

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

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Email: info@signaladvance.com

SIC Codes: 8731, 8711

Quarterly Report for the Nine-Month Period Ended September 30, 2022 (the "Reporting Period")

As of September 30, 2022, the number of shares issued and outstanding of our Common Stock was 40,653,205

As of June 30, 2022, the number of shares issued and outstanding of our Common Stock was 39,793,329

As of March 31, 2022, the number of shares issued and outstanding of our Common Stock was 39,193,790

As of December 31, 2021, the number of shares issued and outstanding of our Common Stock was 39,108,575

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:

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

Yes: No:

1) Name 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)

Predecessors: Biodyne, Inc. (June 4, 1992); Biodyne Development, Inc. (July 11, 2005);

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 Standing: Active, Current

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

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 September 30, 2022
Total shares outstanding:	40,653,205	as of September 30, 2022
Number of Shares in the Public Float:	13,727,783	as of September 30, 2022
Total number of shareholders of record:	192	as of September 30, 2022

Transfer Agent

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

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

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

See Appendix A.

B. Debt Securities, Including Promissory and Convertible Notes:

The subsidiary, PIC Pocket, LLC, executed a promissory note between itself and Stan Dubyn (individual), one of its managing members. The note, due and payable on December 31, 2026, accrues interest starting on January 4, 2023 at a rate of 2% per annum. The balance due was \$2,744,428 as of September 30, 2022.

4) Financial Statements

Consolidated financial statements for September 30, 2022 and December 31, 2021 and the nine-month periods ended September 30, 2022 and the year-ended December 31, 2021 are provided in Appendix B.

A. The attached financial statements were prepared in accordance with GAAP.

B. The financial statements for this reporting period were prepared by the following individual that has the requisite financial skill/experience: Dr. Chris M. Hymel, the Company CEO/CFO

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summary of the issuer's business operations: Research and technology development; Early commercialization

Signal Advance, Inc. is developing its proprietary Signal Advance technology for implementation in various applications. This technology can significantly reduce signal detection delay for a variety of analog signals that originate from a broad range of physical sensors. Reduction in signal detection, and thus, response time results in improved performance in control, interventional, and signal transmission systems. In analog encryption, complex phase-linked temporal non-linear modulation is under development for use application to cybersecurity, specifically, for analog encryption.

B. Subsidiary: P.I.C. Pocket, LLC

C. The issuers' principal products or services, and their markets

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 and Mexico and India). Addressable markets include biomedicine, industrial control/infrastructure, transportation, cyber-security, communications and defense. The Company is currently focused on cybersecurity applications (Analog Guard).

6) 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 licensed the proprietary Signal Advance technology from its CEO, Dr. Hymel. The Company also has the necessary technology development equipment and instrumentation and expertise to develop specific applications that exploit Signal Advance technology.

7) Officers, Directors, and Control Persons Holdings as of June 30, 2022

Officers, Directors & Control Persons (>5%)	Affiliation	Residential Address	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding
Chris Hymel	CEO, CFO, Dir.	Rosharon, Texas	18,472,525	Common	45.4%
Stan Dubyn	Director	Hermosa Beach, CA	3,117,202	Common	7.7%
Richard Seltzer	Secretary, Dir.	Houston, Texas	1,270,270	Common	3.1%
Ron Stubbers	COO, Dir.	Houston, Texas	968,500	Common	2.4%
Officers, Directors & Control Persons			23,828,497		58.6%

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of the following:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); No
2. 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, or banking activities. No
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated: No
4. The entry 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

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. N/A

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Corporate Counsel

Name: Richard C. Seltzer, Attorney at Law
Firm: Law Offices of Richard C. Seltzer
Address: 2100 Travis Street, Ste 645, Houston, TX 77002
Phone: 713 522 7333
Email: richard.seltzer@fmglaw.com

Auditor

Name: Carlos Lopez
Firm: Vine Advisors, LLP / PWR CPA, LLP
Address: P.O. Box 25125, Houston, TX 77265
Phone: 214 244 8680
Email: clopez@thevineadvisors.com

Investor Relations: N/A

Other Service Providers: N/A

10) Issuer Certification

Principal Executive and Financial Officer:

I, Chris M. Hymel certify that:

1. I have reviewed this quarterly disclosure and financial statements of Signal Advance, Inc. for the nine-month period ended September 30, 2022;
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, cash flows and change in shareholders' equity of the issuer as of, and for, the periods presented in this disclosure statement.

Date: October 13, 2022

/s/ Chris M. Hymel, CEO/CFO

APPENDIX A: Issuance History

Changes to the Number of Outstanding Shares

No. of Shares Outstanding as of January 1, 2020: Closing balance (Common): **91,716,057**

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares Issued	Issued at a Discount?	Individual/entity to whom shares were issued	Reason for Issuance	Restricted on Filing Date?	Exemption/Registration (Rule)
28-JUL-20	Cancellation	(75,000,000)	Common	N/A	N/A	Signal Advance Technologies, Inc. ¹	Merger	N/A	N/A
11-Sep-20	New Issue	250	Common	N/A	N/A	Bryce David Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	207,500	Common	N/A	N/A	Charles W & Dianna S Adair JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Farrah Leigh Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Marjorie Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Zachery Clinton Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,313	Common	N/A	N/A	Ryan Adams	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Timothy S Agopian	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Cherie Aliu	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	750	Common	N/A	N/A	Anna I Argenton	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Eugenia Arrington	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,375	Common	N/A	N/A	David W & Jill M Asher JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	66,667	Common	N/A	N/A	Belle S Ballard TTEE Grunter Revocable Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Judith A Batchlor	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,250	Common	N/A	N/A	Lori Blythe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Ana Boa-Ventura	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,335	Common	N/A	N/A	BofA Securities	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	38,000	Common	N/A	N/A	Dan Bohi	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Tom Bourne	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	12,500	Common	N/A	N/A	Steve Boyd	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Rick & Dianna Bradshaw Community Property	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	45,000	Common	N/A	N/A	Michael E Brandt	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	37,500	Common	N/A	N/A	Robert Lewis & Melanie Burkhart JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	40,000	Common	N/A	N/A	Deborah Byrd	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	227,500	Common	N/A	N/A	Charles Schwab & Co Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Kyle Thomas Cordell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Alicia Crain	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	John Jr & Sharon Curtiss JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Robert M & Ammaline Dickson JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,533,601	Common	N/A	N/A	Stan Dubyn	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	30,107	Common	N/A	N/A	Kim Dula	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	146,138	Common	N/A	N/A	Kim & Alex Dula JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	13,188	Common	N/A	N/A	Tess Dula	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	55,911	Common	N/A	N/A	E*Trade Securities LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Eagle's Lift Ministries	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	268,009	Common	N/A	N/A	Educational Enrichment Center Inc. ²	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Deborah Farquhar	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Michelle Faux	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,000	Common	N/A	N/A	Lisa K & Allen R Fazekas JTEN	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Danielle Louise Fortinberry	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	14,375	Common	N/A	N/A	John & Karen Fulbright JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,500	Common	N/A	N/A	Craig a & Lisa S Furr JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	Ellis Gibson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,868	Common	N/A	N/A	Goldman Sachs & Co LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Amanda Kay Gonzales	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Leah R Gonzales	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Andrea V & Gregorio Gonzalez JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,000	Common	N/A	N/A	Kirk Granier	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	13,000	Common	N/A	N/A	Georjean Grant	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	26,667	Common	N/A	N/A	GS Whitney & Co. ⁵	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Israel Guel Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Jaime Guel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Mario Guel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Virgil Guel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,533,601	Common	N/A	N/A	Tiffany Guthrie	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,945	Common	N/A	N/A	HACC Revocable Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,200	Common	N/A	N/A	Renee G & David H Hailey JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	David G Henry	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Nathan Hill	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Patrick Hill	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Hilltop Securities Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	28,997	Common	N/A	N/A	John G III & Nancy Howell JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Gerri Huck	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Scott Hunter	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	17,000	Common	N/A	N/A	Bob & Marlene Hutchins JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,920	Common	N/A	N/A	Marlene Hutchins	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	160,000	Common	N/A	N/A	Ashley Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,953,847	Common	N/A	N/A	Chris M Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	160,000	Common	N/A	N/A	Emma Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	160,000	Common	N/A	N/A	Evan Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Kathryn Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	40,500	Common	N/A	N/A	Kent P & Janet M Kinamore JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,250	Common	N/A	N/A	M Douglas Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	M Patrice Hymel	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	135,000	Common	N/A	N/A	M Patrice Hymel TTEE Hymel Family Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	387,750	Common	N/A	N/A	Milinda Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Rachel Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	27,500	Common	N/A	N/A	Shelley Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	72,500	Common	N/A	N/A	Terri Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,506	Common	N/A	N/A	Interactive Brokers Retail Equity CL	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,938	Common	N/A	N/A	Denise M Theriot & Macklyn C Ivy Jr JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Edwin L Jackson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	195,375	Common	N/A	N/A	Sharon G Jackson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	54,500	Common	N/A	N/A	Christopher Joe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	90,000	Common	N/A	N/A	Herbert Joe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Mabrico A Johnson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Arthur Samuel Keiper III	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Teresa Lynn Kenney	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	John A Kessel & Andrea M Kessel TENCOM	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	167,500	Common	N/A	N/A	Steve Kurzet	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	38,750	Common	N/A	N/A	Marvin D & Tamara D Lee JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	Ryan & Carmen Long JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Armando Jr & Shanna M Lopez JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	40,000	Common	N/A	N/A	Christian & Jamie Luetkemeyer JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Laura Lumb	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,333	Common	N/A	N/A	Santiago Madrigal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Roxie J Martin	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	15,000	Common	N/A	N/A	Maximum Performance Advisors Inc. ⁴	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	Peter McCain	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,250	Common	N/A	N/A	Roy Lee & Kia Beth Eldrid McGee JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	Andrea McKenna	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Andrew & Christina Messara JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	32,000	Common	N/A	N/A	David & Mechelle Minter JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	James & Cheri Montgomery JTEN	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Lori Moore	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	30,000	Common	N/A	N/A	Timothy Morris	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,000	Common	N/A	N/A	David R Mortenson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	15,242	Common	N/A	N/A	National Financial Services LLC	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	250,000	Common	N/A	N/A	William R & Sandra S Neal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Hoang-Nam Ngoc & Courtney Jaylyn Nguyen JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Lanh Xuan Nguyen	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Thomas Nilsson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Julian W O'Bryant Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	100,000	Common	N/A	N/A	Gladys Lynn McGuire & Steve Parks	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Maria del Rosario Godoy Perez	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Doine H & Guadalupe Poole JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,750	Common	N/A	N/A	Peggy Poole	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Vicki Jones Prall	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	John C Rafferty	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	940,467	Common	N/A	N/A	Raymond James & Associates Inc. ⁵	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,250	Common	N/A	N/A	Marshal Brian & Heather W Reeder JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,750	Common	N/A	N/A	Peter Linn & Judith C Reeder JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	Suzann Richardson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Paige Ashley Ricketts	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	100,000	Common	N/A	N/A	Ronnie Roles TTEE Roles Family Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Joseph C Romero Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Brenda J Russell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	315,000	Common	N/A	N/A	Harold L Russell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	16,250	Common	N/A	N/A	Daniel & J Schlichting JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,750	Common	N/A	N/A	Elaine Schlichting	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,750	Common	N/A	N/A	Jason Schlichting	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,750	Common	N/A	N/A	William Schlichting	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	65	Common	N/A	N/A	Jan Schneider C/F Boris Schneider	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Michael Schneider	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	644,790	Common	N/A	N/A	Richard C Seltzer	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Hue-Teh Shih	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Eric Skidmore	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	24,532	Common	N/A	N/A	Mike Skillern	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	David Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Jonathan Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Michael Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Sara Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	397,138	Common	N/A	N/A	Malcolm & Lois Skolnick TTEE Skolnick Fam Liv Tr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Herbert E & Martha M Smart Com Prop	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	David A & Shirle M Smith JTWROS	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	11,875	Common	N/A	N/A	Carlos & Louise Soriano JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	27,500	Common	N/A	N/A	Ross Sparkes	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,047	Common	N/A	N/A	Deborah Stinnett	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,047	Common	N/A	N/A	Roy E Stinnett	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	52,500	Common	N/A	N/A	Jim Stockie	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	15,000	Common	N/A	N/A	Debbie Stoddard	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Claudean A Stuart	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	31,250	Common	N/A	N/A	Ian Scott Gibbons Stubbers	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	31,250	Common	N/A	N/A	Lauren Michelle Gibbons Stubbers	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	331,250	Common	N/A	N/A	Ron & Sheena Stubbers JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Madison A Tate	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Russ Tate	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	207,325	Common	N/A	N/A	TD Ameritrade Clearing Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	TD Waterhouse Canada Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Douglas Tigtig	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	93,750	Common	N/A	N/A	Kim E Totsky	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Tradestation Securities Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Elizabeth True	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,000	Common	N/A	N/A	W A Van Cleve Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50	Common	N/A	N/A	Vanguard Marketing Corporation	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Joseph A Villareal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Lauren O Villareal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	47,047	Common	N/A	N/A	Virtu Americas LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	17,500	Common	N/A	N/A	Lamoine & Carol Wallace JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,175	Common	N/A	N/A	Watermark Investments LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	447,500	Common	N/A	N/A	Michael L Watson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Phillip A & Sandra L Weiss JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250,000	Common	N/A	N/A	Jared B & Christen Donn Wells JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Peter Johnson & Maureen Kelly Worman JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	238,750	Common	N/A	N/A	Karl Zercoe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,344	Common	N/A	N/A	Phyllis Zercoe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Sheila A Zercoe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Walter D Zercoe	Merger	Yes	4(a)(2)
18-Sep-20	New Issue	50,000	Common	N/A	N/A	Nightingale, Alan & Angela, JTWROS	Merger	Yes	4(a)(2)
01-Oct-20	New Issue	18,519	Common	\$0.27	No	Mabrico A. Johnson	Cash	Yes	4(a)(2)
23-Nov-20	New issue	22,727	Common	\$0.44	No	Mabrico A. Johnson	Cash	Yes	4(a)(2)
01-Dec-20	New Issue	25,000	Common	\$0.45	No	Sampara, Kamal	Services	Yes	4(a)(2)
01-Dec-20	New Issue	10,000	Common	\$0.45	No	Watson, Michael	Services	Yes	4(a)(2)
01-Dec-20	New Issue	25,000	Common	\$0.45	No	Hutchins, Bob & Marlene	Services	Yes	4(a)(2)
01-Dec-20	New Issue	25,000	Common	\$0.45	No	Seltzer, Richard C	Services	Yes	4(a)(2)

01-Dec-20	New Issue	25,000	Common	\$0.45	No	Stubbers, Ron	Services	Yes	4(a)(2)
01-Dec-20	New Issue	25,000	Common	\$0.45	No	Malcolm & Lois Skolnick TTEE Skolnick Fam Liv Tr	Services	Yes	4(a)(2)

No. of Shares Outstanding as of December 31, 2020: Closing Balance (Common): **38,447,038**

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares Issued	Issued at a Discount	Individual/Entity to Whom Shares were Issued	Reason for Issuance	Restricted on Filing Date?	Exemption/Registration (Rule)
22-Mar-21	New Issue	33,334	Common	\$1.50	No	Eldridge, Darrell & Marilyn	Cash	Yes	4(a)(2)
22-Mar-21	New Issue	20,000	Common	\$1.50	No	Oak, Alan & Ann	Cash	Yes	4(a)(2)
22-Mar-21	New Issue	200,000	Common	\$1.50	No	Parks, Lynn & Steve	Cash	Yes	4(a)(2)
24-Mar-21	New Issue	100,000	Common	\$1.50	No	Neal, William R & Sandra	Cash	Yes	4(a)(2)
25-Mar-21	New Issue	1,500	Common	\$1.50	No	Jafrani, Hashim & Jackie	Cash	Yes	4(a)(2)
25-Mar-21	New Issue	1,533	Common	\$1.50	No	Dula, Alex & Kim, TTEE, Dula Fam. TR			
29-Mar-21	New Issue	10,000	Common	\$1.50	No	Jack Evans	Cash	Yes	4(a)(2)
05-Apr-21	New Issue	7,000	Common	\$1.50	No	Ridge, Donald L	Cash	Yes	4(a)(2)
05-Apr-21	New Issue	7,000	Common	\$1.50	No	Adair, Charles W & Diana S, JTWROS	Cash	Yes	4(a)(2)
07-Apr-21	New Issue	10,000	Common	\$1.50	No	Pisapia, Tom	Cash	Yes	4(a)(2)
07-Apr-21	New Issue	16,667	Common	\$1.50	No	Torres, Al	Cash	Yes	4(a)(2)
27-Apr-21	New issue	625	Common	\$1.50	No	Lewkebandara, Thanushka	Cash	Yes	4(a)(2)
01-Jun-21	New Issue	10,000	Common	\$1.28	No	Naser Otman	Services	Yes	4(a)(2)
14-Jun-21	New Issue	15,238	Common	\$1.31	No	Georjean Grant	Cash	Yes	4(a)(2)
25-Jun-21	New Issue	15,000	Common	\$1.31	No	A Sadey & P Ambatti	Cash	Yes	4(a)(2)
25-Aug-21	New Issue	1,000	Common	\$1.00	No	McKenna, Tom	Services	Yes	4(a)(2)
25-Aug-21	New Issue	1,000	Common	\$1.00	No	Sparkes, Ross	Service	Yes	4(a)(2)
26-Aug-21	New Issue	25,000	Common	\$1,00	No	Stubbers, Ron A	Service	Yes	4(a)(2)
29-Aug-21	New Issue	5,000	Common	\$1,00	No	Seltzer, Richard C.	Service	Yes	4(a)(2)
1-Nov-21	New Issue	15,000	Common	\$0.70	No	Michael Klug	Service	Yes	4(a)(2)
1-Nov-21	New Issue	35,000	Common	\$0.70	No	Michael Watson	Service	Yes	4(a)(2)
1-Nov-21	New Issue	25,000	Common	\$0.70	No	Stubbers, Ron A	Service	Yes	4(a)(2)
1-Nov-21	New Issue	30,000	Common	\$0.70	No	Alan Nightingale	Service	Yes	4(a)(2)
1-Nov-21	New Issue	35,000	Common	\$0.70	No	Naser Otman	Service	Yes	4(a)(2)
1-Nov-21	New Issue	6,000	Common	\$0.70	No	Robert Strang	Service	Yes	4(a)(2)
1-Nov-21	New Issue	9,000	Common	\$0.70	No	Bob & Marlene Hutchins	Service	Yes	4(a)(2)
1-Nov-21	New Issue	3,000	Common	\$0.70	No	Herbert Joe	Service	Yes	4(a)(2)
1-Nov-21	New Issue	2,000	Common	\$0.70	No	Erin Joe	Cash	Yes	4(a)(2)
1-Nov-21	New Issue	18,783	Common	\$0.70	No	Darrell & Marilyn Eldridge	Cash	Yes	4(a)(2)
1-Nov-21	New Issue	2,857	Common	\$0.70	No	Lori & Jay Moore	Cash	Yes	4(a)(2)

No. of Shares Outstanding as of December 31, 2021: Closing Balance (Common): **39,108,575**

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares Issued	Issued at a Discount	Individual/Entity to Whom Shares were Issued	Reason for Issuance	Restricted on Filing Date?	Exemption/Registration (Rule)
03-Jan-22	New Issue	42,857	Common	\$0.70	No	Oak, Alan & Ann	Cash	Yes	4(a)(2)
20-Jan-22	New Issue	2,358	Common	\$0.42	No	Hughley, Darius	Service	Yes	4(a)(2)
17-Feb-22	New Issue	20,000	Common	\$0.50	No	Stubbers, Ron	Service	Yes	4(a)(2)
17-Feb-22	New Issue	20,000	Common	\$0.50	No	Otman, Naser	Service	Yes	4(a)(2)
27-Apr-22	New Issue	2,857	Common	0.35	No	Lewkebandara, Thanushka	Service	Yes	4(a)(2)
23-May-22	New Issue	48,387	Common	0.31	No	Eldridge, Darrell & Marilyn	Cash	Yes	4(a)(2)
23-May-22	New Issue	3,226	Common	0.31	No	Hawks, Janice	Cash	Yes	4(a)(2)
23-May-22	New Issue	16,129	Common	0.31	No	Rasmussen, Justin & Bailey	Cash	Yes	4(a)(2)
23-May-22	New Issue	3,226	Common	0.31	No	Peters, Ben	Cash	Yes	4(a)(2)
01-Jun-22	New Issue	50,000	Common	0.31	No	Stubbers, Ron	Service	Yes	4(a)(2)
01-Jun-22	New Issue	50,000	Common	0.31	No	Dubyn, Stan	Service	Yes	4(a)(2)
01-Jun-22	New Issue	50,000	Common	0.31	No	Otman, Naser	Service	Yes	4(a)(2)
01-Jun-22	New Issue	30,000	Common	0.31	No	Sampara, Kamal	Service	Yes	4(a)(2)
01-Jun-22	New Issue	30,000	Common	0.31	No	Watson, Michael L	Service	Yes	4(a)(2)
01-Jun-22	New Issue	30,000	Common	0.31	No	Nightingale, Alan	Service	Yes	4(a)(2)
28-Jun-22	New Issue	285,714	Common	0.35	No	Neal, William R & Sandra	Cash	Yes	4(a)(2)
01-Aug-22	New Issue	2,667	Common	0.37	No	McKenna, Tom	Service	Yes	4(a)(2)
01-Aug-22	New Issue	8,000	Common	0.37	No	Watson, Michael L	Service	Yes	4(a)(2)
16-Aug-22	New Issue	136,000	Common	0.20	No	Stubbers, Ron A	Service	Yes	4(a)(2)
16-Aug-22	New Issue	172,500	Common	0.20	No	Otman, Naser	Service	Yes	4(a)(2)
16-Aug-22	New Issue	152,500	Common	0.20	No	Sampara, Kamal	Service	Yes	4(a)(2)
16-Aug-22	New Issue	113,500	Common	0.20	No	Nightingale, Alan	Service	Yes	4(a)(2)
16-Aug-22	New Issue	60,000	Common	0.20	No	Watson, Michael L	Service	Yes	4(a)(2)
21-Aug-22	New Issue	5,000	Common	0.20	No	Sparkes, Ross	Service	Yes	4(a)(2)
23-Sep-22	New Issue	106,085	Common	0.171	No	Hymel, Chris M	Service	Yes	4(a)(2)
23-Sep-22	New Issue	29,240	Common	0.171	No	Lewebandara, Ashley	Service	Yes	4(a)(2)
30-Sep-22	New Issue	74,384	Common	0.148	No	Hymel, Chris M	Service	Yes	4(a)(2)

No. of Shares Outstanding as of September 30, 2022: Closing Balance (Common): **40,653,205**

- Notes:**
- 1) Control Persons: Chris Hymel, Richard Seltzer, Malcolm Skolnick, Ron Stubbers
 - 2) Control Persons: Milinda Hymel, Kim Dula, Dianna Adair
 - 3) Control Person: Nicholas Ferrara
 - 4) Control Person: Christian Hanson
 - 5) Control Person: Tash Elwyn



SIGNAL ADVANCE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

Nine-Month Period Ended September 30, 2022 and the Year Ended December 31, 2021

SIGNAL ADVANCE, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2022 and December 31, 2021
(Unaudited)

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS		
Current Assets		
Cash or Cash Equivalent	\$ 9,911,959	\$ 11,057,546
Total Current Assets	<u>9,911,959</u>	<u>11,057,546</u>
Fixed Assets		
Property and Equipment, net	<u>59,726</u>	<u>64,824</u>
Total Fixed Assets	<u>59,726</u>	<u>64,824</u>
Other Assets		
Available for Sale Securities	34,958	78,775
Intangible Property	<u>349,320</u>	<u>261,523</u>
Total Other Assets	<u>384,278</u>	<u>340,298</u>
TOTAL ASSETS	<u>\$ 10,355,963</u>	<u>\$ 11,462,667</u>
LIABILITIES, SHAREHOLDER'S EQUITY AND NON-CONTROLLING INTERESTS		
Liabilities		
Long Term Liabilities		
Note Payable to Member, net	<u>2,744,428</u>	<u>3,745,822</u>
Total Long-Term Liabilities	<u>2,744,428</u>	<u>3,745,822</u>
Total Liabilities	<u>\$ 2,744,428</u>	<u>\$ 3,745,822</u>
Shareholders' Equity		
Common Stock, No Par, 200M shares authorized		
Shares Issued and Outstanding:		
40,653,205 as of September 30, 2022		
39,108,575 as of December 31, 2021		
Capital Investment	8,095,738	7,710,997
Retained Earnings	(496,379)	125,613
Net Income	(488,074)	(620,014)
Total Shareholders' Equity	<u>\$ 7,111,285</u>	<u>\$ 7,216,596</u>
Non-controlling Interests		
Members' Capital	<u>500,250</u>	<u>500,250</u>
TOTAL LIABILITIES, SHAREHOLDER'S EQUITY AND NON-CONTROLLING INTERESTS	<u>\$ 10,355,963</u>	<u>\$ 11,462,667</u>

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Nine-Month Period Ended September 30, 2022
and Year Ended December 31, 2021
(Unaudited)

	<u>January - September 2022</u>	<u>January - December 2021</u>
Ordinary Income/Expense		
Income		
Consulting	\$ 0	\$ 0
Reimbursed Expenses	<u>0</u>	<u>3,000</u>
Total Income	<u>0</u>	<u>(45,503)</u>
Gross Profit	\$ 0	\$ (45,503)
Expense		
General and Administrative	33,277	56,220
Amortization	60,884	46,900
Depreciation	10,260	8,767
Intellectual Property Expense	0	2,100
Interest	0	7,191
Professional Services	92,464	127,593
Research and Development	<u>262,334</u>	<u>341,201</u>
Total Expense	<u>459,220</u>	<u>589,972</u>
Net Ordinary Income	\$ (459,220)	\$ (635,475)
Other Income/Expense		
Other Income		
Dividend Income	14,704	669
Interest Income	258	392
Impairment (Unrealized Gain/(Loss))	(43,816)	(48,503)
Other (PPP/EIDL)	<u>0</u>	<u>14,400</u>
Total Other Income	\$ (28,854)	\$ 15,460
Net Other Income	<u>(28,854)</u>	<u>15,460</u>
Net Income	<u>\$ (488,074)</u>	<u>\$ (620,015)</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Nine-Month Period Ended September 30, 2022
and the Years Ended December 31, 2021 and 2020

	Common shares	Paid in Capital	Retained earnings	Non- controlling interest	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance December 31, 2019	91,716,057	\$ 6,044,211	\$ (6,025,543)	\$ -	\$ 18,668
Shares issued for cash	191,246	429,320	-	-	429,320
Shares issued for services	160,000	40,000	-	-	40,000
Shares issued (per Merger Agreement)	21,379,735	349,057	-	-	349,057
Shares cancelled (per Merger Agreement)	(75,000,000)	-	-	-	-
Net Income (loss)	-	-	4,887,037	1,264,119	6,151,156
Balance December 31, 2020	38,447,038	\$ 6,862,588	\$ (1,138,506)	\$ 1,264,119	\$ 6,988,201
Shares issued for cash	460,912	693,809	-	-	693,809
Shares issued for services	200,625	154,600	-	-	154,600
Net Income (loss)	-	-	(618,781)	(1,233)	(620,015)
Balance December 31, 2021	39,108,575	\$ 7,710,997	\$ (1,757,287)	\$ 1,262,886	\$ 7,216,595
Shares issued for cash	399,539	122,000	-	-	122,000
Shares issued for services	1,145,091	262,741	-	-	262,741
Net Income (loss)	-	-	(496,379)	6,328	(490,051)
Balance September 31, 2022	40,653,205	\$ 8,095,738	\$ (2,253,666)	\$ 1,269,214	\$ 7,111,285

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Month Period Ended September 30, 2022
and the Year-Ended December 31, 2021
(Unaudited)

	<u>January - September 2022</u>	<u>January - December 2021</u>
OPERATING ACTIVITIES		
Net Income	\$ (488,074)	\$ (620,014)
Adjustments to reconcile Net Income to net cash provided by operations:		
Amortization	60,884	46,900
Depreciation	10,260	8,767
Common Stock Issued for Services	<u>262,741</u>	<u>154,600</u>
Net cash provided by Operating Activities	\$ (154,189)	\$ (409,747)
INVESTING ACTIVITIES		
Property and Equipment, net	(5,162)	(10,700)
Available for Sale Securities	43,816	68,503
Intangible Property	<u>(148,681)</u>	<u>(6,668)</u>
Net cash provided by Investing Activities	\$ (110,026)	\$ 51,135
FINANCING ACTIVITIES		
Contingent Liability	0	(14,400)
Common Stock Issued for Cash	122,000	693,809
Loan - Short-Term	0	17,500
Note Payable to Member	0	9,169
Note Payments	<u>(1,001,393)</u>	<u>(2,113,737)</u>
Net cash provided by Financing Activities	\$ (879,393)	\$ (1,407,660)
Net cash increase for period	(1,143,608)	(1,766,272)
Cash at beginning of period	<u>11,055,568</u>	<u>12,823,818</u>
Cash at end of period	<u>\$ 9,911,959</u>	<u>\$ 11,057,546</u>

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

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 is focused on developing and implementing its proprietary signal advance technology that acts to reduce signal detection delay with potential applications in biomedicine, transportation, defense, communications, cyber-security and industrial control systems to be implemented through subsidiaries.

Signal Advance, Inc. is a member holding an 80% interest in PIC Pocket, LLC (“PIC”), a limited liability company organized in the state of Nevada on July 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned, majority-owned or controlled operating subsidiaries. All intercompany accounts and transactions have been eliminated.

Revenue Recognition

Historically, revenue was generated by providing engineering and scientific 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

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 September 30, 2022 and December, 31, 2021 were \$ -0- and \$ -0-, respectively.

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 “noninterest-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 losses on such accounts.

The Company had one customer which represented substantially all revenue for the year ended December 31, 2020. The contract with this customer ended December 31, 2020.

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*, the Company is permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. We elected not to measure any eligible items using the fair value option. 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fair Value of Financial Instruments (continued)

Our Level 1 assets primarily include our cash and cash equivalents (including our money market funds) 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 disposals, assets and related depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income (loss) in the years in which those temporary differences are expected to be recovered or settled.

The effect of a change in tax rules on deferred tax assets and liabilities is recognized in operations in the year of change. A valuation allowance is recorded when it is “more likely-than-not” that a deferred tax asset will not be realized.

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions as of September 30, 2022 and December, 31, 2021. Interest and penalties, if any, related to unrecognized tax benefits would be recognized as interest expense. The Company does not have any accrued interest or penalties associated with unrecognized tax benefits, nor was any significant interest expense recognized during the nine-month period ended September 30, 2022 and the year-ended December, 31, 2021.

Leasing Standard

Per ASU 2016-02 (Leases) guidance, an entity is required 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 – RECLASSIFICATIONS

Further, cost of acquisition and maintenance expense for intangible property, including patent renewals, trademark acquisition/transfer, licenses and trade secrets were capitalized and subject to amortization of their useful lives.

NOTE 4 – DEBT

The CEO has provided 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 September 30, 2022 and December 31, 2021 there were \$0 outstanding.

PIC executed a note payable in the amount of \$4,458,000 agreement with a member when revenue was reclassified. The note accrued interest at 2% beginning January 4, 2023. PIC has the option to pre-pay the Note without penalty. The unpaid principal and interest is due on December 31, 2026. The note is unsecured and the balance on the note payable was \$ 2,744,428 on September 30, 2022.

On April 20, 2020, the Company received a Small Business Administration (“SBA”) loan under the government’s assistance related to COVID-19. The SBA loan was for \$10,400 with an interest rate of 0.98% and due in eight weeks. The SBA loan is to assist the Company in payroll during the COVID-19 time period. The SBA loan is forgivable if the Company payroll during this time utilizes all of the monies provided. During the year ended December 31, 2021, the loan was forgiven and the Company recorded the \$10,400 as other income

On April 28, 2020, the Company received the government assistance EIDL grant in the amount of \$4,000 related to the COVID-19 response by the government to assist companies during the pandemic. In the year ended December 31, 2021, the Company recorded the \$4,000 as other income.

NOTE 5 – INCOME TAXES

The Company follows ASC 740-10-50 “Accounting for Income Taxes.” Deferred income taxes reflect the net effect of (a) temporary difference between carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carry-forwards. No net provision for refundable Federal income tax has been made in the accompanying statement of loss because no recoverable taxes were paid previously. Similarly, no deferred tax asset attributable to the net operating loss carry-forward has been recognized, as it is not deemed likely to be realized.

The provision for refundable federal income tax consists of the following for the periods ending:

	September 30, 2022	December 31, 2021
Federal income tax benefit attributed to:		
Net operating loss	(488,074)	(620,815)
Valuation allowance	(488,074)	(620,815)
Net benefit	-	-
The cumulative tax effect at the rate of 21% of significant items comprising our net deferred tax amount is as follows:		
Deferred tax attributed:		
Net operating loss carryover	(102,496)	(130,234)
Less: change in valuation allowance	(102,496)	(130,234)
Net deferred tax asset	-	-

As of September 30, 2022, the Company had:

- 1) a total of \$1,286,322 in net operating loss carry-forward available to offset future taxable income, and
- 2) open tax years of 2021, 2020 and 2019 are subject to examination by tax authorities.

NOTE 6 - EQUITY

During the year ended December 31, 2020, the Company made the following Common Stock Issuances and cancellation:

- 191,246 shares of common stock valued at \$30,000 in cash.
- 75,000,000 shares of common stock were relinquished by Signal Advance Technologies, Inc. and subsequently cancelled per the terms of the merger agreement.
- 21,739,735 shares of common stock valued at \$546,590 were issued to former Signal Advance Technologies, Inc. shareholders per the share exchange terms of the merger agreement.
- 160,000 shares of common stock valued at \$40,000 for services rendered.

During the year ended December 31, 2021, the Company made the following Common Stock issuances:

- 460,912 shares of common stock valued at \$693,809 were issued for cash.
- 173,250 shares of Common Stock valued at \$130,000 were issued for services rendered
- 27,375 shares of common stock valued at \$24,600 were issued for services rendered by Officers/Directors

During the nine-month period ended September 30, 2022, the Company made the following Common Stock issuances:

- 399,539 shares of common stock valued at \$122,000 were issued for cash.
- 695,740 shares of common stock valued at \$161,100 were issued for services rendered
- 449,351 shares of common stock valued at \$101,641 were issued for services rendered by Officers/Directors

NOTE 6 - RELATED PARTY TRANSACTIONS

During the nine-month period ended September 30, 2022, \$6,300 in rent was paid to an Officer/Director.

NOTE 7 - ELECTION OF DIRECTORS AND APPOINTMENT OF AN OFFICERS

During the Annual Shareholders' Meeting held on April 15, 2022 the shareholders re-elected the following nominees to the Board of Directors:

Chris Hymel,
Stan Dubyn,
Ron Stubbers, and
Richard Seltzer.

In a subsequent meeting of the newly-elected Board of Directors, the following appointments were made:

Chris Hymel, CEO/CFO
Ron Stubbers, COO
Richard Seltzer: Corporate Secretary