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FRONTEO's KIBIT AI Engine Adopted at SMBC Nikko Securities for Analyzing "Voices of Customers"

TOKYO, December 21, 2017 – 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 SMBC Nikko Securities Inc. ("SMBC Nikko Securities") has adopted a system for improving customer satisfaction using KIBIT, an AI engine independently developed by FRONTEO, to analyze "voices of customers" and extract those associated with complaints or dissatisfaction for swift responses.

Verification by KIBIT has been conducted at SMBC Nikko Securities since the beginning of 2017. Full-fledged verification processes began in May 2017 and it was confirmed that KIBIT is capable of analyzing the records of customer negotiations at branch offices or call centers, and extract complaints and dissatisfaction which sales staff or operators failed to identify. Going forward, analysis of a large amount of daily negotiation records and exhaustive identification of signs of complaints and dissatisfaction will be possible.

SMBC Nikko Securities intends to expand proactive use of KIBIT across the company going forward. For instance, they plan to have KIBIT analyze voice call records converted to text and identify conversation that could develop into complaints in the future, as well as check e-mails sent to customers and business partners for possible faults in information management. Furthermore, in the proof of concept trial which used the records of inquiries from on-line trade service users as training data, KIBIT also successfully identified requests for system improvement.

FRONTEO will continue to support the establishment of systems that enable SMBC Nikko Securities to adapt to new technologies and environments, by utilizing KIBIT.

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 anticipated results of KIBIT AI at SMBC Nikko Securities and possible additional customer applications of KIBIT AI are 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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