



Application of FRONTEO's KIBIT AI Engine for Checking Customer Interaction Records to Optimize Financial Instrument Recommendations at Hachijuni Bank

KIBIT used at Hachijuni Bank headquarters to optimize financial instrument recommendations for bank clients; FRONTEO to provide support to achieve efficient and better quality check and review operations at branches

TOKYO, October 14, 2017 – FRONTEO, Inc. (“FRONTEO” or the “Company”) (Nasdaq: FTEO) (TSE: 2158), a leading provider of artificial intelligence (“AI”) based big data analysis services, announced that it has started the application of its KIBIT AI Engine at Hachijuni Bank (“Hachijuni”) to improve the bank’s service quality and efficiency of checking customer interaction records by applying KIBIT AI to analyze and verify financial instrument recommendation records.

Through KIBIT, Hachijuni aims to streamline and improve the verification process of the bank’s client service records, which is currently completed manually by administrative management divisions at the bank’s headquarters and by internal administrators at its branches. At Hachijuni, KIBIT will analyze the records of the actions made by bank employees when recommending financial instruments to clients and objectively assess whether the bases for their recommendations are appropriate, ultimately allowing the bank to fine-tune its client services.

In addition to centrally conducting verification and operations at its headquarters, Hachijuni will work with KIBIT AI Engine further and improve KIBIT’s analytical accuracy, coordinate with the bank’s daily reporting and other systems, and implement KIBIT in its business workflow within the next year, with the assumption that KIBIT will be applied to most of the bank’s 151 branches in Japan. Through these new processes, Hachijuni aims to establish a client-based marketing system that enables the bank to quickly assess clients’ needs more precisely and efficiently while improving the quality of the verification process, attain higher operational efficiency, and reduce administrative costs.

In analyzing documents recorded by bank employees during their meetings with clients who invest in financial instruments daily, Hachijuni will utilize KIBIT to check whether employees can objectively determine or make objective proposals based on criteria including client eligibility for the recommended products, client needs, basis for proposing certain products, and level of client understanding on products.

The bank will also check whether it can detect misunderstandings between the bank’s employees and their clients, as well as potential risks. Hachijuni expects KIBIT to bring standardization to its processes by eliminating human subjectivity and enabling exhaustive review by improving the efficiency of the manual text verification.

FRONTEO will provide consultation on the introduction of KIBIT and support the implementation of KIBIT at Hachijuni, which will include preparing and fine-tuning training data to ensure the accuracy of KIBIT’s results and data inputs. FRONTEO will also offer advice to Hachijuni based on the KIBIT’s analysis and assist the bank in creating the systems and infrastructure for implementing KIBIT throughout its banking network.

Together with Hachijuni, FRONTEO engaged in a Proof of Concept (“PoC”) trial for three months from June to August of 2017. During the trial, KIBIT used Hachijuni’s data to generate results that enhanced



the bank's operations. Going forward, Hachijuni will first test KIBIT's applications at its headquarters and then apply KIBIT to the entire bank when the operating system and environment structure are completed at Hachijuni's national branches.

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 AI 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 investigations. 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," "aims," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the anticipated results and timeline for implementation of KIBIT AI at Hachijuni and possible additional customer applications of KIBIT AI are 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 are as of the date of this press release, and FRONTEO undertakes no duty to update such information, except as required under applicable law.

CONTACT: FRONTEO Global PR

global_pr@fronteo.com