August 6, 2018

Full-scale launch of FRONTEO Healthcare
AI Application "Concept Encoder Articles"

Supporting the use of R&D data and active research within pharmaceutical manufacturing companies through hypothesis verification

TOKYO, August 6, 2018 -- FRONTEO Healthcare, a subsidiary of FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), that provides information analysis solutions utilizing AI for healthcare, announces the full-scale launch of Concept Encoder Articles, an application of the Concept Encoder AI system for the healthcare industry. Concept Encoder Articles is an application that incorporates the required modules for "R&D support" into the Concept Encoder.

While being up to date with the domestic and international trends in pharmaceutical research is an important everyday task for the pharmaceutical R&D divisions of large pharmaceutical companies, the enormous volume of information released daily on a global basis poses limitations on finding all required information through just keyword searches. Additionally, they are faced with challenges such as the streamlining and shortening of the R&D cycle. This, in turn, poses further challenges of improving the accuracy of R&D hypotheses upon recent change of competitive situation from around 2010, when the entry of generic manufacturers and major reorganization of pharmaceutical companies happened after expiration of patents on many blockbuster drugs.

Concept Encoder Articles enables efficient search of information close to the working hypotheses of the R&D projects from pre-registered English literature by just feeding each hypothesis as text into the search field. Efficiency of R&D resources can be promoted by refining the hypotheses through repeated literature search in the initial stages of the research. In addition, registering the experimental data and technical information accumulated in-house facilitate the effective use of in-house data and improvement search efficiency.

In FY2018, the development team of the product is working on improvements in display of the results of hypothesis verification in addition to the standard function of displaying literature that is very similar to the hypothesis. One example is display of multiple axes corresponding to relative expression of the genes which responded to the compound in the hypothesis. This function, together with currently planned display of organs/tissues axes, helps researchers advance drug repositioning research by finding out unknown combinations of known diseases and known compounds or potential application of compounds known to be effective on specific organs/tissues of humans to other ones. Further, identification of compounds that respond to specific genetic status would lead to new approaches in personalized medical research.

Following the completion of the initial version in November 2017, Concept Encoder Articles

commenced paid trials through a commercial version in January 2018. There has been great demand for "R&D support" in conjunction with "pharmacovigilance support" and "medical representative support" as a solution for maintaining the competitive edge in the pharmaceutical manufacturing industry. FRONTEO Healthcare will contribute to the further development of the healthcare industry by creating and providing information analysis solutions with the Concept Encoder AI system at the core.

About Concept Encoder

Concept Encoder is the AI system developed by FRONTEO Healthcare specifically for the healthcare industry. The system was developed with the aim of effective, evidence-based analysis and utilization of healthcare-related big data, including large bodies of free-entry text data. The program incorporates significance test and other crucial statistical methods for evidence-based medicine (EBM), the gold standard of practice among healthcare professionals, and applies this to natural language analysis. The Concept Encoder can also co-analyze non-textual data, and a research effort is underway to co-analyze the numerical data accumulated within the healthcare domain, such as genetic expression, vital data, and other test result values prevalent in the healthcare domain.

Overview of FRONTEO Healthcare, Inc.

Name: FRONTEO Healthcare, Inc.
Date of foundation: April 16, 2015
Capital amount: JPY 327,000 thousand (On the date of February 1, 2017)
Representative: Kuniko Nishikawa, Chief Executive Officer
Area of business: Diagnosis support, healthcare operational support, pharmaceutical industry support, and other healthcare-related information analysis businesses
URL: https://www.fronteo-healthcare.com/en/

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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