HIGHER
GROUND
EDUCATION

First Day Hearing Presentation

In re Higher Ground Education, Inc., *et al.* (Case No. 25-80121-11-MVL)

United States Bankruptcy Court for the Northern District of Texas

June 20, 2025

The Debtors and Advisors

FOLEY

FOLEY & LARDNER LLP

SIERRACONSTELLATION PARTNERS

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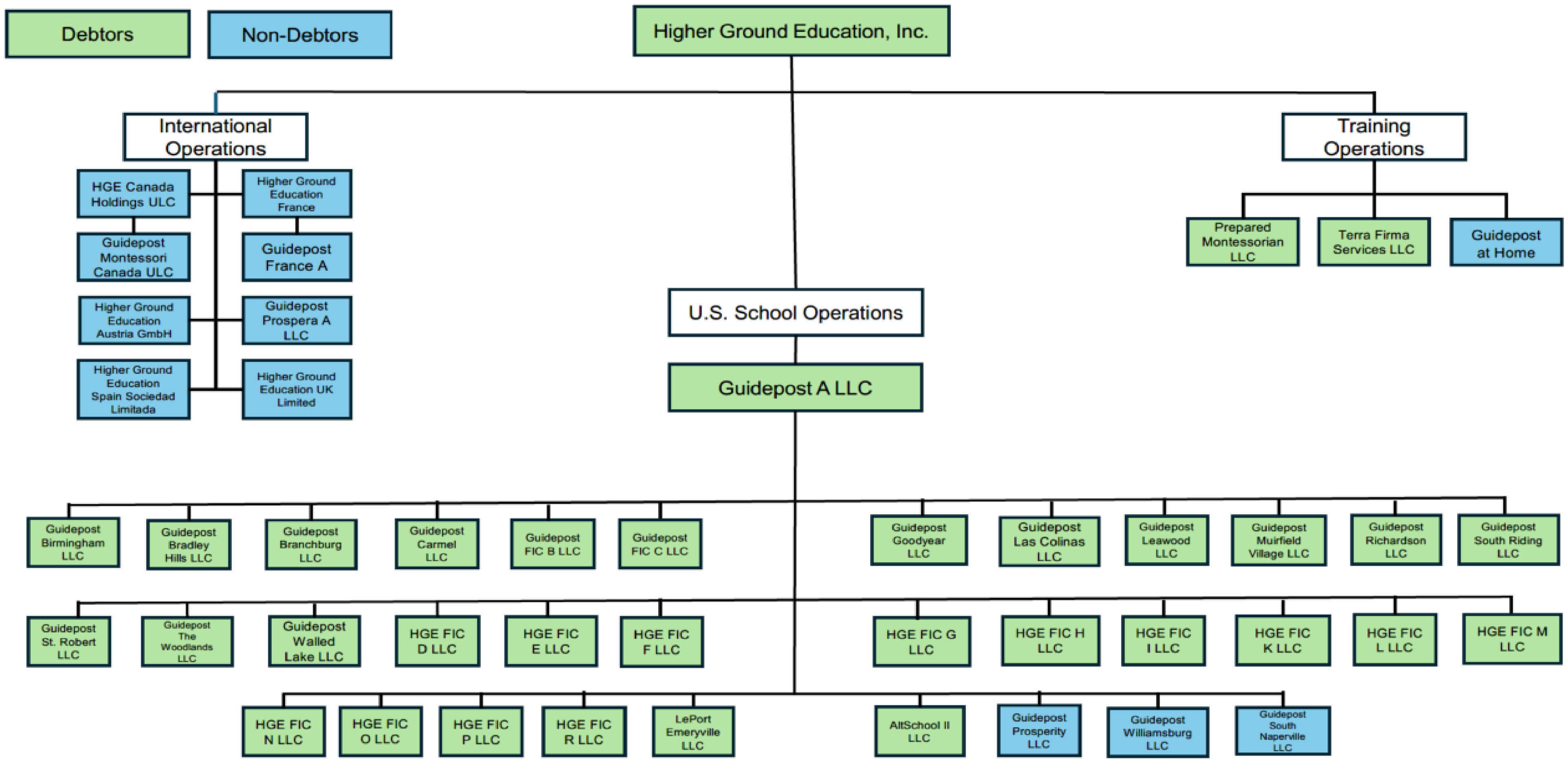
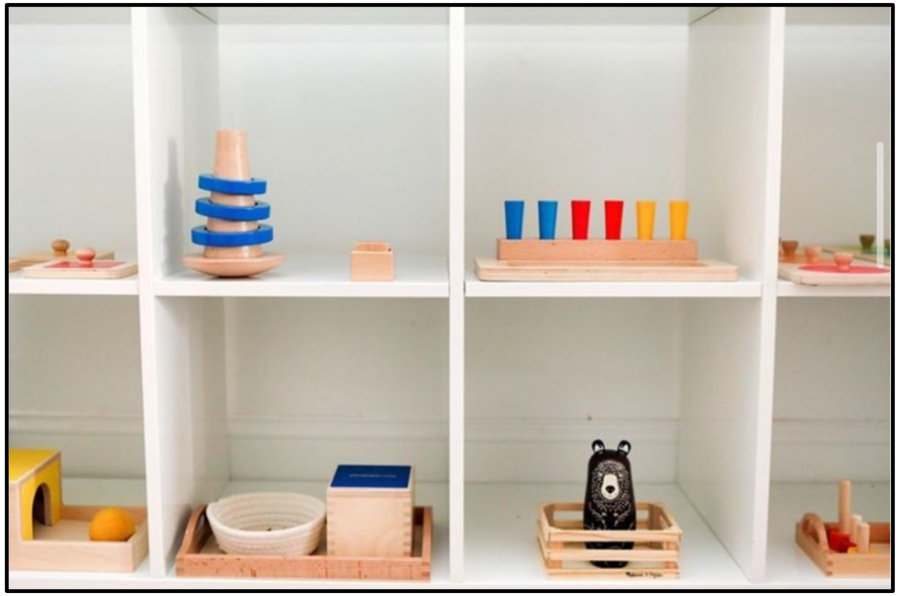
HGE Background

- HGE was founded in 2016 by Ramandeep (Ray) Girn
- The Debtors' mission was to modernize and achieve Montessori "at scale"
- Operated under Guidepost brand: "Live a life, fully lived"
- Rapid post-COVID growth by serving families virtually and at home from birth through secondary education
- Foreign expansion in 2019 to China, Canada, and countries in Europe
- By Fall 2024, largest owner and operator of Montessori Schools in the world with over 150 schools

HGE Organizational Chart



HGE Ownership Structure



- HGE is the corporate parent company and ultimate owner
- Equity in HGE owned through various classes of equity
- School-Specific operations were at Guidepost A LLC and Guidepost A's subsidiaries
- Subsidiaries were either wholly owned by Guidepost A or majority owned with minority EB-5 Investors
- Eb-5 Investors to fund growth

HGE Operational Structure

- The Debtors' primary business was owning and operating the Schools.
- HGE performed central operation functions
- Accredited training program
- Two brands:
    - Guidepost Montessori (infant – prekindergarten)
    - Guidepost Academy (kindergarten – 8th grade)

Year Ending	Number of Schools
2018	12
2019	27
2020	60
2021	81
2022	101
2023	132
2024	150
Petition Date	7

Funded Debt Structure

Funded Debt Prior to Foreclosures

Debt	Approx. Amount Outstanding
Secured Funded Debt	
Bridge CN-3 Notes	$4,800,000
WTI Loan Agreements	$27,763,326
Learn Fund XXXVII Promissory Note	$3,800,000
NRTC Promissory Note	$4,000,000
Yu FICB Promissory Notes	$2,000,000
YuHGEA Loan Agreement	$1,000,000
Yu Capital Loan	$441,913
CN Notes	$117,837,932
Total Secured Funded Debt	$161,643,171
Unsecured Funded Debt	
YuATI Promissory Notes	$2,200,000
LFI Unsecured Notes	$12,454,566
Total Unsecured Funded Debt	$14,654,566
Total Funded Debt	$176,297,737

Funded Debt Prior to Petition Date

Debt	Approx. Amount Outstanding
Secured Funded Debt	
Bridge CN-3 Notes	$4,800,000
WTI Loan Agreements	$4,680,970
CN Notes	$117,837,932
Total Secured Funded Debt	$127,318,902
Unsecured Funded Debt	
Learn Fund XXXVII Promissory Note	$410,350
NRTC Promissory Note	$289,833
Yu FICB Promissory Notes	$1,182,387
YuATI Promissory Notes	$2,200,000
YuHGEA Loan Agreement	$57,424
Yu Capital Loan	$327,858
LFI Unsecured Notes	$12,454,566
Total Unsecured Funded Debt	$16,922,418
Total Funded Debt	$144,241,320

Historical Financial Issues

- Raised over $355 million since 2020
- Debtors had very limited sources of external funding
- Debtors ran out of time and capital necessary to effectuate any transaction or reorganization that would have left the Schools under the Debtors' ownership

Financial Performance

Fiscal Year Ending August	Operating Revenues	Operating Expenses	Loss from Operations
2020	$40,514,61	$96,157,925	$(55,643,310)
2021	$81,909,500	$180,879,010	$(98,969,510)
2022	$123,650,999	$230,608,782	$(106,957,783)
2023	$161,597,696	$264,842,110	$(103,244,414)
2024	$192,478,070	$248,423,727	$(55,495,657)
2025 (through April 2025)	$140,256,616	$165,069,516	$(24,812,999)
Cumulative Loss from Operations			$(445,123,673)

Debtors' Rental Costs

Year Ending	Operating Revenues	Rent Costs	Percentage of Rent Costs to Operating Revenues
2020	$40,514,615	$24,439,783	60.3%
2021	$81,909,500	$40,115,318	48.9%
2022	$123,650,999	$49,349,071	39.9%
2023	$161,597,696	$63,228,287	39.1%
2024	$192,478,070	$72,096,019	37.5%
2025 (through April 2025)	$140,256,616	$53,879,753	38.4%

Prepetition Marketing & Restructuring Efforts

Marketing Efforts

- Engagement of 3 Bankers: Barclays Capital Inc., Rothschild & Co US Inc., and SC&H Capital
- Numerous Market Efforts
  - 2024 Equity & Debt Raise
  - 2025 Equity & Sale Efforts
- These efforts failed because of continuous negative cash flows, questionable path to profitability, excessive rent costs, large balance of debt on the balance sheet, high level costs of G&A expenses, and questions about the Debtors' management.
- Only available options were short-term funding obligations from current lenders

Restructuring Efforts

- Rent restructurings & Retention of Keen Summit
- School Closures
- Reductions in Force
- Retention of Professionals

Debtors' Goals

- Keep as many employees employed
- Allow for as many students and families to continue using the schools
- Continue the mission of providing the best Montessori-based education in the US

Foreclosure and Asset Sales

Three Foreclosures

- WTI affiliates
- Learn Capital affiliates
- Yu Capital and affiliates

Sales to Cosmic Education Americas

- Direct Sale
- Purchase Option

Transition Service Agreements

- Guidepost Global Education, Inc. (“GGE”), Cosmic Education Americas Limited (“CEA”), and TNC Schools LLC (“TNC”)

Management Services Agreement with GGE

- Necessary for the Debtors to continue operating during the pendency of these Chapter 11 Cases and to continue utilizing several business functions

Restructuring Support Agreement

- The Debtors entered into a Restructuring Support Agreement with 2HR Learning, Inc., Guidepost Global Education, Inc., Ray Girn and Rebecca Girn, Yu Capital, LLC (and its affiliated entities that represent a significant number of the Debtors' EB-5 Investors), and the other consenting parties thereto (with the other signatories to the RSA)
- The RSA provides:
  - the funding of $8 million dollars in new money to fund these Chapter 11 Cases, ongoing operations, and to fund potential plan recoveries to the Debtors' prepetition creditors;
  - the contribution by GGE of Curriculum Assets and the Guidepost Global IP License
  - the transfer of the Designated EB-5 Entities by the Debtors to GGE;
  - the assignment of certain executory contracts and unexpired leases to GGE;
  - the treatment of holders of allowed claims in accordance with the Plan and the priority scheme established by the Bankruptcy Code;
  - the mutual release of all claims and causes of action by and among each of the RSA Supporting Parties; and
  - the reorganization of the Debtors by retiring, cancelling, extinguishing and/or discharging the Debtors' prepetition equity interests and issuing new equity interests in the reorganized debtor(s) to 2HR and, potentially, the Senior DIP Lender.
- RSA Supporting Parties are waiving Plan distributions—except for a $500K payment to Mr. Girn—to enable recoveries for unsecured creditors, who would otherwise receive nothing
- The RSA offers the most cost-effective and timely path to emergence from Chapter 11, reflecting the Debtors' sound business judgment and commitment to fiduciary duties