

## 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: **August 6, 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. However, over the past 18 months the international market has become increasingly challenging with not only the long standing dominance of large tobacco companies but many cheap, lower quality cigarette brands being manufactured in China and India, making it difficult to compete. During this period, several opportunities fell through due to Harrys inability to match or beat pricing, as well as a large pilot project opportunity to supply a division of the military in China with a premium quality Canadian brand cigarettes, that suddenly stalled. The Company believes this was due to China changing policies to restrict purchases of certain Canadian goods.**

**The Company has since 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.**

**To facilitate entering the Canadian market, Management announced on December 19, 2019 that it signed an independent sales agreement with Altabac Inc. & Ken Storey who has over 35 years' experience in the North American tobacco industry. Through this relationship and Altabac's connections to distributors and retail chains in Canada and the elimination of any branding on packaging, management felt confident 2020 would be ideal timing to enter the Canadian tobacco cigarette market, as a premium value brand product.**

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

**During the month of July 2020 the Issuer submitted a second provincial Tobacco License application to the Alberta Tax & Revenue Administration for approval to transact business as a wholesale distributor in the province of Alberta.**

**The Issuer previously submitted an application to both the Canada Revenue Agency and the BC Ministry of Finance, 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 or Alberta, it is optimistic that approval will be obtained in the foreseeable future.**

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, pending approval of its current provincial license applications noted in section 2 above.**

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 July 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 July 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 July 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 July 2020.**

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

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

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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 July 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 July 2020.**

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

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

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

**None to report during the month of July 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"**

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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: **August 6, 2020**

**Michael Young**

Name of Director or Senior Officer

Signed: *"Michael Young"*

Signature

**CFO**

Official Capacity

<b><i>Issuer Details</i></b>	For Month End	Date of Report
Name of Issuer <b>Harrys Manufacturing Inc.</b>	<b>July 2020</b>	<b>20/08/06</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"><b>michael@harrysmfg.com</b></a>	Web Site Address <a href="http://www.HarrysMFG.com"><b>www.HarrysMFG.com</b></a>	

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