STRATEGIC AND FINANCIAL FRAMEWORK PROJECT

« Delin Theory of Environmental Molecular Data Sensing (EMDS) and Chaotic Information Reading (CIR) »

Phase 2A — Industrial Validation

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DOCUMENT STATUS (IMPORTANT)

This document formalizes the strategic alignment of the Parties **with a view to launching Phase 2A of industrial experimental validation of the EMDS/CIR project**, including:

- the scientific and technical objectives of the validation,
- the financial structure and budget cap,
- the GO/ITERATE/PIVOT decision matrix,
- mutual commitments regarding reporting and transparency,
- principles for protecting intellectual property,
- and the discussion framework (non-binding) for subsequent phases.

It does not replace a standard SAFE (which will be signed separately) and it **does not set** governance, future valuation, nor the definitive equity structure of the future NewCo.

Role clarification:

- **During Phase 2A**: DELIN STORES SL is the technical execution entity; the Investor is a funder via SAFE.
- **After Phase 2A (if GO)**: A new company (“NewCo”) will be created; the terms of its creation, the IP transfer, and its equity structure will be the subject of separate negotiations and documents, based on the results obtained and market standards.

Binding nature:

- **Binding**: Sections **2** (Financial structure), **3** (Decision matrix), **4** (Commitments & reporting), **5** (Intellectual protections), and **7** (Next steps for signature / start).
- **Non-binding**: Section **6** (Phase 2B principles) — discussion framework only.

BETWEEN THE PARTIES

DELIN STORES SL

Av. de les Nacions Unides, 40 – AD700 Principat d'Andorra
Represented by: Rodolphe André Marie Delin
Role: **Operational execution entity for Phase 2A**
Hereinafter referred to as **"the Project Lead"**

AND

NAME:

Address:
Represented by:
Hereinafter referred to as **"the Investor"**

1. OBJECTIVES AND FUNDAMENTAL PRINCIPLES

1.1 Main objective

Finance an **industrial** experimental validation of the EMDS/CIR technology for **ultra-early detection of hydrogen leaks** in a turbulent environment, in order to obtain a **decisive, falsifiable, and reproducible** proof of principle.

The choice of the use case “hydrogen in a turbulent environment” deliberately corresponds to the **most demanding industrial scenario** in terms of gas detection. It fits within the broader context of the hydrogen economy, identified as a major strategic axis of global industrial safety by 2025–2030.
Success on this extreme case constitutes a **maximal signal of technological validity**, then transferable to less constrained targets.
Immediate business impact: This hydrogen validation directly opens access to an **industrial safety market estimated at several billions of euros**, while demonstrating the **fundamental principle required for future extensions**, including:

- **Industrial Phase 2B**: partnerships, field pilots, pre-sales,
- **Medical Phase 2B**: credible scientific foundation for breath-based detection.

1.2 Guiding principles

- **Phase 2A = purchase of a technical proof** (first measurable signals targeted in **~4 weeks**).
- **Phase 2B = transfer to professionals** (laboratory / metrology / partners) and structuring of the NewCo.
- **Phase 2A results determine what comes next**: GO / ITERATE / PIVOT.
- **Full transparency during execution**: reporting, logs, independent audit.

1.3 VC INVESTMENT PHILOSOPHY AND PROFESSIONAL STANDARDS

Strategic context

EMDS/CIR is designed as a **deep-tech project with global potential**, with an investment trajectory structured over several successive rounds (**Pre-Seed, Seed, Series A and beyond**), consistent with international venture capital and industrial innovation standards.

This project does not aim to build an opportunistic SME, but to develop a **breakthrough technology platform** capable, ultimately, of generating a valuation of several hundred million euros internationally.

These standards are not specific to EMDS/CIR, but reflect the usual requirements of institutional investors and deep-tech industrial partners.

Target investor profile

This strategic and financial framework is intended exclusively for investors who:

- Have **proven experience in structured early-stage investing** (deep-tech, biotech, AI, hardware, energy, defense, medical).
- Understand **multi-round mechanics** (SAFE / Convertible Notes / Priced Rounds) and accept the associated progressive dilution.
- Respect **professional venture capital best practices**, both contractually and in governance.
- Operate in a **long-term partnership** mindset (5 to 10 years), not in a short-term control or opportunistic mindset.
- Bring **more than capital**: network, credibility, sector expertise, access to industrial, institutional, or scientific partners.

Important: Phase 2A is not an isolated negotiation over an amount of **€23,000**, but the first step of an ambitious, structured, and evolving investment trajectory.

Reference contractual and governance standards

Investments in EMDS/CIR follow the professional standards below:

Phase	Standards applied
Phase 2A (current)	• Instrument: **Standard SAFE** (Y Combinator model or equivalent) • No control, veto, or governance rights • No board seat • Exclusive focus on technical and scientific validation
Pre-Seed / Seed	• Priced round with post-money valuation • Standard rights: pro-rata rights, information rights • Liquidation preference: 1x non-participating • Progressive governance adapted to the stage
Series A and beyond	• Differentiated share classes (A, B, C. . .) • Structured board: founders + investors + independent member • Anti-dilution: broad-based weighted average • Term sheets aligned with international VC standards

Position on the Lead Investor role

A Phase 2A investor **can naturally become a future lead investor** (Pre-Seed, Seed, or Phase 2B), **if they wish and if market, governance, and structuring conditions are aligned**.

At that later stage, a lead investor is expected to be:

- A **strategic partner**, not a control actor.
- An investor bringing **more than capital**: network, expertise, institutional credibility.
- An actor respecting **VC standards**: due diligence, professional term sheets, market practices.
- An investor who understands the **multi-round roadmap**, progressive dilution, and the future entry of other investors.
- A partner accepting **structured governance**, with clearly defined rights (board seats, information rights), without absolute operational control.

Fundamental clarification

- EMDS/CIR is structured to attract, at each step, increasingly institutional investors.
- Any attempt to significantly deviate from professional standards (early control, guaranteed percentage, operational veto) would compromise the project's ability to raise subsequent rounds and reach its full potential.
- This framework aims to **protect the Phase 2A investor as much as the project**, by ensuring a credible, financeable trajectory compatible with future market requirements.

2. FINANCIAL STRUCTURE

2.1 Global budget

Maximum amount (cap): **€23,000**. This amount covers **equipment + execution + independent validation**.

2.2 Two-step structure (acceleration and capital protection)

Step	Objective	Funding
Phase 2A-A (6 weeks)	Initial proof of concept: establish actionable H0/H1 separability (signal). First indicators targeted in **~4 weeks**.	Immediate disbursement: **100% of the equipment budget** + **1.5 months of execution**. Frictionless start (purchase, assembly, calibration, initial runs).
Phase 2A-B (6 weeks)	Consolidation if needed: statistical robustness, stress tests, repeatability. Strengthening evidence or targeted optimization.	Only if a **joint** decision is made at the end of Phase 2A-A. Disbursement of the remaining execution tranche (up to the total cap).

2.3 Financial instrument: SAFE (signed separately)

Phase 2A funding is executed via a **standard SAFE** (Y Combinator-type model or equivalent), signed in parallel, with the following principles:

- Automatic conversion at the first **Pre-Seed** round (amount $\geq$ **€150,000**).

- **25% discount** on the round price.
- **No valuation cap**: valuation depends on results.
- **Participation right** (pro rata) in subsequent rounds.

VC Investment Thesis — Market size and value creation logic

A platform technology addressing a multi-billion market

EMDS/CIR is designed as a **platform-level deep-tech technology**, applicable to multiple high-value sectors requiring ultra-early detection in chaotic environments.

Based on conservative estimates and public industrial references, EMDS/CIR addresses a **total addressable market (TAM) estimated between €20 and €40 billion**, notably combining:

- **Industrial safety and gas detection** (hydrogen, methane, hazardous gases, CBRN, critical infrastructure),
- **Medical and biological applications** (breath analysis, non-invasive detection, early screening),
- **Dual-use and defense uses** related to detection in complex environments.

This market size is not incidental: it is a **necessary condition for venture capital investment**. Deep-tech projects financed by VCs are built on the hypothesis that **even marginal market capture** can generate major financial outcomes.

VC logic ("VC math") applied to EMDS/CIR

The investment logic aligns with classic venture capital standards:

- Estimated TAM: €20–40B,
- Capturing only **0.5% of the market** $\rightarrow$ €100–200M in annual revenue,
- Typical valuation multiples for deep-tech platforms: **8 to 15× revenue**.

These orders of magnitude naturally lead to **valuation scenarios above €1 billion** in case of success.
This is precisely the kind of asymmetric risk/return profile—managed risk, very high return potential—that deep-tech investors seek.

Why Phase 2A is a strategic option, not a commercial phase

Phase 2A is **not intended to generate sales**. Its objective is deliberately unique and fundamental:

> **Determine whether the EMDS/CIR decision framework works under real, chaotic, and controlled physical conditions.**

Phase 2A thus acts as a **low-cost option** on potentially very high value creation.

- €23k does not fund a product,
- €23k funds access to a multi-billion market opportunity,
- This approach is standard in high-potential VC deep-tech projects.

Phase 2A is not designed to validate a business model, but to unlock access to a global market. Commercial validation will occur later, once technical credibility is established.

Indicative funding and valuation trajectory (non-binding)

The table below illustrates a realistic trajectory aligned with venture capital practices, subject to achieving technical and industrial milestones. These figures are provided for indicative purposes to frame the investment logic, and do not constitute a pre-negotiation.

Stage	Capital raised	Primary validation	Indicative valuation
Phase 2A	SAFE €23k	• H_2 signal in turbulent environment (extreme case) • **Physics-first** proof (D_CIR) • Comparative benchmark vs AI (Physics $>$ AI)	**Strategic option stage**
Pre-Seed	€500–800k	• Laboratory validation (Physics + hybrid AI) • 2–3 industrial LOIs / pilots • Whitepaper "Physics beats AI in chaos"	**€8–12M**
Seed	€2–4M	• OEM integrations • First revenues (licensing / pilots) • Medical / regulatory preparation	**€20–35M**
Series A	€10–20M	• Industrial and/or medical scaling • Strong external credibility • €5–10M ARR	**€80–150M**
Series B+	€30–50M	• Sensing platform leadership • Dual-use (industrial + medical) • International deployment	**€500M – €1.5B+**

Important note — Phase 2A:

Phase 2A is a **strategic option stage**. Post-Phase 2A valuation will be determined primarily by:

- the quality and robustness of the experimental results obtained;
- the quantitative comparative benchmark between the **D_CIR** metric and standard AI baselines (CNN, SVM), evaluated on **the same data from identical chaotic regimes**.

At this stage, the investment is not about a fixed valuation, but about acquiring an option on a VC trajectory grounded in measurable evidence.

Structural compatibility with VC standards

EMDS/CIR meets the key criteria expected by venture capital investors:

- **A massive TAM** enabling >100× return scenarios,

- **A software-first architecture** offering high margins and scalability,
- **A dual nature** (industrial → medical → defense) multiplying market options,
- **Licensing and platform potential** (comparable models to ARM or Dolby),
- **A clear de-risking trajectory** at each funding round.

Recent deep-tech projects have followed this logic by raising significant amounts well before any commercial maturity, based on market size and scientific credibility.

Implication for Phase 2A investors

Phase 2A investors are not positioning themselves as short-term funders, but as potential partners in a venture-scale trajectory.

- Phase 2A investment offers very early access to high valuation potential,
- The absence of a valuation cap reflects the rational impossibility of valuing before proof,
- Future dilution is normal and expected in a multi-round strategy.

EMDS/CIR is structured from the outset to meet the requirements of professional and institutional investors, not to optimize a control model by a single low-ticket investor.

3. DECISION MATRIX — PHASE 2A

Decision logic: This matrix defines the possible outcomes of Phase 2A and the corresponding actions.

Technical criteria	Decision	Immediate actions
GO — Clear Signal • H0/H1 separability: $p < 0.01$ • Reproducible signal (8/10 runs) • No dominant artifact	**GO**	• **Phase 2A completed** (Gate 2 not executed) • Remaining budget unused • Prepare professional Phase 2B: – Certified lab + audit – Institutional partners • Launch Pre-Seed round
ITERATE — Weak Signal • Signal present but $0.01 < p < 0.05$ • Insufficient robustness • Sensitivity to parameters	**ITERATE**	• Activate **Gate 2** (6 weeks) • Disburse complementary tranche • Targeted optimization: – Experimental parameters – D_CIR algorithms – Statistical consolidation • New evaluation at end of Gate 2
PIVOT — No Signal • ΔD_{CIR} not significant ($p > 0.05$) • No advantage on H_2 with this setup	**PIVOT**	• Stop Phase 2A on H_2 • **Theory not invalidated** • Option 1: Mathematical revision • Option 2: New industrial target • Platform remains reusable and active • **Right of first refusal** for the Investor • No additional financial obligation

Important clarifications:

- The GO/ITERATE/PIVOT decision will be made **jointly** based on the raw data.
- In the event of PIVOT, the IP (theory, software) remains fully valid and the property of the Project Lead.
- The right of first refusal guarantees the Investor priority for a revised proposal, under the same SAFE terms.

4. COMMITMENTS AND REPORTING

4.1 Commitment of the Project Lead

- Dedicate the majority of their professional time to executing Phase 2A.
- Use the funds **only** for Phase 2A expenses.
- Follow the experimental protocol and ensure data quality.
- Ensure traceability: time-stamped logs, run sheets, incidents.

4.2 Reporting to the Investor

Document	Frequency	Content
Weekly memo	Every Monday	Purchases, assembly, runs, incidents, weekly plan
Coordination call	Every 2 weeks	Technical review, risks, decisions
“Early signal” memo	Week 4	First H0/H1 results + D_CIR indicators
Final report	End of Phase 2A	Dataset, analysis, GO/ITERATE/PIVOT recommendation

4.3 Independent validation (deliverable)

- Metrology review + setup audit
- Calibration / traceability verification
- **Signed memo** by an expert (copy provided to the Investor)

5. INTELLECTUAL PROPERTY PROTECTIONS

5.1 Current intellectual property

- EMDS/CIR intellectual property (theory, code, know-how) belongs to **Rodolphe Delin**.
- DELIN STORES SL acts as the **Phase 2A execution structure** (operations, purchases, logistics).
- Prior art filings via DOI and research archives (references communicated separately if needed).

5.2 Future transfer (Phase 2B / NewCo)

- Transfer (or exclusive license) to the NewCo **only after incorporation**.
- Consideration in NewCo shares.
- Separate agreement dedicated to the transfer (terms, warranties, scope).

6. PRINCIPLES FOR PHASE 2B (NON-BINDING)

This section constitutes a discussion framework, with no legal commitment at this stage.

6.1 Structuring targets

- Founder dilution: target **15–20% max** at Pre-Seed (indicative).
- Balanced governance (indicative).
- No majority control by a single investor (indicative).

6.2 Post-success logic

- If GO: rapid move to a laboratory / partners framework (Phase 2B).
- Phase 2A SAFE: 25% discount + participation right at Pre-Seed.
- Non-exclusivity: possibility to bring in other investors in Phase 2B.

7. NEXT STEPS (BINDING)

1. Finalize and sign a **standard SAFE** (separate appendix).
2. Disbursement of Phase 2A-A and immediate start of purchases.
3. Installation / calibration / launch of runs (weeks 1–2).
4. First weekly memo + coordination call.

Indicative timeline (Phase 2A – Home Lab):

- **D+1 after signature:** Immediate start of equipment purchases.
- **Weeks 1–2:** Complete installation, calibration, metrology checks.

- **Week 4:** First **Early Signal Memo** (H0/H1 separability).
- **Week 6: Gate 1 decision**:
  - direct transition to **Phase 2B (professional laboratory)**, or
  - triggering the **Robustness Extension (Gate 2)**.

AI-Accelerated Architecture — Physics-First, AI-Enhanced (and VC-Backable)

Non-negotiable scientific foundations

It is essential to recall that **EMDS/CIR does not rely on artificial intelligence**, but on deeper scientific foundations:

- a **new physical and mathematical theory**, dedicated to reading information in real chaotic systems;
- a **formal and explicit decision framework**, embodied by the proprietary metric **D_CIR**;
- an **information-reading mechanism in chaos independent of any statistical model** and **independent of supervised learning**.

This approach is designed to be **auditable, explainable, and falsifiable**: it depends neither on massive volumes of training data, nor on fragile statistical assumptions, nor on opaque “black box” models.

EMDS/CIR is therefore, by nature, a *physics-first* technology, not a generic AI project.

Strategic role of AI: amplification, not substitution

AI integration in EMDS/CIR is not intended to replace the theoretical core, but to **amplify it**.
AI acts as an **optimization and generalization layer**, positioned *above* the physical and mathematical foundation:

- adaptive learning of complex chaotic regimes (turbulence, environmental drift);
- improved robustness across sensors and environments;

- accelerated expansion from one target case (hydrogen) to other signatures (other gases, biomarkers, regimes);
- automated parameter tuning and reduced calibration effort.

In this hybrid architecture, **D_CIR remains the central decision block** (explainable, audited), while AI acts as an adaptive performance engine.

This architectural choice avoids "AI washing": AI is a value multiplier, not the fundamental IP.

Why this positioning is VC-compatible (deep-tech + "premium" AI)

Venture investors (especially deep-tech) primarily invest in:

- the **size of the addressable market** (TAM/SAM) and the ability to capture a meaningful fraction,
- **defendable differentiation** (moat/IP),
- a credible **multi-round roadmap** toward an industrial asset and then a product,
- and **scalability** (software-first when possible, licensing, OEM, platforms).

EMDS/CIR positions itself as a **platform technology** (industrial $\rightarrow$ medical $\rightarrow$ dual-use), where:

- Phase 2a purchases a **technical proof** (H0/H1 disambiguation);
- Phase 2b turns this proof into **professional credibility** (metrology audit, lab, partnerships) and **possible pre-sales** (pilots, LOIs);
- then Pre-Seed / Seed rounds fund **commercial traction** and integration (OEM / customers).

Important: Phase 2a **is not there to generate sales**, but to **unlock a VC trajectory** toward a multi-billion global market. Sales come later as **validation of potential**, not as the initial foundation of value.

Execution and value-creation roadmap (Phase 2a → Phase 2b → VC rounds)

Stage	Key question (objective)	Value creation / deliverables
Phase 2a	**Does the technology really work?**	Robust H0/H1 signal (hydrogen in turbulent air), time-stamped datasets, protocol, first D_CIR indicators, investor report.
Phase 2b (pro)	**Does it work in a credible, sellable framework?**	Metrology audit, lab/partner execution, external reproducibility, scientific credibility, first possible pilots/LOIs, foundation for pre-sales and industrialization.
Pre-Seed / Seed	**Do actors pay, and is it scalable?**	Paid pilots, OEM integrations, product version, initial go-to-market, adoption proofs, IP/claims lock-in.
Series A	**Can it become a >$1B company?**	Industrial and/or medical scaling, regulatory roadmap if applicable, market expansion, structured team, VC governance.
Series B+	**How to capture a significant share of the global market?**	Global deployment, major partnerships, platform leadership, multi-segment, international expansion.

At this stage of maturity, valuation logic does not rest on immediate revenues, but on the demonstrated ability of the technology to address a **large-scale global market** and capture a meaningful fraction over the medium term.
Purely illustratively, penetration on the order of **1 %** of an addressable market of several tens of billions of euros would correspond to annual revenues of several hundred million euros, consistent with valuations typical of a **global-scale deep-tech platform**.
This approach aligns with venture capital standards for high-potential foundational technologies, where value creation is primarily correlated with **TAM**, defendable differentiation, and deployment trajectory, not with first sales.

Valuation targets and multi-round logic (indicative, non-binding)

The figures below are **indicative targets** intended to align strategy with VC standards; they are **neither a promise, nor an offer, nor a guaranteed value**.

Round / stage	Indicative target	Rationale (summary)
Phase 2a	SAFE **€23k**	Purchase of a decisive signal + hardware asset + protocol + reporting + planned audit.
Pre-Seed (post Phase 2a)	**€5–15M pre-money**	Physics-first proof + AI trajectory (amplification) + multi-segment TAM + Phase 2b structuring.
Seed	**€25–50M pre-money**	First pilots/LOIs, OEM integrations, early revenue, team and product expansion.
Series A	**€100–200M pre-money**	Scaling, strong external credibility, market expansion, trajectory toward platform leadership.

Professional standards and “lead investor” compatibility

These standards are **not specific to EMDS/CIR**, but reflect the usual requirements of institutional investors and deep-tech industrial partners.

- **Phase 2a: standard SAFE** instrument, **no operational control**, exclusive focus on technical validation.
- **Pre-Seed** / **Seed:** priced rounds, standard rights (information rights, pro-rata), progressive governance, professional term sheets.

A Phase 2a investor can naturally become a future lead investor if they wish and if market and governance conditions are aligned.

At a later stage, an expected lead investor must:

- bring **more than capital**: network, expertise, credibility;
- respect **VC standards**: professional term sheets, due diligence;
- understand the **multi-round roadmap** (dilution, co-investors, milestone-based re-pricing);
- accept **structured governance**: board seats with defined rights, **no absolute control**.

Key takeaway

> *EMDS/CIR is not a generic artificial intelligence project. It is a foundational technology for reading information in chaotic systems, designed with*

a physics-first *approach, where AI acts as a multiplier of performance and scalability, not as the foundation of the IP.*

FRAMEWORK APPROVED AND ACCEPTED

For **DELIN STORES SL**	For
Rodolphe André Marie Delin EMDS/CIR Project Lead	Phase 2A Investor
Date: _____	Location: _____

APPENDICES

1. Full Phase 2A technical dossier (PDF)
2. Detailed budget + supporting documents
3. Standard SAFE
4. Detailed experimental protocol