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FRONTEO and Member Banks of TSUBASA Alliance Begin Proof of Concept Trial Aimed at Implementation of Document Analysis Technology Using KIBIT Artificial Intelligence

Aim to utilize KIBIT with customer interview records for monitoring operations to identify challenges in sales and marketing activities and for customer needs analysis

TOKYO, July 28, 2017 (GLOBE NEWSWIRE) -- FRONTEO, Inc. ("FRONTEO" or the "Company") (Nasdaq:[FTEO](#)) (TSE:[2158](#)), a leading provider of artificial intelligence ("AI") based big data analysis services, announced today that it will commence a proof of concept trial using the KIBIT AI engine to analyze customer needs in personal financial services and to monitor operations to identify challenges in sales and marketing activities.

For the proof of concept trial, FRONTEO will partner with T&I Innovation Center Co., Ltd. ("T&I"), which conducts investigations, research and other activities related to fintech, along with six banks that are members of the TSUBASA Financial System Advancement Alliance ("TSUBASA Alliance")^{*1}, including The Chiba Bank, The Daishi Bank, Chugoku Bank, The Iyo Bank, The Toho Bank and North Pacific Bank.

After the successful development of the technology, the way this technology is expected to work is as follows: Financial experts at each bank will select individual transaction records that the banks have accumulated on asset management inquiries and sales of investment-type financial instruments. Then KIBIT will read these selected records as training data to learn the tacit knowledge of the experts' selections. After analyzing and learning the rationale behind those selections, KIBIT is then expected to scan vast quantities of transaction records in each bank to highlight certain records, customer needs and challenges with the same logic and perspective as an experienced bank expert, but 4,000 times faster.

An expert's perspective is posited to take into account several factors, including the customer's level of understanding of financial instruments, compliance with appropriate sales procedures and consistency with the customer's investment policy. Those factors are difficult to determine by solely using keyword searches since these are highly abstract problems that require both precise searches and exhaustive scope to identify the potential issues without omission.

The proof of concept trial will consist of (i) the creation of training data that forms the basis on which the AI will learn to make decisions, and (ii) subsequently the verification of the precision of data input and analysis results. By working with the TSUBASA Alliance and T&I, KIBIT will be able to collect, scan and learn from large volumes of cases, which will hopefully improve the analysis capabilities of KIBIT. Member banks of TSUBASA Alliance intend to consider full-scale implementation of KIBIT into their operations, depending on the positive results of the proof of concept trial.

Using the expertise obtained in past implementations of KIBIT into the operations of other financial institutions, FRONTEO is expected to be able to produce results and improvements through this proof of concept trial in a relatively short amount of time, and assist member banks of TSUBASA Alliance in their efforts to implement KIBIT into their operations.

^{*1} A syndicate consisting of six member banks --The Chiba Bank, The Daishi Bank, Chugoku Bank, The Iyo Bank, The Toho Bank and North Pacific Bank -- launched to investigate and research advanced information technology such as fintech.

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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