Mock 1 – Questions

Strategic Case Study – May & August 2026

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The examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub task/s	% mark allocations on each sub task
1	60	1	3	a) 40% b) 35% c) 25%
2	60	1	3	(a) 40% (b) 40% (c) 20%
3	60	1	3	(a) 50% (b) 30% (c) 20%

Each section (task) has several sub tasks. An indication of mark allocations is shown against each sub task in the text of the question (and summarized in the table above).

This information will be available for you to access during the examination by clicking on the Preseen button.

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Section 1 (60 mins)

You receive the following email from the CFO.

To: Senior Finance Manager

From: CFO

Subject: Divestment and industry pressures

Kwirtmak's revenue has fallen over the past year, while profitability has also declined significantly. Although Kwirtmak still offers a wide range of commercial 3D printers, weaker demand in some traditional markets means the business must protect profitability while positioning itself for future growth.

At the same time, the medical 3D-printing segment appears to offer strong growth potential, with rising demand for customised medical products. Expansion into this area would represent an attractive move into a promising adjacent market.

To help fund this expansion, the board is considering divesting Kwirtmak's legacy small 3D extrusion printer line, which was originally developed for small commercial design workshops when the company was founded.

- Evaluate whether Kwirtmak should divest its legacy small 3D extrusion printer line to support expansion into the higher-growth medical 3D-printing segment.

[Sub task (a) – 40%]

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Also, refer to the extract of the Board meeting minutes attached herewith (see reference material).

- Evaluate the CEO's suggestion with regards to the bonus. ***[Sub task (b) – 35%]***

- Evaluate whether Kwirtmak should use part of the disposal proceeds for a share buyback.

[Sub task (c) –25%]

Regards,

CFO

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Reference Material

The Chief Executive Officer argued that, if the proposed divestment is completed and the released funds are successfully redirected into a more strategically attractive market, Board members' bonuses should be increased to reflect their role in reshaping the business and supporting long-term growth.

He also proposed that part of the disposal proceeds should be used to undertake a share buyback. In his view, Kwirtmak's weakened share price could be supported by a buyback, which may strengthen shareholder confidence.

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Section 2 (60 mins)

The CFO stops at your workstation and hands over a document.

Please go through this document which is an excerpt of board meeting minutes. I need your advice on following matters.

- Evaluate the proposal of launching Kwirtmak Connect as a strategic opportunity.

  [Sub task (a) – 40%]

- Recommend appropriate strategic objectives for Kwirtmak Connect and evaluate the critical success factors and KPIs that the Board should use to assess its success.

  [Sub task (b) – 40%]

- Identify and evaluate the implications of suspending dividends to finance this new venture. ***[Sub task (c) –20%]***

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Board Meeting Minutes

The Board is considering the launch of a new digital service platform called Kwirtmak Connect (KMC). Under this proposal, Kwirtmak's commercial 3D printers would be linked to a cloud-based platform that would allow customers to:

- Monitor printer performance in real time
- Receive predictive maintenance alerts
- Install approved software updates automatically
- Access AI-supported print-setting recommendations
- Integrate more easily with leading 3D CAD packages
- Benchmark material usage, downtime and print accuracy across sites

Customers would pay an annual subscription fee for access to Kwirtmak Connect.

Several directors believe that the Board should establish clear strategic objectives and measurable performance indicators before committing to full investment.

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Section 3 (60 mins)

A month later, you receive the following e-mail from the CFO.

I have attached a scanned copy of a quotation that has been circulated to the Board.

CloudSphere has a strong reputation in the provision of secure cloud infrastructure and managed digital-platform support services. The company is based in Ceeland, whose currency is the C$. CloudSphere insists on being paid in its home currency because it expects the C$ to remain stronger than the E$. The exchange rate is currently E$5.00 = C$1.00.

- Recommend, with reasons, how Kwirtmak should finance the initial cloud-platform setup and integration cost of C$50 million and the annual managed-service fee of C$1 million. ***[Sub task (a) - 50%]***

The covenants on our existing loans forbid us to exceed a gearing of 42%. The board does not intend to issue shares at present as well.

- Recommend with reasons how we should deal with the breach of our debt covenants if we borrow C$50 million. ***[Sub task (b) - 30%]***

- Recommend with reasons the approach that we should take to manage the currency risks associated with the annual managed service fee in future years. ***[Sub task (c) - 20%]***

CFO

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Reference Material

NO. INV 25734
DATE: 05.08.2026
VALID UNTIL: 05.11.2026

INVOICE

INVOICE TO
Kwirtmak Group

Service Description	Details	Amount (C$)
Initial Cloud Platform Setup & Integration	Customised cloud platform for Kwirtmak Connect, including secure hosting, system integration and testing.	**50,000,000**
Annual Managed Services Fee	Ongoing system support, security reviews, updates and access monitoring.	**1,000,000**

TOTAL	**51,000,000**

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