



November 1, 2016

FRONTEO to Take Pre-Orders for the Kibiro AI Robot Starting November 2, 2016

TOKYO, Nov. 01, 2016 (GLOBE NEWSWIRE) -- FRONTEO Communications, Inc. ("FRONTEO Communications"), a wholly-owned digital marketing subsidiary of FRONTEO, Inc. ("FRONTEO" or the "Company") (NASDAQ:FTEO) (TSE:2158), which provides big-data analytics services using its proprietary artificial intelligence ("AI") engine, announced today that it will start taking pre-orders on November 2 for Kibiro, the small robot equipped with FRONTEO's proprietary KIBIT AI engine for recommendation functions. Retail customers¹ can place their orders via Kibiro's official website (<http://www.kibiro.com/>) and at Isetan Mitsukoshi Holdings' department stores².

Kibiro can provide information suited to users' needs by learning their interests and preferences from conversations and text data obtained via a special application ("app") that can be used on both smartphones and tablets. The app is connected to the KIBIT AI engine through a cloud network³. Kibiro will become a reliable partner to provide satisfactory solutions to users through continuous communications.

"We have received excellent feedback from corporate clients who are using our Kibiro AI robots and expect Kibiro to gain even more interest as we sell to individual households. We are confident that Kibiro will become a PR ambassador for FRONTEO's KIBIT with its cute appearance and gestures," says Masahiro Morimoto, CEO and Chairman of the Board at FRONTEO.

The debut retail version of Kibiro for pre-order is capable of providing recommendations on books and healthcare information. The recommended retail price is ¥150,000 and there is a monthly service charge of ¥5,000 (excl. tax). More recommendation functions will be available through upgrades⁴ in the future. The debut version will be available for pre-order from November 2 to December 31, 2016, with delivery and services to start in February 2017. Customers who place pre-orders for the debut version will have the chance to participate in further development of the Kibiro robot through user-monitor surveys. A limited version of Kibiro, attired in a vest and bow tie with the Isetan tartan (MacMillan) design, will be available for pre-order at the Isetan Shinjuku store only.

FRONTEO and FRONTEO Communications have been developing Kibiro since November 2015. Sales of Kibiro for corporate clients started in the first half of 2016, and since then the robots have been installed in companies' showrooms and presented at public facilities. FRONTEO and FRONTEO Communications intend to further develop Kibiro to become an essential part of customers' daily lives.

■ Main features of Kibiro

1 . Recommendation functions using the KIBIT AI engine

Kibiro is connected to the KIBIT AI engine through a cloud network. KIBIT, a proprietary AI engine developed by FRONTEO, is the Japanese-developed AI engine using landscaping technology. The name KIBIT is a word coined by combining "*kibi*," which means the subtleties of the human mind in Japanese, and "bit," a unit of data volume, to demonstrate that AI can understand human subtleties. By learning humans' tacit knowledge and intuitive insights, KIBIT can make judgments and selections.

Kibiro's recommendations are based on the analysis of context by the KIBIT AI engine. As a result, the recommendations may include exciting new books and information that would not be usually picked up by keyword search or purchase history. Moreover, Kibiro can provide users with the reasoning behind its recommendations, a function that is usually not available from existing recommendation services.

When seeking a book recommendation from Kibiro, users first inform Kibiro of the books they like or are interested in. Based on the analysis of a vast range of reviews, Kibiro selects the books that are presumed to be best suited to the user. The accuracy of Kibiro's recommendation function can be further improved if the user provides feedback after reading the recommended books. As the process repeats, Kibiro can become even smarter in offering book recommendations.

2 . User-friendly design and functions

Kibiro's body design features the Sota robot platform, designed and manufactured by Vstone Co., Ltd., which has a successful track record in the Japanese personal robot market. With a height of 28.5 centimeters and a weight of 800 grams, Kibiro is perfectly suited to be placed on a table. Despite its simple mechanism, it can make a variety of friendly body

gestures by moving its body, neck and arms.

Kibiro also has the basic functions of a communication robot, such as the ability to engage in simple conversations with its built-in microphone and speaker. The robot wears a cute costume that gives it a personalized look.

(Basic functions)

Vocal communications	○ Clock and alarm	○ Scheduling alerts	○
Weather forecast	○ Dancing	○ Singing	○
Camera (still pictures)	○ Remembering the owner's name	○ Questionnaire survey	○

3. Remote communication through a special app

Communication with Kibiro is conducted through voice commands and text messages using a special app that can be accessed through both smartphones and tablets⁵. When Kibiro encounters speech recognition problems, text messages can be sent by using the app's chat function to facilitate the robot's understanding. Remote communication using the special app allows users to interact with Kibiro wherever they may go.

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.

¹ Pre-orders are for residents in Japan only.

² During the week of November 2 through 8, 2016, an in-store event will be held at the *Toki no Ba* space on the sixth floor of the Isetan Shinjuku store.

³ Users need to prepare an Internet connection themselves.

⁴ Upgrades will be provided through the cloud.

⁵ Smartphone or tablet is not included in the pre-orders or sales. Information regarding how to download the app will be given to the customers separately.

CONTACT:

FRONTEO Global PR

FRONTEO USA, Inc.

Tel: (212) 924-8242

global_pr@fronteo.com

 Primary Logo

Source: FRONTEO

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