

01 / DISCUSSION DRAFT

Investment overview

Proprioceptive AI is developing technology to inspect internal activity in AI models, evaluate targeted interventions, and preserve evidence of what happened.

The opportunity

Organizations adopting AI need ways to understand failures and decide when a model output or action deserves additional review. For models with suitable internal access, Proprioceptive AI is pursuing a layer of measurement and control that complements existing output evaluation. The commercial hypothesis is that these internal signals can improve specific customer decisions enough to justify their cost.

What exists today

The company has a research record, a private CYGNUS evaluation application, recorded demonstrations, and a developing intellectual property portfolio. The October 5 research record includes favorable bounded observations, adverse outcomes, and unresolved transfer and deployment questions. It supports focused technical diligence; it does not establish universal correction of AI errors or commercial product validation. [1, 2]

The offering

The company is raising \$6 million through a post-money SAFE, with a \$30 million valuation cap and 20% discount. Castle Placement is serving as placement agent for the raise. Investment terms and conversion mechanics are described in the financing section and the definitive SAFE. [3, 4]

Investor perspective

This is an early-stage, speculative opportunity. Successful research may not produce an economically viable product. Investors must be able to bear illiquidity and loss of their entire investment. No return, distribution, exit, or recovery of capital is promised.

Discussion draft dated October 5, 2026. Company-prepared investor overview for a Rule 506(c) SAFE raise. This memorandum does not replace current offering disclosures or the definitive SAFE, and is not a finalized legal private placement memorandum.

02 / DISCUSSION DRAFT

Technology and the evidence

The research connects three separate questions: what internal signals reveal, whether an intervention changes the intended state, and whether that change improves a useful outcome. Each requires its own evidence.

Measurement and controlled intervention

CYGNUS brings internal readers, answer-selection comparisons, and controlled-intervention evidence into a private application. Access to model internals, model version, precision, token position, and task definition affect what can be measured and changed. Support for one configuration does not imply support for every model or hosted API. [2]

Selected results and their boundaries

On 280 selected questions from an opened 400-question development bank, a reader selected 241 correct answers versus 233 for the native opening verdict: 10 repairs and 2 harms, with 70% coverage. All 22 selected gold-maybe cases remained wrong. This is a development result under its original selection and training conditions. [2]

In three new benchmark questions, neither method repaired an answer and both were wrong. On three authored controls, the native method was correct on two and the reader on one. Those small checks do not establish generalization. [2]

Separate mechanism-specific experiments reported signed-total mean relative internal-state error reductions of 21.68% to 43.79% across distinct branch and regime conditions. These are internal restoration measurements, not percentages of answer improvement. A signed-total worsening occurred in one accepted question, and odd-channel worsenings occurred in every reported cell. [2]

External review and product status

A five-page external specialist review examined the supplied manuscript. It was not independent code execution, numerical replication, or application certification. Permission to use the reviewer's identity publicly is not assumed. The recorded-evidence application was tested locally and remotely; fresh remote generation remained unqualified in the October 5 record. No partnership with NVIDIA is implied by use of NeMo software. [2]

The figures above describe different experimental populations and must not be combined into a company-wide success rate. Full protocols, denominators, rejected cases, and contrary findings belong in technical diligence.

03 / DISCUSSION DRAFT

Commercial context

Company materials describe prospective enterprise evaluations and licensing opportunities. Their commercial value depends on customer needs, technical performance and economic viability. [1, 2]

Potential customers

Organizations operating AI models may have an interest in understanding internal activity, evaluating errors and comparing possible interventions. Access to supported model internals and a clearly defined customer problem affect whether the technology is relevant to a particular organization.

Commercial considerations

Adoption depends on whether a proposed capability provides useful results at an acceptable cost. Accuracy, coverage, reliability, latency, integration effort, model access, support requirements and competing alternatives can all affect a customer's decision. Prospective applications are not presented as signed customer contracts.

Competition and positioning

Customers may solve the same problem through stronger base models, retrieval, deterministic validation, external evaluators, or other interpretability and monitoring tools. The proposed differentiation is the combination of internal measurement, bounded intervention where supported, and inspectable evidence. That combination must earn its place through comparative results; no exclusive market position is asserted.

Current status

The latest reviewed company website describes the company as pre-revenue. Current financial statements, cash balance, runway, customer contracts, and revenue records must be supplied separately. This memorandum includes no revenue forecast or market-size estimate. [1]

04 / DISCUSSION DRAFT

People and intellectual property

The company's execution depends on technical development, customer access, and coordinated legal and financing work. Professional engagements support those activities; they are not investment endorsements.

Company and leadership

Proprioceptive AI, Inc. is presented in company records as a Delaware corporation. The public website identifies Logan Matthew Napolitano as Founder and Chief Executive Officer, Nicholas D. Goodman as Managing Director, and Michael Napolitano as Legal Counsel. Current officer appointments, board composition, employment arrangements, compensation, and beneficial ownership require corporate-record verification. [1]

Castle Placement and outside counsel

The company publicly identifies a contractual engagement with Castle Placement for private-placement and capital-raising work, and retained patent and securities counsel. Exact scope, fees, termination provisions, conflicts, and authority should be reviewed in the governing agreements. No statement here implies that Castle Placement or counsel has verified all scientific results, guaranteed financing, or approved this memorandum. [1]

The intellectual property program

The September 9 nonconfidential IP summary organizes the portfolio into 44 management technical groups and six first-wave candidate claim centers. These are planning categories, not legal patent families or issued patents. Areas include internal-state measurement, pre-release governance and portable instrumentation. Refer to the dated IP summary and counsel-maintained filing schedule for application details. [5]

Patent value depends on the actual filed disclosures, ownership and assignments, priority support, deadlines, prior art, claim scope, and successful prosecution. Provisional filings do not themselves establish issued, enforceable patent claims. Neither exclusivity nor freedom to operate should be inferred from the size of the portfolio.

Diligence priorities

Review the official filing schedule and prosecution budget, executed invention assignments, contractor agreements, open-source and model-license obligations, and any encumbrances or conflicting rights. Confirm the company's authority to use and commercialize each material component. Independent research in related areas is scientific context, not proof of patent ownership or an endorsement of the company.

05 / DISCUSSION DRAFT

Proposed financing

The company is conducting a generally solicited Rule 506(c) capital raise. The current financing summary describes a post-money SAFE. Executed transaction documents govern conversion mechanics and investor rights.

Current SAFE financing

Target capital: \$6 million. Instrument: post-money SAFE. Post-money valuation cap: \$30 million. Discount: 20%. Each investment unit measures \$40,000 of SAFE investment; 150 units equal the aggregate target across company and Castle Placement outreach. Units do not fix a share allocation, and the stated unit size is not represented here as a contractual minimum. The definitive SAFE controls. [3, 4]

How the instrument works

A SAFE provides contractual rights whose conversion or payout depends on its terms and future events. The valuation cap and discount are pricing mechanisms; they do not guarantee investment returns or a final ownership percentage. Investors should review the authorized SAFE, capitalization, dilution, closing conditions, expenses and investor rights before making a commitment. Historical stock-subscription materials are not the instrument described in this raise.

Accredited investor process

Purchases are limited to accredited investors, and the company must take reasonable steps to verify purchaser status. The public investor page links to the existing signup and signature workflow. Accessing that workflow does not itself verify accredited status or constitute Company acceptance. Company counsel and the placement agent coordinate the applicable transaction process. The SEC has not approved or endorsed this offering. [7]

This draft contains no payment instructions, signature page, acceptance mechanism, or assurance of a particular ownership percentage. The terms of a SAFE can create dilution and do not guarantee conversion, repayment, or an exit.

06 / DISCUSSION DRAFT

Principal investment risks

An investment could lose all of its value. The risks below are material considerations, not an exhaustive list or a substitute for the final offering disclosures.

Research and deployment risk

Favorable results may depend on selected data and specific models, fail independent reproduction, or disappear on representative customer tasks. Interventions can introduce errors or reduce capability. Internal-state restoration may not improve answers. Integration may require model access that customers cannot provide, and production delivery may remain expensive or unreliable.

Commercial and financing risk

The company may fail to obtain paying customers, meet procurement requirements, price engagements profitably, or establish recurring revenue. Additional capital may be needed earlier than planned and may be unavailable or dilutive. Raising less than the target may materially narrow the program. Projections and commercialization milestones could be delayed or abandoned.

Ownership and liquidity risk

Private securities may be subject to substantial transfer restrictions and may have no resale market. A SAFE's conversion and payout depend on its definitive terms and future events. Later financings, employee equity, other convertible instruments, or a change in transaction structure may dilute investors. No redemption, dividend, public offering, acquisition, or secondary sale is assured.

People and intellectual property risk

Execution may depend on a small group of key personnel. Hiring and retention may be difficult. Patent applications may expire, be rejected, be narrowed, or fail to protect commercially important features. Assignments or third-party rights may limit commercialization. Better-funded competitors may develop superior or lower-cost alternatives.

Operating and legal risk

Compute availability, vendor dependencies, cybersecurity, privacy incidents, contractual liability, model licensing, litigation, and changing regulation can increase costs or restrict operations. Financial condition, obligations, capitalization, related-party arrangements, and material disputes require current disclosure. Absence of a statement in this draft is not a representation that a risk or liability does not exist.

Prospective investors should review the final documents and consult their own legal, tax, financial, and technical advisers. Forward-looking plans are uncertain and may change; research performance does not predict investment returns.

07 / DISCUSSION DRAFT

Diligence and next steps

Review the public offering materials before using the existing signup and signature workflow. Additional presentation and diligence materials remain in the authorized private VDR. Company acceptance and purchaser verification are governed by the applicable transaction process.

Materials to review before an investment decision

Request the current SAFE and offering disclosures; capitalization and dilution analysis; current financial statements and cash runway; sources and uses at different funding levels; governance and material contracts; placement-agent fees; IP ownership and prosecution schedule; and the technical evidence with controls and adverse outcomes. Review these together before committing capital.

Contact

Proprioceptive AI, Inc.

8 The Green, Suite B, Dover, Delaware 19901

Investor materials and signup: <https://proprioceptiveai.com/investors.php>

Legal inquiries: legal@proprioceptiveai.com

Sources and scope

[1] Proprioceptive AI public website, reviewed October 5, 2026. Company descriptions, leadership, reported IP portfolio, professional engagements, and pre-revenue status. <https://proprioceptiveai.com>

[2] Company research synthesis dated October 5, 2026, based on CYGNUS Technical Brief Revision 31, Master 121 and Software 023. The underlying technical record is available for authorized diligence; evidence is not independently reproduced by this memorandum.

[3] Company SAFE Financing Terms and Investment Unit Pricing, September 16, 2026; public editions October 5, 2026. [4] Company welcome letter, updated October 5, 2026. Summary economics are not a substitute for the definitive SAFE.

[5] Proprioceptive AI Nonconfidential IP Summary, September 9, 2026. Technical groups and application records are distinct from legal patent families and issued patents. [6] Company operating model dated September 16, 2026: illustrative management forecasts and assumptions, not historical accounting or promised results.

[7] SEC, General solicitation - Rule 506(c), reviewed October 5, 2026.

<https://www.sec.gov/resources-small-businesses/exempt-offerings/general-solicitation-rule-506c>

Document status: discussion draft for company and securities-counsel review. This document is not a legal opinion, financial audit, independent scientific validation, or final private placement memorandum. It does not replace the definitive financing instrument and disclosures.