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FRONTEO Launches Fraud Investigation Support Service Using “KIBIT Automator” AI Review Tool

*Service Aims to Reduce Investigation Times by Doubling Document Review Speed**

TOKYO, May 9, 2019 - FRONTEO, Inc. (“FRONTEO”) (NASDAQ: FTEO) (TSE: 2518) a leading provider of artificial intelligence (“AI”) based big data analysis services, announced today that it has launched a fraud investigation support service using KIBIT Automator, a software that specializes in electronic review operations during electronic discovery procedures.

As discovery is a necessary procedure for civil litigation in the United States, [KIBIT Automator](#) is an AI tool developed for the purposes of enhancing the efficiency of document review (particularly in e-discovery), reducing reviewers’ workload, and cutting costs. Released in March 2019, it is applied in the investigation techniques used in discovery to examine and analyze huge volumes of evidence materials such as emails and electronic files using AI. It is also expected to be used to handle information disclosure within a short timeframe, which companies have been requiring in recent years.

The business environment in which companies operate is changing year by year. In light of corporate misconduct and fraud that have been exposed in recent years, it has become clear that commercial practices and corporate culture considered acceptable and unproblematic in the past may lead to various kinds of scandals and misconduct, whether intentional or not.

The investigations for which FRONTEO is consulted cover a broad range of cases, including compliance breaches, quality fraud, accounting misconduct, collusion, and security incidents, and the amounts of data to be reviewed grow larger and larger. Analysis of emails and electronic files accounts for a significant proportion of the initial fraud investigation process (determining who perpetrated the fraud, how and for what duration the fraudulent activity was carried out, etc.), and how efficiently and quickly email analysis (document review) can be performed has an impact on the case’s subsequent handling.

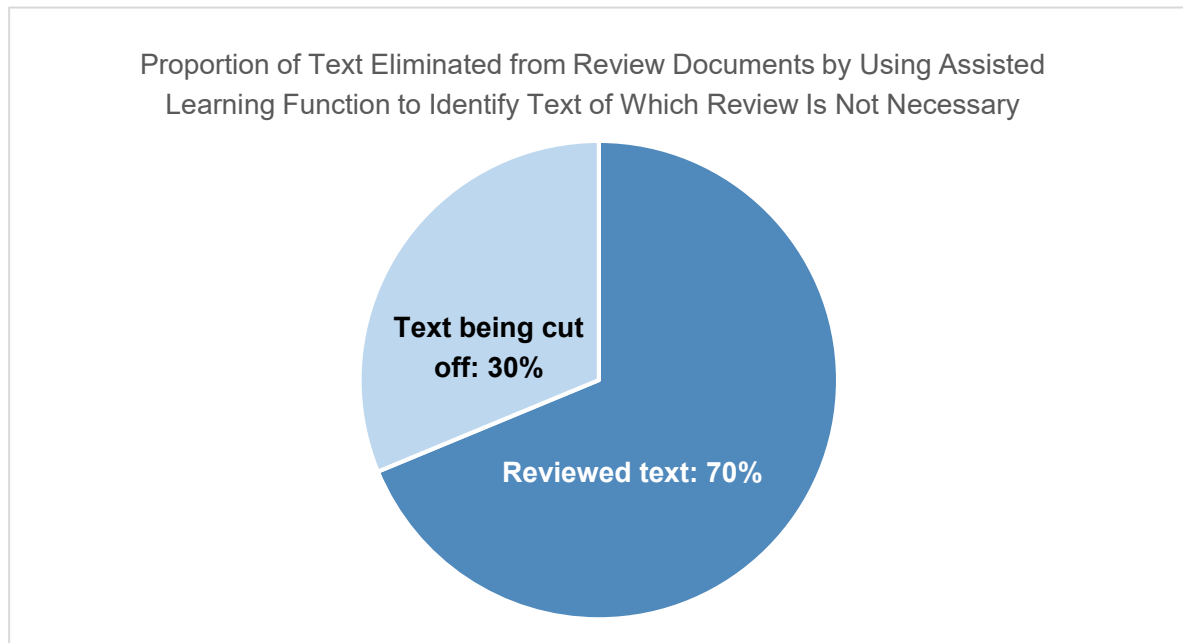
By using KIBIT Automator in fraud investigations, FRONTEO projects that the amount of text to be read will be reduced by 30% compared to document reviews handled using the existing review tool Lit i View alone, leading to improved review speed. This is made possible by effectively leveraging the strengths of this AI review tool, including the possibility of suggesting whether sections are relevant or not relevant to the evidence and excluding text of which review is not necessary.

KIBIT Automator’s strengths

- **Assisted Learning:** With its cut-off function that identifies text of which review is not necessary, it enables drastic improvements in text reading speed.
- **Hybrid sampling:** Accurately identifies the text’s characteristics and automatically

extracts high-quality teaching data.

- **Highlighting sections that require review:** Makes it possible to decrease the amount of text reviewers need to read.
- **Suggesting whether sections are relevant:** Based on a score calculated by the KIBIT AI indicating the degree of relevance, it categorizes sections as “relevant” or “not relevant.” The AI provides reliable support for decisions that humans might get wrong, depending on the individual.



By supporting fraud investigations using this tool, FRONTEO satisfies the needs of companies aiming to conduct investigations without any omissions or oversights and to settle matters and disclose information within a short timeframe. By 2022, FRONTEO aims to increase the document review speed by a factor of 20 compared to the present, and in the future, it hopes to realize a world where all reviews will be conducted by machines, enabling humans to concentrate on communication and developing strategies aimed at restoring trust based on the results of the reviews.

*Basis for doubling speed: Due to KIBIT Automator’s Assisted Learning function, it is possible to condense the investigation time by eliminating around one-third to one-half of the texts originally collected for review as texts of which review is not necessary and concentrating on texts that should be read. On average, while a person can review 30 to 50 documents per hour, with KIBIT Automator, it is possible to achieve a reading speed of 80 or more documents per hour (assuming the proportion of documents within the documents of which review is necessary is 20% or less).

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 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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