcare provider terms and conditions.	Provides teleconsultation to MHC members.

- i. **MHSI (wholly-owned subsidiary).** The cumulative material transactions for the covered period amounted to \$1.5 million. The transactions were undertaken in the normal course of business between an HMO and a primary care services provider.
- ii. **Equicom Services, Inc. (affiliate).** The cumulative material transactions and balances for the covered period pertained to the outstanding balance of contractual services amounting to \$1.5 million. The transactions were undertaken in the normal course of business and under ordinary service provider terms and conditions.
- iii. **Doctor Anywhere (affiliate).** The cumulative material transactions for the covered period amounted to \$1.5 million. The transactions were entered to provide teleconsultation for the Corporation's members and under ordinary service provider terms and conditions.

Mr. Perez also presented the material RPTs based on a twelve-month projection. Mr. Perez explained that the Finance Team divided the amount in the third quarter and made a projection for the twelve months.

2024 Projected Material Related Party Transactions

Parent/Subsidiary/ Affiliate	Related Counterparty	Relationship between the parties	Type of Transaction	Amount as of September 30, 2024	Full Year Projected Amount	Terms	Rationale for entering into the Transaction
Parent	Pin An Holdings Corporation	Major shareholder (42.31%)	Outstanding balance of Capital stock - Preferred shares			Under terms and conditions allowed under the Corporation Code	Shareholder as source of the Company's funding requirements.
Subsidiary	Maxicare Health Services, Inc. (MHSI)	Subsidiary (Wholly owned)	Outstanding balance of investment in Subsidiary			Investment in a wholly owned subsidiary with health services operations.	Investment in a subsidiary that will operate medical clinics and provides various health services.
			Advances to Related Parties			Under ordinary healthcare provider terms and conditions. Under ordinary healthcare provider terms and conditions.	Transactions were undertaken in the normal course of the business between an HMO and a primary care services provider.
			Deposit to Healthcare Providers				
			Healthcare Benefits and Claims - Outpatient				
Affiliate	Equicom Services Inc (formerly ONET)	Affiliate	Contractual services			Under ordinary service provider terms and conditions	Transactions were undertaken in the normal course of the business
Affiliate	Doctor Anywhere	Affiliate	Teleconsult			Under ordinary service provider terms and conditions	Transactions were undertaken in the normal course of the business

- i. **MHSI (wholly-owned subsidiary).** The material related party transaction for the said period was projected to amount to
- ii. **Equicom Services, Inc. (affiliate).** The material related party transaction for the said period was projected to amount to
- iii. **Doctor Anywhere (affiliate).** The material related party transaction for the said period was projected to amount to

In response to Mr. Brian M. Go's ("Mr. B. Go") request for clarification, Mr. Perez affirmed that there would be no other company that would exceed the threshold other than the aforementioned three entities.

Mr. Panganiban pointed out that in the projection presented, it failed to present the drawdowns that would occur on the next quarter. Mr. Perez noted this and said that he would include the drawdown for MHSI. Mr. Panganiban also advised that the other items shall also be included, such as the accrued expenses.²

Mr. Cruz clarified whether the projection was limited to health care benefits and claims Mr. Perez explained that the advances would be part of the projection since this would increase to . Meanwhile, the accrued expenses were already paid and that would no longer increase. The advances were expected to increase by . In response to Mr. Cruz's

² The 2024 Projected Material RPT Slide as shown above is the updated version sent by Mr. Perez addressing Mr. Panganiban's concern.

question, Mr. Perez explained that the amount approved was composed of advances and revolving funds. Mr. Perez said that an additional line would be added in the projected material RPT table for the drawdown transaction projection.³

Upon motion duly made and duly seconded, the RPT Report was approved.

III. OTHER MATTERS

There were no other matters discussed.

IV. ADJOURNMENT

There being no other matters discussed and upon motion duly seconded, the meeting was adjourned.

CERTIFIED TRUE AND CORRECT:

ATTY. MARY ZOELLI R. VELASCO

Assistant Corporate Secretary

ATTESTED BY:

ENRICO S. CRUZ

Chairperson

TEODORO M. PANGANIBAN

RIZALINA G. MANTARING

RICARDO V. MARTIN

³ After the meeting, the materials shared to the Committee were already updated: