



Financial Results

1st Quarter of FY2026

FRONTEO, Inc. (TSE 2158)

August 14, 2026

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Appendix Corporate Profile

01 Financial Highlights

1st Quarter of FY2026 Key Performance Indicators:
Results Skew Toward the Second Half, Full-Year in Line With Expectations



- | Consolidated revenue increased 5.6% year-on-year, with strong performance in the Life Science AI segment (AI drug discovery field) and revenue from Alnetz (DX segment; acquired in April 2025), which more than offset the revenue decline from the Risk Management segment caused by the cancellation of contracts with major customers, including customers in the manufacturing sector.
- | Consolidated operating loss was in line with plan, reflecting investments in personnel in Life Science AI and the fact that we expect results to skew toward the second half. We expect earnings to increase starting in the second half of the fiscal year, and we are on track to post a full-year profit as planned.
- | We continue to see the Life Science AI segment as a core business, and are accelerating business expansion by strategically selecting and focusing management resources in this business.

Consolidated Earnings Results	Life Science AI Segment	
Revenue	Revenue	Operating Income
1,632 M yen	139 M yen	- 135 M yen
YoY: +5.6%	YoY: +29.2%	
	Risk Management Segment	
Operating Income	Revenue	Operating Income
- 179 M yen	826 M yen	- 44 M yen
	YoY: -18.6%	
	DX Segment	
EBITDA	Revenue	Operating Income
- 53 M yen	694 M yen	24 M yen
	YoY: +64.4%	

1st Quarter of FY2026 Consolidated Earnings Results and Progress: Life Science AI, DX Posting Strong Performance



- | Life Science AI Segment: Revenue rose approximately 30%. Operating loss resulted from increased growth investments, including hiring more research staff in anticipation of a rise in project volume.
- | Risk Management Segment: Revenue and profits declined due to the cancellation of major contracts (including manufacturing clients) in the Business Intelligence and Compliance Support field.
- | DX Segment: Significant revenue increase with the inclusion of Alnetz revenue beginning this fiscal year. Profit declined due to hiring and other upfront investments.

Consolidated P/L

	FY25				FY26	YoY		FY26	Progress
	Q1	Q2	Q3	Q4	Q1	Change	Change (%)	Forecast	
(¥M)									
Revenue	1,546	1,828	2,049	2,218	1,632	+85	+5.6%	7,600	21.5%
(Life Science AI)	107	166	241	518	139	+31	+29.2%	1,500	9.3%
(Risk Management)	1,016	1,014	1,212	1,040	826	-189	-18.6%	3,500	23.6%
(DX)	422	654	606	678	694	+272	+64.4%	2,600	26.7%
(Elimination of inter-segment transactions)	0	-6	-10	-18	-28	-	-	-	-
Cost of Sales	735	1,032	958	1,011	1,000	+265	+36.1%	-	-
Gross Profit	811	796	1,091	1,207	631	-179	-22.1%	-	-
SG&A Expenses	899	715	754	797	810	-88	-9.9%	-	-
Operating Income	-82	74	336	410	-179	-96	-	300	-
(Life Science AI)	-118	-78	-7	205	-135	-16	-	100	-
(Risk Management)	0	143	299	212	-44	-44	-	95	-
(DX)	36	16	54	9	24	-11	-	105	-
(Elimination of inter-segment transactions)	0	-6	-9	-16	-24	-	-	-	-
Ordinary Income	-95	70	347	352	-138	-42	-	250	-
Net Income	-161	88	295	321	-105	+55	-	150	-

*Segments have been reclassified beginning with FY2026. Revenue, operating income, and other accounts for FY2025, have been reclassified to match this new classification method.

1st Quarter of FY2026 Consolidated Earnings Results and Progress: Equity Ratio at a Safe Level of 40.3%



- | In July 2026, the Company secured a loan totaling 1,220 million yen with the aim of ensuring sustained growth and expansion of the Life Science AI business.
- | Equity ratio was at a safe level of 40.3%. Pursuing a capital policy that balances management stability and growth.

Consolidated B/S

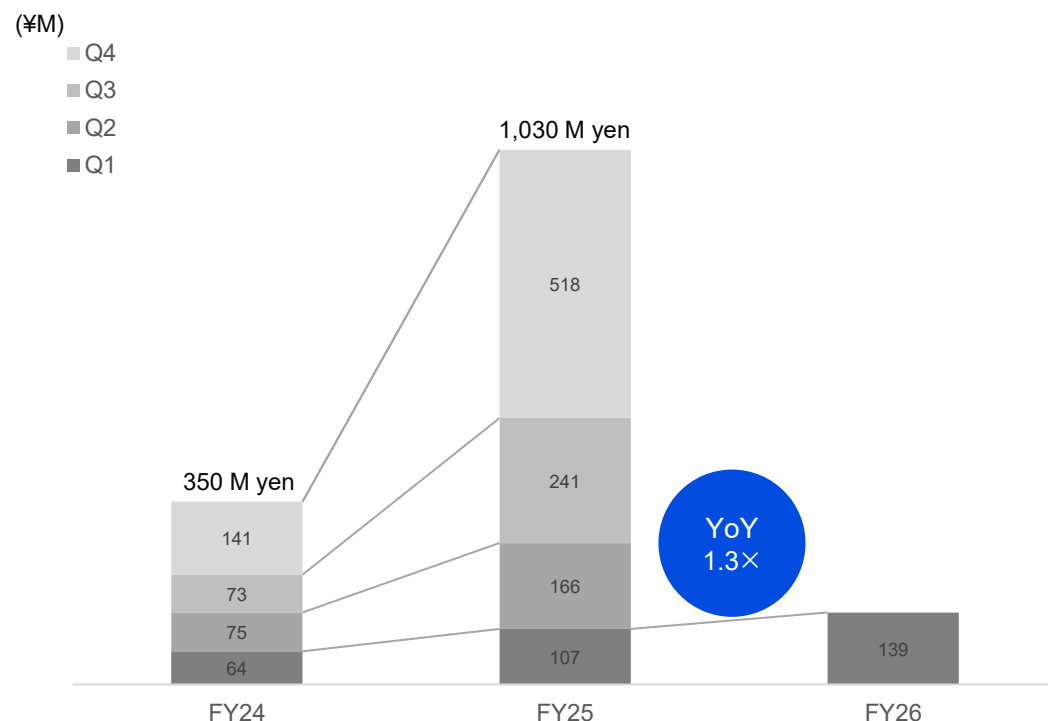
	(¥M)	March 2026	June 2026	Vs. March 2026	
				Change	Change (%)
Assets					
Current Assets		3,834	3,182	-652	-17.0%
Cash and Cash Equivalents		1,734	1,446	-287	-16.6%
Accounts Receivable and Contract Assets		1,506	1,046	-459	-30.5%
Allowance for Doubtful Accounts		-35	-40	-4	-
Other Current Assets		629	729	+100	+16.0%
Tangible Assets		451	450	0	-0.1%
Intangible Assets		2,478	2,534	+56	+2.3%
Software		644	845	+201	+31.2%
Goodwill / Customer-Related Assets		1,239	1,217	-22	-1.8%
Total Investments and Other Assets		2,437	2,660	+223	+9.2%
Total Assets		9,202	8,828	-373	-4.1%
Liabilities and Equity					
Current Liabilities		4,181	3,998	-182	-4.4%
Non-Current Liabilities		1,176	1,084	-92	-7.8%
Equity		3,844	3,745	-99	-2.6%
Total Liabilities and Equity		9,202	8,828	-373	-4.1%

02 Life Science AI

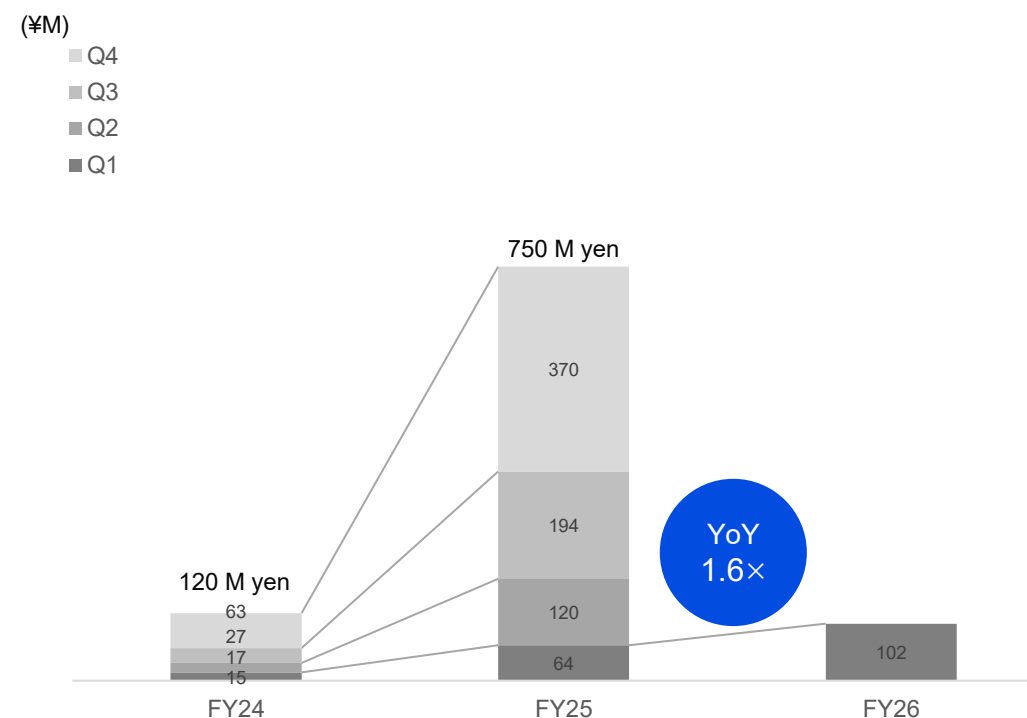
Life Science AI Segment Revenue

- Drug Discovery AI Factory (DDAIF), an AI drug discovery support service in the AI Drug Discovery field, saw steady progress in co-creation projects*. DDAIF Innovation Bridge, a joint drug discovery ecosystem business with domestic bio-ventures, is steadily building a pipeline of projects.
- In the AI Medical Devices field, we received manufacturing and marketing approval for an AI conversational cognitive function testing programmed medical device (SDS-881; developed jointly with Shionogi); development for social implementation is progressing as planned. Talk Lab KIBIT is moving toward a phase of full-scale business operations.

Revenue



AI Drug Discovery



*Co-creation projects are a form of collaboration between our research team and a pharmaceutical company to acquire a validated target

AI Drug Discovery Field: KIBIT, a 100% Japanese-Developed Equation-Driven AI

| KIBIT, a 100% Japanese-developed equation-driven AI, uses an equation (Toyoshiba Equation) discovered by a mathematician.

Toyoshiba Equation Patented Technology in Japan, U.S.

$$L=a\{F(\theta2)-F(\theta1)\}$$

$$F(x) =$$



*Equations are for illustrative purposes only

Enabled Inference

- ✓ Understanding of causality
- ✓ Completely new discovery
- ✓ Extreme power savings (1 CPU)

Uses the Toyoshiba Equation to parse documents
and words with meaning

02-1 AI-Programmed Medical Devices

AI Medical & Non-Medical Devices Field: Pipeline

- | Launched Talk Lab KIBIT, a conversational brain health assessment web application based on AI analysis. In use beginning FY25 at Nippon Life Insurance and Asahi Mutual Life Insurance.
- | Nippon Life Insurance has launched a pilot project to assist with confirming policyholder intent to continue policy; several other initiatives are currently underway.
- | Completed clinical trials of the AI conversational cognitive function testing programmed medical device (SDS-881) in March 2026. Aiming for approval in FY26.
- | Discussing alliances targeting other diseases and cross-industry alliances in the field of non-medical devices.

Alliance Pipeline



Nippon Life to Utilize "Talk Lab KIBIT," an AI-Based Conversational Web Application for Assessing "Brain Health" Jointly Developed by FRONTEO and Shionogi, in a Demonstration Test to Support Its Decision-Confirmation Process

— To be conducted at Nippon Life branches nationwide from September through November 2026 —

FRONTEO, Inc. (Head Office: Minato-ku, Tokyo; President and CEO: Masahiro Morimoto; "FRONTEO") announces that Nippon Life Insurance Company (Head Office: Chuo-ku, Osaka; President and Representative Executive Officer: Tomoji Asahi; "Nippon Life") will begin a demonstration test (the "Initiative") using "Talk Lab KIBIT," jointly developed by FRONTEO and Shionogi & Co., Ltd. (Head Office: Kita-ku, Osaka; Representative Director, Chairman and President CEO: Isao Teshirogi; "Shionogi")*1, to support communication during procedures related to the ongoing management of policies — such as cancellations, reductions, and changes of policyholder name.

In this Initiative, in addition to conventional confirmation methods using written documents or face-to-face interviews, FRONTEO will verify*2 the potential of using AI conversation-analysis results as reference information to reduce staff workload in confirming customers' decision-making capacity and to improve quality, thereby enhancing customer protection.

This Initiative — which uses AI to help confirm customers' decision-making capacity — is a new effort by Nippon Life aimed at improving customer service. The demonstration test will be conducted at Nippon Life branches nationwide from September through November 2026, with verification based on results obtained through actual operations.

In addition to the adoption of Talk Lab KIBIT in Nippon Life's "Nissay Mirai no Katachi Dementia Coverage Insurance (Dementia Support Plus)"*3, FRONTEO will use Talk Lab KIBIT in this Initiative as well to support Nippon Life's vision of realizing "a society where everyone can live with peace of mind, always."

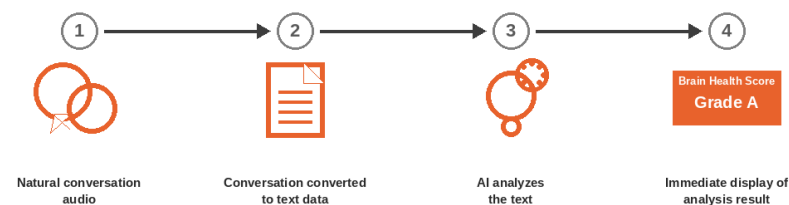
*1 A conversational AI web application service that assesses "brain health" through AI analysis. The AI analyzes contextual connections and vocabulary diversity in conversation and scores memory, language comprehension, and information-processing ability as a composite indicator. This service is not a medical device and is not intended for the diagnosis, treatment, or prevention of any disease.

*2 Judgments are not made based solely on AI results; staff make the final determination using the conventional written confirmation method, as before.

*3 Press release dated September 3, 2025: "Shionogi and FRONTEO Launch AI-Based Conversational 'Brain Health' Assessment Web Application 'Talk Lab KIBIT'", <https://www.fronteo.com/news/pr/250903>

How Talk Lab KIBIT Works

- Talk Lab KIBIT is a web application that assesses* "brain health."
- The assessment* is made by analyzing conversations with AI.



*Not intended for the diagnosis or prevention of disease

About Talk Lab KIBIT URL: <https://talklab-kibit.com>

"Talk Lab KIBIT" is an AI-based conversational "brain health" assessment web application jointly developed by Shionogi and FRONTEO. Using the natural language processing technology of FRONTEO's proprietary AI "KIBIT," it analyzes the relationships and characteristics of words and sentences in natural conversation and presents a "brain health" assessment result within the application.

It can be used instantly on a smartphone with no application download required, providing an immediate assessment through conversation with the AI. Based on the assessment result, it also provides messages that encourage behavioral change and information that can help improve lifestyle habits. This service was released in October 2025. It uses highly reliable analysis technology specialized for life sciences, and FRONTEO holds nine patents in Japan, the United States, and Europe covering the technology used in this service.

Excerpts from August 5, 2026, press release

02-2 AI Drug Discovery: Drug Discovery AI Factory

AI Drug Discovery Field: Competitive Advantages of KIBIT AI Biology Lab

- | Opened KIBIT AI Biology Lab, a center for AI drug discovery, in May 2026.
- | Analysis incorporates data from literature databases, as well as the results of wet lab verification and clinical studies conducted at joint research institutions with the Institute of Science Tokyo and the University of Oklahoma.
- | Created a biology digital twin^{*1} capable of biosimulation^{*2}. Contributing to the advancement of research and development, as well as improved success rates for new drug development.



Major Projects

Pharmaceutical companies: Co-creation projects, comprehensive co-creation model

Biotech startups: Scientific support, overseas out-licensing support

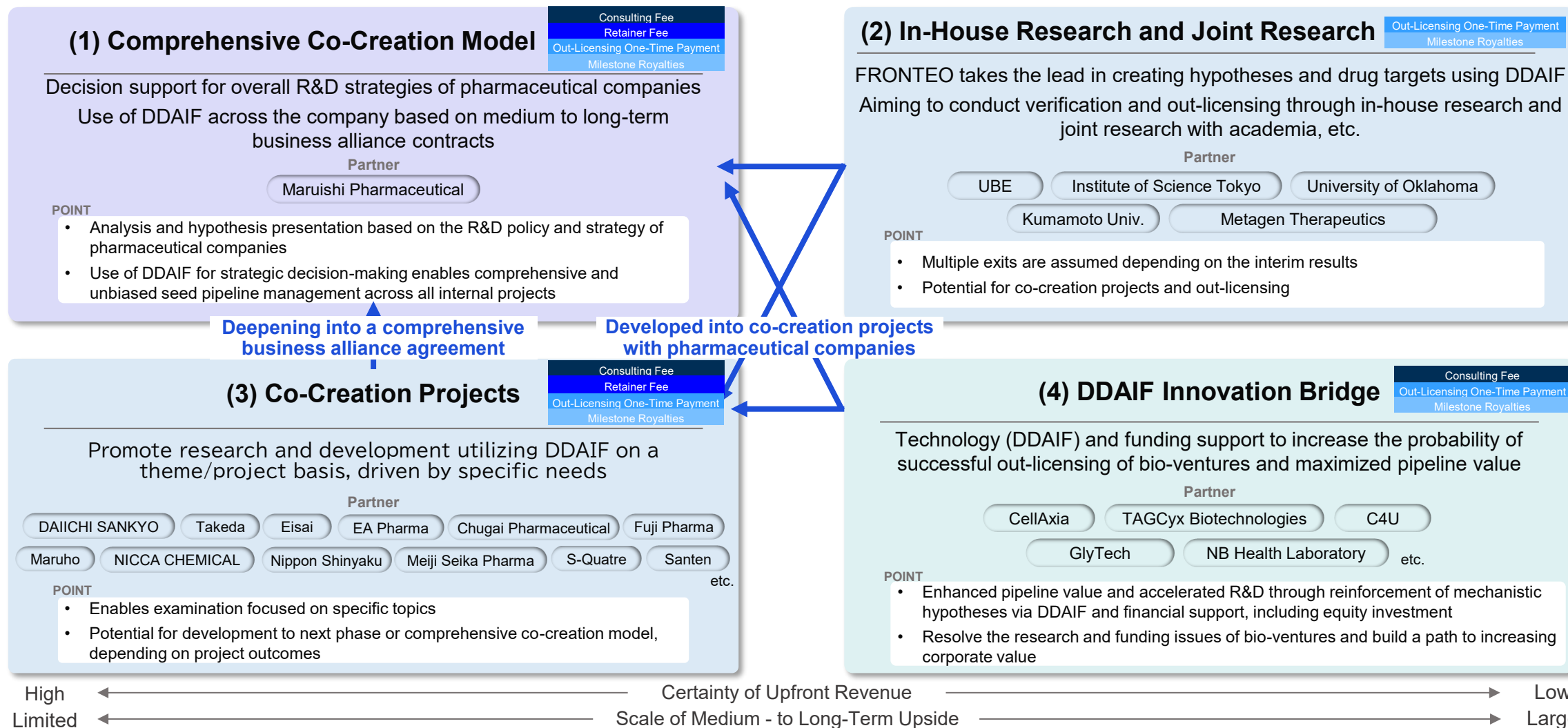
FRONTEO (in-house): Development of therapeutics for intractable and rare diseases, repurposing of compounds under development, repurposing of existing drugs during pandemics

^{*1} Technology that collects data from real-world objects and environments using sensors (IoT), recreating objects and environments in a virtual space on a computer (much like a "twin")

^{*2} Technology that uses computers to simulate and predict biological phenomena, the body's mechanisms, and the behavior of cells and molecules

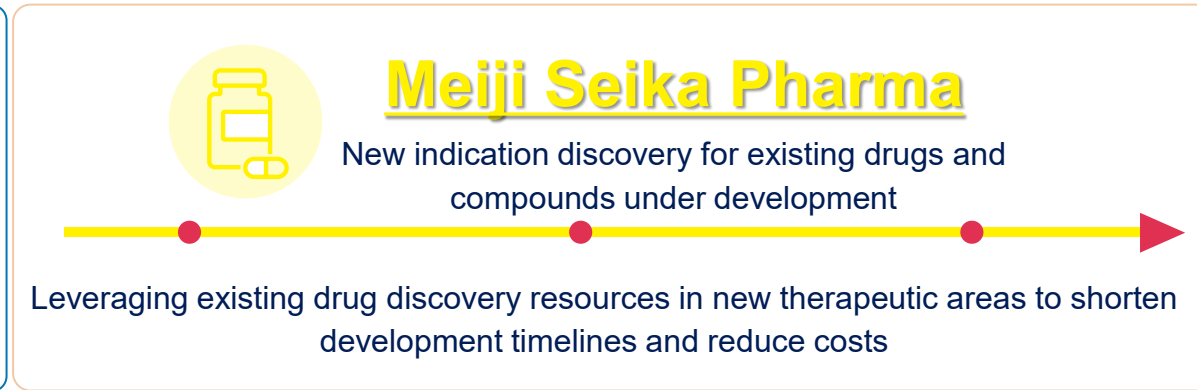
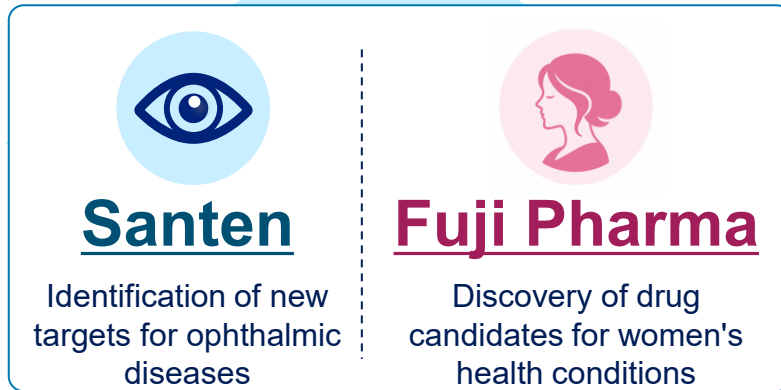
AI Drug Discovery Field: Four Business Models

- Four AI drug discovery business models designed to meet the level of involvement in the drug development process and the type of contract.
- Building a portfolio that generates revenue from short-term income to medium to long-term out-licensing and royalties through multiple AI drug discovery business models.



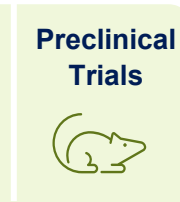
*Listing only publicly announced projects

AI Drug Discovery Field: Drug Discovery Process Supported by DDAIF (Earliest Stage of the Drug Discovery Process)



NB Health Laboratory

Combining proprietary antibody drug technology with DDAIF to improve the efficiency and speed of the upstream drug discovery process
Out-licensing to pharmaceutical companies



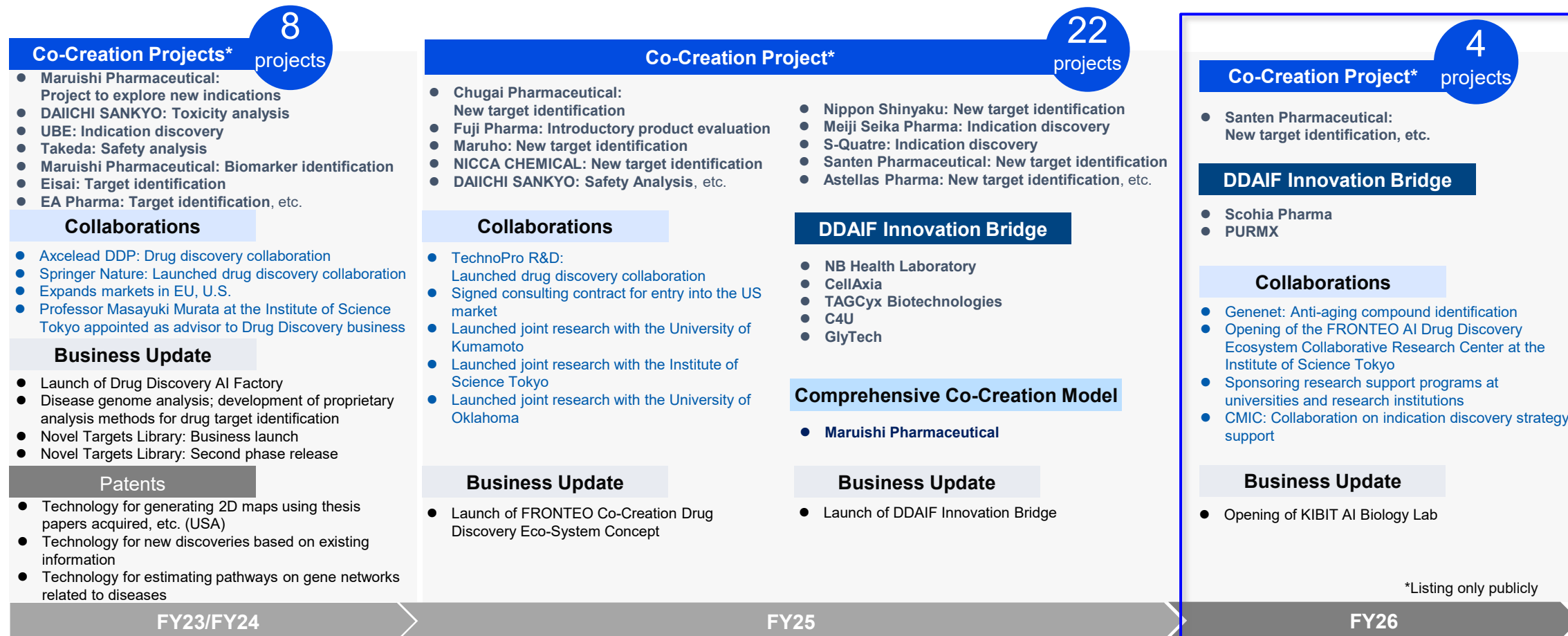
Maruishi Pharmaceutical Comprehensive Co-Creation Model

Decision-making support for overall R&D strategy Comprehensive support for the entire drug development process, from the formulation of R&D strategies onward



AI Drug Discovery Field: Development of Drug Discovery AI Factory (DDAIF)

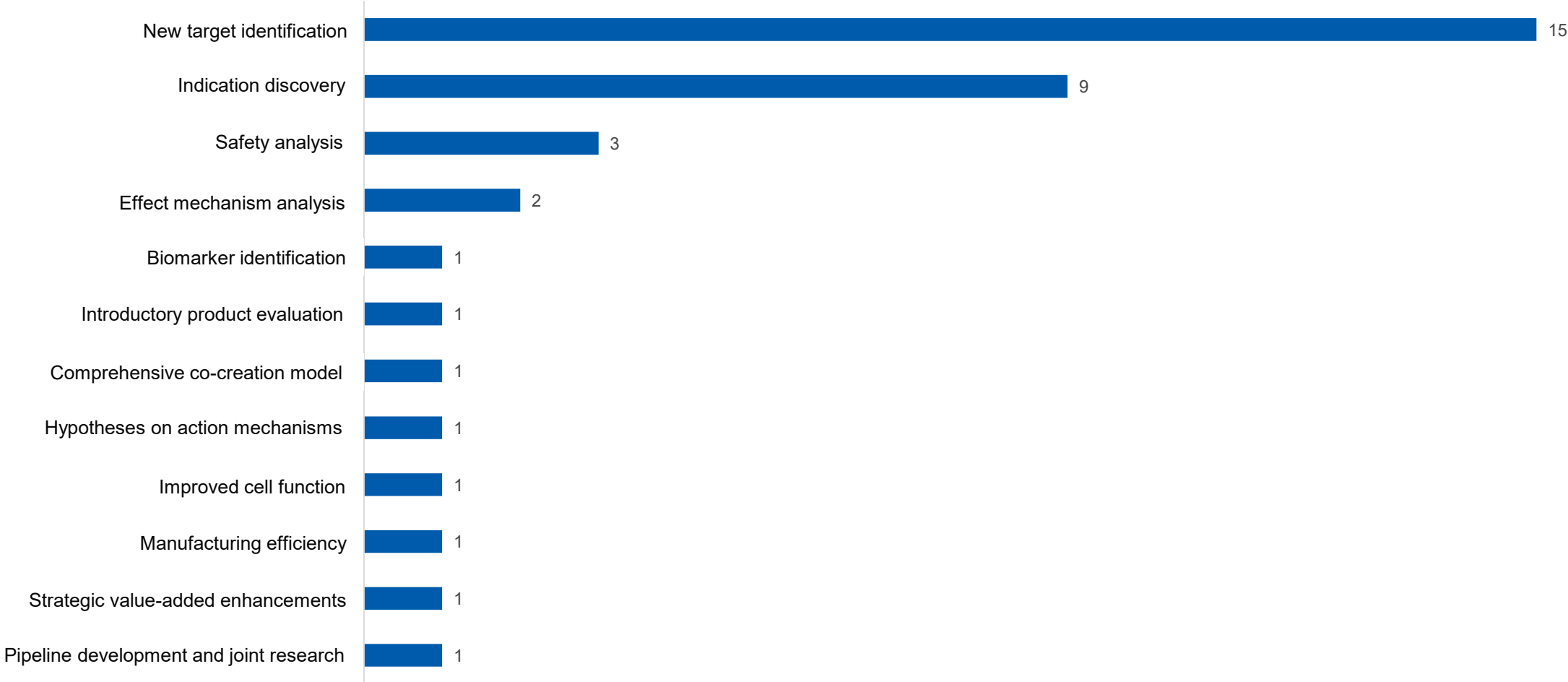
- | Since our launch of DDAIF in July 2023, we have established a reputation for the performance of patent-backed technologies in POC, leading to Co-Creation projects with pharmaceutical companies, etc.
- | In FY25, we launched DDAIF Innovation Bridge, a joint drug discovery ecosystem business, with a domestic bio-venture. We also launched a Comprehensive Co-Creation Model, which supports decision-making on overall R&D strategy beyond specific diseases or research topics.
- | In May 2026, we opened the KIBIT AI Biology Lab
- | We have also begun full-scale operations in the U.S.



*Listing only publicly

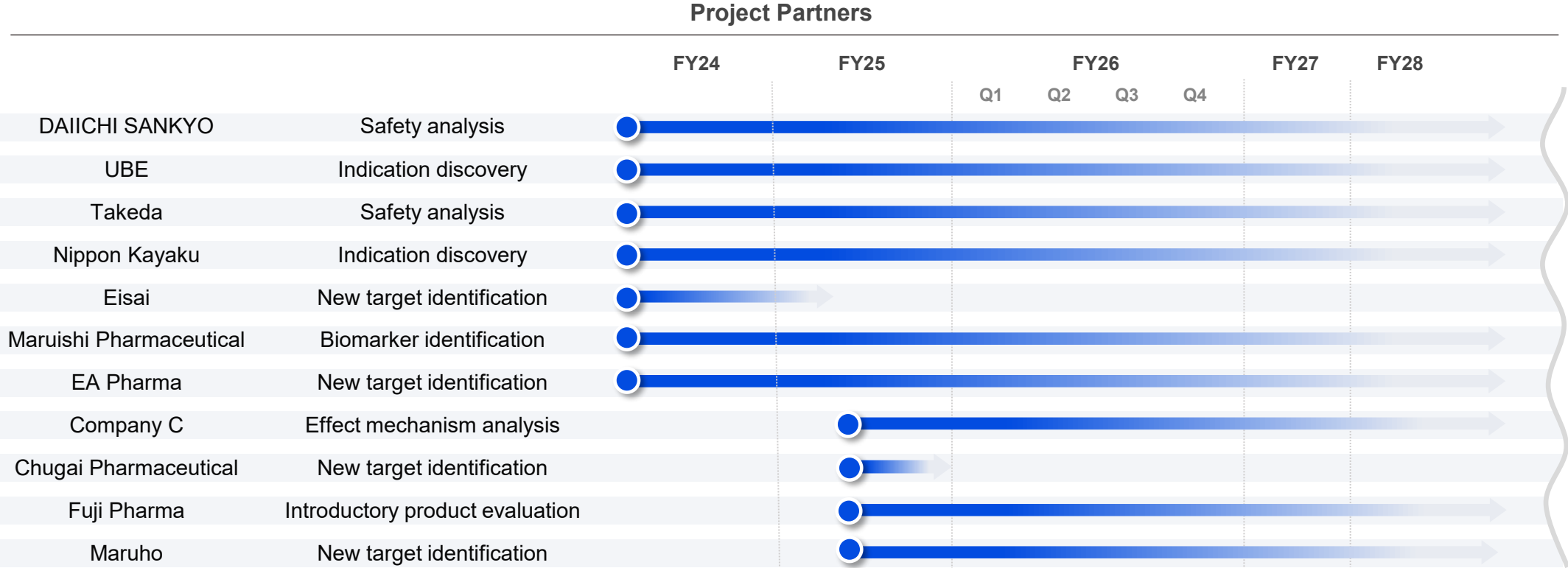
AI Drug Discovery Field: List of Drug Discovery Project Solutions

- | FRONTEO provides a variety of solutions, including new target identification and indication exploration.
- | New target identification is the most common activity, and there are high expectations that pharmaceutical companies will be able to discover new target molecules.

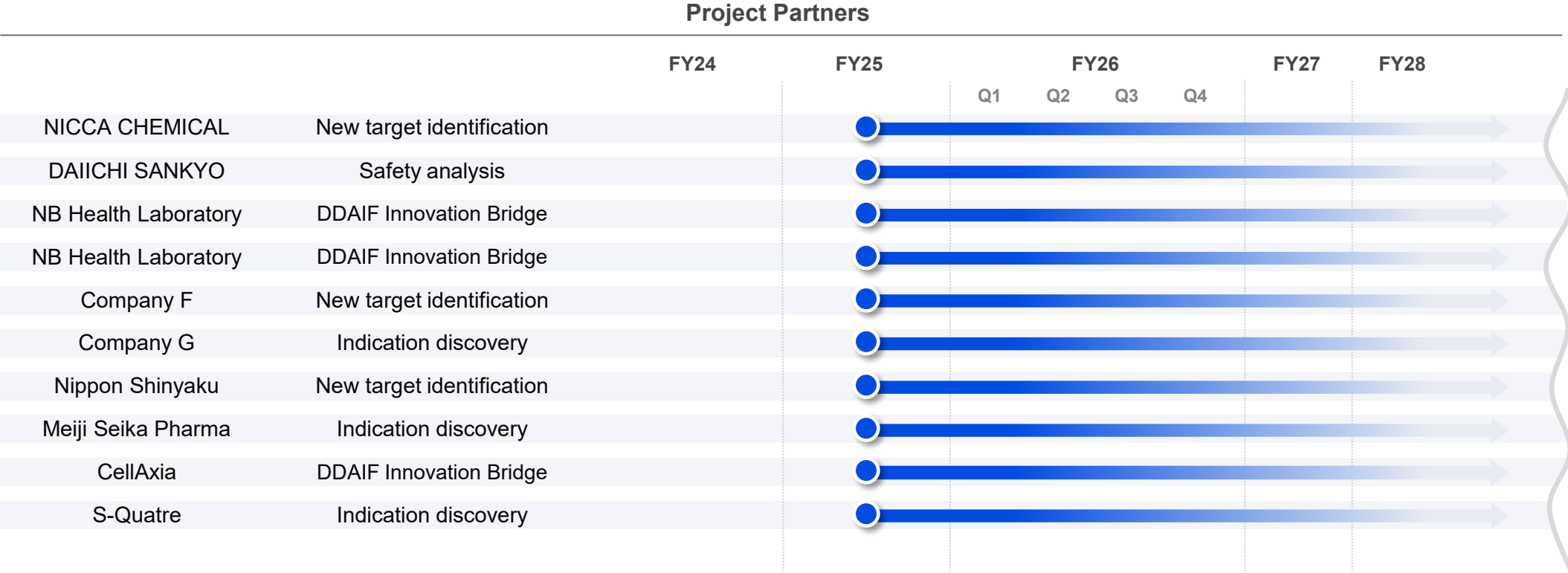


* DDAIF Innovation Bridge offers multiple solutions; the number presented here does not correspond to the number of partners.

| Launched DDAIF in July 2023. The number of projects has increased steadily, from one in FY23 to seven in FY24 and 22 in FY25.



| In addition to traditional co-creation projects, we aim for non-sequential revenue growth through a comprehensive co-creation model and DDAIF Innovation Bridge.

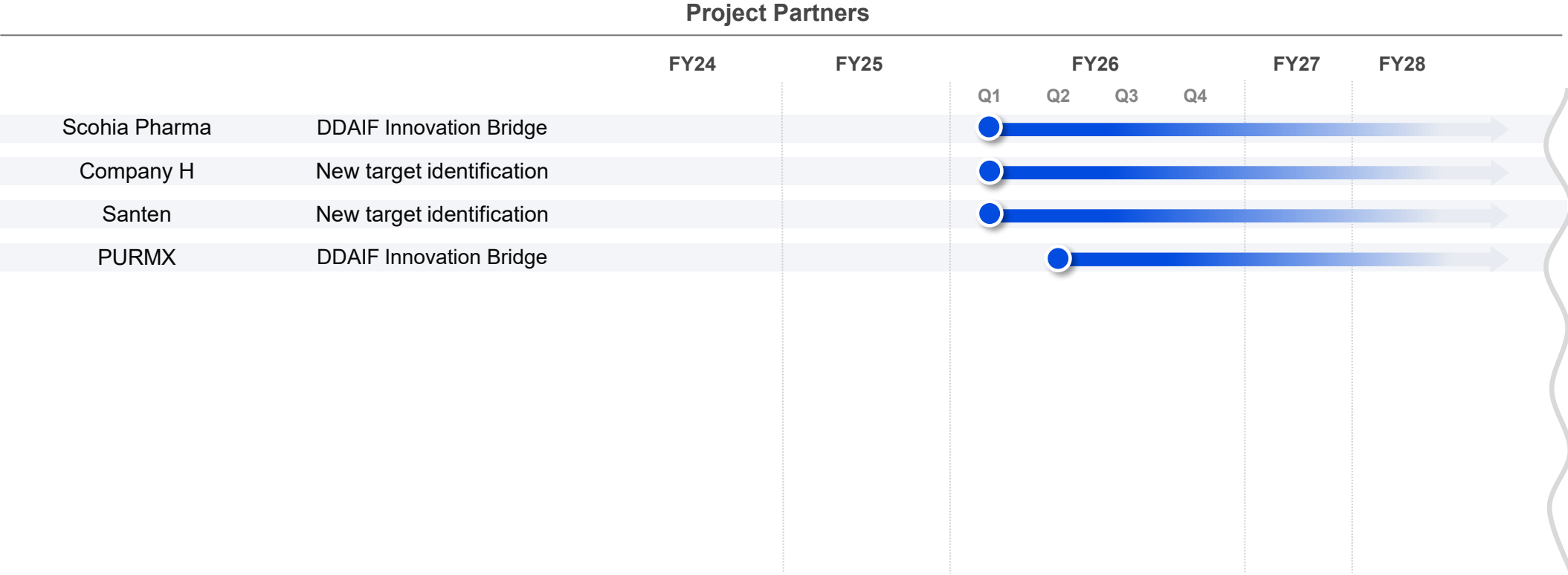


AI Drug Discovery Field: Drug Discovery Project Partners 3/4

- | An increasing number of projects — including NB Health Laboratory — have progressed to the second phase subsequent to the confirmation of DDAIF effectiveness in the first phase.
- | The deal with NB Health Laboratory aims for out-licensing to pharmaceutical companies by the end of FY26 at the earliest.



| We continued to build up the project pipeline steadily in FY26, securing four new contracts.



Driving Pipeline Expansion in the Ophthalmology Field Using the AI-powered Drug Discovery Support Service "Drug Discovery AI Factory"

Tokyo, Japan, July 16, 2026 - FRONTEO, Inc. (Headquarters: Tokyo, Japan; President & CEO: Masahiro Morimoto; hereinafter "FRONTEO") announces that it has launched a co-creation project with Santen Pharmaceutical Co., Ltd. (Headquarters: Kita-ku, Osaka; President & CEO: Takeshi Ito; hereinafter "Santen"), Japan's leading ophthalmology pharmaceutical company, to expand Santen's pipeline. The project utilizes FRONTEO's equation-driven AI "KIBIT," which enables the discontinuous discovery of previously unknown relationships between diseases and target molecules.



This is the second co-creation project between the two companies, following the project on the discovery of new target molecules and drug repositioning that began in December 2025. The new project was launched based on Santen's high evaluation of the first project.

In this project, FRONTEO will utilize "KIBIT" and its proprietary analytical methods to conduct a comprehensive screening of ophthalmic diseases using assets specified by Santen, and select promising assets. Furthermore, for the selected assets, FRONTEO will identify target diseases based on evaluations of biological responses and the degree of impact on each disease, and will present hypotheses regarding the underlying mechanisms of action, along with detailed investigation reports.

■ Comment from Peter Sallstig, Chief Medical Officer, Product Development Division, Santen
"I understand that FRONTEO's AI-powered drug discovery support service, 'Drug Discovery AI Factory,' is characterized by its ability to perform multifaceted analyses of information related to diseases and target molecules by combining the natural language processing AI 'KIBIT' with expertise in drug discovery research. Through our collaboration to date, we have confirmed that this analytical approach has the potential to provide valuable insights for our research and development activities."

In this second project, we will carefully evaluate the generated analysis results and hypotheses and utilize them to consider future R&D strategies in the field of ophthalmology. Santen will continue to incorporate external technologies and expertise to create value that addresses unmet medical needs and contribute to realizing 'Happiness with Vision' for patients around the world."

■ Comment from Hiroyoshi Toyoshiba, Director/CSO (Chief Science Officer), FRONTEO
"I am very pleased that our first co-creation project was well-received and that we are able to launch a new project aimed at accelerating the expansion of Santen's pipeline. In general, the discovery of new drug targets and drug repositioning for rare diseases is not an easy task; however, FRONTEO's proprietary algorithms can identify previously unreported associations between diseases and target molecules—even in areas where scientific literature and omics data are scarce—and select new target diseases and target molecules. This capability is extremely effective for creating highly innovative pharmaceuticals in the ophthalmology field. Through this collaboration, we will leverage DDAIF to contribute to Santen's development of innovative pharmaceuticals and to addressing unmet medical needs in the ophthalmology field."

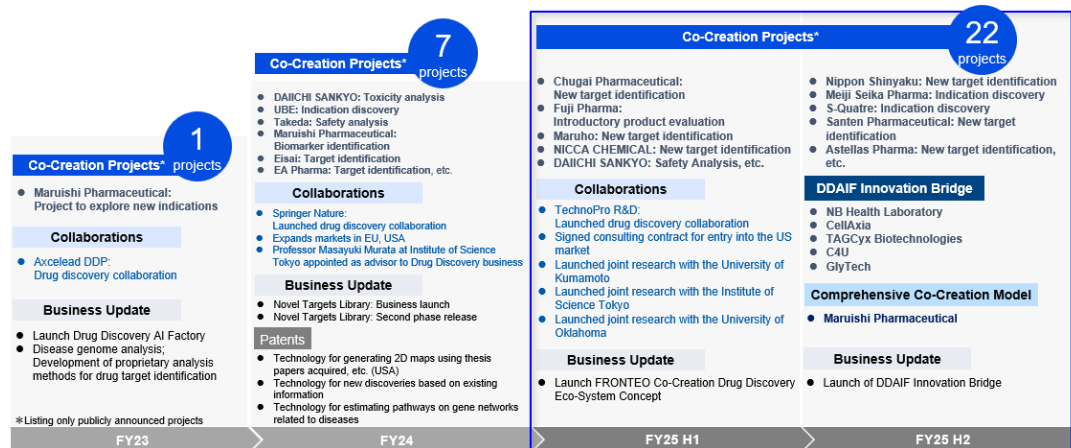
■ About Santen Pharmaceutical Co., Ltd.
Santen is a global pharmaceutical company committed to advancing eye health and improving lives through better vision. Founded in 1890 in Osaka, Japan, Santen makes use of more than 135 years of experience in research and development, manufacturing, and marketing of pharmaceuticals and medical devices to help people around the globe maintain and improve their eye health. Santen focuses exclusively on eye health and its portfolio includes glaucoma, dry eye, infection, allergy, age-related macular degeneration, and myopia. Santen's products and services are available in more than 60 countries and regions. Guided by its Core Principle "Tenki ni sanyo suru" – Exploring the secrets and mechanisms of nature in order to contribute to people's health – Santen combines its expertise with deep patient focus to contribute to the realization of "Happiness with Vision."
For more information, please visit <https://www.santen.com/en>.

02-3 Branding and Expansion in the U.S.

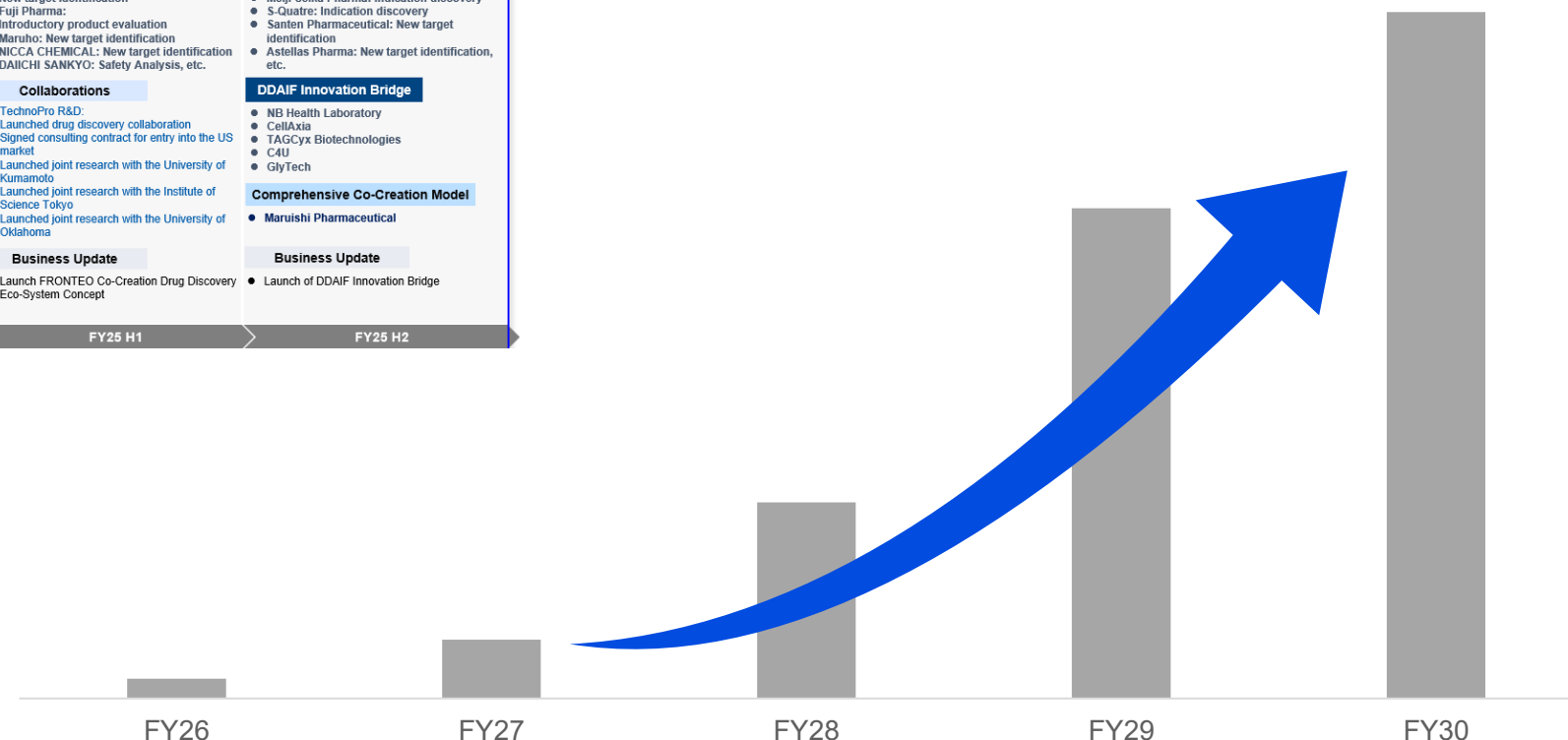
AI Drug Discovery Field: Expansion in the U.S.

| In FY26, we began full-scale expansion into the U.S. market. In the same way that we steadily added co-creation projects and collaborations with pharmaceutical companies, startups, and academic institutions in Japan, we are currently working to expand collaborations with various partners in the U.S.

Expansion of the AI Drug Discovery Business in Japan



Vision for Expanding Our AI Drug Discovery Business in the U.S.



Supporting U.S. Expansion in AI Drug Discovery and Domestic Business Growth Through Global Pharmaceutical Management Experience and U.S. Biocluster Network

FRONTEO, Inc. (Headquarters: Minato-ku, Tokyo; President and CEO: Masahiro Morimoto; "FRONTEO") announces that Norikazu Eiki, former Chairman and Representative Director of Bayer Yakuhin, Ltd. and President of EIKI CONSULTING, LLC, has been appointed Strategic Advisor for the AI Drug Discovery field of the Life Science AI segment.



Norikazu Eiki

Mr. Eiki served as President and Representative Director and as Chairman of the Board of Bayer Yakuhin from 2002 to 2014, leading the Japanese operations of a global pharmaceutical company for 12 years. After retiring, he moved to New Jersey in the United States and has continued working to connect Japan with the U.S. biocluster, the global center of drug discovery. Based on his deep understanding of pharmaceutical regulatory and drug pricing systems in Japan and the United States, he has repeatedly made proposals on Japan's drug loss issue from management and global perspectives. He is an exceptional business leader with deep knowledge of the pharmaceutical industries in both Japan and the United States.

Through its AI drug discovery support service, Drug Discovery AI Factory (DDAIF), FRONTEO conducts target molecule discovery and hypothesis generation, the most upstream stage of the drug discovery value chain. DDAIF has already been introduced by several major pharmaceutical companies, and its activities have expanded to include joint research with academia and a joint drug discovery ecosystem business with biotech ventures. In May 2026, FRONTEO opened KIBIT AI Biology Lab, its own AI drug discovery center.

To accelerate social implementation in the AI drug discovery field in both the Japanese and U.S. markets, FRONTEO will seek Mr. Eiki's advice as it aims to expand the Life Science AI segment and maximize its value.

Comment from Norikazu Eiki

Japan is finding it increasingly difficult to create new drugs, and medicines approved overseas are not reaching patients in Japan. I have faced this structural issue as a business leader and as someone who works between Japan and the United States. The key to solving this issue lies in fundamentally changing the productivity of target discovery, the most upstream stage of drug discovery. FRONTEO is directly taking on this field with KIBIT, its in-house AI, and has already built a track record of adoption by major pharmaceutical companies and in-house validation. It is a rare company globally. Changing the starting point of drug discovery with Japanese technology and proving its value to the world: I hope to contribute my experience and network to this challenge.

Biography

1979: Joined Japan Ciba-Geigy Ltd. (now Novartis Pharma K.K.).

1994: Joined Bayer Yakuhin, Ltd. Appointed Director and Manager of the Shiga Plant in 1997.

From 2002 to 2014, served as President and Representative Director and as Chairman of the Board of Bayer Yakuhin. During this period, he served as a director of the Japan Pharmaceutical Manufacturers Association, a director of the Japan Heart Foundation, a director of the Osaka Pharmaceutical Manufacturers Association, a director of Japan PDA and an international member of ISPE, among other positions.

2014: Retired from Bayer Yakuhin and moved to New Jersey in the United States.

Joined New York Consulting ABPS Group. He currently serves as President of EIKI CONSULTING, LLC and works to connect Japan with the U.S. biocluster.

July 2026: Appointed Strategic Advisor for the AI Drug Discovery field of FRONTEO's Life Science AI segment.

Lecture Given at Healthcare Industry Growth Strategy Seminar Annual Forum 2026, Bringing Together a Nobel Laureate and Leaders From Industry, Academia and Government

FRONTEO, Inc. (Headquarters: Minato-ku, Tokyo; President and CEO: Masahiro Morimoto; "FRONTEO") announces that President and CEO Masahiro Morimoto gave a special lecture at the Healthcare Industry Growth Strategy Seminar Annual Forum 2026, held on Wednesday, July 15, 2026, at the International House of Japan in Minato-ku, Tokyo. Director and CSO Hiroyoshi Toyoshiba also participated in the discussion following the special lecture.



Special Lecture
Healthcare Industry Growth Strategy Seminar Annual Forum 2026

The Healthcare Industry Growth Strategy Seminar was established in 1993 with the guidance and support of Teiji Furukawa, former Deputy Chief Cabinet Secretary. With a history of 33 years and more than 396 meetings held to date, it is a one-of-a-kind strategic platform for leaders in industry, government and academia in Japan's healthcare industry. Osamu Nagayama, Honorary Chairman of Chugai Pharmaceutical, serves as chairman, and nine top leaders from industry, academia and government lead its operations as a strategy team. Past speakers have included the highest-ranking policy officials, including former vice ministers of the Cabinet Office, Vice-Ministers for Health, Labour and Welfare, and former Ministers of Health, Labour and Welfare, as well as leading Japanese corporate executives and world-class researchers.

Annual Forum 2026 is the seminar's largest annual strategy meeting, bringing together 500 top leaders from industry, government and academia, including presidents and executives from pharmaceuticals, medical devices, healthcare, wholesale, trading companies, IT, finance and venture businesses; MHLW and other ministry officials; leading researchers and clinicians; and hospital directors. Speakers in each session are carefully selected from among those with world-class achievements in their respective fields.

This year's special lectures included a presentation by FRONTEO President and CEO Morimoto from the AI drug discovery field, together with Shimon Sakaguchi, Distinguished Professor at Osaka University and Nobel Prize laureate in Physiology or Medicine. The keynote lecture was given by Ryozi Nagai, President of Jichi Medical University, Professor Emeritus at the University of Tokyo and Chief Court Physician of the Imperial Household Agency.

Morimoto's lecture was titled "Measures to Strengthen Japan's Drug Discovery Capabilities: Innovative Drug Discovery Using Equation-Driven, Japanese-Developed AI." He explained how Japan's drug discovery capabilities can be strengthened through FRONTEO's AI drug discovery support service, Drug Discovery AI Factory (DDAIF), which is centered on KIBIT*, an equation-driven AI developed in-house by FRONTEO. In the discussion following the special lecture, Hitoshi Ikura, Director and Senior Executive Officer of Chugai Pharmaceutical; Toshihiko Takeda, former Policy Advisor to the Cabinet Secretariat; and Morimoto and Toyoshiba from FRONTEO discussed the use of AI and drug discovery ecosystems that will enable Japan to compete globally.

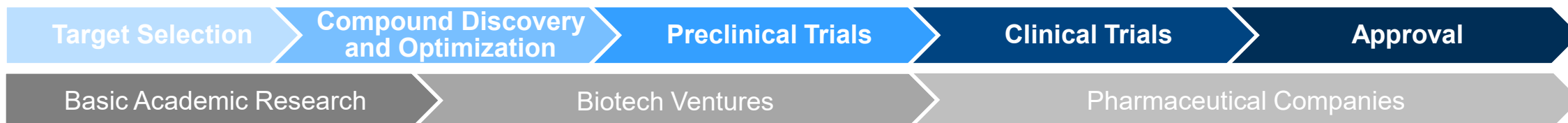


Panel Discussion

02-4 AI Drug Discovery Business The FRONTEO Vision

AI Drug Discovery Field: Earliest Stage of the Drug Discovery Process

- DDAIF makes the process from target selection, compound discovery and optimization, and preclinical testing (normally a 10-plus year process) significantly more efficient and facilitates rapid out-licensing.





Biotech Venture Group

- Small molecule • Medium molecule
- Macromolecule • GPCR antibodies
- Glycans • Nucleic acids • CRISPR-Cas3
- Direct conversion technology



Institute of Science Tokyo



University of Oklahoma



KIBIT AI Biology Lab

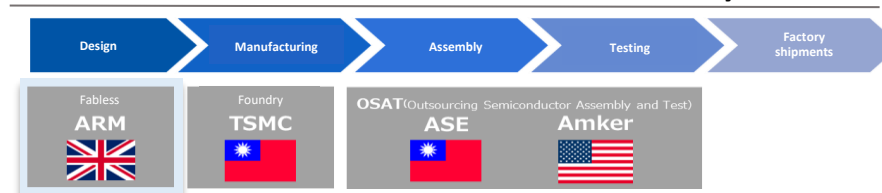


Translational research using
real-world data (tentative)



 **Out-Licensing to
Pharmaceutical Companies**

Value chain in the semiconductor industry



AI Drug Discovery Field: Out-Licensing Pipeline

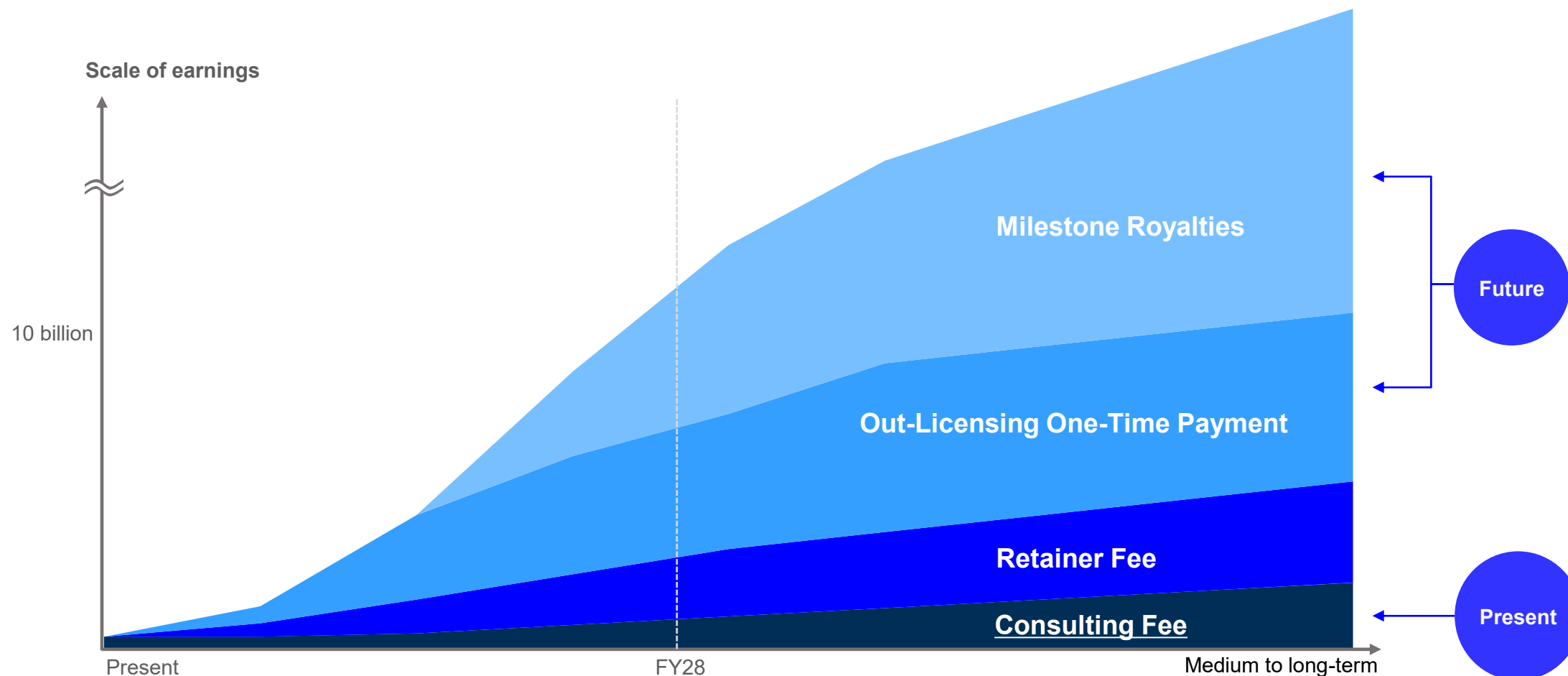
- | Multiple pipelines in progress for out-licensing to pharmaceutical companies.
- | The University of Oklahoma is studying pancreatic cancer cases; the university is one of the central institutions for cancer research in the U.S. Further evidence will be accumulated through animal experiments in the future.
- | The project with NB Health Laboratory is looking to out-license by the end of FY26 at the earliest.

Out-Licensing Pipeline

Projects/Fields	FRONTEO Ecosystem			Out-Licensing	
	Target Selection	Lead Discovery and Optimization	Preclinical Trials	Clinical Trials	Approval
Pancreatic cancer	✓	Lead Discovery and Optimization	—	—	—
(1) In-house research. Conducted in vitro cancer cell proliferation inhibition assay, confirming a certain degree of efficacy. Additional studies conducted at the Takebe Laboratory at the University of Oklahoma (U.S.). Shifting to in vivo in the future.					
Fibrosis	✓	✓	Preclinical Trials	—	—
(2) DDAIF Innovation Bridge joint development project with NB Health Laboratory on antibody drugs targeting GPCRs					
Oncology	✓	✓	✓	Clinical Trials	—
(3) Joint project with another company					
Small-Molecule Drug Discovery Assets	✓	✓	Preclinical Trials	—	—
(4) Joint project with another company. At a stage focused on the creation of drug discovery assets and out-licensing to pharmaceutical companies.					

AI Drug Discovery Field: AI Drug Discovery Business Model Growth

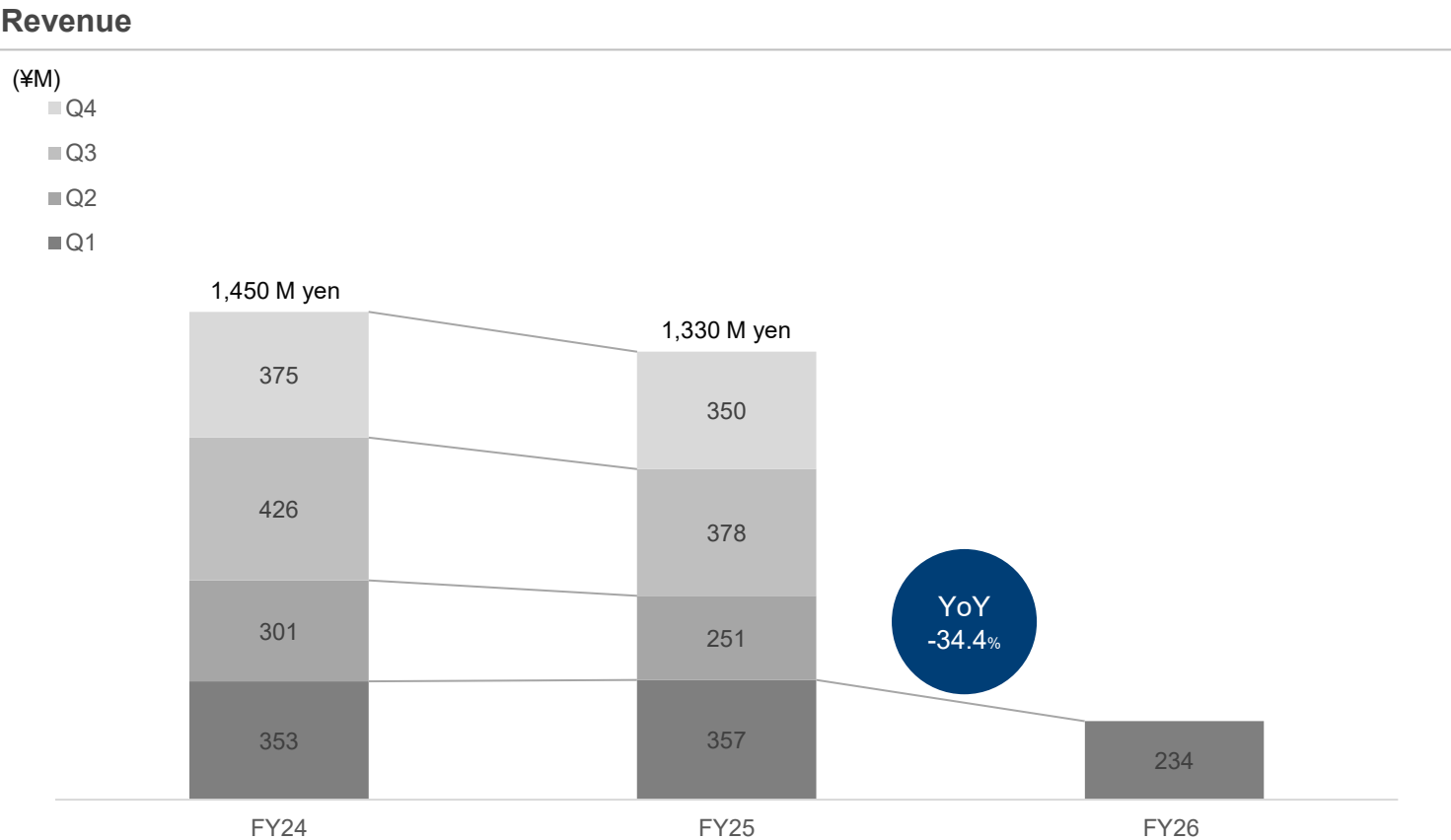
- | FRONTEO provides hypotheses that can be considered blueprints for drug development.
- | Based on a stable profit model from co-creation projects, aim for medium to long-term non-sequential growth through milestones based on the progress of drug discovery development and a business model of out-licensing pipelines.



03 Risk Management

Risk Management Segment BI and Compliance Support Field: Revenue by Category

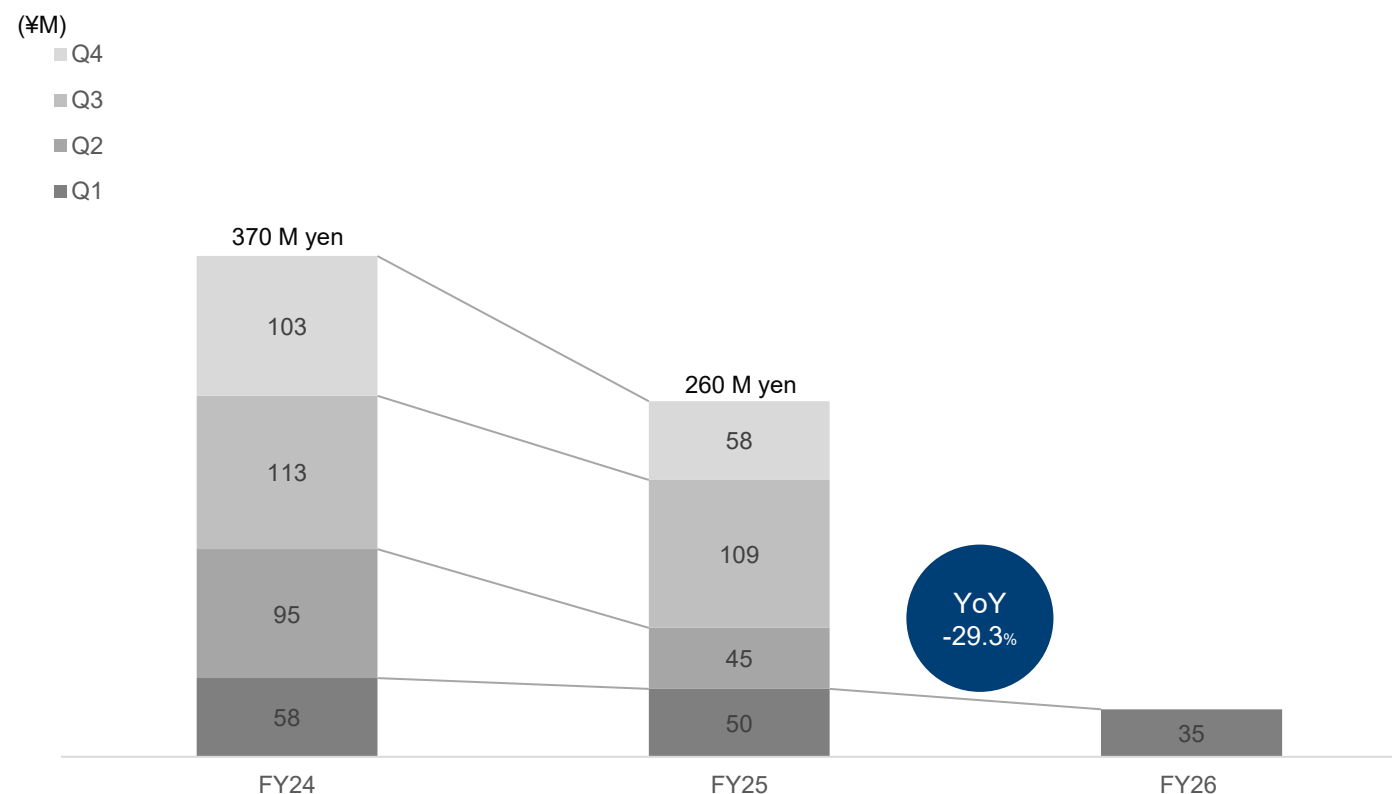
- | Revenue declined by 34.4% year on year.
- | Revenue from a project for a major financial institution secured last fiscal year has begun to contribute to earnings; however, the contribution has not been enough to offset contract cancellations from major customers, including customers in the manufacturing sector.
- | We will continue to capture demand in areas of high social importance (information leaks, human rights issues, and quality irregularities), while shifting to a more profitable business structure through product selection and concentration.



Risk Management Segment BI and Professional Support Field: Revenue by Category

- | Revenue declined by 29.3% year on year.
- | While securing new projects is taking time, our partnership with Alnetz allows us to provide comprehensive DX support, from the initial stages of DX implementation through to the adoption and advancement of AI, as we strive for sustainable growth.

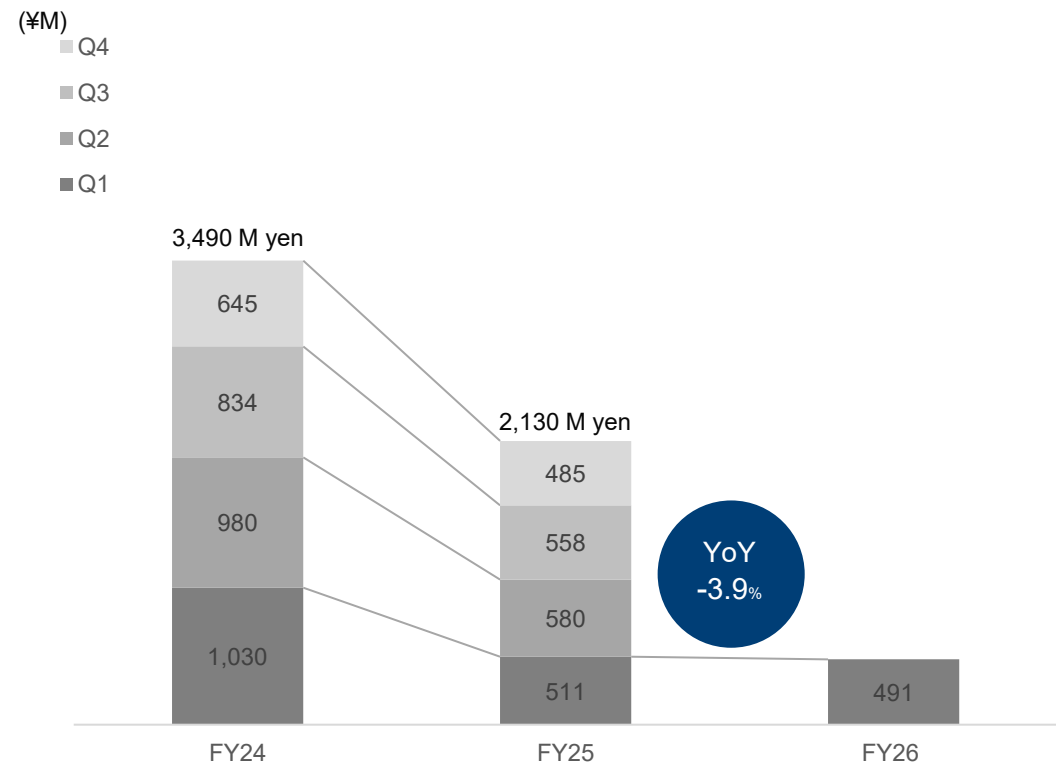
Revenue



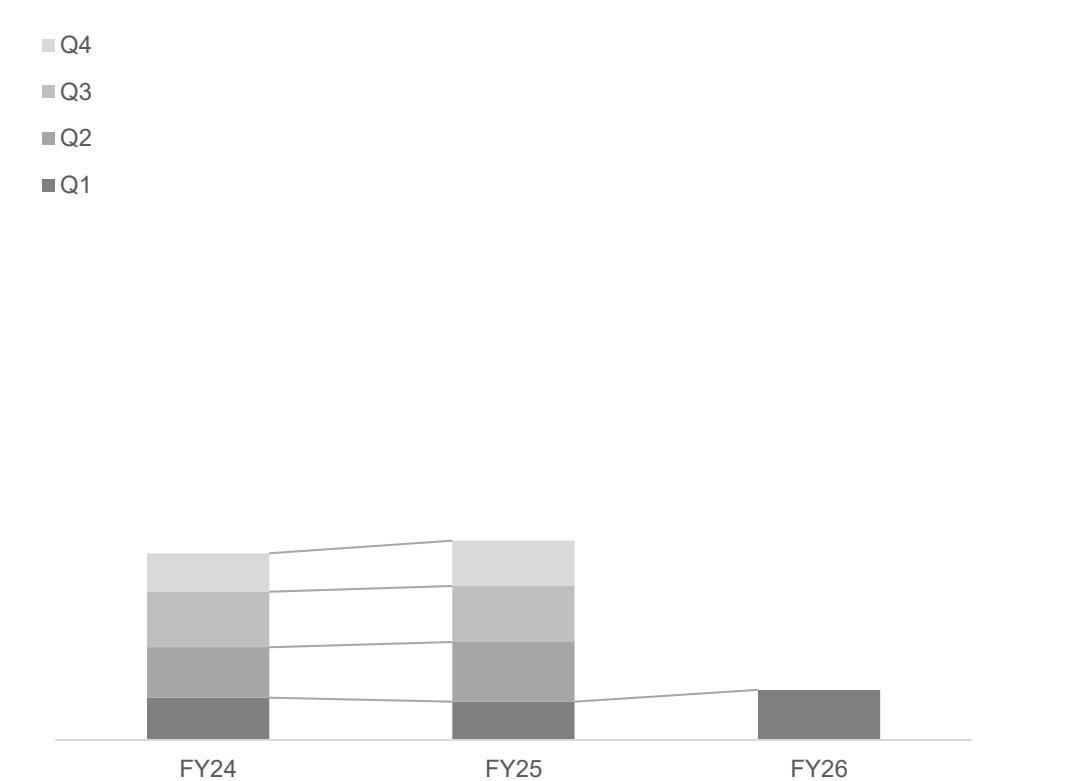
Risk Management Segment LegalTech AI Field: Revenue by Category

- | Revenue declined by 3.9% year on year.
- | The digital forensic field in Japan experienced firm demand for projects, reflecting growing needs for investigations, including use by third-party committees and special investigative committees.

Revenue

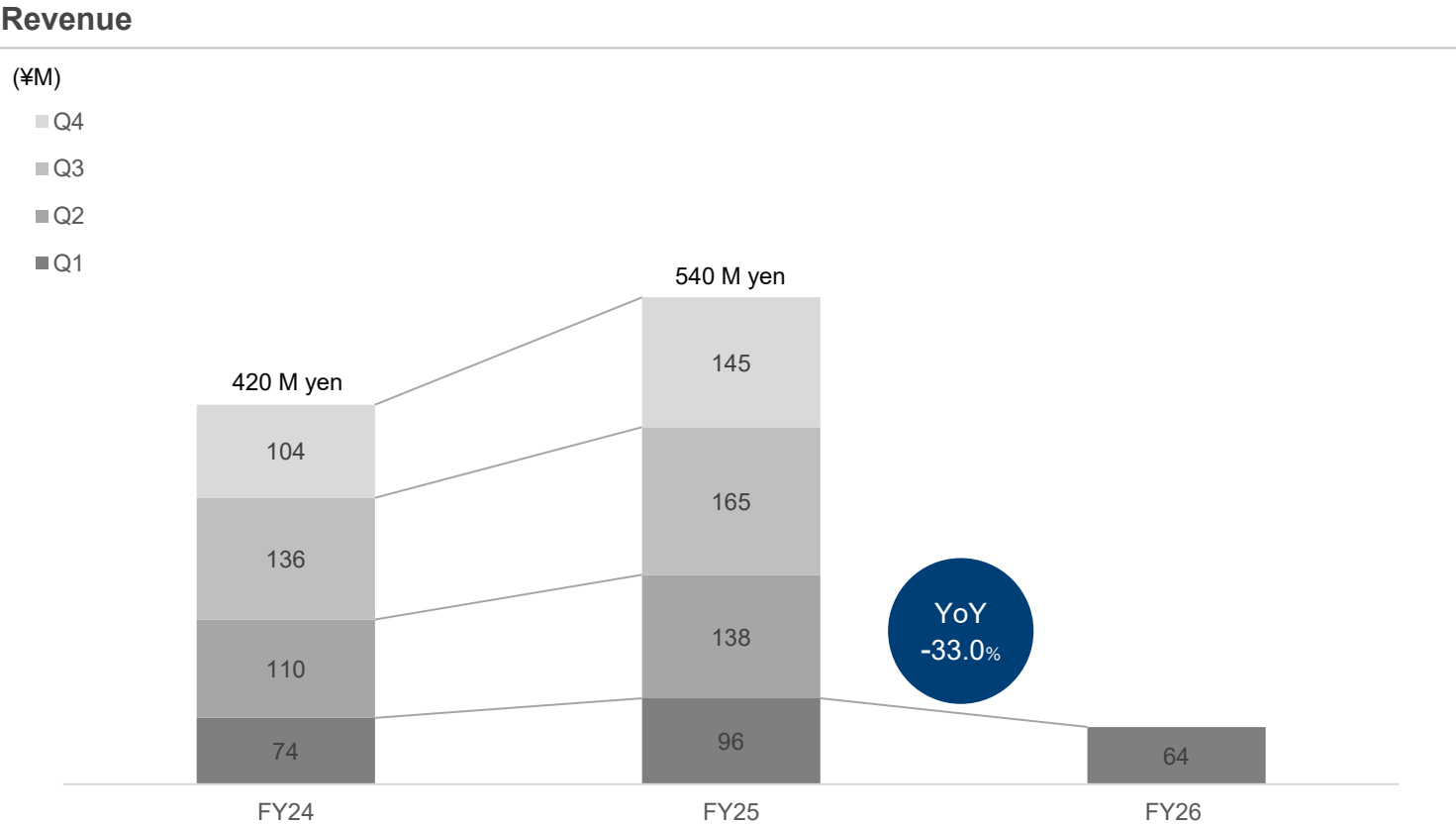


Digital Forensics



Risk Management Segment Economic Security Field: Revenue by Category

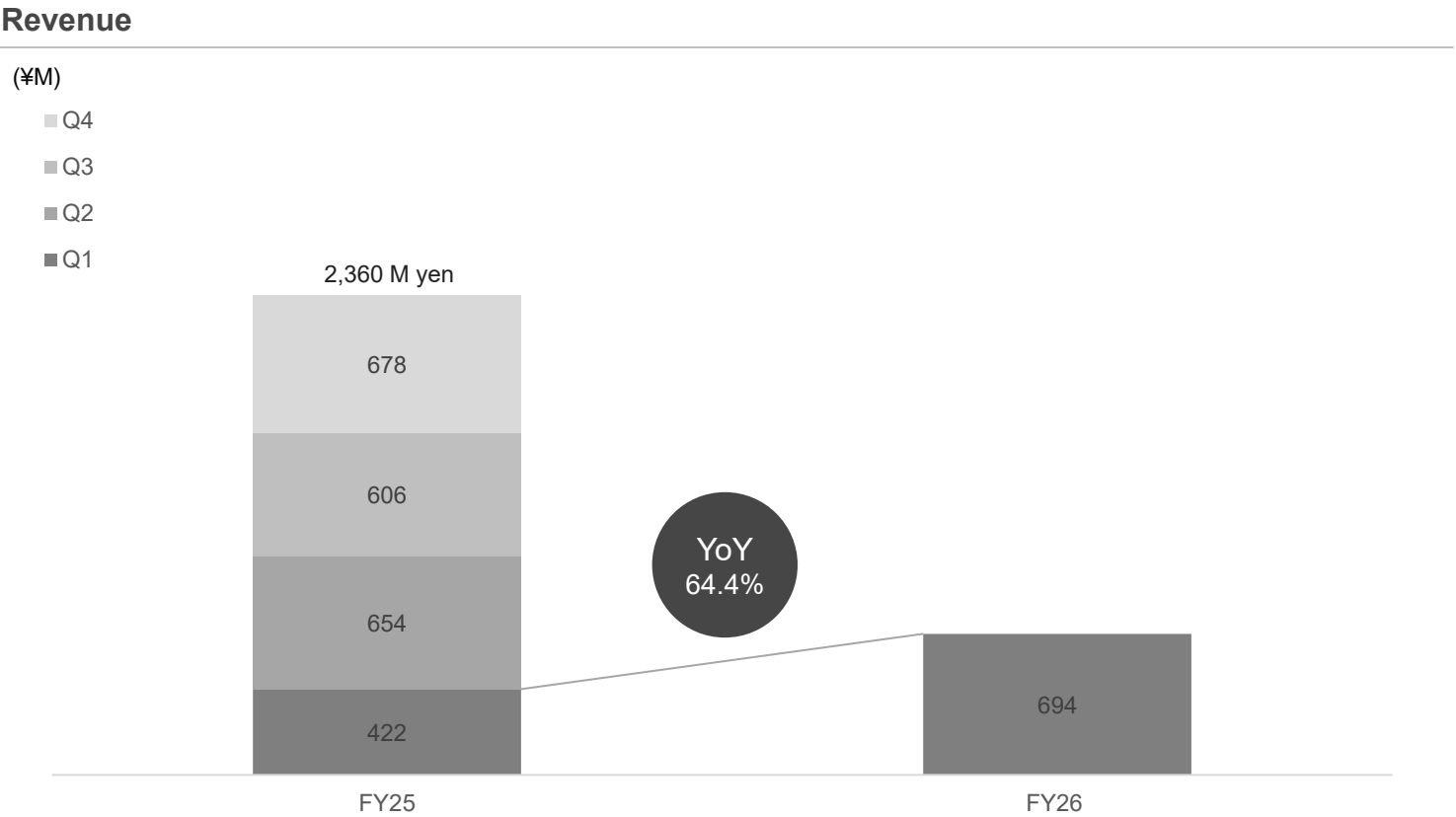
- | Revenue declined by 33.0% year on year. Sales to government agencies saw double-digit growth compared to the same period last year, but sales to private companies fell sharply.
- | We are developing a contract for a research security risk management system as part of a Cabinet Office project.
- | Concerns rising regarding technology leakage and undue influence from foreign countries in international research activities seen as threats to Japan's research competitiveness and security. In December 2025, the Japanese government formulated the Policy for Ensuring Security, requesting that research institutions and companies establish systems to ensure the security and integrity of their research. Demand in this field is expected to continue to grow in the future.



04 DX

DX Segment Revenue

- | Revenue increased by a significant 64.4% due to the inclusion of Alnetz (acquired at the end of April 2025) in financial results as of the beginning of the current fiscal year. Alnetz has also posted steady growth.
- | Alnetz’s solutions integrate and digitize data dispersed throughout an enterprise, providing a foundation to pursue organization-wide digital transformation.
- | Aiming for the sustained growth of the DX segment by combining FRONTEO Professional Support's solutions to facilitate comprehensive DX support, from the initial stages to the adoption and advanced use of AI.



Appendix

Financial Information by Segment

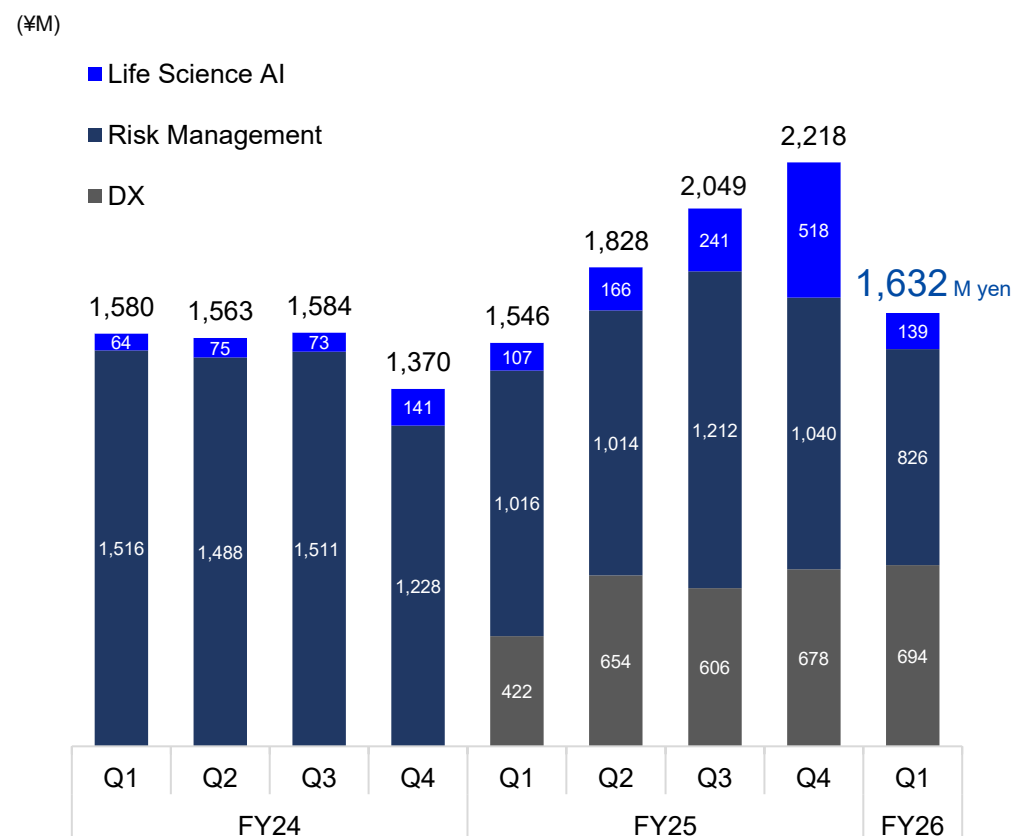
	FY24				FY24	FY25				FY25	FY26
(¥M)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1
Life Science AI											
Revenue	64	75	73	141	354	107	166	241	518	1,033	139
AI Drug Discovery	15	17	27	63	122	64	120	194	370	751	102
AI Medical Devices	48	58	46	78	231	42	45	46	147	281	36
Operating Income	-64	-57	-72	-37	-231	-118	-78	-7	205	0	-135
Risk Management											
Revenue	1,516	1,488	1,511	1,228	5,744	1,016	1,014	1,212	1,040	4,284	826
BI and Compliance Support	353	301	426	375	1,457	357	251	378	350	1,338	234
BI and Professional Support	58	95	113	103	370	50	45	109	58	264	35
LegalTech AI	1,030	980	834	645	3,491	511	580	558	485	2,136	491
Economic Security	74	110	136	104	425	96	138	165	145	545	64
Public Sector	7	30	38	27	104	15	56	79	44	195	18
Private Sector	66	79	98	76	321	81	82	86	100	350	45
Operating Income	214	197	231	115	759	0	143	299	212	655	-44
DX											
Revenue	-	-	-	-	-	422	654	606	678	2,361	694
Ainetz, DX Internalization Support, Systems Development	-	-	-	-	-	422	654	606	678	2,361	694
Operating Income	-	-	-	-	-	36	16	54	9	116	24

*Segments have been reclassified beginning with the fiscal year ending March 31, 2027. Revenue, operating income, and other accounts for the fiscal year ended March 31, 2026, have been reclassified to match this new classification method.

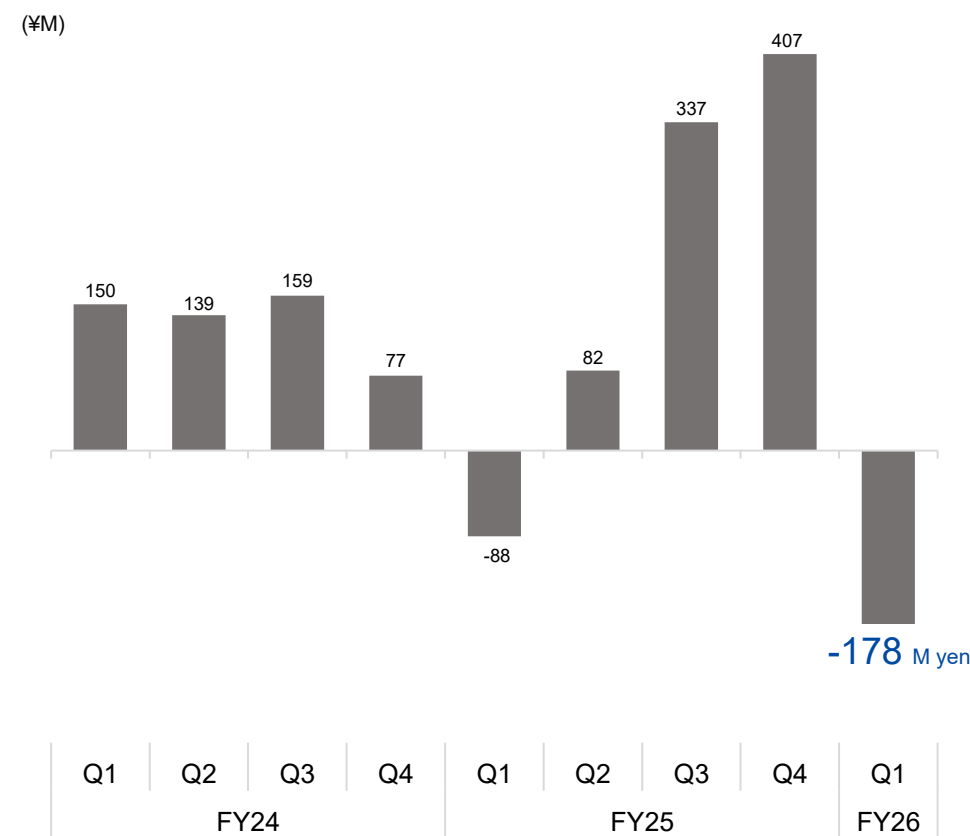
Revenue and Operating Income by Quarter

- Steady progress in shifting to focused areas, including the Life Science AI segment (AI Drug Discovery field) and DX segment.
- Consolidated operating loss was in line with plan, reflecting investments in personnel in Life Science AI and the fact that we expect results to skew toward the second half. We expect earnings to increase starting in the second half of the fiscal year, and we are on track to post a full-year profit as planned.

Consolidated Revenue



Consolidated Operating Income



*Segments have been reclassified beginning with the fiscal year ending March 31, 2027. Revenue, operating income, and other accounts for the fiscal year ended March 31, 2026, have been reclassified to match this new classification method.

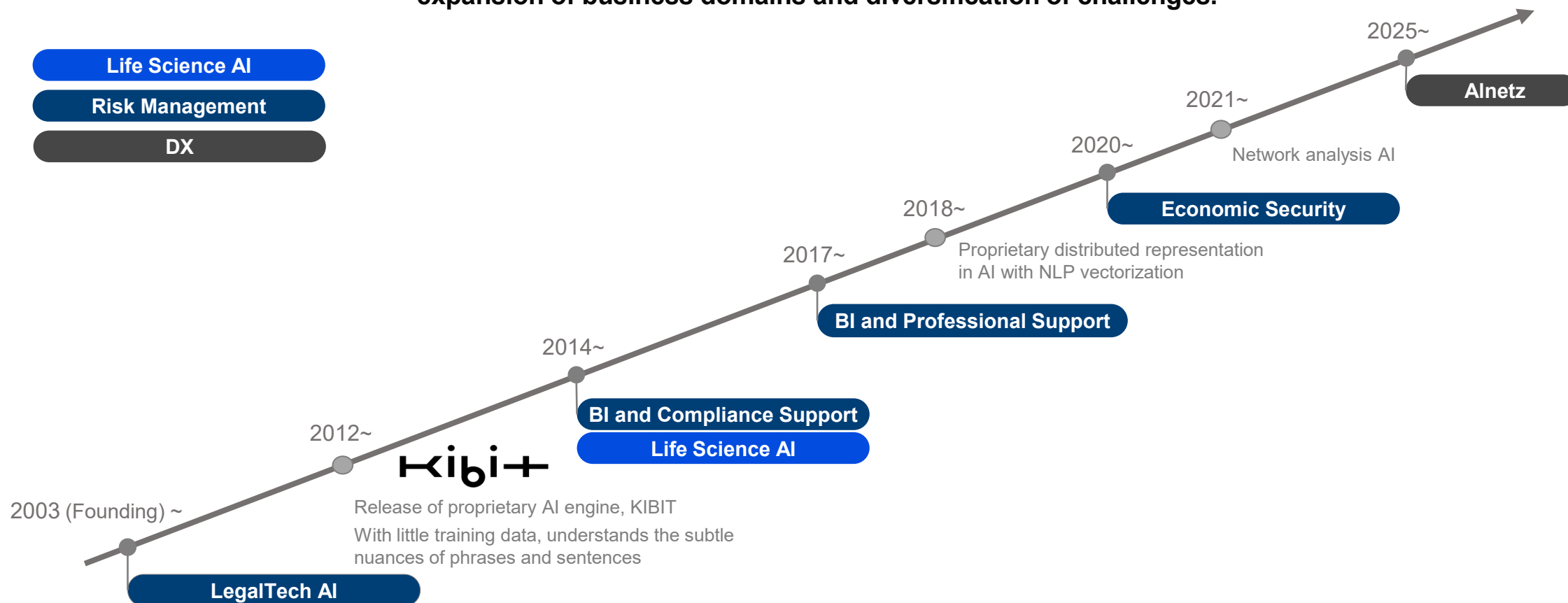
Company Overview

Company Name:	FRONTEO, Inc.
Listed Exchange:	Tokyo Stock Exchange Growth Market (Securities code: 2158)
President and CEO:	Masahiro Morimoto
Established:	August 8, 2003
Capital:	¥915,057,000 (as of June 30, 2026)
Employees (consolidated):	272 (as of March 31, 2026)
Business Description:	Decision support through KIBIT (in-house equation-driven AI) for experts in various fields facing social issues (Life Science AI, Risk Management <BI and Compliance Support, BI and Professional Support, LegalTech AI, Economic Security>, DX <AInetz, DI Internalization Support, Systems Development>)
Main Clients:	Private Enterprises (Chemicals / Machinery / Education / Finance / Construction / Retail / Automotive / Trading Companies / Telecommunications / Food / Pharmaceuticals / Electronic Components / Electricity / Insurance, etc.) Public Entities (Law Enforcement, Regulatory/Oversight); Law Firms In and Outside Japan; Medical Institutions
Global Offices:	



History and Achievements of Our Equation-Driven AI, KIBIT

Since the launch of KIBIT in 2012, we have continued to advance our technology in line with the expansion of business domains and diversification of challenges.



Major Partners

Financial Institutions



Manufacturers



Pharmaceutical



Service



Academia



* As of April 30, 2026 (partial list, no particular order)

Through the equation-driven AI, KIBIT, FRONTEO provides scientific support to experts working tirelessly in various fields that face social issues

Social Issues

Disease Litigation Fraud Compliance Economic Security Skill Transfer DX

Efforts to Find Solutions

Experts

Drug Discovery
Researchers



Doctors



Lawyers



Criminal
Investigators



Corporate
Legal/Compliance



Economic Security
Analysts



Skilled Technicians



Discontinuous
(New) Discoveries

Causal Analysis

Decision Support

NLP AI (patented)



KIBIT



FRONTEO

Track Record of Robust
Real-World Implementation

Mapping Technology (patented)

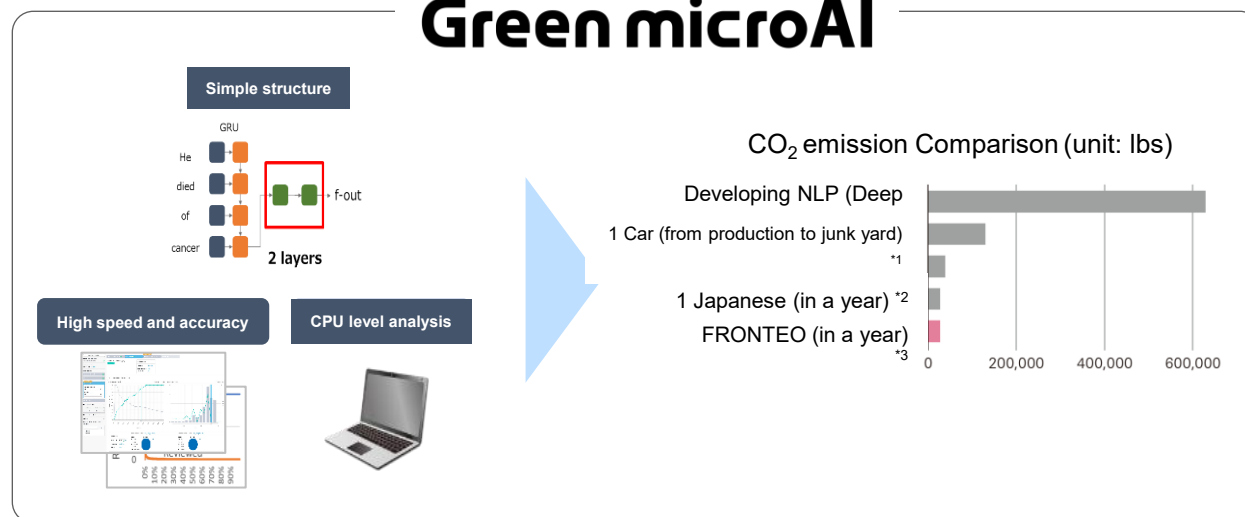


Equation-Driven AI: KIBIT

KIBIT: defining features

- | Light, fast, and highly accurate proprietary AI leveraged in Natural Language Processing and network analysis
- | Green micro AI with lower energy consumption and smaller environmental impacts
- | Equipped with proprietary algorithm outputting high-quality results even with a small training dataset
- | Intuitive visualization of rationale factors for each decision
- | 92 active registered patents worldwide (As of 6/30/2026)

Green microAI



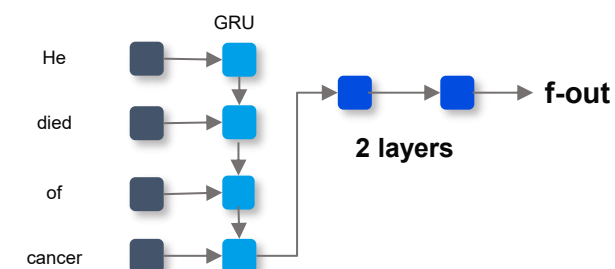
*1 Excerpted from Energy and Policy Considerations for Deep Learning in NLP, College of Information and Computer Sciences, University of Massachusetts Amherst (June 2019)

*2 Compiled by FRONTEO based on Japan's CO2 emissions and population

*3 Compiled by FRONTEO using the same calculation method as in the paper cited in *1

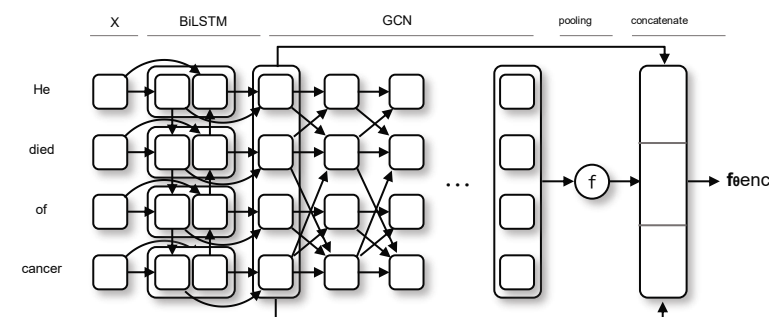
KiBi Model

1/400 layers



GCE Model

4×100 layers

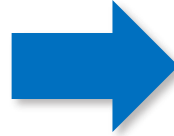


KIBIT: 100% Japanese-Developed Equation-Driven AI

Toyoshiba Equation



Parses documents and words
with meaning

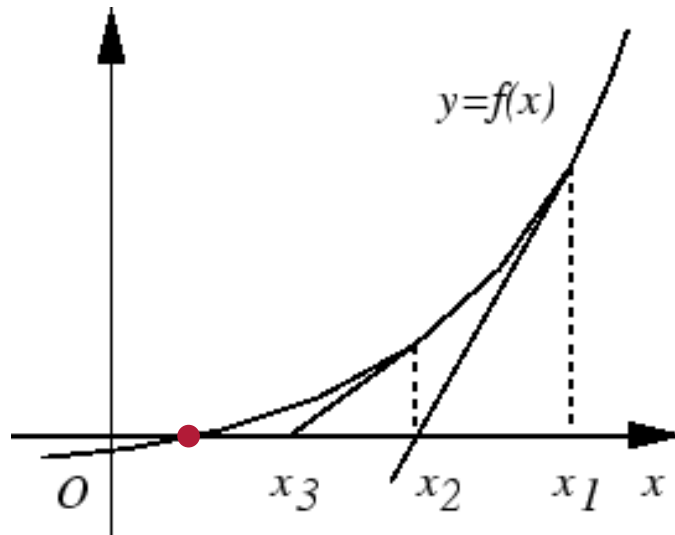


Enabled Inference

- ✓ Understanding of causality
- ✓ Completely new discovery
- ✓ Extreme power savings (1 CPU)

Data-Driven AI (including generative AI)

Optimum Solution



Equation-Driven AI (KIBIT)

Equation

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$

$$ax^2 + bx + c = 0$$

$$a \left\{ x^2 + \frac{b}{a}x + \left(\frac{b}{2a} \right)^2 \right\} - a \left(\frac{b}{2a} \right)^2 + c = 0$$

$$a \left\{ x^2 + \frac{b}{a}x + \left(\frac{b}{2a} \right)^2 \right\} = a \left(\frac{b}{2a} \right)^2 - c$$

$$\left\{ x^2 + \frac{b}{a}x + \left(\frac{b}{2a} \right)^2 \right\} = \left(\frac{b}{2a} \right)^2 - \frac{c}{a}$$

$$\left(x + \frac{b}{2a} \right)^2 = \frac{b^2 - 4ac}{4a^2}$$

$$x + \frac{b}{2a} = \pm \sqrt{\frac{b^2 - 4ac}{4a^2}}$$

$$x = -\frac{b}{2a} \pm \frac{\sqrt{b^2 - 4ac}}{2a}$$

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$

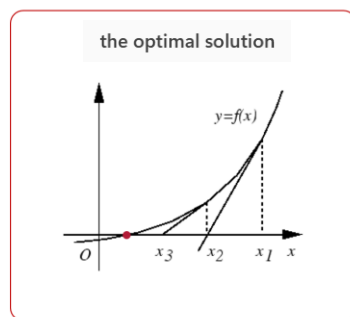
Supercomputer & AI



Wet laboratory and robotics



Physics-Informed AI



Wet lab confirms vast array of results from correlation screening

Supporting Drug Development with Equation-Driven AI KIBIT

KIBIT is based on the information of the papers
Extracting Relations along Biology Only

According to KIBIT
Verification method using simulation function

Medical paper



Corpus of
hundreds of
dimensions



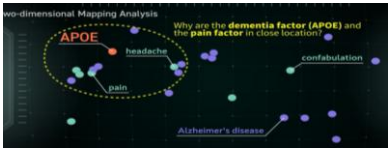
Cause Effect
Map



Patented technology also discovers relationships that are
causal and not specified in the paper



2 d Map Analysis



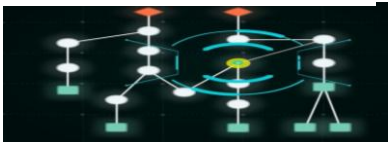
Transforming the corpus into a two dimensional map to
explore new links between diseases and genes

Analysis of overlapping
differences



We can analyze the differences of multiple diseases in
a vector way
Examine disease-specific pathways and identify
factors

Virtual knockout
experiment



Virtually knock out the gene of interest, analyze how the
pathway changes, and confirm the effect

Physics-Informed AI
(KIBIT)

equation

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$

$$\begin{aligned} ax^2 + bx + c &= 0 \\ a \left\{ x^2 + \frac{b}{a}x + \left(\frac{b}{2a}\right)^2 \right\} - a \left(\frac{b}{2a}\right)^2 + c &= 0 \\ a \left\{ x^2 + \frac{b}{a}x + \left(\frac{b}{2a}\right)^2 \right\} &= a \left(\frac{b}{2a}\right)^2 - c \\ \left\{ x^2 + \frac{b}{a}x + \left(\frac{b}{2a}\right)^2 \right\} &= \left(\frac{b}{2a}\right)^2 - \frac{c}{a} \\ \left(x + \frac{b}{2a}\right)^2 &= \frac{b^2 - 4ac}{4a^2} \\ x + \frac{b}{2a} &= \pm \sqrt{\frac{b^2 - 4ac}{4a^2}} \\ x &= -\frac{b}{2a} \pm \frac{\sqrt{b^2 - 4ac}}{2a} \\ x &= \frac{-b \pm \sqrt{b^2 - 4ac}}{2a} \end{aligned}$$

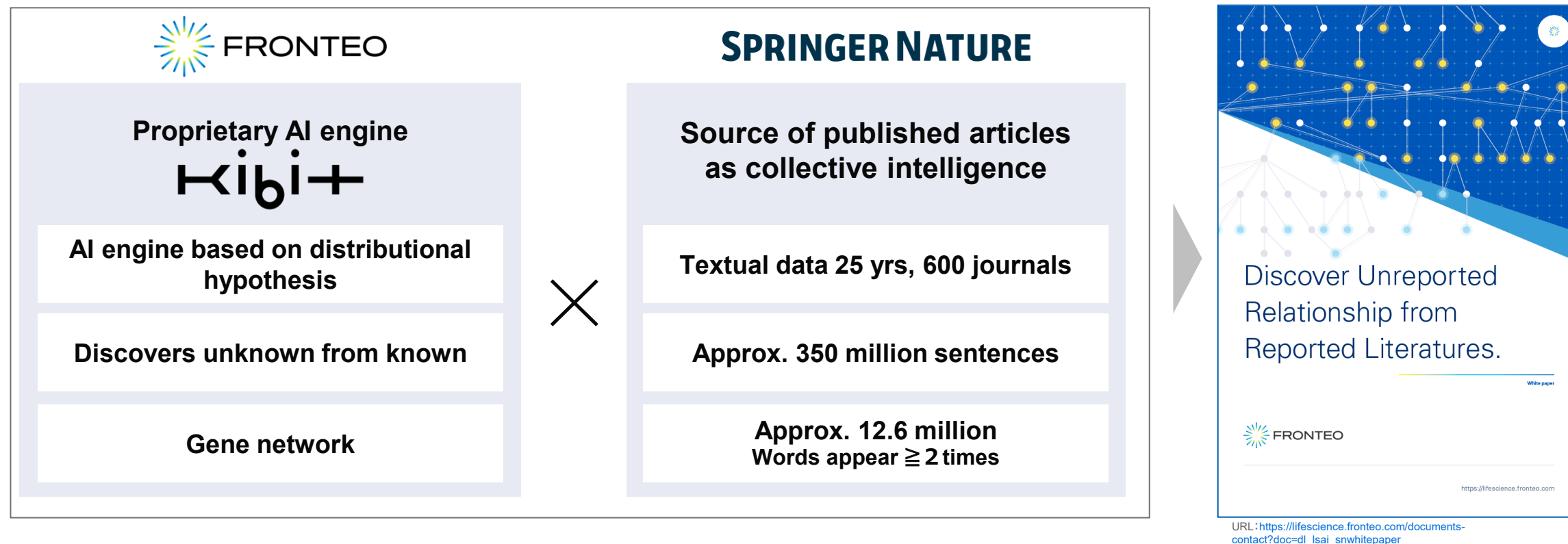
All completed in KIBIT



Publication of White Paper on innovative drug discovery approach using FRONTEO's AI engine 「KIBIT」

The white paper introduces;

- | Our Drug Discovery AI Factory, an AI drug discovery support service using unique technologies that discover unreported insights from published literature, to support target identification and drug repositioning efforts.
- | FRONTEO's AI engine, "KIBIT", was able to discover unreported relationships between the disease and the target molecule published in 2024 by analyzing journals published in 2022 by Springer Nature.



A low-angle, upward-looking photograph of several modern skyscrapers with glass and concrete facades, reaching towards a clear blue sky. The perspective creates a sense of height and architectural grandeur.

FRONTEO Bright Value

We provide solutions that do not overlook risks and opportunities buried in records to achieve fairness in the information society



President and CEO Masahiro Morimoto X account



Contact: ir_info@fronteo.com

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In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential,” and similar expressions.

Forward-looking statements involve risks and uncertainties that may cause actual results, performance, or financial condition to be materially different from the expectations of future results, performance or financial condition expressed or implied in any forward-looking statements.

Such factors include, but are 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.

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