SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Gabriel Espinoza ("Espinoza") and Fashion City International Corp. ("Fashion City"). Together, Espinoza and Fashion City are collectively referred to 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 Fashion City 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 Fashion City has exposed individuals to lead from its sales of *Kuma Bear*® salted egg shrimp chips, UPC # 4711664090097 without first providing users and consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to 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.

1.3 Product Description. The products covered by this Settlement Agreement are *Kuma Bear*® salted egg shrimp chips, UPC # 4711664090097 and # 4711664090103 (collectively, the "Products") that have been imported, distributed, offered for sale and/or sold in California by Fashion City that expose consumers to lead.

1.4 Notice of Violation. On February 27, 2026, Espinoza served The TJX Companies, Inc., The TJX Companies, Inc. dba HomeGoods, HomeGoods, LLC (collectively "HomeGoods"), Fashion City International Corp., JDR International Inc., and various public enforcement agencies with a document entitled "Notice of Violation of California Health & Safety Code § 25249.6, et seq." (the "Notice"). The Notice provided Fashion City, and such others, including public enforcers, with notice that alleged that Fashion City was in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers and customers that use of the Products will expose them to lead. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission. Fashion City denies the material factual and legal allegations contained in the Notice and maintains that, to the best of its knowledge, all products that are or have been sold and distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Fashion City of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Fashion City of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Fashion City. However, this § 1.5 shall not diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement. Notwithstanding the allegations in the Notice, Fashion City maintains that it has not knowingly manufactured, or caused to be manufactured, the Products for sale in California in violation of Proposition 65.

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

2. INJUNCTIVE RELIEF: REFORMULATION AND/OR WARNINGS

2.1 Reformulation of Products. Commencing within sixty (60) days after the Effective Date, and continuing thereafter, Products thatFashion City directly manufactures, imports, distributes, sells, or offers 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.

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), multiplied by servings of the Product per day (using the largest number of servings in a recommended dosage

appearing on the label), 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).

2.3 Clear and Reasonable Warning. Commencing within 60 days after the Effective Date, and continuing thereafter during those times in which Fashion City is a "person in the course of doing business" as that term is defined in Health & Saf. Code § 25249.11, a clear and reasonable exposure warning as set forth in this §§ 2.3 and 2.4 must be provided for all Products that Fashion City manufacturers, imports, distributes, sells, or offers for sale in California that is not a Reformulated Product. There shall be no obligation for Fashion City to provide an exposure warning for Products that entered the stream of commerce within 60 days after the Effective Date. The warning shall consist of either the **Warning** or **Alternative Warning** described in §§ 2.3(a) or (b) below, respectively, or as provided in Title 27, California Code of Regulations, Section 25603:

(a) **Warning**. The "Warning" shall consist of the statement:

> **CA 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**: Fashion City may, but is not required to, use the alternative short-form warning as set forth in this § 2.3(b) ("**Alternative Warning**") as follows:

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

2.4 A **Warning** or **Alternative Warning** provided pursuant to § 2.3 must print the word "**WARNING:**" in all capital letters and in bold font, followed by a colon. 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 California Code of Regulations, Title 27, 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, andFashion City shall enclose the **Warning** or **Alternative** Warning in a black box and comply with the content requirements specified in Section 25607.2. If "consumer information," as that term is defined in Title 27, California Code of Regulations, Section 25600.1(c) as it may be amended from time to time, is provided in a foreign language, Fashion City 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").

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 whereFashion City offers Products for sale directly to consumers in California. The requirements of this Section 2.4 shall be satisfied if the **Warning** or **Alternative Warning**, or a clearly marked hyperlink using the word "**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 2.4, Fashion City 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 Title 27, California Code of Regulations, Section 25600.2. Third-party internet sellers of the Product 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 Settlement Agreement if they fail to meet the warning requirements of this Section.

2.5 Compliance with Warning Regulations. The Parties agree that Fashion City 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.

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

In settlement of all the claims referred to in this Settlement Agreement, Fashion City 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 fifteen (15) business days of the Effective Date, and provided that Espinoza has timely provided completed IRS Forms W-9 for each payee identified in Section 3.2(c), Fashion City 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 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. Fashion City agrees to provide Espinoza's counsel, simultaneous with its penalty payment to Espinoza, a copy of the check payable to OEHHA to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA.

(c) Tax Documentation. Fashion City agrees to provide a completed IRS 1099 for its payments to, and Espinoza agrees to provide within five (5) days after this Settlement Agreement is fully executed by the Parties IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) "Gabriel Espinoza"; ;

(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.

(d) Tax Responsibility. Espinoza acknowledges and agrees that he shall be solely responsible for all federal, state, and local tax consequences of the Payments under Sections 3 and 4 of this Settlement Agreement, including any interest, penalties, or additional amounts, that may be imposed. Espinoza shall indemnify, defend, and hold harmless Fashion City and Releasees (defined below) from any and all claims and liabilities, or obligations related to any tax treatment and liabilities relating to the Payments herein.

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, Fashion City shall reimburse Espinoza's counsel for reasonable fees and costs incurred as a result of investigating and bringing this matter to the attention of Fashion City, and negotiating a settlement in the public interest. Within fifteen (15) business days of the Effective Date, Fashion City shall issue a check payable to "Brodsky Smith" in the amount of $14,000.00 for delivery to the address identified in § 3.2(a)(i), above. Except as expressly set forth in this Seciton 4, Espinoza acknowledges and agrees he is solely responsible for any fees and costs he has incurred including, but not limited to, fees for attorneys, consultants, and expert witnesses and that none of the Releasees (defined below) are responsible for the payment of any fees incurred on behalf of Espinoza.

5. RELEASE OF ALL CLAIMS

5.1 Release of Fashion City and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between Espinoza, acting on his own behalf and that of the other Releasors, and Fashion City, 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, and/or assigns (collectively with Espinoza, the "Releasors") for failure to provide warnings for alleged exposures to lead from use of the Products, and Releasors hereby release any and all claims and disputes against: (a) Fashion City and its parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, successors and assignees (collectively with Fashion City, the "Fashion City Parties"); and (b) each entity to or from whom Fashion City directly or indirectly distributes, purchases, or sells the Products, including but not limited to, downstream distributors, wholesalers, customers, retailers, including but not limited to JDR International Corporation, The TJX Companies, Inc., and HomeGoods, and each of their respective subsidiaries, affiliates and parents, franchisees, cooperative members and licensees (collectively with the Fashion City Parties, the "Releasees"), from any and all claims, actions, demands, causes of action,

obligations, expenses (including without limitation all attorneys' fees, expert fees, and investigation fees, and costs), penalties, damages, losses, liabilities, and demands of any nature, character, or kind (collectively, "Claims"), whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, in any way related to or arising out of (i) violations of Proposition 65 before the Effective Date or within 60 days after the Effective Date based on exposure to lead from use of the Products, or any of them, and/or (ii) the Notice.

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, his past and current agents, representatives, attorneys, successors and/or assignees, 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 Fashion City's Release of Espinoza. Fashion City, 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 Notice and relating to the Products will develop or be discovered. Espinoza on behalf of himself only, on one hand, and Fashion City, on the other hand, acknowledge that this Settlement 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 Fashion City 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 Fashion City with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to lead from use of the Products.

5.5 Representations. As a material inducement for Fashion City to enter into this Settlement Agreement, Espinoza represents and warrants to Fashion City and all other Releasees that as of the Effective Date: (a) Espinoza has not assigned or transferred or purported to assign or transfer to any person or entity all or any part of or any interest in any Claim released by this Settlement Agreement; (b) other than as described in the Notice, Espinoza is not aware of any other Claim he or any other Releasors may have against the Releasees, or any of them; and (c) Espinoza has not filed, and will not file, any Claims, complaints, charges, demands, or actiosn of any kind against Fashion City or any other Releasees. Espinoza agrees to indemnify and hold Releasees, and each of them, harmless from any Claim arising from or relating to any person asserting any such assignment or transfer or in the event any representation or warranty in this Settlement Agreement is untrue in any respect. This indemnity shall not require payment as a condition precedent to recovery by the Relasees against Espinoza under this indemnity. Espinoza agrees that if he hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon or relating to any of the Claims released by this Settlement Agreement, or in any manner asserts against the Releasees, or any of them, any of the Claims released by this Settlement Agreement, then Espinoza shall pay to the Releasees,

and each of them, in addition to any other damages caused thereby, all attorney fees incurred by the Releasees or any of them in defending or otherwise responding to said suit or Claim.

6. 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. In the event that Proposition 65 is repealed or is otherwise rendered in applicable or limited by reason of law generally, or as to the Products, Fashion City shall have no further obligations pursuant to this Settlement Agremeent with respect to, and to the extent that, a Product is so affected.

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 Fashion City:

Matthew C. Vargas
Chang & Coté, LLP
17700 Castleton Street, Suite 238
City of Industry, CA 91748

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.

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)

Espinoza 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 amendment signed by 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. The headings used in this Agreement have been inserted for identification and reference purposes and shall not be used in the construction or interpretation of this Agreement.

13. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.

AGREED TO:	**AGREED TO:**
Date:_____	Date: 10/9/2026
By: _____	By: Yung L Hu
Gabriel Espinoza	Fashion City International Corp.

FS: _____

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)

Espinoza 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 amendment signed by 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. The headings used in this Agreement have been inserted for identification and reference purposes and shall not be used in the construction or interpretation of this Agreement.

13. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.

AGREED TO:

Date: 10 / 12 / 26

By: _____
Gabriel Espinoza

AGREED TO:

Date: _____

By: _____
Fashion City International Corp.