

November 5, 2018

## **FRONTEO launches "Patent Explorer 19" - an advanced version of our AI-based patent search and analysis system**

*Leveraging the "KIBIT G2" engine with improved scalability, the system has expanded its functionalities to automatically configure training data*

*Also offering enhanced links with tools from other companies*

TOKYO, November 5, 2018 — FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence ("AI") based big data analysis services, today launches "Patent Explorer 19" - an advanced version of our patent search and analysis system equipped with the next-generation AI engine "KIBIT G2" which is independently developed by FRONTEO. The system offers substantial enhancements to functionality, such as the addition of a new function that automatically configures training data, increased processing capacity, and enhanced links with tools from other companies.

Patent Explorer can replace operations with the highest workloads such as the formulation of search expressions and screening in patent analysis and research work including research into prior patents, research on documents that will invalidate patents, and research to prevent patent infringement, leading to substantial improvements in work efficiency. As a strategic IP support system that provides highly-precise screening and an excellent scope of coverage for research, Patent Explorer has been introduced by a total of around 50 companies over a three-year period since first being installed in companies including manufacturers in the Chemicals & Material, Machinery, and Food & Beverage sectors.

By teaching KIBIT the content of the documents you want to find (such as invention plans and patent documents you wish to invalidate, etc.) as "training data," the system can analyze vast amounts of data based on a small amount of training data and is highly rated for being able to sort documents by quickly scoring (assigning points to) the data.

### **The function allowing automatic configuration of the training data enables quick commencement of operation**

When carrying out patent research, the previous practice was to manually select training data, but now the customer simply specifies the "claim" that describes the invention to be protected, and then Patent Explorer 19 can automatically read, judge, and configure other important paragraphs that are assumed to be necessary as training data.

This allows the users to reduce the time required to prepare the system for operation by eliminating the time spent on configuration and eliminating missing elements in the configuration, as well as the time spent on over-configuration. This only covers patent documents in Japanese, and it is still possible to configure the data manually as before.

### **Next-generation "KIBIT G2" allows parallel processing**

Patent Explorer 19 is equipped with the next-generation AI engine "KIBIT G2." The conventional KIBIT engine processed data on one server when conducting analyses. Using KIBIT G2 allows parallel processing of data across multiple servers, so that the number of servers can be flexibly coordinated according to the customer's requirements, in line with the requirements for the total amount of data and the results of analysis.

### **Able to link up with key databases for patent searches**

In terms of linking up with patent search databases (or patent information search services/patent search support services), to date the system has only been able to deal with "Shareresearch (provided by Hitachi Ltd.)" and "NRI Cyber Patent Desk 2 (provided by NRI Cyber Patent)," but the new system also adds "Patent SQUARE (provided by Panasonic)" and "JP-NET (provided by Japan Patent Data Service)" and allows the customer to import/export using official patent report numbers. This has enabled the smooth operation of research work.

### **Other new functions**

- **Improvements to the algorithm that separates paragraphs**
  - Revised the algorithm that previously failed to properly separate the paragraphs in some patent texts so that it now works properly
- **Changes to the user environment**
  - Changed the browser operating environment from Silverlight to HTML5
  - Abolished log-in via Citrix and enabled direct log-in to Patent Explorer 19 from the customer's environment. Eliminated the need to install Citrix-related tools
- **Recommended Web Browser**
  - Changed from Internet Explorer only to also include Google Chrome

In developing the user interface for Patent Explorer 19, we have enjoyed the cooperation of Focus Systems Co., Ltd. (President and Representative Director: Keiichi Mori), a company with an abundant track-record in web systems development.

At FRONTEO, we are committed to continue working in the IP field to enhance and improve the efficiency of our patent research services under various conditions and in various environments by providing the latest solutions that cater to the needs of our customers.

### **Offering an "Entry Plan" to allow more of our customers to use Patent Explorer**

In response to calls from customers with only a few user accounts wanting to start improving the efficiency of their patent research operations in an easy way using AI, and companies conducting patent research with only a small number of staff, we are offering an Entry Plan that is inexpensive and easy to introduce.

Using the Entry Plan, customers will be able to use Patent Explorer starting at just ¥876,000 per annum (or a monthly fee starting from ¥73,000), which is approximately one-third the cost of the current introductory package that starts at ¥3,000,000 per annum (or a monthly fee starting from ¥250,000).

**Patent Explorer Entry Plan (all prices exclude tax)**

- Fee for annual package: From ¥876,000
  - Initial cost: ¥300,000
- (Includes 1 user account ID and access to Japanese patent databases)

**Exhibiting at the “2018 Patent Information Fair & Conference”**

“Patent Explorer 19” is scheduled to be exhibited at the “2018 Patent Information Fair & Conference,” a specialized trade fair on patent information and intellectual property that will be held at the Science Museum from November 7-9.

Name: 2018 Patent Information Fair & Conference <http://www.pifc.jp/>  
Dates: November 7 (Wed) - November 9 (Fri), 2018  
Venue: Science Museum (Kitanomaru Park, Tokyo)  
Booth No: 45

Note that we will be holding a seminar entitled “Patent Research Utilizing Artificial Intelligence (AI) - the Present and the Future” in the special assembly hall (on the 1st Floor) on the second day of the event, Thursday November 8, from 16:15 to 17:00. There is no charge for attendance and there is capacity for 90 people (on a first-come-first-served basis).

**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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