



Level 38 Tower Three
300 Barangaroo Avenue
SYDNEY NSW 2000

ABN: 51 194 660 183
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001

PO Box H67
AUSTRALIA SQUARE NSW
1215
Australia

www.kpmg.com.au

4 April 2023

Circular to Creditors & Suppliers

Dear Sir/Madam

BWX Limited ACN 163 488 631	Renew Skin Care Australia Pty Ltd ACN 606 139 315
BWX Australia Pty Ltd ACN 601 966 170	Derma Sukin Australia Pty Ltd ACN 606 140 818
BWX Brands Pty Ltd ACN 602 062 117	Lightning Distribution Pty Ltd ACN 610 861 455
Beautiworx Pty Ltd ACN 163 847 916	BWX Digital Pty Ltd ACN 621 403 370
Edward Beale Hair Care Pty Ltd ACN 167 891 161	The Good Collective Pty Ltd ACN 169 556 398
Sukin Australia Pty Ltd ACN 602 062 199	

**(All Receivers and Managers Appointed) (All Administrators Appointed)
(Collectively referred to as “the BWX Group”)**

Gayle Dickerson, James Stewart, James Dampney and I were jointly and severally appointed Receivers and Managers (“**Receivers**”) to the BWX Group on 4 April 2023. Note, for clarity, there are other subsidiaries of BWX Limited which are not subject to the appointment of Receivers and Managers.

The effect of the appointment is that the Receivers are now in control of the BWX Group, which includes its business operations, and assets. All enquiries relating to these matters should be directed to the Receivers.

1 Trading

At this stage, the Receivers intend to trade the BWX Group’s business in the ordinary course and we draw your attention to the following information.

1.1 Trading accounts

The Receivers request that all suppliers attend to the following as a matter of urgency:

- Close your existing accounts with the BWX Group in respect of any goods supplied and / or services rendered up to 4 April 2023; and
- Open new accounts in the name of the relevant BWX Group entities in receivership with the suffix “(Receivers and Managers Appointed)” for the ongoing supply of authorised goods and services to the Receivers.

1.2 Orders during the receivership period

From 4 April 2023, liability will only be accepted by the Receivers in respect of the purchase of goods or services authorised by the Receivers or their representatives, whose signatures are **attached**. Accounts will be paid in accordance with your usual terms of credit.

Furthermore, please note BWX Group staff will continue to issue authorised orders to suppliers on behalf of the Receivers. BWX Group staff will continue to be your primary point of contact for all enquiries relating to the provision of goods and services.

As such, to provide suppliers with certainty that an order submitted during the receivership period has been authorised by the Receivers, a Purchase Order (**PO**) system will be implemented by the Receivers, which means that any order made by the BWX Group for provision of goods or services will include a PO signed by one of the Receivers or their authorised representatives.

Should you receive an order from the BWX Group that does not include a signed PO, please request a PO to be issued to you prior to delivering goods or services, as liability for the work will not be accepted by the Receivers without a valid PO.

We acknowledge that a PO system may not be appropriate for all suppliers, particularly for suppliers who provide a significant volume of goods or services, or for suppliers who issue invoices on a periodic or direct debit arrangement. Alternate authorisation methods will be considered depending on the specific circumstances, however such arrangements will need to be approved by the Receivers or their representatives.

If there are any outstanding or unfulfilled orders placed by the BWX Group prior to our appointment, including those under which there are goods in transit, please contact bwxcreditors@kpmg.com.au to obtain written confirmation that the order should proceed.

1.3 Invoices during the receivership period

Please continue to issue all receivership invoices to your normal BWX Group contact unless otherwise directed, and please send a copy to bwxcreditors@kpmg.com.au.

Where a PO has been issued for the provision of goods or services, please include a reference to the PO number on all invoices.

As outlined in section 1.1 above, accounts that are authorised by the Receivers will be paid in accordance with your usual terms of credit.

If you are currently a customer of the BWX Group and also a creditor, please note that any goods supplied to you after the date of our appointment must be paid for by you. You cannot off set an amount due to the Receivers, for goods or services supplied after our appointment, against a pre appointment account owed to you by the BWX Group.

1.4 Consignment stock, goods subject to purchase money security interests and liens / pledges

If you have supplied goods or equipment on consignment, believe you have provided stock or equipment subject to a registered security interest on the Personal Property Security Register, or claim a lien/pledge over any of the BWX Group's assets, then please contact bwxcreditors@kpmg.com.au to provide details of your claim.

Please see the attached short guide to the Personal Property Securities Act for your information.

1.5 Contracts / agreements

The Receivers expressly refrain from personally adopting any of the BWX Group's contracts existing at the date of their appointment. All contracts are currently under review and we will advise the status of contracts as soon as practicable. Payment for use of goods or services is not an adoption of a contract or liability.

1.6 Property used but not owned by the BWX Group

In accordance with section 419A of the Act, the Receivers' liability under hire or lease agreements does not commence until seven days after their appointment.

We will write separately to known hire and lease creditors regarding such assets. Please contact this office if you do not receive our letter.

2 Creditor pre-appointment claims

The Receivers' appointment follows the appointment of Kate Warwick, Joe Hansell and Kelly Trenfield of FTI Consulting as Voluntary Administrators to the BWX Group on 3 April 2023.

Any amounts owed to you up to the date of our appointment will rank as an unsecured claim against the BWX Group. These claims will be handled by the Voluntary Administrators and can be emailed to BWXGroup@fticonsulting.com.

3 Employees

We have written separately to all BWX Group employees regarding our appointment.

4 Further information

For further information concerning the receivership process and KPMG, you may wish to visit our website <https://kpmg.com/au/en/home/creditors.html>.

Insolvency information sheets for directors, employees, creditors and shareholders can also be accessed from the Australian Securities & Investments Commission website at www.asic.gov.au/insolvencyinfosheets.

Should you have any questions, please contact us at bwxcreditors@kpmg.com.au.

Yours faithfully
BWX Limited



David Hardy
Receiver and Manager

Signatures - Receivers and their authorised representative		
Authoriser name	Authorisation limit	Signature
David Hardy	Unlimited	
James Dampney	Unlimited	
Gayle Dickerson	Unlimited	
James Stewart	Unlimited	
Ian Sutherland	\$25,000	
Anthony Peluso	\$25,000	
James O'Connell	\$25,000	

Short guide to the Personal Property Securities Act

What is Personal the Property Securities Act?

The Personal Property Securities Act 2009 (PPSA) established national legislation governing security interests in personal property. It replaced a large number of existing Commonwealth, State and Territory laws. "Personal Property" is any property that is not "Real Property" being land and buildings or fixtures. Personal Property generally includes all property (tangible and intangible) other than land, fixtures, most water rights and some statutory licences. It includes goods or inventory, intellectual property, shares, debts and contractual rights.

There is a single national Register for parties to record their interests in personal property, called the Personal Property Securities Register (PPSR); on which all security interests in personal property can be registered. The PPSR replaced a number of State and Commonwealth registers, including the ASIC Register of Group Charges and all State Registers of Encumbered Vehicles (REVs). Any holder of a security interest in a personal property must register to ensure they have a priority to claim that property.

The PPSA has changed the way security interests are dealt with across Australia. Legal title to personal property in some situations is no longer enough to protect owners, as this legislation overturns fundamental personal property law concepts.

What is a 'Security Interest'?

A security interest is an interest in personal property, created by a transaction that secures payment or performance of an obligation.

Security interests can include:

- Interests of owners in assets leased to other parties;
- Interests of sellers of goods subject to hire purchase agreements;
- Interests of suppliers in stock delivered but subject to retention of title arrangements.

The PPSA states that a security interest exists regardless of the form of the transaction, or the identity of the person who has title to the property. The concept of a security interest under PPSA covers a broader range of interests than traditional security concepts.

If you have a security interest, it must be perfected. If you have not perfected your security interest, usually by registration on the PPSR, you may lose the ability to enforce your claim.

How does PPSA impact your business?

There are some significant implications for businesses arising from the PPSA, for example:

Retention of title arrangements

Some transactions that were not previously security interests are now registrable on the PPSR. For example, if you sell goods on retention of title terms, you may need to review your terms of trade and register an interest on the PPSR to protect your interest in stock delivered but not paid for.

Leases

Under the PPSA, 'title' or 'ownership' of goods can have a lower status than possession or control of goods if the owner of the goods has not registered their interest on the PPSR. You should register your security interest to 'perfect' your rights. If you do not register, then you may not be able to recover your goods or receive payment if the customer becomes insolvent. You may also lose your rights to another creditor of the customer who has 'perfected' their security interest over the property.

You should seek legal advice about the implications of the PPSA to your individual circumstances.

SecuriSearch is an Android, iOS and Windows application allowing users to search and review the PPSA quickly and easily from a mobile device. Visit our website at: <http://www.securisearch.com.au/>

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