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FRONTEO Launches System that Streamlines Information Disclosure Tasks and Saves Labor Through Use of AI Specifically for Government Organizations and Municipalities

Leveraging Expertise Gained from Supporting e-Discovery Process in the U.S., the System Offers Integrated Workflow Covering Data Preparation, Analysis with the Unique AI, “KIBIT” Developed by FRONTEO, and Personal Information Protection

TOKYO, February 4, 2019– FRONTEO, Inc. (“FRONTEO”) (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence (“AI”) based big data analysis services, has developed an “Information Disclosure Handling System” that will enable municipalities, government offices, and other administrative organizations to handle disclosure requests from citizens more rapidly by supporting information disclosure under an official information disclosure system. At the same time, employee workload will be reduced and tasks streamlined.

FRONTEO has been involved in supporting e-discovery (electric evidence disclosure procedures) for litigation in the U.S. since its founding over 15 years ago. Its Lit i View series* is available for companies as well as agencies such as the Department of Justice and cities and other municipalities in the U.S. This unique system provides a one-stop solution for various e-discovery-related tasks, ranging from collection of relevant documents to analysis and submission.

At present, Japanese government organizations handle around 120,000 disclosure requests per year (figure published by the Ministry of Internal Affairs and Communications in 2017), with information disclosure being required for about 110,000 of these. As part of their day-to-day work, employees of these organizations are dealing with an average of 50 to 100 requests or more per day. While handling information disclosure based on citizens’ and residents’ right to know is essential work, there are issues with the existing disclosure methods in terms of efficiency and accuracy. For example, when doing a keyword search as part of the process of identifying the relevant documents based on a disclosure request, in some cases involving content with a high degree of abstraction, it is not possible to find the required documents without performing numerous searches, which is very time-consuming. Furthermore, the work of protecting any personal information in a document to be disclosed requires someone to visually review the document on a computer.

FRONTEO’s “Information Disclosure Handling System” saves labor by enabling this work to be performed smoothly and efficiently.

The role of “Information Disclosure Handling System” can be broadly divided into two phases.

1. Preparation process

First, data relating to the information disclosure request is organized. The various records kept by institutions and municipalities are saved in a range of formats, making this preparation process essential.

Collection

- Collection of government organization or municipality records corresponding to the period and details of the disclosure request.

Preparation

- Paper documents that have not been converted into text data, which is required when performing analysis, are converted into data using OCR (optical character recognition), and data that cannot be recognized, such as PDFs and images containing text, is converted into text data.
- Verification is performed to ensure that there is no duplicate data covering the same items and time period. If there is, one copy will be kept and the rest will be eliminated from the data to be analyzed.

The process of eliminating duplicate data is indispensable to optimizing the analysis data and analysis speed.

2. Handling process for information disclosure requests

When a disclosure request is submitted by a citizen, the prepared data is searched and analyzed. This process is carried out as follows:

Analysis

- If the request details are specific or limited, a search for keywords such as proper nouns or the like is conducted, along with verification based on dates, etc.
- In the case of requests where the content cannot be found using a keyword search alone, analysis is conducted using KIBIT, the unique AI engine developed by FRONTEO, to identify text that uses different words but has a similar meaning, context, or nuance. KIBIT presents prospective matches that it finds in order, based on their degree of similarity.

Creation

- Once documents to be disclosed have been verified, any confidential information or personal privacy-related information that would be disclosed is blacked out. The system automatically indicates in advance areas where blacking out may be required, making it possible to substantially reduce the workload of the employee who performs the task.
- In case similar requests are received, the requirements at the time of the request are appended and the file is saved, so that documents can be retrieved rapidly in the future.

Submission

- Documents are converted into PDF files and submitted to the citizen who made the request via the government organization or municipality.

With the Information Disclosure Handling System, the above tasks may be carried out as part of an integrated workflow. FRONTEO has been developing this technology since 2005 to support e-discovery in the U.S., and it remains in use on a daily basis. Through the provision of this system, FRONTEO aims to offer a mechanism for achieving the purpose of the information disclosure system while streamlining the work of government organizations, municipalities, etc.



For government services, this system will also create an environment where AI can be used for those tasks that it is able to support, allowing employees to focus on more complex tasks that can only be handled by people.

***About the Lit i View series**

Systems and software for use in the legal tech field (e-discovery, forensics, etc.), equipped with the KIBIT AI developed exclusively by FRONTEO.

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| e-Discovery support system | Lit i View E-DISCOVERY |
| Multiple case data management system | Lit i View BIG DATA CASE MANAGER |
| Digital forensics software | Lit i View XAMINER |

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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