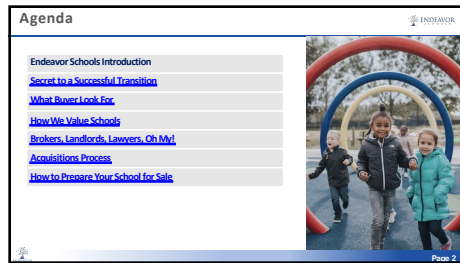




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Endeavor's History

- Began in 2012 with two schools in GA
- Observed Four Trends in ECE:
 - Range in quality
 - Mostly small business owner-operators
 - Need for additional support and resources for early educators
 - Succession - what should founders do with their schools upon retirement?
- Compelling opportunity to partner with early educators to create optimal teaching and learning environments that transform the lives of those we serve

<https://www.endeavorschools.com/history/>



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our why

We are passionate about *unleashing individual potential*, so the children we serve **THRIVE!**



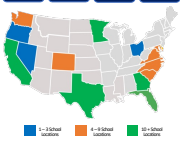

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Endeavor at a Glance – April 2025

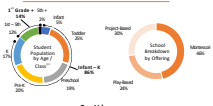
The Endeavor platform consists of an interconnected system of schools across the country, all supported by best-in-class operational resources

Nationwide Presence

109 schools, 3,000+ teachers, 14 states, ~15K students



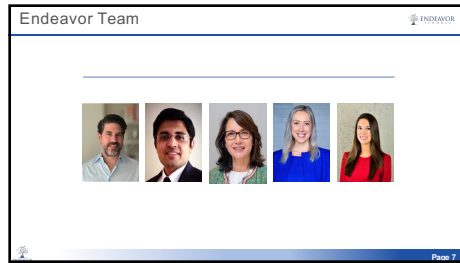
Demographic Breakdown



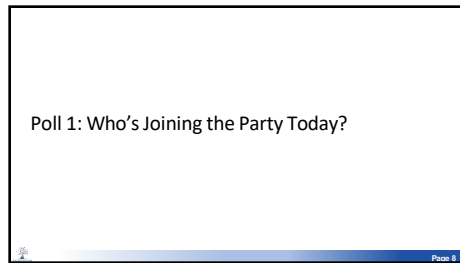
Core Values

- Respect: Treat each other with dignity
- Ownership: Take responsibility for your actions
- Humility: Listen to others and learn from them
- Generosity: Share your time and resources

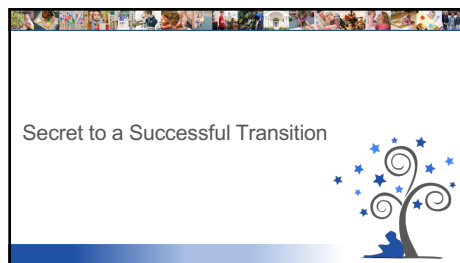
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Trust: The Key Ingredient For A Smooth Process

The secret to a successful acquisition is trust and partnership

Once a price has been set, closing requires partnership and cooperation

Common pitfalls in trust breakdown

- Assumptions
- Withholding key information



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But How Can I Trust A Buyer?

Know What You Can Trust!

- The buyer wants to close the transaction as quickly as possible
- They want to buy the school that was pitched to them
- They want smooth closing and hand off
- We do not want to revisit the transaction details after closing

How else can you gain trust? Ask for references! Both from former sellers and directors that were acquired. This is a small industry, news of poorly behaved buyers travels fast.

For Endeavor, we consider this a partnership and want a positive relationship after the transaction.

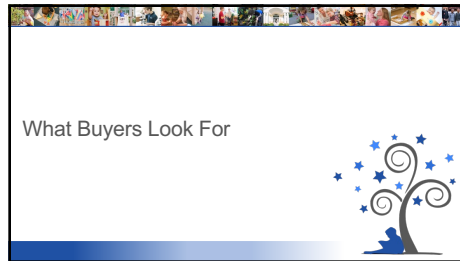
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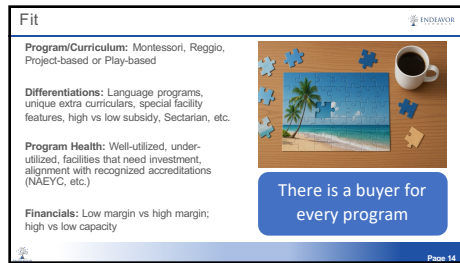
Poll 2: Buyers.... Friend or Foe?

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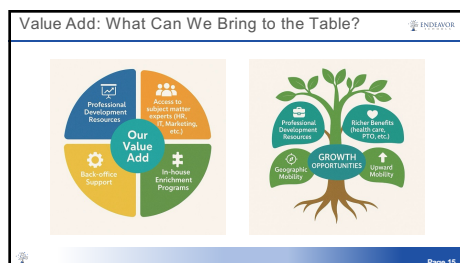
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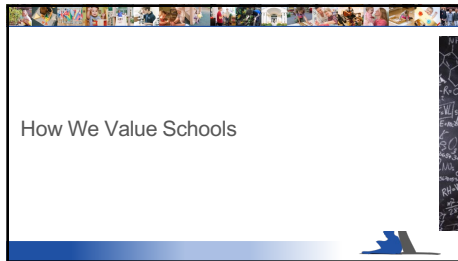
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EBITDA

Most buyers rely on EBITDA as their basis for valuation.

EBITDA is a proxy for the cash flow a school should generate under the new buyer.

Buyers will apply a multiple to this EBITDA. (EBITDA x Multiple = Purchase Price)

Think about the multiple as the number of years the buyer would need to earn back their money on the investment

EBITDA

What is EBITDA?
EBITDA shows how much money a company makes from its day-to-day business activities, without factoring in other financial and accounting complexities.

Why We Use EBITDA?
EBITDA shows a company's true operational performance by excluding financing costs and non-cash items, giving a clearer view of its core profitability.

How to Calculate EBITDA?
To calculate EBITDA, start with net income and then add back interest, taxes, depreciation, and amortization.

EBITDA Stands for:

- E - Earnings
- B - Before
- I - Interest
- T - Taxes
- D - Depreciation
- A - Amortization

Alternative Calculation:

Operating Income
+ Depreciation
+ Amortization

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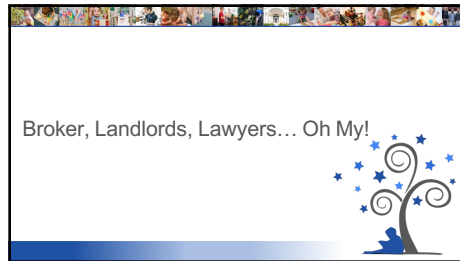
Factors Affecting The Multiple

- Number of Locations
- EBITDA level and Margin
- Subsidy vs Private Pay
- Demographics of the market
- Age & Condition of Real Estate
- Curriculum
- Stability of staff and go forward management

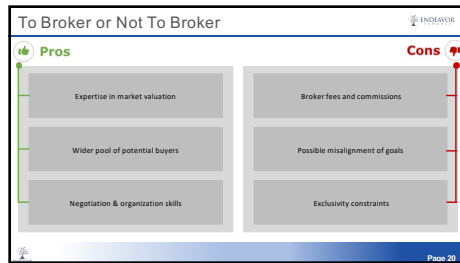
Many owners fixate on the multiple. The most important valuation metric is how much you walk away with, not what the buyer pays

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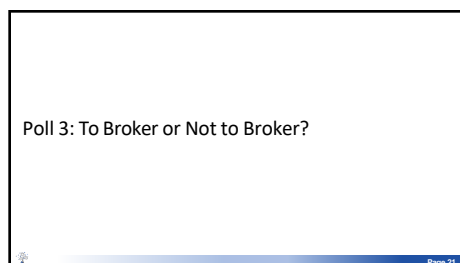
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Real Estate: Common Scenarios			
	Sell Real Estate	Keep Real Estate	3 rd Party Landlord
Pros	<ul style="list-style-type: none">RE values higherSimpler sales processFree of ongoing risk	<ul style="list-style-type: none">Ongoing cash flow from a national operatorOngoing land appreciation	<ul style="list-style-type: none">Not much to discuss
Cons	<ul style="list-style-type: none">1031 Process stressful	<ul style="list-style-type: none">Potential business risk if operator foldsUnable to redeploy capital	<ul style="list-style-type: none">Assignment can be very difficultIf lease is low on term, then can affect business value
Other Considerations	<ul style="list-style-type: none">RE valued on Cap rate, not a multiple (Rent / Cap rate % = value)	<ul style="list-style-type: none">Go forward rent needs to match business model of school	<ul style="list-style-type: none">Important to have a good relationship with landlord

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Hire an M&A Attorney: Operation Game

Do you want a heart surgeon operating on your brain?

Business transactions are a uniquely specialized field of law. A business transaction or M&A attorney will protect you more in negotiating the legal agreements than any other type.

If you are selling your real estate too, use a firm that can provide both a M&A and a Real Estate attorney.

As a professional buyer, I would rather have a hard nose M&A attorney working on the other side than someone that doesn't know what they are doing.

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Decoding Legal Terminology: Common M&A Terms	
NDA: Nondisclosure agreement or confidentiality agreement. Protects you from another party sharing details about the potential transaction	
LOI: Letter of Intent. This is the offer letter that has usually been vetted by investors and should outline the purchase price and key provisions in the deal	
Purchase Agreement: This is legal agreement that will be negotiated during the process	
Asset vs Equity/Stock purchase: A buyer can either buy all the stock in your LLC or just the assets	
Representations: legal statements you are making about your business	
Disclosure Schedule: Information that makes your representations true	
Warranties: These are commitments you are making after the close of the sale	
Earn-outs: Additional payments based on future business performance	

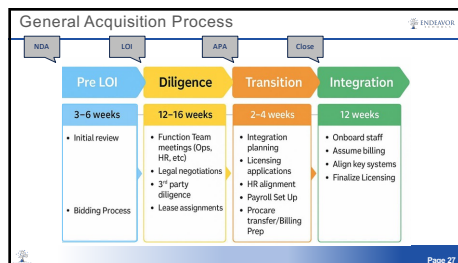
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Poll 4: Experience Check: Buying or Selling Schools?

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The Acquisition Process

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Transaction Traffic Jams and How to Dodge Them



- Purchase Agreement Schedules
- 3rd Party Landlord Lease
- Assignments
- Zoning / Land Use Issues
- Environmental Concerns
- Threatened or Pending Litigation
- Lien/Load Related Issues
- Facility Concerns

- Prepare early and often
- Have a Real Estate attorney review / discuss with landlord
- Copies of Special Use Permits & ensure you are compliant
- No gas stations or dry cleaners
- Maintain records of claims
- Good banking relationships
- Keep Facility Maintained

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What Changes to Expect Post Close

What a buyer typically changes:

- Systems (IT, Payroll)
- Back-office process
- Sometimes brand
- Sometimes curriculum



What usually remains consistent:

- Teachers
- Program structure
- Tuition pricing
- Leadership

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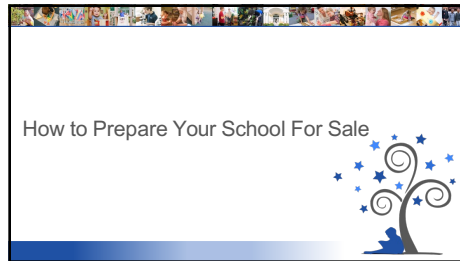
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Poll 5: What Would Keep You Up at Night Post-Sale?

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Remove yourself from the business as much as possible	<ul style="list-style-type: none"> Hire a director, if you don't already have one
Make sure your financials are updated and clean	<ul style="list-style-type: none"> 3 years of accurate P&L statements, balance sheets, and cash flow statements Document & categorize personal expenses Have accountant review and provide you with accurate view of your EBCCA
Enrollment and Utilization Data	<ul style="list-style-type: none"> Provide accurate, clear historical data on student enrollment trends and utilization rates
Staffing Data	<ul style="list-style-type: none"> Categorize Roles and Responsibilities: List of staff along with job titles, wage data, credentials and industry experience
Facility and Equipment	<ul style="list-style-type: none"> Address deferred maintenance: fix or upgrade facilities and equipment; appearance significantly impacts buyer perception
Legal and Regulatory	<ul style="list-style-type: none"> Engage specialized MBA legal counsel, familiarity with EBCCA plus Settle outstanding lawsuits, compliance violations, or regulatory disputes
Marketing and Reputation	<ul style="list-style-type: none"> Address negative reviews proactively, showcasing responsiveness
Clarify your personal goals	<ul style="list-style-type: none"> Determine your ideal outcome (financial, personal, timeline) Selling can be emotional, anticipate how to manage these feelings positively

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Fit: Finding the right buyer for your school is like matching puzzle pieces—each buyer has specific pieces they're looking for, but every piece ultimately fits somewhere.
Trust in acquisition is like building a bridge—you rely completely on each side meeting precisely in the middle. Without absolute confidence, the bridge simply can't hold.
Value over Multiple: Seek the deal that brings you the most value not just the highest multiple; most cash you can pocket
Legal Up: Hire the right attorney; don't pick a foot doctor to operate on your brain
Prepare: Preparing your preschool for sale is like staging your home before selling it: Clean up, make repairs, organize, and highlight your best features clearly so buyers can envision themselves thriving there.

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