

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Gabriel Espinoza (“Espinoza”) and Jovial Foods Inc. (“Jovial Foods”). Espinoza and Jovial Foods are referred to individually as a “Party” and collectively as the “Parties.” Espinoza is an individual who resides in the State of California, and seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Espinoza alleges that Jovial Foods is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code § 25249.6, et seq. (“Proposition 65”).

1.2 General Allegations. Espinoza alleges that Jovial Foods manufactures, sells, and/or distributes for sale in California products that contain lead without first providing users and consumers of the product with a clear and reasonable warning as required by Proposition 65. Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm. Jovial Foods denies all allegations asserted by Espinoza.

1.3 Product Description. The products covered by this Settlement Agreement are macaroni and cheese, including but not limited to Organic Gluten Free Dairy Free Vegan Mac, UPC# 815421018035 (the “Products”) that are manufactured, imported, distributed, offered for sale and/or sold in the State of California.

1.4 Notices of Violation. On or about May 15, 2025, Espinoza issued to SF Markets, LLC, Sprouts Farmers Market, Inc., SFM, LLC, Sprouts Farmers Markets Holdings, LLC (collectively “Sprouts”), and various public enforcement agencies a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “May Notice”). The May Notice provided Sprouts, and such others, including public enforcers, with notice of allegations that Sprouts violated Proposition 65 by failing to warn California consumers and customers concerning potential exposure to lead from the Products. To the best of the Parties’ knowledge, no public enforcer has diligently prosecuted the allegations set forth in the May Notice.

On or about August 12, 2025, Espinoza issued to Sprouts, Jovial Foods, and various public enforcement agencies a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “August Notice”). The August Notice provided Jovial Foods and such others, including public enforcers, with notice of allegations that Jovial Foods violated Proposition 65 by failing to warn California consumers and customers concerning potential exposure to lead from the Products. To the best of the Parties’ knowledge, no public enforcer has diligently prosecuted the allegations set forth in the August Notice.

The May Notice and August Notice are collectively referred to herein as the “Notices.”

1.5 No Admission. Jovial Foods denies the material, factual, and legal allegations contained in the Notices and maintains that all products it manufactures, sells, sold, and/or distributed for sale in the State of California, including the Products, have been and are in compliance with all laws. Jovial Foods maintains that it has not knowingly distributed, imported, manufactured, sold, or caused to be distributed, imported, manufactured, or sold the Product in the State of California in violation of Proposition 65. Nothing in this Settlement Agreement shall be construed as an admission by Jovial Foods or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, marketplace hosts, or retailers of any fact, finding, issue of law, or violation of law; and compliance with this Settlement Agreement shall not constitute or be construed as an admission by Jovial Foods or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, marketplace hosts, or retailers of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Jovial Foods. However, this § 1.5 shall not diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement.

1.6 Effective Date. For purposes of this Settlement Agreement, the term “Effective Date” shall mean the date this Agreement is fully executed by the Parties.

1.7 Compliance Date. For purposes of this Settlement Agreement, the term “Compliance Date” shall mean ninety days (90) after the Effective Date.

2. INJUNCTIVE RELIEF: REFORMULATION AND/OR WARNINGS

2.1 Reformulation of Products. Commencing on the Compliance Date, and continuing thereafter, Products that Jovial Foods directly manufactures, imports, sells, offers for sale, or “distributes for sale in California” shall either be: (a) reformulated Products pursuant to § 2.2, below; or (b) labeled with a clear and reasonable exposure warning pursuant to §§ 2.3 - 2.4, below. For purposes of this Settlement Agreement, a “Reformulated Product” is a Product that is in compliance with the standard set forth in § 2.2, below. The warning requirement set forth in §§ 2.3 - 2.4 shall not apply to any Reformulated Product. As used in Section 2, “distributes for sale in California” means to directly ship the Products into the State of California for sale in the State of California or to sell the Products to a distributor Jovial Foods knows will sell Products in the State of California.

2.2 Reformulation Standard. “Reformulated Products” shall mean Products that expose a person to an exposure level of less than 0.5 micrograms of lead per day. For the purpose of this Agreement, the amount of lead a person is exposed to from a Product shall be calculated using the following formula: micrograms of lead per gram of Product, multiplied by grams of Product per serving size of the Product (using the largest serving size appearing on the Product label if there are multiple serving sizes listed), multiplied by servings of the Product per day (using the largest number of servings in a recommended dosage appearing on the label if there are multiple dosages listed), which equates to micrograms of lead exposure per day. If the Product label contains no recommended daily servings, then the number of recommended daily servings shall be one (1).

Nothing in Section 2 of this Settlement Agreement is intended by either Party to set a precedent for the level of lead or other chemicals that are permissible in the Products or any consumer products under Proposition 65.

2.3 Clear and Reasonable Warning. Commencing on the Compliance Date, and continuing thereafter, a clear and reasonable exposure warning as set forth in §§ 2.3 and 2.4 must be provided for all Products that Jovial Foods manufactures, imports, sells, offers for sale, or “distributes for sale in California” that is not a Reformulated Product. There shall be no obligation for Jovial Foods to provide an exposure warning for Products that entered the stream of commerce prior

to the Compliance Date. If required under the terms of this Settlement Agreement, the warning shall consist of one of the warning statement options described in §§ 2.3(a) or (b), respectively:

(a) **Warning:**

WARNING: [or] **CA WARNING:** [or] **CALIFORNIA WARNING:** Consuming this product can expose you to chemicals including lead, which is known to the State of California to cause [cancer and] birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.

(b) **Alternative Warning:** Jovial Foods may, but is not required to, use the alternative short-form warnings as set forth in this § 2.3(b) (“**Alternative Warning**”) as follows:

WARNING: [or] **CA WARNING:** [or] **CALIFORNIA WARNING:** Risk of [cancer and] reproductive harm from exposure to lead. See www.P65Warnings.ca.gov/food.

OR

WARNING: [or] **CA WARNING:** [or] **CALIFORNIA WARNING:** Can expose you to lead, a [carcinogen and] reproductive toxicant— See www.P65Warnings.ca.gov/food.

Jovial shall use the phrase “cancer and” or “carcinogen and” as above in the **Warning** or **Alternative Warning** if the daily lead exposure level is greater than 15 micrograms of lead as determined pursuant to the test methodology identified in § 2.2.

2.4 A **Warning** or **Alternative Warning** provided pursuant to § 2.3 must print the word “**WARNING:**” or “**CA WARNING:**” or “**CALIFORNIA WARNING:**” in all capital letters and in bold font, followed by a colon. If a warning is required under the terms of this Agreement, the **Warning** or **Alternative Warning** shall be affixed to or printed on the Products’ packaging or labeling, or on a placard, shelf tag, sign or electronic device or automatic process only if such electronic device or automatic process provides the **Warning** or **Alternative Warning** without the purchaser having to seek it out, provided that the **Warning** or **Alternative Warning** is displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. A **Warning** or **Alternative Warning** provided via an electronic device or automatic process does not apply to internet purchases, which are subject to the provisions of Section 25602(b). The **Warning** or

Alternative Warning may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Product and shall be at least the same size as those other safety warnings. Where the **Warning** or **Alternative Warning** is provided on the food product label, it must be set off from other surrounding information, and Jovial Foods shall enclose the **Warning** or **Alternative Warning** in a black box and comply with the content requirements specified in Title 27, California Code of Regulations (“CCR”), Section 25607.2. If “consumer information,” as that term is defined in CCR, Section 25600.1(c) as it may be amended from time to time, is provided in a foreign language, Jovial Foods shall provide the **Warning** or **Alternative Warning** in the foreign language in accordance with applicable warning regulations adopted by the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”).

If a **Warning** is required under the terms of this Agreement, in addition to affixing the **Warning** or **Alternative Warning** to the Product’s packaging or labeling, the **Warning** or **Alternative Warning** shall be posted on websites where Jovial Foods directly offers Products for sale to consumers in California. The requirements of this Section shall be satisfied if the **Warning** or **Alternative Warning**, or a clearly marked hyperlink using the word “**WARNING**” or “**CA WARNING**” or “**CALIFORNIA WARNING**” appears on the product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. To comply with this Section, Jovial Foods shall (a) post the **Warning** or **Alternative Warning** on its own website and, if it has the ability to do so, on the websites of its third-party internet sellers; and (b) if it does not have the ability to post the **Warning** or **Alternative Warning** on the websites of its third-party internet sellers, provide such sellers with written notice in accordance with CCR, Section 25600.2, as it may be amended from time to time. Third-party internet sellers of the Products that have been provided with written notice in accordance with Title 27, California Code of Regulations, Section 25600.2 are not released in Section 5 of this Agreement if they fail to meet the warning requirements of this Section.

2.5 Compliance with Warning Regulations. The Parties agree that Jovial Foods shall be deemed to be in compliance with this Settlement Agreement by either adhering to § 2 of this

Settlement Agreement or by complying with warning regulations adopted by the State of California's OEHHA applicable to the Products and the exposure at issue, as they may be amended from time to time.

2.6 Changes in Warning Regulations or Statutes. In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting Proposition 65 warning text and/or methods of transmission applicable to the Products and the chemical at issue, which are different than those set forth above, Jovial shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Settlement Agreement. If regulations or legislation are enacted providing that Proposition 65 warnings as to lead in the Products are no longer required, a lack of warning by Jovial will not thereafter be a breach of this Settlement Agreement.

2.7 Grace Period for Existing Inventory of Covered Products. The injunctive requirements of Section 2 shall not apply to the Products that are already in the stream of commerce as of the Compliance Date, which Products are expressly subject to the releases provided in Section 5.1. For the avoidance of doubt, Products "in the stream of commerce" specifically include, but are not limited to, Products in the process of manufacture.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Jovial Foods shall pay \$500.00 as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to Espinoza. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below

3.1 Civil Penalty. Within thirty (30) business days of the Effective Date, Jovial Foods shall issue two (2) separate checks for the Civil Penalty payment to (a) "OEHHA" in the amount of \$375.00; and to (b) "Gabriel Espinoza" in the amount of \$125.00. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below.

3.2 Payment Procedures.

(a) Issuance of Payments. Payments shall be delivered as follows:

(i) All payments owed to Espinoza, pursuant to § 3.1 shall be delivered to the following payment address:

Evan J. Smith, Esquire
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

(ii) All payments owed to OEHHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

(b) Copy of Payments to OEHHHA. Jovial Foods agrees to provide Espinoza's counsel with a copy of the checks payable to OEHHHA, simultaneous with its penalty payments to Espinoza, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHHA.

(c) Tax Documentation. Jovial Foods agrees to provide a completed IRS 1099 for its payments to, and Espinoza agrees to provide IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) “Gabriel Espinoza” whose address and tax identification number shall be provided within five (5) days after this Settlement Agreement is fully executed by the Parties;

(ii) “Brodsky Smith” (EIN: 23-2971061) at the address provided in Section 3.2(a)(i); and

(iii) “Office of Environmental Health Hazard Assessment” 1001 I Street, Sacramento, CA 95814.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that Espinoza and his counsel offered to reach preliminary agreement on the material terms of this dispute before reaching terms on the amount of fees and costs to be reimbursed to them. The Parties thereafter reached an accord on the compensation due to Espinoza and his counsel under general contract principles and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Under these legal principles, Jovial Foods shall reimburse Espinoza’s counsel for fees and costs incurred as a result of investigating and bringing this matter to the attention of Jovial Foods, and negotiating a settlement in the public interest. Within thirty (30) business days of the Effective Date, Jovial Foods shall issue a check payable to “Brodsky Smith” in the amount of \$10,500.00 for delivery to the address identified in § 3.2(a)(i), above.

5. RELEASE OF ALL CLAIMS

5.1 Release of Jovial Foods and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between Espinoza, acting on his own behalf, and Jovial Foods, of any violation of Proposition 65 that was or could have been asserted by Espinoza or on behalf of his past and current agents, representatives, attorneys, successors, officers, directors, shareholders, employees, agents, parent companies, subsidiaries affiliates, divisions, and/or assigns (collectively “Releasors”) for failure to provide warnings for alleged exposures to lead from use of the Products, and Releasors hereby release any such claims against Jovial Foods and its parents, subsidiaries, affiliated entities, shareholders, cooperative members, licensors, licensees, franchisees,

marketplaces, directors, officers, agents, divisions, employees, attorneys, successors and assignees, and each entity to whom Jovial Foods directly or indirectly distributes or sells the Products, including but not limited to, downstream distributors, wholesalers, marketplace hosts, customers, packagers, retailers, including but not limited to Sprouts, its respective subsidiaries, affiliates and parents, franchisees, cooperative members and licensees (collectively, the “Releasees”), from all claims for violations of Proposition 65 before the Compliance Date based on exposure to lead from use of the Products.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Espinoza, on behalf of himself, and on behalf of Releasors, hereby covenants not to sue and waives any right to institute, participate in, directly or indirectly, any form of legal action and releases all claims that he may have, including without limitation, all actions and causes of action in law and in equity, all obligations, expenses (including without limitation all attorneys’ fees, expert fees, and investigation fees, and costs), damages, losses, liabilities and demands against any of the Releasees of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of the alleged or actual exposure to lead from use of the Products.

5.2 Jovial Foods’ Release of Espinoza. Jovial Foods, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Espinoza, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Espinoza and/or his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to exposure to lead from the Products.

5.3 California Civil Code § 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notices and relating to the Products will develop or be discovered. Espinoza on behalf of himself only, on one hand, and Jovial Foods, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through 60 days after the Effective Date, including all rights of action therefor. The Parties acknowledge that the claims

released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Espinoza and Jovial Foods each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65. The Parties agree that compliance by Jovial Foods with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to lead from use of the Products.

6. PUBLIC BENEFIT

It is the Parties' understanding that the commitments Jovial Foods has agreed to herein, and actions to be taken by Jovial Foods under this Settlement Agreement confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of Jovial Foods that to the extent any other private party serves a notice and/or initiates an action alleging a violation of Proposition 65 with respect to Jovial Foods' alleged failure to provide a warning concerning actual or alleged exposure to lead prior to use of from the Product it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to the Product addressed in this Settlement Agreement, provided that Jovial Foods is in material compliance with this Settlement Agreement.

7. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected but only to the extent the deletion of the provision

deemed unenforceable does not materially affect, or otherwise result in the effect of the Settlement Agreement being contrary to the intent of the Parties in entering into this Settlement Agreement.

8. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the law of the State of California and apply within the State of California.

9. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) first-class (registered or certified mail) return receipt requested; or (ii) overnight or two-day courier on any party by the other party to the following addresses:

For Jovial Foods:

Jennifer K. Singh
Amin Wasserman Gurnani, LLP
230 W. Monroe Street, Suite 1405
Chicago, IL 60606

For Espinoza:

Evan J. Smith
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

Either party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

10. COUNTERPARTS: SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or .pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Espinoza agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

12. **MODIFICATION**

This Settlement Agreement may be modified only by a written agreement of the Parties.

13. **ENTIRE AGREEMENT**

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

14. **AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Party and have read, understood and agree to all of the terms and conditions contained in this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: _____

Date: July 7, 2026

By: _____
Gabriel Espinoza

By: F7 Puzin
Jovial Foods Inc.

12. MODIFICATION

This Settlement Agreement may be modified only by a written agreement of the Parties.

13. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

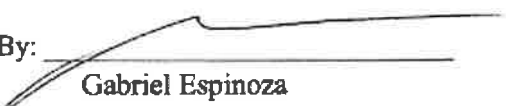
14. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Party and have read, understood and agree to all of the terms and conditions contained in this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 07-07-2026 Date: _____

By:  By: _____
Gabriel Espinoza Jovial Foods Inc.