

MAXICARE HEALTHCARE CORPORATION
**MINUTES OF THE RELATED PARTY TRANSACTION
COMMITTEE MEETING**

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City¹
10 January 2025, 2:00 P.M.

PRESENT:

ENRICO S. CRUZ
TEODORO M. PANGANIBAN
RICARDO V. MARTIN

ALSO PRESENT:

CHRISTIAN S. ARGOS
JASPER HENDRIK T. CHENG
JAY MAURICIO
JERRY PEREZ
FRANCIS LLORET
ATTY. ANDREW FORNIER
ATTY. MARY ZOELLI R. VELASCO
RIZ GAURAN

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Mr. Enrico S. Cruz (“Mr. Cruz”), the Chairman 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 “Company” 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.

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*.

II. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The Minutes of the last Committee held on 11 October 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 11 October 2024 was approved.

III. MATTERS ARISING FROM THE PREVIOUS MINUTES

Atty. Velasco noted one (1) arising matter regarding the comment of Mr. Teodoro Panganiban (“Mr. Panganiban”) pertaining to the 2024 projected material Related Party Transactions (“RPTs”). There was a request for Mr. Jerry Perez (“Mr. Perez”) to provide specific drawdowns on the 2024 RPTs and Mr. Perez had already provided the slide. Atty. Velasco said that the slide had been reflected in the Minutes of the Meeting held on 11 October 2024.

In line with this, Mr. Panganiban inquired whether there would be a regulatory compliance related to the drawdowns. Mr. Perez confirmed that there would be no relevant regulatory compliance that would affect the transaction. Mr. Panganiban then specified his question on the possible tax exposure on the transaction between Maxicare and Maxicare Health Services, Inc. (“MHSI”). Mr. Perez stated that, based on the information provided and previous actions, the documentary stamp tax (“DST”) had been paid. He believed this payment, made upon the drawdown, addressed the perceived risk or exposure associated with the transaction. Therefore, in his view, the exposure had been resolved.

IV. MATTERS ARISING FROM THESE MINUTES

All questions and concerns raised have been addressed within the meeting proper.

V. REPORT ON RELATED PARTIES AND RPTs FOR THE QUARTER ENDED 31 DECEMBER 2024

Mr. Perez the Corporation’s Assistant Vice President for Finance, reported on the current material RPTs for fourth quarter of 2024, as follows.

Updated Materiality Threshold

Before discussing the material RPTs, Mr. Perez discussed that RPT materiality threshold remains .

RPT Internal Limits

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
 - **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 of the total assets is
 - **Total related parties balances do not exceed the exposure limit**

**Unaudited Total Assets as of December 31, 2024*

Mr. Perez reported the internal limits for RPTs, which were based on the Company's net assets and financial position concentration with related parties.

Firstly, he report that the first limit, the aggregate exposure to any single related party, must not exceed 5% of the company's total assets. According to his calculations, this limit was _____, and no related party transaction exceeded it.

Secondly, the aggregate exposure to all related parties combined must not exceed 20% of the Company's total assets, equating to approximately _____.

Mr. Perez confirmed that the total related party transaction balances did not exceed this limit, with their calculations showing approximately _____.

He clarified that these calculations were based on the unaudited total assets as of 31 December 2024.

Material RPTs for the second quarter ended 31 December 2024

Mr. Perez addressed the material related transactions for the 4th quarter of 2024, which included both balances and transactions for the entire year. He noted that a classification had been added to the report to clarify the

determination of net exposure, which was calculated as the asset balance minus the liability balance for each entity.

Mr. Perez reported the material RPTs transactions for the quarter *ended 31 December 2024*:

Parent/Subsidiary/ Affiliate	Related Counterparty	Relationship between the parties	Transaction date	Type of Transaction	Amount	Terms	Rationale for entering into the Transaction	Classification
Parent	Pin An Holdings Corporation	Major shareholder (42.31%)	As of December 31, 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.	Equity
Subsidiary	Maxicare Health Services, Inc. (MHSI)	Subsidiary (Wholly owned)	As of December 31, 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.	Asset
			As of December 31, 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.	Asset
			As of December 31, 2024	Deposit to Healthcare Providers				Asset
			As of December 31, 2024	Accrued Expenses				Liability
			4th Quarter of 2024	Healthcare Benefits and Claims - Outpatient				Expense
Affiliate	Equicom Savings Bank	Affiliate	As of December 31, 2024	Time Deposit		Under short-term time deposit terms and conditions	Transactions were undertaken in the normal course of the business.	Asset

*100M additional funding was deferred to January 2025

Mr. Perez mentioned that a column for ‘classification’ was added. He recalled that a prior inquiry concerned the method used to determine net exposure. He noted that, for the sake of greater clarity, net exposure was calculated by subtracting the liability from the asset for each individual entity.

- 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 _____ 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 _____, (ii) advances to related parties amounting to _____, (where _____ additional funding was deferred to January 2025), (iii) accrued expenses amounting to _____, which were for the services that MHSI provided for in December, (iv) deposit to healthcare providers amounting to _____ and (v) healthcare benefits and claims – outpatient _____

amounting to ₱1,000,000. It was noted that the transactions were undertaken in the normal course of the business between an HMO and a similarly-situated service provider.

- 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. He noted that this was under short-term time deposit, covered by the usual bank terms and conditions and normal course of the business where Maxicare was placing its money for investments.

Mr. Perez likewise reported on the cumulative material RPTs for the year 2024:

Parent/Subsidiary/ Affiliate	Related Counterparty	Relationship between the parties	Type of Transaction	Amount	Terms	Rationale for entering into the Transaction	Classification
Subsidiary	Maxicare Health Services, Inc (MHSI)	Subsidiary (Wholly owned)	Healthcare Benefits and Claims - Outpatient		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.	Expense
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	Expense
Affiliate	Doctor Anywhere	Affiliate	Teleconsult		Under ordinary healthcare provider terms and conditions.	Provides teleconsultation to MHC members.	Expense
Affiliate	Cebu Air	Affiliate	Earned Membership Fees		Under ordinary business terms and conditions.	Transactions were undertaken in the normal course of the business	Income

- i. **MHSI (wholly-owned subsidiary).** The cumulative material transactions for the covered period amounted to ₱1,000,000. The transactions were undertaken in the normal course of business between an HMO and a primary care services provider.
- ii. **Equicom Services, Inc. (“EquiServe”) (affiliate).** The cumulative material transactions and balances for the covered period pertained to the outstanding balance of contractual services (various manpower) amounting to ₱1,000,000. 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 ₱1,000,000. The transactions were entered to provide teleconsultation for the Corporation’s members and under ordinary service provider terms and conditions.

- iv. **Cebu Air (affiliate).** The cumulative material transactions for the covered period amounted to \$1.7 million. The transactions were for earned membership fees and under ordinary service provider terms and conditions. He clarified that Maxicare was providing HMO services to Cebu Air.

Mr. Panganiban explained that, generally, "normal course of business" implies arm's-length transactions, including pricing. He stated that prices are at market value, acknowledging that minor variations may exist, but they typically remain within a similar range. He asked for confirmation that no off-market prices were associated with the Company's normal business expenses. Mr. Perez clarified that certain transactions, such as those with MHSI, involve a profit margin, meaning they are not strictly arm's-length. However, he asserted that the pricing remains within a market range. He explained that a markup is applied to the services provided, and this practice is subject to a transfer pricing study conducted annually. He further emphasized that they provided supporting documentation to demonstrate that the pricing aligns with arm's-length principles, as required by the yearly transfer pricing documentation process.

Mr. Cruz stated that, concerning MHSI, a wholly-owned subsidiary, the primary concern was to ensure transfer pricing compliance from a regulatory standpoint. He then presumed that the other two affiliates, EquiServe and Doctor Anywhere, had also undergone performance and Service Level Agreement ("SLA") reviews, as well as assessments for arm's-length pricing. Mr. Perez confirmed that Outsource Network ("ONet") (which is now EquiServe) operated under a SLA. He also stated that Doctor Anywhere undergoes performance reviews conducted by the operations team, which ensures that their performance complies with the established SLA.

Mr. Christian Argos ("Mr. Argos") explained that SLAs are subject to periodic review, with operations providing weekly reports to the assembly. He emphasized the critical nature of these SLAs due to their impact on the company's daily operations, particularly consultations. He noted the existence of a vendor management team, embedded within operations, specifically tasked with monitoring these SLAs. Furthermore, he highlighted the company's multi-sourcing strategy. For services like teleconsultation and claims, where related parties such as ONet or EquiServe are involved, they are benchmarked against third-party providers like MedGrocer and Teleserv. He stressed that all providers, both related and third-party, operate under the same SLAs and are regularly benchmarked against each other.

Mr. Cruz asked whether Cebu Air was a client and that if the pricing was competitive, expressing hope that it was not resulting in a loss. Mr. Argos confirmed that it was not a loss. He provided an example within the JG group, stating that GoTyme had considered switching HMO providers due to pricing, but they were able to match the desired price. He indicated that they did achieve gains and also had some break-even situations regarding HMO services for related parties.

Mr. Cruz then asked if these related parties were new clients. Mr. Perez clarified that they were the previously reported entities and had been included in their reports during previous RPT meetings.

Mr. Cruz inquired whether there were transactions that needed to be highlighted to the Committee. Mr. Perez explained that, concerning MHSI, they had proceeded with the drawdown and provided the requested funds. However, Php 100 million was deferred to January following a review of MHSI's financials, which indicated they would require the funds in the next year. He suggested this deferral was made to allow Maxicare to maximize earnings on the funds before year-end. Regarding other entities, he confirmed that Cebu Air was a new inclusion in the report for the Committee. He mentioned that the increase in Cebu Air's reported value, exceeding the threshold, was likely due to a movement in their transactions, even though it may not have been reflected in the previous cumulative report.

Mr. Cruz asked about the remaining odd amount in the advances to related parties. Mr. Perez explained that Maxicare provided MHSI with fleet cards and handle some minimal charges because MHSI does not possess a sufficient number of vehicles. Therefore, the fleet arrangement was managed by Maxicare. Mr. Argos added that they include these arrangements in their contract, explaining that MHSI lacks the minimum required volume to contract directly.

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

RICARDO V. MARTIN