

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Precila Balabbo ("Balabbo") and Zoup! Specialty Products, LLC ("Zoup"). Balabbo and Zoup are collectively referred to as the "Parties" and individually as a "Party." Balabbo 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. Balabbo alleges that Zoup 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. Balabbo alleges that Zoup 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. Zoup denies all allegations asserted by Balabbo.

1.3 Product Description. The products covered by this Settlement Agreement are *Zoup!* soups, including but not limited to Portabella mushroom bisque, UPC # 855868002181 (the "Products") manufactured, imported, distributed, offered for sale and/or sold in the State of California.

1.4 Notice of Violation. On or about December 29, 2025, Balabbo issued to Sprouts Farmers Market, Inc., SFM, LLC, Sprouts Farmers Markets Holdings, LLC, SF Markets, LLC (collectively, "Sprouts"), Zoup, and various public enforcement agencies a document entitled "Notice of Violation of California Health & Safety Code § 25249.6, et seq." (the "Notice"). The Notice provided Zoup and such others, including public enforcers, with notice that alleges that Zoup violated Proposition 65 by failing to warn California consumers and customers concerning potential exposure to lead. To the best of the Parties' knowledge, no public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission. Zoup denies the material, factual and legal allegations contained in the Notice and maintains that all products it manufactures, sells, sold and /or distributed for sale in the State of California including the Product, have been and are in compliance with all laws. Zoup 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 Zoup 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 Zoup 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 Zoup. 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 fullyexecuted 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 Zoup 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 Zoup 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 this §§ 2.3 and 2.4 must be provided for all Products that Zoup manufactures, imports, sells, offers for sale or "distributes for sale in California" that is not a Reformulated Product. There shall be no obligation for Zoup 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.** The "Warning" shall consist of the statement:

WARNING: [or] **CA WARNING:** [or] **CALIFORNIA WARNING:** Consuming this product can expose you to chemicals including lead, which are 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 Warnings:** Zoup may, but is not required to, use one of 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:** [Cancer and] Reproductive Harm - See www.P65Warnings.ca.gov/food.

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, 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 Zoup 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, Zoup 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 Zoup 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, Zoup 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, and 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 Zoup 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, Zoup 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 Zoup 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, Zoup shall pay \$1,000.00 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 Balabbo. 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, Zoup shall issue two (2) separate checks for the Civil Penalty payment to (a) “OEHHA” in the amount of \$750.00; and to (b) “Precila Balabbo” in the amount of \$250.00. 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 Balabbo, 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 OEHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHA (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 OEHHA.** Zoup agrees to provide Balabbo's counsel with a copy of the checks payable to OEHHA, simultaneous with its penalty payments to Balabbo, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA.

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

(i) "Precila Balabbo" 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 Balabbo and her 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 Balabbo and her 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, Zoup shall reimburse Balabbo's counsel \$19,000.00 for fees and costs incurred as a result of investigating and bringing this matter to the attention of Zoup, and negotiating a settlement in the public interest.

Payment pursuant to this Section is as follows: Within ten (10) days of the Effective Date, Zoup shall issue two (2) settlement checks payable to "Brodsky Smith" for delivery to the address

identified in § 3.2(a)(i), above. Each settlement check shall be dated for deposit on the 15th of each month beginning with September 15, 2026. The September 15, 2026 settlement check shall be in the amount of \$9,000.00. The final settlement check of \$10,000.00 shall be dated for deposit on October 15, 2026. Total payment pursuant to this Section shall equal \$19,000.00.

5. **RELEASE OF ALL CLAIMS**

5.1 Release of Zoup and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between Balabbo, acting on her own behalf, and Zoup, of any violation of Proposition 65 that was or could have been asserted by Balabbo or on behalf of her past and current agents, representatives, attorneys, successors, officers, directors, shareholders, employees, agents, parent companies, subsidiaries affiliates, divisions and/or assigns (collectively "Releasers") for failure to provide warnings for alleged exposures to lead from use of the Products, and Releasers hereby release any such claims against Zoup and its parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, divisions, employees, attorneys, successors and assignees, and each entity to whom Zoup directly or indirectly distributes or sells the Products, including but not limited to, downstream distributors, wholesalers, customers, retailers, packagers, marketplace hosts, franchisees, cooperative members, licensors, and licensees, 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 Product.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Balabbo, on behalf of herself, and on behalf of Releasers, 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 she 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 Zoup's Release of Balabbo. Zoup, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Balabbo, her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Balabbo and/or her 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 Product.

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 Notice and relating to the Products will develop or be discovered. Balabbo on behalf of herself only, on one hand, and Zoup, 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 HER OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HER OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Balabbo and Zoup 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 Zoup 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 Zoup's understanding that the commitments it has agreed to herein, and actions to be taken by Zoup 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 Zoup 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 Zoup's 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 Zoup 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.

7. **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.

8. **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 Zoup:

Eric Ersher
Zoup! Specialty Products, LLC
30600 Northwestern Hwy., Ste. 403
Farmington Hills, MI 48334

With copy to:

Jennifer K. Singh
Amin Wasserman Gurnani, LLP
515 South Flower Street, 18th Floor
Los Angeles, CA 90071
jsingh@awglaw.com

For Balabbo:

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.

9. 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.

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

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

11. MODIFICATION

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

12. 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.

13. 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.

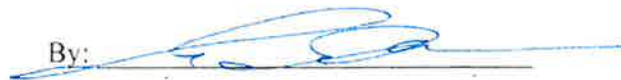
AGREED TO:

AGREED TO:

Date: _____

Date: 8/25/2026

By: _____
Precila Balabbo

By: 
Zoup! Specialty Products, LLC

13. 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: 8 | 25 | 26

Date: _____

By: 
Precila Balabbo

By: _____
Zoup! Specialty Products, LLC