

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement (“Settlement Agreement” or “Agreement”) is made by and between Plaintiff Celina Claudio (“Plaintiff”) and Defendant KC Pharmaceuticals, Inc. (“Defendant”). The Agreement refers to Plaintiff and Defendant as the “Parties,” or individually as the “Party.”

A. DEFINITIONS.

1. “Action” means the lawsuit alleging wage and hour violations against Defendant captioned *Celina Claudio v. KC Pharmaceuticals, Inc.*, initiated by Plaintiff on November 6, 2023, as amended, and pending in the Superior Court of California, County of Los Angeles (Case No. 23STCV27214).
2. “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
3. “Administration Expenses Payment” means the amount that the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
4. “Aggrieved Employees” means all current and former hourly-paid or non-exempt employees employed by Defendant within the State of California at any time during the PAGA Period.
5. “Class” means all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the Class Period.
6. “Class Counsel” means Justice Law Corporation.
7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
8. “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s: (a) full name; (b) last-known mailing address; (c) Social Security number; and (d) number of Workweeks and PAGA Pay Periods.
9. “Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).
10. “Class Member Address Search” means the Administrator’s investigation and search for current Class Members’ mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address Database (“NCOA”), skip traces, and direct contact by the Administrator with Class Members.

11. “Class Notice” means the Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, to be mailed to Class Members in English and Spanish in the form, without material variation, attached as **Exhibit A** and incorporated by reference into this Agreement.
12. “Class Period” means the period from November 6, 2019, through August 10, 2025. For purposes of the Escalator Clause in Section H, the relevant period for calculating total Workweeks is November 6, 2019, through May 12, 2025. Although the Parties understand that a relatively small number of employees, if any, could be hired between May 12, 2025 and August 10, 2025, the Parties agree that such small number is not material to the terms of this Agreement nor reasonably ascertainable at this time.
13. “Class Representative” means the named plaintiff in the Operative Complaint in the Action seeking Court approval to serve as the Class Representative.
14. “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.
15. “Court” means the Superior Court of California, County of Los Angeles.
16. “Defendant” means the named defendant KC Pharmaceuticals, Inc.
17. “Defense Counsel” means Thompson Coburn LLP.
18. “Final Approval” means the Court’s order granting final approval of the Settlement.
19. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
20. “Gross Settlement Amount” means \$650,000, which is the total amount that Defendant agrees to pay under the Settlement. The Gross Settlement Amount will be used to pay the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, Administration Expenses Payment, Individual PAGA Payments, LWDA PAGA Payment, and Individual Class Payments.
21. “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
22. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of twenty-five percent (25%) of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.
23. “Judgment” means the judgment entered by the Court based upon the Final Approval.
24. “LWDA” means the California Labor and Workforce Development Agency.

25. “LWDA PAGA Payment” means seventy-five percent (75%) of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subdivision (i).
26. “Net Settlement Amount” means the Gross Settlement Amount less the following payments and credits in the amounts approved by the Court: (a) Class Counsel Fees Payment; (b) Class Counsel Litigation Expenses Payment; (c) Class Representative Service Payment; (d) Administration Expenses Payment; (e) Individual PAGA Payments; and (f) LWDA PAGA Payment. The remainder is to be paid to Participating Class Members as their Individual Class Payments.
27. “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
28. “PAGA” means the Private Attorneys General Act of 2004 (Labor Code section 2698 *et seq.*).
29. “PAGA Notice” means the letters sent to the LWDA and Defendant on November 2, 2023 providing notice pursuant to Labor Code section 2699.3, subdivision (a).
30. “PAGA Pay Period” means any pay period during which an Aggrieved Employee worked for Defendant for at least one (1) day during the PAGA Period.
31. “PAGA Period” means the period from February 7, 2023, through August 10, 2025.
32. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, seventy-five percent (75%) of which will be allocated to the LWDA and twenty-five percent (25%) of which will be allocated to the Aggrieved Employees in settlement of PAGA claims.
33. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
34. “Plaintiff” means the named plaintiff Celina Claudio.
35. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.
36. “Released Class Claims” means the claims being released as described in Section E.2. below.
37. “Released PAGA Claims” means the claims being released as described in Section E.3. below.
38. “Released Parties” means Defendant and its past, present, and future parents, shareholders, members, predecessors, successors, all affiliates, subsidiaries, officers, directors, members, agents (including any investment bankers, accountants, insurers, reinsurers, attorneys, and any past, present, or future officers, directors, and employees), employees, and stockholders.

39. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
40. “Response Deadline” means forty-five (45) calendar days after the Administrator mails the Class Notice to Class Members and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement; or (b) fax, email, or mail their Objection to the Settlement. Class Members to whom Class Notices are resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the expired Response Deadline.
41. “Settlement” means the disposition of the Action effected by this Settlement Agreement and the Judgment.
42. “Workweek” means any week during which a Class Member worked for Defendant for at least one (1) day during the Class Period.

B. RECITALS.

1. On November 2, 2023, pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff provided written notice to the LWDA and Defendant by sending her PAGA Notice.
2. On November 6, 2023, Plaintiff filed a wage-and-hour class action lawsuit in the Superior Court of California, County of Los Angeles. The lawsuit alleged violations of: (a) Labor Code sections 510 and 1198 (unpaid overtime); (b) Labor Code sections 226.7 and 512(a) (unpaid meal period premiums); (c) Labor Code section 226.7 (unpaid rest period premiums); (d) Labor Code sections 1194 and 1197 (unpaid minimum wages); (e) Labor Code sections 201 and 202 (final wages not timely paid); (f) Labor Code section 226(a) (non-compliant wage statements); (g) Labor Code sections 2800 and 2802 (unreimbursed business expenses); and (h) Business & Professions Code section 17200, *et seq.*
3. On February 7, 2024, Plaintiff filed a First Amended Complaint adding a cause of action for violation of Labor Code section 2698, *et seq.* (PAGA) (“Operative Complaint”).
4. After engaging in discovery, investigations, and negotiations, on May 12, 2025, the Parties attended mediation with mediator Deborah Saxe that resulted in a settlement, subject to the Court’s approval.
5. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.
6. The Parties conducted significant investigation and discovery of the facts and law both before and after the Action was filed. Defendant produced documents relating to its present financial condition and policies, practices, and procedures regarding reimbursement of business expenses, paying non-exempt employees for all hours worked, and meal and rest breaks along with payroll, timekeeping, and operational policies. As part of Defendant’s production, Plaintiff reviewed time records, pay records, and information relating to the size and scope of the Class, as well as data enabling Plaintiff to understand the number of

Workweeks and PAGA Pay Periods. Plaintiff also located and interviewed Class Members who worked for Defendant throughout the Class Period. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130.

7. The Court has not granted class certification.
8. The Parties, Class Counsel, and Defense Counsel represent they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement Agreement.

C. MONETARY TERMS.

1. Gross Settlement Amount. Defendant promises to pay no more than \$650,000 and any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation to pay the Gross Settlement Amount (or any employer payroll taxes) prior to the deadline stated in Section D of this Settlement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant. Defendant is not obligated to pay any other amounts, including employee taxes, other than as specified in this Settlement Agreement.
2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments and credits from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval Order:
 - a. To Class Counsel: A Class Counsel Fees Payment of no more than \$227,500 (35% of the Gross Settlement Amount) and Class Counsel Litigation Expenses Payment of no more than \$25,000.
 - i. Plaintiff and/or Class Counsel will file a motion for a Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Defendant will not oppose requests for these payments if they do not exceed these amounts.
 - ii. The Administrator may purchase an annuity to utilize U.S. treasuries and bonds or other attorney fee deferral vehicles for Class Counsel. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS Form(s) 1099. Class Counsel assume full responsibility and liability for taxes owed on the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment.

- iii. Class Counsel agree to hold Defendant harmless from any dispute or controversy regarding any division or sharing of the Class Counsel Fees Payment and/or Class Counsel Litigation Expenses Payment. The Released Parties shall have no liability to Class Counsel or any other Class Counsel arising from any claim to any portion of the Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment.
- b. To Plaintiff: The Class Representative Service Payment of no more than \$10,000 to Plaintiff (in addition to any Individual Class Payment and Individual PAGA Payment the Class Representative may be entitled to).
 - i. As part of the motion for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payment no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves the Class Representative Service Payment less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. Defendant will not oppose the request for the Class Representative Service Payment if it does not exceed this amount.
 - ii. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.
- c. To the Administrator: An Administration Expenses Payment not to exceed \$10,000, except for a showing of good cause, and as approved by the Court.
 - i. To the extent the Administration Expenses are less than or the Court approves payment less than \$10,000, the Administrator will allocate the remainder to the Net Settlement Amount.
- d. To the LWDA and Aggrieved Employees: PAGA Penalties in the sum of \$50,000 to be paid from the Gross Settlement Amount, seventy-five percent (75%) of which (\$37,500) will be allocated to the LWDA as the LWDA PAGA Payment and twenty-five percent (25%) of which (\$12,500) will be allocated to the Aggrieved Employees as their Individual PAGA Payments.
 - i. The Administrator will calculate each Individual PAGA Payment by: (a) dividing the Aggrieved Employees' twenty-five percent (25%) share of PAGA Penalties (\$12,500) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period; and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods during the PAGA Period.
 - ii. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount.

- iii. The Administrator will report the Individual PAGA Payments on IRS Form 1099. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payments.
- e. To Each Participating Class Member: An Individual Class Payment calculated by: (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period; and (b) multiplying the result by each Participating Class Member's Workweeks during the Class Period.
 - i. Tax Allocation of Individual Class Payments. Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to the settlement of wage claims ("Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on IRS Form W-2. Eighty percent (80%) of each Participating Class Member's Individual Class Payment will be allocated to the settlement of claims for interest and penalties ("Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholding and will be reported on IRS Form 1099. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payments.
 - ii. Effect of Non-Participating Class Members on the Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will allocate amounts equal to their Individual Class Payments to the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

D. SETTLEMENT FUNDING AND PAYMENTS.

1. Workweeks and PAGA Pay Periods. Based on a review of its records through May 12, 2025, Defendant estimates that there are 302 Class Members who worked a total of approximately 33,500 Workweeks, and 161 Aggrieved Employees who worked a total of approximately 7,486 PAGA Pay Periods.
2. Funding of the Gross Settlement Amount. This timeline to fund the Gross Settlement Amount is critical for Defendant due to the financial hardships that it has been experiencing in recent years. Defendant shall fund the Gross Settlement Amount and fund all employer payroll taxes owed on the Wage Portion of the Individual Class Payments by transmitting the funds to the Administrator in eighteen (18) monthly installments as follows:
 - a. No later than July 1, 2025, Defendant will make the first monthly installment of \$36,113.
 - b. Defendant will make the second monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
 - c. Defendant will make the third monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.

- d. Defendant will make the fourth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- e. Defendant will make the fifth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- f. Defendant will make the sixth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- g. Defendant will make the seventh monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- h. Defendant will make the eighth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- i. Defendant will make the ninth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- j. Defendant will make the tenth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- k. Defendant will make the eleventh monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- l. Defendant will make the twelfth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- m. Defendant will make the thirteenth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- n. Defendant will make the fourteenth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- o. Defendant will make the fifteenth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- p. Defendant will make the sixteenth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- q. Defendant will make the seventeenth monthly installment of \$36,111 within thirty (30) calendar days of the payment of the previous installment.
- r. Defendant will make the eighteenth monthly installment of \$36,111 along with employer payroll taxes owed on the Wage Portion of the Individual Class Payments within thirty (30) calendar days of the payment of the previous installment.

3. Payments from the Gross Settlement Amount. Within fourteen (14) calendar days after Defendant makes the ninth monthly installment, the Administrator will mail checks to the appropriate entities and persons that accounts for fifty percent (50%) of their settlement payments. Within fourteen (14) calendar days after Defendant makes the eighteenth and final monthly installment and funds the employer payroll taxes owed on the Wage Portion of the Individual Class Payments, the Administrator will mail checks to the appropriate entities and persons that accounts for the remaining fifty percent (50%) of their settlement payments. Disbursement of the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.
- a. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via first-class United States Postal Service (“USPS”) mail, postage prepaid. The face of each check shall state that checks that are not cashed within one hundred eighty (180) calendar days after the date of mailing will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments and Individual PAGA Payments to all Participating Class Members and Aggrieved Employees, including Non-Participating Class Members who qualify as Aggrieved Employees, respectively (including those for whom Class Notices were returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and Individual PAGA Payment. Before mailing any checks, the Administrator must update the recipients’ mailing addresses using the NCOA.
 - b. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without a USPS forwarding address. Within seven (7) calendar days of receiving a returned check, the Administrator will remail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator shall send a replacement check to any Class Member whose original check was lost or misplaced if requested by the Class Member prior to the void date.
 - c. For any Class Member whose settlement check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller’s Unclaimed Property Fund in the name of the Class Member, thereby leaving no “unpaid residue” subject to the requirements of Code of Civil Procedure section 384, subdivision (b).
 - d. The payment of the Class Representative Service Payment, Individual Class Payments, and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Settlement.

E. RELEASES OF CLAIMS. Effective on the date when Defendant funds the Gross Settlement Amount and separately pays all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

1. Plaintiff's Release. Plaintiff and her former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally release and discharge the Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or could have been, alleged based on the facts contained in the Operative Complaint; and (b) all PAGA claims that were, or could have been, alleged based on facts contained in the PAGA Notice ("Plaintiff's Release").
 - a. Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period.
 - b. Plaintiff acknowledges that she may discover facts or law different from, or in addition to, the facts or law Plaintiff now knows or believes to be true but agrees that Plaintiff's Release shall remain effective in all respects, notwithstanding such different or additional facts or the discovery of them.
 - c. Plaintiff's Waiver of Rights Under Civil Code Section 1542. Plaintiff also expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

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.

2. Release by Participating Class Members. All Participating Class Members, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release the Released Parties from all claims that were alleged, or could have been alleged, based on the facts contained in the Operative Complaint and that occurred during the Class Period.
 - a. Except as set forth in Section E.3. of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

3. Release by Aggrieved Employees. All Participating and Non-Participating Class Members, who are Aggrieved Employees, are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the Operative Complaint and PAGA Notice that occurred during the PAGA Period.

F. MOTION FOR PRELIMINARY APPROVAL. Class Counsel will prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”).

1. Defendant’s Responsibilities. Due to the financial hardships that Defendant has been experiencing in recent years, Defendant and Defense Counsel will cooperate with Plaintiff and Class Counsel in submitting relevant and necessary information to the Court about Defendant’s present financial condition.
2. Plaintiff’s Responsibilities. Plaintiff will prepare all documents necessary for obtaining Preliminary Approval, including a: (a) draft of the notice and memorandum in support of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and request for approval of the PAGA Settlement; (b) draft of the Order Granting Preliminary Approval and Approval of PAGA Settlement; (c) signed declaration from the Administrator: (i) attaching its “not to exceed” bid for administering the Settlement and attesting to its willingness to serve; (ii) competency; (iii) operative procedures for protecting the security of Class Data; (iv) amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; (v) all facts relevant to any actual or potential conflicts of interest with Class Members; and (vi) nature and extent of any financial relationship with Plaintiff, Class Counsel, Defendant, or Defense Counsel; (d) signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members and Administrator; (e) signed declaration from Class Counsel attesting to their competency to represent the Class Members and their timely transmission of all necessary PAGA documents to the LWDA; and (f) all facts relevant to any actual or potential conflict of interest with the Class Members and Administrator. In their declarations, Plaintiff and Class Counsel shall also aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
 - a. The amounts of Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment shall be determined by the Court, and the Court’s determination on these amounts shall be final and binding. The Court’s approval or denial of any amount requested for these items are to be considered separate and apart from the fairness, reasonableness, and adequacy of this Agreement. Any order or proceeding relating to an application for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, and Administration Expenses Payments shall not operate to terminate or cancel this Agreement.

- b. If the Court declines to conditionally certify the Class or to Preliminarily Approve all material aspects of the Agreement with prejudice (excluding the requested payments set forth in Section C(2) in this Agreement), the Agreement will be null and void, and the Parties will have no further obligations under the Agreement.
 - c. Defendant agrees that it will not oppose the Motion for Preliminary Approval if the motion is consistent with the terms of the Agreement and will file a Notice of Non-Opposition with the Court.
- 3. Responsibilities of Counsel. Class Counsel is responsible for: (a) finalizing and filing the Motion for Preliminary Approval after the full execution of this Agreement; (b) obtaining a prompt hearing date for the Motion for Preliminary Approval; and (c) appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.
- 4. Duty to Cooperate. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Settlement (excluding the requested payments set forth in Section C(2) in this Agreement), Class Counsel and Defense Counsel will work together on behalf of the Parties by meeting in person or by telephone or email to modify the Settlement and otherwise satisfy the Court's issues.

G. SETTLEMENT ADMINISTRATION.

- 1. Selection of the Administrator. The Parties jointly selected ILYM Group, Inc. to serve as the Administrator and verified that the Administrator agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholding and providing reports to state and federal tax authorities.
- 3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund under US Treasury Regulation section 468B-1.
- 4. Notice to Class Members.
 - a. No later than fourteen (14) calendar days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator will maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers the Class Data omitted Class

Members' identifying information and to provide corrected or updated Class Data to the Administrator as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will use their best efforts to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

- b. No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and PAGA Pay Periods in the Class Data.
- c. Before mailing Class Notices, the Administrator shall update Class Member addresses using the NCOA. Using best efforts to perform as soon as possible, and in no event later than fourteen (14) calendar days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data the Class Notice via first-class USPS mail.
- d. No later than three (3) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall remail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and remail the Class Notice to the most current address obtained.
- e. The deadlines for Class Members' written objections, challenges to Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be extended an additional fourteen (14) calendar days beyond the forty-five (45) calendar days otherwise provided in the Class Notice for all Class Members whose notice is remailed. The Administrator will inform the Class Member of the extended deadline with the remailed Class Notice.
- f. If the Administrator, Defendant, or Class Counsel is contacted by or otherwise discovers any person who believes that they should have been included in the Class Data and should have received Class Notice, the Parties will meet and confer in person or by telephone or email to determine whether to include them as a Class Member. If the Parties agree, such persons will be deemed Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement no later than fourteen (14) calendar days after the receipt of Class Notice or deadline set forth in the Class Notice, whichever date is later.

5. Requests for Exclusion.

- a. Each Class Member who wishes to exclude themselves from the Class Settlement must send the Administrator by fax, email, or mail a signed written Request for Exclusion no later than the Response Deadline.

- b. A Request for Exclusion is a letter from a Class Member or their representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's: (i) full name; (ii) present address; (iii) email address or telephone number; and (iv) simple statement electing to be excluded from the Settlement.
 - c. The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or susceptible to challenge.
 - d. Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits, and bound by all terms and conditions of the Settlement, including the releases under Section E.2. and Section E.3. herein regardless of whether the Participating Class Member receives the Class Notice or objects to the Settlement.
 - e. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement.
 - f. The Parties agree that no Aggrieved Employee has the right to object to the PAGA portion of the Settlement or exclude themselves from the release of claims set forth in Section E.3 herein regardless of whether the Aggrieved Employee cashes any payment received because of this Settlement.
6. Challenges to Calculation of Workweeks and/or PAGA Pay Periods.
- a. Each Class Member who wishes to challenge the number of Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice must do so no later than the Response Deadline.
 - b. The Class Member may challenge the allocation of Workweeks and/or PAGA Pay Periods by communicating with the Administrator via fax, email, or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks and/or PAGA Pay Periods contained in the Class Notice are correct if they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or PAGA Pay Periods shall be final and not appealable susceptible to challenge.

- c. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or PAGA Pay Periods to Class Counsel and Defense Counsel along with the Administrator's determination of the challenges.

7. Objections to Settlement.

- a. Each Participating Class Member who wishes to send a written objection to the Administrator must do so no later than the Response Deadline.
- b. Participating Class Members may send signed written objections to the Administrator by fax, email, or mail. The written objection must: (i) indicate what the Class Member is objecting to; (ii) why the Class Member is objecting; (iii) any facts that support the objection; and (iv) include the Class Member's full name, present address, and email address or telephone number. Alternatively, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing.
- c. Only Participating Class Members may object to the class action components of the Settlement and/or this Settlement Agreement, including contesting the fairness of the Settlement Agreement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Class Representative Service Payment. Non-Participating Class Members have no right to object to any of the class action components of the Settlement.
- d. Aggrieved Employees cannot object to the PAGA portion of the Settlement and shall be bound by the release of claims set forth in Section E. herein.

8. Administrator's Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

- a. Website, Email Address, and Toll-Free Number. The Administrator will establish, maintain, and use a website to post information of interest to Class Members. This information includes the date, time, and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, Preliminary Approval Order, Class Notice, Motion for Final Approval, and Judgment. The Administrator will also maintain and monitor an email address and toll-free telephone number to receive Class Member calls, faxes, and emails.
- b. Requests for Exclusion and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. No later than five (5) calendar days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Defense Counsel containing: (i) names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion; (ii) names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; and (iii) copies of all Requests for Exclusion from this Settlement submitted (whether valid or invalid) ("Exclusion List"). The Administrator shall

also provide to Class Counsel a list of the total number of valid and invalid Requests for Exclusion (with no names or personally identifying information).

- c. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: (i) Class Notices mailed or remailed; (ii) Class Notices returned undelivered; (iii) Requests for Exclusion (whether valid or invalid) received; (iv) objections received; and (v) challenges to Workweeks and/or PAGA Pay Periods received and/or resolved (“Weekly Report”). The Weekly Reports must include the Administrator’s assessment of the validity of Requests for Exclusion.
- d. Workweek and/or PAGA Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Settlement on all Class Member challenges over the calculation of Workweeks and/or PAGA Pay Periods. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.
- e. Administrator’s Declaration. No later than sixteen (16) court days before the date Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing attesting to its due diligence and compliance with all its obligations under this Agreement. This includes: (i) mailing of the Class Notices; (ii) Class Notices returned as undelivered; (iii) remailing of the Class Notices; (iv) attempts to locate Class Members; (v) total number of Requests for Exclusion from Settlement received (both valid or invalid); and (vi) number of written objections received. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s).
- f. Administrator’s Final Report. Within ten (10) calendar days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) calendar days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator’s declaration.
- g. Employer Taxes. The Administrator shall calculate Defendant’s share of employer payroll taxes due on the Wage Portion of Individual Class Payments and provide this information to the Parties. The Administrator shall remit employer taxes and required forms to the appropriate taxing authorities within the deadlines set by law.

H. ESCALATOR CLAUSE. It is currently estimated that there are 33,500 Workweeks in the Class Period. If it is determined that the number of Workweeks from November 6, 2019, through May 12, 2025 exceeds five percent (5%) of 33,500 (*i.e.*, more than 35,175 Workweeks), then the Gross Settlement Amount shall proportionally increase over the five percent (5%) increase (*i.e.*, if the number of Workweeks increases by 7%, then the Gross Settlement Amount shall proportionally increase by 2%).

I. MOTION FOR FINAL APPROVAL. No later than sixteen (16) court days before the calendared Final Approval Hearing, Class Counsel will prepare and file a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subdivision (1), Final Approval Order, and Judgment.

1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents no later than five (5) calendar court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.
2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (excluding the requested payments set forth in section C(2) in this Agreement), then the Parties will work together to address the Court's issues to obtain Final Approval. If the Court does not grant Final Approval of the Agreement, or if the Court's Final Approval is reversed or materially modified on appellate review, then the Parties will make a good faith effort to revise the terms of the Agreement. If that process fails, the Settlement will be null and void, and the Parties reserve their rights with respect to the prosecution and defense of this Action.
3. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, the Parties, their counsel, and all Participating Class Members who did not object to the Settlement waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs, or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Settlement will be suspended until the appeal is resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.
4. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement, this Agreement shall be null and void. The Parties shall work together to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing any additional settlement administration costs reasonably incurred after remittitur on a 50-50 basis.
5. Continuing Jurisdiction of the Court. The Parties agree that after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and Settlement solely for purposes of: (a) enforcing this Agreement and/or Judgment; (b) addressing settlement administration matters; and (c) addressing such post-Judgment matters as are permitted by law.

J. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together to submit an amended judgment.

K. ADDITIONAL PROVISIONS.

1. No Admission, Class Certification, or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint or PAGA Notice have merit or that Defendant has any liability for any claims asserted. Moreover, nothing in this Agreement should be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Agreement only. If the Court does not grant Preliminary Approval or Final Approval, then Defendant reserves the right to contest certification of any class for any reason, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendant's defenses. This Agreement and the Parties' willingness to settle will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate this Agreement).
2. Confidentiality Prior to Preliminary Approval. Until the Motion for Preliminary Approval is filed, Plaintiff, Class Counsel, Defendant, and Defense Counsel agree that they will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate and/or publicize, any of the terms of the Agreement to any person, corporation, association, government agency, or other entity except: (a) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (b) to counsel in a related matter; (c) to the extent necessary to report income to appropriate taxing authorities; (d) in response to a court order or subpoena; or (e) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Moreover, until the Motion for Preliminary Approval is filed, Plaintiff, Class Counsel, Defendant, and Defense Counsel agree not to initiate any conversation or other communication with a third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This section does not restrict Class Counsel's communication with Class Members in accordance with Class Counsel's ethical obligations owed.
3. Restriction on Publicity Regarding the Action and Settlement. Class Counsel is permitted to reference the nature of the Action and the settlement amount of this Agreement in their resumes, website, or other advertising materials or social media, provided that they do not, in connection with this Action and Settlement, identify the Defendant(s) by name, by a geographic location (including any municipality, city or county, but not including the State of California), Defendant's services, or Plaintiff's place of employment, position or services that are sufficient to identify the Defendant or any other Party released by this Settlement, except to the extent that such identification is made in a privileged communication. Nothing in this section shall prohibit Class Counsel from stating the amount of the Settlement, the nature of the claims and that the case was brought against a

company in the State of California.

4. Use and Return of Class Data. Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. No later than ninety (90) calendar days after the date when the Court discharges the Administrator's obligation to provide a declaration confirming the final payout of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.
5. Cooperation. The Parties and their counsel will cooperate with each other to implement the Settlement Agreement by modifying the Settlement Agreement, submitting supplemental evidence, and supplementing points and authorities as requested by the Court. If the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement Agreement, or on any modification of the Settlement Agreement that may become necessary to implement the Settlement Agreement, the Parties will seek the assistance of the mediator and/or the Court for resolution.
6. Attorney Authorization. Class Counsel and Defense Counsel warrant and represent that they are authorized by Plaintiff and Defendant to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms and to execute any other documents reasonably required to effectuate the terms of this Agreement, including any amendments to this Agreement.
7. No Solicitation. The Parties agree that they and their counsel and employees will not solicit any Class Member to opt out of or object to the Settlement or appeal from the Judgment. Nothing in this section shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed.
8. No Prior Assignments. The Parties represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
9. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibit shall constitute the entire agreement between the Parties relating to the Agreement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
10. No Tax Advice. Neither Plaintiff, Class Counsel, Defendant, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

11. Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement shall be to calendar days. If any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
12. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis the Party was the drafter or participated in the drafting.
13. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives and approved by the Court.
14. Confidentiality. To the extent permitted by law, all agreements made, and orders entered into during the Action and in this Agreement relating to the confidentiality of information, shall survive the execution of this Agreement.
15. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.
16. Headings. The descriptive heading of any section of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
17. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
18. Notice. All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by U.S. mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Douglas Han
Shunt Tatavos-Gharajeh
William Wilkinson
Justice Law Corporation
751 North Fair Oaks Avenue, Suite 101
Pasadena, California 91103
(Tel) (818) 230-7502
(Fax) (818) 230-7259
DHan@JusticeLawCorp.com
STatavos@JusticeLawCorp.com
WWilkinson@JusticeLawCorp.com

To Defendant: Arthur F. Silbergeld
Kacey R. Riccomini
Cara A. Strike
Thompson Coburn LLP
10100 Santa Monica Boulevard, Suite 500
Los Angeles, California 90067
(Tel) (310) 282-2500
(Fax) (310) 282-2501
ASilbergeld@ThompsonCoburn.com
KRiccomini@ThompsonCoburn.com
CStrike@ThompsonCoburn.com

19. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (*e.g.*, DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
20. Stay of Litigation. The Parties agree upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

Dated: _____

Celina Claudio

By: _____

Dated: _____

Justice Law Corporation [Approving as to Form Only]

By: _____

Douglas Han, Esq.
Shunt Tatavos-Gharajeh, Esq.
William Wilkinson, Esq.
Attorneys for Plaintiff

Dated: 7/1/25

KC Pharmaceuticals, Inc.

By:  Ratna Li

Dated: 7/7/25

Thompson Coburn LLP [Approving as to Form Only]

By: 

Arthur F. Silbergeld, Esq.
Kacey R. Riccomini, Esq.
Cara A. Strike, Esq.
Attorneys for Defendant

Dated: 07/08/2025

Celina Claudio

By: *Celina R. Claudio*

Dated: _____

Justice Law Corporation [Approving as to Form Only]

By: _____
Douglas Han, Esq.
Shunt Tatavos-Gharajeh, Esq.
William Wilkinson, Esq.
Attorneys for Plaintiff

Dated: _____

KC Pharmaceuticals, Inc.

By: _____

Dated: _____

Thompson Coburn LLP [Approving as to Form Only]

By: _____
Arthur F. Silbergeld, Esq.
Kacey R. Riccomini, Esq.
Cara A. Strike, Esq.
Attorneys for Defendant

Dated: _____

Celina Claudio

By: _____

Dated: July 16, 2025

Justice Law Corporation [Approving as to Form Only]



By: _____

Douglas Han, Esq.
Shunt Tatavos-Gharajeh, Esq.
William Wilkinson, Esq.
Attorneys for Plaintiff

Dated: _____

KC Pharmaceuticals, Inc.

By: _____

Dated: _____

Thompson Coburn LLP [Approving as to Form Only]

By: _____

Arthur F. Silbergeld, Esq.
Kacey R. Riccomini, Esq.
Cara A. Strike, Esq.
Attorneys for Defendant

EXHIBIT A

NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL

Celina Claudio v. KC Pharmaceuticals, Inc. (Case No. 23STCV27214)

The Superior Court for the State of California authorized this Class Notice. Read it carefully! It's not junk mail, spam, advertisement, or solicitation by an attorney. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Defendant KC Pharmaceuticals, Inc. (“Defendant”) for alleged wage and hour violations. The Action was filed by Plaintiff Celina Claudio (“Plaintiff”). The Action seeks payment of:

- (1) Unpaid wages for a class of all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the period from November 6, 2019, through August 10, 2025 (“Class,” “Class Members,” “Class Period”); and
- (2) Penalties under the Private Attorneys General Act of 2004 (“PAGA”) for all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the period from February 7, 2023, through August 10, 2025 (“Aggrieved Employees” and “PAGA Period”).

Based on Defendant’s records, and the Parties’ current assumptions, your Individual Class Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]. The actual amount you may receive likely will be different and will depend on several factors. If no amount is stated for your Individual PAGA Payment, then according to Defendant’s records, you are not eligible for an Individual PAGA Payment under the settlement because you didn’t work during the PAGA Period.

The above estimates are based on Defendant’s records showing you worked [REDACTED] Workweeks during the Class Period and worked [REDACTED] PAGA Pay Periods during the PAGA Period. If you believe you worked more Workweeks or PAGA Pay Periods during either period, you can submit a challenge by the deadline date. See **Section IV** of this Class Notice.

The Court has already preliminarily approved the proposed settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the settlement and how much of the settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Defendant to make payments under the settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

If you worked for Defendant during the Class Period and/or PAGA Period, you have two (2) basic options under the settlement:

1. **Do Nothing.** You don’t have to do anything to participate in the settlement and to be eligible for an Individual Class Payment and/or Individual PAGA Payment. As a Participating Class Member, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendant.

2. **Opt Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt out of the settlement, you will not receive an Individual Class Payment but will preserve your right to personally pursue Class Period wage claims against Defendant. If you are an Aggrieved Employee, you remain eligible for an Individual PAGA Payment. You cannot opt out of the PAGA portion of the settlement.

Defendant won't retaliate against you for any actions you take with respect to the settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendant covered by this settlement (Released Claims).
You Can Opt Out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is [REDACTED]	If you don't want to fully participate in the settlement, you can opt out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the settlement. See Section VI of this Class Notice. You cannot opt out of the PAGA portion of the settlement. Defendant must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by [REDACTED]	All Class Members who do not opt out ("Participating Class Members") can object to any aspect of the settlement. The Court's decision whether to finally approve the settlement will include a determination of how much will be paid to Class Counsel and Plaintiff, who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section VII of this Class Notice.
You Can Participate in the Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend, but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone, or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section VIII of this Class Notice.

You Can Challenge the Calculation of Your Workweeks / PAGA Pay Periods Written Challenges Must be Submitted by 	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many Workweeks you worked at least one (1) day during the Class Period and how many PAGA Pay Periods you worked at least one (1) day during the PAGA Period, respectively. The number of Workweeks and number of PAGA Pay Periods you worked according to Defendant's records is stated on the first page of this Class Notice. See Section IV of this Class Notice.
---	--

I. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee of Defendant. The Action alleges that Defendant violated California labor laws by failing to: (1) pay overtime wages; (2) provide meal period premiums; (3) provide rest period premiums; (4) pay minimum wages; (5) timely pay final wages; (6) provide compliant wage statements; (7) reimburse business expenses; and (8) comply with the requirements of Business & Professions Code section 17200. Plaintiff also asserted a claim for civil penalties under Labor Code section 2698 (PAGA). Plaintiff is represented by attorneys Douglas Han, Shunt Tatavos-Gharajeh, and William Wilkinson of Justice Law Corporation.

Defendant strongly denies violating any laws or failing to pay any wages and contends that it complied with all applicable laws.

II. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

The Court has made no determination whether Plaintiff or Defendant is correct on the merits. The Parties hired an experienced, neutral mediator to resolve the Action by negotiating a settlement rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful following a full day of mediation. By signing the Class Action and PAGA Settlement Agreement ("Settlement Agreement," "Settlement," or "Agreement") and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Settlement Agreement, the Parties have negotiated a settlement that is subject to the Court's final approval.

Both sides agree that the settlement is a compromise of disputed claims. Defendant does not admit any violations or concede the merit of any claims.

III. WHAT ARE THE IMPORTANT TERMS OF THE SETTLEMENT?

1. Defendant Will Pay \$650,000 as the Gross Settlement Amount. Defendant agreed to deposit the Gross Settlement Amount into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement Amount to pay the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, Administration Expenses Payment, Individual Class Payments, Individual PAGA Payments, and penalties to be paid to the California Labor and Workforce Development Agency ("LWDA").
 - a. Defendant shall fund the Gross Settlement Amount and fund all employer payroll taxes owed on the Wage Portion of the Individual Class Payments by transmitting the funds to the Administrator in eighteen (18) monthly installment payments starting on July 1, 2025 and ongoing until the Gross Settlement Amount has been

fully funded. Within fourteen (14) calendar days after Defendant makes the ninth monthly installment, the Administrator will mail checks to the appropriate entities and persons that accounts for fifty percent (50%) of their settlement payments. Within fourteen (14) calendar days after Defendant makes the eighteenth and final monthly installment and funds the employer payroll taxes owed on the Wage Portion of the Individual Class Payments, the Administrator will mail checks to the appropriate entities and persons that accounts for the remaining fifty percent (50%) of their settlement payments.

2. Court Approved Deductions from Gross Settlement Amount. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement Amount, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - a. Up to \$227,500 (35% of the Gross Settlement Amount) to Class Counsel as their Class Counsel Fees Payment and up to \$25,000 as their Class Counsel Litigation Expenses Payment. To date, Class Counsel have worked and incurred expenses on the Action without payment.
 - b. Up to \$10,000 to Plaintiff as the Class Representative Service Payment for filing the Action, working with Class Counsel, and effectively representing the Class. The Class Representative Service Payment will be the only money Plaintiff will receive other than the Individual Class Payment and any Individual PAGA Payment.
 - c. Up to \$10,000 to the Administrator as the Administration Expenses Payment for services administering the Settlement.
 - d. Up to \$50,000 for PAGA Penalties, seventy-five percent (75%) of which (\$37,500) will be paid to the LWDA as the LWDA PAGA Payment and twenty-five percent (25%) of which (\$12,500) will be paid to the Aggrieved Employees as their Individual PAGA Payments based on their PAGA Pay Periods.
3. Net Settlement Amount Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement Amount (“Net Settlement Amount”) by making Individual Class Payments to Participating Class Members based on their Workweeks.
4. Right to Object. Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.
5. Requests for Exclusion from the Class Settlement. You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing that you wish to opt out.

- a. You cannot opt out of the PAGA portion of the Settlement. In other words, Non-Participating Class Members remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendant based on the PAGA Period facts alleged in the Action. The method for opting out of the Class Settlement is explained below in **Section VI**.
6. Taxes Owed on Payments to Class Members. The Parties are asking the Court to approve an allocation of twenty percent (20%) of each Individual Class Payment to taxable wages (“Wage Portion”) and eighty percent (80%) to interest and penalties (“Non-Wage Portion”). The Wage Portion is subject to withholding and will be reported on IRS Form W-2. Defendant will separately pay employer payroll taxes for the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Non-Wage Portions of the Individual Class Payments and Individual PAGA Payments on IRS Form 1099.
 - a. While the Parties agreed to these allocations, neither side is giving you any advice on whether your payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any payments received from the Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the settlement.
7. Need to Promptly Cash Payment Checks. The face of each check shall state that checks that are not cashed within one hundred eighty (180) calendar days after the date of mailing will be voided. The Administrator will cancel all checks not cashed by the void date. For any Class Member whose settlement check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller’s Unclaimed Property Fund in the name of the Class Member. If the monies represented by your check are sent to the California Controller’s Unclaimed Property Fund, you should consult the rules of the Fund for instructions on how to retrieve your money.
8. The Settlement Will be Void if the Court Denies Final Approval. It is possible that the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible that the Court will enter a Judgment that is reversed on appeal. The Parties agreed that, in either case, the Settlement will be void: (a) Defendant will not pay any money; and (b) Class Members will not release any claims against Defendant.
9. Administrator. The Court has appointed a neutral company ILYM Group, Inc. (“Administrator”) to send this Class Notice, calculate and make payments, and process Class Members’ Requests for Exclusion. The Administrator will also decide challenges over Workweeks and/or PAGA Pay Periods, mail and remail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator’s contact information is contained in **Section IX** of this Class Notice.

10. Release by Participating Class Members. Effective on the date when Defendant funds the Gross Settlement Amount and separately pays all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Participating Class Members will be barred from asserting any of the claims released under the Settlement Agreement. The Participating Class Members will be bound by the following release:
- a. All Participating Class Members, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release the Released Parties from all claims that were alleged, or could have been alleged, based on the facts contained in the Operative Complaint and that occurred during the Class Period.
 - b. Except as set forth in Section E.3. of the Settlement Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.
11. Release by Aggrieved Employees. Effective on the date when Defendant funds the Gross Settlement Amount and separately pays all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, all Aggrieved Employees will be barred from asserting PAGA claims against Defendant even if they exclude themselves from the Settlement. The Aggrieved Employees will be bound by the following release:
- a. All Participating and Non-Participating Class Members, who are Aggrieved Employees, are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the Operative Complaint and PAGA Notice that occurred during the PAGA Period.

IV. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by: (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period; and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member during the Class Period.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by: (a) dividing \$12,500 by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period; and (b) multiplying the result by the number of PAGA Pay Periods worked by each individual Aggrieved Employee during the PAGA Period.

3. Workweek / Pay Period Challenges. The number of Workweeks you worked during the Class Period and number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendant's records, are stated on the first page of this Class Notice. You have until [REDACTED] to challenge the number of Workweeks and/or PAGA Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email, or fax. **Section IX** of this Class Notice has the Administrator's contact information.
 - a. You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendant's calculation of Workweeks and/or PAGA Pay Periods based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or PAGA Pay Period challenges based on your submission and input from Class Counsel and Defense Counsel. The Administrator's decision is final and cannot be challenged.

V. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, via first-class United States Postal Service ("USPS") mail, postage prepaid, a single check to every Participating Class Member, including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and Individual PAGA Payment.
2. Non-Participating Class Members. The Administrator will send, via first-class USPS mail, postage prepaid, a single Individual PAGA Payment check to every Aggrieved Employee who is a Non-Participating Class Member.
3. **Your check will be sent to the same address as this Class Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section IX of this Class Notice has the Administrator's contact information.**

VI. HOW DO I OPT OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your full name, present address, email address or telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Celina Claudio v. KC Pharmaceuticals, Inc.* (Case No. 23STCV27214), and include your identifying information (full name, present address, and email address or telephone number). You must make the request yourself. If someone else makes the request for you, it will not be valid. The Administrator must be sent your request to be excluded by [REDACTED], or it will be invalid. **Section IX** of the Class Notice has the Administrator's contact information.

VII. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. A Participating Class Member who disagrees with any aspect of the Agreement, Motion for Final Approval, and/or Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative Service Payment may wish to object. The deadline for sending written objections to the Administrator is [REDACTED]. Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action as *Celina Claudio v. KC Pharmaceuticals, Inc.* (Case No. 23STCV27214) and include your full name, present address, email address or telephone number, and signature. **Section IX** of this Class Notice has the Administrator's contact information.

Alternatively, as a Participating Class Member, you can object (or personally retain an attorney to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See **Section VIII** of this Class Notice for specifics regarding the Final Approval Hearing.

VIII. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [REDACTED] at [REDACTED] in Department 11 of the Superior Court of California, County of Los Angeles located at 312 North Spring Street, Los Angeles, California 90012. At the Final Approval Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement Amount will be paid to Class Counsel, Plaintiff, and Administrator. The Court will invite comments from objectors, Class Counsel, and Defense Counsel before deciding. You can attend (or hire an attorney to attend) either personally or virtually via LACourtConnect (<https://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible that the Court will reschedule the Final Approval Hearing. You should check the Administrator's website [REDACTED] beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

IX. HOW CAN I GET MORE INFORMATION?

The Settlement Agreement sets forth everything the Parties have promised to do under the Settlement Agreement. The easiest way to read the Settlement Agreement, Judgment, or any other Settlement documents is to go to Administrator's website at [REDACTED]. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below or consult the Court's website by going to <http://www.lacourt.org/casesummary/ui/index.aspx> and entering Case No. 23STCV27214. You can also make an appointment to personally review court documents in the Clerk's Office at the Spring Street Courthouse by calling (213) 310-7000.

DO NOT TELEPHONE THE COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:

Douglas Han
Shunt Tatavos-Gharajeh
William Wilkinson
Justice Law Corporation
751 North Fair Oaks Ave., Suite 101
Pasadena, California 91103
(Tel) (818) 230-7502
(Fax) (818) 230-7259
DHan@JusticeLawCorp.com
STatavos@JusticeLawCorp.com
WWilkinson@JusticeLawCorp.com

Administrator:

[ADMINISTRATOR]
[MAILING ADDRESS]
[TELEPHONE NUMBER]
[FAX NUMBER]
[EMAIL]

X. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it if you request a replacement before the void date on the face of the original check. If your check is already void, you should consult the California Controller's Unclaimed Property Fund at https://www.sco.ca.gov/search_upd.html for instructions on how to retrieve the funds.

XI. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PROOF OF SERVICE
1013A(3) CCP

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Avenue, Suite 101, Pasadena, California 91103 and my electronic service address is dmather@justicelawcorp.com.

On July 28, 2025, I served the foregoing document described as

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

for the following case: **Claudio v. KC Pharmaceuticals, Inc.**
LWDA/Court Case No.: **LWDA Case No.: CM-991406-23**
Court Case No.: 23STCV27214
Los Angeles County Superior Court

on interested parties in this action by electronically submitting as follows:

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

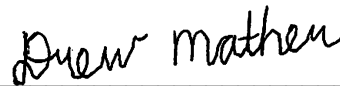
[X] BY ELECTRONIC SUBMISSION

Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

[X] STATE

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on July 28, 2025, at Pasadena, California.



Drew Mather