

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: **HARRYS MANUFACTURING INC. (the "Company")**

Trading Symbol: **HARY**

Number of Outstanding Listed Securities: **77,391,358**

Date: **September 1, 2020**

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**The Issuer generates revenues from the sales and distribution of affordable, premium quality, organically grown tobacco cigarettes to global customers. The Company was initially focused on tobacco cigarette sales to international purchasers, specifically to take advantage of referrals and existing relationships previously established by HIMI management. The Company has recently transitioned its efforts to focus on tobacco sales in Canada.**

**Last year Health Canada announced that it will be introducing new plain packaging regulations in 2020 on Tobacco products sold in Canada. The new regulations prohibit brand colors, graphics and logos on packages, making all packaging identical other than the product name, which has to be displayed in identical font. Harrys management saw this as an opportune time to enter the Canadian market and started inquiring into all the necessary requirements, guidelines, steps and whether it could even gain access to the distributors and retail markets in Canada to generate sales. The North American market is predominantly dominated by the big three or four tobacco companies, and up until recently was difficult to brand a new product in the Canadian market.**

2. Provide a general overview and discussion of the activities of management.

**The Issuer currently has an application under review with the BC Ministry of Finance, for approval to sell tobacco cigarette products in Canada and operate a distribution warehouse facility in Abbotsford, BC. While the Issuer cannot guarantee if or when it will ultimately receive approval to transact business in BC, it is optimistic that approval will be obtained in the foreseeable future.**

**On August 11, 2020 the Issuer announced further to its previous news release dated August 7, 2020, that its wholly owned subsidiary Harrys International Manufacturing Inc. has received approval from the Alberta Ministry of Finance, Tax and Revenue Administration for wholesale distribution and sales of tobacco cigarettes in the province of Alberta.**

**The Company was advised that it will receive its Federal Tax Registration Number in the next 7 to 10 days, which is the final requirement needed to transact Tobacco product sales in Canada. All Harrys tobacco cigarette packs sold in Canada will contain the required federal excise tobacco stamp mark, which also identifies the Province designated for sale.**

Kevin Kohanik CEO stated; “we are very proud and excited for our Harrys brand to enter the Canadian market starting in Alberta, as a high quality, value priced cigarette that is both manufactured and sold in Canada.

On August 7, 2020 the Issuer announced that its wholly owned subsidiary Harrys International Manufacturing Inc. has recently submitted applications to the Canada Revenue Agency and the Ministry of Finance in both British Columbia (“BC”) and Alberta for wholesale distribution and sales of tobacco cigarettes, including application for approval of its new tobacco cigarette distribution facility located in Abbotsford, BC (the “Facility”).

The new Facility is approximately 5,000 square feet and was designed to store tobacco cigarette products that are destined for sale by Harrys national wholesale distributors to retail customers across Canada. All Harrys tobacco cigarette packs sold in Canada will contain the required federal excise tobacco stamp (“Excise Stamp”), which also identifies the Province designated for sale.

The Excise Stamp indicates that federal excise duty has been paid and that the product was manufactured legally. It has state-of-the-art visible and hidden identifiers and security features similar to those found on Canadian banknotes, such as unique colour-shift ink that changes from red to green when the stamp is tilted. The Excise Stamp also has hidden security features that only federal and provincial law enforcement agencies can detect.

While the Company cannot guarantee if or when it will ultimately receive approval to transact business in BC or Alberta, management is optimistic that approval will be obtained in the foreseeable future.

Kevin Kohanik CEO stated; “this is great timing for Harrys to enter the Canadian tobacco cigarette market. Now that new regulations from Health Canada requires all manufacturers to use plain packaging for tobacco products sold in Canada, it creates an opportunity for Harrys to enter the market as a quality, value priced cigarette alternative to the large tobacco companies who have been dominating the market for years.”

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**The issuer has developed a Harrys branded premium Canadian blend cigarette product for sale and distribution in Canada. As noted in section 2 above the Issuer received approval from the Alberta Ministry of Finance in August 2020 and will initiate sales in Alberta of its Harrys Canadian brand cigarette product.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None to report during the month of August 2020.**

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and

licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**None to report during the month of August 2020.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**None to report during the month of August 2020.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**None to report during the month of August 2020.**

8. Describe the acquisition of new customers or loss of customers.

**None to report during the month of August 2020.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

**None to report during the month of August 2020.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**None to report during the month of August 2020.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**None to report during the month of August 2020.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None to report during the month of August 2020.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None to report during the month of August 2020.**

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.  
**None to report during the month of August 2020.**
16. Provide details of any changes in directors, officers or committee members.  
**None to report during the month of August 2020.**
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**In December 2019, a strain of novel coronavirus (now commonly known as "COVID-19") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States and Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19.**

**At this time the Company remains open for business, however significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations, and on the global economy as a whole. Government-imposed restrictions on travel and other "social-distancing" measures such restrictions on assembly of groups of persons, have the potential to disrupt supply chains for parts and sales channels for our products, and may result in labor shortages.**

**It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. We will continue to monitor the COVID-19 situation closely, and intend to follow health and safety guidelines as they evolve.**

**Other trends and risks that could impact the issuer are detailed on pages 43 to 53 in section 17 "Risk Factors" of the Issuer's Form 2A Listing Statement dated October 5, 2018.**

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## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **September 1, 2020**

**Michael Young**

Name of Director or Senior Officer

Signed: "*Michael Young*" \_\_\_\_\_

Signature

CFO \_\_\_\_\_

Official Capacity

<b><i>Issuer Details</i></b>		
Name of Issuer <b>Harrys Manufacturing Inc.</b>	For Month End <b>August 2020</b>	Date of Report <b>20/09/01</b>
Issuer Address <b>1070 – 1055 West Hastings Street</b>		
City/Province/Postal Code <b>Vancouver, BC, V6E 2E9</b>	Issuer Fax No. ( )	Issuer Telephone No. <b>(604) 565-5100</b>
Contact Name <b>Michael Young</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>(604) 565-5100</b>
Contact Email Address <a href="mailto:michael@harrysmfg.com">michael@harrysmfg.com</a>	Web Site Address <a href="http://www.HarrysMFG.com">www.HarrysMFG.com</a>	