



May 16, 2018

FRONTEO Healthcare to Enter Full-scale Launch of the "Concept Encoder" AI System Focused on the Healthcare Industry

Aiming to promote utilization of healthcare-related big data with a new AI system that analyzes numerical and textual data

TOKYO, May 16, 2018 -- FRONTEO Healthcare, a subsidiary of FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), that provides information analysis solutions utilizing AI for healthcare, announces the full-scale launch of their new healthcare industry AI system, the Concept Encoder.

Since its establishment in April 2015, FRONTEO Healthcare has provided specialized information analysis solutions for the healthcare industry based on the healthcare operational support such as fall risk prediction, diagnosis support during chronic pain care and objective mental illness assessment, as well as pharmaceutical industry support, including pharmacovigilance and R&D process optimization.

Concept Encoder is a newly developed artificial intelligence (AI) system from FRONTEO Healthcare. The AI system was developed with the aim of effective, evidence-based analysis and utilization of healthcare-related big data, including large bodies of free-entry text data. The program incorporates significance test and other crucial statistical methods for evidence-based medicine (EBM), the gold standard of practice among healthcare professionals, and applies this to natural language analysis.

The Concept Encoder can also co-analyze non-textual data, and a research effort is underway to co-analyze the massive bodies of data accumulated within the healthcare domain, such as genetic expression, vital data, and other test result values prevalent in the healthcare domain.

In the next phase, FRONTEO Healthcare will develop fit-for-purpose applications for individual customers, in which the Concept Encoder will play a core role. FRONTEO Healthcare is working to manage the proprietary intellectual property, including the patent submission of a fall risk prediction system.

By utilizing the Concept Encoder AI system, FRONTEO Healthcare can objectively evaluate enormous streams of healthcare-related data. This provides high-quality, expert analysis that allows the user to be confident about using the service and contributes to the further development of the healthcare industry.



Overview of FRONTEO Healthcare, Inc.

Name: FRONTEO Healthcare, Inc.
Date of foundation: April 16, 2015
Capital amount: JPY 327,000 thousand (On the date of February 1, 2017)
Representative: Kuniko Nishikawa, Chief Executive Officer
Area of business: Diagnosis support, healthcare operational support, pharmaceutical industry support, and other healthcare-related information analysis businesses
URL: <https://www.fronteo-healthcare.com/en/>

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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