

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

Quarterly Report for the Quarter-Ended March 31, 2026
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

58,892,774 as of the Quarter-Ended March 31, 2026

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

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)

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.com

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

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 March 31, 2026

Total shares outstanding: 58,892,774 as of March 31, 2026

Number of Shares in the Public Float: 16,180,158 as of March 31, 2026

Total number of shareholders of record: 216 as of March 31, 2026

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® (patented in the U.S., China, Europe, Mexico and India) and Analog Guard® (patented in the U.S. > and patent pending in China, Germany & India) technologies.

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 latencies 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 proprietary Analog Guard® technology is assigned to the Company. 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 March 31, 2026

Officers, Directors & Control Persons (>5%)	Affiliation	City/State	Shares Owned	Share Type/Class	Percentage of Class Outstanding
Chris Hymel	CEO/CFO, Dir.	Rosharon, Texas	22,266,062	Common	37.81%
Ron Stubbers	COO, Dir.	Houston, Texas	2,293,596	Common	3.89%
Richard Seltzer	Secretary, Dir.	Houston, Texas	1,551,441	Common	2.63%
Naser Otman	Control Person	Halifax, NS, CA	2,944,366	Common	5.00%
Officers, Directors & Control Persons			29,055,465		49.34%

7) Legal/Disciplinary History

A.

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: 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 quarter-ended March 31, 2026 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 quarter-ended March 31, 2026.
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: April 10, 2026

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

APPENDIX A: STOCK ISSUANCES

For the Quarter-Ended March 31, 2026

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 on Filing Date?	Exemption / Registration (Rule)
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

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)
22-Jan-26	New Issue	75,000	Common	\$0.100	No	Munck Wilson Mandala, LLP ¹	Service	Yes	4(a)(2)
27-Jan-26	New Issue	166,667	Common	\$0.180	No	Hymel, Chris M.	Service	Yes	4(a)(2)
27-Jan-26	New Issue	556	Common	\$0.180	No	Jafrani, Hashim & Jacklyn ²	Service	Yes	4(a)(2)
27-Jan-26	New Issue	1,111	Common	\$0.180	No	Lee, Franklin Daniel ³	Service	Yes	4(a)(2)

¹ William A. Munck, Global Managing Partner

² Issued on behalf of C. Hymel

³ Issued on behalf of Michael Watson

No. of Shares Outstanding as of March 31, 2026 (Closing Balance, Common): 58,892,774

APPENDIX B:

**SIGNAL ADVANCE, INC.
FINANCIAL STATEMENTS
For the Quarter-Ended March 31, 2026**

SIGNAL ADVANCE, INC.
BALANCE SHEETS
As of March 31, 2026
(Unaudited)

	March 31, 2026	December 31, 2025
ASSETS		
Current Assets		
Checking/Savings		
Cash or Cash Equivalent	\$ 9,037	\$ 52,166
Total Cash	<u>\$ 9,037</u>	<u>\$ 52,166</u>
Other Current Assets		
Available for Sale Securities	35,116	42,912
Short-Term Loan	15,500	17,000
Total Other Current Assets	<u>\$ 50,616</u>	<u>\$ 59,912</u>
Total Current Assets	<u>\$ 59,653</u>	<u>\$ 112,078</u>
Fixed Assets		
Property and Equipment, net	<u>42,287</u>	<u>50,128</u>
Total Fixed Assets	<u>\$ 42,287</u>	<u>\$ 50,128</u>
Other Assets		
Intangible Property (IP)	<u>.656,097</u>	<u>1,664,935</u>
Total Other Assets	<u>\$1,656,097</u>	<u>\$1,664,935</u>
TOTAL ASSETS	<u>\$1,758,037</u>	<u>\$1,827,140</u>
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities		
Line of Credit – Shareholder	\$ 32,458	\$ 7,796
Total Liabilities	<u>\$ 32,458</u>	<u>\$ 7,796</u>
Shareholders' Equity		
Common Stock, No Par, 200M shares authorized		
Shares Issued and Outstanding		
58,649,440 as of December 31, 2025		
58,892,774 as of March 31, 2026		
Capital Investment	9,853,250	9,815,450
Retained Earnings	(7,996,106)	(7,417,236)
Net Income	<u>(131,565)</u>	<u>(578,870)</u>
Total Shareholders' Equity	<u>\$1,725,579</u>	<u>\$1,819,344</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>\$1,758,037</u>	<u>\$1,827,140</u>

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2026
(Unaudited)

	January – March 2026	January – December 2025
Ordinary Income/(Expense)		
Income	\$ 0	\$ 10,401
Expense		
General and Administrative	15,342	63,337
Amortization	27,123	24,415
Depreciation	7,922	13,270
Professional Fees	11,817	137,893
Research & Development	<u>61,566</u>	<u>380,087</u>
Total Expense	<u>\$ 123,769</u>	<u>\$ 619,002</u>
Net Ordinary Income/(Expense)	<u>\$(123,769)</u>	<u>\$(608,601)</u>
Other Income (Expense)		
Unrealized Gain/(Loss)	(7,796)	29,731
Net Other Income/(Expense)	<u>\$ (7,796)</u>	<u>\$ 29,731</u>
Net Income/(Expense)	<u>\$(131,565)</u>	<u>\$(578,870)</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of March 31, 2026

(Unaudited)

	Common Shares	Paid-In Capital	Retained Earnings	Total
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	\$ 9,815,450	\$ (7,996,106)	\$ 1,819,344
Shares issued for services	243,334	37,800		37,800
Net Income (loss)			(131,565)	(131,565)
Balance March 31, 2026	58,892,774	\$ 9,853,250	\$ (8,127,671)	\$ 1,725,579

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2026
(Unaudited)

	<u>January - March 2026</u>	<u>January - December 2025</u>
OPERATING ACTIVITIES		
Net Income	\$ (131,565)	\$ (578,870)
Adjustments to reconcile Net Income to net cash provided by operations:		
Amortization	27,123	24,415
Depreciation	7,922	13,270
Common Stock Issued for Services	<u>37,800</u>	357,006
Net cash provided by Operating Activities	\$ <u>(34,059)</u>	\$ <u>(187,717)</u>
INVESTING ACTIVITIES		
Available for Sale Securities	7,796	(9,731)
Property and Equipment, net	(81)	(2,400)
Intangible (Intellectual) Property, net	(15,890)	(72,500)
Short Term Loan	1,500	(7,500)
Net cash provided by Investing Activities	\$ <u>(6,676)</u>	\$ <u>(92,131)</u>
FINANCING ACTIVITIES		
Common Stock Issued for Cash	0	168,400
Line of Credit	<u>24,662</u>	<u>(3,539)</u>
Net cash provided by Financing Activities	\$ <u>0</u>	\$ <u>168,400</u>
Net cash increase for period	(43,129)	(115,369)
Cash at beginning of period	<u>52,166</u>	<u>167,535</u>
Cash at end of period	\$ <u><u>9,037</u></u>	\$ <u><u>52,166</u></u>

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2026

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

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2026 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2026. These financial statements should be read in conjunction with the Company’s annual financial statements and notes thereto for the year ended December 31, 2025.

Research and Development

Research and development costs are expensed as incurred in accordance with U.S. GAAP (ASC 730) and, for tax years beginning after December 31, 2024, are immediately deductible under IRC Section 174A, as enacted by the One Big Beautiful Bill Act (P.L. 119-21, July 4, 2025). Section 174A permanently restored the immediate expensing of domestic research or experimental expenditures, superseding the capitalization requirement previously imposed by the Tax Cuts and Jobs Act (TCJA) for tax years 2022 through 2024.

Direct costs incurred to obtain intellectual property protection - including patent application fees, prosecution costs, and related legal expenses - are not research and development expenditures and are capitalized as intangible assets. These costs are amortized on a straight-line basis over the estimated useful life of the underlying patent, typically 20 years from the date of issuance, consistent with the statutory patent term granted by the United States Patent and Trademark Office (USPTO) and, where applicable, under the Patent Cooperation Treaty (PCT).

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 had no revenue during the three months ended March 31, 2026.

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 before it transfers a service to the customer. As of March 31, 2026 and December 31, 2025, the Company had no material contract liabilities, as the Company does not typically receive advance payments prior to the performance of services.

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. Management has determined that the allowance for doubtful accounts as of March 31, 2026 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.

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. As of March 31, 2026, the Company maintained cash in two bank accounts: a Signal Advance operating account and an Analog Guard project account established in the first quarter of 2026.

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. During the three months ended March 31, 2026, the Company recorded an unrealized loss of \$(7,796) on its available-for-sale securities portfolio.

Property and Equipment

Fixed Assets 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.

Lease Liability

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 per FASB ASU 2016-02.

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 March 31, 2026, there was a balance of \$32,458, reflecting advances made during the quarter to fund operations.

The Company maintains a short-term loan with a combined balance of \$15,500 as of March 31, 2026 (December 31, 2025: \$17,000), reflecting amounts receivable from third parties. The decrease of \$1,500 reflects a partial repayment received during the quarter.

NOTE 4 – INCOME TAXES (Revised for Year Ended December 31, 2025; Q1 2026 Interim Update)

The Company accounts for income taxes in accordance with **ASC 740, Income Taxes**. Deferred tax assets are reduced by a valuation allowance when 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 and operates in **Texas** with no state income tax NOL carryforwards.

For interim reporting purposes, the Company does not compute an estimated annual effective tax rate, as it is not possible to reliably estimate the annual effective rate given the unpredictable nature of the Company's losses and the full valuation allowance against all deferred tax assets. Accordingly, no income tax provision or benefit has been recorded for the three months ended March 31, 2026.

Adoption of ASU 2023-09

Effective January 1, 2025, the Company adopted **ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures**, applied prospectively.

Federal NOL Carryforwards by Year of Origination

Tax Year	Federal NOL Carryforward (in dollars)	Carryforward Period
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
2026 (Q1 YTD)	\$131,565	Indefinite
Total	\$2,687,588	

As of March 31, 2026, the Company had \$2,687,588 in federal NOL carryforwards available to offset future taxable income. A full valuation allowance of \$564,393 (21% × \$2,687,588) has been established against the gross deferred tax asset, as realization is not deemed more likely than not. The Company's tax years 2025, 2024, and 2023 remain subject to examination by taxing authorities. Tax years in which NOLs were generated and remain available as carryforwards may also be subject to examination.

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.

During the quarter-ended March 31, 2026, the Company made the following Common Stock issuances:

- 243,334 shares of common stock valued at \$37,800 were issued for services rendered.
- Of these, 166,667 shares valued at \$30,000 were issued for services rendered by an Officer/Director.
- No shares were issued for cash during the quarter.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2026, \$3,000 in rent was paid to an Officer/Director (annualized rate: \$12,000 per year).

In addition, as of March 31, 2026, a line-of-credit with the Company CEO had a balance of \$32,458, reflecting advances made during the quarter to fund operations.