

Seaway Valley Capital Corporation

Consolidated Balance Sheet

	As of 31-Dec-19
ASSETS	
Current Assets	
Total Cash	\$ 20,550
Other Current Assets	14,900
Total Current Assets	35,450
Fixed Assets	1,204,251
Other Assets	32,003
Investment Assets	-
Investment Returns	(22,000)
TOTAL ASSETS	\$ 1,249,704
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	\$ 15,250
Long-Term Liabilities (Parent)	11,871,037
Long-Term Liabilities (Subs)	777,125
Total Liabilities	\$ 12,663,412
Equity	
Paid In Capital	\$ (10)
Retained Earnings (Sub)	-
Retained Earnings (Parent)	(11,233,256)
Common Stock	110
Net Income Op Co	(180,552)
Total Equity	\$ (11,413,708)
TOTAL LIABILITIES AND EQUITY	\$ 1,249,704

Seaway Valley Capital Corporation

Consolidated Income Statement

January - December

	<u>2019</u>
Revenues	\$ 854,662
Cost of Goods Sold	376,164
Gross Profit	\$ 478,498
Expenses	
Payroll	\$ 267,821
Workers Compensation & Disability	7,363
Total 6200 Professional Fees	47,598
Total Utilities	52,883
Insurance	36,978
Property Taxes	35,188
Other Expenses	127,206
Parent Expenses	-
Interest Expense (Subs)	42,283
Total Expenses	<u>\$ 617,320</u>
Net Operating Income	\$ (138,822)
Other Income / (Expense)	-
Depreciation Expense	41,730
Accrued Interest (Non-cash)	882,125
Prior Investment Write-Offs	4,785,193
Net Income	<u><u>\$ (5,847,870)</u></u>

Seaway Valley Capital Corporation
Consolidated Statement of Cash Flows
January - December

	2019
OPERATING ACTIVITIES	
Net Income	\$ (5,847,870)
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accrued Interest	\$ 727,422
	\$ 882,125
Net cash provided by operating activities	\$ (4,238,323)
INVESTING ACTIVITIES	
Property, Plant & Equipment	\$ (1,931,323)
Related Company Investment	(32,003)
Parent Company Write-Offs	4,785,193
Net cash provided by investing activities	\$ 2,821,867
FINANCING ACTIVITIES	
Operating Company Financings	\$ 1,437,006
Parent Company Financings	-
Net cash provided by financing activities	\$ 1,437,006
Net cash increase for period	\$ 20,550
Cash at end of period	\$ 20,550

Seaway Valley Capital Corporation
Condensed Statement of Shareholder Equity
January - December

	<u>\$\$ Amount</u>	<u>Shares</u>
Balance: December 31, 2019		
Common Stock	\$ 110	3,734,866,557
Preferred Stock	\$ (10)	100,000
New Issuances	\$ -	-
Net Income	\$ (5,847,870)	
Accumulated Deficit	\$ (11,413,808)	
Total Shareholder Equity (Deficit)	\$ (11,413,708)	

Seaway Valley Capital Corporation

Now legally named - 1812 Brewing Company, Inc.

Notes to Financial Statements

For the Twelve Months Ended December 31, 2019

(unaudited)

Note 1 - Organization and Basis of Presentation

Organization

Seaway Valley Capital Corporation (now legally named “1812 Brewing Company, Inc.”) (the “Company”) is a Florida Corporation that was established in June 1989 as The Boston & Pacific Company, Inc. and commenced operations seeking acquisitions in a variety of medical-related industries. In 2003, the company changed its name to Directview, Inc. and focused its operations on providing full-service video conferencing services and products. In August 2006, the Company entered into an agreement with GS Energy Corporation to acquire 100% of the outstanding capital stock of GS Carbon Trading, Inc., and in November 2006, the Company merged into GS Carbon Corporation. GS Carbon's business model was based on the trading of renewable energy and energy efficiency certificates, carbon credits, and other similar attributes. In August 2007, the Company changed its name to Seaway Valley Capital Corporation, whose operating strategy was to invest in companies in a variety of industries including those in food and beverages and hospitality. In June 2008, the Company acquired Sackets Harbor Brewing Company, which operated a microbrewery and restaurant, and in 2016 the Company changed its name to 1812 Brewing Company, Inc.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company's wholly owned subsidiaries. All significant intercompany transactions have been eliminated.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable/Other Receivable

Accounts Receivable are amounts due to the Company from sales or services rendered.

Notes Receivable

Accounts Receivable are executed contractual obligations to the Company reflecting amounts due for sales or services rendered by the Company.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method over their useful lives.

Property and equipment consists of the following at December 31, 2020 and 2019:

		<u>2019</u>
Land	\$	50,000
Buildings		1,065,745
New Brewery		0
Property, Plant, Equipment & Autos		815,578
Less: Accumulated depreciation		<u>(727,072)</u>
Property and equipment, net	\$	\$1,204,251

Depreciation expense related to property and equipment was \$38,768 and \$41,730 for the years ended December 31, 2020 and 2019, respectively.

Inventory

Inventory has been recorded at the lower of cost or fair market value. Revenue Recognition the Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "Share Based Payment, an Amendment of FASB Statement no. 123." The

Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and nonemployees. There has been not stock-based compensation in the past 24 months.

Income Taxes

The Company utilizes the SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in the future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period and based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Basic and Diluted Earnings per Share

Earnings per share are calculated in accordance with the SFAS No. 128 ("SFAS No. 128"), "Earnings per Share." Basic earnings per share is based upon the weighted average number of common shares outstanding.

Note 3 - Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern.

Note 4 - Accounts Payable

Accounts payable represent amounts owed to vendors for products and/or services rendered but not yet paid for in full.

Note 5 – Commitments and Contingencies

Risks and Uncertainties

The Company's operations are subject to significant risks and uncertainties including financial, operational and regulatory risks, including the potential risk of business failure. The Company does not have employment contracts with its key employees, including the controlling shareholders who are officers of the Company.

Legal and other matters

In the normal course of business, the Company may become a party to litigation matters involving claims against the Company. The Company's management is unaware of any pending or threatened assertions and there are no current matters that would have a material effect on the Company's financial position or results of operations.

Note 6 – Convertible Notes Payable

The Company has several outstanding convertible notes as follows:

<u>Dates</u>	<u>Outstanding Balance</u>	<u>Principal Amount at Issue</u>	<u>Interest Accrued</u>	<u>Maturity Date</u>	<u>Conversion Terms</u>	<u>Noteholder</u>	<u>Reason for Issuance</u>
2009-2012	\$8,505,860	\$3,805,974	\$4,699,886	2015	8% interest rate. Conversion at 50% of trailing price.	Seaway Capital Partners, LLC	Loans
2007-2018	\$2,580,701	\$1,207,000	\$1,373,701	various	8% interest rate. Conversion at 50% of trailing price.	Paul Graham	Loans
2007-2015	\$784,476	\$410,000	\$374,476	various	8% interest rate. Conversion at 50% of trailing price.	N. Ashcraft	Loans

Note 7 - Equity

The Company has 20,005,000,000 shares of capital stock authorized, consisting of 20,000,000,000 shares of Common Stock, par value \$0.0001, 1,000,000 shares of Series A Preferred Stock, par value \$0.0001; 1,000,000 shares of Series B Preferred Stock, par value \$0.0001; 1,000,000 shares of Series C Preferred Stock, par value \$0.0001; 1,000,000 shares of Series D Preferred Stock, par value \$0.0001; 100,000 shares of Series E Preferred Stock, par value \$0.0001; and 900,000 shares of undesignated Preferred Stock, \$0.0001 par value.

SERIES A CONVERTIBLE PREFERRED STOCK

There are no shares of Series A Convertible Preferred Stock outstanding.

SERIES B CONVERTIBLE PREFERRED STOCK

There are no shares of Series B Convertible Preferred Stock outstanding.

SERIES C CONVERTIBLE PREFERRED STOCK

There are no shares of Series C Convertible Preferred Stock outstanding.

SERIES D CONVERTIBLE PREFERRED STOCK

There are no shares of Series D Convertible Preferred Stock outstanding.

SERIES E CONVERTIBLE PREFERRED STOCK

Section 1. Designation and Amount. The shares of such series shall be designated as "Series E Convertible Preferred Stock" and the number of shares constituting such series shall be 100,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series E Convertible Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon

the conversion of any outstanding securities issued by the Corporation convertible into Series E Convertible Preferred Stock.

Section 2. Voting. The holders of the Series E Preferred Stock shall have the following voting rights: Each share of Series E Preferred Stock shall entitle the holder thereof, on all matters submitted to a vote of the stockholders of the Corporation, to that number of votes as shall be equal to the aggregate number of shares of Common Stock into which such holder's shares of Series E Preferred Stock are convertible on the record date for the stockholder action.

Section 3. Dividends. In the event that the Corporation's Board of Directors declares a dividend payable to holders of any class of stock, each holder of shares of Series E Preferred Stock shall be entitled to receive a dividend equal in amount and kind to that payable to the holder of the number of shares of the Corporation's Common Stock into which that holder's Series E Preferred Stock could be converted on the record date for the dividend.

Section 4. Liquidation. Upon the liquidation, dissolution and winding up of the Corporation, the holders of the Series E Preferred Stock shall be entitled to receive in cash out of the assets of the Corporation, whether from capital or from earnings available for distribution to its stockholders, before any amount shall be paid to the holders of Common Stock but after payment of distributions payable to the holders of the Series A Preferred Stock, the sum of one tenth of One Cent (\$0.001) per share, after which the holders of Series E Preferred Stock shall share in the distribution with the holders of the Common Stock on a pari passu basis, except that in determining the appropriate distribution of available cash among the shareholders, each share of Series E Preferred Stock shall be deemed to have been converted into the number of shares of the Corporation's Common Stock into which that holder's Series E Preferred Stock could be converted on the record date for the distribution.

Section 5. Conversion. Subject to and in compliance with the provisions of this Section 5, any shares of Series E Preferred Stock may, at any time, at the option of the holder thereof, be converted into fully paid and non-assessable shares of Common Stock (a "Conversion"). The number of shares of Common Stock to which a holder of Series E Preferred Stock shall be entitled upon the Conversion shall equal the sum of (a) the product obtained by (A) multiplying the number of Fully-Diluted Common Shares by four (4), then (B) multiplying the result by a fraction, the numerator of which will be the number of shares of Series E Preferred Stock being converted and the denominator of which will be the number of issued and outstanding shares of Series E Preferred Stock, less (b) the number of shares of Common Stock beneficially owned by the holder prior to the Conversion, including Common Stock issuable on conversion of any convertible securities beneficially owned by the holder. The term "Fully-Diluted Common Shares" means the sum of the outstanding Common Stock plus all shares of Common Stock that would be outstanding if all securities that could be converted into Common Stock without additional consideration were converted on the Conversion Date, but shall not include Common Stock issuable on conversion of the Series E Preferred Stock.

(i) **Conversion Notice.** The holder of a share of Series E Preferred Stock ("Holder") may exercise its conversion right by giving a written conversion notice (the "Conversion Notice") (A) by facsimile to the Corporation confirmed by a telephone call or (B) by overnight delivery service, with a copy by facsimile to the Corporation's transfer agent for its Common Stock, as designated by the Corporation from time to time (the "Transfer Agent") and to its counsel, as designated by the Corporation from time to time. If such conversion will result in the conversion of

all of the Holder's Series E Preferred Stock, the Holder shall also surrender the certificate for its Series E Preferred Stock to the Corporation at its principal office (or such other office or agency of the Corporation which it may designate by notice in writing to the Holder) at any time during its usual business hours on the date set forth in the Conversion Notice.

(ii) Issuance of Certificates; Time Conversion Effected.

A. Promptly, but in no event more than three (3) "Trading Days," (defined herein as a day on which the New York Stock Exchange is open for the trading of securities) after the receipt of the Conversion Notice referred to in Subsection 5 (i) and surrender of the Series E Preferred Stock certificate (if required), the Corporation shall issue and deliver, or the Corporation shall cause to be issued and delivered to the Holder, registered in such name or names as the Holder may direct, a certificate or certificates for the number of whole shares of Common Stock into which the Series E Preferred Stock has been converted. In the alternative, if the Corporation's Transfer Agent is a participant in the electronic book transfer program, the Transfer Agent shall credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder's or its designee's balance account with The Depository Trust Corporation. Such Conversion shall be deemed to have been effected, and the "Conversion Date" shall be deemed to have occurred, on the date on which such Conversion Notice shall have been received by the Corporation and at the time specified stated in such Conversion Notice, which must be during the calendar day of such notice. The rights of the Holder of the Series E Preferred Stock shall cease, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such Conversion shall be deemed to have become the holder or holders of record of the shares represented thereby, on the Conversion Date. Issuance of shares of Common Stock issuable upon conversion that are requested to be registered in a name other than that of the registered Holder shall be subject to compliance with all applicable federal and state securities laws.

B. The Corporation understands that a delay in the issuance of the shares of Common Stock beyond three (3) Trading Days after the Conversion Date could result in economic loss to the Holder of the Series E Preferred Stock. As compensation to the Holder for such loss, the Corporation agrees to pay the Holder's actual losses occasioned by any "buy-in" of Common Stock necessitated by such late delivery. Furthermore, in addition to any other remedies that may be available to the Holder, if the Corporation fails for any reason to effect delivery of such shares of Common Stock within five (5) Trading Days after the Conversion Date, the Holder will be entitled to revoke the relevant Conversion Notice by delivering a notice to such effect to the Corporation. Upon delivery of such notice of revocation, the Corporation and the Holder shall each be restored to their respective positions immediately prior to delivery of such Conversion Notice, except that the Holder shall retain the right to receive the actual cost of any "buy-in."

(iii) Fractional Shares. The Corporation shall not, nor shall it cause the Transfer Agent to, issue any fraction of a share of Common Stock upon any Conversion. All shares of Common Stock (including fractions thereof) issuable upon a Conversion of shares of Series E Preferred Stock by the Holder shall be aggregated for purposes of determining whether the Conversion would result in the issuance of a fraction of a share of Common Stock. If, after such aggregation, the issuance would result in the issuance of a fraction of a share of Common Stock, the Corporation shall round, or cause the Transfer Agent to round, such fraction of a share of Common Stock up to the nearest whole share.

(iv) **Reorganization, Reclassification, Consolidation, Merger or Sale.** Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Corporation's assets or other transaction which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an "Organic Change." Prior to the consummation of any Organic Change, the Corporation will make appropriate provision (in form and substance reasonably satisfactory to the Holder) to insure that the Holder will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the shares of Common Stock otherwise acquirable and receivable upon the conversion of its Series E Preferred Stock, such shares of stock, securities or assets as would have been issued or payable in such Organic Change with respect to or in exchange for the number of shares of Common Stock that would have been acquirable and receivable had this Series E Preferred Stock been converted into shares of Common Stock immediately prior to such Organic Change (without taking into account any limitations or restrictions on the timing of conversions). In any such case, the Corporation will make appropriate provision (in form and substance reasonably satisfactory to the Holder) with respect to the Holder's rights and interests to insure that the provisions of this Section 5 (iv) will thereafter be applicable to the Series E Preferred Stock. The Corporation will not effect any such consolidation, merger or sale, unless prior to the consummation thereof, the successor entity (if other than the Corporation) resulting from consolidation or merger or the entity purchasing such assets assumes, by written instrument (in form and substance reasonably satisfactory to the holders of a more than sixty-six and two-thirds percent (66-2/3%) of Series E Preferred Stock then outstanding), the obligation to deliver to each holder of Series E Preferred Stock such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

Section 6. Vote to Change the Terms of or Issue Series E Preferred Stock. The affirmative vote at a meeting duly called for such purpose, or the written consent without a meeting, of the holders of not less than sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of Series E Preferred Stock shall be required for (i) any change to the Corporation's Certificate of Incorporation that would amend, alter, change or repeal any of the preferences, limitations or relative rights of the Series E Preferred Stock, or (ii) any issuance of additional shares of Series E Preferred Stock.

Section 7. Notices. In case at any time:

- (i) the Corporation shall declare any dividend upon its Common Stock payable in cash or stock or make any other pro rata distribution to the holders of its Common Stock; or
- (ii) the Corporation shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights; or
- (iii) there shall be any Organic Change;

then, in any one or more of such cases, the Corporation shall give, by first class mail, postage prepaid, or by facsimile or by recognized overnight delivery service to non-U.S. residents, addressed to the Registered Holders of the Series E Preferred Stock at the address of each such Holder as shown on the books of the Corporation, (i) at least twenty (20) Trading Days' prior written notice of the date on which the books of the Corporation shall close or a record shall be taken for

such dividend, distribution or subscription rights or for determining rights to vote in respect of any such Organic Change and (ii) in the case of any such Organic Change, at least twenty (20) Trading Days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto, and such notice in accordance with clause (ii) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such Organic Change.

Section 8. Record Owner. The Corporation may deem the person in whose name shares of Series E Preferred Stock shall be registered upon the registry books of the Corporation to be, and may treat him as, the absolute owner of the Series E Preferred Stock for the purposes of conversion or redemption and for all other purposes, and the Corporation shall not be affected by any notice to the contrary. All such payments and such conversion shall be valid and effective to satisfy and discharge the liabilities arising hereunder to the extent of the sum or sums so paid or the conversion so made.

Note 8 – Subsequent Events

Management has evaluated subsequent events through the date of these financial statements to which these notes are attached. Management believes significant events that occurred subsequent to the balance sheet date that would have a material effect on the consolidated financial statements thereby requiring adjustment or disclosure are as follows:

Please refer to 2020 Disclosure Statements for material events and financial results of 2020.

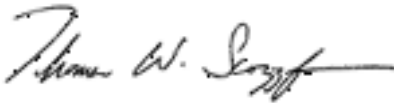
End of Notes to the Financial Statements.

Principal Executive Officer:

I, Thomas W. Scozzafava, certify that:

1. I have reviewed these annual financial statements of Seaway Valley Capital Corporation, now named 1812 Brewing Co., Inc.; and
2. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 27, 2021

A handwritten signature in dark ink, appearing to read "Thomas W. Scozzafava", with a stylized, cursive script.

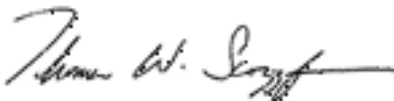
Thomas W. Scozzafava

Principal Financial Officer:

I, Thomas W. Scozzafava, certify that:

1. I have reviewed this annual Financial Statements of Seaway Valley Capital Corporation, now named 1812 Brewing Co., Inc.; and
2. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 27, 2021

A handwritten signature in dark ink, appearing to read "Thomas W. Scozzafava", with a stylized, cursive script.

Thomas W. Scozzafava