

[Translation]

(Special Note)

This English translation is provided for purposes of reference only. The terms and conditions of the insurance policy shall govern all matters concerning the applicable insurance.

**Notes Concerning
Auction Market General Insurance (Foals)
For Select Sale 2026
(Compulsory Insurance)**

Considering certain risk factors, all foals sold at Select Sale 2026 (the “Select Sale”) shall be covered by the Auction Market General Insurance (the leading underwriter: Sompo Japan Insurance Inc., hereinafter the “Underwriter”) taken out by Japan Racing Horse Association (the “Association”). Such insurance premium (of the sum insured) shall be borne by the Seller and the Buyer respectively in accordance with the following:

3.9% by the Seller

2.6% by the Buyer

For definition purposes, the “First Payment” shall refer to a payment of 50% of the Purchase Price (including consumption tax) and full amount of the insurance premium payable within ten (10) days after the day immediately following the last day of the Select Sale. The “Second Payment” shall refer to a payment of the remaining 50% of the Purchase Price payable on or before March 31 of the following year.

1. Features of the Auction Market General Insurance (Foals)

Insurance award and/or surgery insurance award will be paid on account of the insured event during the period from the time when the successful bidder is determined through 4:00 p.m. on August 1 of the year after the next of the year of the Select Sale (i.e., 4:00 p.m. on August 1, 2028).

1.1 Ordinary Insurance

Insurance award will be paid on account of death (including imminent slaughter) of the foal sold at the Select Sale.

1.2 Special Condition concerning Loss of Racing Ability

Insurance award will be paid on account of loss of racing ability due to certain specified diseases or injuries.

1.3 Special Condition concerning Surgery Expenses

Surgery insurance award will be paid if certain specified surgery is given due to certain specified diseases or injuries.

2. Subject of Insurance

All the foals purchased at the Select Sale shall be covered by the insurance (i.e., compulsory insurance).

3. Insured Events and Compensation Percentage

3.1 100% insurance award will be paid in case of death of the foal (including imminent slaughter) due to any of the following causes:

- (i) injury or disease
- (ii) fire or thunder
- (iii) statutory epidemics

3.2 If a veterinarian designated by the Underwriter determines that the foal has become incapable of or eternally ineligible for racing due to any of the following diseases, 100% insurance award will be paid:

- (i) Fracture, dislocation, injury, nerve paralysis, tendon rupture, or loss of sight of one eye or more ,provided, however, that fracture does not include avulsion fracture (other than intra-articular avulsion fracture);
- (ii) Limping due to laminitis, osteochondrosis dissecans (OCD) or degenerative joint disease (DJD) ;

- (iii) Loss of sight of one eye or more due to ocular disease;
- (iv) Wobbler syndrome (limited to the one where cervical vertebral malformation is observed or a nerve compression lesion is presumed by means of a radiographic or myelographic examination while at the same time, severe ataxia is observed).

*Note: In any case after the insurance award payment, the insured horse must not be used for the race.

- 3.3 Surgery insurance award will be paid if the foal has been given any of the following surgeries due to any disease or injury, provided that such surgeries shall be limited to those performed under general anesthesia by means of inhalation or intravenous anesthesia, provided further that in case of arthroscopic surgery, standing surgery performed under local anesthesia will also be covered by this surgery insurance:

Surgery of the upper respiratory tract; laparotomy; ophthalmic surgery; paranasal sinus surgery; dental surgery; surgical removal of tumor; surgery for wound; surgical removal of bone; surgical removal of soft tissue; arthroscopic surgery (excluding a case of OCD without clinical signs); surgery for drainage (irrigation); internal fixation of fracture; and tenotomy/desmotomy.

And surgery that is approved by a veterinarian designated by the Underwriter as an alternative to the above surgery

*Note: Alternative surgery is surgical operation for the same injury or disease that occurred during the period of insurance and that is expected to have the same level of effectiveness

The total amount payable under this surgery insurance during the insurance term shall be limited to five (5) percent of the amount insured for the foal.

This surgery insurance award will be paid separately from the insurance award for death (including imminent slaughter) or loss of racing ability of the foal due to certain cause(s) as specified above.

No surgery insurance award will be paid for the second or any subsequent surgery if such surgery (or surgeries) is (are) directly due to the same disease or injury for which the first surgery was given.

Subject to the foregoing sentence, the amount of this surgery insurance award shall be equal to the actual expenses associated with a surgery or surgeries which are incurred

during the day when the surgery (or surgeries) is (are) performed. Such expenses shall be limited to those approved by the Underwriter. No payment will be made for any expenses associated with aftercare or postoperative complications treatment.

- 3.4 No insurance coverage will be available to any event if and after the foal enters export quarantine.
- 3.5 Horses purchased at Select Sale 2026 will be covered by this insurance with respect to damages sustained due to such water-related disaster as flood, snow melting cataract, high tide water, mudslide, or rock fall, etc. that are caused by typhoon, rainstorm, heavy rain or the like.

4. Sum Insured

- 4.1 The sum insured will be the entire amount of the Purchase Price (including consumption tax), provided that the sum insured per horse shall in no circumstances exceed JPY 2 billion. If the sum insured is expected to exceed this maximum amount, please consult with the Association secretariat.
- 4.2 Because the sum insured under this insurance is the entire amount of the Purchase Price, no insurance award will be paid for any accident(s) in excess of the sum insured even if the same foal is concurrently insured by any other insurance or mutual-aid contracts. Therefore, it is recommended that you do not take out any other insurance and that if any other insurance(s) is (are) already purchased, you will cancel such other insurance contract(s).

5. Insurance Term

The insurance term shall commence on the date of sale and continue until 4:00 p.m. on August 1 of the year after the next of the year of the Select Sale (i.e., 4:00 p.m. on August 1, 2028), provided however that, if the Agreement of Purchase and Sale is terminated prior to 4:00 p.m. on such August 1, the insurance term shall expire on the date of termination thereof.

*Note: If the insurance term expires or terminates after such a disease or injury, with respect to which insurance coverage may be available, occurs, but before the symptom of such disease or injury stabilizes, the insurance term may be extended upon prior request

from the owner of the foal and payment of additional premium prescribed by the Underwriter by no later than the end of the previous insurance term.

6. Pre-contract Examination

A veterinarian designated by the Underwriter shall examine the foal prior to entering into the insurance contract.

7. Insurance Premium

The insurance premium shall be 6.5 % of the sum insured.

8. Party to the Insurance Contract

Japan Racing Horse Association

9. Method of Collecting Insurance Premium

Such portion of the insurance premium as payable by the Buyer shall be paid by way of the Buyer adding the same amount onto the Purchase Price by no later than the due date of the First Payment. Such portion of the insurance premium as payable by the Seller shall be collected from the Seller by way of the Association deducting the same amount from the Purchase Price when the Purchase Price is paid to the Seller. However, if the insured event occurs and the Underwriter's insurance liability for insurance award payment is confirmed prior to the due date for First Payment, the insurance premium will be fully borne by the Seller by way of the Association deducting it from the insurance award when the insurance award is paid to the Seller through the Association.

10. Termination of the Insurance Contract and Refund of Insurance Premium

As provided in "5. Insurance Term", if the Agreement of Purchase and Sale is terminated for any reason, the insurance contract will simultaneously be terminated. In such a case, the insurance premium may be partially refunded, so please contact the Association secretariat.

11. Payee of the Insurance Award

11.1 The Seller and the Buyer shall acknowledge and agree that if any insured event occurs, the Association, which is the party to the insurance contract, will receive the insurance award on behalf of the Seller and/or the Buyer.

11.2 If the insured event occurs prior to the First Payment, the Association will first deduct the auction handling fee and the insurance premium for the full amount of the Purchase Price from such insurance award and then pay the remainder to the Seller.

11.3 If the insured event occurs during the period between the First Payment (actually paid) and the Second Payment (to be paid), the Association will pay 50% of such insurance award each to the Seller and the Buyer equally, provided that the Association will deduct one half of the auction handling fee (which would otherwise become due and payable upon receipt of the Second Payment) from the insurance award due to the Seller.

11.4 If the insured event occurs during the period after the payment of the Purchase Price in full but before 4:00 p.m. on August 1 of the year after the next of the year of the Select Sale (i.e., 4:00 p.m. on August 1, 2028), the Association will pay 100% of the insurance award to the Buyer.

12. Payee of Surgery Insurance Award

Surgery insurance award as stipulated under the insurance policy will be paid to the Buyer pursuant to the provisions concerning assumption of medical expenses under Article 21 (2) of the JRHA Horse Market Operating Regulations.

- This document summarizes the Auction Market General Insurance for Select Sale 2026 (Foals). For further details, please refer to the terms of the racehorse general insurance policy and any attached special conditions. You may also contact Japan Racing Horse Association or the Underwriters (Leading Underwriter: Sompo Japan Insurance Inc.)
- The terms of the racehorse general insurance policy and any attached special conditions of the Auction Market General Insurance for Select Sale 2026 (Foals) will be available at the reception desk during the Select Sale.
- This insurance is based upon the joint insurance provided by the following underwriters. The leading underwriter will act as an agent for the other underwriters. These three underwriters will be severally (but not jointly) liable under the insurance contract to the extent of each percentage indicated below.

Sompo Japan Insurance Inc. (55%)

Tokio Marine & Nichido Fire Insurance Co., Ltd. (25%)

Mitsui Sumitomo Insurance Company, Limited. (20%)

(Contact Details)

Japan Racing Horse Association
Azabudai Bldg., 2-2-1 Azabudai, Minato-ku, Tokyo
Telephone: 81-3-3505-3445

OR

Leading Underwriter:
Sompo Japan Insurance Inc.
3rd Division, Global Marketing Department I
2-2-10, Nihonbashi, Chuo-ku, Tokyo
Telephone: 81-3-3231-4214