

May 22, 2018

FRONTEO Healthcare Obtains Japanese Patent for the Core Technology of the “Concept Encoder” AI System

Strengthening development of individual applications by securing the intellectual property of its core technology

TOKYO, May 22, 2018 -- FRONTEO Healthcare, a subsidiary of FRONTEO, Inc. (“FRONTEO”) (NASDAQ: FTEO) (TSE: 2158), that provides information analysis solutions utilizing AI for healthcare, today announces that the Japan Patent Office has issued a Notification of Decision to grant a patent to the Company for the core technology of the Concept Encoder AI system developed for the healthcare industry.

Patent application number: 2017-214388

*Registration number: Pending issuance

Patent application filing date: November 7, 2017

This is the first patent related to the Concept Encoder, which will be the core technology for FRONTEO Healthcare’s development of individual applications in Diagnosis Support, Healthcare Operational Support and Pharmaceutical Industry Support.

The Concept Encoder uses the “vectorization of words and documents,” which is a type of morphological analysis in natural language processing technology, to convert the characteristics of texts into a numerical format. It is distinctive for its ability to perform quantitative and statistical processing while preserving the volume of information selected from text. This patent recognizes the innovation in the method of vectorization of words and documents that enables the efficient and highly precise detection of similarities and relationships “among words,” “among words and documents,” and “among documents.”

Big data, such as electronic medical records and test results, is being collected daily in the medical care and nursing care fields. 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 in using the service and contributes to the further development of the healthcare industry.

About Concept Encoder

Concept Encoder is the AI system developed by FRONTEO Healthcare specifically for the healthcare industry. The 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 numerical



data accumulated within the healthcare domain, such as genetic expression, vital data, and other test result values prevalent in the healthcare domain.

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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