NAVAGANT



PRIVATE CAPITAL IN EARLY CHILDHOOD EDUCATION AND YOUTH ENRICHMENT

SECTOR UPDATE | Q4 - 2026

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EARLY CHILDHOOD EDUCATION & YOUTH ENRICHMENT

How Institutional Capital Is Accelerating Scale

EXECUTIVE SUMMARY

Early childhood education and youth enrichment remain among the most fragmented service markets in the U.S.: the five largest child care operators hold roughly 6% of center-based capacity. What has changed is how quickly scale is being assembled. Leading platforms now pass from one private equity owner to the next, with each sponsor funding a defined stage of growth, and capital that once stopped at the franchisor is now backing regional chains and multi-unit franchisees. For owners, the result is a deeper buyer universe, a wider range of structures and a clear premium for businesses that fit an existing platform.

KEY TAKEAWAYS

1. **Scale is built in relays:** The Learning Experience has passed from Norwest to Golden Gate to Harvest Partners and opened its 500th center this month. Big Blue Marble Academy more than tripled under Avathon before Leeds Equity acquired it at 67 schools; it now reports nearly 100. Each owner underwrites the next stage of growth.

2. **Capital is moving down-market:** Sponsors are backing the operators inside franchise systems, not only the brands. Taurus-backed Pathlight (Primrose) and Hidden River-backed Somersault (The Little Gym) each acquired multi-unit groups in 2026 while carrying pipelines of 11 and 12 additional locations, respectively.

3. **Buyers pay for repeatable scale:** Premium outcomes go to businesses that can show proven unit economics, a predictable ramp for new locations and the management depth to keep growing. Sponsors' willingness to fund that growth is what sustains today's pace of consolidation.

ABOUT OUR SERVICES

Navagant provides sell-side M&A advisory to founders, families and sponsors, including 100% sales, strategic partnerships, recapitalizations, management buyouts and corporate carve-outs. To discuss how these trends apply to your business, contact one of our professionals.

A FRAGMENTED MARKET, A CONCENTRATED CAPITAL BASE

The sector spans licensed child care and preschool and youth enrichment programs such as swim, gymnastics, sports and tutoring. Each remains deeply fragmented, yet institutional ownership is already concentrated among the largest operators. That combination explains where capital is moving next: toward the regional chains and multi-unit franchisees that form the sector's second tier.

~6%

of U.S. center-based child care capacity held by the five largest operators

KinderCare 10-K, Jan. 2026

13 of 16

U.S. child care organizations with 15,000+ licensed slots that have had PE investment

CRS, Oct. 2024

~10%

of center-based child care workers employed by PE-owned providers, up from <1% in 1997

Brown & Herbst, Oct. 2026

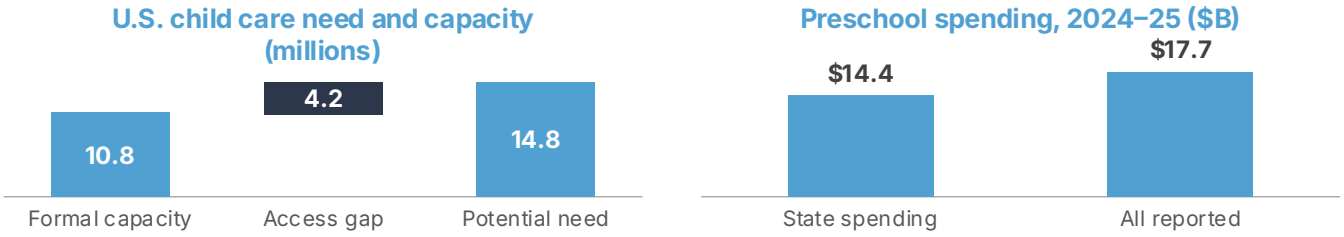
4.2M

children age five and under without an accessible child care slot

BPC, Oct. 2026

WHAT THE OWNERSHIP DATA SAYS ABOUT PACE

Private equity's share of the child care workforce climbed from under 1% in 1997 to roughly 9% by 2010 and has held near 10% since. The first phase of institutional ownership was about entering the market; the current phase is about compounding it. Capital is recycling through platforms already at scale and reaching down to the next tier of operators, and with the largest providers holding a single-digit share of capacity, that tier remains deep.



Sources: BPC, October 2026; NIEER, 2024–25. Accessible-capacity gap incorporates geographic availability.

HOW EACH SEGMENT SCALES

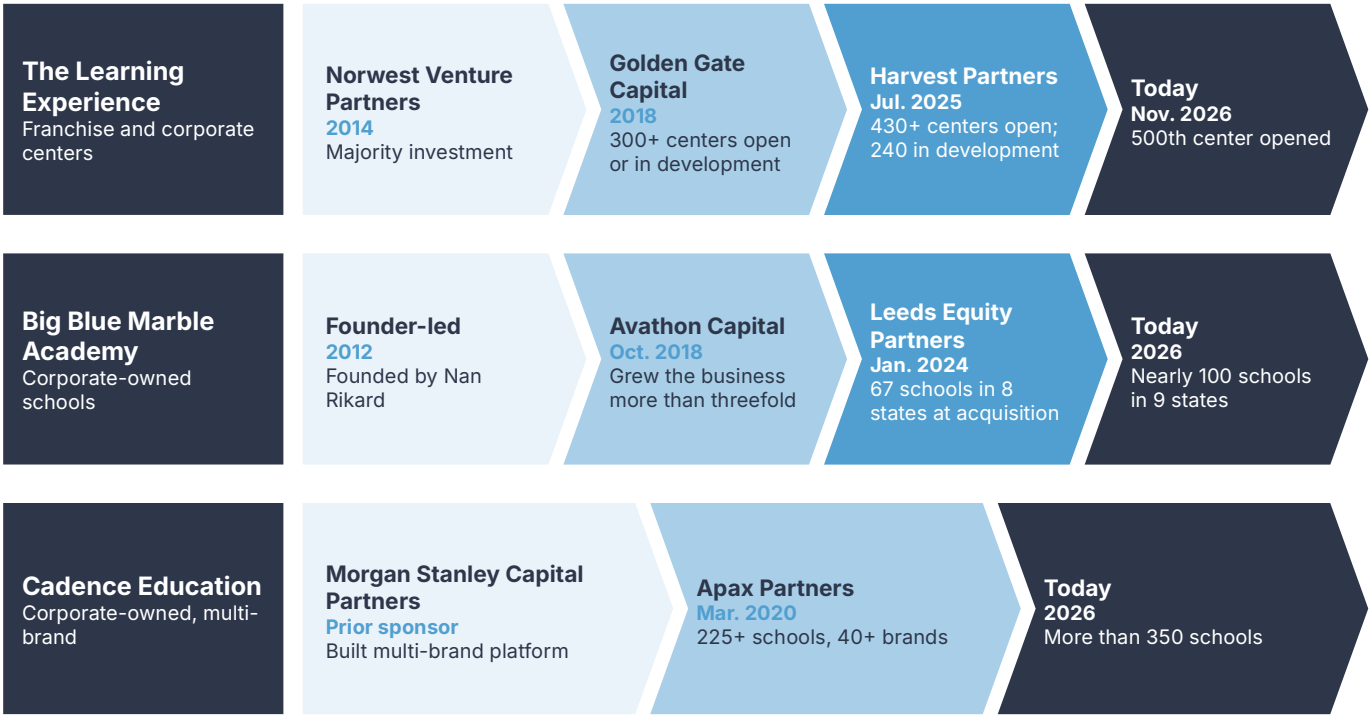
Segment	Dominant operating models	What sponsor capital funds	What sets the speed limit
Child care & preschool	Corporate-owned centers; franchise systems (Primrose, Goddard, TLE)	Acquisition of regional clusters; de novo centers; franchisee platforms	Teacher supply, tuition affordability and subsidy reimbursement
Youth enrichment	Franchise and asset-light, hosted formats (swim, gymnastics, sports, tutoring)	Franchisee roll-ups; unit development; multi-brand franchisors	Discretionary household spend, instructor retention and seasonality

CONSTRAINTS THAT SET THE PACE

Capital does not remove the operating limits on growth. KinderCare's same-center occupancy fell 200 basis points to 67.8% in fiscal 2025, a reminder that scale does not insulate operators from affordability pressure, and teacher availability still governs how much capacity any center can serve. Policy is a newer variable: federal and state proposals would restrict public child care funds flowing to PE-backed providers, which makes a center's subsidy mix part of diligence.

THE SPONSOR RELAY: HOW SCALE COMPOUNDS ACROSS OWNERS

The clearest evidence of institutional capital's effect on pace is the chain of owners behind today's largest platforms. Each sponsor funds a defined stage of growth, whether acquisitions, new-center development or systems, then sells to a larger sponsor that underwrites the next stage. Growth compounds across successive holds rather than resetting with each sale.



Footprints as disclosed at each transaction or in the company's latest announcement; TLE's 2018 figure includes centers under development.

WHAT THE RELAY MEANS FOR OWNERS

- Buyers underwrite the next stage, not the last one: A platform in its second or third hold is buying growth it can hand to its next owner. Regional groups that fill gaps in its footprint draw competitive interest because they shorten that plan.
- Exits recycle into new platforms: Weeks after selling Big Blue Marble, Avathon acquired seven-school Magical Beginnings, which its 2025 report lists at 18 schools. Each exit seeds demand for the next generation of founder-owned businesses.
- Sellers face professional counterparties: Repeat-hold platforms bring established diligence playbooks. Founders who arrive with center-level enrollment, staffing and pipeline data negotiate from a stronger position.

HOW PLATFORMS ACCELERATE SCALE

Sponsor capital is shortening the path to scale through three levers, which the most active platforms pursue in parallel.

1. **Regional clusters, not single sites:** Apax-backed Cadence added nine Especially for Children schools in the Twin Cities in one June transaction, and Traverse Pointe's Small Miracles added three Gingerbread schools in the Tampa market in January. A cluster brings enrollment, staff, licenses and local management in a single close.

2. **Capital at the franchisee level:** Private equity has long backed franchisors; it now backs the operators inside those systems. Platforms such as Pathlight and Somersault buy groups of operating units within established brands and pair them with development rights, bringing institutional capital to a layer of the market that has historically grown one location at a time.

3. **Funded development pipelines:** Unleashed Brands signed 73 franchise agreements and opened 34 units in the first half of 2026 and is on pace for more than 85 openings this year; TLE had 240 locations in development at its 2025 sale. Sponsor capital lets platforms run acquisition and de novo programs in parallel.

CAPITAL MOVES DOWN-MARKET: FRANCHISEE PLATFORMS

	Pathlight Learning	Somersault
Sponsor	Taurus Capital Partners	Hidden River Strategic Capital
Franchise system	Primrose Schools	The Little Gym
Platform formed	August 2025	August 2023, with 7 locations
2026 acquisition	4 Omaha-area schools (September)	6 California locations (February)
Operating footprint	7 schools	29 at announcement; 31 today
Development pipeline	11 planned schools	12 planned locations

Pathlight; Taurus Capital Partners; Hidden River; Somersault. Operating and planned locations shown separately.

WHAT FRANCHISEE OWNERS SHOULD WEIGH

- Franchisor consent: Transfers and recapitalizations require franchisor approval, and some systems hold rights of first refusal. Engaging the franchisor early shortens the process.
- Structure: A recapitalization can provide liquidity while the owner retains equity in a larger platform and participates in its eventual sale.
- Development obligations: Unopened territories add value for a platform buyer but carry opening schedules and capital commitments that need to be priced.

34.6% of child-related franchise locations are operated by multi-unit owners, compared with 57% across all franchise sectors: ownership in the category is still mostly single-unit, leaving room for franchisee platforms to build scale.
FRANdata, Franchise Industry Ownership Landscape 2026 (child-related franchises)

WHAT DRIVES VALUE AT SCALE

Buyers do not pay for scale alone; they pay for evidence that scale is repeatable. Across our recent multi-site early education and youth enrichment engagements, the same factors consistently separate premium outcomes from the rest of the field, and the same issues draw the most scrutiny in diligence.

VALUE DRIVERS

- **Proven unit economics**
  Mature locations with attractive, consistent margins that new sites can replicate
- **Repeatable ramp**
  Documented enrollment and margin curves showing how quickly new locations mature
- **Same-store growth**
  Rising enrollment, retention and pricing at existing locations
- **Development whitespace**
  Identified sites and capacity to add locations in-market and in new geographies
- **Actionable M&A pipeline**
  Acquisition targets a platform owner can execute against
- **Management and infrastructure**
  A team and G&A structure that can support the growth plan
- **Pricing power**
  A history of tuition increases sustained across economic cycles

VALUE DETRACTORS

- **Reliance on pro forma**
  Value that depends on adjustments for ramping units rather than demonstrated results
- **Uneven performance**
  Underperforming locations without a clear turnaround playbook
- **Limits on growth**
  Site availability, market saturation or regulatory hurdles to expansion
- **Capital intensity**
  New-location capex and rent commitments that slow the pace of openings
- **Concentration risk**
  Knowledge and key landlord or regulator relationships held by a few individuals
- **Staff turnover**
  Teacher and instructor attrition that affects quality and scalability
- **Competitive pressure**
  Exposure to new entrants in crowded or saturated local markets

HOW BUYERS UNDERWRITE GROWTH

For businesses with young locations, buyers increasingly value ramping sites on what they will earn at maturity rather than on trailing results. That credit is earned, not assumed. It depends on historical ramp curves at existing sites, center-level reporting that separates ramping from mature performance, and a cost structure that can visibly support the growth plan. Owners who build that record for at least a full year before a process give buyers the confidence to pay for what the business will become.

NOTABLE PLATFORM TRANSACTIONS

PLATFORM CONSOLIDATION TRANSACTIONS

June 2, 2026: Apax-backed Cadence Education acquired nine Especially for Children schools in the Twin Cities, bringing its network to 350 schools. The release also referenced an earlier three-school Ladybug acquisition, extending Cadence's Minnesota presence.

January 31, 2024: Weeks after exiting Big Blue Marble, Avathon Capital acquired Magical Beginnings, then seven Massachusetts schools. Avathon's 2025 report lists 18 schools across Massachusetts and Connecticut.

SPONSOR-TO-SPONSOR TRANSACTIONS

July 1, 2025: Harvest Partners acquired a majority stake in The Learning Experience from Golden Gate Capital, which retained a minority interest. TLE has since added U.K. nursery franchisor Banana Moon and opened its 500th center.

SELLER

January 3, 2024: Leeds Equity Partners acquired Big Blue Marble Academy from Avathon Capital, which had backed the business since 2018 and grown it to 67 schools. BBMA has since added schools by acquisition, including its first Virginia location (The Cedarhouse School, March 2025).

FRANCHISOR AND FRANCHISEE TRANSACTIONS

April 7, 2026: Crux Capital recapitalized Ivybrook Academy, a half-day preschool franchisor; the founders retained equity and leadership roles. Ivybrook reports 58 schools open, with additional locations awarded and in development.

August 2025: Taurus Capital Partners recapitalized Pathlight Learning, a Primrose franchisee, with existing management. Pathlight has since acquired five schools in two transactions and holds rights to eleven more.

NAVAGANT CASE STUDY: LEGACY SWIM GROUP



BACKGROUND

Legacy Swim Group brought together a 44-school platform across ten states. Its businesses provide swim instruction for children through a network of local schools. The combination joined several franchisee businesses within one platform, bringing an established operating footprint to the transaction.

PROCESS HIGHLIGHTS

Navagant advised Legacy on its growth investment and recapitalization with Main Street Capital. The transaction combined franchisee businesses and included the acquisition of a five-school operator in Texas. It illustrates how a recapitalization and an add-on acquisition can form part of the same platform-building transaction, bringing existing operations together with an institutional capital partner.

SUCCESSFUL OUTCOME

The recapitalization established a 44-school platform with a capital partner to support further growth. Navagant subsequently reported that the transaction won Recapitalization Deal of the Year at the 2026 Americas M&A Atlas Awards.

Legacy Swim Group | Growth investment and recapitalization with Main Street Capital
44 schools across ten states, including a five-school Texas acquisition
2026 Americas M&A Atlas Awards: Recapitalization Deal of the Year

SELECT 2026 TRANSACTIONS

Sponsor backing shown in parentheses where disclosed; newest first.

Date	Target	Acquirer	Target Description
12-Nov-26	Ellanday Nurseries	Lion Cubs Nurseries	Operator of two early years nurseries in Lancashire, U.K.
10-Nov-26	Fledglings Nursery	Flower Pots Day Nurseries	Operator of a 72-place day nursery in Berkhamsted, U.K.
06-Nov-26	Monkey Puzzle Day Nurseries	UC Partners	Operator and franchisor of day nurseries in the U.K.
03-Nov-26	Little Birches Nursery	Kids Planet	Operator of a 128-place nursery and preschool in Sonning Common, U.K.
23-Oct-26	Daisy Maisies Day Nurseries	Storal	Operator of two nurseries with 145 places in Widnes, U.K.
23-Oct-26	Little Pumpkins Nursery	Kindred Nurseries	Operator of nurseries in South London, U.K.
15-Oct-26	Westfield House Childcare	Phoenix Park Nursery	Provider of infant care, preschool education and outdoor learning in the U.K.
14-Oct-26	Nine Edge Early Learning	Montessori Academy	Operator of nine early learning centers in Australia.
13-Oct-26	Clarecroft and Dragonflies	Kindred Nurseries	Operator of two day nurseries in Northamptonshire and Nottinghamshire, U.K.
06-Oct-26	Forest Park Day Nursery	Kids Planet	Operator of a day nursery and preschool in the U.K.
02-Oct-26	Mayfield Childcare	Embark Education	Operator of early childhood education and care centers in Australia (announced).
01-Oct-26	Mulberry Bush Nursery Group	Foresight Group	Operator of early years nurseries in the U.K.; growth investment.
29-Sep-26	Zenith Childcare	Quintas Capital	Operator of early childhood education and childcare settings in the U.K.
24-Sep-26	Mapperley Day Nursery	Kindred Nurseries	Operator of a day nursery in Nottinghamshire, U.K.

SELECT 2026 TRANSACTIONS (CONTINUED)

Sponsor backing shown in parentheses where disclosed; newest first.

Date	Target	Acquirer	Target Description
22-Sep-26	Super Start Nurseries	Kids Planet	Operator of nursery settings providing childcare and early years education in the U.K.
21-Sep-26	Toddlers Day Nursery	Kindred Nurseries	Operator of a day nursery in the U.K.
09-Sep-26	Four Omaha Primrose schools	Pathlight Learning (Taurus Capital)	Operator of four Primrose franchise schools in the Omaha, Nebraska area.
07-Sep-26	Children's Choice Day Nursery	Kids Planet	Operator of a nursery and preschool in the U.K.
06-Aug-26	Banana Moon	The Learning Experience	Franchisor of day nurseries in the U.K.; control effective April 2026.
28-Jul-26	The Learn Well Group	Bright Stars Childcare	Operator of early childhood education and nursery settings in the U.K.
16-Jul-26	Little Learning Academy	Fractal Education	Operator of two Houston-area early learning schools; real estate included.
02-Jun-26	Especially for Children	Cadence Education (Apax)	Operator of nine early childhood education centers in the Twin Cities.
07-Apr-26	Ivybrook Academy	Crux Capital	Franchisor of half-day preschool programs; founders retained equity.
25-Mar-26	KidStrong	Princeton Equity Group	Franchisor of child development and fitness centers; strategic investment.
19-Feb-26	Six California Little Gym locations	Somersault (Hidden River)	Operator of six children's gymnastics and enrichment locations in California.
13-Jan-26	Gingerbread Schools	Small Miracles (Traverse Pointe)	Operator of three early learning schools in the Tampa–St. Petersburg area.
13-Jan-26	East Cobb Prep	Cadence Education (Apax)	Atlanta-area early learning center; real estate included.



MIDDLE MARKET FOCUS

FULLY COMMITTED TEAM

OUTSTANDING CLIENT RESULTS

TOP RANKED PERFORMANCE

HUMANIZED INVESTMENT BANKING

What We Do

Sell-side M&A Advisory

- 100% Sale
- Strategic Partnership or Recapitalization
- Management Buy-outs
- Corporate Carve-outs

Who We Serve

Our Clients

- Founders & Entrepreneurs
- Family-Owned Businesses
- Public Corporations
- Financial Sponsors

Why Navagant

Your Trusted M&A Advisors

- Deep Sell-side M&A Expertise
- Fully Committed
- Honest & Transparent
- Industry Focus

Industries We Serve

Early Childhood Education	K-12
Higher Education	Corporate Training
Workforce Development	Health & Wellness
Information Services & Software	

M&A INDUSTRY AWARDS

2026
RECAPITALIZATION DEAL OF THE YEAR
THE M&A ATLAS AWARDS
LEGACY SWIM GROUP

2026
EDUCATION & SERVICES DEAL OF THE YEAR
THE M&A ATLAS AWARDS
MEDALITY

2026
CORPORATE/ STRATEGIC DEAL OF THE YEAR
THE M&A ADVISOR
GLOBAL EDUCATORS

2026
SPECIALIZED INVESTMENT BANKING FIRM OF THE YEAR FINALIST
THE M&A ADVISOR

2026
PROFESSIONAL SERVICES DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
BREVET

2026
M&A DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
BREVET

2026
CROSS-BORDER DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
GLOBAL EDUCATORS

2026
CONSUMER DISCRETIONARY DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
GLOBAL EDUCATORS

2026
EQUITY FINANCING OF THE YEAR FINALIST
THE M&A ADVISOR
LEGACY SWIM GROUP

2026
CONSUMER DISCRETIONARY DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
LEGACY SWIM GROUP

2026
CORPORATE/ STRATEGIC DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
GLOBAL EDUCATORS

2025
THOMAS FARRELL MEMORIAL AWARD
THE M&A ADVISOR

2025
GLOBAL M&A DEAL OF THE YEAR
THE M&A ATLAS AWARDS
RAIN Group

2025
USA PE ADD-ON DEAL OF THE YEAR
THE M&A ATLAS AWARDS
atlantis

2025
M&A DEAL OF THE YEAR
THE M&A ADVISOR
atlantis

2025
REGIONAL DEAL OF THE YEAR, OCEANIA
THE M&A ADVISOR
RAIN Group

2025
BOUTIQUE INVESTMENT BANK OF THE YEAR
THE M&A ATLAS AWARDS

2025
INFORMATION TECHNOLOGY DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
MEDALITY

2025
HEALTHCARE/LIFE SCIENCES DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
atlantis

2025
CORPORATE/ STRATEGIC DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
atlantis

2025
PRIVATE EQUITY DEAL OF THE YEAR FINALIST
THE M&A ADVISOR
SHEMMASSIAN ACADEMIC CONSULTING

2025
EQUITY FINANCING OF THE YEAR FINALIST
THE M&A ADVISOR

2025
EMERGING LEADERS AWARD
THE M&A ADVISOR

2025
RISING STAR DEALMAKER
THE M&A ATLAS AWARDS

2024
CORPORATE/ STRATEGIC DEAL OF THE YEAR
THE M&A ADVISOR
Neuroscience Education Institute

FIRM TRACK RECORD

BREVET
HAS BEEN ACQUIRED BY
SBI Growth Advisory
A PORTFOLIO COMPANY OF
BOW RIVER CAPITAL

LEGACY SWIM GROUP
HAS MERGED AND RECAPITALIZED WITH A GROWTH INVESTMENT FROM
MAIN ST CAPITAL CORPORATION

GLOBAL EDUCATORS
THE OWNER OF
CIS abroad · Barcelona Study Abroad · cisaustralia · cea capa Education Abroad
PORTFOLIO COMPANY OF:
infinedi partners

MEDALITY
HAS BEEN ACQUIRED BY
TRUELEARN
A PORTFOLIO COMPANY OF
LLR Partners

SHEMMASSIAN ACADEMIC CONSULTING
HAS RECAPITALIZED WITH
VSCP VESEY STREET CAPITAL PARTNERS

Elsmere Education + hcrc
HAS RECEIVED GROWTH AND ACQUISITION CAPITAL FROM
HAVEN CAPITAL PARTNERS

RAIN Group
HAS BEEN ACQUIRED BY
ALCHEMIST
A PORTFOLIO COMPANY OF
HORIZON CAPITAL

Perigon Learning
HAS RECAPITALIZED WITH
CLARION CAPITAL PARTNERS, LLC

atlantis
HAS BEEN ACQUIRED BY
cea capa Education Abroad
A PORTFOLIO COMPANY OF
infinedi partners

HEAVY EQUIPMENT COLLEGES OF AMERICA
HAS BEEN ACQUIRED BY
EVOLUTION CAPITAL PARTNERS
A PORTFOLIO COMPANY OF
ARGOSY

Envisage INTERNATIONAL
HAS BEEN ACQUIRED BY
NSM Insurance Group
A PORTFOLIO COMPANY OF
CARLYLE

HAWKES LEARNING
HAS RECAPITALIZED WITH
GVC AMERICAS

NEI Neuroscience Education Institute
HAS BEEN ACQUIRED BY
HMP Global

YARDSTICK MANAGEMENT Purpose. Measurement. Results.
HAS BEEN ACQUIRED BY
DIVERSIFIED SEARCH GROUP
A PORTFOLIO COMPANY OF
SHOREVIEW

APEX ANESTHESIA REVIEW
HAS BEEN ACQUIRED BY
TRUELEARN
A PORTFOLIO COMPANY OF
LLR Partners

WEP
HAS BEEN ACQUIRED BY
E-CAPITAL EQUITY MANAGEMENT

Conscious Discipline
HAS RECAPITALIZED WITH
PRAIRIE CAPITAL

RoshReview
HAS BEEN ACQUIRED BY
blueprint
A PORTFOLIO COMPANY OF
NEW HARBOR CAPITAL

MIAT COLLEGE OF TECHNOLOGY
HAS BEEN ACQUIRED BY
UNIVERSAL TECHNICAL INSTITUTE

OGLE SCHOOL HAIR • SKIN • NAILS
A PORTFOLIO COMPANY OF
NCK CAPITAL
&
GREYROCK CAPITAL GROUP
HAS BEEN ACQUIRED BY
RLJ Equity Partners

X FORCE MANAGEMENT
A PORTFOLIO COMPANY OF
DRIEHAUS CAPITAL MANAGEMENT
HAS BEEN ACQUIRED BY
TZP STRATEGIES ACQUISITION CORP

AMERICAN SENTINEL UNIVERSITY
HAS BEEN ACQUIRED BY
Post University
A PORTFOLIO COMPANY OF
Generation Partners

Themis BAR REVIEW
HAS BEEN ACQUIRED BY
UWorld

CALIPER
HAS BEEN ACQUIRED
psi
A PORTFOLIO COMPANY OF
Waud Capital

RICHARDSON THE POWER TO SELL
A PORTFOLIO COMPANY OF
CLEARLIGHT PARTNERS, LLC
HAS BEEN ACQUIRED BY
SALES PERFORMANCE INTERNATIONAL

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ENDNOTES

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Disclosure

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