

October 8, 2019

Over 200 Companies Have Adopted FRONTEO's AI Products and Solutions

Launching New Solutions to Support Companies to Ensure Compliance of Laws and Regulations and Improving Functions to Meet Customer Needs

TOKYO, October 8, 2019 - FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2518), a leading provider of artificial intelligence ("AI") based big data analysis services, announced today that the cumulative total number of companies using its AI products and solutions has exceeded two hundred.

FRONTEO launched an AI Solutions business in 2014 so that its customer companies can utilize its natural language processing technology developed for areas such as international litigation support and fraud investigation in which it has been engaged since its founding and where tolerating errors is unlikely. Since then, FRONTEO has been providing products and solutions adopting its two proprietary AI engines, KIBIT and Concept Encoder, to customer companies. Customers representing a wide range of industries including manufacturing and various financial institutions and public offices use its AI products and solutions, and the total number of companies using those products and solutions has reached two hundred in just a little over one year since surpassing one hundred in the first quarter of fiscal 2018.

One factor that contributed largely to the significant increase in the number of companies using FRONTEO's AI products was the launch of the next-generation KIBIT G2 in autumn 2018, as well as enhancement of functions and updating of various products to correspond to the increased utilization of AI in business operations and across an even wider range of business scenes backed by reinforced "work-style reform" efforts to boost productivity. Furthermore, in addition to expansion of service through KIBIT-Connect, the API that provides KIBIT, the launch of Patent Explorer 19, a patent search support system with added functions such as automatic configuration of training data and an expanded patent database, accelerated increase in the number of companies using FRONTEO's AI products.

FRONTEO is also pouring effort into "supporting compliance measures," for which demand is increasing, in response to various laws and regulations, and is steadily making progress in development of various new solutions to support operations related to daily and weekly report review and advertisement review corresponding to the Financial Instruments and Exchange Act, the Ministry of Health, Labour and Welfare's Guideline for Providing Information During Pharmaceutical Sales Activities and the Act against Unjustifiable Premiums and Misleading Representations. In addition, FRONTEO is promoting its utilization by enhancing the harassment detection service that corresponds to the revised Act Relating to Comprehensive Promotion of Labor Policies and Improvement of the Employment Security and Working Life of Workers, etc., which obliges companies to implement appropriate measures to prevent power harassment.

FRONTEO Healthcare, which FRONTEO will merge with through an absorption-type merger

on October 16, 2019, has also fostered its business development through launches of an AI support system for drug discovery research as well as a tumbling and falling prediction system. As the company utilizes Concept Encoder, an AI engine whose features include objectivity, transparency, and reproducibility, it is expected that the number of companies in the healthcare industry utilizing the products will further increase.

Moreover, concerning KIBIT, FRONTEO will improve recognition of its AI solutions centering on KIBIT and expand its points of contact with customers together with partner companies in the KIBIT Partner Network. Efforts to broaden opportunities to provide Concept Encoder related products and services will be made by deepening collaboration and increasing development opportunities with companies in the healthcare industry as well as research institutions and academia.

FRONTEO will continue to provide one-stop services up to operational support offering AI solutions which are in line with customers' business issues and can be easily adopted and used, and make efforts to support business resolution, operational improvement and even business development for a greater number of companies.

■ AI Solutions and Services

< KIBIT Series >

- API providing KIBIT engine "KIBIT-Connect"
- Business data analysis support system "Knowledge Probe"
- Patent search & analysis system "Patent Explorer"
- Automated email audit system "Email Auditor"
- FAQ system "Find Answer"

< Kibiro >

- Reception and Customer Service Robot "Kibiro for Biz"

< Concept Encoder >

- AI Support System for Drug Discovery Research
- Tumbling and Falling Prediction System

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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