

September 19, 2018

FRONTEO is entrusted to conduct an empirical research project using artificial intelligence for the public offering business of the Japan Patent Office following on from fiscal last year

TOKYO, September 19, 2018—FRONTEO, Inc. (“FRONTEO”) (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence (“AI”) based big data analysis services, announced that it has been commissioned by the Japan Patent Office (JPO) to carry out the “Fiscal 2018 empirical research project to enhance and improve the efficiency of operations for checking unclear products and services by utilizing artificial intelligence (AI)” (“the Project”), following on from Fiscal 2017. FRONTEO plans to commence the Project following the conclusion of the outsourcing agreement in September.

The Project relates to trademark registration applications, which have shown a marked tendency for increase at the JPO year over year. The Project is the continuation of an empirical research project from last fiscal year regarding the possibility of using AI to enhance and improve the efficiency of work relating to unclear products and services. In the examination of trademark applications, checks are conducted to determine whether the designated products/services are classified appropriately and whether the descriptions are clear to clarify the scope of trademark rights. Then, search keys used in the investigation of earlier trademarks (“similar group codes”) are assigned to each designated good and service. If the names of products/services do not exist in the existing database and the similar group codes used in the investigation of earlier trademarks cannot be automatically assigned, the examiners confirm each case individually, which takes considerable time and entails manual work. Moreover, a great deal of time is required for other work relating to designated products and services, such as the verification of the details of documents that are submitted by applicants.

Although the Fiscal 2017 empirical research project included aspects that suggested that AI could be used with a certain degree of precision as an examination support tool, such as by increasing the assignment rate and shortening the work time, it confirmed that there were also issues for actual use. This time, the Project, adopted on September 7 following examination by a selection committee composed of external experts, will continue to verify the possibility of further increases in precision considering the results of last fiscal year’s empirical research. In particular, regarding the checking of unclear products and services and verification of the presence or absence of changes to outlines, we will further clarify the scope of use of AI technology, etc. as an examination support tool based on the process of examining products and services and the characteristics of descriptions in applications, and will also conduct trials by trademark examiners, etc. This way, we aim to verify the possibility of enhancing and improving the efficiency of examination from the viewpoint of examination practice. As indicated in the outline of the public offering for planning proposals for the Project, the scale of the project is less than ¥50 million (including general and administrative expenses, consumption tax, and other taxes).



From next year on, we will aim to maximize the results of the Project so that we can contribute to enhancements and improved efficiency of patent administration work through natural language processing technology based on our KIBIT AI.

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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