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Checking Service Using FRONTEO's Artificial Intelligence KIBIT Selected for Financial Services Agency "FinTech Experiment Hub" Support Project

Initiative to implement experiment of productivity comparison for checking records of financial industry with the cooperation of MUFG Bank, Resona Bank, Bank of Yokohama, SBMC Nikko Securities

TOKYO, May 7, 2018 -- FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence ("AI") based big data analysis services, announced that it has been chosen as the first support project using AI in the "FinTech Experiment Hub" established by the Financial Services Agency back in September 2017. This project tests the extent to which KIBIT, the AI engine developed independently by FRONTEO, can contribute to "stable asset formation of our nation and customer-oriented operational management" (fiduciary duty) that is being promoted by the Financial Services Agency, solving problems in human resources faced by the financial industry and the promotion of reform of work styles. This experiment is planned to be conducted from May 2018 to the end of June 2018 with the cooperation of MUFG Bank, Resona Bank, the Bank of Yokohama and SMBC Nikko Securities as participating financial institutions.

Currently, in financial institutions, salespersons must write many "Records of Financial Products Sales Discussions" and receive many opinions and comments from customers via telephone, and records of each of these are taken. To improve customer satisfaction and service, financial institutions are verifying this mountain of data, which requires many hours and personnel. However, this produces several problems, including a shortage of human resources, an administrative burden, and the inconsistencies in judgments by different people. In this experiment, the verification of these records will be performed by people alone. KIBIT will be performing scoring (assigning points) and prioritization to take quantitative comparative measurements of indicators such as productivity, standardization rate and detection rate. The experiment is summarized below.

Topic: **Comparison of productivity when using current method of verification by people alone and method of verification utilizing KIBIT**

Work Covered: **[Banking] Checking of sales discussion records when selling financial products such as investment trusts**
[Securities] Checking of customer opinions and comments based on recorded call records

This project responds to the common challenges facing more than 600 financial institutions, including city banks, regional banks, and securities companies. By utilizing results obtained from the experiment, this initiative will lead to solutions of social problems such as the reduction of administrative burden, the realization of advanced checking, and the realization of work style reforms.



About the FinTech Experiment Hub

The FinTech Experiment Hub was established in the Financial Services Agency on September 21, 2017 from the perspective of accelerating challenges aimed at innovation using FinTech to eliminate the hesitation and concern that FinTech firms and financial institutions are inclined to have in conducting unprecedented tests. The requirements for implementation of demonstration tests include (i) whether the test details and points for discussion are clear (transparency), (ii) the inclusion of user benefits and improvements in business productivity in Japan through the realization of the service (social significance), and (iii) recognition of the innovative nature of the service that they are trying to provide (innovation).

The Financial Services Agency will provide ongoing support regarding the points of discussion for compliance and supervision that were raised through the test, and the points of discussion for administrative work related to the interpretation of laws and ordinances that could arise when the service is provided to general users.

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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