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WeXL Edu Private Limited Value Analysis as at 31 March 2023

*Strictly private
and confidential*
Final Report

24 May 2023

pwc

WeXL Edu Private Limited

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24 May 2023

For the kind attention of Mr. Naveen Kumar Linga

**Final Report prepared by PwC Business Consulting Services LLP
("PwC BCS LLP" or "we" or "us") in connection with the
determination of equity value ("Value Analysis") of WeXL
Education Private Limited**

This Valuation report ("Report") has been prepared for WeXL Education Private Limited ("WeXL" or "Client" or "You" or "Company") in connection with the Value Analysis of the Company, for your internal strategic decision-making purposes. The report has been prepared in accordance with our letter of engagement dated 31 October 2022 and the attached terms of business (together "Engagement Letter").

Our Value Analysis is inter-alia based on the information and financial data (including financial projections) provided to us by the management of WeXL ("Management"), clarifications and inputs provided during our discussions with the Management. During the course of our work, we have relied on the integrity of the information provided to us and, other than reviewing the consistency of such information, we have not sought to carry out an independent verification thereof. Our work did not constitute an audit conducted in accordance with generally accepted auditing standards, or an examination of internal controls or other attestation or review services. Accordingly, we do not express an opinion on the information presented.

Our Report has been solely prepared for the purposes mentioned above. Unless required by law, Client shall not provide this, or any other such document (including draft deliverables) to any third party, without first obtaining consent of PwC BCS LLP, in writing, together with, where required

by PwC BCS LLP, procuring a "Hold-Harmless" Letter in favour of PwC BCS LLP from such third party.

In no event, regardless of whether consent has been provided, shall PwC BCS LLP assume any responsibility to any third party to which the advice or deliverable or draft deliverable is disclosed or otherwise made available.

Further, any reference and usage of language thereof of PwC BCS LLP's Report cannot be made in any document/website by the Client, its associates or its advisors without prior written approval by PwC BCS LLP. For the avoidance of any doubt, it is clarified that notwithstanding anything to the contrary, (save and except the Company) there are no other beneficiaries, express or implied, to the services provided by PwC BCS LLP under this letter of engagement. This Report forms an integral whole and cannot be split in parts. The outcome of Value Analysis can only lead to proper conclusions if the Report as a whole is taken into account.

Value Analysis may be based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material. Consequently, this information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. We express no opinion as to how closely the actual results will correspond to the results projected.

We are not required to and have not carried out an audit of nor independently verified the accuracy, reasonableness and completeness of the financial statements, financial forecasts or key assumptions provided to us

for our analysis. Accordingly, we do not express an opinion or offer any form of assurance regarding the accuracy, reasonableness, commercial viability or completeness of these data.

We have also used available market data, including those from CapitalIQ, VCCedge and other public domains, where appropriate, for which we are not responsible in terms of content and accuracy. We have not carried out a due diligence exercise or any other validation procedures on the assets and liabilities of the Company as part of the Value Analysis. Our procedures did not constitute an audit. Value Analysis of tangible and intangible assets, expert tax advice, transfer pricing advice on commercial arrangements among Client group entities, and due diligence (financial, tax and legal) are outside the scope of this engagement.

By its very nature, Value Analysis cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our assessment as falling within a likely range. While we consider our range of values to be both reasonable and defensible based on the information available to us, others may place a different value on WeXL.

We would like to take this opportunity to express our appreciation of the assistance and co-operation provided to us by the Client during the performance of our assignment.

If you require any clarification or further information, please do not hesitate to contact Vishnu Giri on +91-80-40797050 or Chandra Ganduri on +91-98-49594208.

Thank you

Yours faithfully

Vishnu Giri

Partner

Glossary of Terms and Abbreviations (1/2)

Term	Definition
ARPU	Average Revenue Per User
B2B	Business to Business
B2C	Business to Consumer
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CAPM	Capital Asset Pricing Model
Client / You	WeXL Edu Private Limited
Client Management / Management	Management of WeXL Edu Private Limited
CY	Calendar Year (From January to December)
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBIT	Earnings Before Interest and Tax
EDMS	Electronic Document Management System
EV	Enterprise Value
FCF	Free Cash Flow
FY	Financial Year
MLP	Micro Learning Program
Mn	Million
MOE	Ministry of Education

Glossary of Terms and Abbreviations (2/2)

Term	Definition
MOF	Ministry of Finance
MOU	Memorandum of Understanding
NWC	Net Working Capital
PaaS	Platform as a Service
PAT	Profit After Tax
PBT	Profit Before Tax
Projection Period / Forecast Period	01 April 2023 to 31 March 2030
PwC BCS LLP	PwC Business Consulting Services LLP
SaaS	Software as a Service
TTM	Trailing Twelve Months
WACC	Weighted Average Cost of Capital
Value Analysis Date	31 March 2023

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Context

Context

- WeXL Edu Private Limited is an Edtech company offering a digital platform to schools, colleges and coaching centers. The platform enables virtual learning with the objective of enabling access to quality education to students through innovative solutions, that would improve learning outcomes and student performance.
- The Company was established in August 2020 and is headquartered in Hyderabad, India.
- The Management has appointed PwC BCS LLP for determination of the equity value of the Company for its internal strategic decision-making purposes. The Value Analysis has been carried out as at 31 March 2023, as discussed with Management.

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Background and Overview

Background & Overview

Overview

- We understand that WeXL is an online education company offering a digital platform to schools, colleges, institutes, coaching centers and other education companies/stakeholders (together referred as “Partners”) to enable virtual learning.
- WeXL has developed a unique research-based program (Micro Learning Program), which guarantees improvement in performance of the users by ~30%-50%. Under this program the Company emphasizes on a three layered daily revision approach i.e, through concept revision videos, summary notes and questionnaires. The program is focused on revision only; it does not require any modifications to existing teaching/delivery approach followed by the Partners.
- Based on our discussions with Management we understand that the Company is currently operating under the following verticals/revenue segments -

Schools:

➤ Domestic:

- We understand that this vertical is focused on K-12 students across various boards i.e, state board, CBSE and ICSE. It assists Partners in digitalizing their content and provides teachers with integrated solutions to monitor student performance.
- Revenues under this segment are a function of the number of students and fee per student per annum. We understand that the Company has currently onboarded ~27,000 students through tie-ups/MOUs with ~46 schools. Refer appendix 1.1 for details.

- We further understand that the Management currently has ~154 schools in pipeline at various stages of discussion, with potential of ~90,300 total students.

➤ Global:

- In addition to Domestic schools, Management has also filed a tender with MOE Oman to tie-up with schools in Oman. We understand that WeXL has been shortlisted as one of the top 3 companies by MOE Oman; as per Management there is a high probability of the tender being assigned to WeXL; ~250,000 users are estimated to be onboarded through this contract.
- Further, Management is at initial stages of discussions with 2 other Partners in Oman and Uganda, with estimates of ~1,200 students currently. Refer appendix 1.2 for details.

Publishers:

- We understand that under this vertical WeXL provides an application with features comprising question bank, practice test, performance tracker & concept videos to publishers who are engaged in physical books sales; this significantly enhances student learning experience through digital capabilities provided by WeXL.
- Revenues under this segment are a function of number of books sold and fee per book. We understand that Company has currently tied-up with 2 publishers with potential of ~28,000 users. Refer appendix 1.3 for details.
- We further understand that currently the Management has 1 publisher in pipeline at advanced stage of discussion.

Background & Overview

Platform as a Service:

- WeXL has established a platform as a marketplace under this vertical for the Partners, where any Partner can list themselves to evaluate cross-selling opportunities and/or to digitalize their content.
- Revenues under this segment are in the nature of a referral fee per user for every cross-sell transaction through platform and/or platform usage fee per user. We understand that the Company has currently onboarded 7 partners with potential of ~237,000 total users. Refer appendix 1.4 for details.
- We further understand that the Management currently has ~4 partners in pipeline at various stages of discussions with potential of ~70,000 total users.

B2C Segment:

- We understand that under this vertical WeXL enters into revenue sharing contracts with existing players operating in competitive exams, upskilling, government exams, etc to assist them in digitalizing their content under Micro Learning Program.
- We understand that both revenues as well as the costs are shared between WeXL and the Partner as per pre-agreed ratio. WeXL has currently signed MOUs with 3 companies with a potential of ~143,500 total users. Refer appendix 1.5 for details.

Key Considerations:

- We understand that during FY21 and FY22, WeXL focused on development of the platform and digitalization of content; thus, revenues during this period are insignificant. We further understand that WeXL is not engaged in the development of content; it either acquires content from a third party or assists Partners in digitalization of content provided by them.
- We were informed by the Management that the Company has conducted pilot testing of the platform during FY23 with various Partners to ensure viability of the program and has achieved satisfactory results. Based on the results of pilot testing, Management has commenced signing of MOUs with the Partners from the second half of FY23; significant proportion of the revenues under these MOUs are expected to commence from May'23-Jul'23 ie. the beginning of the next academic year.

Projected Performance

Projected Income Statement - Management Projections (1/3)

Particulars	FY24	FY25	FY26	FY27	FY28	FY29	FY30
School - Domestic	137	331	580	798	1,009	1,220	1,410
Schools - Global	75	32	59	88	116	138	163
Publisher	58	104	147	197	242	286	323
Platform as a Service	22	56	152	220	278	336	389
B2C Segment	332	588	913	1,233	1,553	1,880	2,171
Others	69	294	578	940	1,192	1,443	1,669
Revenue from Operations	692	1,405	2,428	3,476	4,390	5,303	6,126
y-o-y growth (%)	NM	103%	73%	43%	26%	21%	16%
Employee benefits expense	297	402	563	847	1,098	1,319	1,569
% of revenue	43%	29%	23%	24%	25%	25%	26%
y-o-y growth (%)	NM	35%	40%	50%	30%	20%	19%
Marketing Cost	50	100	150	200	250	300	350
% of revenue	7%	7%	6%	6%	6%	6%	6%
y-o-y growth (%)	NM	100%	50%	33%	25%	20%	17%
Administration and other expense	25	29	38	42	45	49	53
% of revenue	4%	2%	2%	1%	1%	1%	1%
y-o-y growth (%)	NM	17%	33%	9%	9%	8%	8%
EBITDA	319	874	1,677	2,388	2,997	3,635	4,154
EBITDA Margin %	46%	62%	69%	69%	68%	69%	68%

Source: Management Information

Projected Income Statement - Management Projections (2/3)

Revenues:

➤ Schools

Domestic:

- Management has projected the revenues from Domestic schools to grow at an annualized CAGR of ~48% from ~INR 137 Mn in FY24 to ~INR 1,410 Mn by FY30.
- Total number of users during FY24 are estimated to be ~273,000 (with ARPU of ~INR 500 per annum) and expected to increase to ~1,396,000 by FY30 (with ARPU of ~INR 1,010 per annum).

Global:

- Management has projected the revenues from Domestic schools to grow at an annualized CAGR of ~14% from ~INR 75 Mn in FY24 to ~INR 163 Mn by FY30.
- Total number of users during FY24 are estimated to be ~251,000 (with ARPU of ~INR 300 per annum) and expected to increase to ~350,000 by FY30 (with ARPU of ~INR 466 per annum).

➤ Publishers

- Management has projected the revenues from Publishers to grow at an annualized CAGR of ~33% from ~INR 58 Mn in FY24 to ~INR 323 Mn by FY30.
- Total number of users during FY24 are estimated to be ~475,000 (with ARPU of ~INR 122 per annum) and expected to increase to ~2,283,000 by FY30 (with ARPU of ~INR 142 per annum).

➤ Platform as a Service

- Management has projected the revenues from PaaS to grow at an annualized CAGR of ~62% from ~INR 22 Mn in FY24 to ~INR 389 Mn by FY30.
- Total number of users during FY24 are estimated to be ~240,000 (with ARPU of ~INR 90 per annum) and expected to increase to ~1,328,000 by FY30 (with ARPU of ~INR 293 per annum)

➤ B2C Segment

- Management has projected the revenues from this segment to grow at an annualized CAGR of ~37% from ~INR 332 Mn in FY24 to ~INR 2,171 Mn by FY30.
- Total number of users during FY24 are estimated to be ~143,500 (with ARPU of ~INR 2,312 per annum) and expected to increase to ~1,121,000 by FY30 (with ARPU of ~INR 1,936 per annum).

➤ Others

- This includes revenue from 2 streams namely SMART School and WeXL Learning Centers. However, based on our discussions with Management we understand that there is no traction on these segments currently.
- Revenues from these segments are estimated to grow at an annualized CAGR of ~70% from ~INR 69 Mn in FY24 to ~INR 1,669 Mn by FY30.

Projected Income Statement - Management Projections (3/3)

EBITDA:

- Employee benefit expenses are projected to increase from ~INR 297 Mn in FY24 (~43% of revenues) to ~INR 1,569 Mn in FY30 (~26% of revenues), representing a CAGR of ~32%; lower than the projected revenue CAGR considering that these expenses are not fully variable. Further, the Management has also projected the efficiency of its workforce to improve over the Projection Period.
- Management has estimated employee headcount to increase from 632 employees during FY24 (~80% of which are in operations and sales team) to 2,198 employees by FY30 (~90% of which are in operations and sales team).
- Marketing costs are estimated to increase from INR 50 Mn (~7% of revenues) in FY24 to INR 350 Mn by FY30 (~6% of revenues).
- Administration and other expenses are estimated to increase from INR 25 Mn in FY24 to INR 50 Mn by FY30, representing a CAGR of ~14%.
- Management has estimated EBITDA margin of the Company to be ~46% for FY24 and it is expected to increase gradually to ~68% by FY30.

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Projected Income Statement – Adjusted Projections (1/2)

Particulars	% Included	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Schools - Domestic	100%	137	331	580	798	1,009	1,220	1,410
Schools - Global	50%	38	16	30	44	58	69	82
Publishers	100%	58	104	147	197	242	286	323
Platform as a Service	100%	22	56	152	220	278	336	389
B2C Segment	50%	166	294	456	617	777	940	1,085
Revenue from Operations		420	801	1,364	1,876	2,364	2,851	3,290
y-o-y growth (%)		NM	91%	70%	37%	26%	21%	15%
Employee benefits expense		297	402	563	847	1,098	1,319	1,569
% of revenue		71%	50%	41%	45%	46%	46%	48%
y-o-y growth (%)		NM	35%	40%	50%	30%	20%	19%
Marketing Cost		84	160	273	375	473	570	658
% of revenue		20%	20%	20%	20%	20%	20%	20%
y-o-y growth (%)		NM	91%	70%	37%	26%	21%	15%
Administration and other expense		25	29	38	42	45	49	53
% of revenue		6%	4%	3%	2%	2%	2%	2%
y-o-y growth (%)		NM	17%	33%	9%	9%	8%	8%
EBITDA		13	210	490	612	748	913	1,010
EBITDA %		3%	26%	36%	33%	32%	32%	31%

Source: Management Information

Projected Income Statement – Adjusted Projections (2/2)

Adjusted Projections:

- We note that during FY23, total revenues of the Company were INR 4.6 Mn and were generated from Schools, Publishers and PaaS segments only. We understand that for Global Schools and B2C Segment, market viability of the product has not yet been tested and no revenues were generated from these segments during FY23.
- However, as mentioned on page 10 and page 11, the Company has submitted a tender with MOE Oman and has been shortlisted among top 3 companies; Management estimates high probability of this contract being awarded to WeXL; ~250,000 users are estimated to be onboarded through this contract in FY24. Further, Management has also entered into MOUs with 2 other global Partners and 3 B2C Partners in India.
- Considering above factors, wherein there is limited committed revenues as on date, there exists uncertainty with respect to achievement of projected revenues for Global Schools and B2C Segment. **Thus, we have considered 50% of the Management revenue projections for Global Schools and B2C segment in adjusted projections.**
- Further, as there is **no visibility of revenues from SMART School and WeXL Learning Centers (refer page 13), it has not been considered in the adjusted projections.**
- Management has estimated EBITDA margin of ~46%-68% during Projection Period. Based on the benchmarking analysis, we observe that the EBITDA margins for ed-tech companies is typically

below 25%. Management has explained that as the Company primarily operates in B2B model and is not engaged in content creation, it is expected to have superior EBITDA margins as compared to other ed-tech companies on account of savings in marketing and operations cost. Taking into account Management estimates and explanations on the one hand along with industry benchmarks on the other, **we have capped the sustainable EBITDA margin at ~31% during the Projection Period.**

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Taxes, Working Capital and Capital Expenditure

Taxes

- Taxes have been computed at the applicable marginal tax rate of ~25.17%. As per Management, there are no carry forward tax losses / unabsorbed depreciation, as at the Value Analysis Date.

INR Million	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Net Working Capital	(25)	(24)	(14)	-	71	143	263
% of revenues	-6%	-3%	-1%	0%	3%	5%	8%

Net Working Capital (“NWC”)

- Based on discussions with Management we understand that working capital is expected to be negative ~6% of revenues during FY24 and expected to stabilize at ~8% of revenues by FY30. Refer table alongside.

INR Million	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Capex	26	32	33	33	34	35	35
% of revenues	6%	4%	2%	2%	1%	1%	1%

Source: Management Information

Capital Expenditure (“Capex”)

- Considering the nature of operations of the business, and the projected scale-up, Management has estimated annual Capex for content acquisition and office equipment to be ~INR 26 Mn during CY24; this is expected to increase to ~INR 35 Mn by CY30. Refer table alongside.

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Value Analysis - Overview

Value Analysis Approaches

Basis of Value Analysis

- The basis of the Value Analysis that we have adopted is “Fair Value”. We define Fair Value as the price which a business might reasonably be expected to fetch, in money or money’s worth in an open market sale, between a willing buyer and a willing seller, both of whom are equally well informed about the business and the markets in which it operates and each of whom is deemed to be acting for its self interest.
- The Value Analysis has been carried out as at **31 March 2023**.

Value Analysis approaches:

- The following approaches are typically used while carrying out Value Analysis:
 - **Income Approach** - This approach indicates the value of a business based on the value of the cash flows that the business can be expected to generate in the future.
 - **Market Approach** – This approach indicates the value of a business based on a comparison of the business to comparable publicly traded companies and as well as prior transactions in the industry.
 - **Net Asset Value Approach** – This approach indicates the Value of the business by adjusting the assets and liabilities appearing in the balance sheet of the company which is being valued as at the Value Analysis date. This approach is based on the summation of individual piecemeal values of the underlying assets less the book value of the liabilities

Value Analysis approaches adopted:

- *We have not considered Net Asset Value approach as the value under this approach, particularly when this approximates the realizable value, is often used as an estimate of “break-up value”, and therefore, is particularly relevant in the event of liquidation and may not be representative of the fair value of a going concern.*
- *We have computed a value range based on Market Approach and Income Approach as detailed below:*
 - *We have considered the Transaction Multiple Method under Market Approach (as there are no listed companies comparable in terms of nature and stage of operations) for the purpose of Value Analysis.*
 - *We have also considered Discounted Cashflow Method (“DCF”) under Income Approach to arrive at the Fair Value range.*

Further, terminal value under DCF method can be computed either using Exit Multiple Method or Gordon Growth Method. In our opinion Exit Multiple Method is more reasonable to estimate the terminal value under DCF method for companies in relatively early stages of operations. Hence, we have applied a hybrid of Income and Market Approach, by considering transactions multiples of guideline companies for estimating the terminal value at the end of FY30 (as part of the DCF analysis).

Value Analysis Principal Assumptions

- Our Value Analysis is subject to specific representations and assumptions, which you consider necessary and appropriate. In addition, please refer the following section on the key assumptions underlying the Value Analysis.
 - The Company continues to operate as a going concern, which will enable the achievement of the financial forecasts.
 - Information provided by the Management up to the date of this Value Analysis fairly reflects the business, financial and operating positions of the business.
 - We have relied on the projected performance of the Company, as provided by Management.
 - As per the Management, there are no non-operating assets or non operating liabilities that required separate Value Analysis.
 - There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the Value of the Company.
 - The other assumptions specifically outlined in the ensuing sections of this report hold true.
 - The projections are based on estimates as at March 2023.

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Value Analysis – Income Approach

Value Analysis – Income Approach

Discounted Cash Flow (DCF) Method

- This method indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.

The DCF method is comprised of four key steps:

- estimating future cash flows for a certain discrete projection period;
 - discounting these cash flows to present value at a rate of return that considers the relative risk of achieving the cash flows and the time value of money;
 - estimating the residual value of cash flows subsequent to the discrete projection period; and
 - combining the present value of the residual cash flows with that of the discrete projection period cash flows to indicate the enterprise value.
- The projections from 01 April 2023 to 31 March 2030 (“Projection Period”) are provided by the Management as set out in the following pages.

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Value Analysis - Income Approach – Key Parameters

Weighted Average Cost of Capital

- The Weighted Average Cost of Capital (“WACC”) measures the returns required by both debt and equity investors, weighted by their respective contributions of capital.
- Considering the nature and stage of operations of the business, we have not relied on the Capital Asset Pricing Model (“CAPM”) for estimation of the Cost of Equity. The business is subject to significant early-stage risks considering that - (a) the current revenue base for FY23 is insignificant and (b) significant revenue ramp-up and margin improvements have been projected.
- Accordingly, we have considered a discount rate in line with the expected venture capital rate of return for expansion stage companies as per the guidelines issued by American Institute of Certified Public Accountants (‘AICPA’) on Value Analysis of Privately-Held-Company Equity Securities Issued as Compensation dated 29 May 2013.
- The AICPA guidelines prescribe a discount rate range of 40%-60% for enterprises that are currently in the early stages of development.
- ***Based on the above and our analysis of the projections we have considered the mid-point of the range, i.e., 50% as the appropriate discount rate for the purpose of Value Analysis.***

Terminal Value / Normalized Period

- Terminal value (“TV”) is calculated to capture the value of the business beyond the Projection Period. At the end of the forecast period, it is assumed that the cash flows will continue indefinitely.

- As discussed on page 18, Exit Multiple Method is more reasonable to estimate the terminal value under DCF method for companies at initial stages of operations. Hence, we have considered transaction multiples of guideline companies for estimating the terminal value at the end of CY30.
- In estimating the Terminal Value, we have considered and analysed the transaction multiples of companies engaged in online education sector. Given that EV/EBITDA multiples for many of the transactions are either not meaningful or not available, we have relied on the EV/Revenue deal multiples of guideline companies for our analysis.
- WeXL is at initial stages of operations and is estimated to be at a relatively smaller size by FY30 as compared to the current size of guideline companies. Thus, we believe First Quartile of deal multiples to be a reasonable benchmark for the computation of terminal value.
- Further, we observe that most of the guideline companies are at growth stages and thus the current deal multiples are higher. However, as the exit multiple is applied on FY30 revenues for WeXL, which represents revenues closer to stabilized level of operations, we have considered a discount of 30% to 40% on the selected multiple to factor in impact of high-growth premium in the current deal multiples of guideline companies. Refer Appendix 2 for details.
- ***Accordingly, EV/Revenue exit multiple range of 1.8x to 2.1x has been considered for the terminal value computation.***

Other Considerations

- As per Management, the cash flows accrue uniformly through the year, and have thus considered a mid-period discounting factor for this analysis.

Value Analysis - Income Approach – Discounted Cashflow Analysis

INR Million	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Value
Total Revenues	420	801	1,364	1,876	2,364	2,851	3,290	3,454
<i>Revenue growth</i>	<i>NMF</i>	<i>91%</i>	<i>70%</i>	<i>37%</i>	<i>26%</i>	<i>21%</i>	<i>15%</i>	<i>5%</i>
EBITDA	13	210	490	612	748	913	1,010	1,060
<i>EBITDA Margin</i>	<i>3%</i>	<i>26%</i>	<i>36%</i>	<i>33%</i>	<i>32%</i>	<i>32%</i>	<i>31%</i>	<i>31%</i>
Depreciation	4	35	59	53	48	45	43	45
EBIT	9	175	431	559	699	867	967	1,015
<i>EBIT Margin</i>	<i>2%</i>	<i>22%</i>	<i>32%</i>	<i>30%</i>	<i>30%</i>	<i>30%</i>	<i>29%</i>	<i>29%</i>
Tax	2	46	109	141	176	218	243	256
<i>Tax rate</i>	<i>25.2%</i>	<i>25%</i>	<i>26%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>
Operating Income (after Tax)	7	129	323	418	523	649	724	760
Plus: Depreciation	4	35	59	53	48	45	43	45
Less: Capital Expenditure	26	32	33	33	34	35	35	44
Add/(Less): Change in NWC	25	(1)	(10)	(14)	(71)	(72)	(121)	(20)
Free Cash Flows	10	130	339	424	467	588	611	741
Mid-year convention	0.50	1.50	2.50	3.50	4.50	5.50	6.50	
Present Value factor	50.0%	0.82	0.54	0.36	0.24	0.16	0.11	0.07
Present Value of FCF	8	71	123	103	75	63	44	
Sum of explicit period cash flows	487							
Terminal Value - Exit Multiple								
EV/Revenue Multiple based on Guideline Companies	1.8x	2.1x						
Present Value of terminal year Revenue	248	248						
Terminal Value Range	452	527						
Enterprise Value Range	939	1,014						

Source: Management Information, PwC Analysis

Value Analysis – Market Approach

Value Analysis – Market Approach

Market approach

- This approach indicates the value of a business based on comparison of the business to comparable publicly traded companies and as well as prior transactions in the industry. We have considered Transaction Multiples Method for the purpose of Value Analysis as discussed on page 20.

Transaction Multiples method

- This method indicates the value of a business / company by comparing it to the relevant deal multiples for transactions in comparable companies. After identifying and selecting the comparable companies with recent transactions, their business and financial profiles are analyzed for relative similarity. The relevant multiples of these companies are calculated based on the deal valuations and adjusted, if required. The multiples are then applied to the subject company’s operating results to estimate the Enterprise Value.
- In estimating the Terminal Value, we have considered and analyzed the transaction multiples of companies engaged in online education sector. Given that EV/EBITDA multiples for many of the transactions are either not meaningful or not available, we have relied on the EV/Revenue deal multiples of guideline companies for our analysis.
- We note that the revenue for FY23 is insignificant, thus forward revenues for FY24 are considered to be an appropriate metric for the purpose of value analysis.

- As referred on page 24, WeXL is at initial stages of operations and is relatively smaller in size compared to guideline companies. Thus, we believe First Quartile of deal multiples to be a reasonable benchmark for the computation of terminal value.
- Further, as the deal multiple is applied on FY24 forward revenues, we have applied a discount of 20%-30% to the selected deal multiples to account for impact of considering forward metric (including uncertainties pertaining to the same).

- The EV/Revenue multiple range of 2.1x to 2.4x is considered for the Value Analysis** (refer Appendix 2 for details). Based on above Enterprise Value of WeXL works out to be INR 893 Mn to INR 1,020 Mn. Refer table below for the computation -

Particulars	Low	High
Selected EV/Revenue Multiple	3.0x	3.0x
(1) Discount for forward metric	30.0%	20.0%
Adjusted Multiple	2.1x	2.4x
(2) Selected Metric - FY24 Projected Revenues	420	420
Enterprise Value Range	893	1,020

Notes:

- An appropriate discount has been considered to account for impact of considering FY24 forward revenues as a metric.
- We have considered FY24 projected revenues to be reasonable metric for the purpose of Value Analysis.

Value Analysis Conclusion

Value Analysis Conclusion – as at 31 March 2023

Equity value - WeXL Edu Private Limited

INR million		Low	High
Income Approach	50%	939	1,014
Market Approach	50%	893	1,020
Enterprise Value		916	1,017
(1) Add: Cash and cash equivalent		1	1
(2) Less: Debt and debt like items		(7)	(7)
Equity Value		910	1,011

Source: Management, PwC Analysis

Notes:

- (1) Cash and cash equivalents pertain to balance with banks (including accrued interest thereon) as on Value Analysis Date
- (2) Represents loan from Gayi Adi Capital Management Private Limited and Directors of the Company as on Value Analysis Date.

Value Analysis results and key considerations:

- In concluding on our Value Analysis, it may be noted our basis is Fair Value for the purpose of this engagement. Fair Value is defined as the price which a business might reasonably be expected to fetch, in money or money's worth in an open market sale, between a willing buyer and a willing seller, both of whom are equally well informed about the business.
- ***The robustness of the Value Analysis is highly dependent on the reasonableness, commercial viability and achievability of the assumptions underlying the forecast. Our findings are dependent on the ability of WeXL to achieve the projections. Value analysis assume that the Management will be able to initiate steps to achieve the projected results.***
- For the purpose of arriving at the Value Conclusion, we have considered the Income Approach (Discounted Cashflow Method) and Market Approach (Transaction Multiple Method) for WeXL.
- Based on above considerations, **the Equity Value of WeXL as at Value Analysis Date works out to be in the range of INR 910 Mn to INR 1,011 million.**

Appendices

Appendix 1.1 – MOUs (Schools - Domestic)

Domestic Schools MOUs as on 31 March 2023:

# Name of the Partner	Total Number of Users	ARPU	Total Revenues (INR Mn)	# Name of the Partner	Total Number of Users	ARPU	Total Revenues (INR Mn)
1 Raghavendra Little Hans	904	377	0.34	24 St. Francis School	270	200	0.05
2 Krishnaveni Schools - Jelly Beans	10,000	250	2.50	25 Vikas Talent School	270	200	0.05
3 Neo Geetanjali	271	600	0.16	26 Kakatiya Tecno School - Parigi	150	200	0.03
4 Kakatiya Tecno School - BK Reddy	263	600	0.16	27 Srishti World School	446	800	0.36
5 Kakatiya Tecno School - Hayat Nagar	381	600	0.23	28 GMR Varalakshmi DAV Public School	75	551	0.04
6 Kakatiya Tecno School - Gadwal-1 and 2	809	600	0.49	29 Sri Gandhi China Sanyasiraju Jr. College	48	508	0.02
7 Kakatiya Tecno School - Budngpet	228	130	0.03	30 KalaPathi Bhava Narayana College	500	600	0.30
8 Kakatiya Tecno School - B N Reddy	158	130	0.02	31 Santiniketan School, Srikakulam	NA	NA	0.02
9 Kakatiya Tecno School - Jadcherla	564	130	0.07	32 Sarvodaya Vidyaniketan	32	593	0.02
10 Kakatiya Tecno School - Khammam-I	193	130	0.03	33 Mahjan Educational Society	365	800	0.29
11 Kakatiya Tecno School - Khammam-II	343	130	0.04	34 Mahatma Gandhi Centenary Vidyalay	1,550	1,400	2.17
12 Kakatiya Tecno School - LB Nagar	418	130	0.05	35 Keshava Reddy Schools	3,040	282	0.86
13 Kakatiya Tecno School - Narayanpet	470	130	0.06	36 Krishna Veni School - Ista Group	279	500	0.14
14 Kakatiya Tecno School - Shadnagar	213	130	0.03	37 Darwin Schools - Ista Group	263	500	0.13
15 Kakatiya Tecno School - Mahboob Nagar	296	130	0.04	39 St. Anthony Fatima High School	200	1,200	0.24
16 Kakatiya Tecno School - Turkayamjal	140	130	0.02	40 Samyuktha School	100	424	0.04
17 Kakatiya Tecno School - Gajula Rama Ram	417	130	0.05	41 Ashok Memorial Chanakya High School	500	500	0.25
18 Kakatiya Tecno School - Nagole	238	130	0.03	42 Shalom Concept School	200	1,000	0.20
19 Kakatiya Tecno School - Saroor Nagar	423	130	0.05	43 Sanghamitra English Medium High School	200	1,000	0.20
20 Kakatiya Tecno School - Katedan	359	130	0.05	45 Blooming Minds School	200	600	0.12
21 Kakatiya Tecno School - Nalgonda	164	130	0.02	46 Priya Darsini Model High School	350	600	0.21
22 Kakatiya Tecno School - Ram Nagar	302	130	0.04				
23 Sri Triveni Schools	420	636	0.27	Total	27,012		10.53

Source: Management

Appendix 1.2 – MOUs (Schools - Global)

Global Schools MOUs as on 31 March 2023:

# Name of the Partner	Total Number of Users	ARPU	Total Revenues (INR Mn)
1 MOE Oman	250,000	300	75.00
2 MOF Oman	700	3,000	2.10
3 EDMS Uganda	500	1,600	0.80
Total	251,200		77.90

Source: Management

Appendix 1.3 – MOUs (Publishers)

Publishers MOUs as on 31 March 2023:

# Name of the Partner	Total Number of Users	ARPU	Total Revenues (INR Mn)
1 Srirama	14,000	186	2.60
2 Instyn	14,000	177	2.48
Total	28,000		5.08

Source: Management

Appendix 1.4 – MOUs (PaaS)

PaaS MOUs as on 31 March 2023:

# Name of the Partner	Total Number of Users	ARPU	Total Revenues (INR Mn)
1 Eduinstyn	100,000	60	6.00
2 Pudami Publications	8,000	500	4.00
3 Lee Edu Tek (AIMS)	12,000	500	6.00
4 Varthana	4,000	500	2.00
5 Skillioma	105,000	24	2.50
6 Pepkidz	5,000	100	0.50
7 Perceived	3,000	200	0.60
Total	237,000		21.60

Source: Management

Appendix 1.5 – MOUs (B2C Segment)

#	Name of the Partner	Product Offerings	B2C Pricing	WeXL Revenue Share (ARPU)	Total Number of Users	Total Revenues (INR Mn)
1	TSD Elevate	CSAT -1	1,499	749	5,760	4.31
2	TSD Elevate	CSAT -2	1,999	999	5,760	5.75
3	TSD Elevate	English GS Recorded - 1 (UPSC)	9,999	4,999	5,760	28.79
4	TSD Elevate	English GS Recorded - 2 (UPSC)	15,999	7,999	5,760	46.07
5	TSD Elevate	Hindi GS Recorded 1 (UPSC)	9,999	4,999	5,760	28.79
6	TSD Elevate	Hindi GS Recorded 2 (UPSC)	15,999	7,999	5,760	46.07
7	TSD Elevate	GS LIVE - English with NCERT (UPSC)	19,999	9,999	5,760	57.59
8	TSD Elevate	NCERT - live (UPSC)	999	499	5,760	2.87
9	TSD Elevate	NCERT - Recorded (UPSC)	699	349	5,760	2.01
10	TSD Elevate	CUET- Live	8,999	4,499	9,682	43.56
11	TSD Elevate	CUET - Recorded	6,999	3,499	9,682	33.88
12	TSD Elevate	CA Foundation - 1	3,999	1,999	653	1.31
13	TSD Elevate	CA Foundation - 2	5,999	2,999	653	1.96
14	UPTTAKE JOBS	Telangana SI & PC	4,000	1,200	2,665	3.20
15	UPTTAKE JOBS	AP SI & PC	4,000	1,200	2,132	2.56
16	UPTTAKE JOBS	TSPSC Group I (Prelims)	4,000	1,200	1,900	2.28
17	UPTTAKE JOBS	TSPSC Group II	4,500	1,350	1,000	1.35
18	UPTTAKE JOBS	TSPSC Group III	4,000	1,200	1,000	1.20
19	UPTTAKE JOBS	TSPSC Group IV	4,000	1,200	1,000	1.20
20	UPTTAKE JOBS	APPSC Group I (Prelims)	4,000	1,200	1,520	1.82
21	UPTTAKE JOBS	APPSC Group II	4,500	1,350	800	1.08
22	UPTTAKE JOBS	APPSC Group III	4,000	1,200	800	0.96
23	UPTTAKE JOBS	APPSC Group IV	3,000	900	800	0.72
24	UPTTAKE JOBS	TSPSC D.A.O Exam Paper - I & II	4,500	1,350	531	0.72
25	UPTTAKE JOBS	TSPSC AEE & Jls & DLs (General Studies)	4,000	1,200	250	0.30
26	UPTTAKE JOBS	APPSC Jls & DLs & AEE (General Studies)	4,000	1,200	250	0.30
27	UPTTAKE JOBS	SSC (CGL) -- Tier I & II	2,000	600	10,000	6.00
28	UPTTAKE JOBS	AP High Court Jobs	2,000	600	250	0.15
29	PARIKSHA ADDA	NCERT Test Series	99	49	5,760	0.28
30	PARIKSHA ADDA	Current Affairs Test Series	99	49	5,760	0.28
31	PARIKSHA ADDA	NCERT + UPSC Test Series	299	149	5,760	0.86
32	PARIKSHA ADDA	Test Series + Ebooks+ Practice Tests	365	182	5,760	1.05
33	PARIKSHA ADDA	NCERT Test Series (Hindi)	99	49	5,760	0.28
34	PARIKSHA ADDA	Current Affairs Test Series (Hindi)	99	49	5,760	0.28
35	PARIKSHA ADDA	NCERT + UPSC Test Series (Hindi)	299	149	5,760	0.86
36	PARIKSHA ADDA	Test Series + Ebooks+ Practice Tests (Hindi)	365	182	5,760	1.05
Total					143,488	331.76

Source: Management

Appendix 2 – Transaction Multiples

Transaction #	Closing Date	Target Company	Buyer	Implied Enterprise Value	Revenue	EV/Revenue
1	Mar-22	Intap Labs Pvt. Ltd.	Think and Learn Pvt. Ltd.	1,308	121	10.8x
2	Oct-21	Veative Labs Pvt. Ltd.	Dev Clever Holdings PLC	536	99	5.1x
3	Sep-21	Brain4ce Education Solutions Pvt. Ltd.	Veranda Learning Solutions Ltd.	2,444	805	3.0x
4	Sep-21	Grade Stack Learning Pvt. Ltd.	Think and Learn Pvt. Ltd.	5,718	495	9.7x
5	Feb-21	Avocation Educational Services Pvt. Ltd.	Outleap Technologies Pvt. Ltd.	451	52	8.7x
6	Jul-20	Paper Boat Apps Pvt. Ltd.	Nazara Technologies Ltd.	1,678	572	2.9x
7	Jul-20	Prepladder Pvt. Ltd.	Sorting Hat Technologies Pvt. Ltd.	3,732	341	10.9x
8	Jan-20	Aakash Edutech Pvt. Ltd.	Aakash Educational Services Ltd.	1,185	363	3.0x
9	Dec-19	EDreams Edusoft Pvt. Ltd.	Individual Learning Ltd.	797	70	11.3x
10	Jul-20	Whitehat Education Technology Pvt. Ltd.	Think and Learn Pvt. Ltd.	22,013	1,740	13.0x
11	Jan-19	Tangible Play Inc	Think and Learn Pvt. Ltd.	NA	5,002	1.7x
12	Jul-20	Ono Labs Pvt Ltd.	Sorting Hat Technologies Pvt. Ltd.	747	228	3.2x
Quartile 1					3.0x	3.0x
Less: Discount for growth-premium					40.0%	30.0%
Quartile 1 (after discount)					1.8x	2.1x

Source: Capital IQ and PwC Analysis

Note: Multiples are based on latest available revenues as on Transaction Date.

Sources of Information

Sources of Information

- The key information we have received and used in our Value analysis include:
 - Projected income statement and working capital & capital expenditure projections of the Company, for the period from 01 April 2023 to 31 March 2030, which the Management believes to be its best estimate as to the expected future operating results;
 - Historical income statement (along-with break-up of cost) and working capital.
 - List of MOUs signed and pipeline of customers.
 - We have also used publicly available information sources (e.g. VCCedge, CapitalIQ), to gather industry related information including data related to market and comparable companies (to the extent available);
 - In addition, we have obtained information through discussion and correspondence with the Management.

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Caveats, Assumptions and Limiting Conditions

Appendix: Caveats, Assumptions and Limiting Conditions

- Our Report will be used solely in connection with the objective outlined above and should not be a part of any public filings unless consented to by us in writing. It is not to be used (other than for the objective outlined above), referred to or distributed for any other purpose or to any other person, without our written permission. You may share our Report with the Board of Directors, as long as you and they acknowledge, that PwC BCS LLP accepts no liability to them.
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- This Report forms an integral whole and cannot be split in parts. The outcome of Value Analysis can only lead to proper conclusions if the report as a whole is taken into account.
- The information used by PwC BCS LLP in preparing this report has been obtained from a variety of sources as indicated within the report. We have based our analysis on the financial and other data provided by the Management, discussions with the Management, supplemented by limited industry analysis (based on information available publicly) and financial analysis. PwC BCS LLP expressly disclaims any and all liability for any representation (whether express or implied) contained in, or any omissions from the Value Analysis and resulting conclusions.
- We are not required to and have not carried out an audit of nor independently verified the accuracy, reasonableness and completeness of the financial statements, financial forecasts or key assumptions provided to us for our analysis. Accordingly, we do not express an opinion or offer any form of assurance regarding the accuracy, reasonableness or completeness of these data. We have used available market data, including those from Bloomberg and other public domains, where appropriate, for which we are not responsible in terms of content and accuracy.
- By its very nature, Value Analysis cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our assessment as falling within a likely range. While we consider our range of values to be both reasonable and defensible based on the information available to us, others may place a different value on the business of WeXL.

Appendix: Caveats, Assumptions and Limiting Conditions

- Value Analysis may be based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material. Consequently, this information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. We express no opinion as to how closely the actual results will correspond to the results projected.
- The value achieved, in case of a transaction, may be higher or lower than our Value Analysis depending upon the circumstances and timing of the transaction, if any. The knowledge, negotiability and motivations of the buyers and sellers will also affect actual price achieved. Accordingly, our Value Analysis will not necessarily be the price at which any agreement proceeds. For the purpose of this exercise, we have not considered any costs related to implementation of any potential transaction.
- The Management representations stated in this report have been orally confirmed by them.
- This Value Analysis will not be used to determine the carrying value of the relevant asset (or liability) in any financial statements that PwC BCS LLP/ PricewaterhouseCoopers network entities would be auditing. Further, the Value Analysis should not be used in connection with application for any regulatory approvals.
- In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of WeXL, the Company, their directors, employees or agents.
- Numbers may not add up due to rounding.

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