

## FORM 7

### MONTHLY PROGRESS REPORT

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

Trading Symbol: **HARY**

Number of Outstanding Listed Securities: **81,318,358**

Date: **March 5, 2021**

#### **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 value priced, premium quality, 100% natural tobacco cigarettes. The Issuer continues to focus its efforts on obtaining the necessary government license approvals and excise stamp registrations in provincial regions to facilitate tobacco cigarette sales in Canada.**

**Health Canada introduced 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. In addition, Canadian cigarette sales continue to trend towards deep discount pricing brands. Harrys management saw this as an opportune time to enter the Canadian market in the deep discount category.**

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

**During the month of February the Issuer communicated and responded to questions from various Provincial Tax Authorities where it currently has wholesale tobacco license applications under review for approval to transact business. In February the Issuer received an approval letter from the BC Ministry of Finance, Consumer Taxation Programs Branch for a Wholesale Dealer Permit, pending the Ministry receiving a letter of credit from the Issuers bank in the amount of \$200,000. The Issuer has an application request in process for the letter of credit with its financial institution and is currently waiting on completion approval. As previously announced the Issuer has received Tobacco Wholesale License approvals in the provinces of Alberta and Saskatchewan.**

**The Issuer is coordinating with its exclusive manufacturer to update and amend the manufacturer's registration with the CRA stamping regime to facilitate the purchase of excise stamps for sales and distribution of Harrys brand cigarettes in BC, Alberta, Saskatchewan and Manitoba, where the Issuer currently has license approvals to transact business or applications pending. Pursuant to the Manufacturing Agreement dated November 19, 2020 the Issuer has loaned its manufacturer (the "Borrower") \$200,000 by way of Promissory Note. The Principal Amount has been advanced to the Borrower for the sole purpose of paying an additional security deposit to the *Canada Revenue Agency* for the purchase of federal excise tax stamps, to enable the Borrower to manufacture tobacco cigarettes destined for sale in the provinces of**

Alberta, British Columbia, Manitoba and Saskatchewan pursuant to the Manufacturing Agreement (the "Purpose"). The Borrower hereby agrees to use the Indebtedness solely for the Purpose or as otherwise directed by the Lender, in its sole discretion.

Many government offices remain closed or operate under limited hours due to Covid-19, making it difficult to contact or communicate with staff. The Issuer has been advised that some government department personnel are working from home and to expect delays as a result of Covid-19. The Company will continue to provide corporate updates as further tobacco license applications or stamp registration approvals are obtained.

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 brand premium Canadian blend cigarette product that is value priced for sale and distribution in Canada. Further to section 2 above the Issuer will commence sales and distribution of its HARRYS Canadian brand cigarettes to provinces once both the appropriate provincial government approvals and tax stamp regime registrations have been received by its manufacturer.**

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 February 2021.**

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 February 2021.**

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 February 2021.**

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 February 2021.**

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

**None to report during the month of February 2021.**

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 February 2021.**

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 February 2021.**

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

**None to report during the month of February 2021.**

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 February 2021.**

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 February 2021.**

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Stock Options	1,000,000	Exercisable into common shares at \$0.16 per share until February 26, 2026	N/A

(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 February 2021.**

16. Provide details of any changes in directors, officers or committee members.

**On February 26, 2021 the Issuer announced the appointment of Ken Storey as its new President & CEO, subject to regulatory approval.**

**Mr. Storey brings over 35 years' experience in the tobacco industry to Harrys. Starting as an Imperial Tobacco (BAT) sales rep, Ken's many roles include President of National Smokeless Tobacco Company, a subsidiary of U.S. Tobacco (now Altria), and Director of Sales for House of Horvath Inc., a family-owned manufacturer of cigars and importer of global brands. In those roles, Ken has led consumer-focused sales and marketing teams and he is credited with achieving consistent revenue growth. This experience has led him coast to coast (to coast) in Canada and introduced him to a strong network Industry associates. He has worked with International companies such as Swisher International, Royal Agio and General Cigar. Mr. Storey is recognized in retail and wholesale channels as a strategic supply channel partner and was honored as Outstanding Industry Leader of the Year in 2011 by the National Convenience**

Store Distributors Association. Ken currently sits on the Board of Directors of Sting Free AB, a private company in Sweden and patent holder in the Swedish Snus (smokeless tobacco product) Industry.

In order to facilitate Mr. Storey's appointment, Kevin Kohanik has resigned from his position as President and CEO of the Company but will continue to serve on the Company's board of directors. Mr. Kohanik has been the Company's CEO and a director since October 15, 2018.

Ken Storey the new CEO stated; "Kevin has built a strong team and I look forward to spearheading Harrys business objectives for successful entry into the tobacco cigarette market in Canada".

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 on assembly of groups of persons, have the potential to disrupt supply chains for parts and sales channels for our products, including delays in obtaining any necessary regulatory and government approvals.

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.

**THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.**

**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:

**March 5, 2021**

**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>February 2021</b>	Date of Report <b>21/03/05</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>	