

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

**TITAN PRODUCTS OF PUERTO RICO
CORP., a Florida corporation**

CASE NO.: 6:24-cv-01617

Plaintiff,

v.

**COMPANIA CERVECERA DE PUERTO
RICO, INC., a Puerto Rico corporation**

Defendant.

_____ /

**PLAINTIFF, TITAN PRODUCTS OF PUERTO RICO CORP.’S, MOTION
FOR PARTIAL SUMMARY JUDGMENT AS TO COUNT I OF
PLAINTIFF’S COMPLAINT FOR DECLARATORY RELIEF**

Plaintiff, TITAN PRODUCTS OF PUERTO RICO CORP. (“Titan” or “Plaintiff”), pursuant to Fed. R. Civ. P. 56, moves for partial summary judgment on Count I, Declaratory Judgment, of the Complaint, limited to (1) Titan’s statutory franchise rights under Florida’s Beer Franchise Law, Fla. Stat. § 563.022, and (2) Compania Cervecera De Puerto Rico, Inc.’s (“CCPR”) failure to comply with the statute’s mandatory termination prerequisites in its April 29, 2024 termination notice—thereby entitling Titan to a declaration of statutory protection and a declaration of Titan’s entitlement to reasonable compensation under the statute.

This Motion does not ask the Court to decide (i) breach of contract claims

or defenses, (ii) whether sales targets were met, or (iii) the ultimate amount of any “reasonable compensation” or arbitration mechanics. Those issues are discreet and separable and remain for later adjudication without being a bar to the entry of partial summary judgment.

INTRODUCTION

Florida’s Beer Franchise Law governs the parties’ franchise relationship “notwithstanding any agreement,” and prohibits a manufacturer from terminating or refusing to continue a distributor relationship except through strict compliance with the statute’s notice, good faith, and good-cause framework. Fla. Stat. § 563.022.

CCPR unilaterally terminated the Agreements and the Franchise by letter dated April 29, 2024, and the face of CCPR’s April 29, 2024 notice demonstrates why this case turns on statutory compliance, not contract labels. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C.

Specifically, CCPR’s April 29, 2024 letter declares that “by delivery of this letter, we are hereby terminating the Distribution Agreement as of May 29, 2024.” *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C. Titan timely objected in writing and asserted its statutory franchise rights, CCPR’s statutory noncompliance and described the statute’s 90-day notice and plan-and-cure framework. *See* Titan’s Response to April 29, 2024 Termination Notice attached hereto and incorporated for all purposes as

Exhibit D.

CCPR's own retained expert further confirms that the April 29, 2024 letter is the controlling termination anchor for purposes of this dispute: the expert's report values the franchise using the trailing twelve months "ending on April 29, 2024," and he testified that he used April 29 because "that's when the initial termination was sent" by CCPR. *See* Daniel Lust Expert Opinion Report attached hereto and incorporated herein as Exhibit F. *See* Daniel Lust Deposition Transcript at 58:14–59:19 attached hereto and incorporated herein as Exhibit G.

Because CCPR's April 29, 2024 termination is the operative notice that triggered termination, and because Florida's Beer Franchise Law requires strict compliance with statutory prerequisites before terminating franchise rights, the Court can and should enter partial summary judgment declaring that: (i) Titan's statutory franchise rights are governed by § 563.022 "notwithstanding any agreement"; (ii) CCPR's April 29, 2024 termination failed to comply with the statutory termination requirements of Section 563.022; and (iii) as a consequence of that unlawful termination, Titan is entitled to a declaration of entitlement to reasonable compensation under Fla. Stat. § 563.022(17)(a) (with the amount, if not agreed, to be determined through the statutory process pleaded in the Complaint).

This Motion remains narrow. It does not ask the Court to decide (i) breach-of-contract claims or defenses, (ii) whether sales targets were met, or (iii) the ultimate amount of reasonable compensation or the mechanics of any valuation proceeding.

Those issues are separable from the statutory franchise-rights declarations and can be addressed in later proceedings consistent with the statute and the pleadings.

SUMMARY JUDGMENT STANDARD

Summary judgment is appropriate when “there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). The court views the evidence and draws all reasonable inferences in the light most favorable to the nonmovant, but the nonmovant must identify specific record evidence showing a genuine dispute for trial. A fact is “material” if it might affect the outcome under the governing law, and a dispute is “genuine” if the evidence is such that a reasonable jury could return a verdict for the nonmovant. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

Where the nonmovant bears the burden of proof at trial, the movant may carry its initial Rule 56 burden by “showing”—that is, pointing out—an absence of evidence to support an essential element of the nonmovant’s case. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323–25 (1986). Once the movant meets its burden, the nonmovant must come forward with specific facts supported by record citations; a “mere scintilla” of evidence is insufficient. A party opposing summary judgment must do more than show “metaphysical doubt” as to material facts. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). And when one version of events is “blatantly contradicted by the record” such that no reasonable jury could believe it, the court should not adopt that version for purposes of ruling on summary judgment. *Scott v.*

Harris, 550 U.S. 372, 380 (2007).

CONTROLLING STATUTORY SCHEME (FLA. STAT. § 563.022)

I. Overview: § 563.022 Governs the Manufacturer-Distributor Relationship and is Construed Broadly

Florida’s Beer Franchise Law is enacted to promote “fair, efficient, and competitive distribution” of malt beverages and expressly provides that it “shall govern all relations between manufacturers and their distributors” and “shall be liberally construed.” Fla. Stat. § 563.022(1)(b)–(d). The statute defines a protected “franchise” broadly as any “contract or agreement, either expressed or implied, whether oral or written, for a definite or indefinite period of time in which a manufacturer grants to a beer distributor the right to purchase, resell, and distribute any brand or brands.” Fla. Stat. § 563.022(2)(c). Section 563.022(15), Fla. Stat. applies the provisions of Florida’s Beer Franchise Law to all agreements between a manufacturer and distributor.

Consistent with that framing, the Middle District has emphasized that franchise-termination disputes “must be understood within the context of § 563.022.” *Micro Man Distribs., Inc. v. Louis Glunz Beer, Inc.*, 2014 WL 3887497, *1 (M.D. Fla. Aug. 7, 2014).

II. Termination Requires Notice, Good Faith and Good Cause

Section 563.022 regulates termination, cancellation, nonrenewal, or refusal to continue by imposing three core statutory prerequisites.

Specifically, Section 563.022(6) provides:

“Notwithstanding any agreement and except as otherwise provided for in this section, a manufacturer shall not cause a distributor to ... cancel, terminate, fail to renew, or refuse to continue under an agreement unless the manufacturer has complied with all of the following:

- (a) Has satisfied the applicable notice requirements of subsection (9).
- (b) Has acted in good faith.
- (c) Has good cause”

Fla. Stat. § 563.022(6).

Microman describes this structure as three mandatory requirements that must be satisfied to cancel a franchise: notice, good faith, and good cause. *Micro Man Distribs., Inc. v. Louis Glunz Beer, Inc.*, 2014 WL 3887497 (M.D. Fla. Aug. 7, 2014). Section 563.022 does not treat “termination” as merely a contract label; it treats termination as a statutory event controlled by statutory prerequisites.

a. Statutory Notice Requirement

Section 563.022(9) imposes a mandatory notice rule that applies “notwithstanding any agreement,” and requires the manufacturer to furnish written notice “not less than 90 days before the effective date” of termination, cancellation, nonrenewal, or discontinuance. It further provides that “in no event shall the contractual term of any such franchise or selling agreement expire without the written consent of the beer distributor ... prior to the expiration of at least 90 days following such written notice.” Fla. Stat. § 563.022(9).

Micro Man identifies the notice requirement as one of the three prerequisites the manufacturer must satisfy to cancel or terminate a franchise and treats it as a threshold requirement before reaching good faith or good cause. *Micro Man Distribs., Inc. v. Louis Glunz Beer, Inc.*, 2014 WL 3887497 (M.D. Fla. Aug. 7, 2014).

b. Good Faith Requirement

The statute makes “good faith” a standalone prerequisite: a manufacturer may not terminate a franchise unless it “has acted in good faith.” Fla. Stat. § 563.022(6)(b). ‘Good faith’ is defined as ‘honesty in fact in the conduct or transaction concerned’ as defined and interpreted under Florida’s UCC. Fla. Stat. § 563.022(2)(g); see also *Micro Man Distribs., Inc.* at *2 (M.D. Fla. Aug. 7, 2014) (describing the statutory good-faith requirement and definition).

c. Good Cause

In addition to notice and good faith, the manufacturer must have “good cause” to terminate. Fla. Stat. § 563.022. The statute deems it a violation for a manufacturer “[t]o terminate, cancel, fail to renew, or refuse to continue” a franchise or selling agreement “without good cause as defined in subsections (7) and (10),” and it states that “nonrenewal ... without good cause shall constitute an unfair termination or cancellation regardless of the specified time period” of the franchise or selling agreement. Fla. Stat. § 563.022(5)(b)(4). *Micro Man* identifies good cause as the third mandatory requirement and explains that the “good cause” requirement is defined by the statute itself. *Micro Man Distribs., Inc.* at *2.

To establish Good Cause, the manufacturer must satisfy all elements of § 563.022(7). Section 563.022(7) defines “good cause” and provides that good cause exists only when all of the enumerated elements occur, including: (1) failure to comply with a reasonable and materially significant agreement provision; (2) manufacturer has knowledge within 18 months; (3) written notice; (4) a reasonable opportunity to assert good-faith efforts; and (5) 30 days to submit a corrective action plan plus an additional 90 days to cure noncompliance in accordance with that plan (or sell the distributorship consistent with the statute). Fla. Stat. § 563.022(7)(a)–(e).

d. Burden of Proof

The statute places the burden on the manufacturer (in this instance CCPR) to show good faith, compliance with notice requirements, and good cause for termination. Fla. Stat. § 563.022(8).

III. Summary of § 563.022’s Termination Framework and Statutory Framework

Accordingly, under § 563.022, a manufacturer cannot lawfully terminate a distributor’s franchise except by strict compliance with the statute’s termination framework: (1) notice compliant with subsection (9); (2) good faith as defined by subsection (2)(g) and § 671.201; and (3) good cause as defined by subsection (7), including the statutory plan and cure sequencing. *Micro Man Distribs., Inc. v. Louis Glunz Beer, Inc.*, 2014 WL 3887497 (M.D. Fla. Aug. 7, 2014).

IV. A Manufacturer Who Unlawfully Terminates a Distributor’s Franchise Must Pay Reasonable Compensation

Under § 563.022(17)(a), a manufacturer that unlawfully terminates a distributor's franchise is responsible for paying reasonable compensation for the diminished value of the distributor's business (including goodwill) that is negatively affected by the manufacturer's act.

UNDISPUTED FACTS

CCPR is a "manufacturer" as statutorily defined under Florida Statutes §563.022(2)(h).

Titan is a "distributor" as statutorily defined under Florida Statutes § 563.022(2)(b).

Titan and CCPR's relationship is governed by Florida Statutes § 563.022, known as Florida's Beer Franchise Law.

CCPR is a Franchisor within the definition of Florida Statutes §563.022(2)(e). Titan is a Franchisee within the definition of Florida Statutes §563.022(2)(d).

CCPR, as Franchisor, granted a Franchise to Titan, under Florida's Beer Franchise Law (hereinafter, the "Franchise"). Fla. Stat. § 563.022(c).

Titan and CCPR entered into a written Import and Distribution Agreement effective March 16, 2018, under which CCPR appointed Titan as the "sole and exclusive importer and distributor" of the product in the "Territory" comprised of Florida. *See* Distribution Agreement attached hereto and incorporated herein for all purposes as Exhibit A.

The 2018 Agreement's appointment provisions grant Titan (a) the exclusive

right to import the product into Florida and (b) the exclusive right to advertise, market, and promote the product in Florida, subject to the agreement's terms.

On March 16, 2021, the parties entered into two agreements with identical terms that together designated Titan's geographic territory for distribution as the entire State of Florida (the "2021 Agreements"). *See* 2021 Agreements attached hereto and incorporated herein for all purposes as Exhibit B. The 2018 Agreement and the 2021 Agreements may be referred to herein collectively as the "Agreements".

CCPR sent Titan a letter dated April 29, 2024 titled "Termination of Distribution Agreement for Florida," unilaterally terminating the Agreements and Franchise. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C.

Titan, through counsel, responded on May 14, 2024, refusing to agree to termination and refusing to surrender its statutory franchise rights under Fla. Stat. § 563.022. *See* Titan's Response to April 29, 2024 Termination Notice attached hereto and incorporated herein for all purposes as Exhibit D.

Titan's May 14 letter further states Titan would proceed under the reasonable belief CCPR intended unilateral termination effective May 29, 2024 unless CCPR withdrew the notice. *See* Titan's Response to April 29, 2024 Termination Notice attached hereto and incorporated herein for all purposes as Exhibit D.

In correspondence dated May 29, 2024, CCPR confirmed that CCPR unilaterally terminated the Agreements and the Franchise in its prior communication

on April 29, 2024. *See* May 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit E.

CCPR terminated the Agreements, the Franchise, and Titan's distribution rights by letter dated April 29, 2024. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C.

CCPR retained Daniel Lust (PINTS LLC) as its expert.

Lust's report states that "On April 29, 2024 ... CCPR sent a letter ... intended to terminate" the distribution rights and expressly uses a valuation period "for the most recent twelve months ending on April 29, 2024." *See* Daniel Lust Expert Opinion Report attached hereto and incorporated herein as Exhibit F.

In his deposition, Lust confirms he used the April 29, 2024 valuation endpoint because "I believe that's when the initial termination was sent" by CCPR. *See* Daniel Lust Deposition Transcript at 58:14–59:19 attached hereto and incorporated herein as Exhibit G.

ARGUMENT AND INCORPORATED MEMORANDUM OF LAW

CCPR terminated Titan's statutory franchise via its April 29, 2024 termination notice without complying with Florida's Beer Franchise Law's mandatory termination framework, and Titan is therefore entitled to declaratory relief confirming its franchise rights and CCPR's violation of Florida's Beer Franchise Law.

I. Contract Performance Disputes Do Not Control Count I; Count I Seeks

Declaratory Relief under § 563.022, Which Governs “Notwithstanding Any Agreement.”

Count I is not a breach-of-contract claim. It is a declaratory judgment claim seeking a ruling on the parties’ rights and obligations under Florida’s Beer Franchise Law—specifically, whether CCPR complied with the statute’s mandatory termination prerequisites and what statutory consequences flow from noncompliance.

Section 563.022 “shall govern all relations between manufacturers and their distributors” and is to be “liberally construed.” The Complaint likewise pleads that CCPR could not lawfully terminate the Franchise “notwithstanding the Agreements” unless it satisfied the statute’s prerequisites—notice compliance, good faith, and good cause.

The Middle District’s approach in *Micro Man* is instructive: “The parties’ actions and claims must be understood within the context of § 563.022. The statute is therefore reviewed first....” *Micro Man Distribs., Inc. v. Louis Glunz Beer, Inc.*, Case No. 8:13-cv-639, 2014 WL 3887497 (M.D. Fla. Aug. 7, 2014). Because CCPR’s April 29, 2024 notice purports to terminate Titan’s distribution rights, the controlling legal question for Count I is whether CCPR complied with the statute’s required prerequisites for a lawful termination—not whether CCPR used the “right” contract label, and not whether disputed issues about targets, alleged shortfalls, or the “reasonableness” of Titan’s efforts might be litigated in separate contract-based claims or defenses.

Accordingly, CCPR’s anticipated defenses reframed as “contract performance disputes” do not defeat summary judgment on the statutory declaration Titan seeks.

Even if CCPR contends Titan underperformed or failed to meet contractual metrics, Count I turns on whether CCPR carried its statutory burden to terminate only by strict compliance with § 563.022's notice and cure framework, good-faith requirement, and good-cause prerequisites—and on whether CCPR's operative April 29, 2024 termination notice complied with § 563.022's mandatory termination framework and is therefore lawful.

II. Titan is Entitled to Declaratory Relief Because CCPR's Operative April 29, 2024 Termination Notice is Unlawful Under Florida's Beer Franchise Law

Count I seeks a declaration defining the parties' rights and obligations under Florida's Beer Franchise Law and determining whether CCPR complied with the statute's mandatory prerequisites before terminating Titan's franchise rights. Fla. Stat. § 563.022. This Motion is directed to a narrow issue appropriate for partial summary judgment: CCPR's April 29, 2024 termination notice is the operative termination act and, on its face, fails to comply with the statute's mandatory termination framework—making the termination unlawful and entitling Titan to declaratory relief. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C.

The statute makes this a legal compliance question, not a merits trial on contractual performance. Section 563.022(6) provides that “Notwithstanding any agreement,” a manufacturer “shall not” cancel, terminate, fail to renew, or refuse to continue under an agreement unless it satisfies all three statutory prerequisites: notice compliance, good faith, and good cause. Fla. Stat. § 563.022(6).

Where a manufacturer terminates a franchise without satisfying the statute, the distributor is entitled to a declaration confirming statutory protection and the unlawfulness of the termination.

Titan does not ask the Court to decide whether sales targets were met, whether Titan's efforts were "reasonable," or the amount of any statutory remedy. Those issues are separable. The Court can—and should—declare now that the operative April 29 termination notice is unlawful because it fails the statute's three mandatory prerequisites, thereby narrowing the case and guiding any remaining proceedings.

a. The Statute Imposes Three Mandatory, Cumulative Preconditions to Termination, and CCPR Bears the Burden to Prove Compliance

Section 563.022(6) provides the controlling rule: "Notwithstanding any agreement," CCPR "shall not" terminate, cancel, fail to renew, or refuse to continue unless it (a) satisfied the notice requirements of subsection (9), (b) acted in good faith, and (c) had good cause. Fla. Stat. § 563.022(6).

Section 563.022(8) then assigns the burden of proof to the manufacturer: for each termination, the manufacturer "shall have the burden of showing" good faith, notice compliance, and good cause. Fla. Stat. § 563.022(8).

Because CCPR bears this burden, and because Count I seeks declaratory relief about statutory rights and statutory compliance, Titan is entitled to a declaration if the operative termination notice is unlawful on its face under the statute's mandatory prerequisites: compliant notice as required by the statute, good faith, and good cause.

i. Notice: The April 29, 2024 Notice is Unlawful Because it

Terminates on a Timetable That Violates § 563.022(9)'s 90-Day Notice Requirement

Section 563.022(9) is explicit. “Notwithstanding any agreement,” a manufacturer must provide written notice “not less than 90 days before the effective date” of termination, cancellation, nonrenewal, discontinuance, and “in no event shall the contractual term of any such franchise or selling agreement expire without the written consent of the beer distributor involved prior to the expiration of at least 90 days following such written notice.” Fla. Stat. § 563.022(9). The notice must be by certified mail and must include: (a) the intent to terminate; (b) the reasons; and (c) the effective date. Fla. Stat. § 563.022(9)(a)–(c).

CCPR’s April 29, 2024 notice is the operative termination act and is unlawful because it attempts to terminate on a 30-day “as of May 29, 2024” timetable—less than the statute’s mandatory minimum of 90 days. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C. A termination notice that sets an effective date earlier than the statute permits is noncompliant as a matter of law and therefore unlawful under § 563.022(9).

CCPR’s April 29, 2024 letter states: “by delivery of this letter, we are hereby terminating the Distribution Agreement as of May 29, 2024,” i.e., on a 30-day timetable. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C. By its own stated

effective date, the notice does not satisfy § 563.022(9)'s minimum “not less than 90 days” requirement for termination to take effect.

And critically, CCPR's own retained expert treated April 29, 2024 as the operative termination anchor for valuation purposes, valuing the franchise using the “most recent 12 months” ending on April 29, consistent with what he described as “industry standard.” *See* Daniel Lust Expert Opinion Report attached hereto and incorporated herein as Exhibit F. That further supports declaratory relief focused on the legality of the April 29, 2024 notice as the operative termination event.

ii. Good Faith: § 563.022 Requires “Honesty in Fact”; CCPR Bears the Statutory Burden Under § 563.022(8)

Good faith is a separate, mandatory prerequisite. Fla. Stat. § 563.022(6)(b). The statute defines “good faith” as “honesty in fact in the conduct or transaction concerned.” Fla. Stat. § 563.022(2)(g). And again, CCPR bears the burden to show it acted in good faith in the termination process. Fla. Stat. § 563.022(8).

Titan's requested declaration does not require the Court to resolve all factual disputes about performance. The Court can declare now that the statutory standard is “honesty in fact,” that good faith is mandatory, and that CCPR bears the burden. Those legal declarations matter because CCPR's April 29, 2024 notice terminated the Franchise on a timeline the statute forbids, and statutory compliance—not contract framing—governs the lawfulness of that termination.

iii. Good Cause: CCPR Cannot Establish “Good Cause” Unless All § 563.022(7) Elements Are Satisfied,

“Good cause” is mandatory. Fla. Stat. § 563.022(6)(c). Section 563.022(7) defines good cause conjunctively—good cause exists only “when all of the following occur.” Fla. Stat. § 563.022. Among the required elements, the distributor must be afforded (i) 30 days to submit a corrective action plan and (ii) an additional 90 days to cure in accordance with that plan (or sell the distributorship consistent with the statute). Fla. Stat. § 563.022(7)(e). CCPR bears the burden to prove good cause and compliance with this sequencing. Fla. Stat. § 563.022(8).

Because the elements are conjunctive and because the statute imposes a specific notice, plan, and cure sequence, CCPR cannot lawfully terminate Titan’s franchise by issuing an operative notice that purports to end the relationship on an accelerated timetable inconsistent with the statute’s mandatory sequencing. CCPR’s April 29, 2024 notice violates the mandatory good cause requirement of the statute, as it does not provide Titan with 30 days to submit a corrective action plan and an additional 90 days to cure in accordance with the plan, rather it unilaterally terminates the Franchise within 30 days of the notice. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C. Declaratory relief is appropriate to confirm that good cause is defined exclusively by § 563.022(7), that all elements must be satisfied, that CCPR bears the burden under § 563.022(8), and that CCPR April 29, 2024 termination notice fails to comply with the statute’s mandatory sequencing and thus violates the good cause requirement.

III. Anti-Waiver Reinforcement: CCPR’s Request for a Waiver of Franchise

Rights is Unlawful and Titan is Entitled to a Declaration of Statutory Protection.

Section 563.022 makes it unlawful for a manufacturer to require a distributor to assent to any “release, assignment, novation, waiver, or estoppel” that would relieve any person from liability under the statute. Fla. Stat. § 563.022(5)(b)(9). CCPR’s April 29, 2024 notice invited Titan to waive its statutory rights to accomplish termination on CCPR’s preferred timetable. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C. Even if CCPR attempts to characterize this as a voluntary “option,” the statute’s anti-waiver rule confirms the Legislature’s intent: statutory franchise protections are not bargaining chips to accelerate termination or avoid statutory liability. Accordingly, Titan is entitled to a declaration that statutory rights cannot be contracted away and that termination must occur, if at all, only through strict compliance with § 563.022’s prerequisites.

IV. Titan Is Entitled to a Declaration Because the Operative April 29, 2024 Termination Notice Is Unlawful; the Lust Report and Deposition Confirm April 29, 2024 Is the Controlling Termination Anchor.

Count I presents a present, justiciable controversy about the lawfulness of CCPR’s termination under § 563.022. The statute requires strict compliance with notice, good faith, and good cause prerequisites “notwithstanding any agreement,” and places the burden on CCPR to prove compliance. Fla. Stat. § 563.022(6)–(9).

Because CCPR’s April 29 notice is the operative termination act and it purports to terminate on an effective date that violates § 563.022(9)’s minimum 90-day notice

requirement, the termination is unlawful and Titan is entitled to declaratory relief confirming Titan's statutory franchise protections and CCPR's statutory noncompliance. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C.

CCPR's own expert evidence confirms April 29, 2024 is the controlling termination anchor CCPR selected. Lust testified that using the "most recent 12 months" is "industry standard" and that he used April 29, 2024 because that is when the "initial termination was sent" by CCPR. *See* Daniel Lust Deposition Transcript at 58:14–59:19 attached hereto and incorporated herein as Exhibit G.

His expert report likewise values the Franchise using a trailing-twelve-month approach tied to April 29, 2024, reinforcing that April 29, 2024 is the operative termination date for purposes of the franchise-termination dispute. *See* Daniel Lust Expert Opinion Report attached hereto and incorporated herein as Exhibit F.

Not only does the April 29, 2024 termination notice fail to comply with the statutory notice requirements, but it also violates the "good cause" requirement, because it fails to provide Titan with 30 days to submit a corrective action plan and an additional 90 days to cure in accordance with the plan as required by the statute, rather it unilaterally terminates the Franchise within 30 days of the notice. *See* April 29, 2024 Termination of Distribution Agreement for Florida attached hereto and incorporated herein for all purposes as Exhibit C. Furthermore, CCPR could not have acted in good faith as required by the statute when the April 29, 2024 directly violates the express provisions of the statute requiring notice and good cause.

Accordingly, Titan respectfully requests partial summary judgment declaring that: (1) Titan holds a protected franchise governed by § 563.022; (2) CCPR may not lawfully terminate the Franchise absent strict compliance with § 563.022(6)–(9); and (3) CCPR’s operative April 29 termination notice is an unlawful termination of Titan’s statutory franchise rights.

V. Because the Operative April 29, 2024 Termination Notice is Unlawful, Titan is Entitled to a Declaration of Entitlement to Reasonable Compensation under § 563.022(17), With the Amount Reserved for the Statutory Process.

Florida’s Beer Franchise Law does not merely regulate the prerequisites for termination; it also provides a statutory remedy when a manufacturer terminates (or effects termination of) a distributor’s franchise rights—“reasonable compensation” under § 563.022(17). CCPR’s own retained expert expressly ties the valuation concept in this case to the statute’s “Reasonable Compensation” provision, stating that his valuation approach is “consistent with the definition of Reasonable Compensation as defined in Section 563.022(17)(a) of Florida’s Beer Franchise Law.” *See* Daniel Lust Expert Opinion Report attached hereto and incorporated herein as Exhibit F.

That statutory remedy is not contingent on litigating every contract-performance dispute. Count I seeks a declaration that CCPR’s operative April 29 termination notice is unlawful under § 563.022’s mandatory termination framework; and where a manufacturer’s termination effort is unlawful, Titan is entitled to a declaration confirming that CCPR’s termination conduct triggers the statute’s compensation remedy, leaving the amount for the process the statute provides.

The record further supports that April 29, 2024 is the operative termination anchor for purposes of this statutory remedy. CCPR's expert uses the "most recent twelve months" ending on April 29, 2024 and testified he selected April 29, 2024 because "that's when the initial termination was sent" by CCPR. *See* Daniel Lust Expert Opinion Report attached hereto and incorporated herein as Exhibit F. That admission aligns the compensation analysis with CCPR's own termination act: the April 29, 2024 notice is the operative event CCPR treated as triggering the valuation and compensation framework.

Finally, the statute provides a mechanism to determine the amount if the parties do not agree. § 563.022(17)(b) provides that if the manufacturer and distributor cannot mutually agree on reasonable compensation, "the matter may by agreement of the parties be submitted to a neutral arbitrator ... in accordance with the rules provided by the American Arbitration Association," with costs split and a final, binding award.

Accordingly, because CCPR's operative April 29 termination notice is unlawful under § 563.022's mandatory prerequisites as set forth above, Titan is entitled to partial summary judgment declaring Titan's entitlement to reasonable compensation under § 563.022(17), while expressly reserving for later determination of the amount of reasonable compensation through negotiation and, if necessary, the statutory arbitration mechanism described above.

CONCLUSION AND REQUESTED RELIEF

For the foregoing reasons, Titan respectfully requests that the Court grant

Titan's Motion for Partial Summary Judgment as to Count I of Plaintiff's Complaint for Declaratory Relief.

WHEREFORE, TITAN PRODUCTS OF PUERTO RICO CORP., respectfully requests partial summary judgment as to Count I of Plaintiff's Complaint and a declaration that:

1. Titan's distribution relationship with CCPR constitutes a protected "franchise" governed by Florida's Beer Franchise Law, Fla. Stat. § 563.022, which governs the parties' relationship and must be applied "notwithstanding any agreement." Fla. Stat. § 563.022(1)(c)–(d), (2)(c), (6).
2. Because Count I seeks declaratory relief under § 563.022 regarding statutory franchise rights and statutory compliance, disputes about contract performance (e.g., sales targets, alleged shortfalls, or alleged breach) do not control the legal question presented by Count I—whether CCPR complied with the statute's mandatory termination framework.
3. Under § 563.022, CCPR may not lawfully terminate, cancel, fail to renew, or refuse to continue Titan's statutory franchise unless CCPR strictly complies with the statute's termination framework, including: (a) notice compliant with subsection (9); (b) good faith as defined by subsection (2)(g) and § 671.201; and (c) good cause as defined by subsection (7), including the statutory plan and cure sequencing. Fla. Stat. § 563.022(6)–(9).

4. CCPR's April 29, 2024 termination letter unlawfully terminated the parties' relationship effective May 29, 2024 and solicited waiver of statutory rights.
5. Titan is entitled to reasonable compensation under Fla. Stat. § 563.022(17) as the statutory consequence of CCPR's unlawful termination; the amount of reasonable compensation is reserved for determination through the statutory process (including arbitration under § 563.022(17)(b) if not agreed).

Titan further requests such other and further relief as the Court deems just and proper.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 6th day of April 2026, the foregoing was served electronically through the Court's CM/ECF system on all registered users.

/s/ Michael E. Long

Michael E. Long, Esquire

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april 1 -> may 31

IMPORT AND DISTRIBUTION AGREEMENT

THIS IMPORT AND DISTRIBUTION AGREEMENT (this "Agreement") is made and entered into effective as of March 16, 2018 by and between Compañía Cervecería de Puerto Rico, Inc., a Puerto Rico corporation located in Mayagüez, Puerto Rico ("**CCPR**"), and Titan Products of Puerto Rico, Corp., a Puerto Rico corporation located in Cataño, Puerto Rico ("**Distributor**").

Background Information

CCPR is engaged in the manufacture, sale and export of the malt beverage product produced and sold under the brand name *Medalla Light*. Distributor has the ability and the proper licenses to import and distribute the Product in the geographic area comprised of the state of Florida (the "**Territory**") and to promote the sale of the Product to its customers located in the Territory. CCPR desires to appoint Distributor as its sole and exclusive importer and distributor of the Product into the Territory subject to the terms, conditions and limitations provided in this Agreement, and Distributor desires to act as the sole and exclusive importer and distributor of the Product into the Territory subject to the terms, conditions and limitations provided in this Agreement. CCPR desires for Distributor to conduct the sales, marketing and distribution of the Product in the Territory pursuant to the terms and conditions of this Agreement. In consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows.

Operative Provisions

ARTICLE I DEFINITIONS

Unless otherwise indicated, terms used herein shall have the meanings assigned below:

1.01 "Affiliate(s)" shall mean any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the specified Person, and if the specified Person is an individual, then any member of the immediate family of such individual. As used in this definition, "immediate family" shall mean any parent, child, grandchild, spouse or sibling and "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

1.02 "Business Day(s)" shall mean any day of the year in which banks are open in the State of Florida.

1.03 "Contract Year" shall mean each twelve (12) month period during the Term, commencing at 12:01 a.m., March 16, and terminating at midnight, March 15, in each case Eastern Standard Time.

1.04 "Case" shall mean twenty-four (24) containers of Product, in ten (10) ounce aluminum cans, in any configuration.

1.05 "CCPR Change of Control Event" shall mean: (i) any Person, after the Commencement Date, becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of CCPR (measured on the basis of Voting Interest); (ii) the shareholders of CCPR approve a definitive agreement to merge or consolidate CCPR with any other corporation; or (iii) the shareholders of CCPR approve a plan of liquidation of CCPR or the sale or disposition by CCPR of more than fifty percent (50%) of CCPR's assets.

1.06 "CCPR Creative Materials" shall mean any Marks and Creative Materials created by CCPR and/or Distributor for use in connection with the Product, any derivatives of the foregoing or any embodiments of any of the foregoing and all Intellectual Property Rights therein.

1.07 "CCPR Marks" shall mean (i) all Marks used in the Territory in connection with the Product and (ii) all other Marks containing CCPR Marks as may be created by or for CCPR and/or Distributor for use in connection with the Product in the Territory.

1.08 "Claimed Product" shall have the meaning ascribed to it in Section 6.02.

1.09 "Commencement Date" shall mean March 16, 2018.

1.10 "Confidential Information" shall have the meaning ascribed to it in Section 13.01.

1.11 "Creative Materials" shall mean any Mark, device, theme, jingle, concept, advertisement or other materials or creative efforts created, used or intended for use in connection with the advertising, marketing, promotion or sale of the Product.

1.12 "Direct Marketing Expenses" shall mean all costs and expenses incurred as part of the Marketing Plan for media, sponsorships, point of sale merchandise, promotions and marketing activities related to the Product.

1.13 "Intellectual Property Rights" shall mean (i) all rights in copyrights and copyrightable subject matter, Marks, patents, rights of publicity or trade secrets, (ii) all other similar proprietary rights and (iii) any applications or registrations for any of the foregoing.

1.14 "Change of Control Event" shall mean: (i) any Person, after the Commencement Date, becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of Distributor (measured on the basis of Voting Interest); (ii) the members of Distributor approve a definitive agreement to merge or consolidate Distributor with any other entity; or (iii) the members of Distributor approve a plan of liquidation of Distributor or the or disposition by Distributor of more than fifty percent (50%) of Distributor's assets, provided,

however, for purposes of Section 1.15(i) or (ii), there will be a change of control only if Vicente Sanchez is no longer the CEO of Distributor.

1.15 "Law(s)" shall mean any law (including common law), ordinance, writ, statute, treaty, rule or regulation.

1.16 "Liability" or "Liabilities" shall have the meaning ascribed to it in Section 9.01.

1.17 "Mark(s)" shall mean any trademark, service mark, trade name, trade dress, slogan or other similar source indicator and all goodwill associated with any of the foregoing.

1.18 "Marketing Plan" shall mean the plan for selling and marketing the Product in the Territory during a given year, which will describe, in reasonable detail: (i) the spending levels in dollars for marketing and promotion of the Product; (ii) the advertising for the Product; (iii) the promotional and sales activities for the Product; (iv) the merchandising programs for the Product; (v) the CCPR Creative Materials to be used; (vi) the use by the Wholesalers of the CCPR Creative Materials; and (vii) any such other matters as CCPR may consider to be pertinent to the sales and marketing of the Product.

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1.19 "Parent" means (i) with respect to any corporation, limited liability company or similar entity, any Person owning, directly or indirectly, more than fifty percent (50%) of the issued and outstanding Voting Interests of such corporation, limited liability company or similar entity, and (ii) with respect to any partnership, any Person owning, directly or indirectly, more than fifty percent (50%) of the issued and outstanding general partnership interests.

1.20 "Parties" shall mean both CCPR and Distributor.

1.21 "Party" shall mean either CCPR or Distributor.

1.22 "Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government body.

1.23 "Product(s)" shall mean Medalla Light, and any line extension thereof.

1.24 "Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership or other similar entity of which more than fifty percent (50%) of the issued and outstanding Voting Interests or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests, is at the time owned, directly or indirectly, by such Person.

1.25 "Term" shall consist the period of time from March __, 2018 to March __, 2021.

1.26 "Territory" shall have the meaning ascribed to it in the section of this Agreement titled "Background Information".

1.27 "Third Party" shall mean any Person other than Distributor, CCPR, their Affiliates and their respective directors, managers, officers, employees, shareholders, members, owners and agents.

1.28 "Transfer Price" shall mean the price per Case charged by CCPR to Distributor for the Product in each package, as such price may be changed from time to time pursuant to this Agreement.

1.29 "Voting Interest(s)" means equity interests in any entity of any class or classes (however designated) having ordinary voting power for the election of members of the governing body of such entity (other than equity interests having such power only by reason of the happening of a contingency).

ARTICLE II APPOINTMENT OF DISTRIBUTOR

2.01 Effective upon the Commencement Date, CCPR grants, and Distributor accepts:

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- (2) the non-transferable right to be the exclusive importer of the Product in the Territory;
 - (3) the exclusive and non-transferable right to advertise, market and promote the Product in the Territory, only in accordance with the terms and conditions of the Marketing Plan; and
 - (c) the non-exclusive and non-transferable right to use and exploit the CCPR Marks and CCPR Creative Materials solely in connection with the advertisement, marketing and promotion of the Product in the Territory, only in accordance with the terms and conditions of the Marketing Plan.

(4)

2.02 Distributor acknowledges and understands that the exclusive right granted by CCPR to import and distribute the Product and to advertise, market and promote the Product are exclusive rights only in the Territory. Except as expressly set forth in this Agreement, Distributor agrees that it shall not distribute, advertise, promote or merchandise the Product outside of the Territory and that it shall not use or ship any materials bearing the CCPR Marks and CCPR Creative Materials outside of the Territory. If Distributor learns that any quantity of the Product is being exported from the Territory, then Distributor shall promptly inform CCPR thereof, in writing.

(5)

2.03 Effective upon the Commencement Date, neither CCPR nor its Affiliates shall undertake, or authorize any other Person to undertake, in the Territory, any of the activities specified to be undertaken by Distributor in Section 2.01. If any Third Party undertakes any of the activities specified to be undertaken by Distributor in Section 2.01, then Distributor may exercise all rights and remedies available to it against such Third Party and CCPR will, at its expense, take

such steps, reasonably requested by Distributor, to assist Distributor in its effort to halt or prohibit any such activities.

ARTICLE III ORDERING, PAYMENT AND IMPORT OF THE PRODUCT

⑥ 3.01 On or before the tenth (10th) day of each month, Distributor shall provide to CCPR a commercially reasonable written and rolling forecast of its requirements for the Product for the next succeeding calendar month (which will be used by CCPR for production purposes; the "Rolling Forecast"; provided, however, that Distributor shall provide to CCPR with a full year forecast of orders of Product per month and per package no later than February 1 of each Contract Year, which will be used by CCPR for planning purposes. Distributor shall be required to order not less than seventy-five percent (75%) of the monthly quantity of Product specified in the Rolling Forecast, and CCPR shall not be required to satisfy any order for Product to the extent exceeding one hundred twenty-five percent (125%) of the monthly quantity specified in the Rolling Forecast. Anything herein to the contrary notwithstanding, no order for Product shall be less than one (1) container load, or 1400 cases.

3.02 CCPR shall sell to Distributor, and Distributor agrees to purchase from CCPR, the quantities of Product ordered by Distributor from time to time. Orders shall be submitted by electronic mail in a form acceptable to CCPR and Distributor, unless otherwise arranged by the Parties. CCPR shall accept, in writing via electronic mail or other electronic means, unless otherwise arranged by the Parties, each order including an invoice corresponding to such order, within three (3) Business Days after its receipt of an order by Distributor, and CCPR shall indicate the estimated date of delivery to the port in the Territory (the "Invoice").

3.03 CCPR shall package, palletize and prepare for shipment all Product and shall reimburse Distributor for any costs incurred by Distributor as a result of any improper packaging, palletizing or preparation for shipment of Product occurring at CCPR's brewery in Mayagüez, Puerto Rico or other location within CCPR's control. The Product shall contain such coding as shall permit Distributor or Wholesalers to determine its age without unreasonable difficulty. CCPR shall deliver the Product to the port of shipment in Puerto Rico designated by Distributor.

3.04 [Intentionally left blank].

3.05 Product shall be delivered by CCPR to Distributor DEQ Port (as defined by Incoterms 2000), and Distributor shall bear all costs of shipment to the port of distribution in the Territory designated by Distributor. CCPR will make appropriate arrangements to assure that the quality of the Product is maintained through delivery to the port in the Territory designated by Distributor in its order. Risk of loss of the Product shall pass to Distributor when the Product is shipped.

3.06 CCPR shall send the Invoice to Distributor by electronic mail in a form acceptable to CCPR and Distributor. The Transfer Price set forth in the Invoice shall be payable by Distributor within thirty (30) days after the date of shipment for such Product. All payments made by

Distributor shall be made in U.S. dollars by means of wire transfer to an account designated by CCPR from time to time.

3.07 Distributor shall not be required to pay for any Product that is damaged or spoiled prior to delivery at the port in the Territory designated by Distributor in its order. Distributor shall provide CCPR with prompt, reasonable verification of any such damage or loss within fifteen (15) days after receipt of the Product and shall permit any insurance agent designated by CCPR to inspect the Product.

3.08 (a) The Transfer Price applicable to orders submitted during the first Contract Year of this Agreement in the Territory is:

4/6-pack 10 ounce LNNR – \$10.50 per case, FOB port in the Territory

2/12-pack 10 ounce LNNR – \$10.50 per case, FOB port in the Territory

(b) (i) CCPR may increase the Transfer Price by giving sixty (60) days written notice to Distributor prior to the change.

(ii) Any increase in the Transfer Price shall not apply to orders submitted before the effective date of such increase.

3.09 ~~CCPR will replace or issue a credit for any of the Products that are or become unmerchantable or unfit for use due to CCPR's improper manufacture, handling or storage of the Product.~~

ARTICLE IV SALES AND MARKETING OF THE PRODUCT

4.01(a) (i) The Parties acknowledge that they have agreed upon annual targets for the sale of the Product in the Territory (the "**Territory Sales Target**") during the Term (as set forth in **Schedule 1**); which sales targets Distributor covenants and agrees are reasonable for the sale of the Product in the Territory. All sales targets in this Agreement assume uninterrupted supply of Product by CCPR, and shall be suitably pro-rated for any Contract Year in which supply is interrupted.

(b) (i) CCPR shall have absolute authority and discretion to determine the Product brand image and market positioning within the Territory: CCPR shall be responsible for preparing, in consultation and dialogue with Distributor, and approving, in its sole and absolute discretion, a yearly Marketing Plan for the Product in the Territory, including all television (if any), radio, promotional activities, published advertising (if any) and marketing materials utilizing the CCPR Marks or the CCPR Creative Materials to market the Product. Distributor shall be responsible for the preparation and execution of the sales plan for the Products in the Territory, to be delivered to CCPR no later than February 1 of each Contract Year. Such sales plan shall include: (A) a detailed and specific description of the sales plan, including what specific efforts and strategies shall be

undertaken under each category; (B) a proposed budget for each category and strategy; and (C) the proposed third party suppliers that will be hired to implement and execute the sales plan.

(ii) The Marketing Plan for Contract Year 2018-2019 shall be ultimately approved by CCPR no later than April 15, 2018 after discussion of the same between the Parties. For Calendar Years 2019-20 and 2020-21, the parties shall commence consultation for the Marketing Plan no later than January 1 of each year and shall be ultimately approved by CCPR no later than February 1 of each year. The Marketing Plan to be prepared by CCPR shall include: (A) a detailed and specific description of the marketing, advertising and promotions elements of said plan, including what specific efforts and strategies shall be undertaken under each category; (B) a proposed budget for each category; and (C) the third party suppliers that will be hired to implement and execute the Marketing Plan. Distributor and CCPR shall consult with each other and shall have the opportunity to participate in discussions regarding the selection of, and changes in, the advertising, merchandising or promotional agencies working on the Product in the Territory; provided, however, that any such changes shall require the prior written consent of CCPR, in its sole and absolute discretion.

(iii) The Parties have agreed that the Marketing Plan budget for any Contract Year shall be \$1.50 per case sold during the immediately preceding Contract Year; provided, however, that the Marketing Plan budget for Contract Year 2018-2019 shall be \$54,000 plus \$1.50 per case sold in excess of 36,000 cases sold during such Contract Year; and provided, however, that the Parties have agreed that if at any time during any Contract Year sales of the Product exceed the sales target for any such Contract Year (as described in Exhibit 1 hereof), the Marketing Plan budget for such Contract Year shall be increased by \$1.50 per case sold in excess of the applicable sales target, so that in any Contract Year the Marketing Plan budget shall never be less than \$1.50 per case sold during said Contract Year. The Parties have further agreed that the Marketing Plan budget shall never be used for discount programs, in-store equipment and sales kits. Distributor shall pay one hundred percent (100%) of the cost of the Territory Marketing Plan Budget.

(iv) Distributor agrees and covenants to employ, at its sole cost and expense, one (1) full-time promoter to dedicate one hundred percent (100%) of his or her time and effort to market and promote the Product in the Territory, and assign a Product promotion van to said promoter; provided, that Distributor also agrees and covenants to employ one (1) additional full-time promoter every Contract Year that sales in the Territory are increased by three hundred thousand (300,000) cases. For the avoidance of doubt, Distributor agrees to hire one (1) such promoter upon execution of this Contract, one (1) additional promoter when sales of the Product reach three hundred thousand (300,000) cases during any Contract Year, one (1) additional promoter when sales of the Product reach six hundred thousand (600,000) cases during any Contract Year, and so on.

(v) Distributor must seek CCPR's prior written approval before importing, distributing, selling or manufacturing in the Territory any alcoholic malt beverage product and/or any alcoholic products packaged as "ready to drink" or known, or marketed as, "adult progressive beverages", which consent may be withheld at CCPR's sole and absolute discretion.

(vi) Distributor agrees to adhere to the Beer Institute Advertising and Marketing Code (available at www.beerinstitute.org) and will not condone, participate in nor permit any activity not in accordance with the code contained therein relating to the Product within the Territory.

(13) (vii) Whenever Distributor is required to obtain CCPR's approval under this Article IV for the ability to use advertising or marketing materials, Distributor shall submit the appropriate materials to Jorge Bracero, or his successor (the "CCPR Marketing Contact") and the CCPR Marketing Contact shall reply to Distributor, in writing, within ten (10) days of receipt of such materials. If the CCPR Marketing Contact fails to respond to Distributor, in writing, within ten (10) days of CCPR's receipt of the marketing or advertising materials, CCPR shall be deemed to have approved the marketing and advertising materials submitted to CCPR by Distributor.

(14) 4.02 Distributor shall secure and maintain label registrations and price postings in the Territory where the Product is sold, as required by applicable state and federal Laws.

4.03 The Parties shall work together to ensure that the agreed label and packaging of the Product as of the Commencement Date complies with the applicable state and federal Laws on the date of the launch of the Product in the Territory and will continue to comply with the applicable state and federal Laws during the Term.

4.04 During the Term of this Agreement:

(a) each Party shall provide the other with reasonable information in its possession on the relevant beer market, including, without limitation, information that relates to the Product;

(15) (b) the Parties will have quarterly planning meetings at which they will discuss significant strategic issues relating to the Product;

(16) (c) upon CCPR's request, Distributor agrees to attend at least one meeting every six (6) months with CCPR at a mutually agreed location to discuss strategic guidelines, the administration of this Agreement and any other factors relating to the Product; and

(d) CCPR and Distributor agree to strive to optimize the exchange of information with regard to market developments and the strategic approach of the market relating to the Product.

4.05 The parties will mutually agree on a process and monthly reporting forms so that Distributor can submit the following reports to CCPR:

(a) Within sixty (60) days after the end of each Contract Year quarter, quarterly sales, inventory and depletion reports regarding the Product in such detail as may be reasonably requested by CCPR;

(b) Within sixty (60) days after the end of each Contract Year quarter, quarterly reports detailing the amount of expenditures on advertising and marketing; and

(c) Such other figures and marketing information as CCPR may reasonably require in writing to judge the progress and the competitive standing of the Product in the Territory.

ARTICLE V TERM AND TERMINATION

5.01 The Term shall commence on March 16, 2018 and shall expire on March 15, 2021 (the "Term").

5.02 CCPR shall have the right to terminate this Agreement if Distributor does not achieve the Sales Target for the second or third Contract Year during the Term. Such termination right shall be exercised by CCPR by written notice to Distributor delivered no later than the 30th day of April of the then running Contract Year, and the effective date of such termination shall be () days from the date of such notice.

5.03 Either Party may terminate this Agreement, in addition to any other rights and remedies existing in favor of the terminating Party, upon thirty (30) days written notice to the other Party, if the other Party defaults in performing any of the terms of this Agreement and such default continues unremedied for a period of thirty (30) days after written notice of such default from the non-defaulting Party.

5.04 Either Party may terminate this Agreement immediately upon written notice to the other Party: (i) if the other Party shall make an assignment for the benefit of creditors or commences a voluntary case or proceeding or consents to or acquiesces in the entry of an order for relief against itself in an involuntary case or proceeding under any bankruptcy, reorganization, insolvency or similar Law; (ii) if a trustee or receiver or similar officer of any court is appointed for the other Party or for a substantial part of the property of the other Party; or (iii) if bankruptcy, reorganization, insolvency or liquidation proceedings are instituted against the other Party without such proceedings being dismissed within ninety (90) days from the date of the institution thereof.

5.05 CCPR may terminate this Agreement immediately upon thirty (30) days written notice to Distributor if any of the following occur and continues unremedied for a period of thirty (30) days after written notice from CCPR:

(a) upon the occurrence of a Distributor Change of Control Event;

(b) if Distributor does not maintain and renew all licenses, permits, registrations, consents and approvals necessary to import and distribute the Product and is not in compliance in all respects with and in lawful possession of all licenses, permits, approvals, consents and registrations required in order for Distributor to comply with all of its obligations under this Agreement;

(c) if any statewide importation or equivalent licenses held by Distributor are revoked or suspended by the applicable governmental authority;

(d) if Distributor distributes or sells the Product to any Person outside of the Territory;

(e) if Distributor does not comply with applicable Laws in the State of Florida; or

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5.06 If, at any time during this Agreement, either Party is convicted of, or pleads guilty to, violating any state, federal or international liquor Law, the other Party may immediately terminate this Agreement. All standard termination clauses shall be overridden in such an instance.

5.07 During the period between a notice of termination and the effective date of termination, each Party shall continue to perform its obligations hereunder in good faith. It is understood that, in the event of termination of this Agreement for any reason, both Parties will continue to be responsible for all obligations which may have occurred up to and including the effective date of termination.

5.08 Upon expiration or termination of this Agreement for any reason, Distributor shall make a final inventory accounting and provide same to CCPR. Distributor agrees to retain, and CCPR shall provide, sufficient Product to support normal business activities up to the termination date.

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5.09 Upon the expiration or termination of this Agreement for any reason, CCPR shall have the obligation to repurchase any Product then in the possession of Distributor and available for distribution, but not Product that has less than two (2) months of shelf life remaining, at prices originally billed to Distributor and with deductions for moneys due or to become due to CCPR under this Agreement. As to any of CCPR's Product not repurchased by CCPR, Distributor shall be entitled to dispose of the Product delivered by CCPR under this Agreement in the regular course of its business and until Distributor sells out of its stock of the Product.

5.10 No later than thirty (30) days after the effective date of expiration or termination of this Agreement, each Party shall submit to the other a statement of account detailing sums allegedly owing to or from the respective Party to the other Party. No termination hereof shall terminate either Party's obligations to pay any amount otherwise payable hereunder or to perform any obligation which survives termination.

5.11 Upon the expiration or termination of this Agreement for any reason, Distributor shall: (a) cease marketing and distributing the Product; (b) discontinue the use of the CCPR Marks and CCPR Creative Materials and CCPR's trade name, trademark, labels, packaging, containers, copyrights and other advertising media; and (c) remove all references in its business or marketing materials that Distributor is a current importer for CCPR. Distributor further acknowledges that, as of the effective date of the expiration or termination of this Agreement, Distributor's failure to cease all use of the CCPR Marks and CCPR Creative Materials and CCPR's trade name, trademark, labels, packaging, containers, copyrights and other advertising media may result in immediate and irreparable harm to CCPR and/or to the rights of any licensee or distributor appointed by CCPR. Distributor acknowledges and admits that damages may not constitute adequate relief for such failure to cease all use of the CCPR Marks and CCPR Creative Materials, and Distributor agrees, in the event of such failure, that CCPR shall be entitled to relief by way of

temporary and permanent injunctions and such other further relief as any court with jurisdiction may deem just and proper and any preliminary injunction shall not require the placing of a bond by CCPR.

**ARTICLE VI
QUALITY CONTROL AND COMPLIANCE
WITH LEGAL REQUIREMENTS**

6.01 CCPR warrants to Distributor that:

(a) all Products sold to Distributor under this Agreement shall be fresh, merchantable malt beverage products fit for their intended purposes;

(b) no product sold to Distributor shall on the date of receipt by Distributor be adulterated or misbranded or unsafe within the meaning of the US Federal Food, Drug and Cosmetic Act, including all provisions and amendments pertaining thereto from time to time;

(c) all product sold to Distributor is of premium quality produced in accordance with CCPR's specifications;

(d) based on its standards, its Product has a six (6) months shelf life;

(e) the Product will conform to CCPR's specifications for the brewing and packaging of the Product in effect on the Commencement Date, including, without limitation, formula, taste profile, alcohol content, ingredients, package, closure, brand name and trade dress of the Product;

(f) the Product will be in compliance with applicable Laws; and

(g) the Product will be properly packed, handled, stored and transported until its delivery to the carrier.

6.02 If Distributor determines that any Product in its possession does not conform to the foregoing warranties or is otherwise damaged or spoiled ("**Claimed Product**"), then it shall not sell the Claimed Product and shall notify CCPR. The Parties shall use reasonable efforts to reach an agreement on the cause of the deficiencies. CCPR shall be liable for Claimed Product unless such damage did not result from the production, manufacture, brewing, bottling, labeling, packaging, or storage of the Claimed Product or otherwise caused by or on behalf of CCPR. In the event that Distributor, acting reasonably, determines that the deficiencies did result from the production, manufacture, brewing, bottling, labeling, packaging, or storage of the Claimed Product or otherwise caused by or on behalf of CCPR, CCPR shall refund to Distributor any amount paid by Distributor to CCPR for such Claimed Product and all costs associated with transport, storage and handling of the Claimed Product incurred by Distributor, and shall pay the costs of disposing of the Claimed Product in accordance with any requirements of applicable Laws.

6.03 Each Party shall inform the other Party in writing of any consumer complaints or claims ("**Claims**") regarding the Product distributed in the Territory which are reported to it or

which come to its attention, alleging adverse reaction or product defect that causes injury to the consumer which is fatal, life-threatening, disabling, incapacitating or which results in hospitalization. Claims shall be reported to the other Party within a reasonable time following receipt. Each Party shall promptly provide the other Party with all information and materials relevant to the matter that is in its possession. Consistent with the provisions of Article IX, the indemnifying party shall be primarily responsible for the defense of any Claim and shall keep the indemnified party regularly informed of all Claim-related activities in a timely manner. In no event shall the indemnified party issue a statement that admits liability in whole or in part without the prior written consent of the indemnifying party.

6.04 Distributor shall notify CCPR in writing of (a) any information that comes to its attention relating to the safety of any of the Product distributed in the Territory reasonably thought likely to involve a consumer health or safety problem and (b) any possible action and/or decision by a competent authority to potentially recall such Product or batches of the Product. In the event of a possible recall, Distributor and CCPR shall designate appropriate personnel to form a team as soon as possible to facilitate the sharing of relevant information and coordination regarding the potential recall. Each Party shall promptly provide the other all information relevant to the Product recall and actively cooperate with the other in implementing the mutually agreed upon Product recall strategy.

6.05 For purposes of comparing actual sales to the sales target, actual sales will be increased by the amount of Claimed Product that resulted from the production, manufacture, brewing, bottling, labeling, packaging, or storage of the Claimed Product or was otherwise caused by or on behalf of CCPR.

6.06 (a) Except as provided in this Section, CCPR may not make any change to the Product without the express written consent of Distributor.

(b) CCPR may change, alter, modify or adjust the formula, taste profile, alcohol content or ingredients of the Product provided the change is designed to maintain conformity of the Product characteristics with *Medalla Light* beer sold in Puerto Rico from time to time. CCPR shall provide Distributor at least 120 days notice of any such change, alteration, modification or adjustment and provide Distributor with reasonably requested information concerning such change and samples of the modified Product.

(c) CCPR may reasonably modify, delete or add to labeling or packaging used on or in connection with the promotion or sale of the Product, including, but not limited to, adding to or deleting, diminishing or expanding size, or relocating on the labeling or packaging any trade dress elements, label design or logotypes on at least 120 days written notice to Distributor. If Distributor does not agree with any such modification, then Distributor shall promptly advise CCPR in writing, expressing the reasons for such disagreement. CCPR agrees to discuss such proposed modification with Distributor prior to the implementation of such modification which implementation shall in any event be at CCPR's sole and absolute discretion.

(d) CCPR may change the formula of the Product, or the labeling or packaging used on or in connection with the promotion or sale of the Product, if required to comply with any

applicable Law relating to the Product being sold in the Territory during the Term of this Agreement.

(e) if CCPR materially changes, alters, modifies or adjusts the formula, taste profile, alcohol content or ingredients of the Product such that the Product is considered to be in a different "beer category", then, in such event the Sales Target in the Contract Year during which the change occurs shall be deemed to be achieved for purposes of Section 5.02.

6.08 Distributor shall properly handle and store all Product in its possession and shall not alter the label and package design on any Product or alter, remove or tamper with any CCPR Marks on the Product.

6.09 Distributor shall maintain all licenses, permits and other authorizations that are necessary for its importation, distribution, advertising, marketing and sale of the Product in the Territory and shall comply with all applicable Laws covering the importation, distribution, sale, advertising and marketing of the Product in the Territory.

6.10 CCPR may, by its own initiative and under its own responsibility for compliance with the provisions of this Agreement, contract to a Third Party of its trust the right to produce the Product, provided that (a) CCPR guarantees the same quality and service standards (packaging, quality of the Product and compliance with applicable Laws); and (b) CCPR remains in compliance with all provisions of this Agreement. For avoidance of doubt, CCPR shall have the absolute discretion to appoint a third party producer of the Product of its choice, as long as CCPR has satisfied the conditions of this Section 6.10.

ARTICLE VII [LEFT BLANK INTENTIONALLY]

ARTICLE VIII INTELLECTUAL PROPERTY RIGHTS

8.01 Distributor acknowledges and agrees that, as between the Parties, CCPR owns all Intellectual Property Rights in the CCPR Marks and CCPR Creative Materials. Any and all rights in the CCPR Marks and the CCPR Creative Materials, including, without limitation, the goodwill arising from the permitted use and creation of the CCPR Marks and CCPR Creative Materials by Distributor, shall inure to the benefit of and be the exclusive property of CCPR. CCPR shall make no use of the CCPR Creative Materials created by Distributor in parts of the Territory not serviced by Distributor, unless Distributor consents to such use in writing.

8.02 Subject to the provisions of this Agreement, CCPR grants to Distributor the right to use the CCPR Marks and the CCPR Creative Materials in connection with the performance of this Agreement in the states of the Territory in which Distributor is permitted to distribute the Product in accordance with the provisions of Section 2.04 of this Agreement, but such right shall be non-exclusive, non-assignable and non-transferable. Distributor shall not use CCPR Marks and CCPR Creative Materials, including in any advertising, promotional, sponsorship or endorsement

activity, or authorize any other person to use the CCPR Marks and CCPR Creative Materials, unless it receives CCPR's approval prior thereto in accordance with this Agreement. Once any use of the CCPR Creative Materials is so approved, Distributor shall not be required to seek approval from CCPR for repetitions of such use or any changes in such use unless such change is, in the reasonable judgment of CCPR, material.

8.03 CCPR, its Affiliates or their assigns shall maintain in the Territory during the Term full legal title to each CCPR Mark which is used in the Territory. CCPR, its affiliates or their assigns shall maintain such title free and clear of any claims, liens or encumbrances and of any rights or interest of any Person or entity therein, direct or contingent, except for the rights and licenses granted hereunder or otherwise permitted by this Agreement.

8.04 Distributor acknowledges the title of CCPR to the CCPR Marks and CCPR Creative Materials in the Territory and elsewhere and agrees not to tamper with it or do any act which might invalidate such title or the registration of the CCPR Marks and CCPR Creative Materials, nor do any act which might support any application to remove the CCPR Marks or CCPR Creative Materials from any applicable trademark register nor assist any other person directly or indirectly in any such act.

8.05 Distributor agrees not to use in its business any other Mark which is similar to, or substantially similar to, or so nearly resembles the CCPR Marks and CCPR Creative Materials as to cause deception or confusion.

8.06 Each Party shall promptly provide the other Party with written notice of any known or suspected infringement or other violation by any Person of any Intellectual Property Rights with respect to the Product in the Territory. CCPR agrees to use all commercially reasonable means to prosecute any valid material claim of infringement of the Intellectual Property Rights of CCPR in the Territory. At the request of CCPR, Distributor shall provide reasonable cooperation to CCPR or its Affiliates in any such enforcement, and CCPR shall reimburse Distributor for any out of pocket costs incurred by it thereby.

8.07 Upon expiration or termination of this Agreement for any reason, all rights granted to Distributor to use the CCPR Marks and CCPR Creative Materials shall immediately terminate.

ARTICLE IX INDEMNIFICATION

9.01 CCPR shall defend, indemnify, and hold harmless Distributor and their Affiliates and their respective directors, officers, employees, and shareholders from and against any and all injuries liabilities, losses, expenses, damages, actions, and judgments of whatsoever type or nature arising out of the claims made by third parties, including, without limitation, reasonable attorneys' fees and expenses, court costs, and other legal expenses ("Liability" or "Liabilities"), incurred by it or them in connection with any claim based upon or arising from:

(i) any alleged or actual breach by CCPR of any provision of this Agreement, or any act or omission of CCPR, its Affiliates, or their employees or agents in the performance of this Agreement or otherwise in furtherance of the purposes hereof;

(ii) death, bodily injury, or property damage resulting from the acts or omissions of CCPR in the production and packaging of the Product (except as set forth in Section 9.02(ii) of this Agreement);

(iii) Distributor's permitted use of CCPR Creative Materials or CCPR Marks in accordance with this Agreement; or

(iv) the assertion or claim that the execution, delivery and performance of this Agreement or the negotiations concerning this Agreement violates the rights of any Third Party, or any claim by a Third Party, arising out of or relating to an import or other agreement between a Third Party and CCPR or the expiration or termination thereof.

9.02 Distributor shall defend, indemnify, and hold harmless CCPR, its Affiliates and their respective directors, officers, employees, and shareholders from and against any and all Liabilities incurred by it or them in connection with any claim based upon or arising from:

(i) any alleged or actual breach by Distributor of any provision of this Agreement, or any act or omission of Distributor, its Affiliates or their employees or agents in the performance of this Agreement or otherwise in furtherance of the purposes hereof;

(ii) death, bodily injury, or property damage to the extent resulting from the acts or omissions of Distributor in the shipping, storage or transportation of the Product while in its possession; or

(iii) Distributor's improper use of CCPR Creative Materials or CCPR Marks.

9.03 If a claim by a Third Party is made against a party indemnified pursuant to this Article and if such indemnified party intends to seek indemnity with respect thereto, the indemnified party shall promptly notify the indemnifying party, in writing, of such Liability; provided, however, that any failure of the indemnified party to promptly notify the indemnifying party of such claim shall not relieve the indemnifying party of its obligations pursuant to this Article except to the extent that the indemnifying party would be responsible for the payment of any additional amounts or actually be prejudiced in any other way as a result of such failure.

9.04 The indemnifying party shall undertake, conduct, and control, through appropriate counsel of its own choosing and at the indemnifying party's expense, the settlement or defense thereof, provided the indemnifying party proceeds in good faith, expeditiously and diligently. If the indemnifying party fails to defend any matter within thirty (30) days after receipt of written notice from the indemnified party of the existence of the Liability, the indemnifying party shall have no right to defend such matter, and the indemnified party shall have full right and power to defend, settle or otherwise deal with and dispose of the matter and shall be indemnified for the fees and expenses of counsel retained for such purpose and any judgment or settlement amount.

9.05 The indemnified party shall cooperate with the indemnifying party in connection with any defense by the indemnifying party of a claim, and the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party and the fees and expenses of such counsel shall be borne by the indemnified party. Without the prior written consent of the indemnified party, the indemnifying party will not enter into any settlement of any such claim which would lead to liability or create any financial or other obligation on the part of the indemnified party, and the indemnifying party shall after any such settlement or the resolution of any claim promptly reimburse the indemnified party for the full amount of any Liability resulting from such claim not theretofore paid by the indemnifying party. The indemnification required by this Article shall be made by periodic payments of the amount thereof as losses are incurred within thirty (30) days after bills are received.

9.06 NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR LOSS OF SALES, PROFITS OR REVENUES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

9.07 In the event any payment obligation of a Party under this Article is not paid within thirty (30) days of the due date, the other Party shall be authorized to request the payment of interest thereon equal to the daily prime rate of interest as published by *The Wall Street Journal* from time to time as being the base rate on corporate loans posted by the nation's largest banks.

ARTICLE X
REPRESENTATIONS AND WARRANTIES

10.01 Each Party represents and warrants to the other as follows:

(i) It is a company duly organized, validly existing, and in good standing and has full corporate or other power and authority to carry on its business as now conducted and as currently proposed to be conducted, and to execute, deliver, and carry out the terms of this Agreement, and has all permits, licenses and authorizations necessary to carry on its business as presently conducted.

(ii) It has duly authorized, executed and delivered this Agreement, and it is a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms. There is no litigation or other proceedings pending or, to the knowledge of such Party, threatened against it, which, if adversely determined, would prohibit the execution, delivery, or performance by such Party of this Agreement or materially impair such Party's ability to perform its obligations hereunder.

(iii) Neither the execution and delivery nor the performance by such Party of this Agreement will contravene any applicable Law, or any judgment or order, or result in any breach of or constitute any default under, or result in the creation of any lien upon any property of such Party under, any indenture, mortgage, or other agreement or instrument to which such Party or its Affiliate is a party or by which it, or any of its properties, may be bound or affected.

(iv) No consent, approval or filing with any governmental authority is required to be made by such Party in connection with its execution, delivery and performance of this Agreement.

10.02 CCPR additionally represents and warrants to Distributor as follows:

(i) CCPR is not itself, nor through any other Person, distributing the Product or any other malt beverage product in the Territory.

(ii) CCPR has the full right to grant all the rights granted hereunder to Distributor, and the grant of such rights to Distributor does not violate any other agreement, contract or instrument to which CCPR is, or ever has been, a party or by which it, or any of its properties, may be bound or affected.

(iii) There is no litigation or other proceedings pending or, to the knowledge of CCPR, threatened that alleges or asserts that: (a) the Product or the use of the CCPR Creative Materials or the CCPR Marks in the Territory infringe, misappropriate, or otherwise violate the Intellectual Property Rights of any Third Party; (b) the Product has caused death, bodily injury, or property damage; or (c) the import, manufacture, brewing, bottling, distribution, marketing, sale, shipping, labeling, packaging, storage or transport of the Product in the Territory otherwise violates Law or the rights of any Third Party, nor to the knowledge of CCPR, is there any set of facts that could form the basis for any of the above.

10.03 Distributor additionally represents and warrants to CCPR as follows:

(i) Distributor has, or will have before the Product rollout date in the Territory, all licenses, permits, registrations, consents and approvals necessary to import and distribute the Product and required in order for Distributor to comply with all of its obligations under this Agreement.

(ii) All of Distributor's officers and managers are not less than twenty-one (21) years of age and, to Distributor's knowledge, have not been convicted within the last five (5) years of any offense against the beverage laws of any state or of the United States; have not been convicted within the last five (5) years in any state or the United States of any criminal violation of the controlled substance act of any state or the federal government; and have not been convicted in the last fifteen (15) years of any felony in any state or the United States. The term "conviction" for purposes of this Section shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

(iii) Except for the federal wholesale license required for Distributor to distribute the Product in Florida, neither Distributor nor its Affiliates, officers, directors, managers, agents or employees have an interest, directly or indirectly, in the license, business, assets or equity ownership of a licensed Wholesaler or have a financial interest, directly or indirectly, in any Person licensed as a retail vendor of alcoholic beverages.

ARTICLE XI COVENANTS OF PARTIES

11.01 Distributor agrees to use its best efforts to import, advertise, promote, and market the Product in the Territory.

11.02 Distributor agrees not to challenge, directly or indirectly, in any country of the world, CCPR's sole and exclusive ownership of the CCPR Marks and CCPR Creative Materials and any variations and modifications thereof, as well as the goodwill symbolized by such CCPR Marks and CCPR Creative Materials.

11.03 Distributor covenants that it has and will maintain and renew all licenses, permits, registrations, consents and approvals necessary to import and distribute the Product and will continue to be in compliance in all respects with and in lawful possession of all licenses, permits, approvals, consents and registrations required in order for Distributor to comply with all of its obligations under this Agreement.

11.04 Distributor will ensure that good care is taken of the Product imported and distributed by Distributor. Distributor shall be liable for breakage or loss through any means for Product in transit from Distributor to its customers.

11.05 Distributor shall distribute and sell the Product only to customers that have and continue to properly maintain and renew, all licenses, permits, registrations, consents and approvals required by applicable Laws to sell brewed beverages containing malt within the Territory.

11.06 Distributor shall ensure compliance with applicable Laws with respect to its relationships with its customers.

11.07 Distributor shall promptly notify CCPR if any of Distributor's officers or managers are less than twenty-one (21) years of age; have been convicted of any offense against the beverage laws of any state or of the United States; have been convicted in any state or the United States of any criminal violation of the controlled substance act of any state or the federal government; or have been convicted of any felony in any state or the United States. The term "conviction" for purposes of this Section shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

11.08 Distributor shall allow any state or federal governmental authority to examine its books, records and accounts if required by applicable Laws and shall prepare, file and maintain complete and accurate records and reports pursuant to applicable Laws.

11.9 Distributor shall, during the Term, maintain an office and distribution facilities in Florida.

ARTICLE XII INSURANCE

12.01 CCPR shall procure and maintain from qualified and licensed insurers a comprehensive general liability insurance policy with product liability coverage regarding the sale of Product including liquor liability, in an amount not less than \$10,000,000 in coverage for one occurrence and with the limit \$20,000,000 per year. Coverage shall be on an occurrence rather than a claims made basis. The policy shall name Distributor as an additional insured by way of Vendor Endorsement. The policy shall provide that Distributor will be notified of the cancellation or any restrictive amendment of the policy at least fifteen (15) days prior to the effective date of such cancellation or amendment. CCPR shall not violate, or permit to be violated, any conditions of such insurance policies, and CCPR shall at all times satisfy the requirements of the insurance carrier writing said policy.

12.02 From time to time at the request of Distributor, CCPR shall provide Distributor with a certificate from such insurer certifying that the insurance policy described in this Article is in force and that Distributor is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to Distributor shall be primary regardless of any other coverage that may be available to Distributor.

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12.03 Distributor shall procure and maintain from qualified and licensed insurers a comprehensive general liability insurance policy with product liability coverage regarding the sale of Product including liquor liability, in an amount not less than \$10,000,000 in coverage for one occurrence and with the limit \$10,000,000 per year. Coverage shall be on an occurrence rather than a claims made basis. The policy shall name CCPR as an additional insured. The policy shall provide that CCPR will be notified of the cancellation or any restrictive amendment of the policy at least fifteen (15) days prior to the effective date of such cancellation or amendment. Distributor shall not violate, or permit to be violated, any conditions of such insurance policies, and Distributor shall at all times satisfy the requirements of the insurance carrier writing said policy.

12.04 From time to time at the request of CCPR, Distributor shall provide CCPR with a certificate from such insurer certifying that the insurance policy described in this Article is in force and that CCPR is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to CCPR shall be primary regardless of any other coverage that may be available to CCPR.

ARTICLE XIII CONFIDENTIALITY

13.01 During and subsequent to the Term, each Party shall treat and shall cause its respective employees, officers, directors, managers, advisors, representatives, subsidiaries, Affiliates, assigns, subcontractors and any and all persons or business entities acting under one or any of them to treat, as confidential property and not disclose to any other Person or use in any manner, except as is necessary to perform this Agreement, any information regarding the other Party's prices, plans, programs, processes, products, costs, equipment, marketing and promotional strategy, operations or customers or any information regarding the contents of this Agreement, whether embodied in paper or electronic documents or in oral communications ("Confidential Information"), which may come within the knowledge of such Party, its officers, directors,

managers, owners, employees or advisors in the performance of this Agreement, without in each instance securing the prior written consent of the other Party.

13.02 Nothing above, however, shall prevent any Party hereto from disclosing to any other Person or using in any manner, information that such Party can show:

(i) has been published or has become part of the public domain without any breach of this Agreement;

(ii) has been furnished or has been made known to such Party by Third Parties as a matter of legal right without restrictions on its disclosure;

(iii) was in such Party's lawful possession prior to the disclosure thereof by the other Party;

(iv) is later independently developed by the receiving Party; or

(v) has been required to be disclosed by Law, court order, or government order or regulation.

13.03 If either Party is required by Law, court order or government order or regulation to disclose Confidential Information of the other Party, the Party under such requirement shall provide notice thereof to the other Party and undertake reasonable steps to provide the other Party with an opportunity to object to such disclosure.

13.04 Except as required by Law, neither Party shall release, or cause or allow the release of, information to the communications media or to any other Person concerning the specific terms of this Agreement or any amendment or modification thereto without the prior written consent of the other Party.

ARTICLE XIV MISCELLANEOUS

14.01 This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns. No Party shall be entitled to assign its rights or obligations under this Agreement to any Person without the prior written consent of the other Party, which consent can be withheld for any reason or no reason.

14.02 All notices required or permitted hereunder shall be in writing and shall be deemed duly given if either personally delivered, sent by electronic facsimile or sent by overnight courier service or certified mail, return receipt requested, addressed to the parties as follows:

If to CCPR:

Compañía Cervecería de Puerto Rico, Inc.
Attention: Maribel Montes

Apartado 1690
Mayaguez, PR 00681
Telephone: (787) 834-1000
Facsimile: (787) 265-7740

With a copy to:

Bush Ross, P.A.
Attention: John N. Giordano, Esq.
1801 North Highland Avenue
Tampa, Florida 33602
Telephone: (813) 224-9255
Facsimile: (813) 223-9620

Maymí Rivera, LLC
Attention: Gerardo J. Rivera Fourquet, Esq.
#33 Resolución Street
Doral Bank Plaza, Third Floor
San Juan, Puerto Rico 00920
Telephone: (787) 474-0070
Facsimile: (787) 474-0071

If to Distributor:

Titan Products of Puerto Rico Corp.
Attention: Vicente Sanchez
Box 6969
Bayamon, Puerto Rico 00960
(787) 788-6070

or to such other address, facsimile number or attention as either Party shall provide to the other in accordance herewith. Notices delivered in person, by overnight courier or by facsimile shall be effective when received. Notices given by certified mail shall be effective on the third (3rd) Business Day after mailing unless sooner received, in which case they shall be effective upon receipt.

14.03 The Parties shall be and act as independent contractors and under no circumstances shall this Agreement be construed to create any agency, partnership, joint venture or employment relationship between the parties. Neither Party shall have or hold itself out as having the power or authority to bind the other in any way except as may be otherwise expressly stated in this Agreement. Neither Party shall be responsible for the collection, withholding or payment of any taxes of the other Party.

14.04 If any provision of this Agreement shall be determined to be illegal and unenforceable by any court or any competent governmental or other authority, the remaining

provisions shall be severable and enforceable in accordance with their terms. The Parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions that will maintain the economic purposes and intentions of this Agreement.

14.05 This Agreement will be governed by and construed under the laws of the State of Florida without regard to conflicts-of-laws principles. Venue for all purposes shall be deemed proper in Orange County, Florida. Each Party irrevocably (a) submits exclusively to the jurisdiction of the Circuit Court of Hillsborough County, Florida or the Tampa Division of the United State District Court for the Middle District of Florida for the purpose of any suit, action, or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby (each, a "Proceeding"), (b) agrees that all claims in respect of any Proceeding shall be heard and determined in any such court, (c) waives, to the fullest extent permitted by law, any right to challenge the jurisdiction of any such court or from any legal process therein, (d) agrees not to commence any Proceeding other than in such courts, and (e) waives, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum.

14.06 Failure by any Party to insist on strict performance by the other of any term, condition or obligation set forth in this Agreement shall not be deemed a waiver of the same or any similar breach, and no waiver of any provision hereof shall be effective unless in writing, specifying the provision to be waived.

14.07 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements in regard thereto. This Agreement cannot be altered or modified except by an agreement in writing signed by authorized representatives of the Parties and specifically referring to this Agreement. Notwithstanding the terms of any purchase order or other communication exchanged between the Parties in connection with any order of Product or other transactions contemplated hereby, the terms and conditions of this Agreement shall govern the obligations of the Parties with respect to such order or transaction to the extent of any conflict between such order and this Agreement.

14.08 Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties to this Agreement, and the indemnitees specified in Article IX or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

14.09 If either Party commits a breach or a default of this Agreement, no remedy herein conferred upon or reserved to either Party is exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

14.10 In addition to all other rights available under the Law, each Party shall be entitled to injunctive relief regarding the breach or threatened breach of each obligation under this Agreement and to specific performance of each obligation under this Agreement. The Parties agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach of any obligation under this Agreement and agree to waive the defense in any action

for injunctive relief or specific performance of any obligation under this Agreement that a remedy of law would be adequate. This Section shall not apply to the payment obligations of either Party.

14.11 Neither Party shall be responsible for the collection, withholding or payment of any taxes of the other Party.

14.12 In the event any Party fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting Party or the Party not prevailing in such dispute shall pay any and all costs and expenses incurred by the non-defaulting or prevailing Party in enforcing or establishing its rights under this Agreement, including, without limitation, reasonable attorneys' fees, whether suit be brought or not, and whether incurred in arbitration, mediation, trial or appellate proceedings.

14.13 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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14.14 Headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Agreement. Whenever the context so requires, references in this Agreement to the singular shall include the plural, and the plural shall include the singular, and the masculine the feminine, the feminine the masculine, and the neuter both.

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14.15 Neither CCPR nor Distributor shall be liable for loss or damage, or be deemed to be in breach of this Agreement, if failure of CCPR or Distributor to perform any obligation hereunder results from (i) strikes, embargoes, riots, wars, rebellions or other governmental limitation; (ii) transportation, material or supply shortages; (iii) flood, fire, earthquake or other acts of God; (iv) force of law; or (v) any other similar event or cause beyond the control of the affected Party. Any delay resulting from any of the foregoing causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable; provided, however, that nothing herein contained shall excuse payments of amounts owed by each Party to the other Party hereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement by their representatives thereunto duly authorized.

COMPAÑIA CERVECERA DE PUERTO RICO, INC.

By: Grace Marie Valdes

Name: Grace Marie Valdes

Title: President

TITAN PRODUCTS OF PUERTO RICO CORP.

By: Vicente Sanchez

Name: Vicente Sanchez

Title: President

[SIGNATURE PAGE TO IMPORT AGREEMENT]

SCHEDULE 1

SALES TARGETS FOR TERM

In Cases

Contract Year 2018-19	Contract Year 2019-20	Contract Year 2020-21
108,000	132,765	156,662

gmr

VSB

18%

15%

DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT (this “**Agreement**”) is made and entered into effective as of March ____, 2021 by and between Compañía Cervecera de Puerto Rico, Inc., a Puerto Rico corporation located in Mayagüez, Puerto Rico (“**CCPR**”), represented herein by its Chief Marketing Officer, Jorge E. Bracero, and Titan Products of Puerto Rico, Corp. (“Titan”), a Puerto Rico corporation located in Cataño, Puerto Rico, represented herein by its President, Vicente Sánchez.

Background Information

CCPR is engaged in the manufacture, sale and export of the malt beverage products produced and sold under the following brand names: *Medalla Light*, *Medallita Light*, *Medalla Ultra Light* and *Magna Special Craft*. Titan has the ability and the proper licenses to distribute the Product in the geographical area set forth in **Schedule I** within the state of Florida, (the “**Territory**”), and to promote the sale of the Product to its customers located in the Territory. CCPR desires to appoint Titan as its sole and exclusive distributor of the Product in the Territory subject to the terms, conditions and limitations provided in this Agreement, and Titan desires to act as the sole and exclusive distributor of the Product in the Territory subject to the terms, conditions and limitations provided in this Agreement. CCPR desires for Titan to conduct the sales, marketing and distribution of the Product in the Territory pursuant to the terms and conditions of this Agreement. In consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows.

Operative Provisions

ARTICLE I DEFINITIONS

Unless otherwise indicated, terms used herein shall have the meanings assigned below:

1.01 “**Affiliate(s)**” shall mean any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the specified Person, and if the specified Person is an individual, then any member of the immediate family of such individual. As used in this definition, “immediate family” shall mean any parent, child, grandchild, spouse or sibling and “control” (including, with its correlative meanings, “controlled by” and “under common control with”) shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

1.02 “**Business Day(s)**” shall mean any day of the year in which banks are open in the Territory.

1.03 “**Case**” shall mean twenty-four (24) containers of Product, in ten (10) ounce aluminum cans, or twelve (12) ounce bottles, in any configuration.

1.04 “**CCPR Creative Materials**” shall mean any Marks and Creative Materials created by CCPR and/or Titan for use in connection with the Product, any derivatives of the foregoing or any embodiments of any of the foregoing and all Intellectual Property Rights therein.

1.05 “**CCPR Marks**” shall mean (i) all Marks used in the Territory in connection with the Product and (ii) all other Marks containing CCPR Marks as may be created by or for CCPR and/or Titan for use in connection with the Product in the Territory.

1.06 “**Claimed Product**” shall have the meaning ascribed to it in Section 6.02.

1.07 “**Commencement Date**” shall mean March 16, 2021.

1.08 “**Confidential Information**” shall have the meaning ascribed to it in Section 13.01.

1.09 “**Contract Year**” shall mean each twelve (12) month period during the Term, commencing at 12:01 a.m., March 16, 2021, and terminating at midnight, March 15, 2024, in each case Eastern Standard Time.

1.10 “**Creative Materials**” shall mean any Mark, device, theme, jingle, concept, advertisement or other materials or creative efforts created, used or intended for use in connection with the advertising, marketing, promotion or sale of the Product.

1.11 “**Direct Marketing Expenses**” shall mean all costs and expenses incurred as part of the Marketing Plan for media, sponsorships, point of sale merchandise, promotions and marketing activities related to the Product.

1.12 “**Intellectual Property Rights**” shall mean (i) all rights in copyrights and copyrightable subject matter, Marks, patents, rights of publicity or trade secrets, (ii) all other similar proprietary rights and (iii) any applications or registrations for any of the foregoing.

1.13 “**Law(s)**” shall mean any law (including common law), ordinance, writ, statute, treaty, rule or regulation.

1.14 “**Liability**” or “**Liabilities**” shall have the meaning ascribed to it in Section 9.01.

1.15 “**Mark(s)**” shall mean any trademark, service mark, trade name, trade dress, slogan or other similar source indicator and all goodwill associated with any of the foregoing.

1.16 “**Marketing Plan**” shall mean the plan for selling and marketing the Product in the Territory during a given year, which will describe, in reasonable detail: (i) the spending

levels in dollars for marketing and promotion of the Product; (ii) the advertising for the Product; (iii) the promotional and sales activities for the Product; (iv) the merchandising programs for the Product; (v) the CCPR Creative Materials to be used; (vi) the use by Titan of the CCPR Creative Materials; and (vii) any such other matters as CCPR may consider to be pertinent to the sales and marketing of the Product.

1.17 “**Parent**” means (i) with respect to any corporation, limited liability company or similar entity, any Person owning, directly or indirectly, more than fifty percent (50%) of the issued and outstanding Voting Interests of such corporation, limited liability company or similar entity, and (ii) with respect to any partnership, any Person owning, directly or indirectly, more than fifty percent (50%) of the issued and outstanding general partnership interests.

1.18 “**Parties**” shall mean both CCPR and Titan.

1.19 “**Party**” shall mean either CCPR or Titan.

1.20 “**Person**” shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government body.

1.21 “**Product(s)**” shall mean Medalla Light, Medallita Light, Medalla Ultra Light & Magna Special Craft, and any line extension thereof.

1.22 “**Representatives**” shall have the meaning ascribed to it in Section 13.01.

1.23 “**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership or other similar entity of which more than fifty percent (50%) of the issued and outstanding Voting Interests or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests, is at the time owned, directly or indirectly, by such Person.

1.24 “**Term**” shall have the meaning ascribed to it in Section 5.01.

1.25 “**Territory**” shall have the meaning ascribed to it in the section of this Agreement titled “Background Information”.

1.26 “**Third Party**” shall mean any Person other than Titan, CCPR, their Affiliates and their respective directors, managers, officers, employees, shareholders, members, owners and agents.

1.27 “**Titan Change of Control Event**” shall mean: (i) any Person, who is as of the effective date of this Agreement not a shareholder of Titan, after the Commencement Date becoming the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of Titan (measured on the basis of Voting Interest); (ii) the members of Titan approve a definitive agreement to merge or consolidate Titan with any other entity; or (iii) the members of Titan approve a plan of liquidation of Titan or the disposition by Titan of more than fifty percent (50%) of Titan’s assets.

1.28 “**Transfer Price**” shall mean the price per Case charged by CCPR to Titan for the Product in each package, as such price may be changed from time to time pursuant to this Agreement.

1.29 “**Voting Interest(s)**” means equity interests in any entity of any class or classes (however designated) having ordinary voting power for the election of members of the governing body of such entity (other than equity interests having such power only by reason of the happening of a contingency).

ARTICLE II APPOINTMENT OF DISTRIBUTOR

2.01 Effective upon the Commencement Date, CCPR grants, and Titan accepts:

- (a) the non-transferable right to be the exclusive distributor of the Product in the Territory;
- (b) the exclusive and non-transferable right to advertise, market and promote the Product in the Territory, only in accordance with the terms and conditions of the Marketing Plan; and
- (c) the non-exclusive and non-transferable right to use and exploit the CCPR Marks and CCPR Creative Materials solely in connection with the advertisement, marketing and promotion of the Product in the Territory, only in accordance with the terms and conditions of the Marketing Plan.

2.02 Titan acknowledges and understands that the exclusive right granted by CCPR to distribute the Product and to advertise, market and promote the Product are exclusive rights only in the Territory. Except as expressly set forth in this Agreement, Titan agrees that it shall not distribute, advertise, promote or merchandise the Product outside of the Territory and that it shall not use or ship any materials bearing the CCPR Marks and CCPR Creative Materials outside of the Territory. If Titan learns that any quantity of the Product is being exported from the Territory, then Titan shall promptly inform CCPR thereof, in writing.

2.03 Effective upon the Commencement Date, and continuing thereafter throughout the Term, neither CCPR nor its Affiliates shall undertake, or authorize any other Person to undertake, in the Territory, any of the activities specified to be undertaken by Titan in Section 2.01. If any Third Party undertakes any of the activities specified to be undertaken by Titan in Section 2.01, then Titan may exercise all rights and remedies available to it against such Third Party and CCPR will, at its expense, take such steps, reasonably requested by Titan, to assist Titan in its effort to halt or prohibit any such activities.

ARTICLE III

ORDERING, PAYMENT AND SHIPPING OF THE PRODUCT

3.01 On or before the tenth (10th) day of each month, Titan shall provide to CCPR a commercially reasonable written and rolling forecast of its requirements for the Product for the next succeeding calendar month, which will be used by CCPR for production purposes (the “**Rolling Forecast**”); provided, however, that Titan shall provide to CCPR with a full year forecast of orders of Product per month and per package no later than February 1st of each Contract Year, which will be used by CCPR for planning purposes. Titan shall be required to order not less than seventy-five percent (75%) of the monthly quantity of Product specified in the Rolling Forecast, and CCPR shall not be required to satisfy any order for Product to the extent exceeding one hundred twenty-five percent (125%) of the monthly quantity specified in the Rolling Forecast. Anything herein to the contrary notwithstanding, no order for Product shall be less than one (1) consolidated container load, or 1400 cases.

3.02 CCPR shall sell to Titan, and Titan agrees to purchase from CCPR, the quantities of Product ordered by Titan from time to time. Orders shall be submitted by electronic mail in a form acceptable to CCPR and Titan, unless otherwise arranged by the Parties. In connection with each order, Titan shall designate the port in the Territory to which CCPR shall ship Product and Titan shall indicate the week in which CCPR shall ship the Product from CCPR’s brewery in Mayagüez, Puerto Rico; provided, however, that the Parties agree that the port for the Territory shall be Jacksonville, Florida. CCPR shall accept, in writing via electronic mail or other electronic means, unless otherwise arranged by the Parties, each order including an invoice corresponding to such order, within three (3) Business Days after its receipt of an order by Titan, and CCPR shall indicate the estimated date of delivery to the port in the Territory (the “**Invoice**”).

3.03 CCPR shall package, palletize and prepare for shipment all Product and shall reimburse Titan for any costs incurred by Titan as a result of any improper packaging, palletizing or preparation for shipment of Product occurring at CCPR’s brewery in Mayagüez, Puerto Rico or other location within CCPR’s control. The Product shall contain such coding as shall permit Titan to determine its age without unreasonable difficulty. CCPR shall deliver the Product to the port of shipment in Puerto Rico designated by Titan.

3.04 [Intentionally Omitted.]

3.05 Product shall be delivered by CCPR to Titan FOB Port (as defined by Incoterms 2010), and Titan shall bear all costs of shipment to the port of distribution in the Territory designated by Titan. CCPR will make appropriate arrangements to assure that the quality of the Product is maintained through delivery to the port in the Territory designated by Titan in its order. Risk of loss of the Product shall pass to Titan when the Product is shipped.

3.06 CCPR shall send the Invoice to Titan by electronic mail in a form acceptable to CCPR and Titan. The Transfer Price set forth in the Invoice shall be payable by Titan within thirty (30) days after the date of shipment for such Product. All payments made by Titan shall be made in U.S. dollars by means of wire transfer to an account designated by CCPR from time to time.

3.07 Titan shall not be required to pay for any Product that is damaged or spoiled prior to delivery at the port in the Territory designated by Titan in its order. Titan shall provide CCPR with prompt, reasonable verification of any such damage or loss within fifteen (15) days after receipt of the Product and shall permit any insurance agent designated by CCPR to inspect the Product.

3.08 (a) The Transfer Price applicable to orders submitted during the first Contract Year of this Agreement in the Territory is:

- (i) **Medalla 10oz, 12 Pack:** \$10.50 per case, FOB port in the Territory;
- (ii) **Medalla 10oz, 6 Pack Wrap:** \$10.50 per case, FOB port in the Territory;
- (iii) **Medalla 12oz, 24 Pack:** \$13.00 per case, FOB port in the Territory;
- (iv) **Medalla 12oz 12 Pack:** \$13.25 per case, FOB port in the Territory;
- (v) **Medalla 12oz Basket:** \$13.25 per case, FOB port in the Territory;
- (vi) **Medallita 7oz Division 4x6:** \$9.25 per case, FOB port in the Territory;
- (vii) **Medalla Ultra Light 12oz:** (*PRICE TBD*) per case, FOB port in the Territory;
and
- (viii) **Magna Special Craft 12oz Basket:** \$18.25 per case, FOB port in the Territory.

(b) (i) CCPR may increase the Transfer Price by giving sixty (60) days written notice to Titan prior to the change.

(ii) Any increase in the Transfer Price shall not apply to orders submitted before the effective date of such increase.

3.09 CCPR will replace or issue a credit for any of the Products that are or become unmerchantable or unfit for use due to CCPR's improper manufacture, handling or storage of the Product.

ARTICLE IV SALES AND MARKETING OF THE PRODUCT

4.01 (a) The Parties acknowledge that they have agreed upon annual targets for the sale of the Product in the Territory (the "**Territory Sales Target**") during the Term (as set forth in **Schedule II**); which sales targets Titan covenants and agrees are reasonable for the sale of the Product in the Territory. All sales targets in this Agreement assume uninterrupted supply of Product by CCPR, and shall be suitably pro-rated for any Contract Year in which supply is interrupted.

(b) (i) CCPR shall have absolute authority and discretion to determine the Product brand image and market positioning within the Territory. CCPR shall be responsible for preparing, in consultation and dialogue with Titan, and approving, in its sole and absolute discretion, a yearly Marketing Plan for the Product in the Territory, including all television (if any), radio, promotional activities, published advertising (if any) and marketing materials utilizing the CCPR Marks or the CCPR Creative Materials to market the Product. Titan shall be responsible for the preparation and execution of the sales plan for the Products in the Territory, to be delivered to CCPR no later than February 1 of each Contract Year. Such sales plan shall include: (A) a detailed and specific description of the sales plan, including what specific efforts and strategies shall be undertaken under each category; (B) a proposed budget for each category and strategy; and (C) the proposed third-party suppliers that will be hired to implement and execute the sales plan.

(ii) The Marketing Plan for Contract Year 2021-2022 shall be ultimately approved by CCPR no later than April 15, 2021 after discussion of the same between the Parties. For Calendar Years 2022-2023 and 2023-2024, the parties shall commence consultation for the Marketing Plan no later than January 1st of each year and shall be ultimately approved by CCPR no later than February 1st of each year. The Marketing Plan to be prepared by CCPR shall include: (A) a detailed and specific description of the marketing, advertising and promotions elements of said plan, including what specific efforts and strategies shall be undertaken under each category; (B) a proposed budget for each category; and (C) the third-party suppliers that will be hired to implement and execute the Marketing Plan. Titan and CCPR shall consult with each other and shall have the opportunity to participate in discussions regarding the selection of, and changes in, the advertising, merchandising or promotional agencies working on the Product in the Territory; provided, however, that any such changes shall require the prior written consent of CCPR, in its sole and absolute discretion.

(iii) The Parties have agreed that the Marketing Plan budget for any Contract Year shall be \$1.50 per case sold during the immediately preceding Contract Year (the **“Marketing Plan Budget”**); provided, however, that the Marketing Plan Budget for Contract Year 2021-2022 shall be \$1.50 per case sold during the immediately preceding year 2020-2021, in accordance with the terms established in certain “Import and Distribution Agreement” executed between the Parties on March 16, 2018. Titan shall pay one hundred percent (100%) of the cost of the Marketing Plan Budget. The Parties have further agreed that the Marketing Plan Budget shall never be used for discount programs, in-store equipment and sales kits, unless there is a prior written authorization from CCPR to use the Marketing Plan Budget for such purpose.

(iv) Titan agrees and covenants to employ, at its sole cost and expense, three (3) full-time promoters to dedicate one hundred percent (100%) of their time and effort to market and promote the Product in the Territory, and assign a Product promotion van to each one of said promoters.

(v) Titan agrees to adhere to the Beer Institute Advertising and Marketing Code (available at www.beerinstitute.org) and will not condone, participate in nor permit any activity not in accordance with the code contained therein relating to the Product within the Territory.

(vi) Whenever Titan is required to obtain CCPR's approval under this Article IV for the ability to use advertising or marketing materials, Titan shall submit the appropriate materials to the marketing contact CCPR determines from time to time (the "**CCPR Marketing Contact**"), and the CCPR Marketing Contact shall reply to Titan, in writing, within ten (10) business days of receipt of such materials. If the CCPR Marketing Contact fails to respond to GD, in writing, within ten (10) business days of CCPR's receipt of the marketing or advertising materials, CCPR shall be deemed to have approved the marketing and advertising materials submitted to CCPR by Titan.

4.02 Titan shall secure and maintain label registrations and price postings in the Territory where the Products are sold, as required by applicable state and federal Laws.

4.03 The Parties shall work together to ensure that the agreed label and packaging of the Product as of the Commencement Date complies with the applicable state and federal Laws on the date of the launch of the Product in the Territory and will continue to comply with the applicable state and federal Laws during the Term.

4.04 During the Term of this Agreement:

- (a) each Party shall provide the other with reasonable information in its possession on the relevant beer market, including, without limitation, information that relates to the Product;
- (b) the Parties will have quarterly planning meetings at which they will discuss significant strategic issues relating to the Product;
- (c) upon CCPR's written request, Titan agrees to attend at least one meeting every six (6) months with CCPR at a mutually agreed location to discuss strategic guidelines, the administration of this Agreement and any other factors relating to the Product; and
- (d) CCPR and Titan agree to strive to optimize the exchange of information with regard to market developments and the strategic approach of the market relating to the Product.

4.05 The Parties will mutually agree on a process and monthly reporting forms so that Titan can submit the following reports to CCPR:

- (a) Within sixty (60) days after the end of each Contract Year quarter, quarterly sales, inventory and depletion reports regarding the Product in such detail as may be reasonably requested by CCPR;
- (b) Within sixty (60) days after the end of each Contract Year quarter, quarterly reports detailing the amount of expenditures on advertising and marketing; and

- (c) Such other figures and marketing information as CCPR may reasonably require in writing to judge the progress and the competitive standing of the Product in the Territory.

ARTICLE V TERM AND TERMINATION

5.01 The Term shall commence on March 16, 2021 and shall expire on March 15, 2024, unless earlier terminated in according with the provisions of this Article V (the “**Term**”).

5.02 CCPR shall have the right to terminate this Agreement if Titan does not achieve the Territory Sales Target for the second or third Contract Year during the Term. Such termination right shall be exercised by CCPR by written notice to Titan delivered no later than the 30th day of April of the then running Contract Year, and the effective date of such termination shall be thirty (30) days from the date of such notice.

5.03 Either Party may terminate this Agreement, in addition to any other rights and remedies existing in favor of the terminating Party, upon thirty (30) days written notice to the other Party, if the other Party defaults in performing any of the terms of this Agreement and such default continues unremedied for a period of thirty (30) days after written notice of such default from the non-defaulting Party.

5.04 Either Party may terminate this Agreement immediately upon written notice to the other Party: (i) if the other Party shall make an assignment for the benefit of creditors or commences a voluntary case or proceeding or consents to or acquiesces in the entry of an order for relief against itself in an involuntary case or proceeding under any bankruptcy, reorganization, insolvency or similar Law; (ii) if a trustee or receiver or similar officer of any court is appointed for the other Party or for a substantial part of the property of the other Party; or (iii) if bankruptcy, reorganization, insolvency or liquidation proceedings are instituted against the other Party without such proceedings being dismissed within ninety (90) days from the date of the institution thereof.

5.05 CCPR may terminate this Agreement immediately upon thirty (30) days written notice to Titan if any of the following occur and continues unremedied for a period of thirty (30) days after written notice from CCPR:

- (a) upon the occurrence of a Titan Change of Control Event;
- (b) if Titan does not maintain and renew all licenses, permits, registrations, consents and approvals necessary to distribute the Product and is not in compliance in all respects with and in lawful possession of all licenses, permits, approvals, consents and registrations required in order for Titan to comply with all of its obligations under this Agreement;
- (c) if any statewide distribution or equivalent licenses held by Titan are revoked or suspended by the applicable governmental authority;
- (d) if Titan distributes or sells the Product to any Person outside of the Territory; or

(e) if Titan does not comply with applicable Laws in the state of Florida.

5.06 If, at any time during this Agreement, either Party is convicted of, or pleads guilty to, violating any state, federal or international liquor Law, the other Party may immediately terminate this Agreement. All standard termination clauses shall be overridden in such an instance.

5.07 During the period between a notice of termination and the effective date of termination, each Party shall continue to perform its obligations hereunder in good faith. It is understood that, in the event of termination of this Agreement for any reason, both Parties will continue to be responsible for all obligations which may have occurred up to and including the effective date of termination.

5.08 Upon expiration or termination of this Agreement for any reason, Titan shall make a final inventory accounting and provide same to CCPR. Titan agrees to retain, and CCPR shall provide, sufficient Product to support normal business activities up to the termination date.

5.09 Upon the expiration or termination of this Agreement for any reason, CCPR shall have the obligation to repurchase any Product then in the possession of Titan and available for distribution, but not Product that has less than two (2) months of shelf life remaining, at prices originally billed to Titan and with deductions for moneys or credits due or to become due to CCPR under this Agreement. As to any of CCPR's Product not repurchased by CCPR, Titan shall be entitled to dispose of the Product delivered by CCPR under this Agreement in the regular course of its business and until Titan sells out of its stock of the Product.

5.10 No later than thirty (30) days after the effective date of expiration or termination of this Agreement, each Party shall submit to the other a statement of account detailing sums allegedly owing to or from the respective Party to the other Party. No termination hereof shall terminate either Party's obligations to pay any amount otherwise payable hereunder or to perform any obligation, which survives termination.

5.11 Upon the expiration or termination of this Agreement for any reason, Titan shall: (a) cease marketing and distributing the Product; (b) discontinue the use of the CCPR Marks and CCPR Creative Materials and CCPR's trade name, trademark, labels, packaging, containers, copyrights and other advertising media; and (c) remove all references in its business or marketing materials that Titan is a current distributor for CCPR. Titan further acknowledges that, as of the effective date of the expiration or termination of this Agreement, Titan's failure to cease all use of the CCPR Marks and CCPR Creative Materials and CCPR's trade name, trademark, labels, packaging, containers, copyrights and other advertising media may result in immediate and irreparable harm to CCPR and/or to the rights of any licensee or distributor appointed by CCPR. Titan acknowledges and admits that damages may not constitute adequate relief for such failure to cease all use of the CCPR Marks and CCPR Creative Materials, and Titan agrees, in the event of such failure, that CCPR shall be entitled to relief by way of temporary and permanent injunctions and such other further relief as any court with jurisdiction

may deem just and proper and any preliminary injunction shall not require the placing of a bond by CCPR.

ARTICLE VI
QUALITY CONTROL AND COMPLIANCE
WITH LEGAL REQUIREMENTS

6.01 CCPR warrants to Titan that:

(a) all Products sold to Titan under this Agreement shall be fresh, merchantable malt beverage products fit for human consumption and their intended purposes, manufactured, packaged and labeled in conformity with all federal and state laws and regulations;

(b) no product sold to Titan shall on the date of receipt by Titan be adulterated or misbranded or unsafe within the meaning of the US Federal Food, Drug and Cosmetic Act, including all provisions and amendments pertaining thereto from time to time;

(c) all product sold to Titan is of premium quality produced in accordance with CCPR's specifications;

(d) based on its standards, its Product has a six (6) months shelf life;

(e) the Product will conform to CCPR's specifications for the brewing and packaging of the Product in effect on the Commencement Date, including, without limitation, formula, taste profile, alcohol content, ingredients, package, closure, brand name and trade dress of the Product;

(f) the Product will be in compliance with applicable Laws; and

(g) the Product will be properly packed, handled, stored and transported until its delivery to the carrier.

6.02 If Titan determines that any Product in its possession does not conform to the foregoing warranties or is otherwise damaged or spoiled ("**Claimed Product**"), then it shall not sell the Claimed Product and shall notify CCPR. The Parties shall use reasonable efforts to reach an agreement on the cause of the deficiencies. CCPR shall be liable for Claimed Product unless such damage did not result from the production, manufacture, brewing, bottling, labeling, packaging or storage of the Claimed Product or otherwise caused by or on behalf of CCPR. In the event that Titan, acting reasonably, determines that the deficiencies did result from the production, manufacture, brewing, bottling, labeling, packaging or storage of the Claimed Product or otherwise caused by or on behalf of CCPR, CCPR shall replace the Product or refund to Titan any amount paid by Titan for such Claimed Product and all costs associated with transport, storage and handling of the Claimed Product incurred by Titan, and shall pay the costs of disposing of the Claimed Product in accordance with any requirements of applicable Laws.

6.03 Each Party shall inform the other Party in writing of any consumer complaints or claims ("**Claims**") regarding the Product distributed in the Territory which are reported to it or

which come to its attention, alleging adverse reaction or product defect that causes injury to the consumer which is fatal, life-threatening, disabling, incapacitating or which results in hospitalization. Claims shall be reported to the other Party within five (5) business days following receipt. Each Party shall promptly provide the other Party with all information and materials relevant to the matter that is in its possession. Consistent with the provisions of Article IX, the indemnifying party shall be primarily responsible for the defense of any Claim and shall keep the indemnified party regularly informed of all Claim-related activities in a timely manner. In no event shall the indemnified party issue a statement that admits liability in whole or in part without the prior written consent of the indemnifying party.

6.04 Titan shall notify CCPR in writing of (a) any information that comes to its attention relating to the safety of any of the Product distributed in the Territory reasonably likely to involve a consumer health or safety problem and (b) any possible action and/or decision by a competent authority to potentially recall such Product or batches of the Product. In the event of a possible recall, Titan and CCPR shall designate appropriate personnel to form a team as soon as possible to facilitate the sharing of relevant information and coordination regarding the potential recall. Each Party shall promptly provide the other all information relevant to the Product recall and actively cooperate with the other in implementing the mutually agreed upon Product recall strategy.

6.05 For purposes of comparing actual sales to the sales target, actual sales will be increased by the amount of Claimed Product that resulted from the production, manufacture, brewing, bottling, labeling, handling, packaging, or storage of the Claimed Product or was otherwise caused by or on behalf of CCPR.

6.06 (a) Except as provided in this Section, CCPR may not make any change to the Product without the express written consent of Titan.

(b) CCPR may change, alter, modify or adjust the formula, taste profile, alcohol content or ingredients of the Products provided the change is designed to maintain conformity of the Products characteristics with the beers sold in Puerto Rico from time to time. CCPR shall provide Titan at least 120 days prior written notice of any such change, alteration, modification or adjustment and provide Titan with reasonably requested information concerning such change and samples of the modified Product.

(c) CCPR may reasonably modify, delete or add to labeling or packaging used on or in connection with the promotion or sale of the Product, including, but not limited to, adding to or deleting, diminishing or expanding size, or relocating on the labeling or packaging any trade dress elements, label design or logotypes on at least 120 days prior written notice to Titan. If Titan does not agree with any such modification, then Titan shall promptly advise CCPR in writing, expressing the reasons for such disagreement. CCPR agrees to discuss such proposed modification with Titan prior to the implementation of such modification which implementation shall in any event be at CCPR's sole and absolute discretion.

(d) CCPR may change the formula of the Product, or the labeling or packaging used on or in connection with the promotion or sale of the Product, if required to comply with any

applicable Law relating to the Product being sold in the Territory during the Term of this Agreement.

(e) if CCPR materially changes, alters, modifies or adjusts the formula, taste profile, alcohol content or ingredients of the Products such that the Products are considered to be in a different “beer category”, then, in such event the Sales Target in the Contract Year during which the change occurs shall be deemed to be achieved for purposes of Section 5.02.

6.08 Titan shall properly handle and store all Product in its possession and shall not alter the label and package design on any Product or alter, remove or tamper with any CCPR Marks on the Product.

6.09 Titan shall maintain all licenses, permits and other authorizations that are necessary for its distribution, advertising, marketing and sale of the Product in the Territory and shall comply with all applicable Laws covering the distribution, sale, advertising and marketing of the Product in the Territory.

6.10 CCPR may, by its own initiative and under its own responsibility for compliance with the provisions of this Agreement, contract to a Third Party of its trust the right to produce the Product, provided that (a) CCPR guarantees the same quality and service standards (packaging, quality of the Product and compliance with applicable Laws); and (b) CCPR remains in compliance with all provisions of this Agreement. For avoidance of doubt, CCPR shall have the absolute discretion to appoint a third-party producer of the Product of its choice, as long as CCPR has satisfied the conditions of this Section 6.10.

ARTICLE VII

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ARTICLE VIII

INTELLECTUAL PROPERTY RIGHTS

8.01 Titan acknowledges and agrees that, as between the Parties, CCPR owns all Intellectual Property Rights in the CCPR Marks and CCPR Creative Materials. Any and all rights in the CCPR Marks and the CCPR Creative Materials, including, without limitation, the goodwill arising from the permitted use and creation of the CCPR Marks and CCPR Creative Materials by Titan, shall inure to the benefit of and be the exclusive property of CCPR. CCPR shall make no use of the CCPR Creative Materials created by Titan in parts of the Territory not serviced by Titan, unless Titan consents to such use in writing.

8.02 Subject to the provisions of this Agreement, CCPR grants to Titan the right to use the CCPR Marks and the CCPR Creative Materials in connection with the performance of this Agreement in the Territory, but such right shall be non-exclusive, non-assignable and non-transferable. Titan shall not use CCPR Marks and CCPR Creative Materials, including in any advertising, promotional, sponsorship or endorsement activity, or authorize any other person to use the CCPR Marks and CCPR Creative Materials, unless it receives CCPR’s approval prior thereto in accordance with this Agreement. Once any use of the CCPR Creative Materials is so

approved, Titan shall not be required to seek approval from CCPR for repetitions of such use or any changes in such use unless such change is, in the reasonable judgment of CCPR, material.

8.03 CCPR, its Affiliates or their assigns shall maintain in the Territory during the Term full legal title to each CCPR Mark which is used in the Territory. CCPR, its affiliates or their assigns shall maintain such title free and clear of any claims, liens or encumbrances and of any rights or interest of any Person or entity therein, direct or contingent, except for the rights and licenses granted hereunder or otherwise permitted by this Agreement.

8.04 Titan acknowledges the title of CCPR to the CCPR Marks and CCPR Creative Materials in the Territory and elsewhere and agrees not to tamper with it or do any act which might invalidate such title or the registration of the CCPR Marks and CCPR Creative Materials, nor do any act which might support any application to remove the CCPR Marks or CCPR Creative Materials from any applicable trademark register nor assist any other person directly or indirectly in any such act.

8.05 Titan agrees not to use in its business any other Mark which is similar to, or substantially similar to, or so nearly resembles the CCPR Marks and CCPR Creative Materials as to cause deception or confusion.

8.06 Each Party shall promptly provide the other Party with written notice of any known or suspected infringement or other violation by any Person of any Intellectual Property Rights with respect to the Product in the Territory. CCPR agrees to use all commercially reasonable means to prosecute any valid material claim of infringement of the Intellectual Property Rights of CCPR in the Territory. At the request of CCPR, Titan shall provide reasonable cooperation to CCPR or its Affiliates in any such enforcement, and CCPR shall reimburse Titan for any out of pocket costs incurred by it thereby.

8.07 Upon expiration or termination of this Agreement for any reason, all rights granted to Titan to use the CCPR Marks and CCPR Creative Materials shall immediately terminate.

ARTICLE IX INDEMNIFICATION

9.01 CCPR shall defend, indemnify, and hold harmless Titan and its Affiliates and their respective shareholders, directors, officers, employees, agents, representatives, and successors and assigns from and against any and all injuries, liabilities, losses, expenses, damages, compensation, penalties, interests, taxes, liens, suits, actions, and judgments of whatsoever type or nature arising out of the claims made by third parties, including, without limitation, reasonable attorneys' fees and expenses, court costs, and other legal expenses ("Liability" or "Liabilities"), incurred by it or them in connection with any claim based upon or arising from:

(i) any alleged or actual breach by CCPR of any provision of this Agreement, or any act or omission of CCPR, its Affiliates, or their employees or agents in the performance of this Agreement or otherwise in furtherance of the purposes hereof;

(ii) death, bodily injury, or property damage resulting from the Product, or acts or omissions of CCPR in the production and packaging of the Product (except as set forth in Section 9.02(ii) of this Agreement);

(iii) Titan's permitted use of CCPR Creative Materials or CCPR Marks in accordance with this Agreement; or

(iv) the assertion or claim that the execution, delivery and performance of this Agreement or the negotiations concerning this Agreement violates the rights of any Third Party, or any claim by a Third Party, arising out of or relating to a distribution or other agreement between a Third Party and CCPR or the expiration or termination thereof.

9.02 Titan shall defend, indemnify, and hold harmless CCPR, its Affiliates and their respective directors, officers, employees, and shareholders from and against any and all Liabilities incurred by it or them in connection with any claim based upon or arising from:

(i) any alleged or actual breach by Titan of any provision of this Agreement, or any act or omission of Titan, its Affiliates or their employees or agents in the performance of this Agreement or otherwise in furtherance of the purposes hereof;

(ii) death, bodily injury, or property damage to the extent resulting from the acts or omissions of Titan in the shipping, storage or transportation of the Product while in its possession; or

(iii) Titan's improper use of CCPR Creative Materials or CCPR Marks.

9.03 If a claim by a Third Party is made against a party indemnified pursuant to this Article and if such indemnified party intends to seek indemnity with respect thereto, the indemnified party shall promptly notify the indemnifying party, in writing, of such Liability; provided, however, that any failure of the indemnified party to promptly notify the indemnifying party of such claim shall not relieve the indemnifying party of its obligations pursuant to this Article except to the extent that the indemnifying party would be responsible for the payment of any additional amounts or actually be prejudiced in any other way as a result of such failure.

9.04 The indemnifying party shall undertake, conduct, and control, through appropriate counsel of its own choosing and at the indemnifying party's expense, the settlement or defense thereof, provided the indemnifying party proceeds in good faith, expeditiously and diligently. If the indemnifying party fails to defend any matter within thirty (30) days after receipt of written notice from the indemnified party of the existence of the Liability, the indemnifying party shall have no right to defend such matter, and the indemnified party shall have full right and power to defend, settle or otherwise deal with and dispose of the matter and shall be indemnified for the fees and expenses of counsel retained for such purpose and any judgment or settlement amount.

9.05 The indemnified party shall cooperate with the indemnifying party in connection with any defense by the indemnifying party of a claim, and the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party and the fees and expenses of such counsel shall be borne by the indemnified party. Without the prior written consent of the indemnified party, the indemnifying party will not enter into any settlement of any such claim which would lead to liability or create any financial or other obligation on the part of the indemnified party, and the indemnifying party shall after any such settlement or the resolution of any claim within thirty (30) days reimburse the indemnified party for the full amount of any Liability resulting from such claim not theretofore paid by the indemnifying party. The indemnification required by this Article shall be made by periodic payments of the amount thereof as losses are incurred within thirty (30) days after bills are received.

9.06 NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR LOSS OF SALES, PROFITS OR REVENUES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

9.07 In the event any payment obligation of a Party under this Article is not paid within thirty (30) days of the due date, the other Party shall be authorized to request the payment of interest thereon equal to the daily prime rate of interest as published by *The Wall Street Journal* from time to time as being the base rate on corporate loans posted by the nation's largest banks.

ARTICLE X REPRESENTATIONS AND WARRANTIES

10.01 Each Party represents and warrants to the other as follows:

(i) It is a corporation duly organized, validly existing, and in good standing and has full corporate or other power and authority to carry on its business as now conducted and as currently proposed to be conducted, and to execute, deliver, and carry out the terms of this Agreement, and has all permits, licenses and authorizations necessary to carry on its business as presently conducted.

(ii) It has duly authorized, executed and delivered this Agreement, and it is a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms. There is no litigation or other proceedings pending or, to the knowledge of such Party, threatened against it, which, if adversely determined, would prohibit the execution, delivery, or performance by such Party of this Agreement or materially impair such Party's ability to perform its obligations hereunder.

(iii) Neither the execution and delivery nor the performance by such Party of this Agreement will contravene any applicable Law, or any judgment or order, or result in any breach of or constitute any default under, or result in the creation of any lien upon any property of such

Party under, any indenture, mortgage, or other agreement or instrument to which such Party or its Affiliate is a party or by which it, or any of its properties, may be bound or affected.

(iv) No consent, approval or filing with any governmental authority is required to be made by such Party in connection with its execution, delivery and performance of this Agreement.

10.02 CCPR additionally represents and warrants to Titan as follows:

(i) CCPR is not itself, nor through any other Person, distributing the Product or any other malt beverage product in the Territory.

(ii) CCPR has the full right to grant all the rights granted hereunder to Titan, and the grant of such rights to Titan does not violate any other agreement, contract or instrument to which CCPR is, or ever has been, a party or by which it, or any of its properties, may be bound or affected.

(iii) There is no litigation or other proceedings pending or, to the knowledge of CCPR, threatened that alleges or asserts that: (a) the Product or the use of the CCPR Creative Materials or the CCPR Marks in the Territory infringe, misappropriate, or otherwise violate the Intellectual Property Rights of any Third Party; (b) the Product has caused death, bodily injury, or property damage; or (c) the manufacture, brewing, bottling, distribution, marketing, sale, shipping, labeling, packaging, storage or transport of the Product in the Territory otherwise violates Law or the rights of any Third Party, nor to the knowledge of CCPR, is there any set of facts that could form the basis for any of (a), (b) or (c) above.

10.03 Titan additionally represents and warrants to CCPR as follows:

(i) Titan has, or will have before the Product rollout date in the Territory, all licenses, permits, registrations, consents and approvals necessary to distribute the Product and required in order for Titan to comply with all of its obligations under this Agreement.

(ii) All of Titan's officers and managers are not less than twenty-one (21) years of age and, to Titan's knowledge, have not been convicted within the last five (5) years of any offense against the beverage laws of any state or of the United States; have not been convicted within the last five (5) years in any state or the United States of any criminal violation of the controlled substance act of any state or the federal government; and have not been convicted in the last fifteen (15) years of any felony in any state or the United States. The term "conviction" for purposes of this Section shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

(iii) Except for the federal wholesale license required for Titan to distribute the Product in Florida, neither Titan nor its Affiliates, officers, directors, managers, agents or employees have an interest, directly or indirectly, in the license, business, assets or equity ownership of a licensed wholesaler or have a financial interest, directly or indirectly, in any Person licensed as a retail vendor of alcoholic beverages.

ARTICLE XI COVENANTS OF PARTIES

11.01 Titan agrees to use its best efforts to distribute, advertise, promote, and market the Product in the Territory.

11.02 Titan agrees not to challenge, directly or indirectly, in any country of the world, CCPR's sole and exclusive ownership of the CCPR Marks and CCPR Creative Materials and any variations and modifications thereof, as well as the goodwill symbolized by such CCPR Marks and CCPR Creative Materials.

11.03 Titan covenants that it has and will maintain and renew all licenses, permits, registrations, consents and approvals necessary to distribute the Product and will continue to be in compliance in all respects with and in lawful possession of all licenses, permits, approvals, consents and registrations required in order for Titan to comply with all of its obligations under this Agreement.

11.04 Titan will ensure that good care is taken of the Product distributed by Titan. Titan shall be liable for breakage or loss through any means for Product in transit from Titan to its customers.

11.05 Titan shall distribute and sell the Product only to customers that it reasonably believes has and continues to properly maintain and renew, all licenses, permits, registrations, consents and approvals required by applicable Laws to sell brewed beverages containing malt within the Territory.

11.06 Titan shall ensure compliance with applicable Laws with respect to its relationships with its customers.

11.07 Titan shall promptly notify CCPR if any of Titan's officers or managers are less than twenty-one (21) years of age; have been convicted of any offense against the beverage laws of any state or of the United States; have been convicted in any state or the United States of any criminal violation of the controlled substance act of any state or the federal government; or have been convicted of any felony in any state or the United States. The term "conviction" for purposes of this Section shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

11.08 Titan shall allow any state or federal governmental authority to examine its books, records and accounts if required by applicable Laws and shall prepare, file and maintain complete and accurate records and reports pursuant to applicable Laws.

11.09 Titan shall, during the Term, maintain an office and distribution facilities in Florida.

ARTICLE XII INSURANCE

12.01 CCPR shall procure and maintain from qualified and licensed insurers a comprehensive general liability insurance policy with product liability coverage regarding the sale of Product including liquor liability, in an amount not less than \$10,000,000 in coverage for one occurrence and with the limit \$20,000,000 per year. Coverage shall be on an occurrence rather than a claim made basis. The policy shall name Titan as an additional insured by way of Vendor Endorsement. The policy shall provide that Titan will be notified of the cancellation or any restrictive amendment of the policy at least fifteen (15) days prior to the effective date of such cancellation or amendment. CCPR shall not violate, or permit to be violated, any conditions of such insurance policies, and CCPR shall at all times satisfy the requirements of the insurance carrier writing said policy.

12.02 From time to time at the request of Titan, CCPR shall provide Titan with a certificate from such insurer certifying that the insurance policy described in this Article is in force and that Titan is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to Titan shall be primary regardless of any other coverage that may be available to Titan.

12.03 Titan shall procure and maintain from qualified and licensed insurers a comprehensive general liability insurance policy with product liability coverage regarding the sale of Product including liquor liability, in an amount not less than \$10,000,000 in coverage for one occurrence and with the limit \$10,000,000 per year. Coverage shall be on an occurrence rather than a claim made basis. The policy shall name CCPR as an additional insured. The policy shall provide that CCPR will be notified of the cancellation or any restrictive amendment of the policy at least thirty (30) days prior to the effective date of such cancellation or amendment. Titan shall not violate, or permit to be violated, any conditions of such insurance policies, and Titan shall at all times satisfy the requirements of the insurance carrier writing said policy.

12.04 From time to time at the written request of CCPR, Titan shall provide CCPR with a certificate from such insurer certifying that the insurance policy described in this Article is in force and that CCPR is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to CCPR shall be primary regardless of any other coverage that may be available to CCPR.

ARTICLE XIII CONFIDENTIALITY

13.01 During and subsequent to the Term, each Party shall treat and shall cause its respective employees, officers, directors, shareholders, managers, advisors, representatives, subsidiaries, Affiliates, assigns, subcontractors and any and all persons or business entities acting under one or any of them (all of the foregoing, the “**Representatives**”) to treat, as confidential property and not disclose to any other Person or use in any manner, except as is necessary to perform this Agreement, any information regarding the other Party’s prices, plans, programs, processes, products, costs, equipment, marketing and promotional strategy, operations or

customers or any information regarding the contents of this Agreement, whether embodied in paper or electronic documents or in oral communications (“**Confidential Information**”), which may come within the knowledge of such Party, or its Representatives in the performance of this Agreement, without in each instance securing the prior written consent of the other Party.

13.02 Nothing above, however, shall prevent any Party hereto from disclosing to any other Person or using in any manner, information that such Party can show:

(i) has been published or has become part of the public domain without any breach of this Agreement;

(ii) has been furnished or has been made known to such Party by Third Parties as a matter of legal right without restrictions on its disclosure;

(iii) was in such Party’s lawful possession prior to the disclosure thereof by the other Party;

(iv) is later independently developed by the receiving Party; or

(v) has been required to be disclosed by Law, court order, or government order or regulation.

13.03 If either Party is required by Law, court order or government order or regulation to disclose Confidential Information of the other Party, the Party under such requirement shall provide notice thereof to the other Party and undertake reasonable steps to provide the other Party with an opportunity to object to such disclosure.

13.04 Except as required by Law, neither Party shall release, or cause or allow the release of, information to the communications media or to any other Person concerning the specific terms of this Agreement or any amendment or modification thereto without the prior written consent of the other Party.

ARTICLE XIV MISCELLANEOUS

14.01 This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns. No Party shall be entitled to assign its rights or obligations under this Agreement to any Person without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

14.02 All notices required or permitted hereunder shall be in writing and shall be deemed duly given if either personally delivered, sent by electronic facsimile or sent by overnight courier service or certified mail, return receipt requested, addressed to the parties as follows:

If to CCPR:

Compañía Cervecería de Puerto Rico, Inc.
Attention: Maribel Montes & Jorge Bracero
Apartado 1690
Mayaguez, PR 00681
Telephone: (787) 834-1000
Facsimile: (787) 265-7740

With a copy to:

Marichal, Hernández, Santiago & Juarbe, LLC
Attention: Gilberto Maymí, Esq.
Triple S Plaza
1510 Roosevelt Ave., Suite 9B1
Guaynabo, PR 00968
Telephone: (787) 753-1565
Facsimile: (787) 763-1704

If to Titan:

Titan Products of Puerto Rico, Corp.
Attention: Vicente Sánchez
Box 6969
Bayamón, PR 00960
(787) 788-6070

or to such other address, facsimile number or attention as either Party shall provide to the other in accordance herewith. Notices delivered in person, by overnight courier or by facsimile shall be effective when received. Notices given by certified mail shall be effective on the third (3rd) Business Day after mailing unless sooner received, in which case they shall be effective upon receipt.

14.03 The Parties shall be and act as independent contractors and under no circumstances shall this Agreement be construed to create any agency, partnership, joint venture or employment relationship between the parties. Neither Party shall have or hold itself out as having the power or authority to bind the other in any way except as may be otherwise expressly stated in this Agreement. Neither Party shall be responsible for the collection, withholding or payment of any taxes of the other Party.

14.04 If any provision of this Agreement shall be determined to be illegal and unenforceable by any court or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with their terms. The Parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions that will maintain the economic purposes and intentions of this Agreement.

14.05 This Agreement will be governed by and construed under the laws of the state of Florida without regard to conflicts-of-laws principles. Venue for all purposes shall be deemed proper exclusively in San Juan, Puerto Rico. Each Party irrevocably (a) submits exclusively to the jurisdiction of the United States District Court, District of Puerto Rico, for the purpose of any suit, action, or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby (each, a “**Proceeding**”), (b) agrees that all claims in respect of any Proceeding shall be heard and determined in such court, (c) waives, to the fullest extent permitted by law, any right to challenge the jurisdiction of such court or from any legal process therein, (d) agrees not to commence any Proceeding other than in such court, and (e) waives, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum. Furthermore, each Party hereby irrevocably waives its rights to trial by jury in any action or proceeding arising out of this Agreement or the transactions relating to its subject matter.

14.06 Failure by any Party to insist on strict performance by the other of any term, condition or obligation set forth in this Agreement shall not be deemed a waiver of the same or any similar breach, and no waiver of any provision hereof shall be effective unless in writing, specifying the provision to be waived.

14.07 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements in regard thereto. This Agreement cannot be altered or modified except by an agreement in writing signed by authorized representatives of the Parties and specifically referring to this Agreement. Notwithstanding the terms of any purchase order or other communication exchanged between the Parties in connection with any order of Product or other transactions contemplated hereby, the terms and conditions of this Agreement shall govern the obligations of the Parties with respect to such order or transaction to the extent of any conflict between such order and this Agreement.

14.08 Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties to this Agreement, and the indemnitees specified in Article IX or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

14.09 If either Party commits a breach or a default of this Agreement, no remedy herein conferred upon or reserved to either Party is exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

14.10 In addition to all other rights available under the Law, each Party shall be entitled to injunctive relief regarding the breach or threatened breach of each obligation under this Agreement and to specific performance of each obligation under this Agreement. The Parties agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach of any obligation under this Agreement and agree to waive the defense in any action for injunctive relief or specific performance of any obligation under this Agreement that a

remedy of law would be adequate. This Section shall not apply to the payment obligations of either Party.

14.11 Neither Party shall be responsible for the collection, withholding or payment of any taxes of the other Party.

14.12 In the event any Party fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting Party or the Party not prevailing in such dispute shall pay any and all costs and expenses incurred by the non-defaulting or prevailing Party in enforcing or establishing its rights under this Agreement, including, without limitation, reasonable attorneys' fees, whether suit be brought or not, and whether incurred in arbitration, mediation, trial or appellate proceedings.

14.13 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.14 Headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Agreement. Whenever the context so requires, references in this Agreement to the singular shall include the plural, and the plural shall include the singular, and the masculine the feminine, the feminine the masculine, and the neuter both.

14.15 Neither CCPR nor Titan shall be liable for loss or damage, or be deemed to be in breach of this Agreement, if failure of CCPR or Titan to perform any obligation hereunder results from (i) strikes, embargoes, riots, wars, rebellions or other governmental limitation; (ii) transportation, material or supply shortages; (iii) flood, fire, earthquake or other acts of God; (iv) force of law; or (v) any other similar event or cause beyond the control of the affected Party. Any delay resulting from any of the foregoing causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable; provided, however, that nothing herein contained shall excuse payments of amounts owed by each Party to the other Party hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement by their representatives thereunto duly authorized.

COMPAÑÍA CERVECERA DE PUERTO RICO, INC.

By:_____

Name: Jorge E. Bracero

Title: Chief Marketing Officer

Date: _____

**TITAN PRODUCTS OF PUERTO RICO,
CORP.**

By:_____

Name: Vicente Sánchez

Title: President

Date: _____

SCHEDULE I**TERRITORY****FLORIDA COUNTIES – CENTRAL & NORTH**

Alachua	Hardee	Okeechobee
Baker	Hendry	Orange
Bay	Hernando	Osceola
Bradford	Highlands	Pasco
Brevard	Hillsborough	Pinellas
Calhoun	Holmes	Polk
Charlotte	Indian River	Putnam
Citrus	Jackson	Santa Rosa
Clay	Jefferson	Sarasota
Columbia	Lafayette	Seminole
DeSoto	Lake	St. Johns
Dixie	Lee	St. Lucie
Duval	Leon	Sumter
Escambia	Levy	Suwannee
Flagler	Liberty	Taylor
Franklin	Madison	Union
Gadsden	Manatee	Volusia
Gilchrist	Marion	Wakulla
Glades	Martin	Walton
Gulf	Nassau	Washington
Hamilton	Okaloosa	

SCHEDULE II

TERRITORY SALES TARGETS

Contract Year 2021-2022	Contract Year 2022-2023	Contract Year 2023-2024
250,000 cases, in any configuration	250,000 cases, in any configuration	250,000 cases, in any configuration

DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT (this “**Agreement**”) is made and entered into effective as of March ____, 2021 by and between Compañía Cervecera de Puerto Rico, Inc., a Puerto Rico corporation located in Mayagüez, Puerto Rico (“**CCPR**”), represented herein by its Chief Marketing Officer, Jorge E. Bracero, and Titan Products of Puerto Rico, Corp. (“Titan”), a Puerto Rico corporation located in Cataño, Puerto Rico, represented herein by its President, Vicente Sánchez.

Background Information

CCPR is engaged in the manufacture, sale and export of the malt beverage products produced and sold under the following brand names: *Medalla Light*, *Medallita Light*, *Medalla Ultra Light* and *Magna Special Craft*. Titan has the ability and the proper licenses to distribute the Product in the geographical area set forth in **Schedule I** within the state of Florida, (the “**Territory**”), and to promote the sale of the Product to its customers located in the Territory. CCPR desires to appoint Titan as its sole and exclusive distributor of the Product in the Territory subject to the terms, conditions and limitations provided in this Agreement, and Titan desires to act as the sole and exclusive distributor of the Product in the Territory subject to the terms, conditions and limitations provided in this Agreement. CCPR desires for Titan to conduct the sales, marketing and distribution of the Product in the Territory pursuant to the terms and conditions of this Agreement. In consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows.

Operative Provisions

ARTICLE I DEFINITIONS

Unless otherwise indicated, terms used herein shall have the meanings assigned below:

1.01 “**Affiliate(s)**” shall mean any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the specified Person, and if the specified Person is an individual, then any member of the immediate family of such individual. As used in this definition, “immediate family” shall mean any parent, child, grandchild, spouse or sibling and “control” (including, with its correlative meanings, “controlled by” and “under common control with”) shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

1.02 “**Business Day(s)**” shall mean any day of the year in which banks are open in the Territory.

1.03 “**Case**” shall mean twenty-four (24) containers of Product, in ten (10) ounce aluminum cans, or twelve (12) ounce bottles, in any configuration.

1.04 “**CCPR Creative Materials**” shall mean any Marks and Creative Materials created by CCPR and/or Titan for use in connection with the Product, any derivatives of the foregoing or any embodiments of any of the foregoing and all Intellectual Property Rights therein.

1.05 “**CCPR Marks**” shall mean (i) all Marks used in the Territory in connection with the Product and (ii) all other Marks containing CCPR Marks as may be created by or for CCPR and/or Titan for use in connection with the Product in the Territory.

1.06 “**Claimed Product**” shall have the meaning ascribed to it in Section 6.02.

1.07 “**Commencement Date**” shall mean March 16, 2021.

1.08 “**Confidential Information**” shall have the meaning ascribed to it in Section 13.01.

1.09 “**Contract Year**” shall mean each twelve (12) month period during the Term, commencing at 12:01 a.m., March 16, 2021, and terminating at midnight, March 15, 2024, in each case Eastern Standard Time.

1.10 “**Creative Materials**” shall mean any Mark, device, theme, jingle, concept, advertisement or other materials or creative efforts created, used or intended for use in connection with the advertising, marketing, promotion or sale of the Product.

1.11 “**Direct Marketing Expenses**” shall mean all costs and expenses incurred as part of the Marketing Plan for media, sponsorships, point of sale merchandise, promotions and marketing activities related to the Product.

1.12 “**Intellectual Property Rights**” shall mean (i) all rights in copyrights and copyrightable subject matter, Marks, patents, rights of publicity or trade secrets, (ii) all other similar proprietary rights and (iii) any applications or registrations for any of the foregoing.

1.13 “**Law(s)**” shall mean any law (including common law), ordinance, writ, statute, treaty, rule or regulation.

1.14 “**Liability**” or “**Liabilities**” shall have the meaning ascribed to it in Section 9.01.

1.15 “**Mark(s)**” shall mean any trademark, service mark, trade name, trade dress, slogan or other similar source indicator and all goodwill associated with any of the foregoing.

1.16 “**Marketing Plan**” shall mean the plan for selling and marketing the Product in the Territory during a given year, which will describe, in reasonable detail: (i) the spending

levels in dollars for marketing and promotion of the Product; (ii) the advertising for the Product; (iii) the promotional and sales activities for the Product; (iv) the merchandising programs for the Product; (v) the CCPR Creative Materials to be used; (vi) the use by Titan of the CCPR Creative Materials; and (vii) any such other matters as CCPR may consider to be pertinent to the sales and marketing of the Product.

1.17 “**Parent**” means (i) with respect to any corporation, limited liability company or similar entity, any Person owning, directly or indirectly, more than fifty percent (50%) of the issued and outstanding Voting Interests of such corporation, limited liability company or similar entity, and (ii) with respect to any partnership, any Person owning, directly or indirectly, more than fifty percent (50%) of the issued and outstanding general partnership interests.

1.18 “**Parties**” shall mean both CCPR and Titan.

1.19 “**Party**” shall mean either CCPR or Titan.

1.20 “**Person**” shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government body.

1.21 “**Product(s)**” shall mean Medalla Light, Medallita Light, Medalla Ultra Light & Magna Special Craft, and any line extension thereof.

1.22 “**Representatives**” shall have the meaning ascribed to it in Section 13.01.

1.23 “**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership or other similar entity of which more than fifty percent (50%) of the issued and outstanding Voting Interests or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests, is at the time owned, directly or indirectly, by such Person.

1.24 “**Term**” shall have the meaning ascribed to it in Section 5.01.

1.25 “**Territory**” shall have the meaning ascribed to it in the section of this Agreement titled “Background Information”.

1.26 “**Third Party**” shall mean any Person other than Titan, CCPR, their Affiliates and their respective directors, managers, officers, employees, shareholders, members, owners and agents.

1.27 “**Titan Change of Control Event**” shall mean: (i) any Person, who is as of the effective date of this Agreement not a shareholder of Titan, after the Commencement Date becoming the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of Titan (measured on the basis of Voting Interest); (ii) the members of Titan approve a definitive agreement to merge or consolidate Titan with any other entity; or (iii) the members of Titan approve a plan of liquidation of Titan or the disposition by Titan of more than fifty percent (50%) of Titan’s assets.

1.28 “**Transfer Price**” shall mean the price per Case charged by CCPR to Titan for the Product in each package, as such price may be changed from time to time pursuant to this Agreement.

1.29 “**Voting Interest(s)**” means equity interests in any entity of any class or classes (however designated) having ordinary voting power for the election of members of the governing body of such entity (other than equity interests having such power only by reason of the happening of a contingency).

ARTICLE II APPOINTMENT OF DISTRIBUTOR

2.01 Effective upon the Commencement Date, CCPR grants, and Titan accepts:

- (a) the non-transferable right to be the exclusive distributor of the Product in the Territory;
- (b) the exclusive and non-transferable right to advertise, market and promote the Product in the Territory, only in accordance with the terms and conditions of the Marketing Plan; and
- (c) the non-exclusive and non-transferable right to use and exploit the CCPR Marks and CCPR Creative Materials solely in connection with the advertisement, marketing and promotion of the Product in the Territory, only in accordance with the terms and conditions of the Marketing Plan.

2.02 Titan acknowledges and understands that the exclusive right granted by CCPR to distribute the Product and to advertise, market and promote the Product are exclusive rights only in the Territory. Except as expressly set forth in this Agreement, Titan agrees that it shall not distribute, advertise, promote or merchandise the Product outside of the Territory and that it shall not use or ship any materials bearing the CCPR Marks and CCPR Creative Materials outside of the Territory. If Titan learns that any quantity of the Product is being exported from the Territory, then Titan shall promptly inform CCPR thereof, in writing.

2.03 Effective upon the Commencement Date, and continuing thereafter throughout the Term, neither CCPR nor its Affiliates shall undertake, or authorize any other Person to undertake, in the Territory, any of the activities specified to be undertaken by Titan in Section 2.01. If any Third Party undertakes any of the activities specified to be undertaken by Titan in Section 2.01, then Titan may exercise all rights and remedies available to it against such Third Party and CCPR will, at its expense, take such steps, reasonably requested by Titan, to assist Titan in its effort to halt or prohibit any such activities.

ARTICLE III ORDERING, PAYMENT AND SHIPPING OF THE PRODUCT

3.01 On or before the tenth (10th) day of each month, Titan shall provide to CCPR a commercially reasonable written and rolling forecast of its requirements for the Product for the next succeeding calendar month, which will be used by CCPR for production purposes (the “**Rolling Forecast**”); provided, however, that Titan shall provide to CCPR with a full year forecast of orders of Product per month and per package no later than February 1st of each Contract Year, which will be used by CCPR for planning purposes. Titan shall be required to order not less than seventy-five percent (75%) of the monthly quantity of Product specified in the Rolling Forecast, and CCPR shall not be required to satisfy any order for Product to the extent exceeding one hundred twenty-five percent (125%) of the monthly quantity specified in the Rolling Forecast. Anything herein to the contrary notwithstanding, no order for Product shall be less than one (1) consolidated container load, or 1400 cases.

3.02 CCPR shall sell to Titan, and Titan agrees to purchase from CCPR, the quantities of Product ordered by Titan from time to time. Orders shall be submitted by electronic mail in a form acceptable to CCPR and Titan, unless otherwise arranged by the Parties. In connection with each order, Titan shall designate the port in the Territory to which CCPR shall ship Product and Titan shall indicate the week in which CCPR shall ship the Product from CCPR’s brewery in Mayagüez, Puerto Rico; provided, however, that the Parties agree that the port for the Territory shall be Jacksonville, Florida. CCPR shall accept, in writing via electronic mail or other electronic means, unless otherwise arranged by the Parties, each order including an invoice corresponding to such order, within three (3) Business Days after its receipt of an order by Titan, and CCPR shall indicate the estimated date of delivery to the port in the Territory (the “**Invoice**”).

3.03 CCPR shall package, palletize and prepare for shipment all Product and shall reimburse Titan for any costs incurred by Titan as a result of any improper packaging, palletizing or preparation for shipment of Product occurring at CCPR’s brewery in Mayagüez, Puerto Rico or other location within CCPR’s control. The Product shall contain such coding as shall permit Titan to determine its age without unreasonable difficulty. CCPR shall deliver the Product to the port of shipment in Puerto Rico designated by Titan.

3.04 [Intentionally Omitted.]

3.05 Product shall be delivered by CCPR to Titan FOB Port (as defined by Incoterms 2010), and Titan shall bear all costs of shipment to the port of distribution in the Territory designated by Titan. CCPR will make appropriate arrangements to assure that the quality of the Product is maintained through delivery to the port in the Territory designated by Titan in its order. Risk of loss of the Product shall pass to Titan when the Product is shipped.

3.06 CCPR shall send the Invoice to Titan by electronic mail in a form acceptable to CCPR and Titan. The Transfer Price set forth in the Invoice shall be payable by Titan within thirty (30) days after the date of shipment for such Product. All payments made by Titan shall be made in U.S. dollars by means of wire transfer to an account designated by CCPR from time to time.

3.07 Titan shall not be required to pay for any Product that is damaged or spoiled prior to delivery at the port in the Territory designated by Titan in its order. Titan shall provide CCPR with prompt, reasonable verification of any such damage or loss within fifteen (15) days after receipt of the Product and shall permit any insurance agent designated by CCPR to inspect the Product.

3.08 (a) The Transfer Price applicable to orders submitted during the first Contract Year of this Agreement in the Territory is:

- (i) **Medalla 10oz, 12 Pack:** \$10.50 per case, FOB port in the Territory;
- (ii) **Medalla 10oz, 6 Pack Wrap:** \$10.50 per case, FOB port in the Territory;
- (iii) **Medalla 12oz, 24 Pack:** \$13.00 per case, FOB port in the Territory;
- (iv) **Medalla 12oz 12 Pack:** \$13.25 per case, FOB port in the Territory;
- (v) **Medalla 12oz Basket:** \$13.25 per case, FOB port in the Territory;
- (vi) **Medallita 7oz Division 4x6:** \$9.25 per case, FOB port in the Territory;
- (vii) **Medalla Ultra-Light 12oz:** (*PRICE TBD*) per case, FOB port in the Territory;
and
- (viii) **Magna Special Craft 12oz Basket:** \$18.25 per case, FOB port in the Territory.

(b) (i) CCPR may increase the Transfer Price by giving sixty (60) days written notice to Titan prior to the change.

(ii) Any increase in the Transfer Price shall not apply to orders submitted before the effective date of such increase.

3.09 CCPR will replace or issue a credit for any of the Products that are or become unmerchantable or unfit for use due to CCPR's improper manufacture, handling or storage of the Product.

ARTICLE IV SALES AND MARKETING OF THE PRODUCT

4.01 (a) The Parties acknowledge that they have agreed upon annual targets for the sale of the Product in the Territory (the "**Territory Sales Target**") during the Term (as set forth in **Schedule II**); which sales targets Titan covenants and agrees are reasonable for the sale of the Product in the Territory. All sales targets in this Agreement assume uninterrupted supply of Product by CCPR, and shall be suitably pro-rated for any Contract Year in which supply is interrupted.

(b) (i) CCPR shall have absolute authority and discretion to determine the Product brand image and market positioning within the Territory. CCPR shall be responsible for preparing, in consultation and dialogue with Titan, and approving, in its sole and absolute discretion, a yearly Marketing Plan for the Product in the Territory, including all television (if any), radio, promotional activities, published advertising (if any) and marketing materials utilizing the CCPR Marks or the CCPR Creative Materials to market the Product. Titan shall be responsible for the preparation and execution of the sales plan for the Products in the Territory, to be delivered to CCPR no later than February 1 of each Contract Year. Such sales plan shall include: (A) a detailed and specific description of the sales plan, including what specific efforts and strategies shall be undertaken under each category; (B) a proposed budget for each category and strategy; and (C) the proposed third-party suppliers that will be hired to implement and execute the sales plan.

(ii) The Marketing Plan for Contract Year 2021-2022 shall be ultimately approved by CCPR no later than April 15, 2021 after discussion of the same between the Parties. For Calendar Years 2022-2023 and 2023-2024, the parties shall commence consultation for the Marketing Plan no later than January 1st of each year and shall be ultimately approved by CCPR no later than February 1st of each year. The Marketing Plan to be prepared by CCPR shall include: (A) a detailed and specific description of the marketing, advertising and promotions elements of said plan, including what specific efforts and strategies shall be undertaken under each category; (B) a proposed budget for each category; and (C) the third-party suppliers that will be hired to implement and execute the Marketing Plan. Titan and CCPR shall consult with each other and shall have the opportunity to participate in discussions regarding the selection of, and changes in, the advertising, merchandising or promotional agencies working on the Product in the Territory; provided, however, that any such changes shall require the prior written consent of CCPR, in its sole and absolute discretion.

(iii) The Parties have agreed that the Marketing Plan budget for any Contract Year shall be \$1.50 per case sold during the immediately preceding Contract Year (the **“Marketing Plan Budget”**); provided, however, that the Marketing Plan Budget for Contract Year 2021-2022 shall be \$1.50 per case sold during the immediately preceding year 2020-2021, in accordance with the terms established in certain “Import and Distribution Agreement” executed between the Parties on March 16, 2018. Titan shall pay one hundred percent (100%) of the cost of the Marketing Plan Budget. The Parties have further agreed that the Marketing Plan Budget shall never be used for discount programs, in-store equipment and sales kits, unless there is a prior written authorization from CCPR to use the Marketing Plan Budget for such purpose.

(iv) Titan agrees and covenants to employ, at its sole cost and expense, three (3) full-time promoters to dedicate one hundred percent (100%) of their time and effort to market and promote the Product in the Territory, and assign a Product promotion van to each one of said promoters.

(v) Titan agrees to adhere to the Beer Institute Advertising and Marketing Code (available at www.beerinstitute.org) and will not condone, participate in nor permit any activity not in accordance with the code contained therein relating to the Product within the Territory.

(vi) Whenever Titan is required to obtain CCPR's approval under this Article IV for the ability to use advertising or marketing materials, Titan shall submit the appropriate materials to the marketing contact CCPR determines from time to time (the "**CCPR Marketing Contact**"), and the CCPR Marketing Contact shall reply to Titan, in writing, within ten (10) business days of receipt of such materials. If the CCPR Marketing Contact fails to respond to GD, in writing, within ten (10) business days of CCPR's receipt of the marketing or advertising materials, CCPR shall be deemed to have approved the marketing and advertising materials submitted to CCPR by Titan.

4.02 Titan shall secure and maintain label registrations and price postings in the Territory where the Products are sold, as required by applicable state and federal Laws.

4.03 The Parties shall work together to ensure that the agreed label and packaging of the Product as of the Commencement Date complies with the applicable state and federal Laws on the date of the launch of the Product in the Territory and will continue to comply with the applicable state and federal Laws during the Term.

4.04 During the Term of this Agreement:

- (a) each Party shall provide the other with reasonable information in its possession on the relevant beer market, including, without limitation, information that relates to the Product;
- (b) the Parties will have quarterly planning meetings at which they will discuss significant strategic issues relating to the Product;
- (c) upon CCPR's written request, Titan agrees to attend at least one meeting every six (6) months with CCPR at a mutually agreed location to discuss strategic guidelines, the administration of this Agreement and any other factors relating to the Product; and
- (d) CCPR and Titan agree to strive to optimize the exchange of information with regard to market developments and the strategic approach of the market relating to the Product.

4.05 The Parties will mutually agree on a process and monthly reporting forms so that Titan can submit the following reports to CCPR:

- (a) Within sixty (60) days after the end of each Contract Year quarter, quarterly sales, inventory and depletion reports regarding the Product in such detail as may be reasonably requested by CCPR;
- (b) Within sixty (60) days after the end of each Contract Year quarter, quarterly reports detailing the amount of expenditures on advertising and marketing; and

- (c) Such other figures and marketing information as CCPR may reasonably require in writing to judge the progress and the competitive standing of the Product in the Territory.

ARTICLE V TERM AND TERMINATION

5.01 The Term shall commence on March 16, 2021 and shall expire on March 15, 2024, unless earlier terminated in according with the provisions of this Article V (the “**Term**”).

5.02 CCPR shall have the right to terminate this Agreement if Titan does not achieve the Territory Sales Target for the second or third Contract Year during the Term. Such termination right shall be exercised by CCPR by written notice to Titan delivered no later than the 30th day of April of the then running Contract Year, and the effective date of such termination shall be thirty (30) days from the date of such notice.

5.03 Either Party may terminate this Agreement, in addition to any other rights and remedies existing in favor of the terminating Party, upon thirty (30) days written notice to the other Party, if the other Party defaults in performing any of the terms of this Agreement and such default continues unremedied for a period of thirty (30) days after written notice of such default from the non-defaulting Party.

5.04 Either Party may terminate this Agreement immediately upon written notice to the other Party: (i) if the other Party shall make an assignment for the benefit of creditors or commences a voluntary case or proceeding or consents to or acquiesces in the entry of an order for relief against itself in an involuntary case or proceeding under any bankruptcy, reorganization, insolvency or similar Law; (ii) if a trustee or receiver or similar officer of any court is appointed for the other Party or for a substantial part of the property of the other Party; or (iii) if bankruptcy, reorganization, insolvency or liquidation proceedings are instituted against the other Party without such proceedings being dismissed within ninety (90) days from the date of the institution thereof.

5.05 CCPR may terminate this Agreement immediately upon thirty (30) days written notice to Titan if any of the following occur and continues unremedied for a period of thirty (30) days after written notice from CCPR:

- (a) upon the occurrence of a Titan Change of Control Event;
- (b) if Titan does not maintain and renew all licenses, permits, registrations, consents and approvals necessary to distribute the Product and is not in compliance in all respects with and in lawful possession of all licenses, permits, approvals, consents and registrations required in order for Titan to comply with all of its obligations under this Agreement;
- (c) if any statewide distribution or equivalent licenses held by Titan are revoked or suspended by the applicable governmental authority;
- (d) if Titan distributes or sells the Product to any Person outside of the Territory; or

(e) if Titan does not comply with applicable Laws in the state of Florida.

5.06 If, at any time during this Agreement, either Party is convicted of, or pleads guilty to, violating any state, federal or international liquor Law, the other Party may immediately terminate this Agreement. All standard termination clauses shall be overridden in such an instance.

5.07 During the period between a notice of termination and the effective date of termination, each Party shall continue to perform its obligations hereunder in good faith. It is understood that, in the event of termination of this Agreement for any reason, both Parties will continue to be responsible for all obligations which may have occurred up to and including the effective date of termination.

5.08 Upon expiration or termination of this Agreement for any reason, Titan shall make a final inventory accounting and provide same to CCPR. Titan agrees to retain, and CCPR shall provide, sufficient Product to support normal business activities up to the termination date.

5.09 Upon the expiration or termination of this Agreement for any reason, CCPR shall have the obligation to repurchase any Product then in the possession of Titan and available for distribution, but not Product that has less than two (2) months of shelf life remaining, at prices originally billed to Titan and with deductions for moneys or credits due or to become due to CCPR under this Agreement. As to any of CCPR's Product not repurchased by CCPR, Titan shall be entitled to dispose of the Product delivered by CCPR under this Agreement in the regular course of its business and until Titan sells out of its stock of the Product.

5.10 No later than thirty (30) days after the effective date of expiration or termination of this Agreement, each Party shall submit to the other a statement of account detailing sums allegedly owing to or from the respective Party to the other Party. No termination hereof shall terminate either Party's obligations to pay any amount otherwise payable hereunder or to perform any obligation, which survives termination.

5.11 Upon the expiration or termination of this Agreement for any reason, Titan shall: (a) cease marketing and distributing the Product; (b) discontinue the use of the CCPR Marks and CCPR Creative Materials and CCPR's trade name, trademark, labels, packaging, containers, copyrights and other advertising media; and (c) remove all references in its business or marketing materials that Titan is a current distributor for CCPR. Titan further acknowledges that, as of the effective date of the expiration or termination of this Agreement, Titan's failure to cease all use of the CCPR Marks and CCPR Creative Materials and CCPR's trade name, trademark, labels, packaging, containers, copyrights and other advertising media may result in immediate and irreparable harm to CCPR and/or to the rights of any licensee or distributor appointed by CCPR. Titan acknowledges and admits that damages may not constitute adequate relief for such failure to cease all use of the CCPR Marks and CCPR Creative Materials, and Titan agrees, in the event of such failure, that CCPR shall be entitled to relief by way of temporary and permanent injunctions and such other further relief as any court with jurisdiction

may deem just and proper and any preliminary injunction shall not require the placing of a bond by CCPR.

ARTICLE VI
QUALITY CONTROL AND COMPLIANCE
WITH LEGAL REQUIREMENTS

6.01 CCPR warrants to Titan that:

(a) all Products sold to Titan under this Agreement shall be fresh, merchantable malt beverage products fit for human consumption and their intended purposes, manufactured, packaged and labeled in conformity with all federal and state laws and regulations;

(b) no product sold to Titan shall on the date of receipt by Titan be adulterated or misbranded or unsafe within the meaning of the US Federal Food, Drug and Cosmetic Act, including all provisions and amendments pertaining thereto from time to time;

(c) all product sold to Titan is of premium quality produced in accordance with CCPR's specifications;

(d) based on its standards, its Product has a six (6) months shelf life;

(e) the Product will conform to CCPR's specifications for the brewing and packaging of the Product in effect on the Commencement Date, including, without limitation, formula, taste profile, alcohol content, ingredients, package, closure, brand name and trade dress of the Product;

(f) the Product will be in compliance with applicable Laws; and

(g) the Product will be properly packed, handled, stored and transported until its delivery to the carrier.

6.02 If Titan determines that any Product in its possession does not conform to the foregoing warranties or is otherwise damaged or spoiled ("**Claimed Product**"), then it shall not sell the Claimed Product and shall notify CCPR. The Parties shall use reasonable efforts to reach an agreement on the cause of the deficiencies. CCPR shall be liable for Claimed Product unless such damage did not result from the production, manufacture, brewing, bottling, labeling, packaging or storage of the Claimed Product or otherwise caused by or on behalf of CCPR. In the event that Titan, acting reasonably, determines that the deficiencies did result from the production, manufacture, brewing, bottling, labeling, packaging or storage of the Claimed Product or otherwise caused by or on behalf of CCPR, CCPR shall replace the Product or refund to Titan any amount paid by Titan for such Claimed Product and all costs associated with transport, storage and handling of the Claimed Product incurred by Titan, and shall pay the costs of disposing of the Claimed Product in accordance with any requirements of applicable Laws.

6.03 Each Party shall inform the other Party in writing of any consumer complaints or claims ("**Claims**") regarding the Product distributed in the Territory which are reported to it or

which come to its attention, alleging adverse reaction or product defect that causes injury to the consumer which is fatal, life-threatening, disabling, incapacitating or which results in hospitalization. Claims shall be reported to the other Party within five (5) business days following receipt. Each Party shall promptly provide the other Party with all information and materials relevant to the matter that is in its possession. Consistent with the provisions of Article IX, the indemnifying party shall be primarily responsible for the defense of any Claim and shall keep the indemnified party regularly informed of all Claim-related activities in a timely manner. In no event shall the indemnified party issue a statement that admits liability in whole or in part without the prior written consent of the indemnifying party.

6.04 Titan shall notify CCPR in writing of (a) any information that comes to its attention relating to the safety of any of the Product distributed in the Territory reasonably likely to involve a consumer health or safety problem and (b) any possible action and/or decision by a competent authority to potentially recall such Product or batches of the Product. In the event of a possible recall, Titan and CCPR shall designate appropriate personnel to form a team as soon as possible to facilitate the sharing of relevant information and coordination regarding the potential recall. Each Party shall promptly provide the other all information relevant to the Product recall and actively cooperate with the other in implementing the mutually agreed upon Product recall strategy.

6.05 For purposes of comparing actual sales to the sales target, actual sales will be increased by the amount of Claimed Product that resulted from the production, manufacture, brewing, bottling, labeling, handling, packaging, or storage of the Claimed Product or was otherwise caused by or on behalf of CCPR.

6.06 (a) Except as provided in this Section, CCPR may not make any change to the Product without the express written consent of Titan.

(b) CCPR may change, alter, modify or adjust the formula, taste profile, alcohol content or ingredients of the Products provided the change is designed to maintain conformity of the Products characteristics with the beers sold in Puerto Rico from time to time. CCPR shall provide Titan at least 120 days prior written notice of any such change, alteration, modification or adjustment and provide Titan with reasonably requested information concerning such change and samples of the modified Product.

(c) CCPR may reasonably modify, delete or add to labeling or packaging used on or in connection with the promotion or sale of the Product, including, but not limited to, adding to or deleting, diminishing or expanding size, or relocating on the labeling or packaging any trade dress elements, label design or logotypes on at least 120 days prior written notice to Titan. If Titan does not agree with any such modification, then Titan shall promptly advise CCPR in writing, expressing the reasons for such disagreement. CCPR agrees to discuss such proposed modification with Titan prior to the implementation of such modification which implementation shall in any event be at CCPR's sole and absolute discretion.

(d) CCPR may change the formula of the Product, or the labeling or packaging used on or in connection with the promotion or sale of the Product, if required to comply with any

applicable Law relating to the Product being sold in the Territory during the Term of this Agreement.

(e) if CCPR materially changes, alters, modifies or adjusts the formula, taste profile, alcohol content or ingredients of the Products such that the Products are considered to be in a different “beer category”, then, in such event the Sales Target in the Contract Year during which the change occurs shall be deemed to be achieved for purposes of Section 5.02.

6.08 Titan shall properly handle and store all Product in its possession and shall not alter the label and package design on any Product or alter, remove or tamper with any CCPR Marks on the Product.

6.09 Titan shall maintain all licenses, permits and other authorizations that are necessary for its distribution, advertising, marketing and sale of the Product in the Territory and shall comply with all applicable Laws covering the distribution, sale, advertising and marketing of the Product in the Territory.

6.10 CCPR may, by its own initiative and under its own responsibility for compliance with the provisions of this Agreement, contract to a Third Party of its trust the right to produce the Product, provided that (a) CCPR guarantees the same quality and service standards (packaging, quality of the Product and compliance with applicable Laws); and (b) CCPR remains in compliance with all provisions of this Agreement. For avoidance of doubt, CCPR shall have the absolute discretion to appoint a third-party producer of the Product of its choice, as long as CCPR has satisfied the conditions of this Section 6.10.

ARTICLE VII
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ARTICLE VIII
INTELLECTUAL PROPERTY RIGHTS

8.01 Titan acknowledges and agrees that, as between the Parties, CCPR owns all Intellectual Property Rights in the CCPR Marks and CCPR Creative Materials. Any and all rights in the CCPR Marks and the CCPR Creative Materials, including, without limitation, the goodwill arising from the permitted use and creation of the CCPR Marks and CCPR Creative Materials by Titan, shall inure to the benefit of and be the exclusive property of CCPR. CCPR shall make no use of the CCPR Creative Materials created by Titan in parts of the Territory not serviced by Titan, unless Titan consents to such use in writing.

8.02 Subject to the provisions of this Agreement, CCPR grants to Titan the right to use the CCPR Marks and the CCPR Creative Materials in connection with the performance of this Agreement in the Territory, but such right shall be non-exclusive, non-assignable and non-transferable. Titan shall not use CCPR Marks and CCPR Creative Materials, including in any advertising, promotional, sponsorship or endorsement activity, or authorize any other person to use the CCPR Marks and CCPR Creative Materials, unless it receives CCPR’s approval prior thereto in accordance with this Agreement. Once any use of the CCPR Creative Materials is so

approved, Titan shall not be required to seek approval from CCPR for repetitions of such use or any changes in such use unless such change is, in the reasonable judgment of CCPR, material.

8.03 CCPR, its Affiliates or their assigns shall maintain in the Territory during the Term full legal title to each CCPR Mark which is used in the Territory. CCPR, its affiliates or their assigns shall maintain such title free and clear of any claims, liens or encumbrances and of any rights or interest of any Person or entity therein, direct or contingent, except for the rights and licenses granted hereunder or otherwise permitted by this Agreement.

8.04 Titan acknowledges the title of CCPR to the CCPR Marks and CCPR Creative Materials in the Territory and elsewhere and agrees not to tamper with it or do any act which might invalidate such title or the registration of the CCPR Marks and CCPR Creative Materials, nor do any act which might support any application to remove the CCPR Marks or CCPR Creative Materials from any applicable trademark register nor assist any other person directly or indirectly in any such act.

8.05 Titan agrees not to use in its business any other Mark which is similar to, or substantially similar to, or so nearly resembles the CCPR Marks and CCPR Creative Materials as to cause deception or confusion.

8.06 Each Party shall promptly provide the other Party with written notice of any known or suspected infringement or other violation by any Person of any Intellectual Property Rights with respect to the Product in the Territory. CCPR agrees to use all commercially reasonable means to prosecute any valid material claim of infringement of the Intellectual Property Rights of CCPR in the Territory. At the request of CCPR, Titan shall provide reasonable cooperation to CCPR or its Affiliates in any such enforcement, and CCPR shall reimburse Titan for any out of pocket costs incurred by it thereby.

8.07 Upon expiration or termination of this Agreement for any reason, all rights granted to Titan to use the CCPR Marks and CCPR Creative Materials shall immediately terminate.

ARTICLE IX INDEMNIFICATION

9.01 CCPR shall defend, indemnify, and hold harmless Titan and its Affiliates and their respective shareholders, directors, officers, employees, agents, representatives, and successors and assigns from and against any and all injuries, liabilities, losses, expenses, damages, compensation, penalties, interests, taxes, liens, suits, actions, and judgments of whatsoever type or nature arising out of the claims made by third parties, including, without limitation, reasonable attorneys' fees and expenses, court costs, and other legal expenses ("**Liability**" or "**Liabilities**"), incurred by it or them in connection with any claim based upon or arising from:

(i) any alleged or actual breach by CCPR of any provision of this Agreement, or any act or omission of CCPR, its Affiliates, or their employees or agents in the performance of this Agreement or otherwise in furtherance of the purposes hereof;

(ii) death, bodily injury, or property damage resulting from the Product, or acts or omissions of CCPR in the production and packaging of the Product (except as set forth in Section 9.02(ii) of this Agreement);

(iii) Titan's permitted use of CCPR Creative Materials or CCPR Marks in accordance with this Agreement; or

(iv) the assertion or claim that the execution, delivery and performance of this Agreement or the negotiations concerning this Agreement violates the rights of any Third Party, or any claim by a Third Party, arising out of or relating to a distribution or other agreement between a Third Party and CCPR or the expiration or termination thereof.

9.02 Titan shall defend, indemnify, and hold harmless CCPR, its Affiliates and their respective directors, officers, employees, and shareholders from and against any and all Liabilities incurred by it or them in connection with any claim based upon or arising from:

(i) any alleged or actual breach by Titan of any provision of this Agreement, or any act or omission of Titan, its Affiliates or their employees or agents in the performance of this Agreement or otherwise in furtherance of the purposes hereof;

(ii) death, bodily injury, or property damage to the extent resulting from the acts or omissions of Titan in the shipping, storage or transportation of the Product while in its possession; or

(iii) Titan's improper use of CCPR Creative Materials or CCPR Marks.

9.03 If a claim by a Third Party is made against a party indemnified pursuant to this Article and if such indemnified party intends to seek indemnity with respect thereto, the indemnified party shall promptly notify the indemnifying party, in writing, of such Liability; provided, however, that any failure of the indemnified party to promptly notify the indemnifying party of such claim shall not relieve the indemnifying party of its obligations pursuant to this Article except to the extent that the indemnifying party would be responsible for the payment of any additional amounts or actually be prejudiced in any other way as a result of such failure.

9.04 The indemnifying party shall undertake, conduct, and control, through appropriate counsel of its own choosing and at the indemnifying party's expense, the settlement or defense thereof, provided the indemnifying party proceeds in good faith, expeditiously and diligently. If the indemnifying party fails to defend any matter within thirty (30) days after receipt of written notice from the indemnified party of the existence of the Liability, the indemnifying party shall have no right to defend such matter, and the indemnified party shall have full right and power to defend, settle or otherwise deal with and dispose of the matter and shall be indemnified for the fees and expenses of counsel retained for such purpose and any judgment or settlement amount.

9.05 The indemnified party shall cooperate with the indemnifying party in connection with any defense by the indemnifying party of a claim, and the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party and the fees and expenses of such counsel shall be borne by the indemnified party. Without the prior written consent of the indemnified party, the indemnifying party will not enter into any settlement of any such claim which would lead to liability or create any financial or other obligation on the part of the indemnified party, and the indemnifying party shall after any such settlement or the resolution of any claim within thirty (30) days reimburse the indemnified party for the full amount of any Liability resulting from such claim not theretofore paid by the indemnifying party. The indemnification required by this Article shall be made by periodic payments of the amount thereof as losses are incurred within thirty (30) days after bills are received.

9.06 NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR LOSS OF SALES, PROFITS OR REVENUES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

9.07 In the event any payment obligation of a Party under this Article is not paid within thirty (30) days of the due date, the other Party shall be authorized to request the payment of interest thereon equal to the daily prime rate of interest as published by *The Wall Street Journal* from time to time as being the base rate on corporate loans posted by the nation's largest banks.

ARTICLE X REPRESENTATIONS AND WARRANTIES

10.01 Each Party represents and warrants to the other as follows:

(i) It is a corporation duly organized, validly existing, and in good standing and has full corporate or other power and authority to carry on its business as now conducted and as currently proposed to be conducted, and to execute, deliver, and carry out the terms of this Agreement, and has all permits, licenses and authorizations necessary to carry on its business as presently conducted.

(ii) It has duly authorized, executed and delivered this Agreement, and it is a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms. There is no litigation or other proceedings pending or, to the knowledge of such Party, threatened against it, which, if adversely determined, would prohibit the execution, delivery, or performance by such Party of this Agreement or materially impair such Party's ability to perform its obligations hereunder.

(iii) Neither the execution and delivery nor the performance by such Party of this Agreement will contravene any applicable Law, or any judgment or order, or result in any breach of or constitute any default under, or result in the creation of any lien upon any property of such

Party under, any indenture, mortgage, or other agreement or instrument to which such Party or its Affiliate is a party or by which it, or any of its properties, may be bound or affected.

(iv) No consent, approval or filing with any governmental authority is required to be made by such Party in connection with its execution, delivery and performance of this Agreement.

10.02 CCPR additionally represents and warrants to Titan as follows:

(i) CCPR is not itself, nor through any other Person, distributing the Product or any other malt beverage product in the Territory.

(ii) CCPR has the full right to grant all the rights granted hereunder to Titan, and the grant of such rights to Titan does not violate any other agreement, contract or instrument to which CCPR is, or ever has been, a party or by which it, or any of its properties, may be bound or affected.

(iii) There is no litigation or other proceedings pending or, to the knowledge of CCPR, threatened that alleges or asserts that: (a) the Product or the use of the CCPR Creative Materials or the CCPR Marks in the Territory infringe, misappropriate, or otherwise violate the Intellectual Property Rights of any Third Party; (b) the Product has caused death, bodily injury, or property damage; or (c) the manufacture, brewing, bottling, distribution, marketing, sale, shipping, labeling, packaging, storage or transport of the Product in the Territory otherwise violates Law or the rights of any Third Party, nor to the knowledge of CCPR, is there any set of facts that could form the basis for any of (a), (b) or (c) above.

10.03 Titan additionally represents and warrants to CCPR as follows:

(i) Titan has, or will have before the Product rollout date in the Territory, all licenses, permits, registrations, consents and approvals necessary to distribute the Product and required in order for Titan to comply with all of its obligations under this Agreement.

(ii) All of Titan's officers and managers are not less than twenty-one (21) years of age and, to Titan's knowledge, have not been convicted within the last five (5) years of any offense against the beverage laws of any state or of the United States; have not been convicted within the last five (5) years in any state or the United States of any criminal violation of the controlled substance act of any state or the federal government; and have not been convicted in the last fifteen (15) years of any felony in any state or the United States. The term "conviction" for purposes of this Section shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

(iii) Except for the federal wholesale license required for Titan to distribute the Product in Florida, neither Titan nor its Affiliates, officers, directors, managers, agents or employees have an interest, directly or indirectly, in the license, business, assets or equity ownership of a licensed wholesaler or have a financial interest, directly or indirectly, in any Person licensed as a retail vendor of alcoholic beverages.

ARTICLE XI COVENANTS OF PARTIES

11.01 Titan agrees to use its best efforts to distribute, advertise, promote, and market the Product in the Territory.

11.02 Titan agrees not to challenge, directly or indirectly, in any country of the world, CCPR's sole and exclusive ownership of the CCPR Marks and CCPR Creative Materials and any variations and modifications thereof, as well as the goodwill symbolized by such CCPR Marks and CCPR Creative Materials.

11.03 Titan covenants that it has and will maintain and renew all licenses, permits, registrations, consents and approvals necessary to distribute the Product and will continue to be in compliance in all respects with and in lawful possession of all licenses, permits, approvals, consents and registrations required in order for Titan to comply with all of its obligations under this Agreement.

11.04 Titan will ensure that good care is taken of the Product distributed by Titan. Titan shall be liable for breakage or loss through any means for Product in transit from Titan to its customers.

11.05 Titan shall distribute and sell the Product only to customers that it reasonably believes has and continues to properly maintain and renew, all licenses, permits, registrations, consents and approvals required by applicable Laws to sell brewed beverages containing malt within the Territory.

11.06 Titan shall ensure compliance with applicable Laws with respect to its relationships with its customers.

11.07 Titan shall promptly notify CCPR if any of Titan's officers or managers are less than twenty-one (21) years of age; have been convicted of any offense against the beverage laws of any state or of the United States; have been convicted in any state or the United States of any criminal violation of the controlled substance act of any state or the federal government; or have been convicted of any felony in any state or the United States. The term "conviction" for purposes of this Section shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

11.08 Titan shall allow any state or federal governmental authority to examine its books, records and accounts if required by applicable Laws and shall prepare, file and maintain complete and accurate records and reports pursuant to applicable Laws.

11.09 Titan shall, during the Term, maintain an office and distribution facilities in Florida.

ARTICLE XII INSURANCE

12.01 CCPR shall procure and maintain from qualified and licensed insurers a comprehensive general liability insurance policy with product liability coverage regarding the sale of Product including liquor liability, in an amount not less than \$10,000,000 in coverage for one occurrence and with the limit \$20,000,000 per year. Coverage shall be on an occurrence rather than a claim made basis. The policy shall name Titan as an additional insured by way of Vendor Endorsement. The policy shall provide that Titan will be notified of the cancellation or any restrictive amendment of the policy at least fifteen (15) days prior to the effective date of such cancellation or amendment. CCPR shall not violate, or permit to be violated, any conditions of such insurance policies, and CCPR shall at all times satisfy the requirements of the insurance carrier writing said policy.

12.02 From time to time at the request of Titan, CCPR shall provide Titan with a certificate from such insurer certifying that the insurance policy described in this Article is in force and that Titan is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to Titan shall be primary regardless of any other coverage that may be available to Titan.

12.03 Titan shall procure and maintain from qualified and licensed insurers a comprehensive general liability insurance policy with product liability coverage regarding the sale of Product including liquor liability, in an amount not less than \$10,000,000 in coverage for one occurrence and with the limit \$10,000,000 per year. Coverage shall be on an occurrence rather than a claim made basis. The policy shall name CCPR as an additional insured. The policy shall provide that CCPR will be notified of the cancellation or any restrictive amendment of the policy at least thirty (30) days prior to the effective date of such cancellation or amendment. Titan shall not violate, or permit to be violated, any conditions of such insurance policies, and Titan shall at all times satisfy the requirements of the insurance carrier writing said policy.

12.04 From time to time at the written request of CCPR, Titan shall provide CCPR with a certificate from such insurer certifying that the insurance policy described in this Article is in force and that CCPR is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to CCPR shall be primary regardless of any other coverage that may be available to CCPR.

ARTICLE XIII CONFIDENTIALITY

13.01 During and subsequent to the Term, each Party shall treat and shall cause its respective employees, officers, directors, shareholders, managers, advisors, representatives, subsidiaries, Affiliates, assigns, subcontractors and any and all persons or business entities acting under one or any of them (all of the foregoing, the “**Representatives**”) to treat, as confidential property and not disclose to any other Person or use in any manner, except as is necessary to perform this Agreement, any information regarding the other Party’s prices, plans, programs, processes, products, costs, equipment, marketing and promotional strategy, operations or

customers or any information regarding the contents of this Agreement, whether embodied in paper or electronic documents or in oral communications (“**Confidential Information**”), which may come within the knowledge of such Party, or its Representatives in the performance of this Agreement, without in each instance securing the prior written consent of the other Party.

13.02 Nothing above, however, shall prevent any Party hereto from disclosing to any other Person or using in any manner, information that such Party can show:

(i) has been published or has become part of the public domain without any breach of this Agreement;

(ii) has been furnished or has been made known to such Party by Third Parties as a matter of legal right without restrictions on its disclosure;

(iii) was in such Party’s lawful possession prior to the disclosure thereof by the other Party;

(iv) is later independently developed by the receiving Party; or

(v) has been required to be disclosed by Law, court order, or government order or regulation.

13.03 If either Party is required by Law, court order or government order or regulation to disclose Confidential Information of the other Party, the Party under such requirement shall provide notice thereof to the other Party and undertake reasonable steps to provide the other Party with an opportunity to object to such disclosure.

13.04 Except as required by Law, neither Party shall release, or cause or allow the release of, information to the communications media or to any other Person concerning the specific terms of this Agreement or any amendment or modification thereto without the prior written consent of the other Party.

ARTICLE XIV MISCELLANEOUS

14.01 This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns. No Party shall be entitled to assign its rights or obligations under this Agreement to any Person without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

14.02 All notices required or permitted hereunder shall be in writing and shall be deemed duly given if either personally delivered, sent by electronic facsimile or sent by overnight courier service or certified mail, return receipt requested, addressed to the parties as follows:

If to CCPR:

Compañía Cervecería de Puerto Rico, Inc.
Attention: Maribel Montes & Jorge Bracero
Apartado 1690
Mayaguez, PR 00681
Telephone: (787) 834-1000
Facsimile: (787) 265-7740

With a copy to:

Marichal, Hernández, Santiago & Juarbe, LLC
Attention: Gilberto Maymí, Esq.
Triple S Plaza
1510 Roosevelt Ave., Suite 9B1
Guaynabo, PR 00968
Telephone: (787) 753-1565
Facsimile: (787) 763-1704

If to Titan:

Titan Products of Puerto Rico, Corp.
Attention: Vicente Sánchez
Box 6969
Bayamón, PR 00960
(787) 788-6070

or to such other address, facsimile number or attention as either Party shall provide to the other in accordance herewith. Notices delivered in person, by overnight courier or by facsimile shall be effective when received. Notices given by certified mail shall be effective on the third (3rd) Business Day after mailing unless sooner received, in which case they shall be effective upon receipt.

14.03 The Parties shall be and act as independent contractors and under no circumstances shall this Agreement be construed to create any agency, partnership, joint venture or employment relationship between the parties. Neither Party shall have or hold itself out as having the power or authority to bind the other in any way except as may be otherwise expressly stated in this Agreement. Neither Party shall be responsible for the collection, withholding or payment of any taxes of the other Party.

14.04 If any provision of this Agreement shall be determined to be illegal and unenforceable by any court or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with their terms. The Parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions that will maintain the economic purposes and intentions of this Agreement.

14.05 This Agreement will be governed by and construed under the laws of the state of Florida without regard to conflicts-of-laws principles. Venue for all purposes shall be deemed proper exclusively in San Juan, Puerto Rico. Each Party irrevocably (a) submits exclusively to the jurisdiction of the United States District Court, District of Puerto Rico, for the purpose of any suit, action, or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby (each, a “**Proceeding**”), (b) agrees that all claims in respect of any Proceeding shall be heard and determined in such court, (c) waives, to the fullest extent permitted by law, any right to challenge the jurisdiction of such court or from any legal process therein, (d) agrees not to commence any Proceeding other than in such court, and (e) waives, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum. Furthermore, each Party hereby irrevocably waives its rights to trial by jury in any action or proceeding arising out of this Agreement or the transactions relating to its subject matter.

14.06 Failure by any Party to insist on strict performance by the other of any term, condition or obligation set forth in this Agreement shall not be deemed a waiver of the same or any similar breach, and no waiver of any provision hereof shall be effective unless in writing, specifying the provision to be waived.

14.07 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements in regard thereto. This Agreement cannot be altered or modified except by an agreement in writing signed by authorized representatives of the Parties and specifically referring to this Agreement. Notwithstanding the terms of any purchase order or other communication exchanged between the Parties in connection with any order of Product or other transactions contemplated hereby, the terms and conditions of this Agreement shall govern the obligations of the Parties with respect to such order or transaction to the extent of any conflict between such order and this Agreement.

14.08 Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties to this Agreement, and the indemnitees specified in Article IX or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

14.09 If either Party commits a breach or a default of this Agreement, no remedy herein conferred upon or reserved to either Party is exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

14.10 In addition to all other rights available under the Law, each Party shall be entitled to injunctive relief regarding the breach or threatened breach of each obligation under this Agreement and to specific performance of each obligation under this Agreement. The Parties agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach of any obligation under this Agreement and agree to waive the defense in any action for injunctive relief or specific performance of any obligation under this Agreement that a

remedy of law would be adequate. This Section shall not apply to the payment obligations of either Party.

14.11 Neither Party shall be responsible for the collection, withholding or payment of any taxes of the other Party.

14.12 In the event any Party fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting Party or the Party not prevailing in such dispute shall pay any and all costs and expenses incurred by the non-defaulting or prevailing Party in enforcing or establishing its rights under this Agreement, including, without limitation, reasonable attorneys' fees, whether suit be brought or not, and whether incurred in arbitration, mediation, trial or appellate proceedings.

14.13 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.14 Headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Agreement. Whenever the context so requires, references in this Agreement to the singular shall include the plural, and the plural shall include the singular, and the masculine the feminine, the feminine the masculine, and the neuter both.

14.15 Neither CCPR nor Titan shall be liable for loss or damage, or be deemed to be in breach of this Agreement, if failure of CCPR or Titan to perform any obligation hereunder results from (i) strikes, embargoes, riots, wars, rebellions or other governmental limitation; (ii) transportation, material or supply shortages; (iii) flood, fire, earthquake or other acts of God; (iv) force of law; or (v) any other similar event or cause beyond the control of the affected Party. Any delay resulting from any of the foregoing causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable; provided, however, that nothing herein contained shall excuse payments of amounts owed by each Party to the other Party hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement by their representatives thereunto duly authorized.

COMPAÑÍA CERVECERA DE PUERTO RICO, INC.

By:_____

Name: Jorge E. Bracero

Title: Chief Marketing Officer

Date: _____

**TITAN PRODUCTS OF PUERTO RICO,
CORP.**

By:_____

Name: Vicente Sánchez

Title: President

Date: _____

SCHEDULE I

TERRITORY

<u>FLORIDA COUNTIES – SOUTH</u>
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Broward

Collier

Miami-Dade

Monroe

Palm Beach

SCHEDULE II

TERRITORY SALES TARGETS

Contract Year 2021-2022	Contract Year 2022-2023	Contract Year 2023-2024
50,000 cases, in any configuration	50,000 cases, in any configuration	50,000 cases, in any configuration



PO Box 1690
Mayagüez, Puerto Rico 00680
787-834-1000 Tel

PO Box 195522
San Juan, Puerto Rico 00919-5222
787-754-6464 Tel
787-756-8527 Fax

April 29, 2024

Titan Products of Puerto Rico, Corp.
Attention: Jaime Sánchez
1111 Central Florida Parkway
Orlando, FL 32837

Re: Termination of Distribution Agreement for Florida

Dear Mr. Sanchez:

In March 2021, Compañía Cervecería de Puerto Rico, Inc., a Puerto Rico corporation ("we," "us" or "CCPR") entered into an agreement with Titan Products of Puerto Rico, Corp. ("you" or "Titan"), a Florida corporation, for the distribution of CCPR's malt beverage products throughout the State of Florida (the "Distribution Agreement"). The Distribution Agreement was memorialized in two separate albeit substantially identical contracts, one each for North Florida (the "North Florida Contract"), and for South Florida (the "South Florida Contract"). Each of the contracts commenced on or before March 16, 2021. The only differences between the two contracts is that the North Florida Contract lists the North Florida Counties covered by the Distribution Agreement and sets forth a Territory Sales Target for North Florida and the South Florida Contract lists the South Florida Counties covered by the Distribution Agreement and sets forth a Territory Sales Target for South Florida. Otherwise, all defined terms and section references in each of the North Florida Contract and the South Florida Contract are the same and, accordingly, the North Florida Contract and the South Florida Contract will be referred to collectively herein as the Distribution Agreement. Capitalized terms used and not defined herein will have the meaning ascribed to such terms in the Distribution Agreement.

Pursuant to Section 5.02 of the Distribution Agreement, CCPR has the right to terminate the Distribution Agreement if Titan "does not achieve the Territory Sales Target for the second or third Contract Year during the Term." For each of the second Contract Year (2022-2023) and the third Contract Year (2023-2024) the combined Territory Sales Targets under the North Florida Contract and the South Florida Contract were set at 300,000 cases. For the second Contract Year the number of cases sold in Florida was 169,328, a shortfall of 130,672 cases. And, for the third Contract Year, the number of cases sold in Florida was 118,328, a shortfall of 181,672 cases (the "Case Shortfall"). Under the Distribution Agreement, to terminate pursuant to Section 5.02, we are required to provide you with notice of termination on or before April 30 of the current Contract Year and the termination is effective 30 days from the date of the notice. Accordingly, by delivery of this letter, we are hereby terminating the Distribution Agreement as of May 29, 2024, 30 days from the date of this letter (the "Contract Termination Date").

In addition, we acknowledge Titan's rights under Florida law, including *Fla. Stat. § 563.022* or any successor provision with respect to relations between beer distributors and manufacturers (such law, the "Florida Franchise Law"). Pursuant to the Florida Franchise Law we are required to provide you with not less than 90 days of advance written notice in the case of a termination for good cause. In addition, we are required to afford you with 30 days to submit a plan of corrective action and an additional 90 days to cure noncompliance under the Distribution Agreement. In addition to our contractual rights to terminate the Distribution Agreement, we hereby notify you of our intention to terminate the Distribution Agreement under the Florida Franchise Law for good cause. The requirement that Titan achieve the Territory Sales Targets for each of the second Contract Year and the third Contract Year was a provision of the Distribution Agreement "which is both reasonable and of material significance to the business relationship between the distributor and the manufacturer." You failed, in each Contract Year, to comply with the Territory Sales Targets and notice is hereby provided of the termination of the Distribution Agreement, as the result of such failure and with termination to be effective as of August 27, 2024, 120 days from the date of this letter (the "Final Termination Date"). You will have until the Contract Termination Date (May 29, 2024) to submit a plan of corrective action with respect to the Case Shortfall (the "Plan"), and an additional 90 days—through the Final Termination Date (August 27, 2024)—to cure the Case Shortfall pursuant to the Plan. If you cure the Case Shortfall pursuant to the Plan on or before the Final Termination Date, the Distribution Agreement shall automatically continue under the Florida Franchise Law. If you do not cure the Case Shortfall pursuant to the Plan on or before the Final Termination Date, the Distribution Agreement shall automatically terminate on the Final Termination Date subject only to the winding up provisions under Article V of the Distribution Agreement.

If you would prefer to waive Titan's rights under the Florida Franchise Law and to terminate the Distribution Agreement as of the Contract Termination Date (May 29, 2024) please let us know and we will prepare the requisite termination documentation.

Please let us know if you have any questions.

Respectfully Yours,

COMPañA CERVECERA DE PUERTO RICO, INC.



Maribel Montes Ramírez
General Manager

Brewer Long

BUSINESS LAW

May 14, 2024

Via Email and U.S. Certified Mail

Compania Cervecera de Puerto Rico, Inc.
Attn: Maribel Montes-Ramirez, General Manager
Boulevard Alfonso Valdez #100
Mayaguez, PR 00680
maribel.montes@cerveceradepr.com

Re: Titan Products of Puerto Rico Corp.
Response to April 29, 2024 Termination Notice

Ms. Montes-Ramirez:

This law firm represents Titan Products of Puerto Rico Corp ("Titan Products" or "Titan"). I am responding to your letter sent on behalf of Compania Cervecera de Puerto Rico, Inc. ("Cervecera") to Titan Products dated April 29, 2024 (the "Termination Notice"). A copy of the Termination Notice is enclosed for your reference. I advise you to forward a copy of this letter to Cervecera's legal counsel.

Titan Products appreciates the opportunity to engage with Cervecera on the issues addressed in the Termination Notice. Titan Products strives to ensure that its suppliers are heard and are treated as a valuable partner in the growth of their brands in the Florida market. Titan believes that a continued relationship with Cervecera is beneficial to both parties, and it remains committed to developing Cervecera's brands throughout Florida. Accordingly, Titan does not agree to termination of the written Distribution Agreements between Cervecera and Titan Products (the "Distribution Agreements"), and Titan does not agree to surrender its statutory franchise rights to exclusive distribution and sale of *Medalla Light*, *Medallita Light*, *Medalla Ultra Light* and *Magna Special Craft*, and extensions thereof (the "Brands"), in the State of Florida.

Titan Products is aware of the terms of the Distribution Agreements, including Section 5.02. However, all provisions of the Distribution Agreements are subject to the requirements of Florida's Beer Franchise Law, Florida Statutes Section 563.022. Principally, the Beer Franchise Law prohibits suppliers and distributors from engaging in any action which is in bad faith or unconscionable. Cervecera's actions, as reflected in the Termination Notice, clearly violate Florida's Beer Franchise Law.

In any termination of a distribution agreement, the manufacturer has the burden of showing that it acted *in good faith* and *with good cause*, pursuant to Florida Statutes Section 563.022(8). Florida Statutes Section 563.022(6)(b) requires that a manufacturer must act in good faith in the termination of a distribution agreement, notwithstanding the terms of any agreement between the parties. Florida Statutes Section 563.022(5)(b) enumerates specific

actions by a beer manufacturer, its officer, agent, or other representative, which are deemed to be violations of the Beer Franchise Law, including:

4. To terminate, cancel, fail to renew, or refuse to continue the franchise or selling agreement of any such distributor without good cause as defined in subsections (7) and (10).

Held to the standards required by the Florida Beer Franchise Law, the Termination Notice fails to demonstrate Cervecera's good faith or good cause for termination of the Distribution Agreements.

The singular basis for Cervecera's termination of the Distribution Agreements, as stated in the Termination Notice, is Titan's alleged failure to achieve certain Territory Sales Targets referenced by Section 5.02 of the Distribution Agreements. The Termination Notice claims that this provides good cause for termination of the Distribution Agreements because Section 5.02 "is both reasonable and of material significance to the business relationships between the distributor and the manufacturer," which is a required element of good cause according to Florida Statutes Section 563.022(7)(a). However, simply claiming that Section 5.02 is "reasonable and of material significance" does not make it so. How could it be, when the Territory Sales Targets for the 2022-23 and 2023-24 contract years were arbitrarily fixed by Cervecera, without rational basis and contrary to the trajectory for sales of the Brands in Florida in the immediately preceding contract years?¹ How could it be, when Titan was afforded no opportunity to negotiate or contribute to the determination of reasonable, data-based Territory Sales Targets? The Territory Sales Targets were Cervecera's aspirational goals, at best, and no reasonable effort was made to ground them in reality.² As such, Section 5.02 of the Distributions Agreements, by which Cervecera's alleged right to terminate Titan's franchise rights turns entirely on the basis of the Cervecera's own aspirational goals, is not reasonable and of material significance to the business relationship. Rather, it is arbitrary and capricious, and therefore does not meet the Florida Beer Franchise Law's requirement of good cause.

Presuming, for the moment, that Section 5.02 and the Territory Sales Targets are reasonable, the Termination Notice fails to demonstrate good faith in its determination that Titan failed to achieve those targets. The Termination Notice recites numerical shortfalls for cases sold in Florida and claims, without evidence, that the shortfalls represent a failure by Titan alone. On the contrary, such failure has many causes. There is no discussion in the Termination Notice about how much of the shortfalls is that which Cervecera did not achieve,³ or how much of the shortfalls are due to circumstances outside the control of Titan or Cervecera.⁴ Any failure to achieve Cervecera's Territory Sales Targets is not

¹ See Titan Product's Market Analysis and Corrective Action Plan.

² See *id.*

³ For instance, by discontinuing certain package formats, changing UPCs, and suffering stock shortages.

⁴ Such as, the lingering effects of a worldwide pandemic and rapidly changing market preferences for alcohol beverage products.

attributable to Titan alone, and to claim otherwise lacks the good faith required by the Florida Beer Franchise Law.

Lacking good cause and good faith, the Termination Notice fails to meet the standard require by the Florida Beer Franchise Law in an additional regard: it fails to afford Titan a reasonable opportunity to assert good faith efforts to comply with the agreement, as required by Florida Statutes Section 563.022(7)(d). With emphasis on the requirement of a *reasonable opportunity*, the Termination Notice fails in two ways. First, the Termination Notice claims that termination is already accomplished: "Accordingly, by delivery of this letter, we are hereby terminating the Distribution Agreement as of May 29, 2024." A *fiat accompli*, not a reasonable opportunity. Second, in what might be consider the "statutory savings" paragraph, the Termination Notice alternatively demands that Cervecera's determination of the "Case Shortfall" must be cured within 90 days.⁵ It is unreasonable, and lacking good faith, to read Florida Statutes Section 563.022(7)(d) and (e) as requiring Titan to meet Cervecera's arbitrary Territory Sales Targets within a 90-day period or suffer the loss of its franchise. To the contrary, a reasonable, good-faith reading of the statute would require Titan to submit a plan of corrective action, including specific, reasonable actions proposed to be taken by Titan, and would require Titan to demonstrate reasonable progress on those actions within a 90-day period. To the contrary, the Termination Notice's "opportunity" is far from reasonable.

While the Termination Notice does not request a plan of corrective action,⁶ and Titan is not legal obliged to provide a plan of corrective action for the reasons discussed above, Titan has in good faith prepared its Market Analysis and Corrective Action Plan, which is delivered to Cervecera with this letter. As you will see, Titan's document goes far beyond simply reciting what it will do pursuant to its reasonable obligations under the Distribution Agreements. The document provides a comprehensive analysis of the Brands' performance in Florida and what both parties—Cervecera and Titan—can do to further promote the Brands. The document includes specific actions to be carried out by Titan within 90 days, as contemplated by Florida Statutes Section 563.022(7)(e), and invites Cervecera to also take reasonable actions for the sake of the Brands. I hope that you will take seriously Titan's recommendations and commit to working together with Titan, as partners in promotion and development of the Brands in Florida.

In light of the foregoing, in good faith, Titan is happy to give you the opportunity to withdraw the Termination Notice before it takes effect on May 29, 2024. You may do so by written notice sent to me, in a letter or email message, stating clearly and simply, without conditions, that the Termination Notice is withdrawn. I am happy to receive any other communication you wish to send, but in the absence of a clear and unconditional withdrawal

⁵ Presuming that curing the Case Shortfall means selling 312,344 additional case of Cervecera's beer, as implied, it begs the question whether Cervecera has the capacity to supply so much beer within 90 days.

⁶ The statement "we are required to afford you with 30 days to submit a plan of corrective action" is hardly inviting.

of the Termination Notice, Titan will precede under the reasonable belief that Cervecera intends to unilaterally terminate the Distribution Agreements effective as of May 29, 2024.⁷

Unless the Termination Notice is timely withdrawn, Cervecera's termination of the Distribution Agreements is prohibited under the Florida Beer Franchise Law for the reasons described above. Accordingly, Titan will avail itself of all options afford it under applicable law. This may include:

1. Demanding payment of reasonable compensation. Pursuant to Florida Statutes Section 563.022(17)(a), Cervecera will be responsible to pay to Titan reasonable compensation for the diminished value of Titan's business which has been negatively affected by Cervecera's action. The industry standard for "reasonable compensation" in the State of Florida is six times the distributor's net profits from sales of the affected brands during the prior 12 months. By this standard, a preliminary determination of the reasonable compensation payable to Titan would be approximately \$7.8 million (see Exhibit A attached). If Titan pursues this course, it will provide Cervecera its invoice for the finally determined amount and expect fully payment within thirty (30) days.

2. Suing for injunctive relief to protect Titan's franchise. Alternatively, Titan may bring a lawsuit against Cervecera for confirmation that Titan retains the exclusive right to distribute the brands in Florida. This lawsuit may be brought in the state court for Florida, which has jurisdiction over Cervecera under Florida Statutes Section 563.022(3). Any other Florida distributors that distribute the Brands in Florida may be joined in the lawsuit or may be sued separately, and Titan may claim disgorgement of their profits from the sale of the Brands.

3. Demanding repurchase of Titan's inventory of Cervecera's beer. Titan may demand that Cervecera repurchase its remaining inventory of beer pursuant to Florida Statutes Section 563.022(20)(a). Cervecera will be responsible to pay 100% of Titan's actual cost, including freight and reasonable storage and handling costs of all unsold beer.

4. Claiming attorneys' fees and costs. With respect to each of the actions above, the Florida Beer Franchise Law authorizes the courts to award to Titan its reasonable attorneys' fees and costs.

In anticipation of legal action of the type described above, please review the Litigation Hold Demand below. This applies particularly to any and all communications, drafts, notes, and other documents related to Cervecera's preparation of the Distribution Agreements, determination of the Territory Sales Targets, and arrangements for distribution of the Brands in Florida by one or more distributors other than Titan Products.

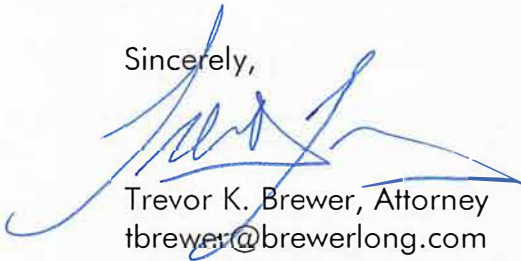
The purpose of this letter is to demonstrate that Cervecera, by delivering the Termination Notice, has made a very risky bet that it can challenge the Florida Beer Franchise Law and win. You should understand that the Beer Franchise Law was enacted in the State

⁷ Unless Titan sells 312,344 cases of beer supplied by Cervecera in 90 days, of course.

of Florida (and similarly in other states) precisely to prevent overbearing beer manufacturers from terminating the beer franchise of local distributors capriciously. Accordingly, Cervecera's gamble has a weak basis (lacking good faith and good cause, and without providing reasonable opportunity to cure) and has high stakes (\$7.8 million, estimated). It's hard to imagine that this gamble serves Cervecera and its shareholders better than investing in the company's partnership with Titan Products to sell more beer in Florida.

In closing, I want to stress that TitanProducts' strong preference is to continue the Distribution Agreements, with due cooperation, shared responsibility, and reasonable goals. If this is Cervecera's preference as well, I strongly urge you to withdraw the Termination Notice.

Sincerely,



Trevor K. Brewer, Attorney
tbrewer@brewerlong.com

Encls.

cc: Titan Products of Puerto Rico Corp.

LITIGATION HOLD DEMAND

In anticipation of litigation, it is hereby demanded that you preserve all documents, tangible things, and electronically stored information potentially relevant to the issues in this matter, including, without limitation, including information from website pages, social media pages, distribution contracts, sales receipts, purchase orders for packaging, etc. You should anticipate that much of the information subject to litigation discovery in this matter is stored on computer systems and other media and devices (including smartphones, voice-messaging systems, text-messaging systems, websites, web host servers, online repositories, and mass storage devices). Your failure to implement appropriate policies and procedures to sequester information required to be submitted in discovery proceedings could have dramatic negative consequences for you in the litigation of these issues, including, but not limited to, the imposition of unfavorable legal presumptions and sanctions.

EXHIBIT A

		Cases Sold May 1, 2023 > Apr 30, 2024				C-D=E		AxE=F	
Description	Qty (A)	Amount (B)	Price (C)	Cost (D)	Net (E)	Net Total (F)			
MAGN4001 (MAGNA 4/6/12oz)	838	\$ 25,040.00	30.25	18.25	12.00	\$ 10,056.00			
MEDALLA001 (MEDALLA LIGHT 12/10oz)	163,795	\$ 1,444,257.94	9.78	5.25	4.53	\$ 741,991.35			
MEDALLA002 (MEDALLA LIGHT 4/6/10oz)	11,799	\$ 209,220.47	19.25	10.50	8.75	\$ 103,241.25			
MEDALLA004 (MEDALLA LIGHT 4/6/12oz)	17,557	\$ 435,350.00	25.50	13.25	12.25	\$ 215,073.25			
MEDALLA006 (MEDALLA LIGHT 24/10oz)	19,727	\$ 354,165.65	19.25	10.50	8.75	\$ 172,611.25			
MEDALLA007 (MEDALLITA 24/7oz)	5,300	\$ 95,101.50	18.25	9.25	9.00	\$ 47,700.00			
MEDALLA008 (MEDALLA ULTRA LIGHT 4/6/12oz)	634	\$ 16,939.81	26.99	15.00	11.99	\$ 7,601.66		F x G = G	
MEDALLA009 / MEDALLITA 4/6/7oz)	10.00	\$ 182.50	18.25	9.75	8.50	\$ 85.00		Net Total x6 (G)	
						\$ 1,298,359.76		\$ 7,790,158.56	

CERVECERA DE PUERTO RICO

Florida Market Analysis and Corrective Action Plan

Presented by:

Titan Products of Puerto Rico

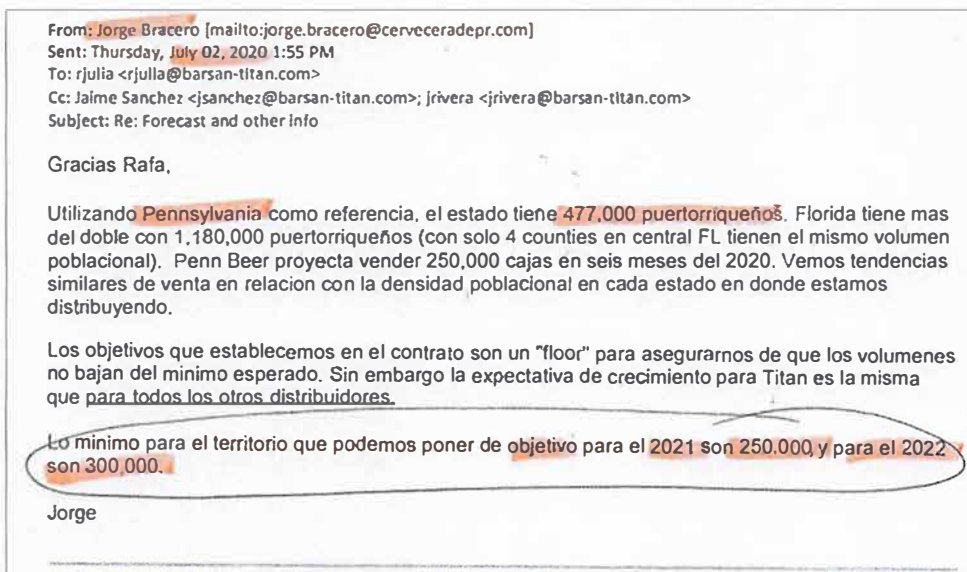
May 13, 2024

BUSINESS DESCRIPTION

In April 2018, the distribution of Medalla Light Beer commenced its journey in Florida, marking the beginning of a strategic partnership between Cervecera de Puerto Rico and Titan Products of Puerto Rico. This collaboration aimed to re-introduce the renowned Puerto Rican beer to the diverse and dynamic market of Florida, catering particularly to the large Puerto Rican diaspora in the state.

From the outset, the distribution agreement posed unique challenges. While Titan Products was eager to promote Medalla Light in Florida, the terms of the contract were primarily dictated by the brewery, leaving Titan with limited autonomy in setting sales objectives and strategies. Despite these challenges, Titan Products recognized the potential of Medalla Light in Florida's market and proceeded with the agreement, understanding the importance of seizing the opportunity presented.

One notable aspect of the distribution agreement was the imposition of sales objectives by the brewery during the March 2021 contract renewal, which were purportedly based on census data. Is very important to mention that the census data was misleading and false. That information was provided by Mr. Jorge Bracero (former Cervecera de Puerto Rico's Chief Marketing Officer), in an email where he compares the population of Pennsylvania versus the population of Florida (see below).



However, Titan Products had limited access to this data and was not provided with concrete insights into the target market's demographics. Specifically, the brewery referenced the presence of over a million Puerto Ricans in Florida as the basis for their sales objectives. However, at that moment, crucial details such as the proportion of legal drinking-age individuals within this demographic and their consumption habits remained undisclosed.

Now, after some investigations, we have found out that in 2020 the Puerto Rican population in Pennsylvania was 493,255 and 385,000 in the counties of Central Florida mentioned by Mr. Bracero in his email.com

So, there is a total incongruence in the information provided by Mr. Jorge Bracero.

It's also important, to provide insight into the various situations that were beyond our control and directly impacted our ability to meet the sales objectives set by the brewery. These factors significantly influenced our performance and hindered our ability to achieve the desired goals.

They include:

Impact of the Pandemic on the Florida Market:

- The outbreak of the pandemic had a profound effect on the Florida market, leading to significant changes in consumer behavior and demand patterns. Restrictions, lockdowns, and economic uncertainties resulted in fluctuations in purchasing habits, affecting our sales trajectory.

Brewery's Decision to Discontinue Certain Products:

- The brewery's decision to discontinue Medalla Light 12/12oz and Medallita 4/6/7oz approved in Walmart and Publix, had a direct impact on our product availability and sales potential. This sudden change disrupted our distribution strategy and limited our ability to meet market demands effectively.

Changes in UPC for Medalla Light 12/10oz for the FRSH Campaign:

- The introduction of changes in UPC for Medalla Light 12/10oz as part of the FRSH campaign resulted in a transition period during which sales were lost.
- Adjusting to these alterations in product packaging and labeling processes posed challenges and temporarily affected our sales performance.

Stock Shortages from the Brewery:

- Instances occurred when the brewery was unable to provide products due to stock shortages, leading to missed sales opportunities.
- Despite our efforts to maintain consistent supply chains, unforeseen disruptions at the brewery level, impacted on our ability to fulfill customer orders and meet market demand.

Emergence of New Medalla Distributors in the North:

- In our analysis of factors influencing the sales performance of Medalla Light, we've identified a significant impact stemming from the emergence of more authorized distributors in the northern states, including Connecticut, Pennsylvania, Maryland, and New York, now selling Medalla Light.
- This development has directly affected our sales trajectory, as confirmed by feedback from clients who have informed us that they've sold Medalla Light to customers outside of the state of Florida. The increased availability of Medalla Light through these new distribution channels has inevitably diverted potential sales from our market area, contributing to a decline in our sales figures.

These factors were beyond our control and significantly influenced our ability to meet the original sales objectives imposed by the brewery. Despite these challenges, we remain committed to overcoming obstacles and optimizing our strategies to drive growth and achieve success in the market.

Furthermore, acknowledging these challenges demonstrates transparency and positions us as proactive problem solvers actively seeking solutions to improve sales performance. It's worth highlighting the consistent growth of Titan Products' overall sales since its inception in 2012, which supports our argument that the decline in Medalla Light sales isn't attributed to distribution performance. This showcases our company's resilience and effectiveness in navigating market challenges over the years.

CORRECTIVE ACTION PLAN

Creating a remedial plan to enhance the distribution and sales of Medalla Light Beer involves a multi-faceted approach that addresses various aspects of marketing, distribution, and customer engagement, as well as brewery participation. Here's a structured plan to achieve this:

Brewery Participation:

- Involve the brewery in the marketing and promotion of Medalla Light by bringing on board their overall knowledge about the brand and its positioning in the market.
 - Having a brewery representative in the market can develop new opportunities for the brand by having a brand expert identify marketing opportunities.
 - Is also strongly suggested that the brewery representative should have a local marketing agency that can provide their local market expertise in the equation.
 - Responsible party: Cervecera de Puerto Rico

Budget References

- An incremental budget would be required, to implement the new sales and marketing strategies for the local market.
 - We did a reference exercise to put into perspective the estimated marketing investments by territory and how they reflect the number of initiatives they can do in each market.

Territory	2020 Population	Area Sq/Mi	Budget	Invest/Person	Invest/Sq Mile
Puerto Rico	3,423,000	3,423	\$ 10,000,000	\$ 2.92	\$ 2,921.41
Florida	22,240,000	65,758	\$ 311,000	\$ 0.01	\$ 4.73
P'Ricans in FL	1,171,637	65,758	\$ 311,000	\$ 0.27	\$ 4.73

- To continue promoting and investing in the brand and show our commitment to the project, during the last Qtr. of '23, funds from 2024 budgets were used in 2023 (Titan funds).
- Responsible party: Cervecera de Puerto Rico

Market Research and Analysis:

- Conduct thorough market research to understand current consumer preferences, market trends, and competitor strategies.
- Analyze data to identify target demographics and areas with high potential for Medalla Light sales.
 - Responsible party: Cervecera de Puerto Rico

Distribution Strategy Optimization:

- Review and optimize (if needed) the distribution network to ensure efficient and widespread availability of Medalla Light Beer.
- Explore partnerships with distributors and retailers to increase product visibility and shelf space.
 - At a certain point, we had 5 different sub-distributors in Miami, to help cover the Miami market with more expertise and precision; currently, we have one doing the job.
 - Responsible party: Cervecera de Puerto Rico and Titan Products of Puerto Rico

Marketing Campaign Enhancement:

- Develop compelling marketing campaigns that highlight Medalla Light's unique selling points and appeal to target consumers.
- Utilize various channels such as social media, digital advertising, and traditional marketing to reach a wider audience.
 - o Responsible party: Cervecera de Puerto Rico and Titan Products of Puerto Rico

Promotional Activities:

- Implement targeted promotional activities such as sales offers, price reductions, and sampling events to stimulate consumer interest and encourage trial purchases.
- Collaborate with bars, restaurants, and events to showcase Medalla Light and engage with potential customers.
 - o Responsible party: Titan Products of Puerto Rico

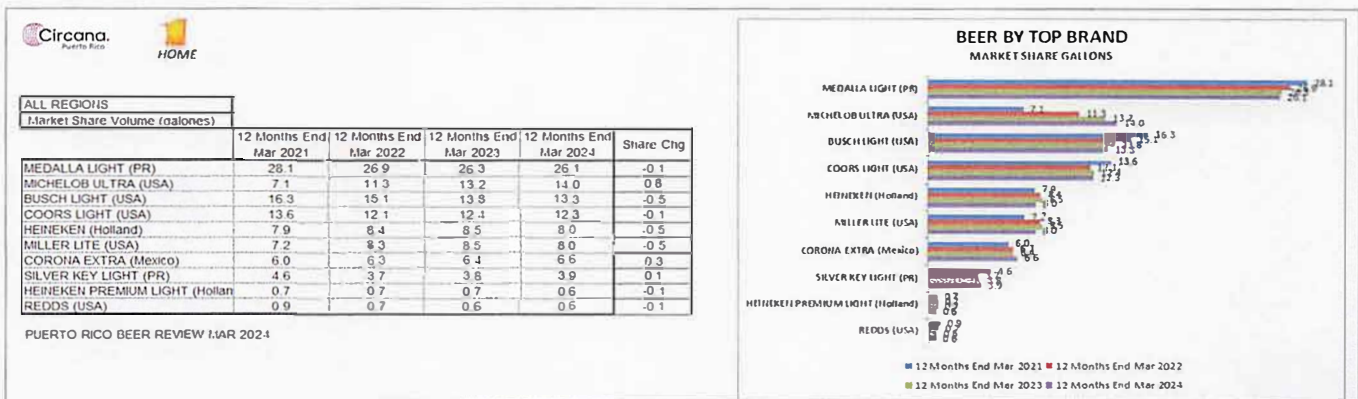
Customer Engagement Initiatives:

- Enhance customer engagement through interactive experiences such as tasting sessions, and exclusive events.
- Build a community around Medalla Light Beer by fostering relationships with loyal customers and encouraging user-generated content on social media.
 - o Responsible party: Cervecera de Puerto Rico

Performance Tracking and Adjustment

- Monitor the effectiveness of the remedial plan through key performance indicators such as sales volume, market share, and brand awareness.
- Regularly assess feedback from distributors, retailers, and consumers to identify areas for improvement and make necessary adjustments to the plan.
 - o Responsible party: Cervecera de Puerto Rico and Titan Products of Puerto Rico

As part of our ongoing efforts to develop a comprehensive Corrective Action Plan for Medalla Light, it's crucial to recognize the interconnectedness between the Puerto Rico market and our local market here in Florida. The behavior of consumers in Puerto Rico, to some extent, reflects trends that we observe locally, providing valuable insights into our market dynamics. Upon analyzing the Puerto Rico March Beer Category Reading (*source: Circana Puerto Rico*), we noted a concerning trend: the continuous decline of Medalla Light sales and the simultaneous increase in Michelob Ultra sales. This trend mirrors what we've been experiencing in the Puerto Rican markets here in Florida.



Our Corrective Action Plan will leverage insights from both local and Puerto Rican markets to implement strategic initiatives that resonate with consumers, enhance brand visibility, and ultimately drive sales growth. Through a combination of marketing campaigns, promotional activities, and product innovations tailored to address specific consumer preferences, we aim to reverse the decline in Medalla Light sales and reclaim our market share.

By aligning our efforts with market trends observed in Puerto Rico and leveraging these insights to inform our local strategies, we are confident in our ability to restore Medalla Light to its rightful position as a top contender in the Florida market.

Thank you for your attention to this matter, and we look forward to your support as we implement our Corrective Action Plan.

Regards,

Jaime Sánchez
Titan Products of Puerto Rico



PO Box 1690
Mayagüez, Puerto Rico 00680
787-834-1000 Tel

PO Box 195522
San Juan, Puerto Rico 00919-5222
787-754-6464 Tel
787-756-8527 Fax

April 29, 2024

Titan Products of Puerto Rico, Corp.
Attention: Jaime Sánchez
1111 Central Florida Parkway
Orlando, FL 32837

Re: Termination of Distribution Agreement for Florida

Dear Mr. Sanchez:

In March 2021, Compañía Cervecería de Puerto Rico, Inc., a Puerto Rico corporation ("we," "us" or "CCPR") entered into an agreement with Titan Products of Puerto Rico, Corp. ("you" or "Titan"), a Florida corporation, for the distribution of CCPR's malt beverage products throughout the State of Florida (the "Distribution Agreement"). The Distribution Agreement was memorialized in two separate albeit substantially identical contracts, one each for North Florida (the "North Florida Contract"), and for South Florida (the "South Florida Contract"). Each of the contracts commenced on or before March 16, 2021. The only differences between the two contracts is that the North Florida Contract lists the North Florida Counties covered by the Distribution Agreement and sets forth a Territory Sales Target for North Florida and the South Florida Contract lists the South Florida Counties covered by the Distribution Agreement and sets forth a Territory Sales Target for South Florida. Otherwise, all defined terms and section references in each of the North Florida Contract and the South Florida Contract are the same and, accordingly, the North Florida Contract and the South Florida Contract will be referred to collectively herein as the Distribution Agreement. Capitalized terms used and not defined herein will have the meaning ascribed to such terms in the Distribution Agreement.

Pursuant to Section 5.02 of the Distribution Agreement, CCPR has the right to terminate the Distribution Agreement if Titan "does not achieve the Territory Sales Target for the second or third Contract Year during the Term." For each of the second Contract Year (2022-2023) and the third Contract Year (2023-2024) the combined Territory Sales Targets under the North Florida Contract and the South Florida Contract were set at 300,000 cases. For the second Contract Year the number of cases sold in Florida was 169,328, a shortfall of 130,672 cases. And, for the third Contract Year, the number of cases sold in Florida was 118,328, a shortfall of 181,672 cases (the "Case Shortfall"). Under the Distribution Agreement, to terminate pursuant to Section 5.02, we are required to provide you with notice of termination on or before April 30 of the current Contract Year and the termination is effective 30 days from the date of the notice. Accordingly, by delivery of this letter, we are hereby terminating the Distribution Agreement as of May 29, 2024, 30 days from the date of this letter (the "Contract Termination Date").

Elaboradora de Medalla Light, Silver Key Light, Magna Special Craft y Malta India

In addition, we acknowledge Titan's rights under Florida law, including *Fla. Stat. § 563.022* or any successor provision with respect to relations between beer distributors and manufacturers (such law, the "Florida Franchise Law"). Pursuant to the Florida Franchise Law we are required to provide you with not less than 90 days of advance written notice in the case of a termination for good cause. In addition, we are required to afford you with 30 days to submit a plan of corrective action and an additional 90 days to cure noncompliance under the Distribution Agreement. In addition to our contractual rights to terminate the Distribution Agreement, we hereby notify you of our intention to terminate the Distribution Agreement under the Florida Franchise Law for good cause. The requirement that Titan achieve the Territory Sales Targets for each of the second Contract Year and the third Contract Year was a provision of the Distribution Agreement "which is both reasonable and of material significance to the business relationship between the distributor and the manufacturer." You failed, in each Contract Year, to comply with the Territory Sales Targets and notice is hereby provided of the termination of the Distribution Agreement, as the result of such failure and with termination to be effective as of August 27, 2024, 120 days from the date of this letter (the "Final Termination Date"). You will have until the Contract Termination Date (May 29, 2024) to submit a plan of corrective action with respect to the Case Shortfall (the "Plan"), and an additional 90 days—through the Final Termination Date (August 27, 2024)—to cure the Case Shortfall pursuant to the Plan. If you cure the Case Shortfall pursuant to the Plan on or before the Final Termination Date, the Distribution Agreement shall automatically continue under the Florida Franchise Law. If you do not cure the Case Shortfall pursuant to the Plan on or before the Final Termination Date, the Distribution Agreement shall automatically terminate on the Final Termination Date subject only to the winding up provisions under Article V of the Distribution Agreement.

If you would prefer to waive Titan's rights under the Florida Franchise Law and to terminate the Distribution Agreement as of the Contract Termination Date (May 29, 2024) please let us know and we will prepare the requisite termination documentation.

Please let us know if you have any questions.

Respectfully Yours,

COMPañA CERVECERA DE PUERTO RICO, INC.



Maribel Montes Ramírez
General Manager

Holland & Knight

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Holland & Knight LLP | www.hklaw.com

Cary O. Aronovitz
+1 305-789-7520
cary.aronovitz@hklaw.com

May 29, 2024

Via Email and U.S. Certified Mail

Trevor K. Brewer, Esq.
Brewer Long
407 Wekiva Springs Rd Ste 241
Longwood, FL 32779
tbrewer@brewerlong.com

Re: Response to Titan's Letter dated May 14, 2024

Dear Mr. Brewer,

This Firm represents Compania Cervecera de Puerto Rico, Inc. ("CCPR" or "Cervecera"). CCPR does not withdraw the notice of termination in its April 29, 2024 letter to Titan Products of Puerto Rico Corp ("Titan Products" or "Titan") but writes to clarify and dispute certain allegations made in your letter dated May 14, 2024. All capitalized terms used and not otherwise defined herein shall correspond to the Parties' Distribution Agreements for the Northern and Southern Territory of Florida which commenced per its Term on March 16, 2021 and **expired** on March 15, 2024 (the "Distribution Agreement").

First, to be clear, CCPR exercised its unilateral right to terminate the Distribution Agreement pursuant to Section 5.02 and afforded Titan with the requisite 30 days of prior written notice. CCPR's bilateral agreement to terminate the Distribution Agreement was not required by Section 5.02 in spite of your letter's suggestions to the contrary. In addition, as was clearly set forth in CCPR's April 29, 2024 letter to Titan (the "Termination Letter"), Titan was also informed of CCPR's notice to terminate Titan's statutory franchise rights under the Florida Franchise Law. As you concede, Titan has been afforded a statutory cure period under the Florida Franchise Law and the franchise rights will not terminate unless the statutory cure period has expired and only if Titan fails to cure the Case Shortfall (as defined in the Termination Letter). Again, in spite of your characterization to the contrary, once CCPR complies with the requirements for termination under the Florida Franchise Law there is no separate requirement that Titan agree to such termination.

Second, as you concede, Titan was contractually required by the Territory Sales Targets to sell a combined 300,000 cases of Product. Titan failed by a significant margin to meet this requirement in 2022-2023 and 2023-2024. Your 6-page letter fails to cite a single case—in Florida, Puerto Rico, or any other jurisdiction—where a failure to meet the contract's sales requirement did not establish

good cause for termination. Indeed, despite your unsupported argument that this requirement was not reasonable or agreed to by Titan, Section 4.01 of the Distribution Agreement is unequivocal that:

The Parties acknowledge that they have agreed upon annual targets for the sale of the Product in the Territory (the “Territory Sales Target”) during the Term (as set forth in Schedule II); which sales targets Titan covenants and agrees are reasonable for the sale of the Product in the Territory.

Your footnote that unforeseen circumstances, such as “the lingering effects of a worldwide pandemic,” may have affected this requirement overlook that COVID-19 lockdowns had taken place in March 2020 and supply chain issues were well documented by March 2021, and yet Titan **covenanted and agreed** in a binding contract that the Territory Sales Target was reasonable. And, of course, Titan knew what sales projections were “reasonable” given that it had sold CCPR’s Product prior to March 2021 and Titan had the same availability as CCPR to publicly available census data. Moreover, historical sales data contradicts your suggestion that the Territory Sales Target were not rational and contrary to the trajectory for sales of the Brands in Florida in the immediately preceding contract years. Titan’s sales exceeded 200,000 cases per year for the 2018, 2019 and 2020 and only dipped slightly, to approximately 191,000 cases per year in 2020, the initial year of the pandemic. It was with these numbers in hand (and not data arbitrarily fixed by CCPR) that Titan freely and voluntarily elected to enter into the Distribution Agreement with the Territory Sales Target.

Further, Section 5.02 of the Distribution Agreement provides “CCPR shall have the right to terminate this Agreement if Titan does not achieve the Territory Sales Target for the second or third Contract Year during the Term.” CCPR’s showing of “good faith” under Fla. Stat. § 563.022(8) is further exemplified as it did not terminate Titan after Titan failed to meet the Territory Sales Target for the second Contract Year.

Thus, given Titan’s express breach of the most important aspect of the Distribution Agreement, and in consideration of CCPR’s covenant to continually and actively fulfill—through the end of the statutory cure period—all product orders from Titan and summer marketing commitments, CCPR will clearly establish each requirement for “good faith” and “good cause” under Fla. Stat. § 563.022.

Third, CCPR’s showing of “good faith” is further exemplified as it has followed the Florida Franchise Law. Indeed, CCPR has permitted Titan the time to submit a plan of corrective action and will provide an additional 90 days from May 29, 2024, until **August 27, 2024**, for Titan to sell the Product in an effort to cure its breach of the Distribution Agreement. CCPR recognizes that if Titan is able to cure the Case Shortfall then the Distribution Agreement would automatically continue under the Florida Franchise Law.

CCPR notes that Titan’s seven (7) page “corrective action” plans offers several pages of excuses, and only two (2) pages of actual corrective action, including certain admissions that are potentially troubling: (i) Titan once had 5 sub-distributors in Miami but now only has one; and (ii) Titan’s knowledge that it is aware of clients who sold CCPR’s Product outside of Florida. Titan’s use of sub-distributors appears to directly conflict with Titan’s appointment under the Distribution Agreement as CCPR’s “sole and exclusive of the Product in the Territory.” And, under Section 2.02

Page 3

of the Distribution Agreement, “[i]f Titan learns that any quantity of the Product is being exported from the Territory, then Titan shall promptly inform CCPR thereof, in writing.” CCPR reserves all rights with respect to other breaches by Titan under the Agreement. In spite of Titan’s minimalist plan of corrective action and although CCPR disputes multiple allegations made by Titan in the plan, CCPR’s representatives are willing to meet with Titan’s representatives to discuss the plan further in good faith in support of Titan’s effort to cure the breach of the Territory Sales Target provisions under the Distribution Agreement.

Fourth, pursuant to the Distribution Agreement, “in the event any Party fails to perform any of its obligation under this Agreement” the defaulting party shall pay any and all costs and expenses incurred by the non-defaulting party to establish its rights—such as the right to Terminate—under the Distribution Agreement, including attorneys’ fees. *See* § 14.12. Your threat for attorneys’ fees under Florida Statute is reciprocal and if necessary CCPR reserves the right to seek such fees.

Please be advised that nothing in this letter should be construed to waive, impinge, or otherwise limit any of CCPR’s rights or remedies in law, equity, or contract.

Sincerely,

/s/ Cary O. Aronovitz
Cary O. Aronovitz

COA:aa

cc: Jason Barker, Esq. (Holland & Knight, LLP)
Maribel Montes-Ramirez (General Manager Compania Cervecera de Puerto Rico, Inc.)

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EXPERT OPINION REPORT

TITAN PRODUCTS OF PUERTO RICO CORP. V.
COMPANIA CERVECERA DE PUERTO RICO, INC.

FEBRUARY 23, 2026



Summary of qualifications

Daniel Lust is the founding partner of PINTS LLC, a beverage advisory firm specializing in providing objective insights and strategic guidance to alcohol beverage suppliers and distributors. The firm's areas of expertise include business plan development, market expansion strategies, due diligence, distributor management, contract negotiation, performance measurement, sales training, strategic growth planning, and expert witness legal services.

Prior to founding PINTS LLC, Lust served as Vice President of Sales & Marketing at Golden Eagle Distributors (GED), an independent beverage distributor covering the entire state of Arizona. He joined GED in 2004 as a Marketing and Public Relations Coordinator and rapidly advanced through key leadership roles including Pricing Analyst, Territory Sales Manager, and Director of Pricing and Sales Execution, before being promoted to VP of Sales & Marketing in 2014.

During his tenure at GED, Lust focused on enhancing internal processes, driving profitable pricing initiatives, implementing business intelligence tools, and expanding the company's product portfolio. His leadership in sales strategy and execution earned recognition both within the organization and across the industry. Notably, Anheuser-Busch nationally recognized his innovative approach to sales performance measurement and execution.

Lust remains actively involved in the beverage industry, regularly participating in major events such as the Beer Industry Summit, Wine & Spirits Summit, Beer Marketers Insights Conference, Brewbound Sessions, Brew Talks, Craft Brewers Conference, NBWA Annual Convention, SAVOR, and the Great American Beer Festival.

Education Credentials:

- M.S.M – Management; University of Denver
- M.B.A. - Business Administration; University of Denver
- B.S. - Marketing, Sport Industry Operations; Metropolitan State University of Denver
- Leadership Journey; University of Pennsylvania - Wharton School of Business Executive Program

**Prior Expert Witness Experience:**

Mr. Lust has been qualified as an expert witness for the following subjects: general beer industry, valuation of beer distribution rights, right of first refusals, interaction between brewers and distributors, and beer distribution agreements. Lust has worked on behalf of both distributors and suppliers. He has provided expert witness reports on behalf of some of the largest suppliers in the Nation. Lust has provided expert witness support in the matters noted below:

- Bankruptcy case involving a dispute between HELLBENDER BREWING COMPANY, LLC v. HOP & WINE BEVERAGE, LLC. US Bankruptcy Court for the District of Columbia (Case: 16-0577-SMT) Lust worked on behalf of Hellbender Brewing Company. Provided and expert witness report as well as both deposition and trial testimony.
- Retained for McGEE & McGEE WINE MERCHANTS v. JaM CELLARS and JOHN ANTHONY VINEYARDS. Second Judicial District Court of the State of Nevada (Case: CV16-00761). Lust worked on behalf of McGee & McGee Wine Merchants and was deposed in August 2018. Provided an expert witness report, case was settled prior to trial.
- Retained for CAROLINA BEVERAGE CORPORATION, DIXIE RIVERSIDE, INC. and ALLIGATOR BEVERAGE, LLC v. FIJI WATER COMPANY, LLC. Case was filed in Superior Court of the State of California (Case: 19STCV32342). Lust worked on behalf of Carolina Beverage, Dixie Riverside and Alligator Beverage and was deposed in September 2021.
- Case regarding industry standards, customs and practices in the non-alcoholic industry between NEUROBRANDS LLC and THE AMERICAN BOTTLING COMPANY and KEURIG DR. PEPPER INC. Lust worked as an advisor and provided expert witness support on behalf of NEUROBRANDS LLC. UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION AT LOS ANGELES, CASE NO. 2:21-cv-01772-FLA-AS
- Arbitration case involving MONSTER ENERGY COMPANY f/k/a HANSEN BEVERAGE CO and CITY BEVERAGES LLC dba OLYMPIC EAGLE DISTRIBUTING. Lust worked as an advisor and provided expert witness support on behalf of MONSTER ENERGY COMPANY. JAMS REFERENCE NO. 1200058684.



- Arbitration case regarding involving THE ROSCOE NY BEER COMPANY, LLC and DANA DISTRIBUTORS, INC. Lust worked as an advisor and provided expert witness support on behalf of ROSCOE BEER COMPANY. American Arbitration Association, Case No. 01 -23-0000-7935.
- Arbitration case regarding fair market value involving MANOR HILL BREWING and BOB HALL, LLC; GUY DISTRIBUTING CO. INC; KELLY DISTRIBUTORS, LLC; and EASTERN SHORE DISTRIBUTING LTD PARTNERSHIP. Lust worked as an advisor on behalf of MANOR HILL BREWING. American Arbitration Association, Case No. 01-24-0009-1000; 01-24-0009-2042; 01-24-0009-2040; 01-24-0009-2038
- Fair market value arbitration case involving COHO DISTRIBUTING LLC dba COLUMBIA DISTRIBUTING and CITY BEVERAGES LLC dba OLYMPIC EAGLE DISTRIBUTING. Lust worked on behalf of COLUMBIA DISTRIBUTING. American Arbitration Association, Case No. 01-23-0004-7971
- Fair market value arbitration case involving COHO DISTRIBUTING LLC dba COLUMBIA DISTRIBUTING vs. CROWN DISTRIBUTING OF ABERDEEN INC. Lust worked on behalf of COLUMBIA DISTRIBUTING. American Arbitration Association, Case No. 01-25-001-7101

**Industry Certifications and Participation:**

- Cicerone Certified Beer Server
- Panelist at Promotion Optimization Institute Summit - Chicago, IL (Apr. 2016)
- Judge for New Brewer Challenge at Brewbound - San Diego, CA (Dec. 2016)
- Seminar presenter at Craft Brewers Conference – Washington, DC (Apr. 2017)
- Seminar presenter at Craft Brewers Conference – Nashville, TN (Apr. 2018)
- Seminar presenter at Craft Brewers Conference – Denver, CO (Apr. 2019)
- Panelist at Glass Packaging Institute Annual Meeting – Tucson, AZ (Nov. 2017)
- Attendee at Beer Marketers Insights Conference (2016)
- Attendee at Brewbound (2014, 2015, 2016, 2017)
- Attendee at Beer Industry Summit (2013, 2014, 2015, 2016, 2017, 2018, 2019 2021, 2022, 2023, 2024, 2025, 2026)
- Attendee at Craft Brewers Conference (2021)
- Attendee at Wine & Spirits Daily Summit (2017, 2018, 2019, 2021, 2022, 2023, 2024, 2025, 2026)
- Attendee at Distributor Productivity Summit (2017)
- Attendee at NBWA Annual Convention (2015, 2016, 2017, 2018, 2019, 2021, 2022, 2023, 2024, 2025)
- Attendee at NBWA Next-Gen Conference (2021, 2022, 2023)
- Attendee at NBWA Legislative Conference (2014)

Industry Memberships:

- Brewer's Association
- National Beer Wholesalers Association
- Arizona Craft Brewer's Guild



Beverage Alcohol Industry Experience:

PARTNER/CO-FOUNDER

PINTS LLC – TUCSON, ARIZONA..... 03/2016 - Present

- Co-founded a beverage advisory firm providing objective support, guidance, and best practices to suppliers and distributors nationwide in the beverage alcohol industry.

SENIOR BUSINESS CONSULTANT

SALIENT MANAGEMENT COMPANY – CORNING, NEW YORK..... 04/2020 – Present

- Delivered consultation and training to enhance client adoption of customized solutions tailored to individual business units.
- Provided data-driven insights on sales, distribution, pricing, revenue, margin, and operational efficiencies.
- Promoted best practices within the beverage alcohol industry to optimize client outcomes.

VICE PRESIDENT SALES & MARKETING

GOLDEN EAGLE DISTRIBUTORS, INC – TUCSON, ARIZONA..... 10/2014 – 03/2016

- Directed seven department managers and 25 indirect reports to maximize profitability through revenue growth, enhanced distribution, and expense management.
- Developed accurate sales forecasts and promotional pricing action plans to achieve targets and monitor financial performance.
- Oversaw portfolio development, supplier recruitment, and strategic sales and marketing campaigns.
- Implemented skills assessment programs for sales managers to improve effectiveness and team engagement.

DIRECTOR OF PRICING AND SALES EXECUTION

GOLDEN EAGLE DISTRIBUTORS, INC – TUCSON, ARIZONA..... 09/2012 – 10/2014

- Created and executed annual business plans with supplier partners, achieving targets through incentives and precise execution.
- Managed pricing and promotional discount schedules for an extensive product portfolio, optimizing profitability.
- Recognized nationally by Anheuser-Busch for developing a best-practice sales performance scorecard.

**TERRITORY SALES MANAGER****GOLDEN EAGLE DISTRIBUTORS, INC – TUCSON, ARIZONA.....08/2009 – 09/2012**

- Oversaw sales and operations for a territory with 3.5 million-case volume and \$7.2 million in annual revenue.
- Achieved an 86% market share penetration and developed education and training programs for staff.

SALES & PRICING ANALYST**GOLDEN EAGLE DISTRIBUTORS, INC – TUCSON, ARIZONA.....06/2007 – 08/2009**

- Conducted comprehensive analysis of sales and distribution metrics, presenting actionable recommendations to senior management.
- Designed profitability analysis tools and managed corporate retail pricing structures.

MEDIA RELATIONS COORDINATOR**GOLDEN EAGLE DISTRIBUTORS, INC – TUCSON, ARIZONA.....11/2004 – 06/2007**

- Managed all external communications, including press releases, website maintenance, and media inquiries.
- Oversaw the annual advertising budget and executed marketing campaigns across multiple channels.
- Negotiated sponsorship agreements and developed corporate branding policies.



Summary of Involvement

PINTS LLC ("PINTS") was engaged by Compania Cervecera De Puerto Rico ("CCPR") and the law firm of Holland & Knight LLP in connection with the pending litigation involving Titan Products of Puerto Rico ("Distributor").

CCPR, a Puerto Rico-based brewery, brews Medalla Light which is the number one selling beer in Puerto Rico, initially entered into a distribution agreement with the Distributor in March of 2018 for designated geographic territories in the state of Florida. Upon termination of the initial term, CCPR and the Distributor entered into two separate agreements that included the entire state of Florida for a term commencing March 16, 2021 and expiring on March 15, 2024. On April 29, 2024, after the contract had expired CCPR provided written notice of termination of the distribution agreements with the Distributor and referenced Section 5.02 of the Distribution Agreement due to the Distributor failing to achieve territory sales targets for the second and third year of the contract term. At that time, CCPR acknowledged the Florida Franchise Law and provided 30 days for Titan to submit a plan of action to cure the sales deficiency and an additional 90 days to cure the noncompliance. Titan provided a corrective action plan which CCPR responded to in writing. Despite the plan, no tangible actions were taken by the Distributor, beer product sales did not tangibly improve and per the initial termination notice, CCPR officially terminated the distribution agreement on August 27, 2024. CCPR did not execute a new distribution agreement until December 10, 2024, thus leaving a new four month gap without a distributor selling its products in Florida.

PINTS LLC was asked to review and analyze documents related to this matter, and provide independent and objective opinions related to (1) where Titan expended sufficient resources to sell CCPR's product in Florida to meet the parties' sales expectations; and (2) fair market value of Titan's terminated franchise based on experience in the beverage distribution business. This report sets forth PINTS' opinion in response to the review and analysis of all claims provided thus far in this matter, and is based upon my prior expert witness involvement, my academic background and my prior experience working in the beverage alcohol industry.

All opinions expressed herein are stated to a reasonable degree of professional certainty within my area of expertise. I reserve the right to amend or supplement this report should additional evidence or relevant information become available.

Opinion Summary

After reviewing documents that have been disclosed by CCPR, I have been asked to provide a fair market value assessment of Distributor's distribution rights as part of its ongoing dispute with the Distributor. The Distributor suggested an unreasonable and unsubstantiated fair market value of its own in its response to CCPR via its May 14, 2024 letter.

It is my professional opinion that Titan did not have the necessary resources in place to meet the expectations outlined in the distribution agreements executed in 2021. Based on the



information reviewed, there is no evidence to support that the company was investing the required \$1.50 per case in marketing as stipulated in the agreements, nor that it had the three dedicated staff members required to support the brand.

Additionally, the number of buying accounts communicated in May of 2020 totaled 586 accounts across Florida. Following the execution of the new statewide agreements in 2021, this figure should have increased materially if Titan had the resources and infrastructure in place to fully service the expanded territory. Based on the limited public information available about Titan, it appears that they are set up more like an importer of Hispanic-focused brands than a traditional three-tier beer wholesaler. I also understand Titan only had one warehouse near Central Florida, which is likely why it needed to have five sub-distributors in the Florida market. Documents stating that Titan then had just one sub-distributor in Florida is a likely reason for the declining sales.

It is my professional opinion that the Distributor's preliminary determination of reasonable compensation is highly overstated and does not accurately reflect the current market landscape as well as the declining sales trends for the CCPR brands in the Florida market due to Titan's mediocre sales efforts. In my professional opinion and taking in the facts and merits of the documents provided, Distributor's brand distribution rights would be worth no more than a multiple of 1.5-2x gross profit for the most recent twelve months ending on April 29, 2024. This valuation establishes a reasonable offer to the Distributor for its significant declining Florida business, and would further consider declining sales.

Timeline & Background

2018

- CCPR entered into a distribution agreement with Titan Products of Puerto Rico to sell its products in a designated territory in the state of Florida.

2021

- CCPR entered into two separate distribution agreements with Titan Products of Puerto Rico to sell its products in the entire state of Florida. The distribution agreements set forth that starting in 2022 Titan agreed to sell a combined 300,000 cases across the entire state of Florida which both parties agreed was a reasonable goal. Section 4.01(a) of the distribution agreement states, "The Parties acknowledge that they have agreed upon annual targets for the sale of the Product in the territory during the term (as set forth in Schedule II); which sales targets Titan covenants and agrees are reasonable for the sale of the Product in the Territory." In email traffic, translated into English, I have seen that each party agreed this was a reasonable goal.



2024

CCPR exercised its right to terminate its exclusive distribution agreements with Titan Products of Puerto Rico due to declining sales. Sales volume and distribution in the state of Florida steadily declined throughout the contract term causing concern among the CCPR team.

With sales volume declining significantly during the distribution relationship and communication from the Distributor going unanswered, CCPR was left with no other options. On April 29, 2024, CCPR sent a letter to Titan informing them that CCPR intended to terminate the distribution rights in the state of Florida. CCPR referenced Florida Franchise Law, providing the ability of CCPR to terminate a distributor's right to distribute products in Florida with 30 days' notice to submit a plan of corrective action and an additional 90 days to cure noncompliance under the distribution agreement.

On May 13, 2024 Titan presented CCPR with a Florida Market Analysis and Corrective Action Plan. The action plan that was prepared cited several insights that the Distributor believed directly impacted its ability to meet sales objectives that were mutually agreed to in the Distribution agreement. The structured plan to address sales and distribution gaps provided very little actionable efforts that Titan was proposing to implement but rather put the onus back to CCPR to implement market activities. One concerning bullet point that was included mentioned that at a certain point Titan had 5 different sub-distributors in Miami to help cover the market with more expertise and precision, and at the time of the action plan they only had one doing the job. This raised a red flag that Titan had misrepresented its ability to service the entire state and calls into question why these sub-distributors were no longer being used. Falling from five sub-distributors to just one provides an explanation for falling sales, and as outlined below, sales fell substantially from 2018 to 2024.

In June 2024 CCPR prepared an agenda for a follow up meeting with Titan to discuss the corrective action plan that was submitted. CCPR's response to the corrective action plan was not well received by the representatives of Titan and it was communicated that the meeting became contentious and that was ended quite abruptly before any material issues were discussed. Sales did not meaningfully improve during this 90-day period.

Unfortunately, on August 27, 2024, the 120-day time frame expired without improved sales compliance by the Distributor. Following the expiration of the deadline Titan chose to file a legal complaint against CCPR in United States District Court.

Value of Titan's Distribution Rights of CCPR Brands

The value of a small import beer brand in decline can't be compared to that of a strong distributor with a large portfolio of growing brands. A distributor portfolio with highly popular brands, higher profitability, significant market penetration, and substantial brand growth typically commands a higher gross profit multiple.



PINTS considered the market valuation methodology for valuing the Distributor's distribution rights. This method is widely used in the beer industry as an initial indicator of value, and often is the basis of a purchase agreement or settlement. The market method takes into consideration the following:

- It is generally based on actual transactions, which incorporate the growth trends, brand maturity, brand market penetration, and profitability.
- Because the beer industry structure is very stable, the gross profits of distributing a product in any one year have been very strong predictors of earnings in that year and in future years.
- This method does not consider estimates of year-by-year revenues, expenses, and anticipated cost savings. Furthermore, it does not complicate the calculation with financing or discount rates for private businesses. For instance, discounted cash flow is one of the concepts used by distribution companies when selling their entire business to another distributor, typically not when selling a small individual brand.

PINTS recently attended the National Beer Wholesaler Association annual meeting in Las Vegas, and the Beer Wine and Spirits Summit in San Diego where prominent industry experts from the supplier, distributor and retailer tiers all come together to discuss the state of the industry. The theme that was most discussed reflected on the struggles of the beer industry itself and the headwinds that face every business involved. It was reported by economic experts that not only is the beer industry itself in decline, losing share to wine and spirits competitors, but also that the alcohol industry is facing challenges from a declining legal drinking age population and the younger generation that are not drinking alcohol at all.

With a wide variety of industry data available showing negative trends and my own institutional knowledge, PINTS was able to establish that fair market value in Florida is typically lower for under-performing craft beer brands especially in such a crowded market. In some instances, higher performing craft and import brands can attract higher multiples when it is blended as part of a consolidation distributor sale that includes larger brands like Boston Beer Company, Constellation, Molson Coors, and Anheuser-Busch/InBev. However, the Distributor is not performing well with CCPR, and it is reflected in the significant reduction of sales volume. Based on my analysis I would value fair market value of Distributor's distribution rights at no more than 1.5-2x gross profit for the trailing 12 months ending in April of 2024.

Fair market value of a malt beverage brand is what a willing buyer is willing to pay a willing seller. This is consistent with the definition of Reasonable Compensation as defined in Section 563.022 (17a) of Florida's Beer Franchise Law. In my experience, most often those values are expressed as a multiple of the gross profit of the distributor on its sales of the products of a given supplier for the most recent 12 months of sales. Gross profit in this context is calculated using gross revenue less cost of goods. Other factors that are likely to be considered are the declining sales from year after year, which would affect a buyer's willingness to enter a distribution agreement. Another factor is the amount of advertising the distributor is required



to spend in the distribution agreement. For example, the 2021 distribution agreements required Titan to spend \$1.50 per case in advertising or marketing (and to include three full-time employees for this supplier) and I have seen no evidence of such efforts by Titan.

Typically, independent distributors sell, purchase, or trade (swap) beer brands as either part of an entire asset purchase buyout between distributors, or a relationship dispute leading to termination by either party. In this case, however, CCPR, an out of state import brewery, terminated Titan and this dispute resulted in the disagreement of the fair market value of CCPR's individual brand rights. CCPR made the decision to end the distribution agreement due to the declining sales volume trends of CCPR brands within the Distributor's exclusive territory, as well as the Distributor's lack of ability to substantially penetrate the market and provide CCPR with sales growth.

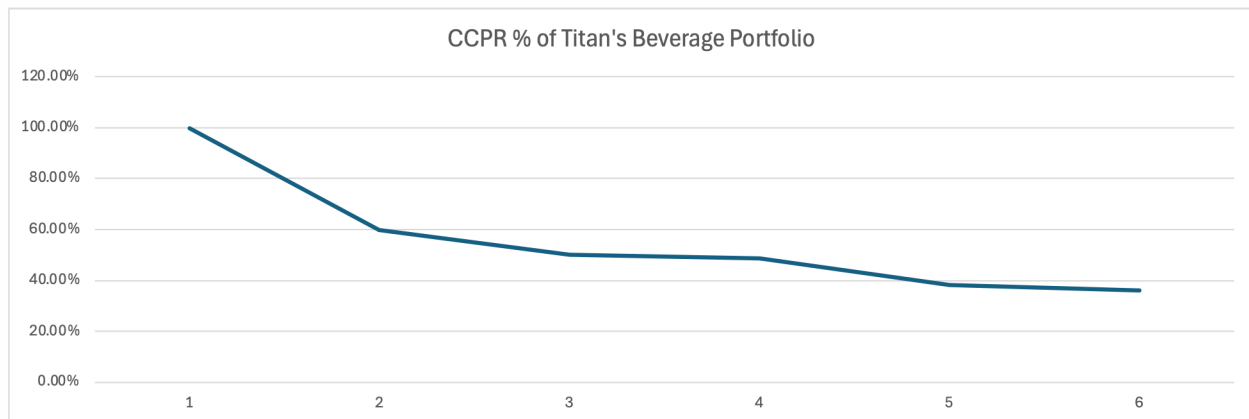
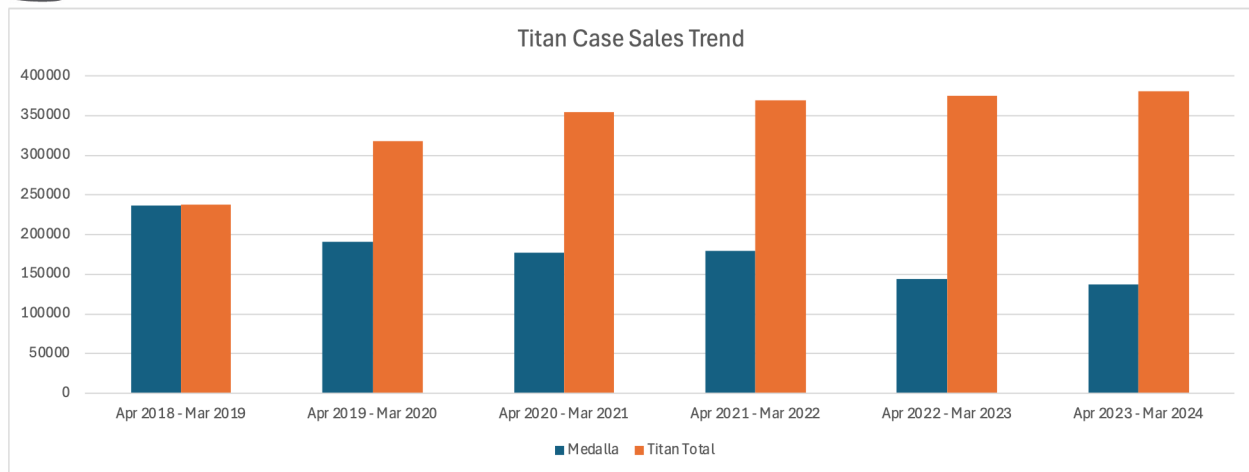
As depicted below, CCPR's sales in the Distributors' territory declined significantly between 2021 and 2024. It is industry standard to report sales in case equivalents, which based on the distribution agreement would be 240 fluid ounces, consisting of 24/10oz cans or bottles.

Titan Products of Puerto Rico

The chart below illustrates the annual sales volume for Titan's territory from 2018 through 2024. During this period, sales declined each year despite agreed-upon volume targets. The lack of focus and execution during the second and third years of the agreement term contributed to a significant and sustained downturn in performance. By 2024, total case sales had fallen by approximately -42% compared to 2018 levels. As a result, CCPR's brand value in this territory has been materially diminished and holds limited fair market value in its current state. In my expert opinion, while beer sales have softened in recent years due to broader shifts in alcohol consumption, Florida has largely tracked the national trend with only modest declines. As of April 2024, total tax-paid beer sales in Florida on a rolling twelve-month basis were approximately -0.35%. During that same period, CCPR brands experienced a significantly steeper decline of -4.95%.

Florida ranks third nationally in total alcohol consumption, behind only California and Texas. The state also has a large Hispanic population, and imported beer brands have remained stable to slightly growing within the overall beer category. Against this backdrop, a -42% decline in sales volume over a five-year period is materially worse than the broader industry performance.

Such a pronounced decline in sales would be concerning to any manufacturer when evaluating a distributor relationship. It would also materially reduce the value of the brand to any potential buyer, as sustained volume erosion directly impacts both market position and future revenue potential.



Based on the information that has been provided in addition to relevant information that was not provided there are some concerning attributes that have contributed to this volume decline. Per the distribution agreement Article IV (Sales and Marketing of the product) Section 4.01 (b; iii) Titan was required to spend \$1.50 per case to each year for the "Marketing Plan Budget." There has been no evidence presented that Titan spent this amount of money, which would have been \$205,578 based on their reported sales of 137,052 cases for the term period May 2023-April 2024. Additionally, per the distribution agreement under Section 4.01 (b; iv) Titan agreed to employ at its sole cost three full time promoters to dedicate 100% of their time and effort to market and promote CCPR's products in the territory. There has been no evidence provided that these three employees were hired and retained during the term of the distribution agreement. Had Titan employed three full-time promoters and spent the required marketing spend there is a strong likelihood that sales would not have declined so rapidly. In addition, Titan's overall sales continued to grow, while sales for CCPR and Medalla products declined.

Based on the limited information provided by Titan, as well as the information available on its website (www.titanproductspr.com) Titan does not appear to operate as a dedicated, full-service beer distributor. The company's website indicates a broad product portfolio that



includes coffee, household cleaning products, automotive cleaning supplies, sodas, juices, wafer cookies, sausages, canned meats, beer, wine, and spirits, among other items.

This type of diversified product mix is more characteristic of a general-line or multi-category distributor and does not typically support a dedicated sales force focused exclusively on the beverage alcohol category. In my experience, it is very important for beer or alcohol sales that the distributor have specific expertise in the beer and alcohol markets. As a result, Titan's structure does not appear conducive to the level of specialized sales, marketing, and merchandising support generally required to build beer brand performance in a competitive market.

It was also communicated to me that CCPR was the first beer supplier for Titan, indicating that Titan was effectively learning the beer category while representing CCPR brands. In addition, it was reported that Titan relied on five sub-distributors to service portions of its territory. This reliance on sub-distributors suggests that Titan may not have had the internal infrastructure to provide comprehensive market coverage and to support sustained, long-term growth across the entire territory.

After some initial success in 2018 and 2019 and communication via email that Titan was making some investment to help grow the brands their efforts did not materialize, especially after taking over distribution for the entire state of Florida. In my expertise and review of such documents, it does not appear that their sales reporting is not very sophisticated and documents that have been provided do not show consistent figures for sales, revenue, cost of goods sold or gross profit.

According to a Pew Research Center article that was published on August 16, 2023, there are an estimated 5.8 million Hispanics of Puerto Rican origin living in the United States as of the 2021 U.S. Census Bureau's American Community Survey. Puerto Ricans are the second-largest Hispanic origin living in the United States. Florida has an estimated 21% of the Puerto Rican population with a median age of 31 years old. StatsAmerica estimated in 2024 that the Puerto Rican population in Florida was 1.3 million. This makes Florida a particularly attractive and important state for a brewery such as CCPR, which markets itself as "Puerto Rico's beer of choice."

I was provided a document that purports to summarize sales volume and gross profit for the trailing twelve-month period of May 2023 through April 2024. My analysis is based solely on the materials provided to me as of the date of this report. No underlying transactional data, general ledger detail, or supporting reconciliation schedules were provided for verification and I have not seen conclusive data that supports the price that Titan was selling CCPR's products to the retail market.

Based on my review, the quantity figures reflected in the report do not appear to have been converted into 24/10 oz case equivalents as required under the applicable distribution agreement. Additionally, standard reporting practice within the beverage alcohol industry typically relies on 24/12 oz case equivalents to ensure consistency and comparability across products and reporting periods.



The report reflects a total quantity of 219,593 units, which is not reconcilable with the reported case sales of 137,052 cases. This inconsistency suggests that differing unit measurements or conversion methodologies were used in preparing the report. In the absence of standardized reporting and supporting documentation demonstrating how quantities were converted and calculated, the reported sales volumes cannot be independently validated.

The document reports total gross profit of \$1,082,314 based on Titan's internal sales reporting. However, no underlying documentation was provided to substantiate this figure or to reconcile it to verified sales transactions, invoices, or accounting records. Based on the information available, the gross profit calculation appears to have been derived by subtracting CCPR's product cost (COGS) from the distributor's reported price to retail ("Amount") and multiplying the resulting per-unit margin by the reported units sold during the relevant period.

In my opinion, to a reasonable degree of professional certainty and based on my experience in the beverage alcohol industry, this methodology does not reflect true economic gross profit because it excludes material components of the distributor's cost structure. Specifically, the calculation does not appear to include the net cost-to-serve, including required operational expenses such as staffing costs associated with three full-time employees, the contractual marketing expenditure of \$1.50 per case, and other ordinary and necessary distribution expenses.

Further, the gross margin percentage reflected in the report appears materially higher than margins typically observed within the beverage alcohol distribution industry. Based on my professional experience, margins of this magnitude would be atypical and would require substantial supporting financial documentation and reconciliation to be considered reliable.

Accordingly, due to (1) inconsistencies in reported unit measurements, (2) the absence of supporting financial documentation, and (3) the apparent exclusion of material operating expenses, it is my opinion that the gross profit figures presented in this report cannot be relied upon as an accurate measure of actual financial performance for the period analyzed.

I reserve the right to supplement or amend these opinions should additional information or supporting documentation become available.



8:59 AM

03/12/25

Accrual Basis

Titan Products of Puerto Rico Corp.

Sales by Item Summary

May 2023 through April 2024

	Qty	Amount	% of Sales	Avg Price	COGS	Avg COGS	Gross Margin	Gross Margin%
ALCOHOLIC BEVERAGES								
Inventory								
CERVEZA019 (MAGNA 4/6/12oz)	838	25,040.00	1.0%	29.88	15,283.50	18.25	9,746.50	38.9%
CERVEZA020 (MEDALLA LIGHT 12/10oz)	163,725	1,443,612.34	56.0%	8.82	859,556.25	5.25	584,056.09	40.5%
CERVEZA021 (MEDALLA LIGHT 4/6/2oz)	17,560	435,296.50	16.9%	24.79	232,670.00	13.25	202,626.50	46.5%
CERVEZA022 (MEDALLA LIGHT 24/10oz)	19,727	354,096.66	13.7%	17.95	207,133.50	10.50	146,963.16	41.5%
CERVEZA023 (MEDALLA 24/7oz)	5,300	95,101.50	3.7%	17.94	49,025.00	9.25	46,076.50	48.4%
CERVEZA024 (MEDALLA ULTRA LIGHT 4/6/12oz)	634	16,939.81	0.7%	26.72	9,509.96	15.00	7,429.85	43.9%
Total Inventory	207,784.00	2,370,086.81	91.9%	11.41	1,373,188.21	6.61	996,898.60	42.1%
Total ALCOHOLIC BEVERAGES	207,784.00	2,370,086.81	91.9%	11.41	1,373,188.21	6.61	996,898.60	42.1%
Uncategorized								
Inventory								
CERVEZA025 (MEDALLA LIGHT 4/6/10oz)	11,799	209,220.47	8.1%	17.73	123,889.50	10.50	85,330.97	40.8%
CERVEZA028 (MEDALLA 4/6/7oz)	10	182.50	0.0%	18.25	97.50	9.75	85.00	46.6%
Total Inventory	11,809.00	209,402.97	8.1%	17.73	123,987.00	10.50	85,415.97	40.8%
Total Uncategorized	11,809.00	209,402.97	8.1%	17.73	123,987.00	10.50	85,415.97	40.8%
TOTAL	219,593	2,579,489.78	100.0%	11.75		6.82		

Medalla	Apr 18 - Mar 19	Apr 19 - Mar 20	Apr 20 - Mar 21	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24	TTL Cases
Sales Cases	296590	190400	177280	179105	144188	137052	1065015
Objective Cases	198000	131765	156662	300000	300000	300000	1257427
Results vs Objective	149%	43%	13%	-40%	-32%	-54%	-54%

Medalla Sales \$\$\$	\$ 4,538,472	\$ 8,611,895	\$ 8,278,880	\$ 9,419,818	\$ 2,723,608	\$ 2,565,942
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Titan Sales Cases	237,455	518,329	594,844	569,309	575,974	589,776
Titan Sales \$\$\$	\$ 6,686,157.36	\$ 7,779,847.11	\$ 8,855,677.96	\$ 9,879,186.82	\$ 10,360,034.15	\$ 11,861,743.36

	Apr 18 - Mar 19	Apr 19 - Mar 20	Apr 20 - Mar 21	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24
Medalla Sales Cases	296,590	190,400	177,280	179,105	144,188	137,052
Titan Sales Cases	237,455	518,329	594,844	569,309	575,974	589,776

Sales volume and distribution were very low compared to prior years and due to this significant decline, the brand rights are worth far less than what the Distributor was demanding. There will need to be significant investment in resources to rebuild the brand value in the Florida market.

Respectfully,

Daniel Lust



OTHER ONLINE RESOURCES

Beer Business Daily – www.beernet.com

Brewbound – www.brewbound.com

National Beer Wholesalers Association – www.nbwa.org

StatsAmerica - https://www.statsamerica.org/sip/rank_list.aspx?rank_label=pop42

Pew Research Center - <https://www.pewresearch.org/race-and-ethnicity/fact-sheet/us-hispanics-facts-on-puerto-rican-origin-latinos/>

PR Newswire - <https://www.prnewswire.com/news-releases/medalla-light-puerto-ricos-award-winning-beer-arrives-to-the-florida-market-300632095.html>

Orange County Newsroom - <https://newsroom.ocfl.net/media-advisories/press-releases/2014/05/titan-products-of-puerto-rico-distribution-center/>

Titan Products of Puerto Rico – <https://titanproductspr.com>

Cervecera de Puerto Rico - <https://cerveceradepr.com/>

Brewers Law - <https://brewerslaw.com/the-florida-breweries-report-august-2024>

Park Street - <https://www.parkstreet.com/states/florida>

Beverage Industry - <https://www.bevindustry.com>

1 based on the information provided or information not
2 provided, correct?

3 A. Correct.

4 Q. Okay. All right. And then the valuation is
5 the third element of the opinion?

6 A. Correct.

7 Q. Thank you. Do you have an opinion as to
8 whether the goals set forth -- performance goals set
9 forth in the distribution agreement were reasonable?

10 A. I was not asked to opine on the goals.

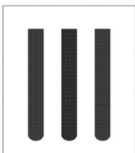
11 Q. Okay. So no opinion on goals?

12 A. No.

13 Q. Okay. All right. Then the last paragraph on
14 Page 8 in that section, it starts off with, "It's my
15 professional opinion that the distributors"; do you see
16 that?

17 A. Correct.

18 Q. Okay. You go on in that paragraph in the
19 third sentence from the bottom, the end, and that it
20 says -- I'm starting in the middle because it is a --
21 that is a single sentence that's pretty long. It says,
22 "Multiple of 1.5 to 2 times gross profit for the most
23 recent 12 months ending on April 29, 2024"; do you see
24 that?



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1 A. Yes.

2 Q. Okay. Why are you using the trailing
3 preceding 12 months?

4 A. That's industry standard. When distribution
5 rights are valued, you use the -- the most recent 12
6 months.

7 Q. Okay. And then you indicate no value here,
8 but one-and-a-half to two times gross profit, correct?

9 A. Correct.

10 Q. All right. And so whatever that profit was,
11 your estimation of the value would be one-and-a-half to
12 two times?

13 A. Correct.

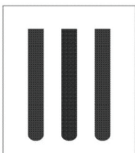
14 Q. Okay. And you give a valuation date of April
15 29, 2024, correct?

16 A. Yeah. I believe that's when the initial
17 termination was sent.

18 Q. Okay. Sent by whom?

19 A. CCPR.

20 Q. Okay. All right. Now, in the last sentence,
21 you state, "The valuation establishes a reasonable offer
22 to the distributor for its significant declining Florida
23 business and would further consider declining sales"; do
24 you see that?



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