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## **FRONTEO Launches New KIBIT Solution That Greatly Increases Efficiency of Advertising Reviews**

*Solution Automatically Detects Inappropriate or Misleading Expressions and Images*

TOKYO, February 20, 2019 - FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2518) a leading provider of artificial intelligence ("AI") based big data analysis services, announced today that it launched its new "KIBIT Advertising Review Solution" based on its independently developed KIBIT AI engine. This system detects inappropriate expressions and images that may violate regulations relating to descriptions of products and services, including the Pharmaceuticals and Medical Devices Act<sup>1</sup>, the Premiums and Representations Act<sup>2</sup>, the Financial Instruments and Exchange Act and in-house advertising creation manuals and internal company rules or laws. It enables companies to reduce the time spent on reviews and increase the efficiency of advertising review tasks.

With consumer needs growing more diverse, an increasingly wide range of products and services are available today. For example, large manufacturers create product information and advertising copy for hundreds of items throughout the year, including seasonal products and campaigns, which are included in various promotional materials (websites, in-store displays, posters, etc.) as well as on the merchandise itself.

At some companies, staff review these items one by one to ensure the expressions used in product descriptions and advertisements are correct and appropriate. Regardless of whether this is done, the use of expressions that could be misunderstood by consumers may damage a company's reputation or pose compliance risks. Recently, Japan's Consumer Affairs Agency has been cracking down in particular on advertising that misleads consumers with phrases such as "special limited-time deal" which make the price or purchasing conditions seem more advantageous than they actually are (misleading advertising), leading to a steep rise in the number of charges against companies.

In light of these circumstances, it is increasingly important for companies to establish a review system in order to ensure they provide accurate information to consumers.

The "KIBIT Advertising Review Solution" enables users to save time and labor by automating and streamlining review tasks, which have become a major issue for companies.

Furthermore, it prevents oversights and omissions during reviews by detecting inappropriate expressions and those that could cause misunderstanding, thereby increasing the quality of advertising and promotional materials.

### **■ Features of KIBIT Advertising Review Solution**

Two features of this solution are as follows:

1. FRONTEO consultant learns about the company's tacit knowledge (review task-related instincts, tricks, and rules of thumb) from the person responsible for reviews at the client company, then organizes and clarifies objective and subjective information.
2. Organizes the relevant tasks, determines the scope of the tasks for which the AI system

should be used, and plans and implements those tasks (designing and implementing an algorithm tailored to the company's needs by combining KIBIT, a rule-based system\*, and other AI solutions)

- Enables detection using the KIBIT AI
- Enables enhanced application based on formal rule expressions and minimal rules

For customers dealing with issues such as those indicated below, FRONTEO can provide one-stop support, from determining the requirements to selecting and designing the optimal AI technology to implementing the review system.

### Examples of Customer Issues

- An in-house manual for creating advertisements is available, but it does not cover all unacceptable expressions and what is deemed acceptable varies depending on who is evaluating it.
- There is a large quantity of materials, but the human resources available for checking are limited and it is not possible to perform high-quality verification of everything.
- The client wishes to evaluate various similar expressions that cannot be identified with keywords alone, using descriptive rules and unacceptable examples from the past as teaching data.
- It is necessary to check for deviation from the rules by taking into account not just keywords but also word combinations.
- There is not a large quantity of data available in order to teach AI to perform more sophisticated detection.
- The client wishes to check for unacceptable expressions based on relationships between words and images.

Along with KIBIT-based natural language processing technology, FRONTEO is able to improve the efficiency and sophistication of advertising review tasks by selecting and applying machine-learning technology to suit diverse customer needs.

By offering this solution, FRONTEO will help companies in manufacturing, finance, and many other fields to increase the efficiency of reviews relating to laws such as the Pharmaceuticals and Medical Devices Act, the Premiums and Representations Act, and the Financial Instruments and Exchange Act and improve the quality of their advertising and promotional materials while accelerating this work and reducing the number of hours spent on it. Moreover, FRONTEO aims to refine the solution going forward so that it may be applied to other tasks such as real-time reviews of verbal information.

\*1: Officially known as the Act on Securing Quality, Efficacy, and Safety of Products Including Pharmaceuticals and Medical Devices.

\*2: Officially known as the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962).

\*Rule-based system: Technology for finding solutions by expressing problem-solving knowledge in the form of "If X, then Y"-type rules and applying them to problems.



### **About KIBIT**

KIBIT is an AI engine developed by FRONTEO. KIBIT is a word coined by combining "kibi," a Japanese word meaning "subtlety," and "bit," the smallest unit of digital information, in order to indicate an AI capable of understanding the subtle elements of human behavior and personality.

### **About FRONTEO, Inc.**

FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158) supports the analysis of big data based on behavior informatics by utilizing its technology, "KIBIT". FRONTEO's KIBIT technology is driven by FRONTEO artificial intelligence based on knowledge acquired through its litigation support services. KIBIT incorporates experts' tacit knowledge, including their experiences and intuitions, and utilizes that knowledge for big data analysis. FRONTEO continues to expand its business operations by applying KIBIT to new fields such as healthcare and marketing. FRONTEO was founded in 2003 as a provider of e-discovery and international litigation support services. These services include the preservation, investigation and analysis of evidence materials contained in electronic data, and computer forensic investigation. FRONTEO provides e-discovery and litigation support by making full use of its data analysis platform, "Lit i View", and its Predictive Coding technology adapted to Asian languages. The company name was changed from UBIC, Inc. to FRONTEO, Inc. as of July 1, 2016.

For more information about FRONTEO, contact [global\\_pr@fronteo.com](mailto:global_pr@fronteo.com) or visit <http://www.fronteo.com/global/>.

### **Safe Harbor Statement**

This announcement contains forward-looking statements. These forward-looking statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the amount of data that FRONTEO expects to manage this year and the potential uses for FRONTEO's new service in intellectual property-related litigation, contain forward-looking statements. FRONTEO may also make written or oral forward-looking statements in its reports filed with, or furnished to, the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about FRONTEO's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: FRONTEO's goals and strategies; FRONTEO's expansion plans; the expected growth of the data center services market; expectations regarding demand for, and market acceptance of, FRONTEO's services; FRONTEO's expectations regarding keeping and strengthening its relationships with customers; FRONTEO's plans to invest in research and development to enhance its solution and service offerings; and general economic and business conditions in the regions where FRONTEO provides solutions and services. Further information regarding these and other risks is included in FRONTEO's reports filed with, or furnished to the Securities and Exchange Commission. FRONTEO does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided



in this press release and in the attachments is as of the date of this press release, and FRONTEO undertakes no duty to update such information, except as required under applicable law.

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