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## **FRONTEO's KIBIT AI Engine to Participate in Joint Development with Musashino Bank in Overhaul of Sales Flow of Assets in Custody**

*KIBIT to take charge of analysis of a large volume of complex negotiation records (up to 5,000 per month) and conduct compliance checks in efforts to reduce the work load of bank clerks and increase administrative efficiency*

TOKYO, August 31, 2018 — FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence ("AI") based big data analysis services, announced that the AI engine KIBIT developed independently by FRONTEO will be adopted in compliance procedures in a joint development project as part of a sweeping overhaul of the sales flow of assets in custody which Musashino Bank is currently planning and developing.

Aiming for full-scale operation in March 2019, Musashino Bank is one of eight joint partners undertaking the planning and development of a system which will restructure the bank's optimal sales flow. The plan is to achieve improvement in the quality of proposals and sales activities as well as administrative efficiency for assets in custody in order to implement a customer-centric approach in proposal-based sales.

The role of FRONTEO's KIBIT in this joint development project will be to improve compliance. It has been customary for sales offices and headquarters to check negotiation records when interviewing customers at the time of sales of assets in custody. The task of checking as many as 5,000 records every month placed an enormous burden on bank clerks both at sales offices and headquarters, and there was always a risk of human or system error.

FRONTEO, together with Musashino Bank, analyzed the texts of negotiation records using KIBIT to verify whether records that should be detected could in fact be detected. By conducting checks of items that received a certain score or above in the analysis calculation, it was confirmed that achievement of the targeted results could be expected. As a result, it was decided that FRONTEO will participate in this joint development project.

Furthermore, KIBIT was recognized for its track record of use in compliance at financial institutions to date, its strengths in analyzing long, complicated sentences based on tacit knowledge rather than keyword searches, and its ability in achieving high response accuracy with limited teaching data.

In the lead up to full-scale operation, FRONTEO will work at further improvement in analysis accuracy and the smooth interfacing of the system. FRONTEO will also standardize the high-quality operations scheme which Musashino Bank is aiming for at an advanced level that aptly identifies true customer needs. In this way, it will contribute to the implementation of



customer-centered proposal sales and the creation of more time for sales activities.

### **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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