

FEATURED CASE STUDY

CITI IMPACT FUND

INVESTMENT:

WONDERSCHOOL

SaaS platform addressing childcare scarcity by enhancing availability of quality home-based early childhood education.



CASE STUDY

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INVESTMENT STRATEGY	CITI IMPACT FUND	INVESTMENT TYPE	SERIES B
SECTOR	CHILDCARE	OWNERSHIP STAKE	MINORITY
INVESTMENT DATE	JANUARY 2022	IMPACT VALUE CREATION MODALITY	GROWTH
GEOGRAPHY	UNITED STATES		

INVESTOR & COMPANY OVERVIEW

CITI IMPACT FUND (CIF) launched in 2020, invests in and supports the growth of innovative startups that help solve critical issues for underserved communities, creating lasting change and increasing access, affordability and inclusion. The fund is committed to reaching underserved beneficiaries in the areas of Financial Resilience, Future of Work, Climate Resilience and Social Infrastructure, and actively seeks out opportunities to invest in diverse founders to help combat persistent gaps in access to capital.

WONDERSCHOOL a Black-founded SaaS platform, is dedicated to expanding the supply of affordable childcare and to creating income opportunities for childcare providers. Wonderschool's technology platform links customers to providers and streamlines crucial

business operations such as marketing, billing, and onboarding. Wonderschool's services help address childcare scarcity, particularly in low-to-middle income (LMI) communities, by improving the availability of quality home-based early childhood education.

INVESTMENT THESIS


Wonderschool advances two CIF focus areas: Social Infrastructure and Future of Work. Accessible and high-quality childcare is critical social infrastructure as it supports children during the most critical stages of their development, and it enables parents, especially women, to participate in the workforce. Wonderschool aims to bridge wealth gaps by creating sustainable income opportunities for licensed childcare providers. Many of these providers are women from underrepresented backgrounds that live in LMI communities.

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KEY ELEMENTS OF VALUE CREATION:

CIF's value creation approach has been anchored in the GROWTH modality:

IMPACT VALUE CREATION MODALITY	VALUE CREATION ACTIVITY	FINANCIAL DRIVERS	VISIBILITY OF FMI
 <p>GROWTH</p>	<p>Delivering guidance to Wonderschool's childcare providers to promote homeownership, which is associated with several benefits including increased childcare capacity, reduced vulnerability to disruptions, and potential for long-term wealth generation</p>	<ul style="list-style-type: none"> • Long-term productivity and revenue growth through greater provider capacity and stability 	<p>Wonderschool identified the potential impact and business benefits of home ownership, but it was Citi's broad capabilities and network that helped tailor the support to best serve Wonderschool's provider base, a thoughtful approach directly aligned with Citi's capabilities that may have been obscured to other investors.</p>
	<p>Featured Wonderschool in Citi's national online video advertising campaign, which increased Wonderschool's brand visibility and generated new provider leads to scale the business and impact</p>	<ul style="list-style-type: none"> • Revenue growth driven by inclusion in a nationwide advertising campaign 	<p>The potential to expand the user base for greater revenue and impact through national advertising was discernible, but the hands-on support in funding, creating, and airing the ad was unusual for an investor.</p>

VALUE CREATION

HOMEOWNERSHIP SUPPORT

Wonderschool's providers often rent their homes where they provide childcare services, exposing them to potential challenges such as rent increases and zoning permit issues. Homeownership helps providers to reduce these risks, facilitating easier state-level childcare licensing, a crucial element for maximizing enrollment.

Recognizing the benefits of homeownership to the business, CIF embarked on a collaborative effort with Wonderschool to educate its childcare providers about the benefits of home ownership. Leveraging the bank's mortgage division and nonprofit organizations in the Citi network, the team created an ongoing homeownership webinar series tailored to Wonderschool's providers, with a focus on the needs of LMI individuals.

VALUE CREATION

GETTING THE WORD OUT

Recognizing synergies between the positive impact Wonderschool has on local communities and businesses and Citi's role in advancing economic growth and progress, Citi's marketing team featured Wonderschool as part of a national online video advertising campaign.

The ad generated more than 89 million impressions, enhancing Wonderschool's brand visibility and generating approximately 200 leads from childcare providers interested in developing new programs.

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LESSONS LEARNED

- **Value of a differentiated and expansive platform:** CIF's portfolio companies benefit from the breadth of Citi's value creation platform, which allows for execution of tailored and differentiated post-investment support. For instance, CIF successfully facilitated home buying guidance and increased brand visibility by connecting Wonderschool with Citi's Banking, Community Relations and Marketing teams, and also introduced the company to its Human Resources and Government Affairs teams.

