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FRONTEO Starts Providing Solutions to Support Comprehensive and Effective Screening of Daily and Weekly Reports

In Line with the Ministry of Health, Labor and Welfare's New Guidelines for Providing Sales Activity information

TOKYO, July 29, 2019 - FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2518), a leading provider of artificial intelligence ("AI") based big data analysis services, announced today that it started providing solutions for MR daily and weekly report screening utilizing KIBIT, FRONTEO's AI engine. Using KIBIT to detect information and expressions that would likely be deemed "inadequate" regarding the provision of information for pharmaceutical sales activities, FRONTEO supports the comprehensive and effective screening of enormous amounts of MR daily and weekly report data.

In April 2019, the Ministry of Health, Labour and Welfare's Guideline for Providing Information During Pharmaceutical Sales Activities was implemented, further necessitating the enhancement of supervision and management structures, as it requires companies to "create and store business records," "reflect upon evaluations," and "establish a supervisory department that monitors the adequacy of information provision during sales activities and in promotional materials (to come into effect on October 1)." In particular, managing MR daily and weekly business reports will require companies to monitor enormous amounts of data, which has made securing the capacity and structure to do so a major issue.

With the above in the background, FRONTEO has started to provide AI solutions that detect information and expressions in MR daily and weekly reports that would likely be deemed inadequate, utilizing its knowhow and accumulated track record in communication data analysis and risk detection, etc. In addition to decreasing the number of hours that screeners need to work, it can also support the design and modeling of the screening criteria in accordance with various companies' operations, issues, and products.

■ **Implementation steps for the solutions to MR daily and weekly report screening**
1. Decide screening criteria (expressions that need to be detected) and means of application upon sorting out the current situation and issues based on interviews with screeners and the guidelines.
2. Create an evaluative model and establish an exclusive environment upon using KIBIT to conduct tuning with the test data.
3. Start screening operations using KIBIT
   - Analyze the daily and weekly reports to be screened and compare it against the training data (score based on the likelihood that a text includes inadequate expressions).
   - Screeners will check the sections that were highlighted in order of the daily and weekly report data with the highest score.

■ Simulation of implementation effectiveness

- If we assume 1,000 people registered to MR, five daily reports a day per person, and three minutes to check each daily report, the total amount of reports that need to be screened comes to 5,000 reports X 20 business days = 100,000 reports per month. This means that 5,000 hours are needed to check all of these reports each month.
- If AI (KIBIT) is implemented, screeners would only have to check the daily reports deemed questionable by KIBIT.
- ➔ If we assume that 5% of daily reports are questionable (5,000 reports), the total number of hours spent by screeners on checking operations would be 250 hours a month. In hours, this would be a reduction of 4,750 hours, and in terms of people, it would be the equivalent of hiring 30 people a month.

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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