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Use of KIBIT Significantly Reduces Attrition Rate of Newly-Hired Employees at Solasto Corporation

Endeavors to prevent attrition by using the AI engine of FRONTEO prove effective, as announced by Solasto

TOKYO, May 31, 2018 – FRONTEO, Inc. ("FRONTEO" or the "Company") (Nasdaq: FTEO) (TSE: 2158), a leading provider of artificial intelligence ("AI") based big data analysis services, announced that Solasto Corporation (Solasto), a provider of medical outsourcing services, has publicized the results of its endeavors to prevent attrition of newly-hired employees by using KIBIT, the AI engine proprietarily developed by FRONTEO.

The verification results show that, among the employees assessed by KIBIT as having a high attrition risk, there has been a meaningful difference in the attrition rate between those who were given additional follow-up measures to prevent them from leaving and those who were not, indicating the effectiveness of using KIBIT.

The following is an excerpt from the effectiveness verification conducted by Solasto.

Solasto conducts interviews with newly-hired employees seven times a year by using communication sheets (comprising a questionnaire and free description questions). KIBIT is used to analyze the comment texts entered in the free description columns of the communication sheets in order to identify attrition risk by discerning the subtleties in the texts and expressions that may otherwise be overlooked by the interviewers. Solasto has worked to verify whether the employees identified by KIBIT really have a high attrition risk for a period of 6 months since September 2017.

Specifically, Solasto categorized approximately 100 employees assessed by KIBIT as having a high attrition rate although the interviewers found no problem into Group A and Group B at random. For the Group A employees, appropriate measures including job reassignment and shift changes were taken after conducting additional interviews to prevent employees from leaving. No such additional special measures were taken for the Group B employees.

Subsequently, a comparison was made as to the number employee who left within 3 months of joining the company for the two groups and found that the attrition rate for Group A was only 16% in contrast to 37% for Group B. The gap of 21% constitutes a statistically significant difference, as the company confirmed.

The results prove that KIBIT extracted employees who posed a high attrition risk and indicated that leaving may be prevented if appropriate measures are taken for the employees who have a high attrition risk.

Going forward, FRONTEO will further promote its endeavors to develop services using AI in technologies for human resource management, through such applications as preventing employees from leaving (as in the case for Solasto), detecting workplace harassment and screening new-graduate applicants based on their resume and curriculum vitae.



■ Background of introducing KIBIT at Solasto

Starting in November 2016, Solasto and FRONTEO initiated PoC (proof of concept) operations for the interview record analysis by KIBIT. Subsequently, while conducting verifications using even larger data, the two companies devised the description method of interview records for higher accuracy and established a scheme for providing support to employees based on the interview records. These were put into full-on operations in early June 2017.

In the operations, KIBIT analyzed and learned the text data of interview records with the employees compiled by Solasto to date, scored the comments of the employees who tend to feel uneasy and unsatisfied according to the degree of their likelihood to leave, and efficiently extracted the persons for whom additional follow-up measures should be taken. Solasto made additional interviews with such persons and took countermeasures, resulting in their leaving being prevented with higher probability.

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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