

COURT FILE NUMBER

**25-2651361
25-2651362**

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

DOCUMENT

**THIRD REPORT OF THE PROPOSAL TRUSTEE
IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF
SWIMCO AQUATIC SUPPLIES LTD. AND
SWIMCO PARTNERSHIP**

DATED SEPTEMBER 29, 2020

**ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT**

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PROPOSAL TRUSTEE

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Introduction and Notice to Reader

Introduction

1. On June 11, 2020, Swimco Aquatic Supplies Ltd. ("**SAS**") and Swimco Partnership ("**SP**") (together, "**Swimco Group**" or the "**Company**") each filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act, RSC 1985, c B-3* (the "**BIA**"). Deloitte Restructuring Inc. ("**Deloitte**") consented to act as proposal trustee under the NOIs (the "**Proposal Trustee**").
2. Attached as appendices to the first report of the Proposal Trustee dated June 30, 2020 (the "**First Report**") are copies of the Certificate of Filing a Notice of Intention to Make a Proposal issued by the Official Receiver and the creditor's package, which was mailed on June 15, 2020. Information on these proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca/en-ca/swimco.
3. On June 18, 2020, the statement of projected consolidated cash flow for the eight week period ended August 1, 2020 (the "**First Cash Flow**") was filed for the Swimco Group.
4. The Swimco Group is required to file a proposal within the initial stay period or within any further extension of that period granted by the Court of Queen's Bench of Alberta (the "**Court**"). The Swimco Group was initially granted a 30 day stay of proceedings pursuant to section 69(1) of the BIA upon filing the NOI until July 11, 2020 (the "**Initial Stay Period**").
5. The First Report was filed in support of the Swimco Group's application to extend the Initial Stay Period. Included in the First Report is the Company's updated statement of projected consolidated cash flow for the 10 week period ended August 29, 2020 (the "**Second Cash Flow**").
6. On July 9, 2020 the Swimco Group was granted a 45 day extension to the stay of proceedings pursuant to section 50.4(9) of the BIA, extending the Initial Stay Period from July 11, 2020 up to and including August 24, 2020 (the "**First Extension Period**") and the consolidation of the NOI proceedings of SAS and SP for procedural purposes only (the "**First Extension Order**"). The First Extension Order is attached as **Appendix "A"**.
7. On August 17, 2020, the second report of the Proposal Trustee (the "**Second Report**") was filed in support of Swimco Group's application for a second extension to the First Extension Period. Included in the Second Report is the Company's updated statement of projected consolidated cash flow for the 10 week period ended October 17, 2020 (the "**Third Cash Flow**").
8. On August 24, 2020, the Swimco Group was granted a second 45 day extension to the stay of proceedings pursuant to section 50.4(9) of the BIA (the "**Second Extension Order**"), extending the First Extension Period from August 24, 2020 up to and including October 9, 2020 (the "**Second Extension Period**"). A copy of the Second Extension Order is attached as **Appendix "B"**.

Purpose of the Third Report

9. This is the Proposal Trustee's third report (the "**Third Report**") and the purpose of the Third Report is to provide this Honourable Court with the Proposal Trustee's views on the following matters:
 - a) The activities of the Company since the Second Report;
 - b) The activities of the Proposal Trustee since the Second Report;
 - c) A 45 day extension of the stay of proceedings from October 9, 2020 to and including November 23, 2020 (the "**Third Extension Period**"), as permitted under section 50.4(9) of the BIA;
 - d) Swimco Group's updated weekly cash flow forecast on a consolidated basis for the period ending September 26, 2020 to November 28, 2020 (the "**Fourth Cash Flow Forecast**"); and
 - e) Swimco Group's reported actual receipts and disbursements for the period ending June 13, 2020 to September 19, 2020.

Restrictions and Scope Limitations

10. In preparing the Third Report, the Proposal Trustee has relied on unaudited financial information, the books and records of the Company and discussions with the Company's employees, interested parties, and stakeholders.
11. The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Third Report may not disclose all significant matters about the Company. Additionally, none of the Proposal Trustee's procedures were intended to disclose defalcations or other irregularities. If the Proposal Trustee were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have to come to the Proposal Trustee's attention. Accordingly, the Proposal Trustee does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of the Third Report.
12. The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of the Third Report. Any use, which any party makes of the Third Report, or any reliance or decision to be made based on the Third Report, is the sole responsibility of such party.
13. Some of the information referred to in this Third Report consists of forecasts and projections, which were prepared based on management's estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the projected results. The reader is cautioned that the actual results will likely vary from forecasts or projections, even if the assumptions materialize, and the variations could be significant.
14. The Proposal Trustee prepared the Third Report in its capacity as a court appointed officer in support of the motion described herein. The reader is cautioned that the Third Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.
15. Capitalized terms not otherwise defined herein are as defined in the Company's application materials or the First Report or Second Report.
16. All amounts included herein are in Canadian dollars unless otherwise stated.

Activities of the Company since the Second Report

Consultants

17. Swimco Group engaged with Jones Lang LaSalle IP, Inc. ("**JLL**") to assist with landlord negotiations.
18. Swimco Group continues to engage Richter LLP ("**Richter**") as its financial advisor to assist with the compilation of their cash flows and with the financial management of the Company on an as needed basis.
19. The Proposal Trustee continues to monitor the fees charged by Richter and JLL and note that they are reasonable and customary for companies in similar positions as the Swimco Group. Royal Bank of Canada ("**RBC**"), a secured creditor of the Swimco Group, is supportive of both engagements.

Disclaim Leases and Contracts

20. The Company, with the assistance of its advisors and in consultation with the Proposal Trustee, has concluded that stakeholder value will be maximized through a restructuring focused on potentially profitable locations (taking into account reduced foot traffic given COVID-19), while vacating unprofitable locations.
21. Subsequent to the Second Report, the Swimco Group disclaimed another lease location in Alberta. As of the date of the Third Report, the Company has disclaimed a total of five stores (four locations in Ontario and one location in Alberta) (together, the "**Disclaimed Stores**"). The Proposal Trustee consented to the lease disclaimers as it is in the Proposal Trustee's view that those disclaimers are necessary for the Company to be able to facilitate a viable proposal to its creditors. The Company absorbed the inventory from the Disclaimed Stores at the Company's warehouse and will redistribute the inventory to the remaining stores on an as needed basis.
22. The Company's management team, in conjunction with its advisors, have been diligently negotiating with various landlords to reach amended lease arrangements. The Proposal Trustee was advised that negotiations were completed and amended lease arrangements are being executed as of the date of the Third Report.
23. The Swimco Group's ability to restructure its lease obligations for the remaining stores is a critical element in any viable proposal by the Company to its creditors.
24. The Company is now in a position to prepare a proposal to its creditors and is currently working with its advisors and the Proposal Trustee to prepare a viable proposal. The Swimco Group is seeking an extension of the stay of proceedings in order to make a viable proposal to its creditors.
25. The Company has also disclaimed two service agreements for internet and loyalty services since the Second Report. The Proposal Trustee supports the disclaimer as this will help reduce costs for the Company and is also necessary for the Company to be able to facilitate a viable proposal to its creditors.

Activities of the Proposal Trustee since the Second Report

Proposal Trustee's Activities

26. The Proposal Trustee conducted the following activities since the Second Report:

- a) Updated the creditors' website (www.insolvencies.deloitte.ca/en-ca/swimco) where all materials filed with the Court and all orders made by the Court are available to the public domain;
- b) Monitored the Company's cash flows and ongoing reporting of variances on a weekly basis;
- c) Communicated with creditors, employees and counsel for matters in relation to the NOI proceeding;
- d) Assisted the Company in the preparation of the disclaimer of certain leases and other contracts;
- e) Prepared and finalized the Third Report; and
- f) Reviewed application materials submitted with respect to the October 7, 2020 hearing.

Security Reviews

27. The Proposal Trustee's legal counsel is currently undertaking a review of the validity and enforceability of the security held by RBC and the loans from the partners of SP and SAS. The Proposal Trustee's legal counsel is also reviewing the relevant agreements with respect to the inventory ownership between SP and SAS (together, the "**Security Reviews**").

28. The Security Reviews are conducted for the purpose of the Swimco Group's proposal to its creditors.

Fourth Cash Flow Forecast

29. On September 25, 2020, the Proposal Trustee received the Fourth Cash Flow Forecast for the period ending September 26, 2020 to November 28, 2020. The Fourth Cash Flow Forecast is attached hereto as **Appendix "C"**, and is summarized below:

Swimco Group	
Week Ending September 26 to November 28	
<i>(\$000's)</i>	<i>Forecast</i>
Receipts	
<i>Store</i>	1,992
<i>E-Commerce</i>	283
<i>Wage Subsidy</i>	295
<i>Total Receipts</i>	2,571
Disbursements	
<i>Merchandise</i>	(1,367)
<i>Payroll</i>	(1,082)
<i>Rent</i>	(377)
<i>Other Expenses</i>	(802)
<i>Professional Fees</i>	(149)
<i>Total Disbursements</i>	(3,777)
Projected Cash Flow	(1,206)
Opening Cash (Sept 20)	1,436
Closing Cash (Nov 28)	230

30. The Proposal Trustee has reviewed the Fourth Cash Flow Forecast and noted that the assumptions used for the Third Cash Flow Forecast are similar to the Fourth Cash Flow Forecast. Key differences between the Third Cash Flow Forecast and the Fourth Cash Flow Forecast are as follows:

- a) The Fourth Cash Flow Forecast extends the forecast period up until the week ending November 28, 2020 to cover the proposed extension period;
- b) Reduced rent payments as management was able to negotiate and finalize an amended lease arrangement with its landlords;
- c) Receipts for the overlapping periods between the Third Cash flow Forecast and the Fourth Cash flow Forecast (i.e. the week ending September 26, 2020 to the week ending October 17, 2020) were reduced by \$374,000 as management adjusted their projected sales for the period to better reflect recent sales trends;
- d) Disbursements for the overlapping periods were reduced by \$356,000; and
- e) Timing differences related to certain disbursements.

31. The Company forecasts total receipts of \$2.6 million, with \$2.0 million in store sales and \$283,000 from e-commerce sales. The Swimco Group also forecasts \$295,000 in wage subsidies from the Canadian Emergency Wage Subsidy Program ("**CEWS**").

32. The Swimco Group forecasts total disbursements of \$3.8 million, which mainly consists of the following:
- a) Merchandise disbursements of \$1.4 million;
 - b) Payroll disbursements of \$1.1 million;
 - c) Rent disbursements of \$377,000;
 - d) Other expenses of \$802,000; and
 - e) Professional fees of \$149,000.
33. Overall, the Fourth Cash Flow Forecast estimates a negative net cash flow of \$1.2 million which will be funded by the Company's current cash balances as further described herein.
34. The Proposal Trustee reviewed the Fourth Cash Flow Forecast to the standard required by section 50.4(2) of the BIA. Section 50.4(2) requires the Proposal Trustee to review the debtor's cash flow statement as to its reasonableness and to file a report with the Office of Superintendent of Bankruptcy on the Proposal Trustee's findings. The Canadian Association of Insolvency and Restructuring Professional's Standards of Professional Practice include a standard for proposal trustees fulfilling their statutory responsibilities under the BIA in respect of a proposal trustee's report on the cash flow forecast.
35. The Proposal Trustee's review consists of inquiries, analytical procedures and discussions with management and employees of the Swimco Group. Since hypothetical assumptions need not to be supported, the Proposal Trustee's procedure with respect to them were limited to evaluating whether they were consistent with the purpose of the Fourth Cash Flow Forecast. The Proposal Trustee also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Fourth Cash Flow Forecast.
36. Based on the review, nothing has come to the Proposal Trustee's attention that causes it to believe that, in all material respects:
- a) The hypothetical assumptions are not consistent with the purpose of the Fourth Cash Flow Forecast;
 - b) As of the date of the Third Report, the probable assumptions developed by management are not suitably supported and consistent with plans of the Company or do not provide a reasonable basis for the Fourth Cash Flow Forecast; or
 - c) The Fourth Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Variance Analysis

37. Below illustrates the variance between projected figures from the Third Cash Flow Forecast and actual results for the weeks ending June 13, 2020 to September 19, 2020 (the "Variance Period"):

Swimco Group			
Weeks Ending June 13 to September 19			
<i>(000's)</i>	<i>Actual</i>	<i>Forecast</i>	<i>Variance</i>
Receipts			
Store	4,959	4,079	880
E-Commerce	801	655	146
GST Refund	41	-	41
DBH	1,000	-	1,000
Wage subsidy	782	747	35
Total receipts	7,584	5,482	2,102
Disbursements			
Merchandise	(475)	(54)	(422)
Payroll	(1,481)	(1,910)	429
Rent	(1,352)	(1,240)	(112)
Other expenses	(993)	(1,700)	707
Professional fees	(198)	(397)	198
Total disbursements	(4,499)	(5,300)	801
Net Cash Flow	3,085	182	2,903

38. As of September 19, 2020, the Company's surplus cash balance was approximately \$1.4 million. Approximately \$1.7 million was used towards paying down the revolving line of credit with RBC.

39. Overall, the net cash flow during the Variance Period was \$3.1 million compared to a projected net cash flow of \$182,000.

40. The positive variance of \$2.9 million is generally due to the following:

- a) Higher than expected store sales of approximately \$880,000;
- b) Higher than expected e-commerce sales of \$146,000;
- c) A transfer from D. Bacon Holdings Ltd. ("DBH") of \$1.0 million to reduce the revolving line of credit outstanding with RBC;
- d) Higher than expected merchandise disbursements of approximately \$422,000, attributable to higher than expected sales;
- e) A lower than projected payroll by \$429,000 due to larger reductions in staff along with higher than expected receipts from the CEWS by \$35,000 as the CEWS offering was extended;
- f) Other expenses were lower than projected by \$707,000, mainly due to timing differences; and
- g) Lower than projected professional fees of \$198,000 mainly due to timing differences.

Recommendation and Conclusion

41. Based on the Proposal Trustee's review of the Company's operations and restructuring efforts as of the date of the Third Report, the Proposal Trustee is of the view that pursuant to section 50.4(9) of the BIA:
- a) The Swimco Group appears to be acting in good faith and with due diligence;
 - b) The Swimco Group is co-operating with the Proposal Trustee and appears to be making efforts to present a viable proposal to their secured and unsecured creditors;
 - c) The Proposal Trustee is supportive of the Swimco Group's application for a Third Extension Period; and
 - d) The Proposal Trustee is of the view that the Swimco Group's creditors are not materially prejudiced by the Third Extension Period.
42. The Third Report has been prepared in support of the following relief, which is being sought by the Company:
- a) The Third Extension Period.

* * *

All of which is respectfully submitted at Calgary, Alberta this 29th day of September 2020.

DELOITTE RESTRUCTURING INC.,

solely in its capacity as Trustee under the proposal of Swimco Aquatic Supplies Ltd. And Swimco Partnership, and not in its personal or corporate capacity

Per:



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A

To: 403-592-3048

From: Field LLP

7/9/2020 3:46:23 PM (Page 2 of 5)

COURT FILE NUMBERS

BK NO: 25-2651361

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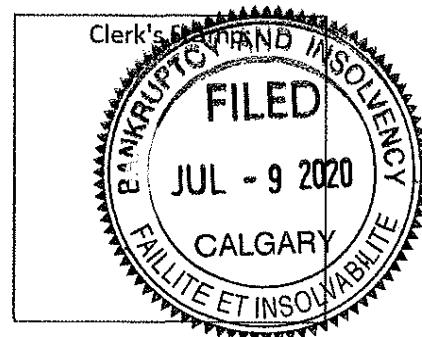
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PROPOSAL OF SWIMCO AQUATIC SUPPLIES LTD. AND SWIMCO
PARTNERSHIP

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ORDER

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Field LLP
400, 444 – 7 Avenue SW
Calgary AB T2P 0X8
Lawyer: Trevor Batty
Phone Number: (403) 260-8537
Fax Number: (403) 264-7084
Email Address: tbatty@fieldlaw.com
File No. 70179-1

**DATE ON WHICH ORDER WAS PRONOUNCED: July 9, 2020****NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice Barbara E.C. Romaine****LOCATION OF HEARING: Calgary, Alberta****ORDER**

UPON THE APPLICATION OF Swimco Aquatic Supplies Ltd. ("SAS") and Swimco Partnership ("SP", together with SAS, the "Swimco Group"), AND UPON HAVING read the Application filed by SAS and SP and the Affidavit of Lori Bacon, sworn on June 29, 2020 (the "Bacon Affidavit"), AND UPON READING the First Report of Deloitte Restructuring Inc. (the "NOI Trustee"), dated June 30, 2020; AND UPON HEARING counsel for SAS and SP and the NOI Trustee and all other interested parties present; IT IS HEREBY ORDERED THAT:

1. The time for service of the Application and all materials in support is hereby abridged to the date of actual service and service is hereby deemed good and sufficient.
2. The 30-day period of time within which SAS and SP is required to file a proposal to their creditors with the Official Receiver, under Section 50.4 of the *Bankruptcy and Insolvency Act*,

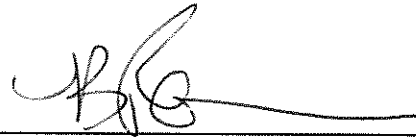
R.S.C. 1985 c. B-3 (the "**BIA**"), shall be and is hereby extended by forty-five (45) days, from July 11, 2020, to and including August 24, 2020.

3. All Swimco Group's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**") shall be and is hereby subject to a first charge (the "**Administration Charge**") up to a maximum total aggregate amount of One Hundred Fifty Thousand (\$150,000.00) Dollars in favour of:
 - (a) Deloitte Restructuring Inc., the NOI Trustee under the Notices of Intention filed by the Swimco Group on June 11, 2020, (the "**NOIs**"), in order to secure payment to the NOI Trustee of all of the NOI Trustee's reasonable professional fees and disbursements for professional services rendered by the NOI Trustee in the performance of its duties both before and after the date of Swimco Group filing its NOIs;
 - (b) the law firm of Cassels Brock and Blackwell LLP ("**Cassels Brock**"), legal counsel to the NOI Trustee, in order to secure payment of all of Cassel Brock's reasonable professional fees and disbursements for professional services rendered by Cassels Brock to the NOI Trustee for the purpose of the NOI proceedings both before and after the date of Swimco Group filing its NOIs; and
 - (c) the law firm of Field LLP ("**Field**"), legal counsel to Swimco Group, in order to secure Swimco Group's payment of all of Field's reasonable professional fees and disbursements for professional services rendered by Field for the purpose of the NOI proceedings both before and after the date of Swimco Group filing its NOIs.
4. The Administration Charge (as constituted and defined herein) shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.
5. Except as otherwise expressly provided for herein, or as may be approved by this Court, Swimco Group shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, unless Swimco Group also obtains the prior written consent of the beneficiaries of the Administration Charge, or further order of this Court.

6. The filing, registration or perfection of the Administration Charge shall not be required, and the Administration Charge shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.
7. The Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the NOI Trustee and Field thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Administration Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by Swimco Group of any Agreement to which it is a party;
 - (ii) neither the NOI Trustee, Cassels Brock or Field shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

(iii) the payments made by Swimco Group pursuant to this order and the granting of the Administration Charge do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

8. The within NOI proceedings of SAS and SP are hereby administratively consolidated for procedural purposes only. For clarity, the estates of SAS and SP are to remain substantively separate and shall not be merged by virtue of this Order. The Clerk of the Court is hereby directed to open a single, consolidated file for both proceedings.
9. Service of this Order shall be deemed to have been achieved by posting a copy of this Order on the website of the NOI Trustee and by delivering a copy of this Order to those parties listed on the Service List prepared by counsel for SAS and SP.



J.C.Q.B.A.

Appendix B

I hereby certify this to be a true copy of the original Order of which it purports to be a copy.

Dated this 25 day of August 2020

for Registrar at Calgary
Bankruptcy Division of the
Queen's Bench of Alberta
BK NO: 25-2651362
BK NO: 25-2651362



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CALGARY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF SWIMCO AQUATIC SUPPLIES LTD. AND SWIMCO
PARTNERSHIP

ORDER

Field LLP
400, 444 – 7 Avenue SW
Calgary AB T2P 0X8
Lawyer: Trevor Batty
Phone Number: (403) 260-8537
Fax Number: (403) 264-7084
Email Address: tbatty@fieldlaw.com
File No. 70179-1

DATE ON WHICH ORDER WAS PRONOUNCED: August 24, 2020

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice Barbara E.C. Romaine

LOCATION OF HEARING: Calgary, Alberta

ORDER

UPON THE APPLICATION OF Swimco Aquatic Supplies Ltd. ("**SAS**") and Swimco Partnership ("**SP**", together with SAS, the "**Swimco Group**"), AND UPON HAVING read the Application filed by SAS and SP and the Affidavit of Lori Bacon, sworn on August 17, 2020, AND UPON READING the Second Report of Deloitte Restructuring Inc. (the "**NOI Trustee**"), dated August 17, 2020; AND UPON HEARING counsel for SAS and SP and the NOI Trustee and all other interested parties present; IT IS HEREBY ORDERED THAT:

1. The time for service of the Application and all materials in support is hereby abridged to the date of actual service and service is hereby deemed good and sufficient.
2. The 30-day period of time within which SAS and SP are required to file a proposal to their creditors with the Official Receiver, under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (the "**BIA**"), shall be and is hereby extended by forty-five (45) days, from August 25, 2020, to and including October 9, 2020.

3. Service of this Order shall be deemed to have been achieved by posting a copy of this Order on the website of the NOI Trustee and by delivering a copy of this Order to those parties listed on the Service List prepared by counsel for SAS and SP.



J.C.Q.B.A.

Appendix C

Swimco Group
Weekly Cash Flow Projections
Period Ending:
(000's)

	Sep 26	Oct 03	Oct 10	Oct 17	Oct 24	Oct 31	Nov 07	Nov 14	Nov 21	Nov 28	Total
	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	70 days
Receipts											
Store	\$ 106	\$ 112	\$ 164	\$ 164	\$ 164	\$ 164	\$ 241	\$ 292	\$ 292	\$ 292	\$ 1,992
E-Commerce	13	15	30	30	30	30	33	35	35	35	283
Wage Subsidy	-	156	-	-	-	-	140	-	-	-	295
	119	282	194	194	194	194	413	327	327	327	2,571
Disbursements											
Merchandise	(60)	(75)	(114)	(114)	(114)	(114)	(194)	(194)	(194)	(194)	(1,367)
Payroll	-	(192)	-	(251)	-	(189)	-	(192)	(62)	(195)	(1,082)
Rent	-	(175)	(10)	-	-	-	(175)	(17)	-	-	(377)
Other Expenses	(45)	(146)	(74)	(74)	(74)	(69)	(81)	(81)	(81)	(77)	(802)
Professional Fees	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(149)
	(120)	(602)	(213)	(454)	(202)	(387)	(465)	(499)	(352)	(481)	(3,777)
Projected Cash Flow	\$ (1)	\$ (320)	\$ (19)	\$ (260)	\$ (9)	\$ (194)	\$ (52)	\$ (172)	\$ (25)	\$ (154)	\$ (1,206)
Opening Cash / (Revolver)	\$ 1,436	\$ 1,434	\$ 1,115	\$ 1,096	\$ 836	\$ 827	\$ 634	\$ 582	\$ 409	\$ 384	\$ 1,436
Ending Cash / (Revolver)	\$ 1,434	\$ 1,115	\$ 1,096	\$ 836	\$ 827	\$ 634	\$ 582	\$ 409	\$ 384	\$ 230	\$ 230

Swimco

October 9, 2020 Extension Assumptions

- **Projected Cash Receipts**
 - Projected receipts from stores and the e-commerce platform including applicable sales taxes. Stores and e-commerce receipts are projected based on historical sales and collection patterns and were adjusted to reflect management's best estimate of go-forward sales trending.
 - Projected wage subsidy receipts are based on the current Canada Emergency Wage Subsidy program (CEWS) and reflect projected recoveries based on the program's criteria.

- **Projected Cash Disbursements**
 - Payroll is based on current headcount levels adjusted to reflect management's restructuring and reopening plan;
 - As the Company entered into lease negotiations with its landlords, rent is either based on the latest verbal agreement or the latest proposal where verbal agreements have not yet been reached. Amounts include sales taxes;
 - Merchandise disbursements reflect management's projected purchases;
 - Other expenses are primarily comprised of warehouse and head office costs, interest payments and a provision for unforeseen expenses. These expenses are based on historical data adjusted to reflect the current level of activity, current agreements and current interest rates. Amounts include sales taxes where applicable;
 - Professional fees reflect management's best estimate of the professional involvement required to implement the Company's restructuring plan. Amounts include sales taxes;
 - The current government remittances for source deductions and sales taxes are included in the disbursement assumptions;
 - The cash disbursements do not provide for the payment of arrears to unsecured creditors.



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