

INTELLECTUAL PROPERTY RIGHT REPORT

Advantech has submitted report related to intellectual property rights to the 5th board meeting of the 15th session in 2023 (October 30, 2023).


I. In the formulation of intellectual property rights management policies, goals, and systems related to Advantech's operating strategies :

In accordance with Advantech's unique business operation characteristics, that is, the production method of a small number of diverse products. To set a small amount of effective and well quality intellectual property per Advantech's policy and goals, and establish the following intellectual property rights system:

1. Formulate the patent management measures:

- A. In accordance with the patent management measures, establish a patent application and inquiry platform PLM / EPM Portal, and share patents on the PLM / EPM Portal platform with other colleagues in need such as R & D, Sales, PM and factory departments.
- B. The policy of patent application is to control the quantity but to upgrade the quality, in other words, Advantech will not focus on utility model patent application. Advantech encourages our colleagues to apply for invention patents.
- C. Establish an SOP for handling intellectual property disputes to handle various intellectual property disputes in the most efficient way.

2. Formulate the trademark management measures:

- A. Uniformly apply for trademarks  worldwide where major branch offices are located.
- B. In the event of any third party infringing on Advantech's trademark, the Legal Department of the Headquarter will assists the branches worldwide to safeguard Advantech's trademark's rights.

3. Copyright protection

According to Advantech's development strategy, the hardware will enter the stage of combining both software and hardware. Advantech will fully promote the WISE-PaaS platform. Software copyrights derived from the WISE-PaaS platform are protected

through licensing contracts with users and software developers and/or software suppliers.

4. Protection of business secrets

Complete the confidentiality requirements through the provisions in the employment contract and reminders during the training of new employees. It also sorted out the possible outflow of business secrets in the R&D process with external firms, and formulated classification methods and control measures for confidential documents to prevent them from being disclosed. Advantech plans to implement file encryption protection software to secure the personal computer files of the R&D department. This measure aims to safeguard these files from being accessed by hackers in the event of a breach. By encrypting the files, the company aims to prevent unauthorized access and ensure that sensitive data is not maliciously exposed or sold publicly.

II. To establish and implement management systems for the acquisition, protection, maintenance, and use of intellectual property rights according to scale and type:

1. Apply for, maintain and manage patents in accordance with the Patent Administration Measures, and apply for registered trademarks in major branch countries around the world in accordance with the Trademark Administration Measures. The Industrial Bureau of the Ministry of Economic Affairs announced the results of the "2023 Taiwan's Best International Brand Value" survey, and the brand value of Advantech (2395), a major industrial computer maker, increased to US\$881 million, ranking fifth in R.O.C., ranked among the top 5 international brands in Taiwan for 6 consecutive years
2. Establish an online patent application and inquiry platform (PLM/EPM Portal) to provide R&D, industry representatives, PMs, factories and colleagues in need to inquire about relevant patent status online. In addition to avoiding patent risks, it can further form patent barriers for competitors' products to enter.
3. In response to the development of Advantech products from hardware to both software and hardware, legal affairs have formulated various authorization contracts to protect software copyrights derived from products. Hope to enhance the competitiveness of hardware products through copyright protection.
4. Sign confidentiality contracts with employees and establish document confidentiality classification and import into the X-FORT and SecureAge system to control and manage confidential documents to prevent the company's business secrets from leaking out.

III. Determine and provide the resources needed to effectively implement and maintain the intellectual property rights management system:

All R & D units will allocate R & D expenses to pay for the patent application, maintenance of patents, and payment of bonuses to inventors to effectively implement and maintain the intellectual property rights management system. Pre-deducted R&D expenses are used to pay for the expenses incurred in various intellectual property disputes.

IV. Observe the risks or opportunities of intellectual property rights management both inside and outside and take corresponding measures:

The externally appointed patent and trademark office will regularly monitor the patent and trademark applications related to Advantech, and provide relevant information to Advantech's R & D personnel on the PLM / EPM Portal platform, in order to track the latest technology status of the industry and related intellectual property rights risks.

V. Plan and implement a continuous improvement mechanism to ensure that the operation and effectiveness of the intellectual property management system meet Advantech's expectations:

At the beginning of each quarter, Legal Department will report to the chairman all the implementation status of the previous quarter intellectual property rights, such as patent application and maintenance status, patent litigation status, trademark application and maintenance status, and copyright protection status for the further review.