

Cannabis Retailer Application Toolkit

Manitoba

CANNABIS OPERATIONS



DEFINITIONS

"Applicant" means the individual, corporation or group of individuals applying to become a cannabis retailer.

"LGCA" means the Liquor, Gaming and Cannabis Authority of Manitoba.

"Licence" means a retail cannabis Licence issued under Division 2 of Part 4.1 of <u>The Liquor</u>, <u>Gaming and Cannabis Control Act</u>, including any terms and conditions imposed on the Licence.

"MBLL" means Manitoba Liquor and Lotteries Corporation.

"Retailer" means the individual, corporation, or group of individuals with whom MBLL has entered into a Retailer Agreement with who also holds a valid LGCA Licence.

"Retailer Agreement" means the Cannabis Store Retailer Agreement issued by MBLL.

GENERAL INFORMATION AND LICENCE INFORMATION

MBLL is the exclusive wholesaler of non-medical cannabis in Manitoba, selling to authorized private Manitoba cannabis retailers. Retailers can only purchase cannabis through MBLL.

Each cannabis store location requires its own Licence. There are two categories of Licences an Applicant may apply for: Age-Restricted Licence and Controlled-Access Licence. For complete details on the two categories of Licences, please visit: lgcamb.ca/cannabis/retail-licences.

Licensing of Controlled-Access stores is limited to retailers located outside of major urban areas. *The Liquor, Gaming and Cannabis Control Act* was amended on June 3, 2025, to prohibit the licensing of Controlled-Access stores located in cities, towns or other urban municipalities having a population over 5,000 people. Controlled-Access stores located in major urban areas that were licensed prior to June 3, 2025, are able to continue operating within the terms and conditions of their Licences.

APPLICATION CRITERIA

Applications will be considered based on the following factors:

- Application forms must be completed in full;
- Applicants must demonstrate financial capacity to operate a cannabis store;
- Applicants must identify the type of proposed location they are applying for:
 - Existing secured and ready to renovate or in a ready state;
 - Identified location identified but not yet secured (no lease or purchase in place);
 - Searching unidentified location;

- Applicants must have municipal zoning approval for their chosen location; and
- Applicants applying for an Age-Restricted Licence must not exceed the 15% market cap for ownership and control of Manitoba cannabis retail stores. Ownership and control are determined based on the factors set out below:

The Province of Manitoba has imposed a market cap in respect to the operation of cannabis retail stores within the province. No individual or organization, or associated individuals or organizations, may maintain direct or indirect ownership or control of more than 15% of the cannabis retail stores operating in Manitoba. Ownership or control by an individual or organization, or associated individuals or organizations, includes but is not limited to:

- (a) parent, subsidiary, or affiliated corporations of the applicant;
- (b) shareholders who directly or indirectly hold 10% or more of the outstanding shares, or a class of shares, in a corporation that is the applicant, or a parent, subsidiary, or affiliated corporation of the applicant;
- (c) directors or officers of the corporation that is the applicant, or the directors or officers of a parent, subsidiary, or affiliated corporation of the applicant;
- (d) partners where the partnership is the applicant or where the partnership is a shareholder or otherwise has a financial interest in the applicant;
- (e) any person who has entered into an association or joint venture with the applicant;
- (f) a person who will be entitled to any profits from the activities of the applicant or who will be liable for any obligations incurred in respect to the activities of the applicant;
- (g) a creditor including any person who loans or advances or causes to be loaned or advanced money or anything of value, with or without security, to the applicant;
- (h) any other person that effectively controls the business of the applicant; and
- (i) a spouse, common-law partner, or resident relative of a person in (a) through (h).

For the purposes of the above, a "person" means an individual or other legal entity such as a corporation, as may be applicable. A "resident relative" means a child, grandchild, brother, sister, parent or grandparent of the person or the spouse/common law partner that resides with them.

When considering whether an individual or organization, or associated individuals or organizations, maintain direct or indirect ownership or control of more than 15% of cannabis retail stores in Manitoba, consideration of facts that suggest an arrangement is not *bona fide* or at arm's length will factor into a determination that a person is exercising ownership or control.

When reviewing retailer ownership and control, MBLL will consider a number of factors, including but not limited to, the following:

- the legal name of the retailer;
- the retailer's business name;
- the principals of the retailer;
- the legal and beneficial owners of the retailer;
- the directors of the retailer; and
- the shareholders of the retailer.

Retailers, including those with ownership or control of retailers, are restricted from owning or controlling 15% or more of the issued Age-Restricted Licences in Manitoba. If you are a current retailer with one or more Age-Restricted Licences, your current number of Licences will be factored into this calculation. For the purposes of this criteria:

- 15% of the Age-Restricted Licences in Manitoba is defined as the current number of LGCA-issued Age-Restricted Licences multiplied by 0.15 and rounded up or down to the nearest whole number; and
- any stake in ownership of a location of 10% or more constitutes ownership.

For example, if the current number of Age-Restricted Licences in Manitoba is 100, then the maximum number that each retailer could possess would be 15. This is calculated as $100 \times 0.15 = 15$.

If an existing retailer wishes to acquire one or more additional Licences that would result in them exceeding the 15% limit, MBLL will require the retailer to identify the locations they wish to retain. The remaining locations that exceed the limit must either be closed or sold, and their Licences cancelled, before MBLL will enter into a Retailer Agreement(s) for the new location(s).

As the number of issued Age-Restricted Licences fluctuates due to store closures and openings, the number of Licences that comprise 15% of the total also fluctuates.

If a store closure results in a retailer holding more than 15% of the issued Age-Restricted Licences in Manitoba, that retailer will not be required to close its store(s) but it will be unable to open or acquire any new Licences.

In the event an Age-Restricted Licenced store closes (and their Licence cancelled) during the application process with an applicant, MBLL will handle as follows:

- If MBLL has emailed the applicant in response to their application advising the applicant that their application is being worked on and within that email confirmed that the applicant qualifies for a location (i.e. they meet the 15% ownership criteria) MBLL will continue working with that applicant to open their location.
- If MBLL has not emailed the applicant to advise they qualify for a location and their application has been received and is being worked on, the application will be paused until the number of Age-Restricted Licenced stores increases. MBLL will communicate with the applicant to let them know their application will be paused until further notice.

APPLICATION AND LICENSING PROCESS

To become a retailer, applicants must successfully complete the application process, enter into a Retailer Agreement with MBLL, and be issued a Licence from the LGCA.

MBLL reviews applications for accuracy and completeness in the order that they are received. However, this does not guarantee an applicant will have their application completed before another applicant.

Circumstances that may delay the application process include but are not limited to:

- High volume of applications;
- Duration of security background check;
- Complexity of the applicant's corporate structure;
- Incomplete application submissions;
- Applicant delays in responding to MBLL or LGCA requests for further information;
- Applicant delays in providing MBLL with a signed Retailer Agreement and supporting documents;
- Applicant delays in providing LGCA with completed information for their Licence application process (separate from MBLL's application process);
- Outstanding municipal approvals including municipal permits; or
- A retail location that is not ready or does not meet initial or final LGCA inspection requirements.

Applicants wishing to apply for multiple locations may do so but must fill out a separate application for each location. An application listing multiple locations will be denied.

Applicants must work with both MBLL and LGCA throughout the application process as described below.

All aspects of all applications are subject to ongoing reviews by MBLL and LGCA.

STEPS

There are four steps in the application and licensing process. The time required to process an application varies among applications; however, an applicant that qualifies for Step 2 should expect an approximate processing time of two to four months. Applications will be processed concurrently. MBLL or LGCA may request additional information at any time as required.

Step 1: Application

During Step 1, applicants work solely with MBLL.

Part A:

Applicants must submit their application details through mbllpartners.ca on the Become a Cannabis Retailer page (mbllpartners.ca/cannabis-partners/become-cannabis-retailer).

Any field on the application form with an asterisk (*) is mandatory information and must be submitted with the application. Failure to complete these fields will result in an application being denied.

Applicant Information

Full legal name of individual or entity submitting application ("applicant") *

If the applicant is an individual, provide the individual's full legal name. If the applicant is an entity, provide the entity's registered name or registration number on file with the Manitoba Companies Office. MBLL will conduct a Manitoba Companies Office search of the entity to confirm that it is registered to carry on business in Manitoba. If the entity is not registered, MBLL will request the applicant register the entity with the Manitoba Companies Office before advancing to Step 2.

Usual business name of applicant (if known)

The intended name for the cannabis store. This information may not be known yet and is not mandatory. If the intended business name is not already registered in Manitoba, such registration will be required in Step 2.

Full mailing address and telephone number of applicant*

This is the mailing address and telephone number for the applicant.

Full retail location address (if known)

Include only if the applicant already has a secured location for their cannabis store. The address must match what is on file with Canada Post.

Contact Person*

This is the individual to be contacted throughout the application process in case of any questions or requests for additional information.

Title*

The position title of the contact person.

Address, Telephone Number, and Email*

The contact information for the contact person.

Part B:

Type of location*

- o Existing location: Secured and ready to renovate or in a ready state
- Identified location: Location identified but not yet secured (no lease or purchase in place)
- Searching for a location: Unidentified location

Are you looking to open a cannabis store*

- Within the City of Winnipeg: any location for which the City of Winnipeg would issue a building and occupancy permit
- Outside the City of Winnipeg: any location outside the City of Winnipeg, for which the applicable municipality or First Nation would issue a conditional use order, band council resolution or similar approval document

Type of Licence*

- Age-Restricted Licence For complete details on the two categories of Licences, please visit: lgcamb.ca/cannabis/retail-licences
- Controlled-Access Licence For complete details on the two categories of Licences, please visit: lgcamb.ca/cannabis/retail-licences

Do you have municipal/First Nation approval for your location (proof will be required in Step 2)*

- Within the City of Winnipeg, a copy of the occupancy permit, or confirmation of occupancy will be required.
- Outside the City of Winnipeg, a copy of the occupancy permit, or confirmation of occupancy, or conditional use order or another similar approval document from the municipality approving the cannabis store location.
- Within First Nations land, a copy of the band council resolution approving a cannabis store will be requested. If the band council resolution cannot be provided, a document confirming a cannabis store is allowed on the First Nation land will be accepted.

MBLL will not approve an application if the municipality or First Nation has opted out of having cannabis stores.

Do you have financial capacity to support owning and operating a cannabis store*

For the purposes of this application:

- If planning to open a cannabis store within the City of Winnipeg (with an Age-Restricted Licence), a minimum of \$75,000 - \$100,000 is advised for opening inventory; additional funds will be required for subsequent ordering.
- If planning to open a cannabis store outside the City of Winnipeg (with an Age-Restricted Licence), a minimum of \$25,000 - \$50,000 is advised for opening inventory; additional funds will be required for subsequent ordering.
- The opening inventory amounts shown are provided to assist applicants with an estimated cost for opening inventory. It will be up to the applicant to budget accordingly and order quantities and products that fit with their business model. All cannabis must be purchased through MBLL and paid in complete ahead of receiving products upon ordering.

Are you a current holder of an Age-Restricted Licence*

Do you currently have a signed Retailer Agreement with MBLL and hold an Age-Restricted Licence from LGCA?

Are you eligible for GST exemption*

- o No
- Yes

Step 2: Cannabis Store Retailer Agreement and Licensing Process

If an applicant successfully completes Step 1, as determined by MBLL, the applicant will move to Step 2. An MBLL representative and an LGCA representative will be assigned and will forward all required forms, information and documents to the applicant for completion.

MBLL and LGCA will work concurrently with the applicant who must:

- Complete Schedule "A" of the Retailer Agreement;
- Sign the Retailer Agreement;
- Register in Manitoba the corporation and business name of the cannabis store;
- Provide a certificate of insurance for the store location;
- Provide a Workers Compensation Board of Manitoba registration and letter of good standing (this requirement does not apply for applicants opening a store on First Nations land);
- Provide a copy of the City of Winnipeg occupancy permit, or confirmation of occupancy. If planning to open outside the City of Winnipeg, provide a copy of the occupancy permit, confirmation of occupancy, the conditional use order document, or another similar approving document from the municipality; and

 If planning to open on First Nations land, provide a copy of the band council resolution, or equivalent, approving a cannabis store to be located within the First Nation. Disclose their GST exemption, if applicable. MBLL will request additional documents to support the GST exemption and will apply a GST exempt status to their ordering profile once they become operational.

Once the Applicant has satisfactorily completed all requirements for Step 2, MBLL will sign the location's Retailer Agreement.

LGCA Requirements

A retailer must obtain a Licence from the LGCA before opening. Information about the Licence application process can be found at https://lgcamb.ca/cannabis/retail-licences/ or by contacting the LGCA.

Applicants <u>cannot</u> order products from MBLL until both a Retailer Agreement is signed by MBLL <u>and</u> an LGCA Licence is issued. The applicant may also be required to attend training (see Step 3) before ordering products.

Step 3: Cannabis Retailer Onboarding Training

New retailers are required to attend Cannabis Retailer Onboarding training. Existing retailers receiving location Licences are encouraged to refresh their training but it is not mandatory.

Training is held virtually via Microsoft Teams at no cost to the Retailer. Topics include, but are not limited to:

- Who to contact at MBLL;
- An overview of the cannabis model in Manitoba;
- The differences between MBLL and LGCA's role with the retailer;
- Understanding the MBLL Retailer Agreement;
- Understanding the Cannabis Store Retailer Directives;
- An overview of MBLL suppliers and available products;
- How to order cannabis products;
- How delivery works;
- How receiving works;
- How federal reporting works; and
- Operational next steps.

After completing training, the retailer will be able to order products from MBLL.

Step 4: Monitoring

With the opening of the store, MBLL will invite the retailer to scheduled quarterly conference calls attended by other retailers. During these calls, MBLL provides market information, process and system demonstrations, and answers questions.

MBLL will monitor and ensure compliance to the Retailer Agreement and Retailer Directives throughout retailer operations. MBLL may visit your store once you are operational.

An LGCA Licence is valid only with a current, signed Retailer Agreement.

Retailers are encouraged to work with MBLL and to have open communication to ensure operations run smoothly throughout the term of their Retailer Agreement.

LICENCE HOLDER RESPONSIBILITIES

For complete details about your legal responsibilities as a Licence holder, refer to <u>The Liquor</u>, <u>Gaming and Cannabis Control Act</u> or contact the LGCA at 204-927-5300 or toll-free at 1-800-782-0363.