



Quarterly Update

- Demand for early childhood education (ECE) services and enrichment opportunities continues to increase as parents help their children overcome learning gaps established from school closures in 2020 and 2021.
- Within the ECE market, the competitive landscape is dominated by small, local providers. The combination of increasing demand for ECE services and the market's high level of fragmentation is attracting strategic and financial buyers to pursue roll-up strategies.
- ECE services have become nondiscretionary expenses for parents as they recognize the importance of these services during a critical time in their child's physical, mental, social, and emotional development.
- Providers of premium, research-based ECE services including Montessori, Reggio Emilia, and Waldorf programs are becoming increasingly attractive acquisition targets.
- EdgePoint expects continued growth and acquisition activity for providers of ECE in 2024. The recurring demand and positive cash flow dynamics of the ECE model will continue to attract buyers to the space for the foreseeable future.

Recent Business Services Transactions



For more information and insights, please contact us:



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Recent Selected Early Childhood Education Transactions

Busy Bees Adds Young Explorers Montessori



Target



Buyer



Sponsor

- **December 2023** – BrightPath Early Learning, the North American division of international childcare provider Busy Bees, has acquired Young Explorers Montessori.
- Young Explorers provides Ohio's leading Montessori childcare and preschool programs across five locations in greater Cleveland.
- *EdgePoint served as the exclusive financial advisor to Young Explorers Montessori.*

Busy Bees Acquires The Malvern School



Target



Buyer



Sponsor

- **October 2023** – The Malvern School, a chain of early education schools in Greater Philadelphia has been acquired by BrightPath Early Learning.
- The Malvern School runs 19 locations in southeastern Pennsylvania and eight locations in New Jersey.
- The acquisition brings BrightPath Early Learning's Philadelphia area locations total up to 31.

Busy Bees Acquires The Children's House



Target



Buyer



Sponsor

- **October 2023** – BrightPath Early Learning has acquired The Children's House.
- The Children's House, a provider of early childhood education services, operates six locations across Greater Cincinnati.
- BrightPath has increased its total locations in Ohio to 18 with the addition of The Children's House.

O2B Kids Acquires Bright Start Academy



Target



Buyer



Sponsor

- **September 2023** – O2B Kids has acquired Bright Start Academy, renowned preschool with six locations across Saint Louis and Columbia, Missouri.
- The acquisition increases O2B's footprint into its fifth state and a total of 57 operating preschools.
- Bright Start Academy has been serving the Saint Louis and Columbia communities since 1996.

Early Bird Adds Brookshire Learning Center



Target



Buyer

- **May 2023** – Early Bird Education Group, an owner and operator of early childhood education schools in the Midwest, has acquired Brookshire Learning Center.
- Brookshire Learning Center runs two early childhood education centers in the Greater Lafayette, Indiana community.

Cadence Education Acquires The Suzuki School



Target



Buyer



Sponsor

- **February 2023** – Cadence Education, one of the largest providers of early childhood education, has acquired The Suzuki School.
- The Suzuki School, established in Atlanta in 1976, provides high-quality Montessori education to children from its three campus locations.

Early Childhood Education | December 2023

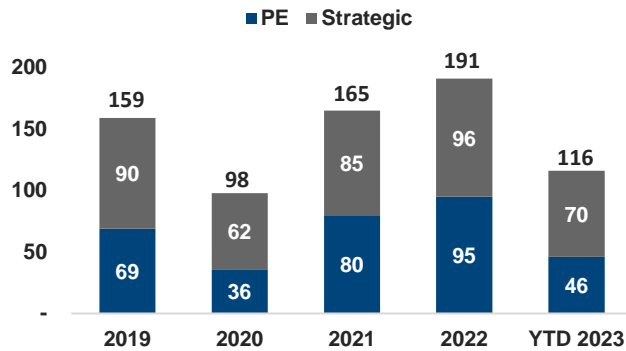
EdgePoint Public Comparable Index Constituents

Early Childhood Education

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR		
AcadeMedia AB (publ)	\$ 16,315	31.0%	10.3%	\$ 1,639	\$ 3,336	5.0x	4.9x	\$ 15,865	9.2%	8.5%	\$ 49.16	88.8%
Bright Horizons Family Solutions Inc.	7,141	20.5%	10.6%	248	344	15.9x	20.7x	2,332	19.4%	12.0%	91.50	92.5%
G8 Education Limited	1,553	90.2%	11.6%	109	237	8.7x	6.5x	940	9.2%	5.8%	1.00	77.4%
Median		31.0%	10.6%	248	344	8.7x	6.5x	2,332	9.2%	8.5%	49.16	88.8%
Mean		47.2%	10.9%	665	1,306	9.9x	10.7x	6,379	12.6%	8.8%	47.22	86.3%

Source: CapIQ (December 18, 2023)

Early Childhood Education Deal Activity – Last Five Years



Source: Pitchbook (December 18, 2023)

- Acquisition activity in the ECE continues to be robust and has been a bright spot in the business services M&A market.
- Recurring revenue and a highly fragmented competitive landscape are attracting private equity backed and strategic acquirers to the space.
- Montessori, Reggio Emilia, and Waldorf programs are highly attractive assets in the ECE sector due to the differentiated nature of their service offering.

Market View Consolidation

Number of Locations	Company Owned Centers
700+	
100+	
15+	

Number of Locations	Franchisors
300+	
40+	

Local & Subscale Providers

50,000+ independent childcare centers