

CURRENT REPORT

Pursuant to the OTC Markets Alternative Reporting Standard

Date of Report: January 2, 2026

Issuer: Signal Advance, Inc. (the “Company”)

Ticker Symbol: OTCID SIGL

Item 1.01 – Entry into a Material Definitive Agreement

On December 30, 2025, the Board of Directors of Signal Advance, Inc. approved and the Company entered into an internal **Asset Contribution and Assignment Agreement** (the “Agreement”) with a newly formed subsidiary, **Analog Guard, Inc.** (“AGI”).

AGI was incorporated under the laws of the State of Texas and is, as of the date of this report, a **wholly owned subsidiary of the Company**.

Pursuant to the Agreement, the Company agreed to transfer and assign to AGI all assets, rights, and interests associated with the **Analog Guard project**, as defined below. The Agreement became effective on January 1, 2026.

The Agreement was approved by the Company’s Board as part of a corporate reorganization intended to better position the Analog Guard business for external financing, strategic partnerships, and potential acquisition activity.

Item 2.01 – Completion of the Transfer of Assets

Description of the Transaction

Pursuant to the Agreement, the Company completed the transfer of **substantially all Analog Guard project-related assets** to AGI, including but not limited to:

- Issued and pending patents and patent applications, including all foreign counterparts and continuations
- All intellectual property rights associated with the Analog Guard analog encryption technology, including copyrights, trade secrets, and proprietary know-how
- Hardware designs, circuit architectures, models, simulations, firmware, and software developed for the Analog Guard system

- Test data, performance metrics, validation frameworks, and technical documentation
- Trademarks, service marks, trade names, domain names, and branding assets associated with Analog Guard
- All contracts, licenses, options, and other rights primarily relating to the Analog Guard project
- Goodwill and other intangible assets arising from the development of the Analog Guard technology

No cash consideration was exchanged. In consideration for the contributed assets, AGI issued common stock to the Company, resulting in the Company maintaining **100% ownership and voting control** of AGI immediately following the transaction.

Purpose and Business Rationale

The Company completed this internal asset transfer to:

- Segregate and protect the Analog Guard intellectual property within a dedicated operating subsidiary
- Facilitate **capital raises, strategic investments, and licensing transactions** at the subsidiary level
- Enable flexibility for **joint ventures, partial divestitures, or a full acquisition** of the Analog Guard business without impacting the Company's other operations
- Improve transparency and structural clarity for investors, government agencies, and strategic counterparties

The Company believes this structure aligns with standard practices for technology commercialization, defense-related contracting, and intellectual property–driven enterprises.

Impact on Financial Statements

The transaction constitutes an internal reorganization and is not expected to result in an immediate material gain or loss. The Company will continue to consolidate AGI for financial reporting purposes. Any future financing or disposition involving AGI may materially affect the Company's financial condition and results of operations.

Item 8.01 – Other Information

AGI will serve as the Company's primary vehicle for the **development, commercialization, licensing, and protection** of the Analog Guard analog encryption platform, including technologies covered by recently issued and pending U.S. patents relating to non-linear analog signal modulation and encryption.

The Company may pursue external financing or strategic transactions involving AGI in the future. No definitive agreements regarding such transactions have been executed as of the date of this report.

Forward-Looking Statements

This Current Report contains forward-looking statements within the meaning of applicable federal and state securities laws, including statements regarding financing plans, commercialization strategy, and potential strategic transactions. Actual results may differ materially due to risks and uncertainties, including market conditions, financing availability, regulatory considerations, and technological development risks.

Signature

Signal Advance, Inc.

By: Chris M. Hymel

Name: Dr. Chris M. Hymel

Title: CEO

Date: January, 2, 2026