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FRONTEO's AI-based Patent Search and Analysis System "Patent Explorer" Has Been Adopted by Over 50 Companies

Driven by Increased Demand for More Efficient Patent Analysis, the Number of User Companies Has Increased by 2.5 Times in One Year

A Wide Range of Industries Is Getting Interested in the System and More Latent Needs Have Been Identified

TOKYO, December 13, 2018 – FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence ("AI") based big data analysis services, announced today that the cumulative total number of companies using Patent Explorer, a patent search and analysis system equipped with FRONTEO's independently developed AI engine KIBIT has exceeded 50 companies.

Patent Explorer is a machine learning-based AI system that enables companies to substantially improve efficiency by taking over the tasks of screening and formulating search expression. Those tasks represent the largest workload in patent search and analysis activities such as research into prior patents, research on documents that will invalidate patents, and research to prevent patent infringement.

Since its launch in October 2015, Patent Explorer's functions have been enhanced with the addition of a patent database, encryption, and other features. The latest version, Patent Explorer 19, released on November 5, 2018, offers improved user-friendliness and new functions requested by many users, adding functions such as automatic configuration of training data, faster analytical processing due to installation of the KIBIT G2 AI engine, and the possibility of linking to key external patent search databases.

By September 2017, almost two years after Patent Explorer's first launch, more than 20 companies had adopted the system. It is now being adopted by companies in a wide range of fields, including manufacturers of chemicals, materials, machinery, and food and beverages.

In little over a year, the number of user companies has increased by 2.5 times, reaching 50. This is mainly attributed to the increasing consciousness and circumstance that actively promotes the use of AI systems for patent search tasks, with services leveraging AI being launched in a wide range of business fields. Patent Explorer's adoption is also driven by the fact that FRONTEO has worked with user companies to validate its effectiveness, accumulated expertise in system installation and operation, and obtained customers' understanding by clearly communicating to them the benefits of introducing the system.

Going forward, FRONTEO aims to further expand the number of Patent Explorer user companies through practical measures such as its entry plan, launched in November 2018 for customers with only a few user accounts, and hands-on seminars that help reduce the time from trial to full-scale implementation.

FRONTEO will continue striving to offer Patent Explorer to more companies as a highly precise



and comprehensive strategic IP support system that facilitates the commercialization and operationalization of intellectual property, which is an essential strategy for improving corporate value, and enables patent analysis tasks to be performed more efficiently.

Endorsement from Toyota Technical Development Corp., a Patent Explorer user company

“Patent Explorer has been used more within our company and we have been able to reduce the number of hours spent on related tasks.

In the future, we expect it to further increase our operational efficiency due to improvements resulting from the automatic configuration of training data and enhanced links with third-party search databases and the globalization of data due to enhanced collection by Europe, China, and the World Intellectual Property Organization (WIPO).”

About Patent Explorer

Patent Explorer enables scoring (assigning points to) the data in a short period of time and sorting of documents by teaching the KIBIT AI engine the content of the documents you wish to find (e.g., invention proposals, patent documents you wish to invalidate) as “training data,” analyzing vast amounts of data based on a small amount of training data.

For more details about the system and the main companies using it, go to:

<http://www.kibit-platform.com/products/patent-explorer/>

(Japanese Only)

For more about the latest version of the system, Patent Explorer 19, go to:

<http://www.fronteo.com/corporate/news/uploadfile/docs/20181105-2.pdf>

(Japanese Only)

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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