

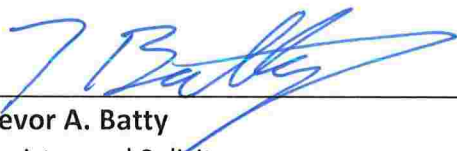
COMMISSIONER'S CERTIFICATE

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 28th day of September, 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 September 28, 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 August 24, 2020, the Court granted an Order in these proceedings (the "Second Extension Order") which, among other things, extended the stay of proceedings against SAS and SP (together, the "Swimco Group") to and including October 9, 2020.



3. Since obtaining the Second 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) Concluded the negotiation of rent reduction lease amendments with SAS’s landlords;
 - (c) Replenishing inventory levels by ordering new product for the retail outlets;
 - (d) Disclaiming certain leases and other commercial agreements that would prevent the Swimco Group from formulating viable Proposals;
 - (e) Responding to various inquiries of the NOI Trustee; and
 - (f) Holding more detailed discussions and reviewing modeling regarding potential alternatives 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 October 9, 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 November 23, 2020, as permitted under s. 50.4(9) of the BIA.
6. I have reviewed the draft NOI Trustee’s Third Report, dated September 28, 2020 (the “**Third Report**”), and I confirm and agree with the NOI Trustee’s comments regarding the Swimco Group’s financial forecasts detailed therein.
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 Third 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

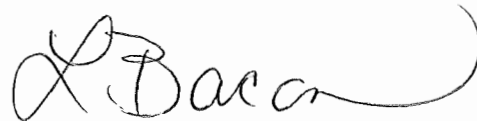


that the Swimco Group is seeking. The Swimco Group’s updated cash flow projection is attached as Exhibit “A” to this Affidavit.

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 September 28,)
2020.)



)
)
)
)
)

LORI BACON

A Commissioner for Oaths in and for Alberta

TREVOR BATTY
BARRISTER & SOLICITOR

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

**SWORN BEFORE ME THIS 28th DAY OF
SEPTEMBER, 2020**

**A COMMISSIONER FOR OATHS IN AND
FOR ALBERTA**

**TREVOR BATTY
BARRISTER & SOLICITOR**



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

AB

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.

A handwritten signature in black ink, appearing to be the initials 'AD' or similar, located in the bottom right corner of the page.

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 September 28, 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 August 24, 2020, the Court granted an Order in these proceedings (the "**Second Extension Order**") which, among other things, extended the stay of proceedings against SAS and SP (together, the "**Swimco Group**") to and including October 9, 2020.


3. Since obtaining the Second 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) Concluded the negotiation of rent reduction lease amendments with SAS’s landlords;
 - (c) Replenishing inventory levels by ordering new product for the retail outlets;
 - (d) Disclaiming certain leases and other commercial agreements that would prevent the Swimco Group from formulating viable Proposals;
 - (e) Responding to various inquiries of the NOI Trustee; and
 - (f) Holding more detailed discussions and reviewing modeling regarding potential alternatives 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 October 9, 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 November 23, 2020, as permitted under s. 50.4(9) of the BIA.
6. I have reviewed the draft NOI Trustee’s Third Report, dated September 28, 2020 (the “**Third Report**”), and I confirm and agree with the NOI Trustee’s comments regarding the Swimco Group’s financial forecasts detailed therein.
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 Third 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 September 28,)
2020.)



A Commissioner for Oaths in and for Alberta

TREVOR BATTY
BARRISTER & SOLICITOR

LORI BACON



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

SWORN BEFORE ME THIS 28th DAY OF
SEPTEMBER, 2020



A COMMISSIONER FOR OATHS IN AND
FOR ALBERTA

TREVOR BATTY
BARRISTER & SOLICITOR

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

7/3

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.