

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“**Agreement**”) is entered into by and Blue Sky Forever (“**BSF**”) on the one hand and Hatashita Enterprises LLC (“**Hatashita**”) on the other hand, with BSF and Hatashita each individually referred to as a “**Party**” and, collectively, the “**Parties**”. BSF is a California-based non-profit organization proceeding in the public interest pursuant to California Health & Safety Code § 25249.7(d) to ensure that chemicals known to the State of California to cause cancer, birth defects or other reproductive harm are disclosed in or eliminated from consumer products sold in California. Hatashita is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

1.2 Product Description

BSF alleges that Hatashita manufactures, imports, sells, and distributes for sale in California both vinyl banners containing di(2-ethylhexyl)phthalate (“**DEHP**”) including, but not limited to, *Fuji Jiu Jitsu Banner Item: Banner FJJ*, and hand wraps with vinyl components containing DEHP including, but not limited to, *Fuji Combat Division, SKU: #3151-180”, UPC: 810075298840*, without providing the health hazard warning that BSF alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“**Proposition 65**”). Vinyl banners and hand wraps with vinyl components are referred to hereinafter as the “**Products**”. DEHP 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 Notices of Violation

On December 19, 2025, BSF served Hatashita, the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging Hatashita violated Proposition 65 by failing to warn its customers and consumers in California that its vinyl banners can expose users to DEHP. On April 22, 2026, BSF served Hatashita, the California Attorney General, and the requisite public enforcement agencies with a Supplemental

60-Day Notice of Violation (“**Supplemental Notice**”), alleging Hatashita violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to DEHP. The Notice and Supplemental Notice are collectively referred to herein as the “**Notices**”. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notices.

1.4 No Admission

Hatashita denies the factual and legal allegations contained in the Notices and maintains that all products it has sold or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Agreement shall constitute or be construed as, nor shall compliance with this Agreement constitute or be construed as, an admission by Hatashita of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Hatashita’s obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

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

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Commitment to Reformulate

Commencing on the Effective Date and continuing thereafter, all Products Hatashita manufactures, imports, sells, ships, or distributes for sale in or into California, directly or through one or more third party retailers or e-commerce marketplaces, shall meet the Reformulation Standard for Reformulated Products, as defined by Section 2.2.

2.2 Reformulation Standard

For purposes of this Agreement, “**Reformulated Products**” are defined as Products which, if they contain DEHP, contain such chemical in a maximum concentration of less than 0.1 percent (1,000 parts per million) when analyzed by a laboratory certified or accredited by the State of California, the United States Food and Drug Administration/Environmental

Protection Agency, the National Environmental Laboratory Accreditation Program, or a member accreditation body of the International Laboratory Accreditation Cooperation (“ILAC”). For purposes of compliance with this reformulation standard, testing samples shall be prepared and extracted using Consumer Product Safety Commission (“CPSC”) methodology CPSC-CH-C1001.09.3 and analyzed using U.S. Environmental Protection Agency methodology 8270D, or other methodologies utilized by federal or state government agencies to determine phthalate content in a solid substance.

2.3 Product Warnings

Commencing on or before the Effective Date, for all Products manufactured, imported, or packaged prior to the Effective Date, that are not Reformulated Products, sold or offered for sale to consumers in California, Hatashita shall provide clear and reasonable warnings to customers in California in accordance with this Section pursuant to Title 27 California Code of Regulations § 25600, et seq. Each warning shall be prominently placed 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 before purchase or use and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies.

2.3.1 Warnings

Option 1: ⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: This product can expose you to chemicals including di(2-ethylhexyl)phthalate (DEHP), 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.

Option 2: ⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: Risk of cancer or reproductive harm from exposure to di(2-ethylhexyl)phthalate (DEHP). See www.P65Warnings.ca.gov.

Option 3: ⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: Can expose you to di(2-ethylhexyl)phthalate (DEHP), a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov.

Option 4—for Covered Products manufactured and labeled prior to January 1, 2028:

⚠WARNING: Cancer and Reproductive Harm - www.P65Warnings.ca.gov.

2.3.2 Foreign Language Requirement. Where a consumer product sign, label or shelf tag used to provide a warning includes consumer information in language(s) other than English, the warning must also be provided in the other language(s) in addition to English.

2.3.3 On-Product Warnings. Hatashita shall affix a warning to the Product label or otherwise directly on Products provided for sale to consumers located in California and to customers with retail outlets in California, nationwide distribution, or e-commerce platforms. For the purpose of this agreement, “Product label” means a display of written, printed, or graphic material printed on or affixed to each of the Products or its immediate container or wrapper. A warnings in Section 2.3.1 must print the word “**WARNING:**” in all capital letters and in bold font. The warning symbol to the left of the word “**WARNING:**” must be a black exclamation point in a yellow equilateral triangle with a black outline, except if the labeling does not use the color yellow, the symbol may be in black and white. The entire warning shall be set off from other surrounding information, enclosed in a box and appear in at least 6-point type but no smaller than the largest type size used for other consumer information on the Products.

2.3.4 Internet Warnings. Hatashita shall provide warnings for each Product both on the Product label in accordance with Section 2.3.3, and by prominently displaying the warning, or requiring the warning to be prominently displayed on affiliated websites, third party websites or by retail customers, to consumers in California during the purchase of the Products without requiring customers to seek out the warning. The warning or a clearly marked hyperlink to the warning using the word “**WARNING**” given in conjunction with the sale of the Products via the internet shall appear either: (a) on the same web page the Products are displayed; (b) on the same web page as the virtual cart displaying the Products; (c) on the same page as the price for the Products; or (d) on one or more web pages displayed to a purchaser during the checkout process. The warning shall appear adjacent to or immediately following the display, description, or price of the Products for which it is given in the same type size or larger than other consumer information provided for the Products. If Hatashita sells, ships, or distributes Products to third-party retailers or e-commerce marketplaces, then Hatashita will advise each of them of the

internet Warning requirements under this Agreement as a condition of sale of the Products. If the On Product Warning is one of the warning statements set forth in Options 2-4 in Section 2.3.1, then the Internet Warning may use the corresponding warning statement.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty

Pursuant to Health and Safety Code § 25249.7(b), Hatashita agrees to pay a civil penalty of \$1,000 within ten (10) business days of the Effective Date. Hatashita's civil penalty payment will be allocated according to Health and Safety Code §§ 25249.12(c)(1) and (d), with seventy-five percent (75%) of the penalty paid to the California Office of Environmental Health Hazard Assessment ("OEHHA"), and the remaining twenty-five percent (25%) retained by BSF. Hatashita shall issue its payment in two checks made payable to: (a) "OEHHA" in the amount of \$750; and (b) "Seven Hills LLP in Trust for BSF" in the amount of \$250. BSF's counsel shall deliver to OEHHA and BSF their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys' Fees and Costs

BSF and its counsel offered to resolve the allegations in the Notice without reaching terms on the amount of reimbursement of attorneys' fees and costs. Shortly after the Parties finalized the other material settlement terms, they negotiated and reached an accord on the amount of reimbursement to be paid to BSF's counsel, under general contract principles and the private attorney general doctrine, codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution and reporting of this Agreement to the Office of the California Attorney General. Within ten (10) business days of the Effective Date, Hatashita agrees to issue a check in the amount of \$16,000 payable to "Seven Hills LLP" for all fees and costs incurred investigating, bringing this matter to Hatashita's attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General pursuant to Section 9.

3.3 Payments

All payments payable and due under this Agreement shall be delivered to BSF's counsel at following address:

Seven Hills LLP
1 Embarcadero Center, Suite 1200
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 BSF's Release of Hatashita

This Agreement is a full, final and binding resolution between BSF, as an individual and *not* on behalf of the public, and Hatashita, of any violation of Proposition 65 that was or could have been asserted by BSF on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against Hatashita and each entity to whom Hatashita directly or indirectly distributes or sells Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), based on their failure to warn under Proposition 65 about alleged exposures to DEHP contained in the Products that were sold in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, BSF as an individual and *not* on behalf of the public, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of BSF's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that BSF may have, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses including, but not exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to DEHP in the Products sold before the Effective Date (collectively, "**Claims**"), against Hatashita and Releasees.

The Parties further understand and agree that this Section 4.1 release shall neither extend (a) upstream to any entities that manufactured the Products or any component parts thereof, or

any distributors or suppliers who sold the Products or any component parts thereof to Hatashita, nor (b) to Releasees who have been instructed by Hatashita pursuant to Sections 2.3.4 or Section 2.4 to provide a warning on Products that are not Reformulated Products and have failed to do so. Nothing in this Section affects BSF's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Hatashita's Products.

4.2 Hatashita's Release of BSF

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

5. SEVERABILITY

If, subsequent to the execution of this Agreement, any provision of this Agreement is deemed by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

6. GOVERNING LAW

The terms of this Agreement shall be governed by the laws of the State of California and apply within California. Nothing in this Agreement shall be interpreted to relieve Hatashita from its obligation to comply with any pertinent state or federal law or regulation.

7. NOTICE

Unless specified herein, all correspondence and notice required by this Agreement shall be in writing and sent by: (i) first-class registered or certified mail, return receipt requested; or (ii) a recognized overnight courier to any Party by the other at the following addresses:

For Hatashita:

Michael J. Gleason
Hahn Loeser & Parks
One America Plaza
600 West Broadway, Suite 1500

For BSF:

Laralei Paras, Partner
Seven Hills LLP
1 Embarcadero Center, Suite 1200
San Francisco, CA 94111

San Diego, CA 92101

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

8. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES

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

9. COMPLIANCE WITH REPORTING REQUIREMENTS

BSF and its counsel agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

10. ENTIRE AGREEMENT

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

11. MODIFICATION

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

12. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agreed to all of the terms and conditions of this Agreement.

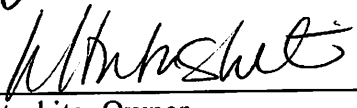
AGREED TO:

Date: 07/22/2026

By: 
Anthony Nguyen, CEO
Blue Sky Forever

AGREED TO:

Date: July 21/26

By: 
Lia Hatashita, Owner
Hatashita Enterprises LLC