



SIGNAL ADVANCE, INC.

Company Update

The Boards of Directors is supplementing Disclosure and Financial reports, published on OTC Markets and on the Signal Advance website, regarding activities since the previous Signal Advance, Inc. Annual Shareholders’ meeting. While not considered a part of this notice, the Board strongly recommends that shareholders review the full Annual, Quarterly and Current Disclosures and Financial Statements that are made available publicly through the OTC Markets Disclosure and News Service (www.otcmarkets.com) under our stock symbol (SIGL). These reports are also available on the Company website (www.signaladvance.com).

Defense Applications

A defense venture (PIC Pocket, LLC, “PIC”) was formed to develop and commercialize defense-related applications for Signal Advance technology and is the source of the majority of the 2020 revenues - earmarked for the defense application development. SIGL currently holds 80% of the total equity and voting power of PIC. The venture’s principal, Stan Dubyn, has decades of experience developing technology for the U.S. Dept of Defense and is currently a member of our Board of Directors.

Cyber-Security

The Company’s pursuit of defense-related application has focused on cybersecurity. As part of the Company’s focus on defense applications. As digital technology has evolved in complexity and sophistication, so have the cyber-attack and hacking technologies and strategies. Cybercrime is projected to cost over \$6 trillion globally in 2021 (up from \$3 trillion in 2015) and expected to reach \$10.5B in 2025. Cybercrime is more profitable than the global trade of all major illegal drugs combined (...according to the Cisco/Cybersecurity Ventures [2019 Cybersecurity Almanac](#)).



Analog Guard®, a division of the Company, is integrating the Company’s proprietary SA technology with multiple analog methodologies to provide unparalleled cybersecurity designed to eliminate remote hacking. The Company’s proprietary analog (vs. digital) encryption system is expected to provide superior cybersecurity protection for industrial and infrastructure control systems (e.g., SCADA, DCS, PLC, building controls, etc.), IoT (Internet of Things) devices/sensors, personal communications, wearable devices, implanted medical devices, connected cars as well as government, satellite, military defense and commercial data communications.

The Company has successfully modeled multiple implementations of physical hardware-based analog “signal” encryption (vs. data encryption) methodologies that will exploit our proprietary phase-linked temporal non-linear modulation (“PLTNM”) technology and is preparing White Papers for submission to the DoD.

Intellectual Property

Patents have been granted in the U.S., China, Mexico, India and Europe (see table below). In Europe, the patents were validated in France, Germany, Ireland, Italy, Spain, Switzerland (and Liechtenstein) and the United Kingdom.

| Patent Office | Patent No | Date Granted |
|---------------|-------------------|--------------|
| China | ZL 200880015288.2 | Nov. 2012 |
| United States | 8452544 | May 2013 |
| Mexico | MX/A/2009/00921 | Apr. 2014 |
| Europe | EP 08 75 4879.8 | Jan. 2017 |
| India | 3465/KOLNP/2009 | Aug. 2019 |

Technology development related to the integration of the Company’s proprietary non-linear temporal modulation technology with various other modulation methodologies for use in analog signal encryption forms the basis for additional intellectual property. In addition to the trademark “SIGNAL ADVANCE”, the trademark “ANALOG GUARD” has been registered with the USPTO.

Executive Officers / Board of Directors

The following table sets forth the names, positions and ages of the Signal Advance, Inc. Directors and Officers currently serving. Directors are elected during the Annual Shareholders' Meeting and serve for one (1) year and until their successors are elected and qualified to serve. Officers are subsequently appointed by our Board of Directors and their terms of office are at the discretion of our Board. There are no family relationships among our directors, executive officers, director nominees or significant employees. None of our current Directors are considered independent per NASDAQ listing standards.

| <u>Director/Officer</u> | <u>Title</u> |
|-------------------------|---|
| Chris Hymel | Director, President/Treasurer (Nominee) |
| Ron Stubbers | Director, Vice-President (Nominee) |
| Richard Seltzer | Director, Secretary (Nominee) |
| Stan Dubyn | Director (Nominee) |

Corporate Governance

Family Relationships There are no family relationships by and between or among the Directors or other officers. None of our Directors or officers is a director or executive officer of any company that files reports with the SEC except as set forth in the “Biographies of Director Nominees” section above.

Election of Directors and Officers Directors hold office until the next succeeding annual meeting and the election/qualification of their respective successors. Officers are elected annually by our Board and hold office at the discretion of our Board. Our Bylaws permit our Board to fill any board member vacancy and such newly elected director may serve until the next annual meeting of shareholders and the due election and qualification of their successor.

Legal Proceedings To the knowledge of management, no director, executive officer or affiliate of the Company, or owner of record, or beneficially, of more than five percent (5%) of the Companies’ common stock is a party adverse to the Company or has a material interest adverse to the Company in any legal proceeding.

To the knowledge of management, during the past five (5) years, no present or former director, executive officer, affiliate or person presently nominated to become a director or an executive officer of either Company:

(1) Has filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he or she was a general partner at or within two (2) years before the time of such filing, or any corporation or business association of which he or she was an executive officer at or within two (2) years before the time of such filing;

(2) Was convicted in a criminal proceeding or named the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him or her from or otherwise limiting his or her involvement in any type of business, commodities, securities or banking activities;

(4) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting him or her for more than sixty (60) days from engaging in, or being associated with any person engaging in, any type of business, commodities, securities or banking activities;

(5) Was found by a court of competent jurisdiction in a civil action or by the SEC to have violated any federal or state securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated.

Promoters and Control Persons None.

Board Leadership and Role in Risk Oversight Our Board recognizes that the leadership structure and combination or separation of the CEO and Chairman roles is driven by the needs of a company at any point in time. The Company currently has no policy requiring combination or separation of leadership roles and our governing documents do not mandate any particular structure. This has allowed our Board the flexibility to establish the most appropriate structure for the Companies at any given time.

The Board oversees our shareholders’ interest in the long-term health and the overall success of the Company and its financial strengths. The full membership of the Board is actively involved in overseeing risk management for the Company done so in part through discussion and review of our business, financial and corporate governance practices and procedures. The Board, as a whole, reviews the risks confronted by the Company with respect to its operations and financial condition, and establishes limits of risk tolerance with respect to the Company’s activities.

Meetings of the Board and Shareholder Communications Our Board conducted all of its business and approved all corporate action during the fiscal year ended December 31, 2020 to present, by the unanimous consent of its respective members, in the absence of formal board meetings. The Company has not established policies regarding Board members’ attendance at the annual meetings.

Holders of the Company’s securities can send communications to the Board via mail or telephone to the Secretary at the Company’s principal executive office. A shareholder who wishes to communicate with the Board may do so by directing a written request via email (IR@signaladvance.com) or addressed to our CEO at the address appearing on the first page of this proxy statement.

Code of Business Conduct and Ethics Policy Management adopted a Code of Business Conduct and Ethics that applies to our employees, officers and directors. A copy of the document may be obtained via the Shareholder communication options provided in the previous paragraph.

Committees of the Board of Directors We do not presently have separately constituted audit, compensation, nominating, executive or any other committees of our Board of Directors. Our Board does not believe that it is necessary to have such committees as the functions of such committees can be adequately performed by the Board.

The Company has not adopted any formal procedures by which security holders may recommend nominees to our Boards, however proposals may be submitted for consideration in the annual shareholders’ meeting as described the section entitled “Shareholder Proposals for the 2021 Annual Meeting” found on the last page of this document.

Audit Committee Financial Expert(s): The financial expert currently serving on the Boards is Dr. Chris Hymel who has served as Treasurer and CFO for a number of companies, both private and public and is responsible for the financial reporting and annual and quarterly audits and reviews.

Director Independence There are currently no directors that are considered independent based on the SEC Rule § 240.10A-3 as well as NASDAQ independence standards.

Executive Compensation In the annual reports published on OTC Markets, SIGL provides compensation disclosure that satisfies the requirements that apply to smaller public reporting companies per Regulation S-K (17 CFR Part 229, Item 401). The summary compensation table below shows certain compensation information paid for services rendered in all capacities to us by our principal executive officer and by each other executive officer whose total annual salary and bonus exceeded \$100,000 during the year ended December 31, 2021.

| Name & Position | Year or Period | Salary | Bonus | Stock Awards ¹ | Options Awards | Non-Equity Incentive Plan Compensation | Non-Qualified Deferred Compensation Earnings | All Other Compensation ² | Total |
|--------------------|----------------|--------|-------|---------------------------|----------------|--|--|-------------------------------------|-----------|
| C Hymel CEO/CFO | 2021 | 0 | 0 | \$144,000 | 0 | 0 | 0 | \$ 18,000 | \$162,000 |

(1) Non-cash compensation: Equity issued for services rendered

(2) Reimbursement of medical and professional development expenses

Other than as set forth in the table above regarding the Companies’ CEO/CFO, no executive officer’s total annual compensation exceeded \$100,000 during our last fiscal period. The Company had entered into a consulting agreement with Dr. Chris M. Hymel, the Companies’ CFO, whereby his annual compensation was \$144,000 per year (paid in cash or equity), plus limited reimbursement of professional development and medical expenses. Dr. Hymel is expected to devote essentially full-time (at least 40 hours/week) on activities related to the Companies. The term of the agreement is year-to-year but may be terminated by giving four (4) weeks written notice. Eligible medical and professional development expenses were either paid or reimbursed in cash and annual compensation for services rendered has been in the form of equity, specifically common stock.

Other than as described above, all other directors and executive officers received less than \$100,000 in compensation in the form of cash or equity in exchange for their services. No executive officers received a bonus or deferred compensation. There are no employment contracts, compensatory plans or arrangements (except as referenced above for the Companies’ President), including payments to be received from the Companies with respect to any executive officer of the Companies which would result in payments to any such person due to his or her resignation, retirement or other termination of employment with the Companies or their subsidiaries, any change in control of the Companies or a change in the person’s responsibilities following a change in control of the Companies. Nor are there any agreements or understandings for any director or officer to resign at the request of another person. None of the Companies’ directors or executive officers is acting on behalf of or will act at the direction of any other person.

Compensation Pursuant to Plans There is no retirement, pension, profit-sharing, or other plan covering any of our officers and directors. The Companies have adopted no formal stock option plans for our officers, directors and/or employees but reserve the right to adopt one or more stock options plan(s) in the future. Presently, there is no plan to issue additional equity in the Companies or options to acquire the same to our officers, directors or their affiliates or associates except for compensation of Director and Officers as described previously.

Security Ownership of Certain Beneficial Owners

Each Company is authorized to issue 200,000,000 shares of common stock, with no par value. Holders of common stock are entitled to one (1) vote per share on all matters subject to shareholder vote. The common stock has no cumulative, preemptive or other subscription rights. All of the presently issued shares of common stock are fully paid and non-assessable. The Boards of Directors may declare dividends payable to holders of common stock out of legally available funds. If either Company is liquidated or dissolved, holders of shares of common stock will be entitled to share ratably in any assets of the Companies remaining after satisfaction of all of its liabilities.

The following table sets forth the number of shares of common stock that are beneficially owned as of January 1, 2022 by any person known by us to be the beneficial owner of more than five percent (5%) of the outstanding shares of our common stock (affiliate), each of our directors and executive officers, and all officers, directors and any affiliates as a group.

The persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the shareholder's name, subject to community property laws, where applicable.

Signal Advance, Inc. Officers/Directors & Control Persons Holdings

| Officers, Directors & Control Persons (>5%) | Affiliation | Residential Address | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding |
|---|----------------|---------------------|------------------------|------------------|---|
| Chris M. Hymel | CEO, CFO, Dir. | Rosharon, Texas | 18,295,627 | Common | 46.78% |
| Stan Dubyn and Tiffany Guthrie | Dir. | Hermosa Beach, CA | 3,067,202 | Common | 7.85% |
| Richard C. Seltzer | Sec., Dir. | Houston, Texas | 1,270,270 | Common | 3.25% |
| Ron A Stubbers | COO, Dir. | Houston, Texas | 762,500 | Common | 1.95% |
| | | | | | |
| Officers & Directors as a Group | | | 23,395,599 | | 59.82% |

Certain Relationships and Related Transactions The Company currently leases office space, from its President, on a month-to-month basis at a rate of \$700 per month. In addition, Signal Advance, Inc. obtained rights to use the proprietary intellectual property through a license agreement with Dr. Hymel, in exchange for equity (common stock).

Other than the CEO's compensation and related transactions, discussed previously, since the Company's formation, there has not been, nor is there currently proposed, any transaction or series of similar transactions with related parties to which either Company was or will be a party 1) in which the amount involved exceeds \$120,000; and 2) in which any director, executive officer, shareholder who beneficially owns five percent (5%) or more of the Company's Common Stock, or any member of their immediate family, had or will have a direct or indirect material interest.

We intend to announce preliminary voting results at the Annual Meeting, and publish final results with OTC Markets and on the Company website within four (4) days of the Annual Meeting. You may obtain a copy of this and other reports, free of charge, available on our website at www.SignalAdvance.com or by using one of the following methods:

Mail: Signal Advance, Corporate Secretary
2520 County Road 81, Rosharon, Texas 77583

Telephone: (713) 510 7445 or (800) 997-9219 (toll free)

Fax: (253) 252 8631

Email: IR@SignalAdvance.com

Shareholders may obtain information relating to your own share ownership in Signal Advance, Inc. by contacting the Company's stock transfer agent.

Nevada Agency and Transfer Company
50 West Liberty, Suite 880, Reno, Nevada 89501

Telephone: (775) 322-0626

Fax: (775)-322-5623

Email: StockTransfer@NATCO.com

Financial Summary

SIGNAL ADVANCE, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2021, 2020

| | December 31, | |
|--|-----------------------------|-----------------------------|
| | <u>2021</u> | <u>2020</u> |
| ASSETS | \$ 11,462,667 | \$ 13,353,241 |
| LIABILITIES, SHAREHOLDER'S EQUITY AND NON-CONTROLLING INTERESTS | | |
| Liabilities | \$ <u>3,745,822</u> | \$ <u>5,864,790</u> |
| Shareholders' Equity | | |
| Capital Investment | 7,710,997 | 6,862,588 |
| Retained Earnings | 125,613 | (6,025,543) |
| Net Income | <u>(620,014)</u> | <u>6,151,156</u> |
| Total Shareholders' Equity | \$ <u>7,216,596</u> | \$ <u>6,988,201</u> |
| Non-controlling Interests | | |
| Members' Capital | \$ <u>500,250</u> | \$ <u>500,250</u> |
| TOTAL LIABILITIES, SHAREHOLDER'S EQUITY AND NON-CONTROLLING INTERESTS | \$ <u><u>11,462,667</u></u> | \$ <u><u>13,353,241</u></u> |

SIGNAL ADVANCE, INC.
CONSOLIDATED RESULTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020

| | January - December | |
|----------------------------|----------------------------|----------------------------|
| | <u>2021</u> | <u>J2020</u> |
| Ordinary Income/Expense | | |
| Total Income | <u>(30,043)</u> | <u>6,362,349</u> |
| Gross Profit | \$ (30,043) | \$ 6,362,349 |
| Total Expense | 589,972 | 230,309 |
| Net Ordinary Income/(Loss) | \$ <u>(620,015)</u> | \$ <u>6,151,156</u> |
| Net Income/(Loss) | \$ <u><u>(620,015)</u></u> | \$ <u><u>6,151,156</u></u> |

Other Matters

The Notice of Meetings provides for:

1. the election of directors for Signal Advance, Inc.;
2. the ratification of the Board of Directors' actions and decisions since the last shareholders' meeting and approval of the minutes of the previous Annual Shareholders' Meeting for Signal Advance, Inc.;
3. approval of the minutes of the previous annual shareholders' meeting of Signal Advance, Inc.; and
4. the transaction of such other business, as may properly come before the meeting.

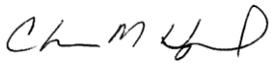
As of the date of this proxy statement, the Boards of Directors do not intend to present to the meeting any other business, and it has not been informed of any business intended to be presented by others. However, if any other matters properly come before the meeting, the persons named in the enclosed proxy will take action and vote proxies, in accordance with their judgment of such matters. Action may be taken on the business to be transacted at the meeting on the date specified in the Notice of Meeting or on any date or dates to which such meeting may be adjourned.

Shareholder Proposals for the 2023 Annual Meeting

Any shareholder who intends to present a proposal at the 2023 Annual Meeting of Shareholders must ensure that the proposal is submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 and received by the Corporate Secretary of SIGL 120 days before we begin to print and mail our proxy materials for next year's meeting.

We still have a great deal of hard work ahead and we remain encouraged and optimistic regarding the long-term value we will provide to our shareholders. On behalf of the entire Signal Advance and Signal Advance Technologies management teams, I would like to again thank you for your continued support. We strongly believe we have the motivation, expertise, and strategic approach necessary to create the future we envision and we look forward to reporting on our progress as we continue to execute our business plans. If you have questions, comments or concerns, please contact us at the following email address: IR@signaladvance.com.

By Order of the Board of Directors



By: Chris M. Hymel, CEO

Signal Advance, Inc.
Rosharon, Texas
February 1, 2022