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FRONTEO Integrates Legal Tech Business Facilities to Establish “LegalTech Solution Lab.”

*Enhanced Response Capabilities Enable Handling of Large-Scale Investigations
with Tight Schedules Using Proprietary Developed AI, KIBIT*

*New Facility Will Leverage Practical Expertise in Forensics, Discovery, Cyber-Security
Measures, Independent Committee Investigations, and More to Screen Large Quantities of
Data and Rapidly Address Risks*

TOKYO, January 21, 2019 - FRONTEO, Inc. (“FRONTEO”) (NASDAQ: FTEO) (TSE: 2158) has established a LegalTech Solution Lab. with enhanced response capabilities that integrates various legal tech business facilities at its head office in Japan.

Companies today are dealing with a wide range of investigations and risk factors, including legal-related risks such as compliance breaches and domestic/international litigation, internal control-related issues that arise via accounting or auditing, and cyber-security measures to prevent data leaks and the like due to infiltration by external parties. In recent years, with the establishment of independent committees, there is also a growing need to handle reporting requirements within a short timeframe despite the vast amounts of data involved.

To address these issues, a new LegalTech Solution Lab. was established through the integration of two facilities relating to the legal tech business FRONTEO has been involved in since its founding in 2003: Discovery Operation Center (DOC), which supports discovery (evidence disclosure system for international litigation), and Forensic Operation Center (FOC), which investigates fraud by using digital forensics. With the opening of this facility, FRONTEO will be able to provide services in various fields besides forensics and discovery and rapidly identify and resolve issues for a wide range of companies by making optimal use of its cutting-edge technology—including its proprietary developed AI engine KIBIT and Lit i View series*—as well as the investigative skills and legal/internal control-related expertise it has cultivated over many years.

In addition to helping companies handle increasing quantities of data within a shorter timeframe, the LegalTech Solution Lab. will provide support for other issues such as changes in data-recording environments, investigation procedures, and fraud techniques and methods, as explained below.

- In the field of discovery, cutting-edge digital forensics-based investigative techniques are becoming increasingly essential, such as technology that combines data analysis and log-based behavioral analysis, given that data formerly stored on servers and computers is now being stored in the cloud or on mobile devices.
- In forensics, analysis of vast quantities of data within a short timeframe is required for

investigations by independent committees, making process control and the introduction of cutting-edge investigation technology (e.g., AI trained through discovery support services) indispensable.

- The number of independent committees established at publicly listed companies increased significantly from 39 in 2017 to 71 in 2018. Most of their work is accounted for by accounting and finance-related issues, such as accounting fraud and misappropriation of assets, but the number of cases requiring extensive investigations due to organizational cover-ups or falsification is increasing.
- When a cyber-security-related incident occurs, rapid action is necessary to identify the leaked data and means of infiltration, verify the damage, prevent secondary damage, and implement subsequent countermeasures.

Features of LegalTech Solution Lab.

- **Comprehensive service covering the entire case from start to finish**

LegalTech Solution Lab. is a one-stop solution handling everything from data collection and preservation immediately after an investigation is launched to preparation, data analysis, status checks, compiling reports and countermeasures. It can provide integrated services from the beginning of an action until the case is closed.

- **Use of proprietary developed AI engine, systems and software**

The use of FRONTEO's proprietary developed AI engine KIBIT enables efficient processing, allowing LegalTech Solution Lab. to prioritize reviewing data that falls within the scope of the investigation. Integrated process and data management to support litigation support workflow is handled with the Lit i View series* of systems and software developed for the legal tech field. The lab can leverage the strengths of this in-house technology to customize and fine-tune its services and also respond rapidly if problems occur.

- **Performing data and log analysis based on cutting-edge technology**

Using state-of-the-art tools developed both in-house and externally, the lab performs data salvaging, restoration of damaged data, and tracing and checking of various logs at its facility, then reports the findings. It also performs information aggregation, technology sharing, and other tasks.

- **Capacity to handle international cases**

For international cases, the lab is able to liaise with the parties required to conduct an investigation by leveraging various professional networks, including ten FRONTEO offices in the United States and other overseas locations. In terms of language, KIBIT can handle English, Japanese, Chinese, and Korean, and for a given case, services can be provided by staff who are native speakers of the relevant language.

The LegalTech Solution Lab. also ensures that companies' confidential information and important data are thoroughly protected by means of ISMS-compliant data protection, data management, and access control.



Since its founding, FRONTEO has been engaged in the legal tech business with the aim of minimizing situations that pose a risk to companies' survival due to external or internal threats. By operating the LegalTech Solution Lab., it will further enhance its quality, functions, and response capabilities and deliver effective support to companies for the rapid resolution of problems, implementation of investigations at an optimal cost, and handling of international legal cases, which is challenging for many Japanese enterprises.

***About the Lit i View series**

Systems and software for use in the legal tech field (e-discovery, forensics, etc.), equipped with KIBIT developed independently by FRONTEO.

eDiscovery support system	Lit i View E-DISCOVERY
Multiple case data management system	Lit i View BIG DATA CASE MANAGER
Digital forensics software	Lit i View XAMINER

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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