CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between named Plaintiffs MIGUEL ARROYO SOTO and WILMER ZELAYA (collectively, "Plaintiffs"), on behalf of themselves and the putative Class and PAGA Members, and Defendant MACROCONS, INC. ("Defendant"). Plaintiffs and Defendant will at times be referred to collectively as the "Parties" and may individually be referred to as a "Party."

RECITALS

WHEREAS, Plaintiffs contend that they were employed by Defendant during the alleged "Class Period," defined as between September 9, 2017 and the date the Court in the Action grants Preliminary Approval of this settlement;

WHEREAS, Plaintiffs further contend that they were employed by Defendant during the alleged "PAGA Period," defined as between September 9, 2020 and the date the Court in the Action grants Preliminary Approval of this settlement;

WHEREAS, on or about September 8, 2020, Plaintiff Soto gave written notice to the California Labor and Workforce Development Agency ("LWDA") of his intent to assert claims against Defendant for Violation of the Private Attorneys General Act ("Soto PAGA Notice");

WHEREAS, on September 9, 2021, Plaintiff Soto filed a Class Action Complaint in Los Angeles Superior Court, Case Number 21STCV33241, entitled *Miguel Arroyo Soto v. Macrocons, Inc.*, asserting the following causes of action on a class action basis against Defendant: (1) Failure to Pay Minimum Wage and Overtime Wages, (2) Failure to Provide Accurate Wage Statements, (3) Failure to Pay Wages Upon Ending Employment, and (4) Unfair Competition ("Soto Class Action");

WHEREAS, on March 14, 2022, Plaintiff Zelaya filed a Class Action Complaint in Los Angeles Superior Court, Case Number 22STCV08972, entitled *Wilmer Zelaya v. Macrocons, Inc.*, asserting the following causes of action on a class action basis against Defendant: (1) Failure to Pay All Wages, (2) Failure to Provide Meal Periods or Compensation in Lieu of, (3) Failure to Provide Rest Breaks or Compensation in Lieu of, (4) Failure to Provide Accurate Itemized Wage Statements, (5) Waiting Time Penalties, (6) Violations of the Unfair Competition Law, and (7) Failure to Reimburse Business Expenses ("Zelaya Class Action");

WHEREAS, on or about April 13, 2022, Plaintiff Zelaya gave written notice to the California Labor and Workforce Development Agency ("LWDA") of his intent to assert claims against Defendant for Violation of the Private Attorneys General Act ("Zelaya PAGA Notice");

WHEREAS, on August 17, 2022, Plaintiffs filed a Consolidated Class Action Complaint in Los Angeles Superior Court, Lead Case Number 21STCV33241, entitled *Miguel Arroyo Soto, et al. v. Macrocons, Inc.*, asserting the following causes of action on a class action and Private Attorneys General Act ("PAGA") basis against Defendant: (1) Failure to Pay All Wages, (2) Failure to Pay Minimum and Overtime Wages, (3) Failure to Provide Meal Periods or Compensation in Lieu of, (4) Failure to Provide Rest Breaks or Compensation in Lieu of, (5) Failure to Provide Accurate Wage Statements, (6) Failure to Pay Wages Upon Ending Employment, (7) Failure to Reimburse Business Expenses, (8) Unfair Competition, and (9) Violation of Labor Code §2698, *et seq.* ("Consolidated Action");

WHEREAS, despite the fact that Defendant denies the validity of Plaintiffs' claims in the Soto PAGA Notice, the Soto Class Action, the Zelaya Class Action, the Zelaya PAGA Notice, and the Consolidated Action (collectively, the "Action"), the Parties want to resolve and settle the dispute that has arisen between them;

NOW, THEREFORE, in consideration of the promises in this Agreement, the Parties agree as follows:

AGREEMENT

1. No Admission of Liability. It is understood and agreed by Plaintiffs that this Agreement represents a compromise and settlement for various matters and that the promises and payments and consideration of this Agreement shall not be construed to be an admission of any liability by Released Parties. Plaintiffs further agree that this Agreement cannot be used as evidence, nor can it be referred to or relied upon, in any arbitration, administrative, court, or legal proceeding (other than to seek preliminary and final court approval of this Agreement, enforce the terms of this Agreement or as required by a valid court order). Defendant disclaims and denies any liability, obligation, or responsibility to Plaintiffs whatsoever.

2. Gross Settlement Payment. In consideration for the releases as described in Paragraphs 3 and 4, and subject to court approval of this Agreement, Defendant agrees to pay the amount of One Million Two Hundred Fifty Thousand Dollars and Zero Cents ($1,250,000.00) (the "Settlement Sum") subject to the following terms and conditions:

a. The Parties agree that of the Settlement Sum, Ten Thousand Dollars and Zero Cents ($10,000.00) will be payable to each Plaintiff as an enhancement award, in addition to any amount they may be entitled to under the distribution formula as identified in Paragraph 6, for their time, effort, expense, and risks associated with being the named representative, a broader general waiver of their rights, and participating in the Action as a class representative. This payment will be reported as 1099 income from which no deductions will be made. Defendant will not oppose Plaintiffs' application for such an enhancement award so long as it is consistent with the amount described herein. This amount shall come from, and shall not be in addition to, the Settlement Sum. Plaintiffs acknowledge their responsibility to pay any and all taxes related to the enhancement award, as set forth in Paragraph 2.f below. Should the Court approve less than the amount provided for in this Paragraph, said reduced approval amount shall not be cause to invalidate the Agreement;

b. The Parties agree that up to Twelve Thousand Dollars and Zero Cents ($12,000.00) of the Settlement Sum shall be used to pay the settlement administration fees of a third-party administrator. The costs of the Administrator shall be paid from, and shall not be in addition to, the Settlement Sum. Should the Court approve less than the amount provided for in this Paragraph, said reduced approval amount shall not be cause to invalidate the Agreement;

c. The Parties agree that up to Thirty Thousand Dollars and Zero Cents ($30,000.00) of the Settlement Sum shall be allocated to Plaintiffs' claims under the Private Attorneys General Act ("PAGA") and will be distributed as required by that statute. Specifically, seventy-five percent (75%) of the PAGA allocation (i.e. $22,500) will be distributed to the LWDA and twenty-five percent (25%) of the PAGA allocation (i.e. $7,500) will be distributed to the PAGA Members. These amounts shall come from, and shall not be in addition to, the Settlement Sum. Should the Court approve less than the amount provided for in this Paragraph, said reduced approval amount shall not be cause to invalidate the Agreement;

d. The Parties agree that up to one third (1/3) of the Settlement Sum (i.e. $416,666.67) will be allocated to the payment of the attorneys' fees incurred by Plaintiffs in the Action. Defendant will not oppose any request for attorneys' fees so long as it does not exceed this threshold. This amount shall come from, and shall not be in addition to, the Settlement Sum. Should the Court approve less than the amount provided for in this Paragraph, said reduced approval amount shall not be cause to invalidate the Agreement;

e. Plaintiffs shall also be entitled to reimbursement for all litigation costs they actually incurred in the Action, in an amount not to exceed Thirty Thousand Dollars and Zero Cents ($30,000.00). This amount shall come from, and shall not be in addition to, the Settlement Sum. Should the Court approve less than the amount provided for in this Paragraph, said reduced approval amount shall not be cause to invalidate the Agreement;

f. The Parties agree that the employees' share of any payroll taxes associated with any payments made to the Class Members under this Agreement shall come from the Settlement Sum, and shall not be in addition to the Settlement Sum. Furthermore, Plaintiffs and the Class Members shall be responsible for any and all tax obligations, other than the employer's share of any payroll taxes, that are associated with any payments they receive as part of the Settlement Sum;

g. The Parties agree that the employer's share of any payroll taxes associated with any payments made to the Class Members under this Agreement shall be paid by Defendant separately from the Settlement Sum, and shall not be deducted from the Settlement Sum.

h. There shall be a Net Settlement Sum that is distributed to the Class Members in accordance with the allocations set forth in Paragraph 6 below. The Net Settlement Sum shall consist of the Settlement Sum less the amounts identified in Paragraph 2.a. through 2.f., above (i.e. enhancement award, costs of administration, PAGA allocation, attorneys' fees, costs, and employees' share of payroll taxes). All Class Members will receive a portion of the Net Settlement Sum on a pro rata basis based on the number of workweeks they worked during the Class Period, unless the Class Member submits a valid request for exclusion. Specifically, the final settlement payments will be determined by the Administrator by taking the number of workweeks each individual participating Class Member worked during the Class Period and dividing that by the total number of workweeks the participating Class Members worked as a whole during the Class Period, and multiplying that fraction by the Net Settlement Sum;

i. The PAGA Members' share of the PAGA allocation shall be divided among them on a pro rata basis based on the number of workweeks they worked during the PAGA Period. Specifically, the amount each PAGA Member is entitled to receive will be determined by the Administrator by taking the number of workweeks each individual PAGA Member worked during the PAGA Period and dividing that by the total number of workweeks the PAGA Members worked as a whole during the PAGA Period, and multiplying that fraction by the PAGA Members' share of the PAGA allocation; and

j. Within thirty (30) calendar days after the Court grants Final Approval of this Agreement, Defendant shall deposit the Settlement Sum and the employer's share of any payroll taxes into a QSF account established by the Administrator. For purposes of counting the deadline established by this section, court approval may be by way of minute order, order from the bench, or by signed final approval order, whichever is earlier.

3. Release. In exchange for the mutual promises and consideration set forth in this Agreement, the sufficiency of which is hereby acknowledged by the Parties, a release of liability is understood and agreed to as follows:

a. "Released Parties" as referenced herein and as released in the Agreement shall collectively mean Defendant, and its former, current, and future parent companies, subsidiaries, affiliates, shareholders, members, agents (including, without limitation, any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns

b. Plaintiffs Miguel Arroyo Soto and Wilmer Zelaya, on behalf of themselves and their heirs, successors, assigns, attorneys and agents, hereby release and forever discharge the Released Parties from any and all claims, demands, debts, duties, obligations, promises, liabilities, damages, accounts, payments, liens acts, costs, expenses, sums of money, suits, dues, actions or causes of action, both in law and in equity, whether known or unknown, matured or unmatured, suspected or unsuspected, which they ever had or now have with regard to any claims made, or which could have been made, in the Action including, but not limited to, any claims for failure to pay wages, failure to pay minimum wages, failure to pay overtime wages, failure to pay straight time wages, failure to pay meal period wages, failure to pay rest period wages, failure to provide rest breaks, failure to provide meal periods, failure to provide accurate wage statements, failure to pay wages upon separation, failure to pay vacation wages upon separation, unfair competition, violations of the California Private Attorneys General Act, violations of the California Industrial Welfare Commission's ("IWC's") Wage Orders, violations of California Labor Code §§ 201, 202, 203, 204, 206, 210, 218.6, 226, 226.7, 246, et seq., 351, 510, 512, 558, 1174, 1194, 1194.2, 1197, 1198, 2698, et seq., 2699, 2800, 2802, California Business and Professions Code §§ 17200, et seq., and all claims for costs, attorney's fees, civil penalties, statutory penalties, premium pay, and liquidated damages related thereto.

c. As a condition of participating in this settlement, any Class Members who fail to timely submit a request to be excluded from the proposed settlement hereby release and forever discharge the Released Parties from any and all claims asserted or which could have been asserted in the Action based on the facts alleged including, but not limited to, any claims for failure to pay minimum wage, failure to pay overtime wages, failure to provide meal periods, failure to provide rest breaks, failure to provide accurate wage statements, failure to pay wages at separation, or unfair competition based on events occurring during the Class Period, violations of the California Industrial Welfare Commission's ("IWC's") Wage Orders, violations of California Labor Code §§201, 202, 203, 218.6, 226, 226.3, 226.7, 256, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1198, 2802, California Business and Professions Code §§ 17200, et seq., and all claims for costs, attorney's fees, civil penalties, statutory penalties, premium pay, and liquidated damages related thereto. This release shall not extend to any claims outside of the Class Period.

d. As a condition of participating in this settlement, all PAGA Members hereby release and forever discharge the Released Parties from any and all claims under PAGA that were asserted or which could have been asserted in the Action based on the facts alleged in the Soto PAGA Notice and/or the Zelaya PAGA Notice including, but not limited to, claims under PAGA arising from any alleged failure to pay minimum wage, failure to pay overtime wages, failure to provide meal periods, failure to provide rest breaks, failure to provide accurate wage statements, failure to pay wages at separation, or unfair competition based on events occurring during the Class Period violations of the California Industrial Welfare Commission's ("IWC's") Wage Orders, violations of California Labor Code §§201, 202, 203, 218.6, 226, 226.3, 226.7, , 510, 512, 558, 1174, 1174.5, 1194, 1197, 1198, and 2802, and all claims for costs, attorney's fees, and civil penalties related thereto. This release shall not extend to any claims outside of the PAGA Period. The PAGA Members shall not have the right to opt-out of this release.

4. California Civil Code Section 1542. Plaintiffs hereby agree to waive all rights that they might possess under Section 1542 of the Civil Code of the State of California related to any claims they may have against any of the Released Parties. Section 1542 has been explained to Plaintiffs by their counsel and provides 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.**

5. Motion for Preliminary Approval of Class Action Settlement. Plaintiffs and Plaintiffs' counsel shall file a motion seeking preliminary approval of this Agreement promptly after this Agreement is fully executed by the Parties. Defendant agrees to cooperate with Plaintiffs in these efforts so that the motion seeking preliminary approval is filed in a timely manner.

6. Administrator and Distribution Method. The Parties agree to use Phoenix Settlement Administrators to administer this settlement (the "Administrator"). The Administrator will issue Class Members a form W-2 for all amounts paid as wages under the Settlement, shall issue Class Members and PAGA Members a Form 1099 for all amounts paid as penalties or interest under the Settlement, and shall make all deductions and withholdings required by law from any settlement payments. In addition, subject to court approval, the timelines and methods for the administration of this Agreement shall be as follows:

a. For purposes of this Agreement, "Class Members" are defined as: "all non-exempt hourly employees employed by Defendant in the State of California during the Class Period."

b. For purposes of this Agreement, "PAGA Members" are defined as: "all non-exempt hourly employees employed by Defendant in the State of California during the PAGA Period."

c. All participating Class Members will receive a portion of the Net Settlement Sum on a pro rata basis based on a reasonable estimate of the total number of workweeks worked by all members of the Settlement Class during the applicable period. The Administrator shall mail and distribute to all Class Members a notice of this settlement, in English and Spanish, informing them of the basic information regarding its terms, how to submit objections, how to exclude themselves from this proposed settlement, their estimated shares of the Net Settlement, how to dispute the allocated number of workweeks, and the date for a final fairness hearing (the "Class Notice," in a form substantially similar to that attached hereto as Exhibit A). The estimated share of the Net Settlement Sum for each individual within the class definition will be determined as follows: 1) A Total Value Per Workweek will be derived by dividing the Net Settlement Sum by the total number of weeks that all Class Members worked within the class period (i.e. any week in which a class member worked at least 1 day); and 2) each Class Member will have their respective number of workweeks multiplied by the Total Value Per Workweek to derive their respective share of the Net Settlement Sum. Any monies allocated to individuals within the class definition who do not participate in this settlement because they opt out will be redistributed to Class Members pro-rata. The redistribution will take place by eliminating the non-participating class members' workweeks from the total workweeks used to calculate the Total Value per Workweek. The Total Value per Workweek will then be recalculated and applied to Class Members' workweeks to determine their respective share of the Net Settlement Sum.

d. Ninety percent (90%) of the payment of the Net Settlement Sum to eligible Class Members will consist of 1099 income representing payment for statutory penalties and interest, and ten percent (10%) of the payment of the Net Settlement Sum to eligible Class Members will consist of W-2 income representing payment for wages.

f. Within fourteen (14) calendar days after the date that the Court grants Preliminary Approval of this Agreement, Defendant shall provide the Administrator with all information needed to identify and locate the Class Members and PAGA Members, process payments, and process claims for payments (the "Database"). This information may include, but may not be limited to, the Class Members' and PAGA Members' names, dates of employment, last known addresses, last know phone numbers, social security numbers, and any other information required to effectuate the Agreement.

g. The class list and any other data provided by Defendant to the Administrator shall be treated as confidential, and shall not be subject to disclosure by the Administrator, except that: (a) relevant information may be provided to Class Counsel to the extent necessary to address a disputed claim or to respond to a specific inquiry from a Class Member, PAGA Member, or a third-party; (b) to allow Defendant's counsel and Plaintiffs' counsel to confirm that the calculation of a particular Class Member's or PAGA Member's estimated share of the settlement is accurate; and (c) as is otherwise necessary for the Administrator to perform its obligations described in this Agreement. Furthermore, the Administrator (and Plaintiffs' counsel, if appropriate) shall use commercially reasonable efforts to secure the data provided by Defendant at all times so as to avoid inadvertent or unauthorized disclosure or use of such data other than as permitted by this Agreement, and shall destroy the data and all copies of it in a complete and secure manner when it is no longer required for purposes of this Agreement. The Administrator shall ensure that the Notice and any other communications to Class Members or PAGA Members shall not include any Class Member's or PAGA Member's social security number, except for the last four digits.

h. Within seven (7) calendar days after receiving the Database, the Administrator will provide the Parties with a spreadsheet showing its calculations for anticipated payments to Class Members and PAGA Members, its allocation of workweeks to Class Members and PAGA Members, and the anticipated payroll taxes to be paid by Defendant. The Administrator shall redact any identifying information and instead use an employee number to differentiate (except as to the named Plaintiffs to the Action) in order to protect Class Members' confidential information.

i. Within fourteen (14) calendar days after receiving the Database, subject to the Parties' approval of its preliminary calculations, the Administrator will perform an NCOA check to determine the Class Members' and PAGA Members' current addresses using the information provided by Defendant, and will mail the court approved notices to the Class Members and PAGA Members at those updated addresses. Thereafter, the Class Members will have sixty (60) days from that mailing date to contest the number of workweeks allocated to them, request to opt out of the class action portion of the settlement, or object to the proposed settlement. Any responses not postmarked by the response deadline shall be deemed invalid. If a notice is returned as undeliverable or advises that the Class Member or PAGA Member is no longer at the listed address, within three (3) business days of being so informed, the Administrator shall perform a skip-trace on that Class Member or PAGA Member and shall re-mail the notice to the new address found as the result of the skip-trace. Individuals who have notices re-mailed to them shall have their deadline to contest the number of workweeks allocated to them, request to opt out of the class action portion of the settlement (if applicable), or object to the proposed settlement extended by fourteen (14) calendar days.

j. The Administrator will have the final decision on any disputes that arise regarding the Class Members' or PAGA Members' information (e.g. the number of workweeks attributable to each Class Member or PAGA Member). However, any dispute regarding the validity of any Class Member's response to the notice (e.g. a potentially late, incomplete, or unclear response) shall be resolved by the mutual agreement of the Parties. The Administrator shall provide weekly reports to the Parties regarding the status of the administration process, including the number of opt-outs, objections, and disputes received.

k. Within seven (7) calendar days after the last day for any Class Members to object to the proposed settlement, dispute their information, or request to be excluded from the class action portion of the settlement, the Administrator shall provide the Parties with a signed declaration summarizing the details of the administration process, the number of objections received, the number of opt-out requests received, the number of disputes submitted, and the final status of all such items.

l. Within seven (7) calendar days after the Court grants Final Approval of this Agreement, the Administrator shall provide the Parties with a spreadsheet showing its final calculations for payments to all Class Members who did not opt-out of the settlement (the "Participating Class Members"), its final calculations for payments to all PAGA Members, and its final calculations for the amount of payroll taxes Defendant must deposit.

m. Within seven (7) calendar days after Defendant deposits the Settlement Sum, only upon approval by the Parties of the final distribution amounts, the Administrator will mail Participating Class Members their pro-rata share of the Net Settlement Sum and shall mail the PAGA Members their share of the PAGA allocation. Class Members and PAGA Members shall have one hundred and twenty (120) days to cash their respective settlement checks under this Agreement. Any checks not negotiated within one hundred and twenty (120) days will be voided and will not be reissued.

n. Also within seven (7) calendar days after Defendant deposits the Settlement Sum, only upon approval by the Parties of the final distribution amounts, the Administrator shall distribute the awarded attorneys' fees and costs, any enhancement awards to

Plaintiffs, the payment to the LWDA, and the payment for the costs of Administration.

o. Within one hundred eighty (180) calendar days after the Administrator mails the Participating Class Members their pro-rata share of the Net Settlement Sum and mails the PAGA Members their share of the PAGA allocation, the Administrator will deposit any unclaimed settlement funds with the State of California Unclaimed Property Division in the name of the Class Member or PAGA Member to whom they were originally issued. No amount of the Settlement Sum will revert to Defendant for any reason.

p. Within ten (10) calendar days after the Administrator deposits all unclaimed settlement funds with the State of California Unclaimed Property Division, the Administrator shall provide the Parties with a declaration outlining the settlement administration process and completion of payments to those specified in Paragraph 6m and 6n.

q. The Parties agree the Class Members' and PAGA Members' contact information and social security numbers will be used only by the Administrator for the sole purpose of effectuating the Agreement.

7. Class and PAGA Counsel. The Parties stipulate to the appointment of The Finkel Firm, Verum Law Group, APC, and Bokhour Law Group, P.C. as counsel for the putative Class Members and PAGA Members (collectively, "Class and PAGA Counsel") for purposes of settlement only. If the Court does not grant Preliminary and Final Approval of the Settlement, the Parties will not stipulate to the appointment of Class and PAGA Counsel.

8. Class and PAGA Representatives. The Parties stipulate to the appointment of Miguel Arroyo Soto and Wilmer Zelaya as Class Representatives and PAGA Representatives ("Class and PAGA Representatives") for purposes of settlement only. If the Court does not grant Preliminary and Final Approval of the Settlement, the Parties will not stipulate to the appointment of Class and PAGA Representatives, to the existence of a settlement class, or the existence of a PAGA collective group.

9. Attorneys' Fees and Costs. Except as otherwise set forth in this Agreement, the Parties agree that each shall bear their own respective attorneys' fees and costs incurred in this Action, with the exception of any attorneys' fees incurred as the result of any dispute regarding the enforcement of this Agreement. In the case of a dispute regarding the enforcement of this Agreement, the prevailing party shall be entitled to recover their attorneys' fees and costs.

10. Enforcement. This Agreement is made and is enforceable in accordance with the provisions of California Code of Civil Procedure §664.6, and that Parties agree that the Court in the Action shall retain jurisdiction for that purpose to effectuate the terms of this Agreement and after entry of judgment in this Action. This Agreement shall be admissible in any proceeding for its enforcement in accordance with Sections 1118 and 1123 of the California Evidence Code.

11. Opt-Out Contingency. If more than five percent (5%) of the Class Members make valid requests to opt out of the class action portion of the settlement, Defendant may, in its sole discretion, choose to reject or accept, and be bound by, this Agreement. Defendant shall have fourteen (14) calendar days from the date the Administrator indicates the number of Class Members who opted out to inform Plaintiffs' counsel in writing of its decision to exercise this opt-out option.

12. Escalator Clause. The Parties have agreed to the terms set forth herein based on their estimate that the Class Members have worked 29,000 workweeks during the Class Period. However, should the Administrator determine that actual number of workweeks worked by the Class Members is more than 10% larger than this estimate (i.e. more than 31,900 workweeks), then Defendant shall have the option of either: (a) increasing the Settlement Sum pro rata for every additional workweek worked by the Class Members above that 10% threshold (i.e. if the actual number of workweeks worked by the Class Members is 11% larger than this estimate, the Settlement Sum shall be increased by 1%) or (b) ending the Class Period on the date that the number of workweeks worked by the Class Members equals 31,900, in which case no adjustment to the Settlement Sum shall be made.

13. Counterparts. This Agreement may be executed in one or more counterparts and each counterpart, when executed, shall have the efficacy of an original. Photographic or facsimile copies of any such signed counterparts may be used in lieu of the original for any said purpose.

14. Confidentiality. Plaintiffs represent and agree that they have not and will not issue any press release, publication, or otherwise disclose this Agreement to the press, media, websites, or any service which reports verdicts and settlements. However, Plaintiffs' Counsel may use the case information in a declaration to support a fee application and/or qualification of counsel. Plaintiffs further agree not to, at any time or in any manner, talk about, write about, disclose, or otherwise publicize or cause to be publicized the confidential, proprietary, or trade secret information of the Released Parties.

15. Attorney Liens. Plaintiffs represent and warrant that all legal expenses, bills, costs or contingency fee agreements resulting from or arising out of the representation of Plaintiffs in relation to the Action are Plaintiffs' responsibility to pay, and that any liens based on any legal expenses, bills, costs or contingency fee agreements incurred as a result of the Action will be satisfied by the incurring party. Plaintiffs will indemnify, defend, and hold Released Parties harmless from any such claims.

16. No Additional Recovery. It is the intent of this Agreement that Plaintiffs, lienholders, and any other individual or entity with an interest in the Asserted Claims shall not recover, directly or indirectly, any sums from the Released Parties other than the funds received pursuant to this Agreement and set forth in Paragraph 2. If, despite the provisions of this Paragraph, any Released Party receives any claims from any individual or entity arising from Plaintiffs', a Participating Class Member's, or a PAGA Member's filing of any claims against them that have been released by virtue of this Agreement (including any claim for contribution or indemnity), the person who filed such claims shall indemnify, provide a full defense for, and hold harmless the Released Parties for such amount. Additionally, in the event that a trier of fact determines that any Released Party is or would be liable for contribution or indemnity under such circumstances pursuant to any theory of law or equity (and all appeals are exhausted or the time for such appeals have expired), this Agreement shall act as a release, releasing not only the Released Party, but every other individual, trustee, firm, trust, corporation, or entity of any kind, who is or would be entitled to contribution or indemnity from the Released Parties with respect to any liability that person, firm, or corporation may have to Plaintiffs, the Participating Class Members, and the PAGA Members, for any claims that would require such contribution or indemnity.

16. Good Faith Cooperation. The Parties to this Agreement pledge their good faith

settlement on a conditional basis. If the Court does not enter an order granting final approval of the Agreement, resulting in the dismissal of the entire Action, this Agreement shall be deemed null and void; it shall be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever, and the negotiation, terms, and entry of the Agreement shall remain subject to the provisions of California Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of evidence that may be applicable.

Dated: Jan 24, 2025

____
Miguel Arroyo Soto

Dated:

____
Wilmer Zelaya

Dated:

____
Macrocons, Inc.

By: ______________________

Its: ______________________

and fair dealing in supporting the approval of this Settlement by the Court, and shall not encourage or solicit any Class Members or PAGA Members to object to and/or opt out of the Settlement or file any new claims against Defendant.

17. No Pending Matters. The Parties represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

18. Entire Agreement. This Agreement sets forth the entire understanding between the Parties and supersedes any and all prior agreements, oral or written, pertaining to the Notice, Action, and the Asserted Claims. This Agreement may not be modified or amended except in writing, signed by all Parties. Each party acknowledges that there is no representation, inducement, promise, or agreement which has been made, orally or otherwise, by the other party, concerning the terns or conditions of this Agreement, which is not expressly embodied in this Agreement. In entering into this Agreement, the Parties represent that the terms of this Agreement are fully understood and voluntarily accepted by the Parties.

19. Conditional Nature. This Agreement and all associated exhibits or attachments are made for the sole purpose of settling the Notice, Action, and the Asserted Claims. This Agreement and the settlement it evidences are made in compromise of disputed claims. Because the Action was pled as a class action, this Agreement must receive preliminary and final approval by the Court. Accordingly, the Parties enter into this Agreement and the associated settlement on a conditional basis. If the Court does not enter an order granting final approval of the Agreement, resulting in the dismissal of the entire Action, this Agreement shall be deemed null and void; it shall be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever, and the negotiation, terms, and entry of the Agreement shall remain subject to the provisions of California Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of evidence that may be applicable.

Dated: ______________________________

Miguel Arroyo Soto

Dated: 1/27/2025

DocuSigned by:
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Wilmer Zelaya

Dated: ______________________________

Macrocons, Inc.

By: ______________________

Its: ______________________

settlement on a conditional basis. If the Court does not enter an order granting final approval of the Agreement, resulting in the dismissal of the entire Action, this Agreement shall be deemed null and void; it shall be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever, and the negotiation, terms, and entry of the Agreement shall remain subject to the provisions of California Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of evidence that may be applicable.

Dated: ______________________________

Miguel Arroyo Soto

Dated: ______________________________

Wilmer Zelaya

Dated: 3/19/2025 ______________________________

Macrocons, Inc.

By: Rahim Amidhozour

Its: Chief Executive Officer

Dated: 3/19/2025 ______________________________

Macrocons, Inc.

By: Nasser Ahmadi

Its: President/Chief Financial Officer

EXHIBIT A

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

MIGUEL ARROYO SOTO, WILMER ZELAYA, on behalf of themselves and all others similarly situated, Plaintiffs, vs. MACROCONS, INC., a California corporation; and DOES 1 through 50, inclusive, Defendant.	Case No.: 21STCV33241 Consolidated with Case No. 22STCV08972 **NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT**

TO: All non-exempt hourly employees employed by Defendant in the State of California between September 9, 2017 and [PRELIMINARY APPROVAL DATE] (the "Class Members")

IF YOU ARE A MEMBER OF THIS CLASS OF PERSONS, YOU SHOULD READ THIS NOTICE CAREFULLY BECAUSE IT WILL AFFECT YOUR LEGAL RIGHTS

A settlement ("Settlement") has been proposed in the class action lawsuit referenced above, pending in Los Angeles County Superior Court (the "Court"), titled *Miguel Arroyo Soto, et al. v. Macrocons, Inc.*, Lead Case No. 21STCV33241 (the "Action"). If the Court gives final approval to the Settlement, Defendant Macrocons, Inc. ("Defendant") will provide each Class Member with a payment calculated, in part, based on the number of weeks worked by each Class Member as set forth in this notice.

Here is a summary of your rights and options, which are described in more detail later in this document. If you have any questions, please contact the Settlement Administrator, [ADMINISTRATOR CONTACT INFORMATION].

1. GENERAL INFORMATION

The Los Angeles Superior Court has preliminarily approved a settlement of the class action claims asserted by Plaintiffs Miguel Arroyo Soto and Wilmer Zelaya (collectively, "Plaintiffs") in the Action. If you worked as a non-exempt employee of Macrocons, Inc. in California between September 9, 2017 and [PRELIMINARY APPROVAL DATE], you are eligible to receive payment from the Settlement.

2. YOUR ESTIMATED PAYMENT INFORMATION

According to Defendant's payroll records, you are a Settlement Class Member who worked approximately _______ Workweeks as an employee in California during the Class Period . Only weeks worked by you during the Class Period as an employee of Defendant may be considered compensable Workweeks under the Settlement. The Class Period is September 9, 2017 through [PRELIMINARY APPROVAL DATE]. Based on information currently available, we estimate your total share of the Settlement will be approximately $_______________. This is only an estimate. The amount you ultimately receive as part of the Settlement may increase or decrease in accordance with the terms of the Settlement and the Court's orders.

Defendant respects your right to participate in this Settlement and will take no adverse action against you should you accept payment under the Settlement

3. BACKGROUND INFORMATION

You received this Notice because a Settlement has been reached in this Action. According to Defendant's available records you are a member of the settlement class and may be eligible for the relief below.

In the Action, Plaintiffs allege that Defendant failed to pay all wages, failed to pay all minimum and overtime wages, failed to provide all meal periods, failed to provide all rest breaks, failed to provide accurate wage statements, failed to pay all wages upon ending of employment, failed to reimburse all business expenses, performed acts of unfair competition, and violated the Private Attorneys General Act, and is therefor subject to damages under the California Labor Code.

Defendant denies Plaintiffs' allegations in their entirety and contends that it paid all wages, paid all minimum and overtime wages, provided all meal periods, provided all rest breaks, provided accurate wage statements, paid all wages upon ending of employment, reimbursed all business expenses, did not perform any acts of unfair competition, and did not violate the Private Attorneys General Act. Defendant contends that its affirmative defenses in the Action may prevent or limit Plaintiffs' class claims.

<u>The issuance of this Notice is not an expression of the Court's opinion on the merits or the lack of merits of Plaintiffs' claims in the Action.</u>

4. WHAT IS A CLASS ACTION?

In a class action lawsuit, "Representative Plaintiffs" (here, Miguel Arroyo Soto and Wilmer Zelaya) sue on behalf of other people who allegedly have similar claims. For purposes of this proposed Settlement, one court will resolve the issues for all Class Members. The person and/or company sued (here, Macrocons, Inc.), is called the Defendant.

5. WHY IS THERE A SETTLEMENT?

In the Action, while Plaintiffs have made claims against Defendant, Defendant denies that it has done anything wrong or illegal. Importantly, the Court has not decided whether Plaintiffs or Defendant should win in the Action. Instead, both sides agreed to a Settlement. That way, both sides avoid the cost of a trial, and the Class Members will receive payment now, rather than years from now, if at all.

6. WHO ARE THE CLASS MEMBERS?

The Court has decided that everyone who fits the following description is a Class Member for purposes of the proposed Settlement: "all non-exempt hourly employees employed by Defendant in the State of California between September 9, 2017 and [PRELIMINARY APPROVAL DATE]." If you are still not sure whether you are included, you can contact the Settlement Administrator for help. The contact information for the Settlement Administrator is [ADMINISTRATOR CONTACT INFORMATION].

7. WHAT DO THE CLASS MEMBERS RECEIVE UNDER THE SETTLEMENT?

Defendant has agreed to fund a settlement with a maximum value of $1,250,000. This settlement amount will be used to pay the claims of the Class Members, and the following amounts requested by Plaintiffs, subject to Court approval: the cost of providing notice to the Class and administering the Settlement (up to $12,000); the payment to the Labor and Workforce Development Agency and any PAGA Members for penalties under the Private Attorneys General Act ($30,000); to pay any awards by the Court for attorneys' fees (up to $416,666.67) and costs (up to $30,000) to Plaintiffs' counsel; and any enhancement award the Court grants to the Representative Plaintiffs (up to $10,000 each). The estimated Net Settlement Amount to be used to pay the claims of Class Members is approximately $______________________.

Your estimated Settlement Payment is stated on the Workweek Dispute Form included with this Notice. Your estimated payment was calculated using Defendant's payroll and employee records. Individual Settlement Payments will be calculated and apportioned as follows:

(a) The “Net Settlement Amount” shall be calculated by subtracting the payments to Class Counsel, the Representative Plaintiffs, the Settlement Administrator, the California Labor and Workforce Development Agency, and the PAGA Members from the Maximum Settlement Amount.

(b) The Net Settlement Amount will be divided up and paid to Participating Class Members on a pro-rata basis based on each Participating Class Member’s total number of “Individual Workweeks” divided by the aggregate Individual Workweeks of all Participating Class Members according to the following formula:

1. A Total Value Per Workweek will be derived by dividing the Net Settlement Sum by the total number of weeks that all Class Members worked within the Class Period *(i.e.* any week in which a class member worked at least one (1) day).

2. Each Settlement Class Member will have their respective number of workweeks multiplied by the Total Value Per Workweek to derive their respective “Individual Settlement Payment” Amount.

(c) For tax purposes, ten percent (10%) of each Participating Class Member’s Individual Settlement Payment shall be treated as wages and will be subject to withholdings, and ninety percent (90%) will be treated as penalties and will not be subject to withholdings. Class Members’ Individual Settlement Payments shall be reported on an IRS Form W-2 and 1099 respectively.

8. HOW DO I PARTICIPATE IN THE SETTLEMENT?

If you wish to remain a Class Member and obtain any share of the Settlement to which you may be entitled, then you do not have to do anything and you will automatically receive a settlement payment in the mail if the Court approves the proposed Settlement. You are not required to go to court or pay anything to the lawyers in this case. The Settlement Payment you will receive will be a full and final settlement of your Released Claims described below.

9. WHEN WILL I GET A PAYMENT?

As described in Section 17 below, the Court will hold a hearing on [FINAL APPROVAL HEARING DATE] to decide whether to approve the Settlement. If the Court approves the Settlement, after that, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. *Please be patient.*

10. WHAT IF I DISAGREE WITH DEFENDANT’S CALCULATION OF MY WORKWEEKS?

If you believe that the number of overtime hours with which you have been credited is incorrect, you may produce evidence to the Settlement Administrator by [RESPONSE DEADLINE] showing that such information is inaccurate. The Settlement Administrator shall then decide the dispute between your calculation and that of Defendant. Defendant’s records will be presumed to be correct, but the Settlement Administrator will evaluate the evidence submitted by you and will make the final decision as to the merits of the dispute. You can submit the Dispute Form by mail to the Settlement Administrator at: [ADMINISTRATOR ADDRESS]. Alternatively, you may submit the Dispute Form to the Settlement Administrator via facsimile at [ADMINISTRATOR FAX] or e-mail at: [ADMINISTRATOR EMAIL].

11. WHO ARE THE LAWYERS FOR THE CLASS MEMBERS?

The Court has preliminarily approved The Finkel Firm, Verum Law Group, APC, and Bokhour Law Group, P.C. (collectively, “Class Counsel”) to represent the interests of all Class Members. You will not be separately charged for these lawyers. If you have a question about the settlement, you may contact Class Counsel by writing to them at ____________________; by emailing them at _____________________, or by calling them at ___________________.

Alternatively, if you want to be represented by your own lawyer, you may hire one at your own expense.

12. HOW WILL THE LAWYERS BE PAID?

Defendant has agreed to pay Class Counsel's costs and attorney's fees up to $416,666.67 and costs of up to $30,000 for their services in litigating the Action, subject to approval by the Court. You will not be required to pay any attorneys' fees or costs.

13. WILL THE REPRESENTATIVE PLAINTIFFS RECEIVE ANY COMPENSATION?

In addition to any compensation the Representative Plaintiffs will be entitled to receive as a Class Member, the Representative Plaintiffs will request an additional enhancement award of up to $10,000 each for their services as class representatives and their efforts in bringing and maintaining this action. The Court will make the final decision as to the amount to be paid to the Representative Plaintiffs.

14. RELEASE OF CLAIMS

If the Court approves the proposed Settlement, unless you exclude yourself from the Settlement, you will be releasing your claims against Defendant. Specifically, you will release the Released Parties from any and all class action claims made, or which could have been made, in the Action including, but not limited to, any claims for failure to pay wages, failure to pay minimum wages, failure to pay overtime wages, failure to pay hourly wages, failure to pay piece-rate wages, failure to pay on-call wages, failure to pay meal period wages, failure to pay rest period wages, failure to provide rest breaks, failure to provide meal periods, failure to provide accurate wage statements, failure to pay wages upon separation, failure to pay reporting time pay, waiting time penalties, failure to pay vacation wages, conversion, failure to keep payroll records, successor liability, violations of the California Industrial Welfare Commission's ("IWC's") Wage Orders, violations of California Labor Code §§201, 202, 203, 204, 206, 210, 218.6, 226, 226.7, 246, et seq., 351, 510, 512, 558, 1174, 1194, 1194.2, 1197, 1198, 2800, 2802, California Business and Professions Code §§ 17200, et seq., and all claims for costs, attorney's fees, civil penalties, statutory penalties, premium pay, and liquidated damages related thereto. This release shall not extend to any claims outside of the Class Period.

The Released Parties include Defendant and each of Defendant's past, present and future parent companies, subsidiaries, affiliates, principals, and any other person, corporation, association or partnership responsible or potentially responsible for any claims made or that could have been made in the Action, and the past, present and future shareholders, directors, officers, agents, employees, attorneys, insurers, predecessors, and successors and assigns of any of the foregoing.

15. HOW TO EXCLUDE YOURSELF FROM THE CLASS SETTLEMENT

You may exclude yourself from the Class Settlement (i.e. "opt out"). If you want to be excluded, you must send a written request to the Administrator or other delivery service to the Settlement Administrator that states: (a) the case name and number of the Action, *Miguel Arroyo Soto, et al. v. Macrocons, Inc.*, Los Angeles Superior Court Case No. 21STCV33241; (b) your full name, address, and email address or telephone number; and (c) a statement that you have received notice of the Settlement and have decided that you do not wish to participate in the Settlement. The written request must be sent to the Administrator at: [ADMINISTRATOR CONTACT INFORMATION] by no later than [RESPONSE DEADLINE].

If you timely request exclusion from the Class, you will be excluded from the Class, you will not be eligible to share in the Class Settlement, you will not be bound by the judgment entered in the Action on Plaintiffs' class action claims, and you will not be precluded from timely prosecuting any individual claim against Defendant based on the conduct complained off in the Class Action.

16. HOW TO OBJECT TO THE SETTLEMENT

If you do not exclude yourself from the Settlement, you can object to the terms of the Settlement before the Court grants final approval. Objecting is telling the Court that you don't like something about the Settlement. You can ask the Court to deny approval by filing an objection. You cannot ask the Court to order a larger settlement; the Court can only approve or deny the settlement.

You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you don't want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the Settlement no longer affects you.

You may object to the Settlement in writing. If you filed a timely objection, you may also appear at the Final Approval Hearing. To be valid, any objection must: (a) state the case name and number of the Action, *Miguel Arroyo Soto, et al. v. Macrocons, Inc.*, Los Angeles Superior Court Case No. 21STCV33241; (b) state your full name, address, telephone number, and dates of employment with Defendant; (c) state your objection to the settlement and the legal and/or factual arguments supporting the objection; (d) be filed with the Los Angeles Superior Court on or before [OBJECTION DEADLINE] ; and (e) copies of the objection must be served on the Settlement Administrator, Class Counsel, and Defendant's counsel via U.S. Mail by [OBJECTION DEADLINE].

You may, but need not, submit your objection through counsel of your choice. If you make your objection through counsel of your choice, you will be responsible for your attorneys' fees and costs.

If you make an objection and the Court disagrees with your objection and grants final approval of the Settlement, you will have released all Released Claims against Released Parties as described above and will receive your Individual Settlement Payment.

IF YOU DO NOT TIMELY FILE YOUR OBJECTION, YOU WILL BE DEEMED TO HAVE WAIVED ALL OBJECTIONS TO THE SETTLEMENT.

17. WHAT/WHERE/WHEN IS THE FINAL APPROVAL HEARING?

The Court has preliminarily approved the Settlement, meaning that it has concluded that there is sufficient evidence to suggest that the Agreement is fair, reasonable, and adequate. Notwithstanding that fact, the Court will make a final determination of these issues at a Final Approval Hearing.

On [FINAL APPROVAL DATE] a hearing will be held on the fairness of the proposed Settlement. At the hearing, the Court will be available to hear any arguments concerning the proposed Settlement's fairness from any Class Members who have filed timely objections. The heating will take place before the Honorable Kenneth R. Freeman in Department SSC-14 of the Spring Street Courthouse of the Los Angeles Superior Court, located at 312 North Spring Street, Los Angeles, CA 90012.

The hearing may be postponed to a different date, time or location without notice. It is not necessary for you to appear at this hearing unless you want to object to the settlement.

18. WHERE CAN I GET MORE INFORMATION ABOUT THE SETTLEMENT?

To obtain more information about the Settlement, you can contact the Settlement Administrator at [ADMINISTRATOR CONTACT INFORMATION] or visit the Los Angeles Superior Court Clerk's Office during regular business hours. Note that it is your responsibility to inform the Settlement Administrator of your updated information.

DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE CLASS LITIGATION TO THE CLERK OF THE COURT OR THE JUDGE.