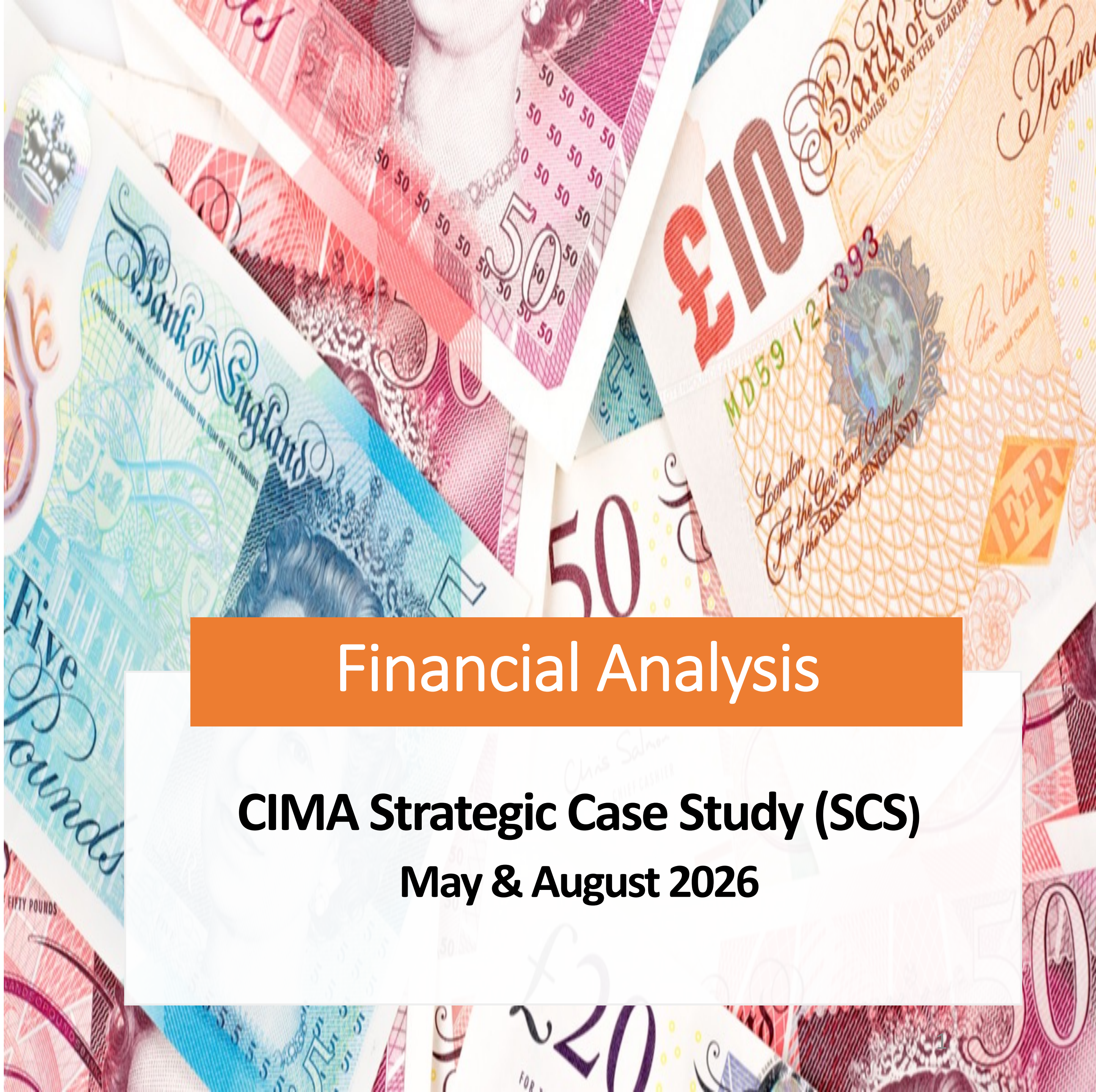
Kwirtmak



Financial Analysis

CIMA Strategic Case Study (SCS)

May & August 2026

TCS

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Statement of Profit & Loss

- Revenue
  - *Significant decrease of 19%*
  - *Breskko's increased by 10%*
- Gross Profit
  - *Significant decrease of 23%*
  - *Breskko's increased by 8%*
- Operating Exp
  - *Decreased by 4%*
  - *Breskko's increased by 6%*
- Operating Profit
  - *Decreased significantly by 27%*
  - *Breskko's increased by 9%*
    - *KM's revenue dipped by 19% when controllable costs dipped by just 8%*
- Net Profit
  - *Decreased significantly by 29%*
  - *Breskko's increased by 9%*
    - *KM's revenue dipped by 19% when total costs dipped by just 12%*
    - *BK's revenue increased by 10% when total costs increased by 10.2%*

Kwirtmak			
Item	**2026**	**2025**	**% Change**
Revenue	2,320	2,857	-19%
Cost of Sales	828	913	-9%
Gross Profit	1,492	1,943	-23%
Selling & Admin	47	47	0%
Research	270	285	-5%
Operating Profit	1,175	1,611	-27%
Finance cost	108	108	0%
Profit Before Tax	1,067	1,503	-29%
Tax	256	361	-29%
Profit	811	1,142	-29%

Statement of Financial Position

- Non-current Assets
  - *Increased by 11%*
  - *PPE increased by 10%*
  - *Portion of intangible assets: 19%*
- Equity
  - *Increased by 19%*
  - *Share Capital remained unchanged*
  - *Retained earnings increased by 31%*
  - *Currency reserve decreased by 17%*
- *Bank Balance*
  - *Decreased by 8%*
  - *Breskko's increased by 5%*
- *Borrowings*
  - *Remained constant*

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Item	**2026**	**2025**	**% Change**
Non current Assets	3,167	2,863	11%
Current Assets	622	705	-12%
Equity	2,106	1,772	19%
Non current liabilities	1,350	1,350	0%
Current Liabilities	333	445	-25%

Statement of Changes in Equity

Share Capital

- *Remained unchanged*
- *Equity increased due to internal profitability rather than fresh SH funding*

Currency Reserve

- *Fell by 17% due to a currency loss*
- *Exposed to adverse foreign exchange movements: Global footprint*

Retained Earnings & Dividend

- *53% of profits paid as dividends. High dividend payout due to:*
  - *High beta of 2.3: Attracts risk positive investors*
  - *Weaking earnings in 2026*
  - *Payout is questionable in a capital-intensive, innovation-driven industry where funds are needed for R&D, supply-chain resilience & sustainability*
  - *Yet, trying to compensate shareholders for investing on a a risk business*
  - *Breskko's was higher (70%), given better financials*
- *47% of profits retained within the business*
  - *Remained profitable even after paying the dividend*

Ratio Analysis

Kwirtmak				
Type	**Ratio**	**2026**	**2025**	**Difference**
Profitability	GP Margin	64%	68%	-4%
	OP Margin	51%	56%	-5%
	NP Margin	35%	40%	-5%
	ROCE	34%	52%	-18%
Activity	Receivable Days	31	31	-
	Inventory Days	127	125	(2)
	Payable Days	34	34	-
	CCC	124	122	2
Gearing	Gearing	39%	43%	-4%
	Interest Cover	11	15	(4)
Liquidity	Current Ratio	1.9	1.6	0.3
	Quick Ratio	1.0	0.9	0.1

Ratio Analysis: Profitability

- OP Margin decreased by 4%
  - *OP Margin in 2026: 51%*
  - *Sales decreased by 19%*
  - *Controllable costs decreased by 8%*
  - *Breskko's OPM: 53%*

- NP Margin decreased by 5%
  - *NP Margin in 2026: 35%*
  - *Revenue dipped by 19%*
  - *Total costs dipped by 12%*
  - *Breskko's NPM: 38%*

- ROCE decreased significantly by 18%
  - *ROCE in 2026: 34%*
  - *Can increase further by managing COS &OpEx*
  - *Breskko's ROCE: 34%*

Ratio Analysis: Activity

- Receivable days remained constant
  - *Customers settle dues within 31 days*
  - *Breskko's RD: 31 days*
- Inventory days decreased slightly by 2 days
  - *Stocks converted into cash in 127 days*
  - *Breskko's ID: 123 days*
- Payable days remained constant
  - *Company settles amounts due within 34 days*
  - *Breskko's PD: 33 days*
- CCC
  - *CCC in 2026: 124 days*
    - *Cash tied up in WC for a significant period*
    - *Increases funding pressure*
    - *Yet, reflect industry dynamics, not poor WCM*
  - *Breskko's CCC: 121 days*

Ratio Analysis: Gearing & Liquidity

- Gearing decreased slightly by 4%
  - *Gearing is below the ceiling of 50%*
    - *Gearing in 2026: 39%*
    - *Can raise debt finance in the future*
  - *Breskko's Gearing: 30%*

- *Interest Cover decreased*
  - *Can easily settle debt obligations (FC)*
  - *Operating profits cover finance costs 11 times*
  - *Breskko's IC: 14 times*

- *Current Ratio increased slightly*
  - *Ideal is 2:1 (actual is 1.9:1)*
  - *Due to high Inventories & Receivables*
  - *Breskko's CR: 1.7:1*

- *Acid test ratio increased slightly*
  - *Ideal is 1:1 (actual is 1:1)*
  - *Breskko's ATR: 0.9:1*

Ratios

Breskko

Ratio Analysis

Breskko				
Type	**Ratio**	**2026**	**2025**	**Difference**
Profitability	GP Margin	66%	67%	-1%
	OP Margin	53%	54%	-1%
	NP Margin	38%	38%	0%
	ROCE	34%	34%	0%
Activity	Receivable Days	31	31	-
	Inventory Days	123	139	16
	Payable Days	33	32	(1)
	CCC	121	138	(17)
Gearing	Gearing	30%	32%	-2%
	Interest Cover	14	13	1
Liquidity	Current Ratio	1.7	1.8	(0.1)
	Quick Ratio	0.9	0.9	-

THANK YOU!

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