

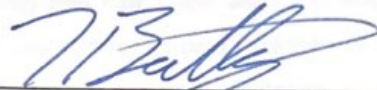
COMMISSIONER'S CERTIFICATE

CANADA
PROVINCE OF ALBERTA

I, **TREVOR A. BATTY**, a Commissioner for Oaths in and for Alberta, am satisfied that it was necessary for the deponent to swear the Affidavit attached hereto by video technology, because it was unsafe, for medical reasons, for the deponent and the commissioner to be physically present together in accordance with public health measures currently in place by the Government of Alberta with respect to the COVID-19 pandemic.

This Certificate has been completed in accordance with the directive contained in Alberta Court of Queen's Bench Notice to the Profession and Public: Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During the COVID-19 Pandemic, NPP#2020-01.

IN CONFIRMATION OF the foregoing, I have hereunto subscribed my name at the City of Calgary, in the Province of Alberta, this 17th day of August, 2020.



Trevor A. Batty
Barrister and Solicitor
A Commissioner for Oaths in and for Alberta

Clerk's Stamp:

COURT FILE NUMBER	BK NO: 25-2651361 BK NO: 25-2651362
COURT	COURT OF QUEEN'S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE	CALGARY
PROCEEDING	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SWIMCO AQUATIC SUPPLIES LTD. AND SWIMCO PARTNERSHIP
DOCUMENT	AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Field LLP 400, 444 – 7 Avenue SW Calgary, Alberta T2P 0X8 Attention: Trevor Batty Phone Number: (403) 260-8537 Fax Number: (403) 264-7084 Email Address: tbatty@fieldlaw.com File No. 70179-1

**AFFIDAVIT OF LORI BACON
(Sworn August 17, 2020)**

I, LORI BACON, of the City of Calgary, in the Province of Alberta, Businessman, MAKE OATH AND SAY AS FOLLOWS:

1. I am the Chief Executive Officer and a director of Swimco Aquatic Supplies Ltd. ("SAS") and the President of Lori Bacon Holdings Ltd., who (along with Blue Crush Bikini and Boardshort Company Ltd. and Steve Forseth Holdings Ltd.) is one of three corporate partners of Swimco Partnership ("SP"). As such, I have personal knowledge of the matters hereinafter deposed to except where stated to be based upon information and belief, in which case I believe the same to be true.
2. On July 9, 2020, the Court granted an Order in these proceedings (the "First Extension Order") which, among other things:
 - (a) Extended the stay of proceedings against SAS and SP (together, the "Swimco Group") to and including August 24, 2020; and



- (b) Approved an administration charge in favour of Deloitte Restructuring Inc. (the “**NOI Trustee**”), the NOI Trustee’s counsel and Field LLP, as legal counsel to the Swimco Group, in the maximum total aggregate amount of \$150,000.
3. Since obtaining the First Extension Order, the Swimco Group has been diligently pursuing activities aimed at presenting proposals (the “**Proposals**”) to creditors under BIA. Such activities include:
- (a) Continuing to operate 20 remaining retail locations, including continuing to deal with employee, vendor and landlord issues pertaining to each;
 - (b) Negotiating rent reduction lease amendments with SAS’s landlords;
 - (c) Replenishing inventory levels by ordering new product for the retail outlets;
 - (d) Disclaiming certain commercial agreements that would prevent the Swimco Group from formulating viable Proposals;
 - (e) Responding to various inquiries of the NOI Trustee; and
 - (f) Holding preliminary discussions regarding potential alternatives with respect to the framework of the Proposals.
4. The Swimco Group expects to have their Proposals prepared and issued in the coming weeks, and will thereafter schedule a meeting of creditors to consider the Proposal within 21 days after issuing the Proposal.
5. The current stay of proceedings expires on August 24, 2020. In order to continue to work towards the formulation and filing of their Proposals, the Swimco Group requests an extension of the stay to October 9, 2020, as permitted under s. 50.4(9) of the BIA.
6. I have reviewed the draft NOI Trustee’s Second Report, dated August 17, 2020 (the “**Second Report**”), and I confirm and agree with the NOI Trustee’s comments regarding the Swimco Group’s financial forecasts detailed therein. Additionally, I confirm that management of Swimco expects that sales volumes and profits will continue to remain strong now that the Swimco Group has been able to replenish and update the inventory at its retail locations.



- 7. Based upon my review of the finances of the Swimco Group, and the updated cash flow projection prepared by the Swimco Group with the assistance of the NOI Trustee (subject to the qualifications and assumptions set out in the Second Report), it is apparent that the Swimco Group has sufficient cash resources to continue to operate and pay ongoing expenses during the Proposal process. Accordingly, to the best of my knowledge, information and belief, none of the the Swimco Group’s creditors will be materially prejudiced if the Court grants the stay extension that the Swimco Group is seeking. The Swimco Group’s updated cash flow projection is attached as **Exhibit “A”** to this Affidavit.
- 8. I make this Affidavit in support of the application of the Swimco Group for an Order for an extension of the stays of proceedings of the Swimco Group, and for no improper purpose.
- 9. I swear this Affidavit despite not being physically present before the commissioner, but having been linked with the commissioner utilizing video technology and following the process described in the Notice to Profession NPP#2020-02: Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During the COVID-19 Pandemic.

SWORN BEFORE ME at the City of Calgary, in)
 the Province of Alberta, this August 17, 2020.)

 A Commissioner for Oaths in and for Alberta)

LORI BACON

TREVOR BATTY
 BARRISTER & SOLICITOR

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

	Aug 15 7 days	Aug 22 7 days	Aug 29 7 days	Sep 05 7 days	Sep 12 7 days	Sep 19 7 days	Sep 26 7 days	Oct 03 7 days	Oct 10 7 days	Oct 17 7 days	Total 70 days
Receipts											
Store	\$ 282	\$ 282	\$ 282	\$ 267	\$ 222	\$ 222	\$ 222	\$ 220	\$ 202	\$ 202	\$ 2,405
E-Commerce	39	39	39	35	24	24	24	25	36	36	321
Wage Subsidy	219	-	-	-	208	-	-	195	-	-	622
	541	322	322	301	454	246	246	440	238	238	3,348
Disbursements											
Merchandise	-	-	-	(14)	(20)	(20)	(20)	(110)	(229)	(229)	(642)
Payroll	(42)	(199)	-	(199)	-	(254)	-	(208)	-	(329)	(1,232)
Rent	-	(162)	-	(124)	(118)	-	-	(121)	(84)	-	(609)
Other Expenses	(110)	(135)	(191)	(130)	(73)	(54)	(54)	(130)	(79)	(79)	(1,035)
Professional Fees	(25)	(25)	(25)	(21)	(21)	(21)	(21)	(17)	(17)	(17)	(211)
	(176)	(521)	(216)	(489)	(233)	(349)	(95)	(586)	(409)	(654)	(3,729)
Projected Cash Flow	\$ 365	\$ (199)	\$ 105	\$ (187)	\$ 222	\$ (103)	\$ 151	\$ (146)	\$ (171)	\$ (416)	\$ (380)
Opening Cash / (Revolver)	\$ 1,754	\$ 2,119	\$ 1,920	\$ 2,025	\$ 1,837	\$ 2,059	\$ 1,956	\$ 2,107	\$ 1,961	\$ 1,790	\$ 1,754
Ending Cash / (Revolver)	\$ 2,119	\$ 1,920	\$ 2,025	\$ 1,837	\$ 2,059	\$ 1,956	\$ 2,107	\$ 1,961	\$ 1,790	\$ 1,374	\$ 1,374

Deloitte Restructuring Inc., in its capacity as Trustee
under the proposal of Swimco Aquatics Supplies Ltd.
And Swimco Partnership and not in its personal or
corporate capacity.

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF LORI BACON.

SWORN BEFORE ME THIS ____ DAY OF
AUGUST, 2020.

A Commissioner for Oaths in and for Alberta

TREVOR A. BATTY
BARRISTER & SOLICITORS

COURT FILE NUMBER	BK NO: 25-2651361 BK NO: 25-2651362
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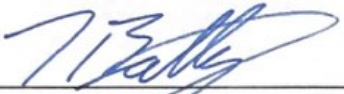
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TREVOR BATTY
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TREVOR A. BATTY
BARRISTER & SOLICITORS

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