



2023

AVATHON  
ADVANTAGE REPORT





Campers at Galileo  
this past summer





# Table of Contents

INTRODUCTION	04
<hr/>	
A Message from Leadership	04
About Avathon: Our DNA	06
 OUR TEAM	 14
<hr/>	
At Avathon	14
Together We Thrive	16
 OUR INVESTMENTS	 18
<hr/>	
Our Reach	19
Early Childhood Education	20
K-12	24
Higher Education	30
Adult Learning	35
Corporate	38
 DISCLOSURES & ENDNOTES	 42
<hr/>	

# A Message from Leadership

Our mission of delivering meaningful financial returns is inextricably linked to our desire to build enduring and strategically relevant companies across the education and workforce markets.



**1 Million**

**students and families** served by our portfolio companies



**3.2 Thousand**

**employees** working to support our portfolio companies



**\$113 Million**

of **value creation** across the portfolio in 2023<sup>1</sup>

At the heart of our journey is the powerful principle of "The Power of AND," a guiding philosophy that embraces the coexistence of seemingly contradictory ideas. Our mission of delivering meaningful financial returns is inextricably linked to our desire to build enduring and strategically relevant companies across the education and workforce markets.

Our companies do important work, from providing necessary early childcare education to supporting youth enrichment and remediation; from administering programs that allow international students to thrive academically and non-academically here in the U.S. to sending our U.S. college students abroad for transformative experiential learning programs; and from providing alternative pathways to skills and degrees for millions of working adults to helping corporations with their talent management requirements. Our companies performed with excellence and determination in 2023, driven by recurring demand and committed workforces. Our investment style does not require leverage; thus, in this environment of high interest rates and inflation, our companies are more resilient and unencumbered to continue their pursuit of profitable growth.

For calendar year 2023, our portfolio saw \$113 million of equity value creation, representing a 20% year-over-year gain, and 30% average topline revenue growth.<sup>1</sup> Additionally, on January 2nd, 2024, we announced the successful sale of Big Blue Marble Academy. We thank our BBMA family for all they accomplished and wish them and their new owners well, as their legacy of providing meaningful experiences to our youngest learners continues.

This past year was full of highs and lows, celebrations and tragedies, reasons for concern, and reminders of why we remain optimistic.



While the private M&A markets retrenched and fundraising allocations tightened, the public markets performed extraordinarily well.

The cost of capital increases, macroeconomic uncertainty and geopolitical risks added to the cooling of effect of funds flows. We celebrated “Barbie-heimer” and Taylor Swift’s ERAS tour genius while internalizing the horrors of terrorism and war. As generative AI has increasingly become mainstream, we hold concern for information manipulation while holding excitement for the potential to, among other things, democratize individualized learning and support services.

In this second annual report, we provide a deeper look into our investment ideation and sourcing approach, highlighting our recent investment in Magical Beginnings and our work to identify a platform investment in the Continuing and Professional Education space within the Adult Learning vertical. Our commitment to being a Founder-friendly investor has been a cornerstone of our success. Recognized by Inc. Magazine, we take pride in our partnerships with the founders of 13 education businesses since our inception. This acknowledgment underscores our commitment to being a partner of choice and conducting business fair and responsibly.

You’ll also find interviews with two of our CEOs, Matt Noble and Patrick Vogt, both of whom are not just growing their respective companies, Galileo and Academic Programs International (API), to be able to serve more students but are transforming their respective industries through innovation and creativity.

In closing, we extend our deep gratitude for your ongoing partnership and support. Together, we are stronger. Together, we are making a difference.

Thank you for embodying “The Power of AND” alongside us.



This past year was full of highs and lows, celebrations and tragedies, reasons for concern and reminders why we remain optimistic.

Shoshana Vernick  
Managing Partner

Jason Rosenberg  
Managing Partner



# Our DNA

Derived from two ancient Greek roots, “Av” to bind together and “athon” from marathon, Avathon is a purposeful name that represents us bringing together ideas, companies, and talent to seek to build strategically relevant and enduring companies across the education and workforce markets. Since our founding in 2016, our team has partnered with founders and executives to create enduring businesses where our deep sector knowledge, operational expertise, unique network, and policy insight can achieve transformational growth and differentiated outcomes.



# Our Core Values

**Responsibility** and **Integrity** are the principles that define our character and **Curiosity**, **Creativity**, and **Determination** are the essence of our culture.



---

**Build long-term relationships.** We strive to build relationships with people we want to do business with for years to come. Our deep and wide networks span the private and public sectors and provide us with access and strategic insight that is leveraged during due diligence, portfolio ownership, and strategic exit planning. This is an intentional by-product of decades of experience and a commitment to being a fair and thoughtful partner for the long haul.

---



---

**Champion collaboration.** We seek out diverse and smart perspectives to create the best outcomes for our portfolio companies. We use our networks to connect our partners to experts and influencers who can support them with differentiated ideas and expertise. Our portfolio companies also support each other, providing our executives with a peer network where they can collaborate and share insights.

---



---

**Commitment to excellence.** We strive to be relentless about finding ways to better serve our portfolio companies and improve our firm. Our high standards of excellence have been at the center of how we seek to deliver consistent, strong performance over the long term.

---



---

**Good partners.** We work to earn the trust of our stakeholders by unlocking value as a fair and responsible partner. We are stewards of other people's capital but act as if it were our own.

---



---

**Create a better future.** We are committed to investing in companies that can grow financially AND have beneficial impacts on the communities they serve. We are proud to partner with companies that seek to improve access to quality education and workforce solutions. Our portfolio serves a diverse set of learners, educators and institutions.

---



Campers at Galileo  
this past summer







# What We Do

## ALL-IN ON EDUCATION AND WORKFORCE

We leverage our **deep domain knowledge, wide relationship networks, and decades of experience** investing in and helping scale founder-owned and -led businesses in the education and workforce sectors. We strategically employ these competitive advantages across the entire investment lifecycle to generate strong returns and positive outcomes.

Our **research-first, executive-first approach** serves as the bedrock of our investment sourcing strategy, enabling us to form unique ideas on market opportunities, show up early and with a prepared mind, and cut to the heart of issues quickly.

We have built a vast rolodex of advisors and executives across the education and workforce ecosystem comprised of practitioners (e.g., K-12 superintendents, college presidents, corporate CHROs and CLOs), large strategics, and industry experts, among others. Our **network serves as a force multiplier**, providing information, sourcing, diligence, and value creation advantages and empathy in building rapport with founders.

Post-investment, we take an **active approach to driving profitable and growth** through investments in human capital, sales, marketing, data and analysis, and technology and implement best practices around **governance** and **build diverse boards** with outside directors that bring complimentary knowledge, experience, and relationships.

Throughout our ownership period, the Firm is **intentional in its exit positioning** of each company by engaging with potential buyers via our network and investment bankers early to elevate the company profile and strategic relevance. Through our track record and reputation, we are known as a **preferred partner** to selling founders, talented executives, and potential acquirers.

We believe our deep industry expertise, founder friendly approach and proven ability to drive value create the **Avathon Advantage**.

# How We Think

As students of the future of education and work, we've put in the time to understand the market and we come to every meeting with a prepared mind and an informed point of view. Everything we do is intentionally designed for our target market and target stakeholders.

We base our investments on six themes that underpin our thinking<sup>2</sup>:



## **Globalization of Education.**

Demand for high-quality education and English language learning continues to expand, and immersive experiences are increasingly accessible for people interested in studying or working internationally.



## **Reimagining the Learner Experience.**

Post-COVID, modern learning environments span modality, stimulate collaboration, have empathy, and tailor instruction to improve outcomes.



## **Technology Enablement.**

The best technologies are invisible and are designed with the user in mind. They promote higher personalization, adaptability, and scale. AI has the potential to democratize individualized learning and support services.



## **Unlocking Workforce Opportunity.**

Coordination between employers, colleges, students, and governments is happening at an accelerating pace, resulting in better alignment of education and skills training with job opportunities.



## **Data & Analytics.**

The strategic and appropriate use of analytics is critical for any organization seeking to build a defensible competitive position. By the end of our investment period, each portfolio company is designed to benefit from investments that produce actionable insights.



## **Innovative Partnership Models.**

The higher education system remains under tremendous financial pressure. Public institutions seek private partnerships as a way to leverage outside knowledge to build creative solutions that expand reach and boost efficiency.





## FORMING OUR POINT OF VIEW

# A Prepared Mind: Behind our Work in the Adult Learning Space

### Identifying the Opportunity

Workforce and skills training are widely acknowledged as a crucial way to build the economy. As the country struggles to prepare for the jobs of the future, we believe there is an opportunity to invest in affordable, high-quality certification or skills training programs that position individuals to thrive amidst evolving market demands. These “vertical education” businesses are industry-aligned and their continuing and professional education (“CPE”) solutions are requirements of regulators and employers alike. Solution providers are highly fragmented and often under-resourced, providing compelling opportunities for consolidation and strategic investment.

**\$6.3B Market**

that **serves adult learners** in some of the most durable and fastest growing professions<sup>3</sup>

### Developing the Thesis

We began by identifying CPE categories with long-term resilience and growth potential, focusing on sectors vital to the economy and less susceptible to disruption. We focused on healthcare, financial services, and skilled trades due to their significant labor shortages and ongoing training requirements mandated by regulatory agencies. From there, we meticulously analyzed occupational clusters within these sectors, emphasizing job growth, supply-demand dynamics, and opportunities for pre-licensure education and test prep.

## 2 Executives

Immediately **add value** in sourcing, diligence, and operations

### Partnering with Executives

Through proactive networking and leveraging industry insights, we recruited two executives who possess deep expertise in CPE and specifically within our targeted verticals. Their wealth of experience and market intelligence provides Avathon with a competitive edge throughout each stage of the investment lifecycle.

### Sourcing a Platform

In partnership with our executives, we cast a wide net, searching for businesses that are deeply entrenched in their end markets. We are in pursuit of founder-owned businesses approaching \$10M of revenue with \$1-5M EBITDA. Typically, their solutions are highly-referenceable and are endorsed by repeat users. Concurrently, we are building an add-on acquisition pipeline aimed at expanding into other professional categories.

### Building the Plan

As we source and diligence prospective opportunities in the vertical education space, we are continuously learning and shaping the strategic roadmap, building a roster of additional executive leaders, identifying potential independent directors, and forming a view on value creation opportunities and ultimate exit positioning.



**100 Percent**

of investments are  
**founder-led or  
owned**



**9 CEOs**

**Recruited** for 13  
companies; 4 of which  
were Executives-in-  
Residence<sup>4</sup>



**Honored**

by Inc. Magazine as  
**2023 Founder-  
Friendly Investor**



**77 Percent**

of investments were  
**proactively sourced**

## How We Partner

We believe there is nothing more important than who you surround yourself with. We partner with founders and executives who have a shared vision and determination to build enduring companies. We like to win alongside great people doing exciting work.

### We honor legacy and show path for value creation

We foster relationships and connections with founders, demonstrating our regard for legacy and building succession planning when needed. In 3 out of 3 instances where we made a minority investment in a founder-led company, our Founder-CEO partner was successful throughout the entire investment period.

### We show up prepared with relevant people and ideas

Our research-first, executive-first approach has provided us a leg-up when sourcing and winning opportunities. Using partnerships with executives, operating partners, and advisors, we have been able to identify companies and develop relationships with their founders and management teams early on in a process that differentiates us from the rest. Once we assume ownership, our team has been able to “hit the ground running” with a strategic plan centered around investing in talent, sales, marketing, data and analytics, and technology-enablement because of our unique insight.



## Honoring a Legacy of Enduring Service

Linda Hassapis founded Magical Beginnings, a provider of high-quality early education throughout the Northeastern U.S. and Avathon's newest portfolio company, in 1990. At 20 years old, Linda established her first at-home childcare service in her basement. Linda's vision became a reality with the growth of Magical Beginnings. Our team at Avathon is committed to building upon the magic Linda created.



“Avathon impressed me by thoroughly understanding what set Magical Beginnings apart. They valued the longevity of my staff, took a close look at the management team, and demonstrated a commitment to preserving the company's core values. Conversations with others who had worked with Avathon, like the founder of Avathon portfolio company, Big Blue Marble, were instrumental in my decision.”

**- Linda Hassapis**  
Founder, Magical Beginnings

## We nurture long-term relationships

We are inspired by the good and lasting impact of entrepreneurs and professionals who bring innovation to the education and workforce sectors. Notable examples include Patrick Vogt, who has led successful founder transitions as CEO of two Avathon portfolio companies, and founders such as Don Munce, Eric Burns, Nan Rikard, and Mark Taylor, who, after successfully entrusting their businesses to us, have remained apart of the Avathon family.

## We facilitate connections, fostering collaboration and continuous learning

The breadth and quality of our portfolio provides valuable touchpoints, learnings, and business opportunities including quarterly executive peer-to-peer groups and an annual summit. Further, our companies share best practices and toolkits, benefiting from the synergies of an industry-specific portfolio.

# Our Team

People are at the heart of our success and our team has been remarkably consistent. Shoshana and Jason have been working together for over 18 years and the core investment professionals have been on the Avathon team for over six years.



**SHOSHANA VERNICK**  
Managing Partner & Co-Founder



**JASON ROSENBERG**  
Managing Partner & Co-Founder

“ Our people are our most valuable asset. We actively seek and nurture the brightest minds across a wide spectrum of disciplines. The collective wisdom of our team, enriched by varied backgrounds and experiences, is the cornerstone of our success. ”

- Jason Rosenberg  
Managing Partner





**BRIAN SCHWARTZ**  
Managing Director



**SHAWN DOMANIC**  
Principal



**NISHAAD BALACHANDRAN**  
Vice President



**GRACE BEITLER**  
Vice President, Marketing & IR

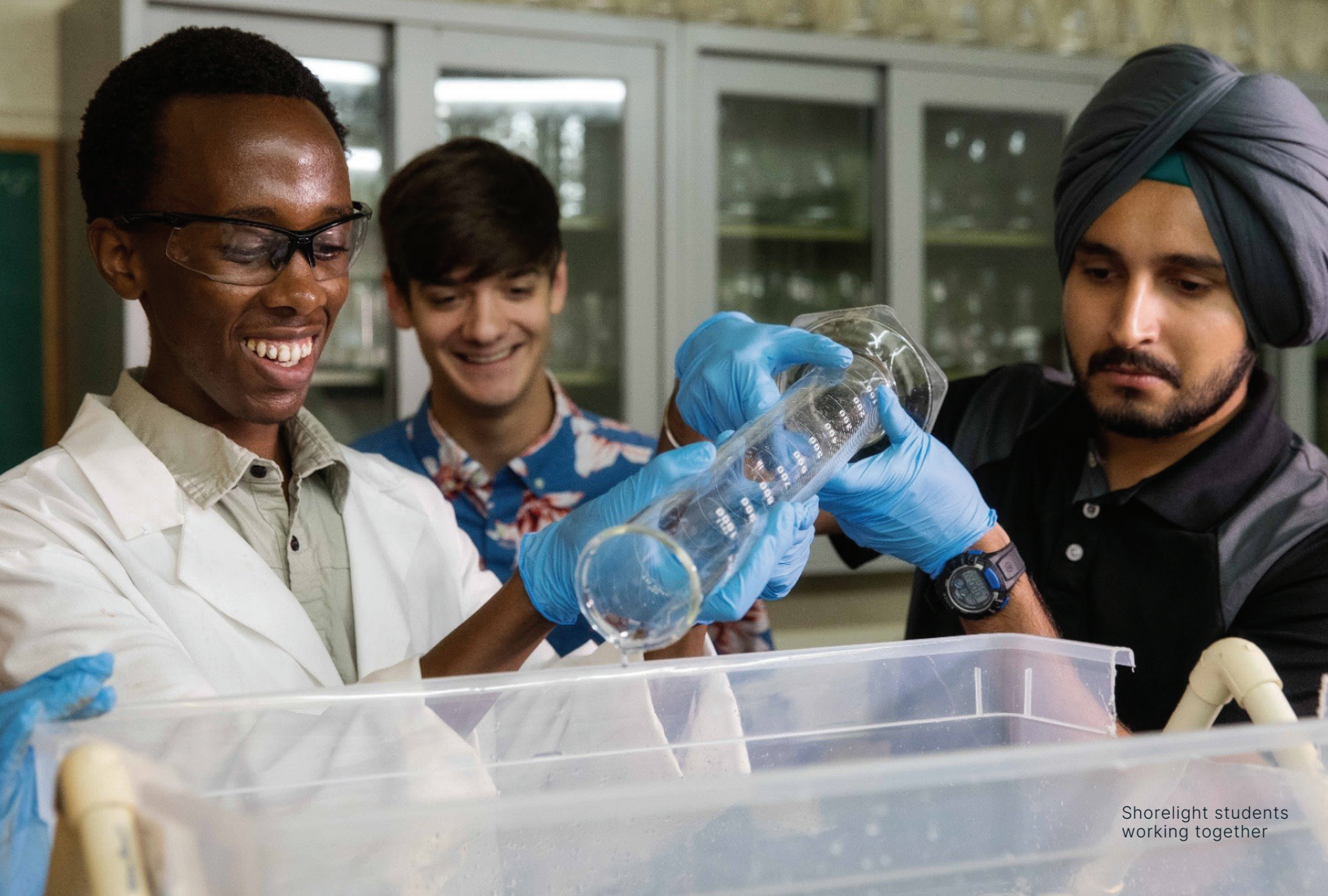


**VICTOR BRUENE**  
Associate



**MICHAEL GRUNDHAUSER**  
Associate





Shorelight students  
working together

# Together We Thrive

## Measuring our Diversity

At Avathon Capital, our mission is to be the leading lower middle market education and workforce investor. As a **woman-owned firm**, we are committed to building and maintaining a team of individuals from unique backgrounds, experiences, and perspectives that reflect the diversity of the communities and industries in which we operate. We believe a diverse and inclusive team is more likely to attract top talent, make better decisions, and deliver results. That's why we are **dedicated to creating a culture of inclusivity**, where all team members feel valued and supported.<sup>5</sup>

38%

of the Avathon team  
self-identify as  
female or racially  
diverse

47%

of Avathon-appointed  
outside directors  
self-identify as female  
or racially diverse

45%

of portfolio company  
senior management  
self-identify as  
female

83%

of portfolio company  
employees self-  
identify as female

## Engagement Across our Portfolio and our Communities

### Portfolio Company Boards

We believe that one of the foundational elements of each company is a well-functioning board of directors with relevant backgrounds and expertise. Directors are carefully selected based on the needs of each portfolio company. Since inception, we have appointed 17 independent directors.<sup>4</sup> Our team actively participates in portfolio company board meetings, with at least one member of the Avathon investment team serving as a director on each of our portfolio company's boards.

### Annual Avathon Portfolio Summit

The annual Avathon Portfolio Summit brings together our company's CEOs and founders, board members and advisors with the Avathon team. Content is shaped based on the year, and outside speakers are brought in to bring relevant perspectives and stimulate thought. CEO roundtables are constructed to give our leadership feedback on topics like how to build resilient businesses, the importance of talent and culture, and how companies are responding to current pressing challenges.

### Industry Engagement

Actively engaging with industry groups provides a unique avenue for our team to cultivate relationships with other professionals across the industry and gain insights and best practices.

### Conference Participation

In the dynamic landscape of education and workforce, our team actively prioritizes conference participation as a strategic cornerstone. We attended numerous events this past year, immersing ourselves in the latest information, trends, and innovations shaping the sector.

### Employees Giving Back

We have a long tradition of supporting local organizations within our surrounding communities. Our team is highly engaged through volunteering and giving. As an education-focused investor, we also have strong school spirit. The principals of the Firm offered their time last year to neighboring universities as guest lecturers and case competition judges.



Shoshana and Grace are members of the Women's Association of Venture & Equity. This past year, Avathon sponsored the annual Midwest Golf Outing!



Shoshana is a member of their Board of Directors, a founding member of their Diversity Foundation, and current Chair of the IVCA Invitational, a fundraising event aimed at raising awareness and dollars for Diversity initiatives. We hosted 2 IVCA Scholars for paid internships this past summer.



Shoshana is a member of PEWIN, the preeminent organization for senior women leaders in private equity that was created to connect and increase the success of women in private equity.



In November 2023, the Avathon team and their families partnered with Cradles to Crayons to support their work to provide clothing and other essential items to children living in homeless or low-income situations.



# Our Investments



Enrollment management solution for higher education

[www.encoura.org](http://www.encoura.org)



SaaS video creation and storage solution for higher education and corporations

[www.panopto.com](http://www.panopto.com)



International pathway program for high school students enroute to U.S. higher education

[www.amerigoeducation.com](http://www.amerigoeducation.com)



Study abroad, internship and other international experiential learning programs to U.S. college students

[www.apiabroad.com](http://www.apiabroad.com)



Provides high-quality early education through purpose-built curriculum across the Southeastern U.S.

[www.bbmacademy.com](http://www.bbmacademy.com)



Online U.S. education platform to students globally by combining curriculum instructors and personalized learning

[www.amerigoeducation.com](http://www.amerigoeducation.com)



Digital supplemental curriculum focused on K-12 reading

[www.readingplus.com](http://www.readingplus.com)



SaaS solution for enterprise learning and skilling

[www.cornerstoneondemand.com](http://www.cornerstoneondemand.com)



International pathway provider for undergraduate and graduate students seeking a U.S. degree

[www.shorelight.com](http://www.shorelight.com)



STEAM-oriented enrichment programs for children

[www.galileo-camps.com](http://www.galileo-camps.com)



College re-enrollment provider to millions of adults with some college but no degree

[www.reupeducation.com](http://www.reupeducation.com)



Provides high-quality early education throughout the Northeastern U.S.

[www.magicalbeginningslc.com](http://www.magicalbeginningslc.com)



Education benefit provider to 15 million+ union workers

[www.edvance.online](http://www.edvance.online)

## 2023 CURRENT PORTFOLIO PERFORMANCE<sup>1</sup>



**\$113 Million**  
of value creation



**30 Percent**  
YoY average  
revenue growth

# What We Achieved in 2023: By the Numbers



## WHO WE SERVED

**1 Million**  
**students and families**  
served by our portfolio  
companies

**4.9 Thousand**  
**educators** across our  
portfolio companies

**173 Countries**  
**that our students**  
come from

**287 Universities**  
**partnering** with our  
portfolio companies



## ACROSS THE PORTFOLIO

**3.2 Thousand**  
**employees** working to  
support our portfolio  
companies

**1 Thousand**  
**new jobs** created  
over the last year

**2 Directors**  
**appointed** to portfolio  
company boards

**11 Leadership**  
**hires made** (64% self-  
reported as minority or  
female)<sup>5</sup>



## AT THE FIRM

**1 Sale**  
of **Big Blue Marble**  
**Academy** to financial  
acquiror

**1 Acquisition**  
of founder-owned  
company, **Magical**  
**Beginnings**, closed

**1 Promotion**  
to **Principal** awarded to  
Shawn Domanic

**1 New Hire**  
**joined our team** as a  
first-year Associate





# Early Childhood Education<sup>2</sup>

We believe the U.S. private center-based ECE market is large, growing, resistant, and highly fragmented, representing an \$87 billion market in 2023 and projected to reach \$109 billion by 2028 (~5% CAGR 2023 – 2028).<sup>7</sup> Investments in high-quality early childhood education providers and facilities will help build capacity and increase access to these offerings across U.S. geographies. Improving teacher retention through upskilling and compensation will help advance student outcomes and business model effectiveness.

# Big Blue Marble Academy (exited)



Investment Year

**2018**

Investment Status

**Exited (2024)**

Fund

**Fund I**

Business Model

**Multi-Unit / Center-Based**

Investment Theme



10,000

Young Learners

1,700

Educators

97%

of Employees self-identify as women

Big Blue Marble Academy (“BBMA”) is a high-quality network of preschools operating throughout the Southeastern U.S. Children who attend its schools are provided with the tools to help develop the critical social, emotional, cognitive, and physical skills needed to succeed in kindergarten and beyond. A typical day at BBMA exposes students to a tailored curriculum brought to life through creative, child-centered learning experiences that cover topics such as diverse cultures, geographies, climates, and people.

BBMA was a research-first, executive-first investment strategy where Avathon partnered with two experienced early childhood executives to identify a platform investment. Given our knowledge, experience and credibility, Avathon was selected as a partner to invest in and help the business scale. BBMA maintained its commitment to the communities that it serves and stayed open to support first responders and other families who required childcare throughout the COVID-19 pandemic. Avathon brought in an experienced leader and former Executive-in-Residence, Jeff Wahl, to provide leadership during the crisis and beyond. Jeff has sought to find solutions to systemic challenges like teacher recruiting and retention, all while growing BBMA’s footprint to meet the needs of this large and growing market.

In what is always a bittersweet transaction, Avathon sold BBMA to a financial acquiror in January 2024. At the time of investment, BBMA served approximately 2,000 students across 22 locations with 400 employees. Through a combination of operational improvements, add-on acquisitions, and greenfield expansions, BBMA was able to grow to serve nearly 10,000 students across 67 total locations with nearly 2,000 employees.





# Magical Beginnings

Magical Beginnings is an early childhood education business operating seven community-based schools located in the North Shore region of Boston, Massachusetts. The company provides high quality education-based programs for children ranging from infant through pre-K as well as summer camp programs, laying a strong foundation for success in kindergarten and beyond.

Magical Beginnings was founded by Linda Hassapis in 1990 with the mission of providing families in the North Shore suburbs of Boston access to high-quality early education that promotes kindergarten readiness. Over the years, Linda had been approached by many potential acquirers, but she was seeking a trusted partner to be a good steward for her business. Given our knowledge, experience and credibility, as well as our track record in the ECE space with BBMA, Avathon was selected as an investment partner to help the business scale.

In order to evaluate the opportunity and facilitate the transition of Magical Beginnings, Avathon partnered with Sarah Clabby, an experienced early childhood education operator. Since acquisition, Avathon has recruited a dynamic leadership team, including CEO, Mark Donovan and appointed Sarah Clabby as the Board Chair, to maintain Magical Beginning’s legacy all while growing its footprint to meet the needs of this large and growing market.



## Magical Beginnings

Investment Year

**2023**

Investment Status

**Current**

Fund

**Fund II**

Business Model

**Multi-Unit / Center-Based**

Investment Theme



530

Students

170

Educators

7

Schools

## **Research-First, Executive-First:** An Interview with **Shawn Domanic**, Avathon Principal and **Sarah Clabby**, Magical Beginnings Board Chair

### **How was Magical Beginnings sourced, and what was the key approach in establishing a connection with Linda and her team?**

Shawn: Magical Beginnings was sourced through a meticulous process that aligns with our broader strategy in the early childhood education sector. The approach involved a combination of thorough research, leveraging our existing investment thesis, and extensive outreach efforts. While our team had a history in early childhood, the sourcing process for Magical Beginnings was marked by a personal touch. A LinkedIn message initiated a conversation with Linda, the founder. Subsequent discussions focused on showcasing our sector knowledge, values, and commitment to collaborative growth. The culmination of authenticity, a shared mission, and a genuine understanding of Linda's vision ultimately set Avathon apart.

### **How does your approach to deal sourcing emphasize building personal relationships and establishing trust?**

Shawn: My general approach involves building personal relationships and establishing trust. Whether through research projects, leveraging networks, or cold outreach, the key is getting to a conversation. I focus on showcasing knowledge, understanding the business model, and demonstrating authenticity, recognizing the personal and human aspects of these businesses.

### **Dealing in the early childhood space requires a unique understanding. How does Avathon excel in navigating this space, appreciating the specific needs of taking over a family-run, longstanding business?**

Shawn: Avathon's success in the early childhood space stems from our knowledge of the sector and a tailored approach. We recognize the emotional aspects of family-run businesses, appreciate the challenges they face, and aim to maintain continuity while strategically introducing necessary changes.

Sarah: Avathon's values-based approach is a differentiator. It involves integrity, mastery, transparency, humility, and active listening. These values create a foundation for authenticity and empathy, both of which are crucial in guiding family-run businesses through transitions, ensuring alignment with Avathon's core values and maintaining trust.

### **Avathon's growth strategy for Magical Beginnings aims to provide opportunities. Can you elaborate on how expansion creates growth opportunities within the business?**

Sarah: Growth, when done thoughtfully, creates a virtuous cycle. As we expand, we open career ladders and invest in technology, compensation, and benefits. Larger scale allows for more resources, which, in turn, supports career growth, teacher retention, and the overall enhancement of the business in alignment with our core values.

Shawn: Avathon's growth strategy is designed to create meaningful opportunities within the early childhood education sector. As we expand, we prioritize reinvestment in the business, allowing for career development pathways within the organization. Our focus goes beyond numerical growth, emphasizing the enhancement of support for educators, staff, and families. This includes comprehensive training, competitive compensation packages, and a positive work environment. The goal is to build a thriving ecosystem that aligns with our commitment to excellence in early childhood education.

Growth, when done thoughtfully, creates a virtuous cycle. As we expand, we open career ladders and invest in technology, compensation, and benefits.





# K-12 Education<sup>2</sup>

We believe reimagining a modern learner experience is critical as we chart the path forward in K-12 Education. Investment in instructional solutions, administrative software, and staffing services will help address current challenges and uplift students, teachers, and administrators. Recognizing the transformative impact of technology on learning, there is a strategic imperative to invest in K-12 educational programs that seamlessly incorporate digital tools and resources. Our commitment lies in supporting initiatives that leverage technology to create dynamic and engaging educational environments, foster student success, and ensure they are well-equipped for the challenges of the future.

# Amerigo Education

Amerigo partners with top U.S. high schools to help recruit international students and provides a comprehensive set of technology and services to prepare their students to succeed at top U.S. colleges and universities. Amerigo offers to help recruit and to provide boarding, homestay, and exchange programs for its students and focuses on supplementary English training, academic enhancement, personal development, and robust college guidance and counseling.

Avathon has deep experience with both international education businesses and U.S. schools that have recruited international students. We observed the increased trend of students coming to the U.S. during their high school years, with the hope of eventually getting into a top-ranked U.S. college or university. We embarked on extensive research to better understand how students were navigating school selection and how high schools were recruiting students. Our research also indicated that, like colleges and universities in this country, many secondary schools were struggling with enrollment.

We concluded that there was a compelling investment opportunity for a business like Amerigo. In 2016, Amerigo was founded as a unique platform, and we recruited Craig Pines as CEO and co-founder to lead the company.

In 2023, Amerigo had a record year with growing enrollments. Currently, Amerigo supports nearly 730 students. Next school year, Amerigo expects to support over 1,000 students.



Investment Year

**2016**

Investment Status

**Current**

Fund

**Fund I**

Business Model

**Tech-Enabled Services**

Investment Themes



# 730

Students

# 100%

Graduation Rate

# 80%

Graduates admitted to  
Top 100 Universities



# Hudson Global Scholars



Hudson Global Scholars provides high-quality U.S. education to school partners and students around the globe through the combination of more than 600 digital courses designed for online learning, highly qualified instructors, and personalized learning experiences. Together, with multiple school brands and innovative technology, Hudson's online education solutions help deliver more options and better outcomes by offering a broader course catalog, providing the flexibility of hybrid learning, ensuring students develop the academic and technical skills needed to succeed, and helping graduates stand out as they apply to U.S. universities. Students who successfully complete the program will receive an accredited U.S. high school diploma and be prepared to enter top universities.

After identifying the lack of effective preparation options for the large global pool of students seeking a pathway to international higher education, Avathon acquired Hudson in 2019 to seek to provide a high-quality, affordable, and distinctive product set as a novel way to serve that pool of students while improving their academic preparation, English language skills, and, ultimately, their experience and outcomes in international higher education.

This year, Hudson experienced growth in its international business and has been exploring partnerships with domestic and international school companies. Important operating initiatives were rolled out including new websites, marketing collateral, and curriculum enhancements.

Investment Year

**2019**

Investment Status

**Current**

Fund

**Fund I**

Business Model

**Software / Tech-Enabled Services**

Investment Themes



# 4,500

Students

# 20

Countries where students are from

# 83%

Graduation Rate





# Reading Plus (exited)

Reading Plus is a pioneering leader in the development of adaptive digital literacy solutions. The Reading Plus program provides comprehensive, adaptive literacy instruction and intervention validated by decades of efficacy research. The program seeks to improve comprehension, silent reading fluency, motivation, and reading stamina while supporting students on their path to becoming engaged global citizens.

Reading Plus was a research-first investment strategy where we partnered with an Avathon Executive-in-Residence, Steven Guttentag, to pursue K-12 opportunities in the supplemental digital solutions market. Reading Plus, at its inception, was a founder-owned company seeking succession planning as well as strategic and financial support to expand its content library and distribution to more schools and thus to more learners. Avathon partnered with ReadingPlus to source and develop new executive talent, expand the content library for students, and develop a new successful GTM strategy. Over the course of Avathon's ownership, ReadingPlus meaningfully increased its number of school partners, doubled its content library, and invested in new technology that we believe improved reading fluency, comprehension, and motivation for learners.

Reading Plus was sold in 2021 to Dreambox Learning, a K-8 instructional software provider focused on math.



---

Investment Year

**2019**

---

Investment Status

**Exited**

---

Fund

**Fund I**

---

Business Model

**Software**

---

Investment Themes



“ From the moment we began our relationship with Avathon, they understood that investing in research, content, and results would be critically important and core to our commercial success. ”

- **Mark Taylor**  
Founder, Reading Plus

# Galileo

Galileo offers a wide range of high-quality STEAM and innovation-focused summer day camps and programming for children aged 4-15. Creating inclusive and diverse communities and cultures is deeply linked to the achievement of Galileo’s mission to develop innovators who envision a better world. Galileo offers financial assistance in the form of full or partial scholarships to qualified families. Galileo also partners with non-profit organizations who are seeking to add innovation, design, and STEAM programming into their communities—as well as with schools to provide spring and summer programming.

Galileo was a research-first investment strategy where Avathon sought a platform business that it identified as best-in-class in the highly fragmented K-12 enrichment market. Avathon acquired Galileo in 2021 as a value-added partner to the business that could provide strategic and growth capital to support existing summer education programs and expand into new, attractive camp locations in local communities. The company’s founder, Glenn Tripp, retired in 2022 and Matt Noble was hired as CEO.

Galileo has made tremendous progress in 2023, evidenced by its strong enrollments and camper satisfaction.



galileo

Investment Year

**2021**

Investment Status

**Current**

Fund

**Fund II**

Business Model

**Multi-Unit / Center-Based**

Investment Theme



24,000

Campers

1,700

Counselors

65

Locations

## **A Business Transformation: An Interview with Matt Noble, CEO of Galileo**

### **Can you provide insights into Galileo's camp programming and what sets it apart in terms of uniqueness and innovation?**

Galileo's camp programming is distinguished by a blend of creativity, innovation, and a strong educational focus. Our STEAM (Science, Technology, Engineering, Arts, and Math) programs are designed to foster a love for learning through hands-on, project-based activities. What sets us apart is our commitment to combining education with the magic of camp, creating an environment where kids not only learn but also experience the joy of exploration and creativity.

### **How does Galileo infuse creativity into its camp programs, and what impact does this creative approach have on the campers?**

Creativity is at the core of our programs. We believe in nurturing the innovators of tomorrow. Our curriculum encourages campers to think critically, solve problems, and express themselves creatively. Whether it's designing prototypes, creating art, or solving real-world challenges, we aim to instill a sense of wonder and curiosity. The impact is significant – campers develop a love for learning that goes beyond traditional educational boundaries.

### **Galileo has experienced growth under your leadership. Can you tell us more about the strategies you've employed to achieve this growth?**

Our growth strategies have been multi-faceted. First and foremost, we've focused on delivering a unique and high-quality program that resonates with families and children. Galileo is known for its innovation-focused summer camps that blend learning with fun, and we've worked hard to strengthen and expand this core offering. Additionally, we've been strategic in our expansion efforts, identifying new geographic locations and markets that align with our mission.

### **Managing the complexity of recruiting and retaining a large seasonal staff must be challenging. How does Galileo ensure that its values and mission are instilled in the seasonal workforce?**

We go from a 50-person organization in the offseason to around 2000 during the summer. Scaling staffing and ensuring the right people are in place across our 75 camps require thoughtful planning. Retention and morale are central. We're aiming for "less admin, more magic." Streamlining roles, reducing administrative burdens, and enhancing the overall experience for both staff and families are key strategies. We're creating a system that allows staff to focus on the magic of camp rather than being bogged down by administrative tasks, ensuring the mission and values remain at the forefront.

### **As a portfolio company of Avathon, how has their involvement contributed to Galileo's strategic positioning and readiness for future growth?**

Avathon's involvement has been transformative for Galileo. Beyond financial support, they've brought a wealth of operational expertise to the table. Together, we've worked on refining our organizational structure, optimizing processes, and adopting technology solutions that position us for scalability. Avathon's strategic guidance and commitment to our mission have been instrumental in shaping our growth trajectory.

**We're creating a system that allows staff to focus on the magic of camp rather than being bogged down by administrative tasks, ensuring the mission and values remain at the forefront.**





# Higher Education<sup>2</sup>

We believe Higher Education stands as a pivotal foundation for economic growth and individual success. With enrollment declines, tuition pressures, and shifting labor market demands, universities are increasingly facing top- and bottom-line pressures. Recognizing the ongoing need for a well-prepared workforce in an ever-changing landscape, there exists a strategic opportunity to invest in accessible and top-tier higher education programs. As the nation endeavors to equip its citizens with the knowledge and expertise required for the challenges of tomorrow, we see potential in supporting affordable and esteemed higher education initiatives with solutions that bring innovation and efficiency.

# The National Research Center for College & University Admissions (exited)

The National Research Center for College & University Admissions' ("NRCCUA") mission is to empower students and institutions to create meaningful connections so everyone can make the most informed decisions to achieve their goals. Founded in 1972, NRCCUA links colleges and universities to the nation's largest college and career planning program for students seeking post-secondary guidance. More than 1,800 four-year non-profit colleges and universities are NRCCUA members. The company has provided over six million high school students access to college and career planning resources to create the highest probability of student success.

Avathon acquired a majority interest in this founder-owned company in 2016. Avathon's partnership with NRCCUA allowed the company an opportunity to pursue innovation and growth. Avathon hired a new senior leadership team, invested in data & analytics, completed three tuck-in acquisitions, and transitioned the company from a transactional model to a recurring revenue model (the platform technology was renamed Encoura).

Avathon sold the company to ACT in 2018. At the time of exit, Encoura was sought after for its capability to combine data science, advanced analytics, research, and omnichannel enrollment services in one platform.

## NRCCUA®

Investment Year

**2016**

Investment Status

**Exited (2018)**

Fund

**Fund I**

Business Model

**Software / Tech-Enabled Services**

Investment Themes



“NRCCUA was in a unique position to become a leading innovator in the enrollment management market and we were prepared to invest in the talent and technologies required to fuel this transformation.”

- **Shoshana Vernick**  
Managing Partner

# Academic Programs International

Academic Programs International (“API”) is an independent study abroad provider. Founded in 1997 by four “mamas”, API set out on a mission to make international education more accessible. The company offers a variety of programs, including semester, academic year, and summer abroad options, in locations around the world, providing thousands of students with an immersive and experiential learning opportunity. This includes both in-class coursework and out-of-class experiences such as cultural excursions, service-learning projects, and internships. The goal is to give students a transformative study abroad experience that will broaden their perspectives, enhance their education, and open doors for future opportunities.

In 2018, Avathon acquired this founder-owned company. With strategic investments in technology and data analytics, API could unlock a new, broader vision in global experiential learning that would provide credit-bearing opportunities for students that were aligned with in-demand academic and career clusters. The partnership between Avathon and API ensured that the business would be under the control and direction of an investment partner who understood and would maintain the core mission and values. Since acquiring API and during the pandemic, we executed CEO succession and team building, invested in the creation of APiConnect, an experiential education technology platform that helps colleges and students enroll in global learning experiences more seamlessly. The company also transitioned from offering only study abroad to a more robust offering of experiential learning programs, which we believe has transformed API into a market leader in the education abroad sector, paving the way for a record 2023.



Investment Year

**2018**

Investment Status

**Current**

Fund

**Fund I**

Business Model

**Tech-Enabled Services**

Investment Themes



6,500

Students

25+

Countries where  
programming is offered

85

Partner Universities



## **Embracing Technology:** An Interview with **Patrick Vogt**, CEO of Academic Programs International

**Can you share more about how your experience, particularly as CEO of NRCCUA, has prepared you for spearheading the technological integration and transformation at API?**

My journey in technology and business leadership has been instrumental in shaping my approach at API. During my tenure as CEO of NRCCUA, I honed my skills in navigating the intersection of education and technology. NRCCUA, being a leader in data-driven enrollment services, allowed me to understand the potential of technology in educational settings. This experience laid a solid foundation for my role at API, where we are leveraging technology to revolutionize experiential learning. The fast-paced nature of technology demands adaptability, and my background has equipped me to lead API through the dynamic landscape of educational innovation.

**Technology plays a pivotal role at API, enhancing operational efficiency. Could you delve deeper into how technology is integrated into a people-centric business?**

Integrating technology into our people-centric approach is about amplifying, not replacing, human interactions. By streamlining application processes and utilizing technology in student support, we ensure efficiency. The advantages are vast—accessibility, personalized experiences, and overall improved efficiency, creating impactful experiential learning opportunities.

**Integrating technology into our people-centric approach is about amplifying, not replacing, human interactions.**

**How has Avathon's involvement contributed to API's success and growth, especially in navigating the challenges of a rapidly evolving industry?**

Avathon has been more than an investor; it's a strategic partner. Their expertise in fostering innovation aligns seamlessly with API's vision. The guidance goes beyond financial backing, encompassing insights that have been invaluable in navigating the complexities of the industry. Avathon's commitment to technological excellence mirrors our own, creating a synergy that propels API forward, ensuring we stay at the forefront of transformative education.

**Beyond its core mission, how does API contribute to the community, and what initiatives are in place to support students beyond their immediate academic experiences?**

API's commitment extends to community impact. Our Foundation spearheads research and legislative advocacy, aiming to make experiential learning universally accessible. Beyond scholarships, we're ensuring transformative learning experiences for underrepresented students, fostering a rising tide of opportunities.

**Looking ahead, how do you envision the future of API, especially concerning technology and experiential learning?**

The future is exciting. Technology will continue to play a pivotal role, enhancing accessibility and personalization. We envision a study abroad narrative that is seamless, stress-free, and enriching for students. API's journey is not just about embracing technology; it's about shaping the future of experiential learning globally, ensuring that students not only gain knowledge but also transformative experiences that prepare them for a rapidly changing world.

# Shorelight Education

Founded in 2013, Shorelight connects students, universities, and counselors from around the world to help international students study at top U.S. universities. Its proprietary analytics platform, digital services, collaborative approach, and global infrastructure result in outstanding student experiences and high-value partnerships. The team of international higher education experts empower students, universities, and counselors to achieve their goals. Shorelight's personalized programs support international students from application to enrollment, with certain universities offering enhanced admissions, visa, academic, and career services. When a student pursues a bachelor's or master's degree with a Shorelight university, they have access to more than 1,900 areas of study at schools across the U.S.

In 2020, Avathon acquired a significant minority position in the company. Our capital provided support for Shorelight's growth plans, including expansion of its diverse roster of university partners and in-country academic advisors as well as investment in its proprietary processes and technology.

The company had an outstanding 2023, as evidenced by its strong financial performance and student enrollment and graduation rates.



Investment Year

**2020**

Investment Status

**Current**

Fund

**Fund II**

Business Model

**Tech-Enabled Services**

Investment Themes



# 10,000

Students

# 105

Countries represented  
across student participants

# 81%

Graduation Rate





# Adult Learning<sup>2</sup>

Workforce and skills training are widely acknowledged to be a crucial way to build the economy. As the country and its workforce struggle to prepare for the jobs of the future, we see an opportunity to invest in affordable, high-quality degree and non-degree programs such as, certification or skills training programs. All are driven by with the same objective: to position individuals to thrive.



# Edvance

Edvance, formerly the Student Resource Center, enables labor unions and other professional associations to offer “education-as-a-benefit” to their members. Edvance facilitates access to an affordable college education for 17 million+ labor union and professional association members and their families across the country through a tuition assistance program. The company collaborates with school partners to develop and support educational programs in high-demand fields for working adults nationwide.

Avathon has hired a new leadership team and is investing in technology, student enrollment and success services, and institutional partner support services as it pursues the company’s mission to provide accessible, inclusive education opportunities to participating members and their families. Low-cost, higher education options, facilitated by Edvance, provide working adults with the life-changing opportunity to learn new skills and earn advanced credentials online.

## EDVANCE

---

Investment Year

**2021**

---

Investment Status

**Current**

---

Fund

**SPV**

---

Business Model

**Tech-Enabled Services**

---

Investment Themes



“ By facilitating educational pathways, Edvance is positioned to reach and support millions of working adult learners pursue their dream of a college degree. ”

- **Brian Schwartz**  
Managing Director

# ReUp Education

Founded in 2015, ReUp Education provides a technology-enabled platform to find, engage, and support adult learners with the goal of helping them complete their degree or attain a new credential. The company supports adult learners by offering a variety of personalized support and planning tools that use a patented and pioneering framework, ranging from self-serve resources to 1:1 success coaching. ReUp serves over 15,000 adult learners, 50 higher education institutions, state systems, and other stakeholders within the higher education ecosystem.

With 39 million adult learners with some college but no degree, ReUp represented a compelling investment opportunity. Avathon acquired a majority interest in the business in 2021 due to its attractive intellectual property, growing network of institutional partners, and its ability to facilitate degree and credential completion for adult learners at scale. We have made strategic investments, including the expansion of the management team under CEO, Terah Crews, to lead the business. Under Terah's leadership, the company is building a more expansive vision that will allow adult learners to explore different academic and skilling options and lead more enriching personal and professional lives.



---

Investment Year

**2021**

---

Investment Status

**Current**

---

Fund

**Fund II**

---

Business Model

**Tech-Enabled Services**

---

Investment Themes



15k

Enrollments

103

University Partners

73%

of Employees self-identify  
as women



## Corporate<sup>2</sup>

Exponential technologies like artificial intelligence and automation are driving digital disruption across all industries. With business changing faster than ever, organizations around the world are now facing an urgent need to empower their employees with knowledge, learning, and upskilling. Historically, the burden of obtaining the right set of skills to succeed in work and life was owned by an individual, but in the current environment with labor market conditions unlike any other period, we have seen this responsibility increasingly shift to the employer, with heightened recognition of the necessity of linking their talent to their business strategy.



# Panopto

(exited)

Panopto provides SaaS video creation and storage solutions for universities and enterprise businesses. The company was founded with the mission of helping teachers and universities share knowledge through video. Panopto's software is commonly used for lecture recording, screencasting, video streaming, and as a video content management software system.

In 2016, Avathon acquired a significant minority position and influenced key sales and marketing hires, and helped architect a more well-defined go-to-market strategy, and championed investment to drive brand awareness while elevating the company profile with investment bankers and acquirors.

Panopto was sold to a financial acquiror in 2021. At the time of Avathon's exit, Panopto had expanded its customer base to over 1,000 educational institutions and had achieved 400% growth in the number of enterprise customers.



Investment Year

**2016**

Investment Status

**Exited (2021)**

Fund

**Fund I**

Business Model

**Software**

Investment Themes



“ Avathon stood out as great capital partners in their ability to help us improve our business strategies while giving us the flexibility to learn, explore, and innovate. Together we created positive social impact and tremendous growth. ”

**- Eric Burns**  
Founder & Co-CEO

# EdCast

(partially exited<sup>9</sup>)

EdCast is a leading provider of corporate learning and development solutions offering a unified learning experience platform designed to enable end-to-end employee journeys spanning learning, skilling, and career mobility for corporations and governments. Its award-winning platform is used internationally by organizations ranging from large Global 2000 companies to small businesses and governments. With EdCast's platform, businesses are able to attract, develop, and retain a high-performance and future-ready workforce.

Avathon had tracked the business for years and, in 2019, acquired a meaningful minority position in the company. Avathon influenced key hires in sales leadership and a more systematic approach to customer acquisition and contract expansion, supported increased investment in marketing to grow brand awareness, assisted with development of long-term strategy and product suite expansion, and elevated the company profile with investment bankers and acquirors. At the time of Avathon's exit, EdCast had more than doubled its customer base to 160+ organizations and had 2M+ users across its customer base.

EdCast was sold to Cornerstone OnDemand, a strategic acquiror, in 2022.



Investment Year

**2019**

Investment Status

**Partially Exited (2022)<sup>9</sup>**

Fund

**Fund II**

Business Model

**Software**

Investment Themes



“ We were looking to back a management team with the vision, courage, and empathy to drive the right solution forward in a manner that engaged their clients and provided solutions to the delight of the end users. ”

- **Shoshana Vernick**  
Managing Partner





Shorelight Student



# Important Disclosures

The information contained in this report is provided for discussion purposes only, is only an overview of key information regarding the purpose, core values, and investment approach of Avathon ("Avathon", "we", the "Firm") for prospective portfolio companies, is not complete, and does not constitute an offer to sell, or a solicitation of an offer to purchase, interests in any fund managed by Avathon, (collectively, the "Funds").

While Avathon seeks to integrate certain values and perspectives into its investment process in accordance with applicable policies and procedures (e.g., the firm's ESG policy), and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements, there is no guarantee that Avathon's approach will produce its desired results. There is no guarantee that the criteria utilized by Avathon or any judgment exercised by Avathon reflects the beliefs or values of any particular investor.

The portfolio company case studies described herein are provided solely to illustrate some of the ways in which Avathon's investment approach has been implemented to-date and how Avathon may seek to support social outcomes at certain portfolio companies moving forward, but is not intended to suggest that Avathon materially contributed to its portfolio companies achievements. The portfolio companies described herein are not a complete list of all companies in which the Funds have invested. There can be no assurance that Avathon or these portfolio companies will be able to achieve the outcomes, or implement or maintain the strategies or practices, discussed herein.

Unless otherwise noted, statements herein reflect Avathon's opinions and beliefs based on current expectations, estimates, projections, and information available to it as of the date hereof. Neither Avathon nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of the Funds or their portfolio companies.

Certain information contained herein constitutes "forward-looking statements," which are subject to a number of risks and uncertainties, some of which are beyond the control of Avathon. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "could," "expects," "hopes," "believes," "plans," "anticipates," "estimates," "predicts," "projects," "potential," or "continue" or the negative of such terms and other comparable terminology. Actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which Avathon is not currently aware also could cause actual results to differ. The forward-looking events discussed in this report may not occur. Avathon undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The inclusion of any third-party firm and/or company names, brands, and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies have endorsed Avathon, the Funds or any of their respective affiliates. Logos are included herein for illustrative purposes only. Inclusion of such logos does not imply endorsement or any affiliation of these entities.

In the context of the education and workforce sectors, social outcomes may include, but are not limited to, improved quality or access to education, training, or mentorship, increased educational or workforce successes (e.g., improved grades, competency levels, graduation rates), in each case, as determined by Avathon in its sole discretion. While Avathon generally expects that social outcomes arising from investments will improve the financial performance of such investments, the Firm does not intend to--nor is it under any obligation to--prioritize the pursuit of such social outcomes over financial returns.

The selected investment summaries are for informational purposes only and are intended to illustrate Avathon's sourcing experience and the profile and types of investments previously pursued by Avathon. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described in this section. Past or projected performance is not necessarily indicative of future results, and there can be no assurance that any projected performance will be met.

Recipients of this report agree that neither Avathon nor any of its affiliates nor its or their respective partners, members, employees, officers, directors, agents, or representatives shall have any liability for any misstatement or omission of fact or any opinion expressed herein. Certain information contained herein has been obtained from, or is derived from sources prepared by, third parties. Avathon has not investigated the accuracy of such information and does not assume any responsibility for the accuracy or completeness of such information. Statements in this presentation are made as of the date specified herein and neither Avathon nor any of its affiliates has any obligation to update the information in this presentation. Each recipient further agrees that it will (i) not copy, reproduce, or distribute this report, in whole or in part, to any person or party including any employee of the recipient other than an employee directly involved in monitoring an investment in one or more of the Funds without the prior written consent of Avathon and (ii) keep permanently confidential all information contained herein that is not already public. Additionally, by accepting this report, each recipient agrees that this report is being delivered to them subject to the provisions of this disclaimer and any relevant confidentiality agreements between the recipient and Avathon or one of its affiliates.

Fund I and Fund II represent two separate pools of capital with separate economics (e.g. carry waterfalls and fee calculations) but are part of a single legal entity, Sterling Small Market Education Fund, LP. Fund I represents \$202M committed in 2016 and Fund II represents an additional \$202M committed in 2019 which was subsequently reduced to \$152M with the transfer of the SRC investment (see SRC Transfer). Therefore, references to individualized Fund I and Fund II returns reflect cash flows and performance across each individual capital pool but may not reflect the experience of any limited partner. Such returns are provided for illustrative purposes only and no individual investor has received the investment performance indicated by such performance data.

# Important Disclosures (cont'd)

Avathon believes that Fund I and Fund II constitute all of the investment portfolios currently or historically managed by Sterling with substantially similar investment policies, objectives and strategies as those of the Fund to be managed by Avathon contemplated in this presentation. Prospective investors are advised that, prior to the establishment of Fund I, Sterling-sponsored generalist funds have made education-related investments that are not included in the track record presented here because such investments were made within an overall generalist investment strategy, rather than the education focused strategy contemplated by the Fund. While certain Avathon senior principals may have played a role in the investment decision process for such excluded historical investments, they did not have the same level of control over the investment decisions in such generalist funds as they did in Fund I and Fund II or in the Fund contemplated in this Presentation. Additionally, from time to time, Sterling has established, and will continue to establish, single purpose special purpose vehicles for making specific education-related investments and sought investors for such investments. These investments have also been excluded from the track record included here because Sterling views the strategy used for one-off investment made into a dedicated special purpose vehicle as materially different from the investment strategy to be used for the blind pool fund contemplated by this presentation. In addition, prospective investors are further advised that an investment principal who played a significant role in sourcing and managing Fund I and Fund II and who will continue to play a senior advisory role in Fund III has made education-related investments on behalf of Sterling-sponsored investment vehicles; however, such prior investments that were made during the Fund I and Fund II investment periods are not included in the Avathon track record because such investments do not fall under Avathon's investment mandate and because of such investment principal's anticipated reduced role in Fund III. Finally, such investment principal may continue to make education-related investments on behalf of Sterling-sponsored investment vehicles. Further information regarding any of these excluded investments is available upon request.

Unless otherwise stated, the information in this report has been compiled as of January 2024

## Endnotes

1. Based on latest financials provided by Avathon management. Past performance is not indicative of future results. There is no guarantee that investment opportunities with the anticipated criteria will be available or that Avathon will be able to successfully implement its investment strategy or achieve its investment objectives. There can also be no assurance that historical trends will continue in the future. Figures are as of December 31, 2023 and include portfolio companies owned and operating during 2023, including Big Blue Marble Academy which was sold in a transaction that closed January 2, 2024.
2. Information contained herein relating to industry sectors and trends has been determined by Avathon based on internal Avathon research and data. Although Avathon believes that such determinations are reasonable, they are inherently subjective in nature. Other market participants may make different determinations relating to sector characterization and size based on the same underlying data. All portfolio company data included herein has been rounded and are estimations based on the most recent available information provided by Avathon's portfolio companies.
3. Houlihan Lokey April 2023 Professional Learning Deep Dive.
4. Operating Partners, Advisors, EIRs, and Outside Directors are generally not employees, members, or partners of any Avathon entity and are not expected to have a carried interest in any investment made by Avathon. Operating Partners, Advisors, EIRs, and Outside Directors may, however, receive compensation from Avathon or Avathon portfolio companies.
5. We define diversity based on gender and race, when known. Data reflects all board of director appointments (both present and former) and portfolio company senior management across Avathon entities and includes both exited and current portfolio companies. Data included for exited portfolio companies reflects the date of exit or initial liquidity event and data included for current portfolio companies is as of December 30, 2023.
6. Board memberships and industry participation subject to change.
7. McKinsey November 2023 Early Childhood Education Report.
8. Responses reflect the views and perspectives of the interviewee and should not be taken as Avathon's own views and perspectives, nor have they been independently verified by Avathon.
9. EdCast was sold to Cornerstone OnDemand, a larger strategic, in May 2022. Fund II received cash consideration and rolled a portion of the equity in exchange for a passive equity interest in the combined entity.

