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FRONTEO Collaborates in Writing of Duke University's Guidelines on Using AI to Assist with Legal Cases

With Use of TAR Growing in Legal Tech Field, FRONTEO Is Promoting AI Review Based on Guidelines

TOKYO, June 21, 2019 - FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2518), a leading provider of artificial intelligence ("AI") based big data analysis services, announced that it collaborated in the writing of the Technology Assisted Review (TAR) Guidelines published recently by the Duke University School of Law in the U.S. These guidelines define how to use and apply TAR, which in recent years has helped to significantly reduce the number of documents reviewed in the electronic discovery process (e-discovery) in U.S. legal cases.

Use of TAR Becoming More Widespread
American civil lawsuits include a discovery process, in which the prosecution and defence disclose evidence to each other. The most expensive part of the discovery process is document review, which accounts for around 70% of all discovery-related costs. Typically, this is handled by lawyers and individuals acting under instruction from lawyers, who check documents one by one and categorize them as "relevant" or "not relevant." The process is therefore both costly and time-consuming.

By teaching AI to identify "relevant" documents, software- and computer-based TAR plays a valuable role in reliably categorizing documents as "relevant"/"not relevant" more quickly than humans, thereby reducing the cost and time involved in document review. Its use and application have therefore increased in recent years. FRONTEO uses its own AI engine, KIBIT, to provide TAR services (click here for an example).

Overview of Guidelines
The Duke University School of Law guidelines define TAR, describe the process and recommended workflow, and provide examples of its use, as well as explain key points that law firms and user companies should consider when introducing the system (see below).
- ➢ When introducing TAR, it is necessary to give careful consideration to factors such as set-up, user training, and how long it will take until the benefits can be realized.
- ➢ The cost-effectiveness of introducing TAR may vary considerably depending on the case being handled (i.e., it differs from case to case). Its cost-effectiveness is impacted by the quality and type of digital data, scope and complexity of relevance, data richness, statistical thresholds (used as cut-off points), etc.

While many companies are at the stage of trialing TAR 2.0 (second-generation TAR), FRONTEO's Kibit Automator AI review tool, released in March 2019, is already using TAR 2.0 for actual review work and enabling more efficient review quality management. FRONTEO is aiming to automate the entire review process in the future.

"Driven by our commitment to protecting companies embroiled in international litigation, FRONTEO launched a legal tech business and began supplying services relating to discovery, forensic investigations, and so forth," commented FRONTEO CEO Masahiro Morimoto. "In the 16 years since our founding, we have reached the point where we are even able to use AI to improve the efficiency of document review, which previously depended on human labor. As a provider of TAR, we were delighted to have the opportunity to collaborate on the creation of these guidelines. At FRONTEO, the number of document review cases using AI has increased in recent years and its benefits are starting to become apparent. Going forward, as a pioneering e-discovery company in Japan, we intend to continue proactively deploying new technology to support the realization of a fair and equitable society."

Click here for an example of document review using AI in fraud investigation.

The Technology Assisted Review (TAR) Guidelines may be downloaded here: https://judicialstudies.duke.edu/wp-content/uploads/2019/02/TAR-Guidelines-Final-1.pdf.

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 https://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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