



SQUARE ROOTS

SQUARE ROOTS™ INVESTOR MEMO - *Optimizing Pregnancy to Accelerate Human Flourishing*

Summary

- It is [more dangerous to be pregnant in the US](#) than any other developed nation in the world
- Maternal healthcare has not changed since the invention of the telephone more than 100+ years ago
- Toxic childbirth outcomes cost on average 10 years of life expectancy to every pregnant woman in the world
- A key addressable driver is maternal stress - which affects [75% of pregnant women in the US](#)
- Environment is the single largest driver of wellness - more important than behavior, genetics, or medical care
- Delos, the \$1.25B healthy environment company co-founded by [Morad](#), pioneered the \$184B wellness real estate industry by leveraging the fact that the environment drives wellness and mitigates stress
- Spun out of Delos, Square Roots is applying this model and insight in the untapped \$100bn pregnancy market
 - By optimizing in-home environments where a pregnant woman spends 90-100% of her time, stress can be mitigated and consequently development outcomes can be improved
- There are three major tailwinds, accelerated by the pandemic, which we believe will cause new families to seek healthy pregnancy environments
 - Wellness is one of the fastest growing industries in the world, worth \$4.6T
 - US users of fitness trackers and health-based wearables will [surpass 120 million by 2023](#), with [12% of pregnant women](#) already using wearables
 - 100+ million have downloaded mindfulness apps such as Calm and Headspace
 - Stay at Home is here for the foreseeable future: our home environments matter
 - A recent NY Times article identified that [our home is now our caregiver](#) highlighting Delos' leadership in transforming in-home environments to optimize wellness
 - Stay at Home creates a generational opportunity to improve outcomes and redefine pregnancy care
 - We have seen a rapid [decline](#) in premature births during the pandemic, which has been attributed by scientists to reduced maternal stress and environmental factors such as reduced air pollution
 - Pregnant women unable to receive routine medical care are already seeking alternative in-home solutions, an ideal window to enshrine the largest determinant - environment - in the care model

Qualitative

- Square Roots is the only company strategically aligned with Delos to replicate its proven business model in a novel industry - pregnancy environments - using Delos' existing lab and market validated products
- Square Roots sells the first healthy pregnancy environment bundle - *ORIGINS* - which automatically optimizes the environment 24/7 to improve wellness by filtering toxins, optimizing light, sound, rest and sleep cycles
- Delos has installed similar environmental kits in over 3,200 hotel rooms, including the Four Seasons Beverly Hills, generating up to 20% room rate premiums
- Each product bundle is priced at \$999 and generates a gross margin of 40%.
- In the US, there are 3.8 million births each year and in [2017](#), 1.7 million of these births occurred within households earning an income of more than \$75k a year
- Targeting US pregnancies alone, a modest 3.4% share will generate \$130m in revenue from only one product kit, *ORIGINS*, in one geography
- After \$6m of R&D invested by Morad, the company is working with Harvard to create the world's first gold standard for pregnancy wellness - the FLOURISH protocol - which will be launched December 2020
 - Delos' key to success was establishing the first industry standard for wellness real estate
 - Standards create market pull, a vital mechanism for a novel, white space niche
- The FLOURISH protocol will be augmented for additional human developmental phases
 - For example, Square Roots will launch bundles for the crucial "First 1000 days" of a child's life, during which parents spend \$36,000 (a market worth \$370bn)
 - All bundles will meet the FLOURISH Protocol, ensuring segment leadership
- Square Roots will join as an Alliance Member of the [Mayo Clinic's](#) preeminent lab studying how environmental interventions impact well being, solidifying the company's research and scientific advantage

Quantitative

- 2022E Revenue: \$130m (3.4% market penetration)
 - Pregnancy Market: \$100bn
 - Wellness Market: \$4.6T
- First 1,000 Days Market: \$370bn
Healthy Environments: \$184bn