

FORM 7

MONTHLY PROGRESS REPORT – September 2019

Name of CSE Issuer: **1933 Industries Inc.**

Trading Symbol: **TGIF**

Number of Outstanding Listed Securities: 285,448,539

Monthly Reporting Period – **September 2019**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CSE Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CSE.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CSE Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

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.**

1933 Industries is a cannabis consumer branded goods company with cultivation, extraction and manufacturing assets based in Las Vegas, Nevada. The Company continues to be focused on the sale of its THC line of AMA branded flower and

concentrates in Nevada, as well as the distribution of its CBD infused Canna Hemp™ branded goods across the United States. The Company also cultivates and manufactures for its white label partners in Nevada. The Company became a multi-state operator with the execution of a Management Agreement with a California-based company, which serves to establish a local presence for the AMA branded products outside of Nevada, and expands the footprint of its CBD wellness line.

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

- On September 10, 2019, the Company announced the execution of a Licensing Agreement for the launch of Blonde™, a high-end California brand making its debut in Nevada. Under the terms of the one-year agreement, Alternative Medicine Association (AMA), a 91% owned subsidiary of the Company, receives the exclusive rights to cultivate flower, manufacture pre-rolls, live resin vape pens and cartridges under the Blonde™ brand for distribution to licensed dispensaries throughout Nevada.

On September 12, 2019, the Company is announced information to provide guidance for its fiscal Fourth Quarter ended July 31, 2019 (“Q4”).

Q4 Financial Highlights

Selected Financial Information. All amounts expressed are in Canadian dollars.

The Company’s Q4 and audited Annual Report will be released by its due date of November 28, 2019.

Based on preliminary results, the Company expects revenue of \$5.2M for its Q4, representing a steady increase of 13% over its Q3 results (\$4.6M) and a 33% increase over the same quarter in fiscal 2018 (\$3.9M). The Company anticipates gross margin to continue to improve during the second half of fiscal 2020, as its infrastructure projects become fully operational and supplying the necessary raw materials for its branded goods products. Revenues are expected to increase during fiscal 2020, as the Company continues to expand distribution of its large portfolio of brands across the United States and additional licensing partners generate new revenue.

The Company expects to report a cash balance of \$18.6M, an increase of \$3.9M from the previous quarter end. The Company anticipates revenues for fiscal 2019 to total \$18M, marking an increase of 42.9% over its fiscal 2018 results (\$12.6M).

Q4 Operational Highlights

Infrastructure Update

During the quarter, the Company completed the construction and permitting process of its new state-of-the-art cultivation facility in Las Vegas, which, when fully operational will enable the company to produce a consistent supply of raw materials that is expected to have a positive effect on margins and future revenues. The Company expects the facility to have its first harvest by December 2019, and to harvest every two weeks on a continuing basis thereafter.

The Company reported that its original cultivation facility is being renovated so that it may be utilized as an expanded extraction facility in order to increase raw material production for its AMA branded concentrates such as shatter, crumble, sugar, wax, budder, and distillate. The Company has submitted layout plans to Clark County for permitting and for tenant improvements on the existing building. The Company reports that this project is on track to become operational by end of 2019.

The Company also reports that it is on track to open a customized hemp extraction facility for the isolation of higher yield of CBD, CBN, CBG, CBC, and several other cannabinoids, including the ability to produce full spectrum and broad-spectrum oils, as well as isolates, that meet required GMP standards. A one-of-a kind facility, the hemp lab is expected to lower operating and manufacturing costs, increase cannabinoid extraction efficiency with a higher recapture rate, and deliver higher margins for the Company's branded goods.

State Expansion

California represents the largest cannabis market in the world and establishing a local operation was a key priority for the Company. The Company recently reported the execution of a management agreement with California-based Green Spectrum,

where the company will utilize its expertise in manufacturing and building distribution networks to undertake all initiatives relating to the establishment of a new cannabis manufacturing and extraction facility. In turn, the Company granted Green Spectrum a non-exclusive right and license to produce, manufacture, market and sell the Company's licensed products within California.

Green Spectrum operates as a licensed cannabis cultivator, manufacturer and distributor, and holds a pending home delivery business license. By partnering with Green Spectrum, the Company will have the advantage of

working with an established cultivator to build manufacturing and expand its distribution channels for its brands with the goal of becoming a statewide leader in the industry and launches the Company as a multi-state operator with a turnkey model that can be exported to other states.

Brand Partners

The Company executed a licensing agreement for the launch of Blonde™, a high-end California brand making its debut in Nevada. AMA received exclusive rights to cultivate flower, manufacture pre-rolls, live resin vape pens and cartridges under the Blonde™ brand for distribution to licensed dispensaries throughout Nevada.

- On September 17, 2019, the Company provided the following statement regarding its vape products:

Our Company is founded on the values of transparency, quality, consistency, culture and respect for the cannabis plant. Our values and mission to produce premium craft cannabis and natural wellness products that enable people to live better lives is our primary motivation. Many of our close business partners, loyal customers and shareholders have made inquiries regarding our proprietary branded vape products in light of the possible cases of lung illness associated with using e-cigarettes. Although little is known about each individual case, we feel that it is our duty and obligation to assure our stakeholders of our deep commitment to safety and quality.

All our branded THC and CBD vape products do not contain vitamin E acetate, vegetable glycerin, or propylene glycol. All our products are made with ingredients that are known to be safe for consumers. All packaging contains our product ingredients, which are also listed on our website. Each and every product is third-party lab tested, and the results can be tracked via a QR code.

From seed to sale, the Company offers a unique approach to compliance and transparency. All Canna Hemp™ products undergo rigorous testing to ensure the purity and safety of its CBD. The CBD is lab tested with independent certified laboratories to ensure that it is THC-free and contains no harmful chemicals or pesticides. In addition, all finished CBD products are lab tested with independent certified laboratories and every product is labelled with a QR code linking to the lab results, thereby ensuring that the CBD content listed on the label is accurate.

- On September 19, 2019, the Company announced a Licensing Agreement (“Agreement”) with California-based PLUGplay, a manufacturer of cannabis vaporizer cartridges with proprietary magnetic hardware, for a 12-month

term. PLUGplay's premium distillate oil cartridges feature sleek, high quality magnetic pods and long-lasting batteries. The California brand has made a name not only for its custom hardware but for its dedication to crafting premium distillate concentrates. Under the terms of the Agreement, the Company's subsidiary, Alternative Medicine Association (AMA) will manufacture distillate and vape pens under the PLUGplay brand, for distribution to dispensaries across Nevada. PLUGplay's premium oil and advanced vaporizer technology provides a subtle and convenient experience. "Our mission was to manufacture a best in class vape product that would stand out among the rest," said Mr. Jon Lee, VP of Business Development at PLUGplay.

- On September 19, 2019, the Company also announced that the Board of Directors approved bonus shares to Mr. Brayden Sutton, Chairman of the Board, and to Mr. Christopher Rebentisch, Chief Executive Officer, pursuant to their respective employment contracts. Mr. Sutton received 291,901 shares and Mr. Rebentisch received 175,913 shares, all of which were issued at a deemed price of \$0.365 per share. The Company also, pursuant to the amended terms of two consulting agreements, issued 650,000 share purchase warrants in lieu of cash consideration. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.37 exercisable in whole or in part until June 13, 2022. The bonus shares and warrant will bear a four month regulatory hold period from the date of issuance.
- On September 23, 2019, the Company announced that it has commenced sales to specialty retailer Zumiez, featuring Canna Hemp X™, the Company's action sports topical recovery cream. With origins in Seattle, Zumiez has grown from a single outlet to hundreds of stores across the United States and Canada. Focusing on the skate and snow industries, Zumiez is a leading specialty retailer of apparel, footwear, accessories and hardgoods for young men and women who want to express their individuality through the fashion, music, art and culture of action sports, streetwear, and other unique lifestyles. As an innovator of hemp-based, CBD-infused wellness products and first to develop a CBD sports recovery cream, Canna Hemp X™ was launched in 2018 in collaboration with Torey Pudwill, one of the world's top professional skateboarders and founder of Grizzly Griptape. With 658 stores in North America, Zumiez has a well-defined brand position with a target demographic that is synergistic with the Canna Hemp X™ line. "Zumiez offers unique, emerging and trending brands that reflect a passion for an active lifestyle", added Mr. Kobriger.
- On September 30, 2019, the Company announced that it has commenced the flowering cycle of its cannabis plants in its new, purpose-built, indoor cultivation facility located in Las Vegas, Nevada. Following the transfer of cannabis plants to the new facility in late August, the plants completed a vegetative stage for four weeks. Three rooms begun the flowering cycle during that week, lasting approximately eight weeks. The first harvest from

the initial three rooms is expected in early December, with continued harvests thereafter every two weeks, all while new grow rooms are added in the facility for a total of 15 bloom rooms. The initial 26 strain varieties currently at the facility will be augmented with an additional 12 Cannabis Cup award-winning strains to sustain the Company's flower and concentrate production of branded AMA products and third party brands.

3. Describe and provide details of any new products or services developed or offered.

Production:

- Blonde Hybrid Live Resin Cartridge
- Blonde Hybrid Live Resin Disposable Vape
- Blonde Indica Live Resin Cartridge
- Blonde Indica Live Resin Disposable Vape
- Blonde Sativa Live Resin Cartridge
- Blonde Sativa Live Resin Disposable Vape
- AMA Valencene Citral Disposable vape
- AMA Caryophyllene Limonene Disposable Vape
- AMA Myrcene Disposable Vape

Cultivation:

- Blonde flower products in hybrid, indica, and sativa
- 1g prerolls
- 3x pack 0.5g prerolls
- 1g flower jar
- 3.5g flower jar

4. Describe and provide details of any products or services that were discontinued.

- None were discontinued.

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.

AMA

- (a) License Agreement with Blonde™ Cannabis for AMA to manufacture Blonde™'s premium cannabis flower, pre-rolls, and live-resin vape cartridges in Nevada.
- (b) License Agreement with PLUGplay for AMA to manufacture PLUGplay's proprietary vaporizer pod hardware and products in Nevada.
- (c) License Agreement with Jack Herer for AMA to manufacture The Original Jack Herer cannabis products in Nevada.
- Infused – Business relationship with Zumiez for the launch of Canna Hemp X™ products into Zumiez specialty retail stores across the United States.

- 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.**

AMA – License agreement with Kurupt Moonrocks expired on 9/15.

- 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.**

No new updates

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

- We acquired 20 new customers.

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

- There are no new updates

- 10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.**

- Company-wide, there were 2 new hires and 4 left the company

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

- Not Applicable

- 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.**

- On or around July 25, 2019, the Company was served a Summons and Complaint wherein Vader Extracts LLC, the Plaintiff, filed in District Court, Clark County, Nevada, Department 1 and issued a claim against Alternative Medicine Association LC, the Defendant, seeking damages of US\$100,000 plus interest and penalties, relating to an alleged breach by the Defendant of a licensing agreement between the Plaintiff and the Defendant. The Company disputes the allegations and the suit remains ongoing.

- On or around March 25, 2019, the Company was served a Summons and Complaint wherein Benjamin Horner, the Plaintiff, filed in the District Court, Clark County Nevada, Department 31 and issued a claim against Alternative Medicine Association LC, 1933 Industries Inc., 1933 Management Services Inc., Christopher Rebentisch and Mark Zobrist, the Defendants, seeking damages relating to the termination of a consulting agreement, including the payment of US\$11,000 in cash and 600,000 stock options. The Company filed a motion to dismiss and that motion was granted in part. Some of the claims brought against the Company by the plaintiff were dismissed and the plaintiff was required to file an amended complaint. The suit remains ongoing.

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

- Not applicable.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	44,444	Debenture Conversions	n/a
Common Shares	50,000	Exercise of Stock Options	\$7,500
Common Shares	467,814	Bonus Shares	n/a
Warrants	650,000	Compensation	n/a

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

Aggregate proceeds totalled \$7,500. It is the Company's intention to use these proceeds towards general working capital.

15. Provide details of any loans to or by Related Persons.

- No loans were made to by related parties or persons during this period.

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

- There are no updates.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

- In Nevada, the legalization and implementation of the recreational marijuana program has resulted in a rapidly growing market demand. The new Agriculture Improvement Act of 2018 ("Farm Bill"), went into effect January 1, 2019 and legalized hemp as an agricultural commodity federally in the United States and allows hemp farming to operate on a commercial scale. The passing of the Farm Bill is anticipated to:

- Positively impact the Company's plans to produce CBD extracts on a large scale
- Set the stage for an expanded focus on CBD branded goods
- Open new markets across the USA
- Increase participation from financial institutions and investors in the USA
- Present the opportunity for the Company's suite of branded products to be carried in major national retailers

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 was no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE 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 CSE Requirements (as defined in CSE Policy 1).
4. All the information in this Form 7 Monthly Progress Report is true.

Dated: October 4, 2019

Name of Director or Senior Officer

Marion McGrath

Signature

/s/ "Marion McGrath"

Official Capacity

Corporate Secretary

Issuer Details Name of Issuer	For Month End	Date of Report
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1933 Industries Inc.	September 2019	October 4, 2019
Issuer Address 105-45655 Tamihi Way		
City/Province/Postal Code Chilliwack, B.C. V2R 2M3	Issuer phone 604 674 4756	Issuer Fax No. n/a
Contact Name Marion McGrath	Contact Position Corporate Secretary	Contact Telephone No. 604 684-6264
Contact Email Address mcgrath@iocorporate.com	Web Site Address http://1933industries.com/	