

Signal Advance, Inc. - Information and Disclosure Statement

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Signal Advance, Inc.

A Texas Corporation

2520 County Road 81

Rosharon, Texas 77583

Phone: 713 510 7445

Website: signaladvance.com

Email: info@signaladvance.com

SIC Codes: 8731, 8711

Annual Report for the Year-Ended December 31, 2025

(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

58,649,440 as of the Year-Ended December 31, 2025

53,964,588 as of the Year-Ended December 31, 2024

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

Current name and names used by predecessor entities and the dates of the name changes.

Company Name: Signal Advance, Inc. – Texas Corporation (July 2, 2007)

Date and state (or jurisdiction) of incorporation (or registration) of the Issuer and each predecessor (within the last five (5) years), including the issuer's current standing in its state of incorporation (e.g., active, default, inactive):

Incorporated in the State of Texas on June 4, 1992 Current Standing: Active

Prior Incorporation Information for the issuer and any predecessors during the past five years: N/A

Trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception: N/A

List of any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: N/A

The address of the issuer's principal executive office: 2520 County Road 81, Rosharon, TX 77583

The address of the issuer's principal place of business: Same as above

Check box if principal executive office and principal place of business are the same address: Yes: No:

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years? Yes: No:

2) Security Information

Transfer Agent: **Name:** Nevada Agency and Transfer Company
 Phone: 773 322 0626
 Email: info@natco.org
 Address: 50 West Liberty, Suite 880, Reno, Nevada 89501

Is the Transfer Agent registered under the Exchange Act? Yes: No:

Publicly Quoted or Traded Securities:

Trading symbol:	SIGL (OTCID)
Title and class of securities outstanding:	Common Stock
CUSIP:	83662L 20 9
Par or stated value:	No Par
Total shares authorized:	200,000,000 as of December 31, 2025
Total shares outstanding¹:	58,649,440 as of December 31, 2025
Number of Shares in the Public Float¹:	16,180,158 as of December 31, 2025
Total number of shareholders of record¹:	216 as of December 31, 2025

(1) Per Nevada Agency and Transfer Company

Other classes of authorized or outstanding equity securities: N/A

Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

Each shareholder is entitled to one vote for each share held on each matter submitted to a vote of the shareholders. Shares are not redeemable and do not have conversion rights. The shares have no pre-emptive rights and there is no cumulative voting for Directors. The shares currently outstanding are fully paid and non-assessable.

In the event of the dissolution, liquidation or winding up of the Company, the assets, then legally available, will be distributed ratably among such shareholders in proportion to their shares. Shareholders are only entitled to profit distributions or dividends proportionate to their shares of ownership when and if declared by Management out of funds legally available. To date, the Company has not made any such profit distributions or dividend issuances. Future profit distribution dividend policies are subject to the discretion of Management and will depend upon a number of factors, including among other things, the capital requirements and the financial condition of the Company.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions. N/A

3. Describe any other material rights of common or preferred stockholders. N/A

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report. N/A

3) Issuance History

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years: No Yes See Appendix A.

B. Convertible Debt

Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summary of the issuer's business operations:

Signal Advance, Inc. continues to refine its proprietary Signal Advance technology and develop potential applications. The proprietary technology has been demonstrated to temporally modulate analog signals and can be applied to significantly reduce signal detection delays associated with a variety of analog signals that can originate from a broad range of physical sensors. The resulting reduction in response time translates to improved performance in control, interventional, and signal transmission systems.

The temporal modulation capability of the technology is being applied to the development of analog encryption technology. A USPTO utility patent covering various aspects of the technology under development has been issued. In addition, the first of multiple Continuation patent applications has been filed and the first of multiple Continuation-in-Part patent applications is in preparation.

B. List any subsidiaries, parent company, or affiliated companies: N/A

C. The issuers' principal products or services,

Products/Services: Engineering research and technology development related to application and implementation of the Company's proprietary Signal Advance technology (patented in the U.S., China, Europe, Mexico and India).

Addressable Markets: Biomedicine, industrial control/infrastructure, transportation, communications, defense and cyber-security. The Company is currently focused on analog hardware encryption (Analog Guard®) while continuing to explore applications in which temporally-advanced signal detection reduces or offsets system response delays to improve performance.

5) Issuer's Facilities

The issuer currently leases 1,000 Sq. ft. of office/lab space with access to an additional 4,000 sq. ft. of shop space located in the greater Houston area at the Company's principal office. The Company has licensed the proprietary Signal Advance technology from its founder, Dr. Hymel. The Company also owns the necessary technology development equipment and instrumentation to develop specific applications for the technology.

6) Officers, Directors, and Control Persons Holdings as of December 31, 2025

Officers, Directors & Control Persons (>5%)	Affiliation	City/State	Shares Owned	Share Type/Class	Percentage of Class Outstanding
Chris Hymel	CEO/CFO, Dir.	Rosharon, Texas	22,871,324	Common	38.99%
Ron Stubbers	COO, Dir.	Houston, Texas	2,879,846	Common	4.91%
Richard Seltzer	Secretary, Dir.	Houston, Texas	1,563,541	Common	2.67%
Naser Otman	Control Person	Halifax, NS, CA	2,944,366	Common	5.02%
Officers, Directors & Control Persons			30,259,077		51.59%

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations); No
2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities; No
3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated; No
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or No
5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities. No
6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail. No

B. Material Pending Legal Proceedings: N/A

8) Third Party Providers

Corporate Counsel: Name: Richard C. Seltzer, Attorney at Law
Address: 1800 West Loop South, Suite 1110, Houston, TX 77027
Phone: 713 522 7333
Email: rseltzer@realclearcounsel.com

Accountant: N/A

Investor Relations: N/A

Other Service Providers: N/A

9) Disclosure and Financial Information

A. This Disclosure Statement and Financial Statements were prepared by (name of individual):

Name: Dr. Chris M. Hymel

Title: CEO/CFO

Relationship to Issuer: CEO/CFO/Director

B. The attached financial statements were prepared in accordance with U.S. GAAP.

Dr. Hymel has performed GAAP accounting and prepared financial reports for over 25 years, including those required for successful Securities and Exchange Commission offering registration.

Financial statements and associated notes through and for the year-ended December 31, 2025 are provided in Appendix B.

10) Issuer Certification

Principal Executive and Financial Officer:

I, Chris M. Hymel, certify that:

1. I have reviewed this Disclosure and Financial Statements for Signal Advance, Inc. for the year-ended December 31, 2025.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 23, 2026

Signature: /s/ Chris M Hymel, CEO/CFO

APPENDIX A: STOCK ISSUANCES

No. of Shares Outstanding as of December 31, 2023 (Opening Balance, Common): 44,796,688

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares	Issued at Discount	Individual / Entity to Whom Shares Were Issued	Reason for Issuance	Restricted on Filing Date?	Exemption / Registration (Rule)
12-Feb-24	New Issue	750,000	Common	\$0.090	No	Hymel, Chris M.	Cash	Yes	4(a)(2)
14-Feb-24	New Issue	250,000	Common	\$0.100	No	Mustang Partners	Service	Yes	4(a)(2)
20-Mar-24	New Issue	250,000	Common	\$0.100	No	Walker, Mark & Valachovic, Tara, JTWROS	Cash	Yes	4(a)(2)
20-Mar-24	New Issue	500,000	Common	\$0.100	No	Faulkner, Sean	Cash	Yes	4(a)(2)
4-Mar-24	New Issue	250,000	Common	\$0.100	No	Gama, Maria P.	Service	Yes	4(a)(2)
22-Mar-24	New Issue	150,000	Common	\$0.100	No	Mustang Partners	Service	Yes	4(a)(2)
22-Mar-24	New Issue	1,000,000	Common	\$0.070	No	Hymel, Chris M.	Service	Yes	4(a)(2)
26-Mar-24	New Issue	11,364	Common	\$0.088	No	Lewkebandara, Thanushka	Service	Yes	4(a)(2)
30-Apr-24	New Issue	1,000,000	Common	\$0.100	No	Ring Exempt Trust ¹	Cash	Yes	4(a)(2)
30-Apr-24	New Issue	500,000	Common	\$0.100	No	Pascarelli, Phillip A.	Cash	Yes	4(a)(2)
3-Jun-24	New Issue	112,500	Common	\$0.100	No	Ring Exempt Trust ¹	Service	Yes	4(a)(2)
3-Jun-24	New Issue	250,000	Common	\$0.100	No	Bethany, Timothy	Cash	Yes	4(a)(2)
17-Jun-24	New Issue	250,000	Common	\$0.100	No	Stavropoulos, George	Cash	Yes	4(a)(2)
18-Jul-24	New Issue	250,000	Common	\$0.100	No	Bodnar, Mark	Cash	Yes	4(a)(2)
24-Jul-24	New Issue	20,000	Common	\$0.078	No	Watson, Michael L.	Service	Yes	4(a)(2)
1-Aug-24	New Issue	250,000	Common	\$0.100	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
1-Aug-24	New Issue	500,000	Common	\$0.100	No	Otman, Naser	Service	Yes	4(a)(2)
2-Aug-24	New Issue	5,461	Common	\$0.078	No	Watson, Michael L.	Service	Yes	4(a)(2)
2-Aug-24	New Issue	70,513	Common	\$0.078	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
2-Aug-24	New Issue	64,103	Common	\$0.078	No	Otman, Naser	Service	Yes	4(a)(2)
9-Aug-24	New Issue	266,667	Common	\$0.075	No	Adair, Wes & Dianna	Cash	Yes	4(a)(2)
21-Aug-24	New Issue	14,493	Common	\$0.068	No	Sparkes, Ross	Service	Yes	4(a)(2)
21-Aug-24	New Issue	14,493	Common	\$0.068	No	McKenna, Tom	Service	Yes	4(a)(2)
16-Sep-24	New Issue	200,000	Common	\$0.075	No	Hymel, Chris M.	Service	Yes	4(a)(2)
18-Oct-24	New Issue	312,500	Common	\$0.064	No	Hymel, Chris M.	Service	Yes	4(a)(2)
18-Oct-24	New Issue	10,000	Common	\$0.100	No	Lee, Franklin Daniel	Service	Yes	4(a)(2)
4-Nov-24	New Issue	575,500	Common	\$0.100	No	Munck Wilson Mandala, LLP ²	Service	Yes	4(a)(2)
4-Nov-24	New Issue	253,521	Common	\$0.071	No	Messarra, Andrew Lee & Christina Ellen, JTWROS	Service	Yes	4(a)(2)
24-Dec-24	New Issue	23,810	Common	\$0.084	No	Eldridge, Darrell & Marilyn Ann, JTWROS	Cash	Yes	4(a)(2)
24-Dec-24	New Issue	47,619	Common	\$0.084	No	Fehlhaber, Joel F.	Cash	Yes	4(a)(2)
30-Dec-24	New Issue	165,856	Common	\$0.074	No	Hymel, Chris M.	Service	Yes	4(a)(2)
30-Dec-24	New Issue	375,000	Common	\$0.074	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
30-Dec-24	New Issue	475,000	Common	\$0.074	No	Otman, Naser	Service	Yes	4(a)(2)

¹ Jonathan Ring, Trustee, Ring Exempt Trust

² William A. Munck, Global Managing Partner

No. of Shares Outstanding as of December 31, 2024 (Opening Balance, Common): 53,964,588

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares	Issued at Discount	Individual / Entity to Whom Shares Were Issued	Reason for Issuance	Restricted?	Exemption / Registration
7-Jan-25	New Issue	43,160	Common	\$0.100	No	Samaranayake, Nuwan	Service	Yes	4(a)(2)
15-Jan-25	New Issue	164,706	Common	\$0.085	No	Hymel, Chris M.	Service	Yes	4(a)(2)
17-Jan-25	New Issue	35,750	Common	\$0.080	No	Watson, Michael	Service	Yes	4(a)(2)
17-Jan-25	New Issue	20,000	Common	\$0.080	No	Nsofar, Emmanuel C.	Service	Yes	4(a)(2)
20-Jan-25	New Issue	100,000	Common	\$0.100	No	Lisa David & Shelby DuColon, JTWROS	Cash	Yes	4(a)(2)
1-Feb-25	New Issue	250,000	Common	\$0.100	No	Ring, Jonathan	Service	Yes	4(a)(2)
4-Feb-25	New Issue	125,000	Common	\$0.200	No	Adair, Wes & Dianna	Cash	Yes	4(a)(2)
4-Feb-25	New Issue	20,833	Common	\$0.240	No	Alex/Kim Dula Revocable Trust	Cash	Yes	4(a)(2)
4-Feb-25	New Issue	7,500	Common	\$0.200	No	Thompson, Grady & Debra	Cash	Yes	4(a)(2)
5-Feb-25	New Issue	41,667	Common	\$0.240	No	Johnson, Mabrico	Cash	Yes	4(a)(2)
14-Feb-25	New Issue	60,000	Common	\$0.250	No	Smart, Martha M.	Cash	Yes	4(a)(2)
15-Mar-25	New Issue	40,000	Common	\$0.250	No	GS Whitney & Co.	Service	Yes	4(a)(2)
11-Apr-25	New Issue	6,552	Common	\$0.290	No	Gutierrez, Paul & Tina M., JTWROS	Cash	Yes	4(a)(2)
5-May-25	New Issue	8,832	Common	\$0.183	No	Watson, Michael	Service	Yes	4(a)(2)
5-May-25	New Issue	163,043	Common	\$0.183	No	Hymel, Chris M.	Service	Yes	4(a)(2)
23-Jun-25	New Issue	5,102	Common	\$0.196	No	Lewkebandara, Thanushka	Service	Yes	4(a)(2)
30-Jun-25	New Issue	110,789	Common	\$0.160	No	Hymel, Chris M.	Service	Yes	4(a)(2)
2-Jul-25	New Issue	6,369	Common	\$0.157	No	Klaver, Celia	Service	Yes	4(a)(2)
8-Aug-25	New Issue	6,135	Common	\$0.163	No	McKenna, John	Service	Yes	4(a)(2)
25-Aug-25	New Issue	7,692	Common	\$0.130	No	Sparkes, Ross	Service	Yes	4(a)(2)
19-Sep-25	New Issue	173,913	Common	\$0.115	No	Hymel, Chris M.	Service	Yes	4(a)(2)
24-Sep-25	New Issue	83,333	Common	\$0.135	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
24-Sep-25	New Issue	107,763	Common	\$0.135	No	Otman, Naser	Service	Yes	4(a)(2)
21-Oct-25	New Issue	1,000,000	Common	\$0.100	No	Ring, Jonathan P.	Cash	Yes	4(a)(2)
24-Oct-25	New Issue	294,213	Common	\$0.068	No	Hymel, Chris M.	Service	Yes	4(a)(2)
15-Dec-25	New Issue	525,000	Common	\$0.100	No	Munck Wilson Mandala, LLP ¹	Service	Yes	4(a)(2)
15-Dec-25	New Issue	250,000	Common	\$0.100	No	Hymel, Chris M.	Service	Yes	4(a)(2)
15-Dec-25	New Issue	417,500	Common	\$0.100	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
15-Dec-25	New Issue	600,000	Common	\$0.100	No	Otman, Naser	Service	Yes	4(a)(2)
29-Dec-25	New Issue	10,000	Common	\$0.100	No	Hughley, Darius ²	Service	Yes	4(a)(2)

¹ William A Munck, Global Managing Partner

² Issued on behalf of C. Hymel

No. of Shares Outstanding as of December 31, 2025 (Closing Balance, Common): 58,649,440

APPENDIX B:

**SIGNAL ADVANCE, INC.
FINANCIAL STATEMENTS
For The Year-Ended December 31, 2025**

SIGNAL ADVANCE, INC.
BALANCE SHEETS
As of December 31, 2025
(Unaudited)

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash or Cash Equivalent	\$ 52,166	\$ 167,535
Other Current Assets		
Available for Sale Securities	42,912	33,181
Short-Term Loan	17,000	9,500
Total Other Current Assets	59,912	42,681
Total Current Assets	112,078	210,216
Fixed Assets		
Property and Equipment, net	\$ 50,128	\$ 60,998
Total Fixed Assets	\$ 50,128	\$ 60,998
Other Assets		
Intangible Property (IP/R&D)	\$1,664,935	\$1,612,929
Total Other Assets	\$1,664,935	\$1,612,929
TOTAL ASSETS	\$1,827,140	\$1,884,142
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities		
Line of Credit – Shareholder	\$ 7,796	\$ 11,335
Total Liabilities	\$ 7,796	\$ 11,335
Shareholders' Equity		
Common Stock, No Par, 200M shares authorized		
Shares Issued and Outstanding		
53,964,588 as of December 31, 2024		
58,649,440 as of December 31, 2025		
Capital Investment	9,815,450	9,290,043
Retained Earnings	(7,417,236)	(6,833,118)
Net Income	(578,870)	(584,118)
Total Shareholders' Equity	\$1,819,344	\$1,872,807
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,827,140	\$1,884,142

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
STATEMENTS OF OPERATIONS
For The Year-Ended December 31, 2025
(Unaudited)

	January - December 2025	January - December 2024
Ordinary Income/(Expense)		
Income	\$ 10,401	\$ -
Expense		
General and Administrative	63,337	52,119
Amortization	24,415	19,409
Depreciation	13,270	9,825
Professional Fees	137,893	155,343
Research & Development	380,087	381,115
Total Expense	619,002	617,811
Net Ordinary Income/(Expense)	(608,601)	(617,811)
Other Income (Expense)		
Unrealized Gain/(Loss)	29,731	33,692
Net Other Income/(Expense)	29,731	33,692
Net Income/(Expense)	\$ (578,870)	\$ (584,118)

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
As of December 31, 2025
(Unaudited)

	Common Shares	Paid-In Capital	Retained Earnings	Total
Balance December 31, 2022	40,653,205	\$ 8,095,738	\$ (6,593,164)	\$ 1,502,574
Shares issued for cash	920,952	92,600		92,600
Shares issued for services	3,222,531	312,783		312,783
Net Income (loss)			(239,954)	(239,954)
Balance December 31, 2023	44,796,688	\$ 8,501,120	\$ (6,833,118)	\$ 1,668,002
Shares issued for cash	3,591,617	424,923		424,923
Shares issued for services	5,576,283	364,000		364,000
Net Income (loss)			(584,118)	(584,118)
Balance December 31, 2024	53,964,588	\$ 9,290,043	\$ (7,417,236)	\$ 1,872,807
Shares issued for cash	1,261,552	168,400		168,400
Shares issued for services	3,423,300	357,006		357,006
Net Income (loss)			(578,870)	(578,870)
Balance December 31, 2025	58,649,440	\$ 9,815,449	\$ (7,996,106)	\$ 1,819,343

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
STATEMENTS OF CASH FLOWS
For The Year-Ended December 31, 2025
(Unaudited)

	January - December 2025	January - December 2024
OPERATING ACTIVITIES		
Net Income	\$ (578,870)	\$ (584,118)
Adjustments to reconcile Net Income to net cash provided by operations:		
Depreciation	13,270	9,825
Amortization	24,415	19,409
Common Stock Issued for Services	357,006	424,923
Net cash provided by Operating Activities	\$ (184,179)	\$ (129,961)
INVESTING ACTIVITIES		
Available for Sale Securities	(9,731)	18,808
Intangible (Intellectual) Property	(76,421)	(75,321)
Property and Equipment, net	(2,400)	(4,283)
Short-Term Loan	(7,500)	(5,500)
Net cash provided by Investing Activities	\$ (96,052)	\$ (66,296)
FINANCING ACTIVITIES		
Capital Investment: Cash	168,400	364,000
Line of Credit - Shareholder	(3,539)	(8,495)
Net cash provided by Financing Activities	\$ 164,861	\$ 355,505
Net cash increase for period	\$ (115,369)	\$ 159,248
Cash at beginning of period	167,535	8,287
Cash at end of period	\$ 52,166	\$ 167,535

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 - ORGANIZATION

Signal Advance, Inc. (the "Company"), incorporated in Texas on June 4, 1992, is an engineering product and procedure development and consulting firm developing applications for emerging technologies. The Company has significant experience in computer technology, distributed information systems, data acquisition and analysis systems, electronic technology development, biomedicine, intellectual property protection and regulatory requirements.

The Company has been developing and implementing its proprietary Signal Advance® technology to modulate analog signals and reduce signal detection delay. Potential applications include biomedicine, transportation, defense, communications, cyber-security and industrial control systems. The Company is currently developing Analog Guard® in which Signal Advance® technology is applied to analog (vs. digital) encryption.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Research and Development

Per the Tax Cuts and Jobs Act (TCJA), amendment to Section 174, research or experimental (R&E) expenditures must be capitalized for tax years beginning after December 31, 2021. As such, R&E is capitalized. R&E capital expenditures that currently have an indeterminate "life" receive no amortization. As the R&E results in intellectual property protection in the form of one or more United States Patent and Trademark Office (USPTO) and/or internationally under the Patent Cooperation Treaty (PCT), the capitalized R&E is amortized based on the life of the patent (typically 20 years).

Revenue Recognition

Our revenue is generated by providing engineering, scientific and medical/legal consulting services. The majority of our services are provided based on hourly rate contracts. Some contracts may have limits. Revenue is not recognized over these limits until authorization by the client has been received.

The Company has concluded that each project represents a single performance obligation as each is a single promise to deliver a customized engagement and deliverable. For the majority of these services, either practically or contractually, the work performed and delivered to the client has no alternative use to the Company. Additionally, the Company maintains an enforceable right to payment at all times throughout the contract.

The Company utilizes an input method and recognizes revenue over time, based on hours expended relative to the total estimated hours required to satisfy the performance obligation. This input method was chosen since it closely aligns with how control of interim deliverables is transferred to the customer throughout the engagement and is also the method used internally to price the project and assess operational performance. If the Company were to enter into an agreement where it does not have an enforceable right to payment at all times, revenue would be recognized at the point in time the project is completed.

Contract Assets and Liabilities

In accordance with ASC 606, the Company recognizes contract assets and contract liabilities arising from contracts with customers. A contract asset is recorded when the Company has satisfied a performance obligation and has an unconditional right to consideration that has not yet been billed. A contract liability is recorded when the Company has received consideration, or has a right to consideration that is unconditional, before it transfers a service to the customer. As of December 31, 2025 and 2024, the Company had no material contract liabilities, as the Company does not typically receive advance payments or retainers prior to the performance of services. Contract assets, where they arise, are presented as accounts receivable or unbilled receivables depending on whether the right to payment is unconditional.

Accounts Receivable

Accounts receivable includes amounts billed and currently due from customers. Since the only condition for payment of our invoices is the passage of time, the Company records a receivable on the date the invoice is issued. Also included in accounts receivable are unbilled amounts resulting from revenue exceeding the amount billed to the customer, where the right to payment is unconditional. If the right to payment for services performed

was conditional on something other than the passage of time, the unbilled amount would be recorded as a separate contract asset.

In addition, since the majority of the Company's contracts are for a duration of less than one year and payment is expected within one year from the transfer of products and services, the Company does not adjust its receivables or transaction price for the effects of a significant financing component.

Allowance for Doubtful Accounts

The Company determines an allowance for doubtful accounts based upon a review of outstanding receivables, historical write-off experience and existing economic conditions. Receivables past due over 90 days are considered delinquent and reviewed individually for collectability. Management has determined that the allowance for doubtful accounts as of December 31, 2025 was \$-0-.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Concentration of Credit Risk

The Company maintains its cash in demand deposit accounts or "non-interest-bearing transaction accounts" which, at times, may exceed federally insured limits. The Company's management periodically assesses the financial stability of these banks. The Company has not experienced any such losses.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investment in Equity Securities

The Company currently holds investments in marketable equity securities. Equity securities are recorded at fair value with the change in fair value recorded in earnings. Realized gains and losses are included in 'Other income (expense)' in the consolidated statements of operations.

Fair Value of Financial Instruments

Per FASB ASC 820 - Fair Value Measurements and Disclosures, we are permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. Consistent with FASB ASC 820, we implemented guidelines relating to the disclosure of our methodology for periodic measurement of our assets and liabilities recorded at fair market value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Our Level 1 assets primarily include our cash and cash equivalents and marketable equity securities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The carrying amount of accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term maturities of these financial instruments.

Property and Equipment

Fixed Assets (land, buildings and equipment) are carried at cost less accumulated depreciation. Depreciation is based on the estimated service lives of depreciable assets and is provided using the straight-line method. In the case of asset disposal, assets and related depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

Lease Liability

FASB ASU 2016-02, Leases requires an entity to recognize lease liabilities and a right-of-use asset for all leases on the balance sheet and to disclose key information about the entity's leasing arrangements. The term of the Company's office lease is "month-to-month" and thus the lease term is less than twelve (12) months. As such, the Company does not record a lease asset or obligation on its balance sheet as, per this new standard, the lease is deemed to have no impact on its financial position, results of operations, cash flows and related disclosures.

NOTE 3 – DEBT

The President provides funds to the Company under the terms of a Line of Credit Promissory Note negotiated with, and approved by, the Board of Directors. The line of credit is due on demand, unsecured, and accrues simple interest at 2.5% per quarter. As of December 31, 2025, there was a balance of \$7,796.

NOTE 4 – INCOME TAXES (Revised for Year Ended December 31, 2025)

The Company accounts for income taxes in accordance with **ASC 740, Income Taxes**. Deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as for net operating loss ("NOL") carryforwards. Deferred tax assets are reduced by a valuation allowance when, based on the weight of available evidence, it is **more likely than not** that some or all of the deferred tax assets will not be realized.

The Company is subject primarily to **U.S. federal** income taxes. The Company operates in **Texas** and does not have state income tax NOL carryforwards.

Adoption of ASU 2023-09

Effective January 1, 2025, the Company adopted **ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures**. The standard expands annual income tax disclosure requirements, including the effective tax rate reconciliation and income taxes paid disclosures. The Company applied the guidance **prospectively**.

Correction of Prior-Period Disclosure – Federal NOL Carryforwards (Note-Only)

During the year ended December 31, 2025, management identified an error in the Company's prior-period **disclosure** regarding utilization and remaining balances of federal NOL carryforwards. The Company previously reflected/disclosed that federal NOLs made available to its subsidiary in 2019 were fully utilized; management subsequently determined that **not all NOLs were utilized**, and additional federal NOL carryforwards remained available.

This correction **affects only the disclosure** of federal NOL carryforwards in the notes and **had no impact** on the Company's balance sheets, statements of operations, cash flows, or shareholders' equity for any period presented.

Federal NOL Carryforwards – Previously Disclosed vs. Corrected

(in dollars)	Dec. 31, 2024 Previously Disclosed	Adjustment	Dec. 31, 2024 Corrected	Dec. 31, 2025
Federal NOL carryforwards	\$1,024,268	\$952,885	\$1,977,153	\$2,556,023

Income (Loss) Before Income Taxes (Domestic vs. Foreign) – ASU 2023-09

(in dollars)	Year Ended Dec. 31, 2025	Year Ended Dec. 31, 2024
Domestic	\$(578,870)	\$(584,118)
Foreign	0	0
Income (loss) before income taxes	\$(578,870)	\$(584,118)

Income Tax Expense (Benefit) – ASU 2023-09

(in dollars)	Year Ended Dec. 31, 2025	Year Ended Dec. 31, 2024
Current:		
Federal	0	0
State	0	0
Foreign	0	0
Total current	0	0
Deferred:		
Federal	0	0
State	0	0
Foreign	0	0
Total deferred	0	0
Total income tax expense (benefit)	0	0

Effective Tax Rate Reconciliation – ASU 2023-09 (Amounts and Percentages)

Because the Company incurred losses and maintains a full valuation allowance, the Company recorded **no income tax benefit** for the years ended December 31, 2025 and 2024. Percentages below are computed as a percentage of (loss) before income taxes.

(in dollars, except %)	2025 Amount	2025 %	2024 Amount	2024 %
Tax at U.S. statutory federal rate (21%)	\$(121,563)	(21.0%)	\$(122,665)	(21.0%)
Changes in valuation allowance	\$121,563	21.0%	\$122,665	21.0%
Other (net)	0	0.0%	0	0.0%
Income tax expense (benefit) / Effective tax rate	0	0.0%	0	0.0%

Income Taxes Paid (Net of Refunds Received) – ASU 2023-09

(in dollars)	Year Ended Dec. 31, 2025	Year Ended Dec. 31, 2024
Federal	0	0
State	0	0
Foreign	0	0
Total income taxes paid (net of refunds)	0	0

Deferred Tax Assets and Valuation Allowance (ASC 740)

The significant components of deferred tax assets and valuation allowance are as follows:

(in dollars)	Dec. 31, 2025	Dec. 31, 2024
Deferred tax assets:		
Federal NOL carryforwards (gross NOL × 21%)	\$536,765	\$415,202
Gross deferred tax assets	\$536,765	\$415,202
Valuation allowance	\$536,765	\$415,202
Net deferred tax assets	0	0

Federal NOL Carryforwards (ASC 740)

As of December 31, 2025, the Company had federal NOL carryforwards available to offset future taxable income. Federal NOLs generated in tax years **2019 through 2025** may be carried forward **indefinitely**. Utilization of post-2017 federal NOLs is generally limited to **80% of taxable income** for tax years beginning after December 31, 2020. The ability to utilize NOL carryforwards may also be limited under the Internal Revenue Code in the event of an ownership change.

Federal NOL Carryforwards by Year of Origination

Tax Year of Origination	Federal NOL Carryforward (in dollars)	Carryforward Period / Expiration
2019	\$952,885	Indefinite
2020	\$90,092	Indefinite
2021	\$222,473	Indefinite
2022	\$259,662	Indefinite
2023	\$239,954	Indefinite
2024	\$212,087	Indefinite
2025	\$578,870	Indefinite
Total	2,556,023	Indefinite

Uncertain Tax Positions

The Company recognizes uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination. As of December 31, 2025 and 2024, the Company had **no unrecognized tax benefits**. Interest and penalties, if any, would be recognized in income tax expense.

Tax Years Subject to Examination

As of December 31, 2025, the Company had:

- \$2,556,023 in net operating loss carry-forward available to offset future taxable income, and
- Open tax years of 2025, 2024, and 2023 are subject to examination by tax authorities.

NOTE 5 - EQUITY

During the year-ended December 31, 2024, the Company made the following Common Stock issuances:

- 3,591,617 shares of common stock valued at \$424,923 were issued for cash.
- 2,838,032 shares of common stock valued at \$220,750 were issued for services rendered.
- 2,738,251 shares of common stock valued at \$143,250 were issued for services rendered by Officers/Directors.

During the year-ended December 31, 2025, the Company made the following Common Stock issuances:

- 1,261,552 shares of common stock valued at \$168,400 were issued for cash.
- 1,765,803 shares of common stock valued at \$177,443 were issued for services rendered.
- 1,657,497 shares of common stock valued at \$179,563 were issued for services rendered by Officers/Directors.

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year-ended December 31, 2025, \$12,000 in rent was paid to an Officer/Director.

In addition, as of December 31, 2025, a line-of-credit with the Company CEO had a balance of \$7,796.

NOTE 7 - RECLASSIFICATION OF PATENT-RELATED ENGINEERING COSTS

During the preparation of the Company's interim financial statements following the reconstruction of certain accounting and technical workpapers affected by the cybersecurity incident disclosed in the Company's Current Report dated October 1, 2025, management identified a classification error related to certain engineering compensation costs incurred in connection with patent development activities.

Specifically, a portion of engineering labor costs that supported the technical preparation of patent applications was inadvertently recorded as intangible assets rather than being expensed as research and development costs. Under U.S. generally accepted accounting principles, compensation costs for engineering and research personnel are required to be expensed as incurred, regardless of whether such activities contribute to the development or filing of intellectual property.

Upon identification of this matter, the Company reclassified the affected amounts from intangible assets to research and development expense in the applicable reporting periods. **The reclassified amounts were not material to the Company's financial statements.** The reclassification resulted in an increase in research and development expense and a corresponding increase in net loss and accumulated deficit for the affected periods, **but did not materially affect the Company's financial position, results of operations, or total cash flows.** Although total cash flows were unchanged, the classification of certain cash outflows within the statement of cash flows may have changed.

Management has reviewed its internal controls related to cost classification and has implemented additional review procedures to prevent similar misclassifications in future reporting periods.

NOTE 8 - IMPACT OF RANSOMWARE ATTACK ON FINANCIAL REPORTING

During the third quarter of 2025, the Company experienced a ransomware attack that resulted in the loss of certain financial records. Despite extensive recovery efforts, not all relevant data and classifications could be restored. As a result, variances have been identified between the previously published financial reports and the current (recovered) financial reports for the Year-ended December 31, 2024.

Impact on Financial Records

The ransomware attack caused the loss of key financial data and related work papers, including research and development expenses/capitalization, expense records, and liabilities. As a result, classification adjustments were made to the financial statements based on available records. Notable variances between previously published and current financial statements include: 1) Expenses: \$9,971, 2) Liabilities: \$3,352, and 3) Assets (Intangible (Intellectual) Property): \$18,737.

Internal Controls and Preventive Measures

The Company has implemented enhanced cybersecurity protocols and revised its internal controls to mitigate future incidents, including data encryption and more rigorous backup procedures.

Conclusion

The Company remains committed to transparency and will continue to update stakeholders as further information becomes available.