

Financial Results for the Fiscal Year Ended March 31, 2025

FRONTEO, Inc. (TSE 2158)



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FY2024: Financial Highlights

- Upward FY 24 consolidated operating income forecast twice in FY24; operating income settled at **527 million (M) yen**, a significant improvement of 712 million yen over the operating loss in the previous fiscal year.
- Segment income in the AI Solution segment exceeded the LegalTech AI segment; **business transformation progressing smoothly**.
- **Continue to invest in the AI Solution segment** as a growth business (Life Science AI field, in particular).

Overall	AI Solution Segment	LegalTech AI Segment
Consolidated Revenue 6,099 M yen (YoY: ▲17.3%)	Revenue 2,607 M yen (YoY: ▲6.8%)	Revenue 3,491 M yen (YoY: ▲23.7%)
Consolidated Operating Income 527 M yen (YoY: +712 M yen)	Operating Income 277 M yen (YoY: +71.2%)	Operating Income 249 M yen (YoY: +597 M yen)

*Excluding special revenue factors ⁽¹⁾
revenue grew 26% YoY.

(1) Business Intelligence Field One-off lump sum revenue from license purchases by a large client and Partial lump sum payment in Life Science AI Field AI medical devices.

FY2024: Consolidated Performances

- Consolidated operating income rose significantly with growth in recurring revenue and effect of optimizing selling, general and administrative expenses.
- Steady profit generation translated into an equity ratio of 45.9%.

Consolidated P/L

	(¥M)	FY23	FY24	YoY	
				Change	Change(%)
Revenue		7,375	6,099	▲ 1,275	▲ 17.3%
(AI Solution Segment)		2,797	2,607	▲ 189	▲ 6.8%
(LegalTech AI Segment)		4,577	3,491	▲ 1,085	▲ 23.7%
Cost of Sales		3,650	2,646	▲ 1,003	▲ 27.5%
Gross Profit		3,725	3,452	▲ 272	▲ 7.3%
SG&A Expenses		3,910	2,925	▲ 985	▲ 25.2%
Operating Income		▲ 185	527	712	-
(AI Solution Segment)		162	277	115	+71.2%
(LegalTech AI Segment)		▲ 347	249	597	-
Ordinary Income		▲ 168	543	711	-
Net Income		▲ 2,843	555	3,398	-

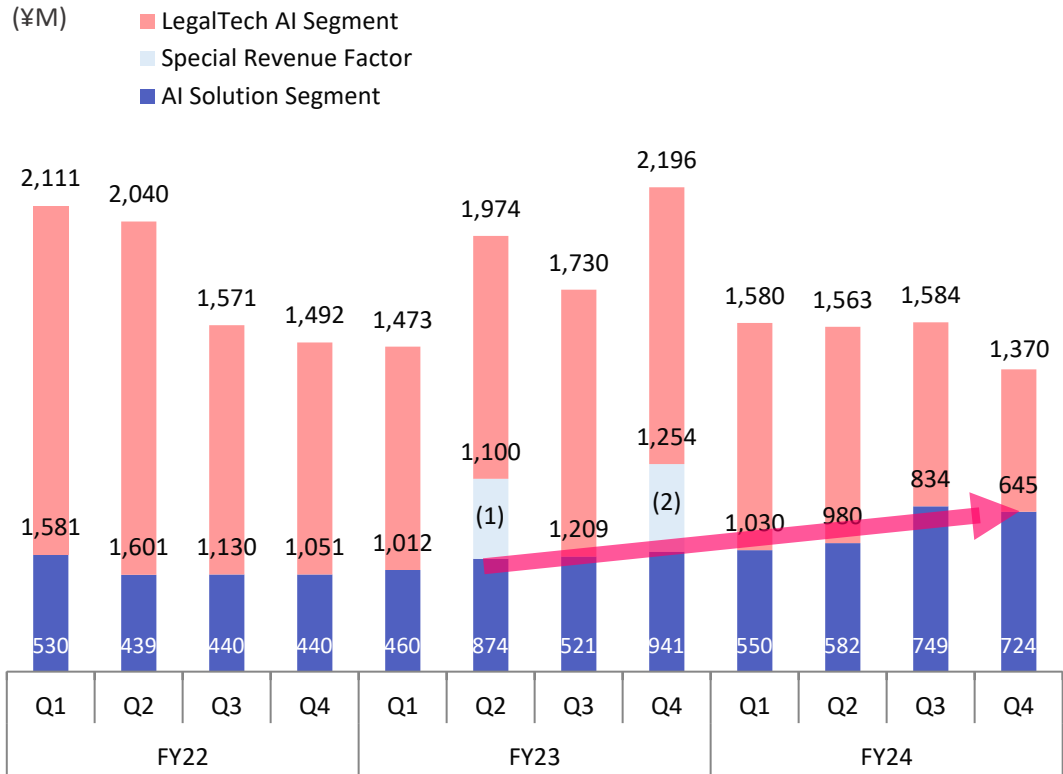
Consolidated B/S

	(¥M)	FY23	FY24	vs FY23	
				Change	Change(%)
Assets					
Current Assets		4,964	4,003	▲ 961	▲ 19.4%
Cash and Cash Equivalents		3,043	2,598	▲ 444	▲ 14.6%
Accounts Receivable and Contract Assets		1,570	1,025	▲ 544	▲ 34.7%
Allowance for Doubtful Accounts		▲ 36	▲ 5	31	-
Other Current Assets		387	383	▲ 3	▲ 1.0%
Tangible Assets		321	299	▲ 22	▲ 6.9%
Intangible Assets		911	824	▲ 87	▲ 9.6%
Software		506	432	▲ 73	▲ 14.6%
Total Investments and other assets		1,324	1,340	15	+1.2%
Total Assets		7,522	6,466	▲ 1,056	▲ 14.0%
Liabilities and Equity					
Current Liabilities		3,422	2,844	▲ 578	▲ 16.9%
Non-current Liabilities		1,260	394	▲ 865	▲ 68.7%
Equity		2,839	3,227	388	+13.7%
Total Liabilities and Equity		7,522	6,466	▲ 1,056	▲ 14.0%

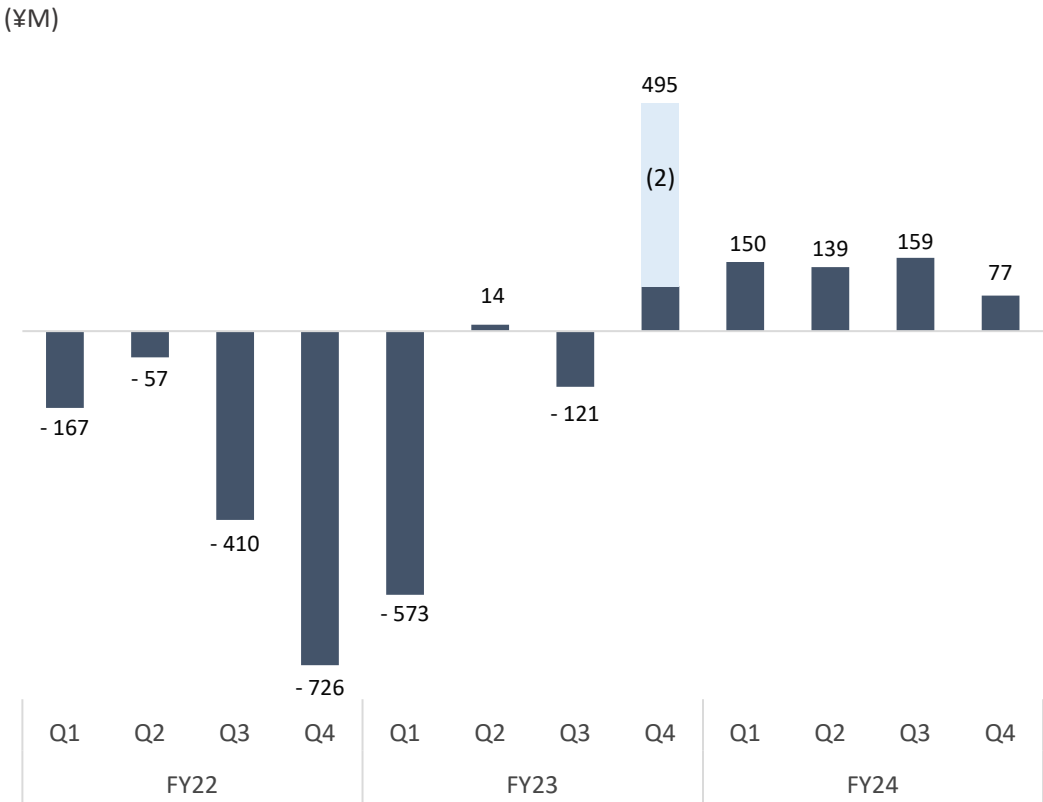
* As a result of a review of revenue categories in FY2024 Q1, part of revenue previously categorized under the AI Solution Segment now falls under Legal Tech AI.

- AI Solution segment revenue surpassed LegalTech AI revenue in Q4 FY24; AI Solution has grown into a key segment.
- Company-wide cost optimization from the previous fiscal year resulted in significant improvement in break-even point for consolidated earnings. Positive operating income was recognized for the first time in three fiscal years.

Revenue



Operating Income



(1) Business Intelligence : Lump sum revenue from initial implementation/ license fees from large scale project (2) Partial lump sum payment in AI medical devices

* As a result of a review of revenue categories in FY2024 Q1, part of revenue previously categorized under the AI Solution Segment now falls under LegalTech AI.

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02 AI Solution Segment

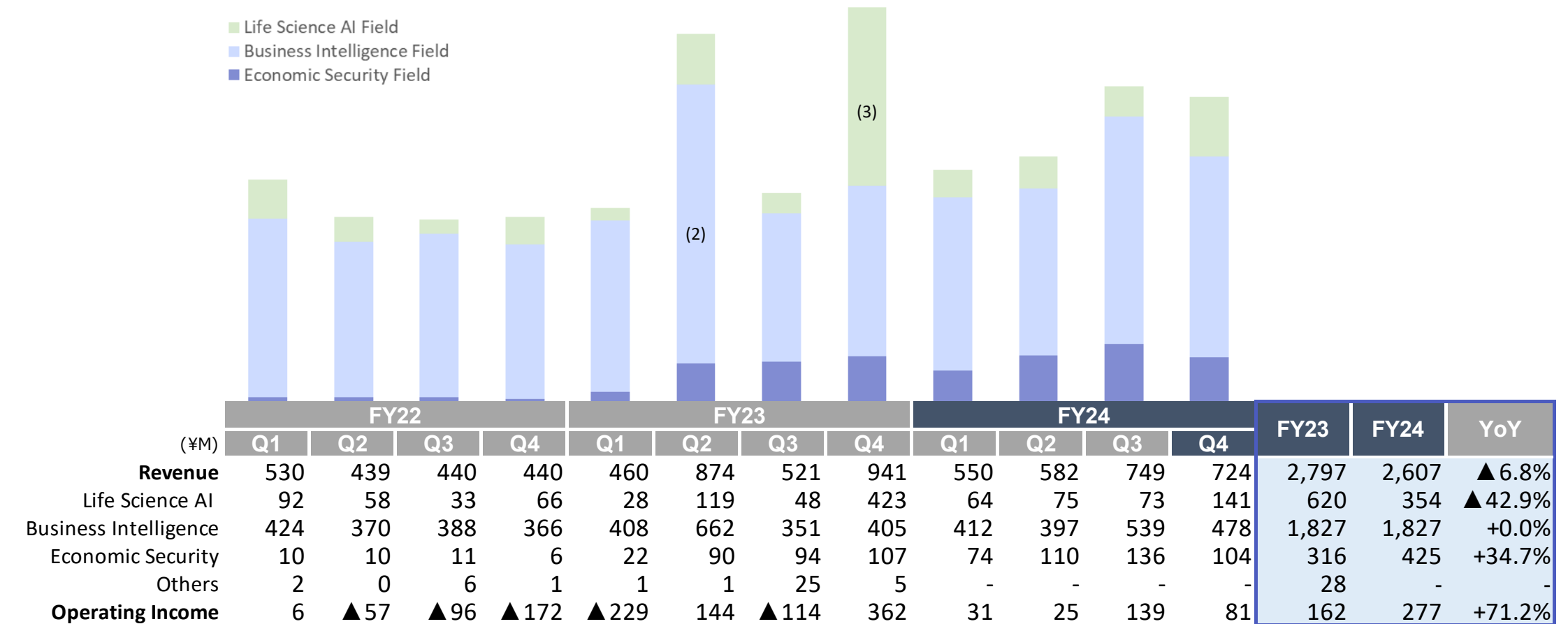
03 LegalTech AI Segment

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AI Solution Segment: Revenue & Operating Income Trend

- Revenue skewed toward the second half, in line with internal plans; **cumulative full-year growth of 26%** (excluding special factors ⁽¹⁾).
- **Operating income increased a significant +71.2%, settling at 277 million yen.**



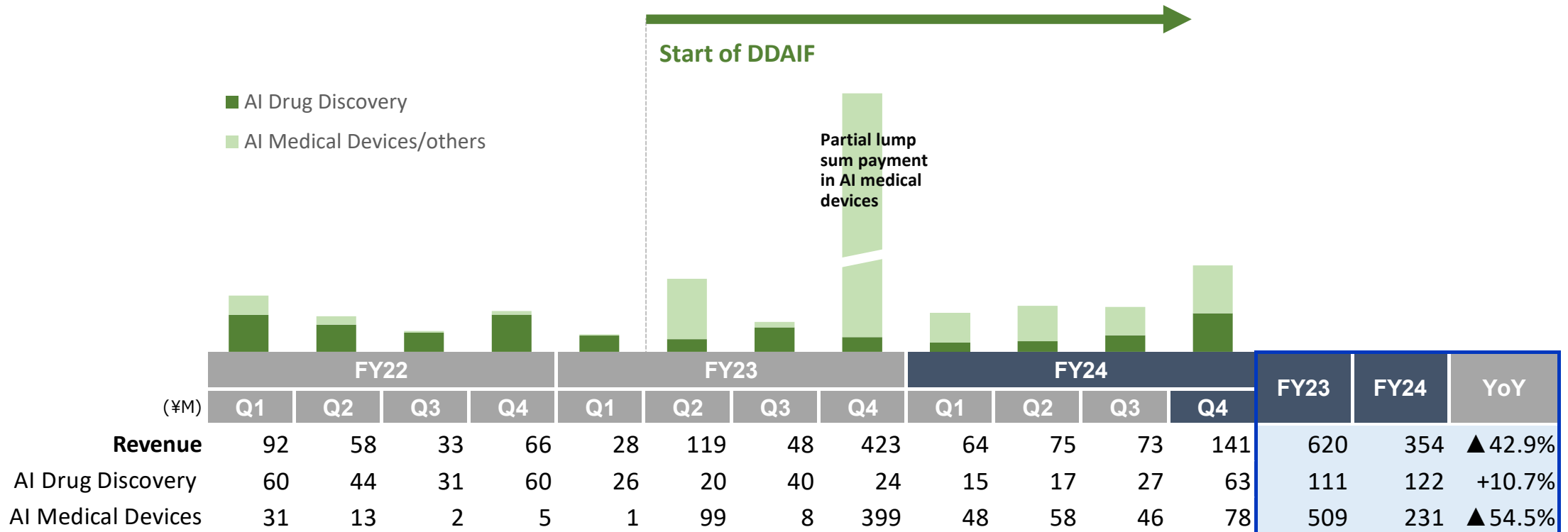
(1) Business Intelligence : Lump sum revenue from initial implementation/ license fees from large scale project and Partial lump sum payment in AI medical devices

(2) Business Intelligence : Lump sum revenue from initial implementation/ license fees from large scale project (3) Partial lump sum payment in AI medical devices

* As a result of a review of revenue categories in FY2024 Q1, part of revenue previously categorized under the AI Solution Segment now falls under Legal Tech AI.

AI Solution Segment: Revenue Trend by Business Field (Life Science AI Field)

- AI Drug Discovery Support Service, Drug Discovery AI Factory (DDAIF), launched 7 Co-Creation projects* with UBE Corporation, Maruishi Pharmaceutical, Eisai, EA Pharma, and Chugai Pharmaceutical, and other major pharmaceutical companies exceeding FY24 KPI (3 Co-Creation projects).
- In AI Medical Devices, cognitive function testing AI programmed medical device (SDS-881), co-developed with Shionogi & Co., Ltd., was selected as a priority review item related to programmed medical devices by Ministry of Health, Labour and Welfare (MHLW) . The submission of a clinical trial notification to PMDA** was completed, made great progress toward approval in FY26.

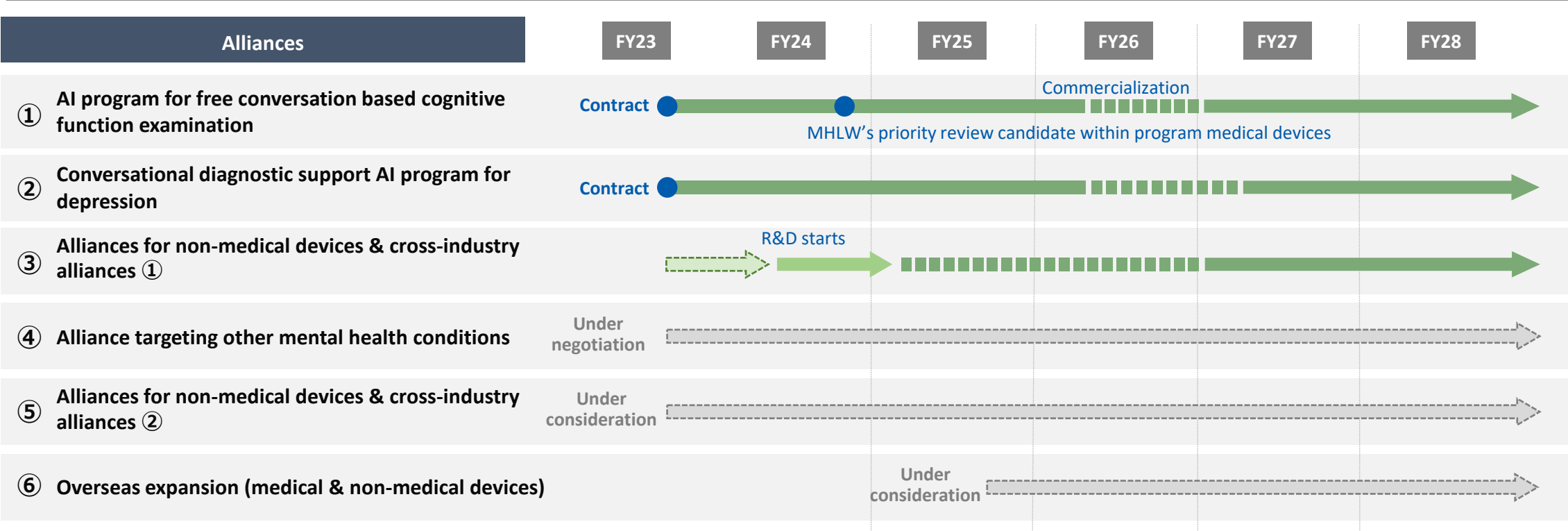


*Co-creation project: Joint efforts by FRONTEO's and pharmaceutical companies' R&D teams to identify new targets, identify indications, biomarkers, etc., and carry out individual R&D at each company.

**Pharmaceuticals and Medical Devices Agency

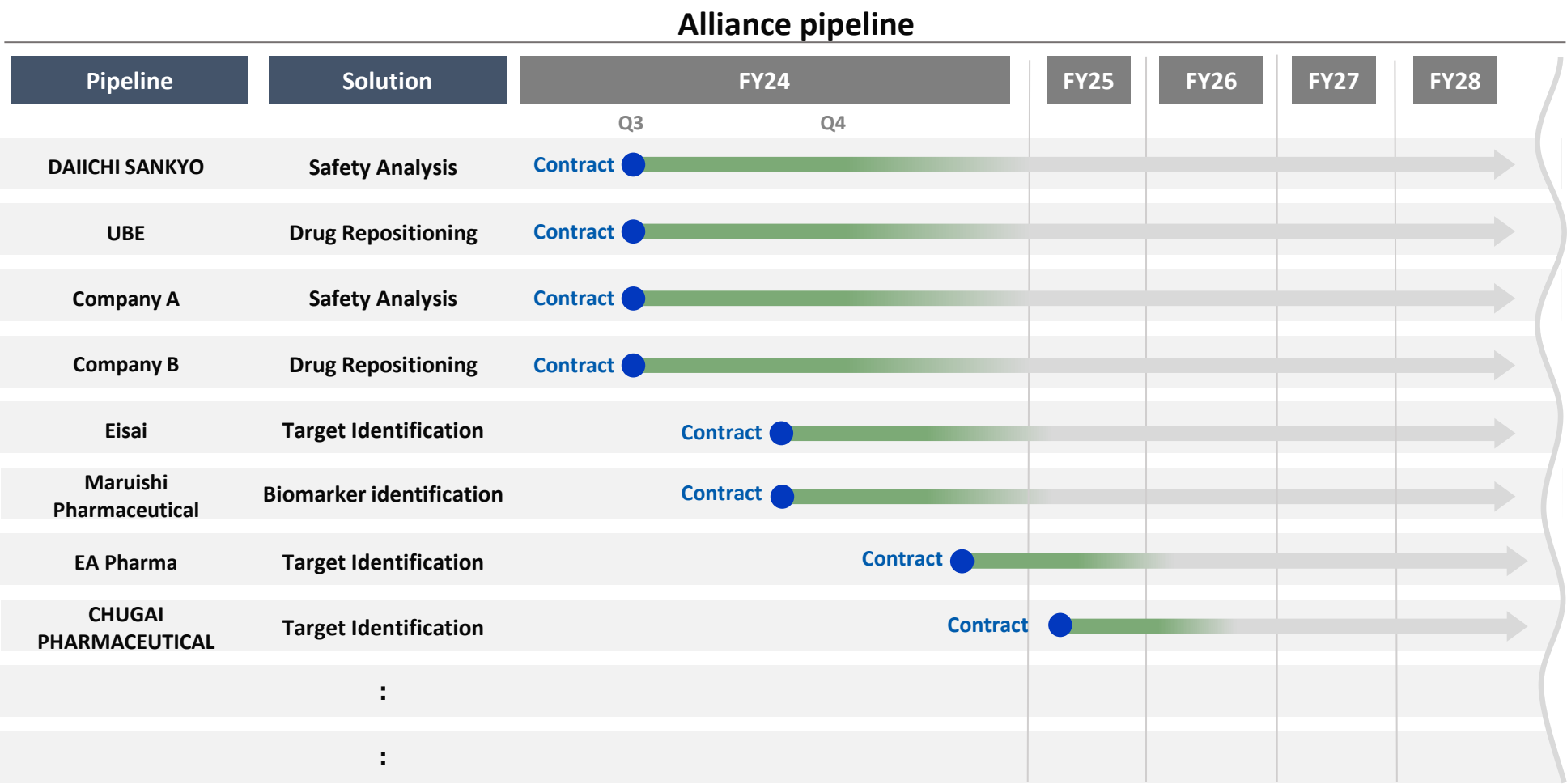
- Submitted the notification of clinical trial plan for a conversational cognitive function testing programmed medical device (SDS-881). Aiming for approval in FY26.
- Under discussion of alliances targeting other diseases and cross-industry alliances in the field of non-medical devices.

Alliance pipeline



Life Science AI Field: AI Drug Discovery Domain: Pipeline

- Start delivering Co-creation projects in Q3; **significantly outperforming** KPI* of three projects (**seven projects already contracted**).
- In progress of negotiating various contracts with several pharma companies.



* KPI for our DDAIF is the number of co-creation projects achieved toward FY28.

Target Identification

Acceleration of First in Class Research and Development Using Drug Discovery AI Factory (DDAIF)



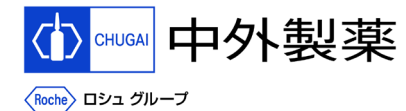
EA Pharma Co., Ltd. (Tokyo; Hidenori Yabune, president and CEO) and FRONTEO, Inc. (Tokyo; Masahiro Morimoto, president and CEO) today announced the launch of a collaborative project aimed at target identification based on drug discovery utilizing AI technology.

EA Pharma possesses expertise in gastrointestinal diseases, a patient-centric drug discovery approach, and advanced research and development capabilities through collaboration with academia. FRONTEO offers an AI-driven drug discovery support service called Drug Discovery AI Factory (DDAIF), operated by a research team with expertise in drug discovery and AI. FRONTEO also excels in the identification of novel targets and hypothesis generation. The two companies will combine their respective expertise and technologies under this new project to enhance the efficiency and success rate of drug discovery and create innovative first in class medicines.

(Press release issued on May 12, 2025)

Target Identification

Accelerating First in Class/Best in Class Research and Development Using Proprietary Technology to Systematically Discover Unknown Correlations Between Diseases and Molecules From information in Known Literature



FRONTEO, Inc. (Tokyo; Masahiro Morimoto, president and CEO) today announced the launch of a collaborative project with Chugai Pharmaceutical Co., Ltd. (Tokyo; Osamu Okuda, president and CEO). The goal of this new project is the target identification and combinatorial exploration for drug discovery utilizing AI technology.

The diversification and complexity of target diseases has made it increasingly difficult to identify novel target molecules for drug discovery under traditional research methods. The disconnect between AI-drive “dry” research (data analysis) and “wet” research (biological validation) using cells or animals has been a barrier to improving the speed and success rate of research and development. This new project will combine the FRONTEO AI-drive drug discovery support service, Drug Discovery AI Factory (DDAIF), which specializes in hypothesis generation, with the Chugai Pharmaceutical treasury trove of accumulated drug discovery expertise to accelerate the first in class/best in class research and development.

(Press release issued on May 15, 2025)

Joint Research

FRONTEO and Kumamoto University Launch Joint Research to Discover New Cancer Treatments Using Drug Discovery AI Factory



FRONTEO Inc. (Headquarters: Minato-ku, Tokyo; President and CEO: Masahiro Morimoto; hereinafter referred to as FRONTEO) and the Department of Digestive Surgery, Graduate School of Life Sciences, Kumamoto University (Location: Kumamoto City; hereinafter referred to as Kumamoto University) are pleased to announce that they will begin joint research on April 2025, 4 to discover new cancer treatments in the field of life science AI (AI drug discovery).

In this research, FRONTEO will utilize the unique analysis methods of its AI drug discovery support service "FRONTEO Drug Discovery AI Factory" (DDAIF), which utilizes its in-house developed specialized AI "KIBIT," to extract existing drugs that are effective in treating specific types of cancer, and Kumamoto University will verify the hypotheses through cell experiments, animal experiments, and clinical data surveys.

Kumamoto University provides holistic medical care that is considerate of the feelings of patients and values the "feelings of those who are ill." In order to provide the best treatment based on the latest information according to the condition and progression of the disease, the university is actively conducting research that covers everything from basic to clinical studies. This joint research is part of that effort.

FRONTEO will contribute to the development of academic research in the medical and pharmaceutical fields, improving the quality of medical care, and promoting public health through the research, development, and social implementation of innovative AI solutions using KIBIT's natural language processing technology (patented in Japan and the United States).

(Press release issued on May 8, 2025)

Joint Research

FRONTEO and Institute of Science Tokyo Launch Joint Research Into New Drug Discovery Targets Using Drug Discovery AI Factory



FRONTEO Co., Ltd. (Tokyo; Masahiro Morimoto, president and CEO) today announced a new joint research project with Institute of Science Tokyo. The aim of this new project is to explore new drug targets for multiple target diseases using the unique technologies owned by each entity.

This joint research project will make use of FRONTEO's AI KIBIT and Drug Discovery AI Factory (DDAIF), combined with wet verification technology from the Tokyo University of Science. These technologies will help efficiently identify promising targets in disease areas of high unmet medical needs.

FRONTEO will use DDAIF to generate hypotheses, including the extraction of molecular candidates for drug targets. Meanwhile, Tokyo University of Science will conduct in vitro efficacy verification and analyze the mechanism of drug efficacy using PLOM-CON. Any inventions resulting from this joint research will be subject to discussions between the parties, with FRONTEO considering the acquisition of all or part of the resulting intellectual property rights.

(Press release issued on May 13, 2025)

Co-Creation Partner

FRONTEO and TechnoPro R&D Company enter into business partnership agreement regarding research and development solutions for drug discovery



FRONTEO Inc. (Head office: Minato-ku, Tokyo; CEO: Masahiro Morimoto; hereinafter referred to as FRONTEO) and TechnoPro R&D Company, an in-house company of TechnoPro Inc. (Head office: Minato-ku, Tokyo; CEO: Masami Hayafune; hereinafter referred to as TechnoPro R&D), are pleased to announce that we have signed a strategic business collaboration agreement regarding research and development solutions in drug discovery. Through collaboration in the fields of target molecule identification, hypothesis generation, wet experiments, and virtual screening of drug discovery candidate compounds, the two companies will contribute to improving the success rate and speed of drug development for pharmaceutical companies and other clients.

FRONTEO and TechnoPro R&D will combine their accumulated knowledge of drug discovery and proprietary technologies to improve the success rate of their clients' pharmaceutical research and development and contribute to people's health.

(Press release issued on February 20, 2025)

Entry Into the U.S. Market

FRONTEO aims to enter the US market with AI Drug Discovery Support "Drug Discovery AI Factory" - Completes US trademark registration and signs strategic partnership agreement with US consulting firm



FRONTEO Inc. (Headquarters: Minato-ku, Tokyo; President and CEO: Masahiro Morimoto; hereinafter referred to as FRONTEO) is pleased to announce that in preparation for entering the US market, it has completed the trademark registration of its AI drug discovery support service "Drug Discovery AI Factory" (hereinafter referred to as DDAIF) with the US Patent and Trademark Office (USPTO) (US registration number 7665758) and has signed a consulting contract with a US consulting firm regarding strategy building and implementation with the aim of accelerating the expansion of its life science AI business.

■ Overview of US trademark registration

- Trademark name : Drug Discovery AI Factory
- Trademark owner : FRONTEO Co., Ltd.
- US registration number: 7665758
- US registration date: January 2025, 1

Building on its track record in Japan, FRONTEO aims to expand its AI drug discovery and life science AI businesses into the U.S. market, and will continue to contribute to the development of global drug discovery research.

(Press release issued on February 27, 2025)

- Proprietary FRONTEO technology facilitates the propose of novel target molecules and indications. Based on this technology, we provide innovative productivity in drug discovery through an optimal ecosystem tailored to disease areas and modalities. In this way, we shorten development time and address a wide range of diseases, including rare diseases.

Issues With the Traditional Drug Discovery Model

① Integrated R&D Model (Pharma Companies)

Challenges in R&D Cost Increases and Securing Technology, Human Resources

Pharma companies face challenges in R&D costs increase and in securing technology and human resources required for all stages of drug discovery process. These factors present difficulties in the sustained development of new drugs.

Balancing Unmet Needs With Business Viability

Companies sacrifice optimization when they focus on development tailored to their respective capabilities. R&D efficiency suffers, and the tendency is to de-prioritize unmet needs, relatively small market sizes (rare diseases, pediatric diseases, etc.)

② Segmented Horizontal Development Process

R&D Inefficiencies Due to Segmented Development Processes

When each organization focuses solely on their respective areas, it leads lack of cooperations among organization from technical and commercial perspectives and overall optimization of development processes, failing to improve overall R&D productivity.

Longer Development Timeframes

Besides time required to coordinate joint research schemes, the indirect workload of negotiations, assessments, and IP strategy come into play. As a result, development periods tend to be lengthier than the co-creation model.

The FRONTEO Co-Creation Type Drug Discovery Ecosystem Concept

Optimal Co-Creation Framework for Each Area

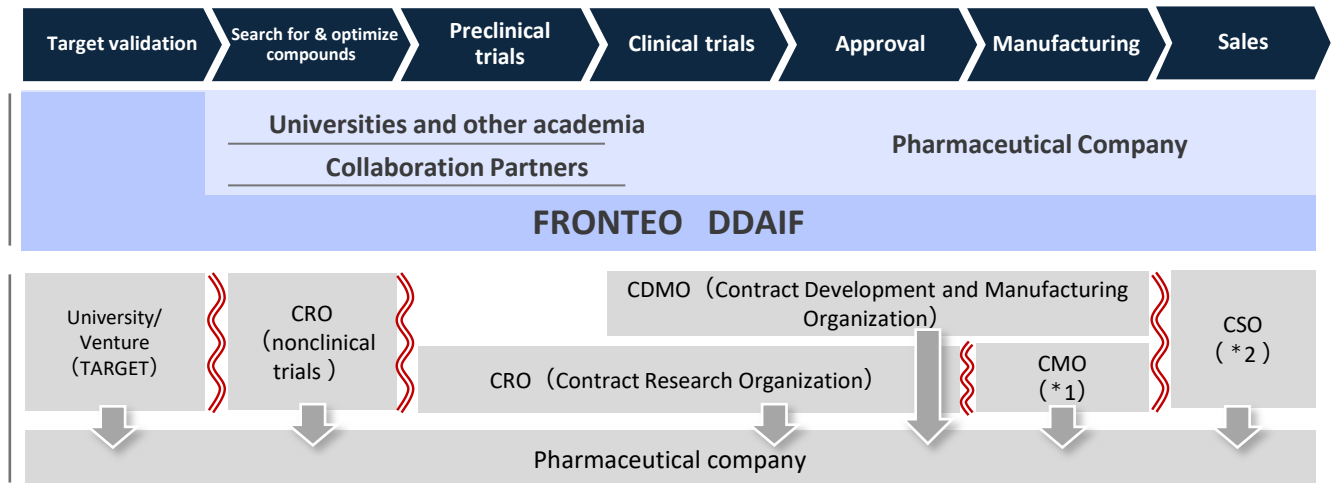
We collaborate with co-creation partners to design optimal systems based on mutual strengths and integrated technologies. We eliminate disconnects in each process, providing low-cost, short-term drug discovery activities.

Resource Concentration and Minimizing Failure Cost

FRONTEO provides hypotheses and a wealth of new targets and indications. Focusing on projects with high probability of success

Parallel Development of Targets and Indications

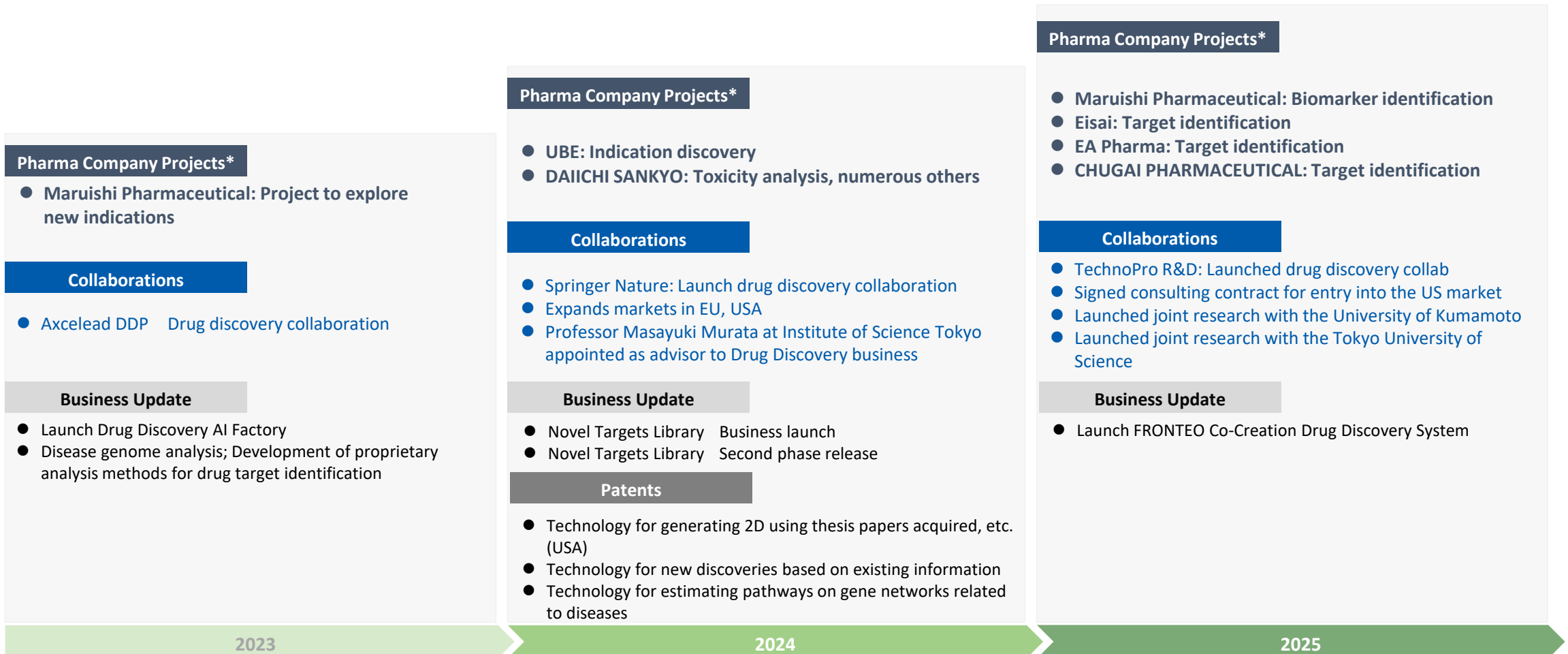
Performing target exploration and indication exploration in parallel increases the probability of success and enhanced asset value.



*1 : Contract Manufacturing Organization *2 : Contract Sales Organization

AI Drug Discovery: Development of Drug Discovery AI Factory (DDAIF)

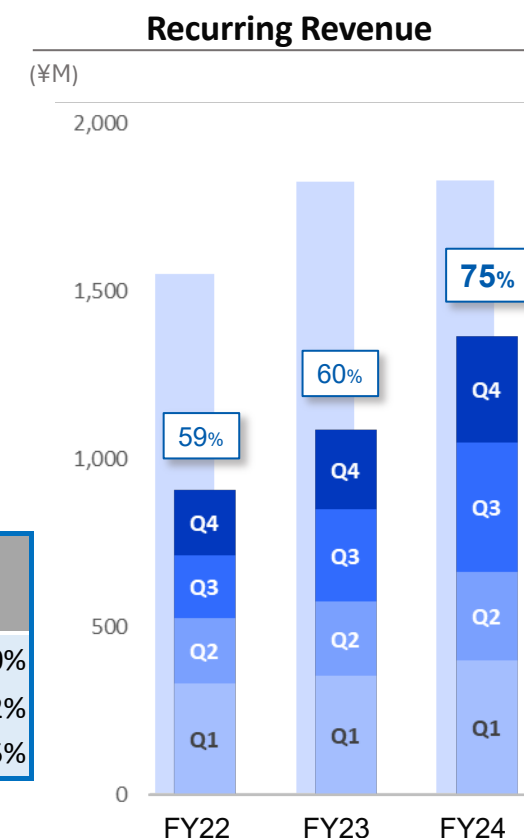
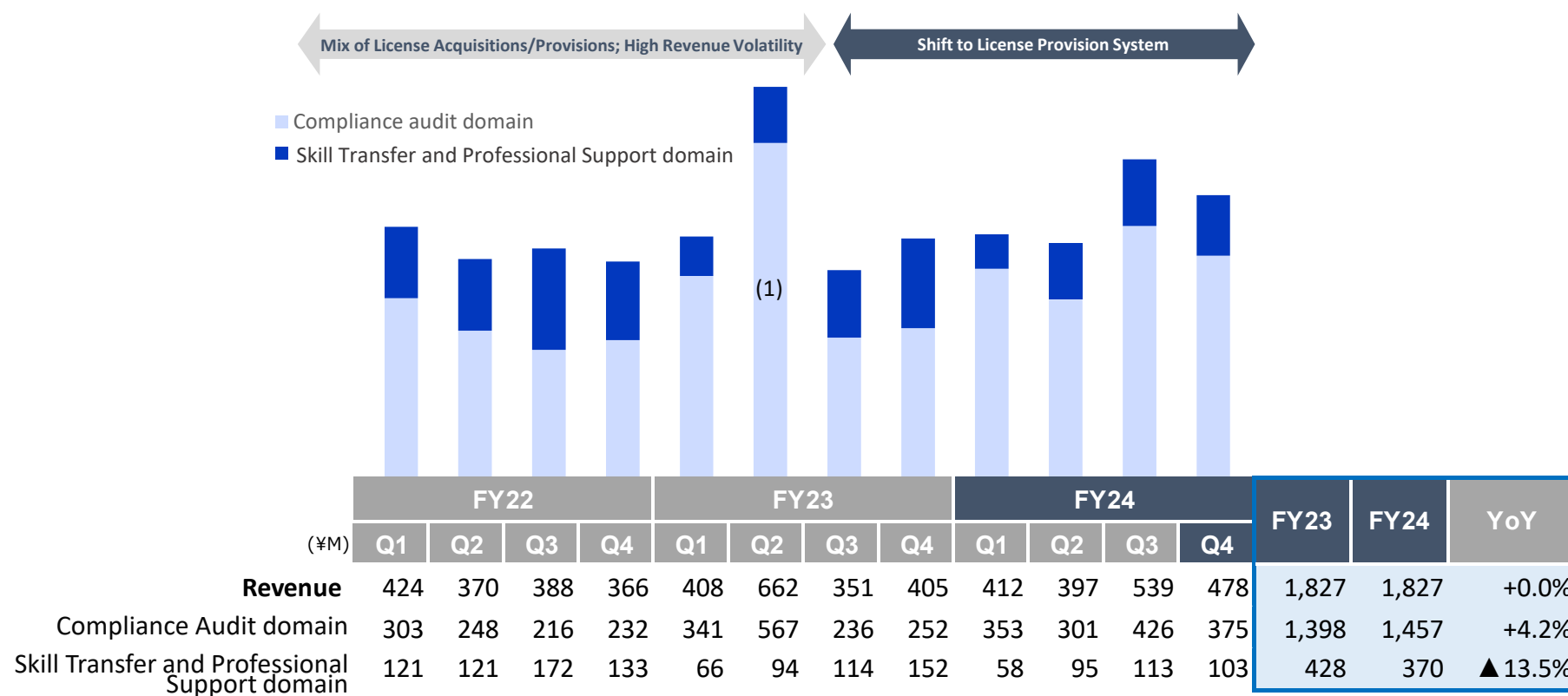
- Since our launch of DDAIF in July 2023, we have established a reputation for the performance of patent-backed technologies in POC, leading to co-creation projects with pharmaceutical companies.
- In FY25, we plan to launch the FRONTEO Co-Creation Drug Discovery Eco-System Concept around DDAIF; our goal is to create innovative drugs through collaboration with diverse partners.



* Listing only publicly announced projects

AI Solution Segment: Business Intelligence Field – Revenue by Sector and Recurring Revenue

- Revenue rose a significant +19% (excluding special factors⁽¹⁾), leading to higher profit. Recurring revenue increased steadily, exceeding 75%.
- In Compliance Audit domain, Firm demand for KIBIT Eye fraud detection system mainly from financial institutions (adoption rate is finally 80% among the big five securities firms). Strategies to deepen applications and expand to other departments among existing clients worked effectively.
- Skill Transfer and Professional Support domain enjoys a solid track record of AI search and value creation using internal document data in the construction and manufacturing industries through POC and data analysis. Expect this field to grow in FY25 and beyond.



(1) Lump sum revenue from initial implementation/ license fees from large scale project (BI Field)

* As a result of a review of revenue categories in Q1, FY24, part of revenue previously categorized under the AI Solution Segment now falls under LegalTech AI.

Case Study

FRONTEO begins offering "KIBIT Eye" an AI solution that predicts fraud risks, to MUFG bank



FRONTEO Inc. (Headquarters: Minato-ku, Tokyo; President and CEO: Masahiro Morimoto; hereinafter, FRONTEO) is pleased to announce that MUFG Bank, Ltd. (hereinafter, MUFG Bank) has introduced "KIBIT Eye," an AI solution developed by FRONTEO that predicts fraud risks, in order to further strengthen its compliance system and achieve customer-oriented management.

In recent years, the environment surrounding the financial industry has been changing rapidly, and financial institutions are being asked to ensure greater transparency and proper business operations. In particular, thorough customer protection, prevention of internal fraud, strengthening anti-cartel measures, and cybersecurity measures in line with the advancement of digitalization are being considered important social and industry issues.

MUFG Bank is working to strengthen its systems to support sustainable development, without being obsessed with short-term profits, in order to further solidify the trust it has built up over the years and to thoroughly implement customer-oriented management. As part of this, the bank is promoting compliance with high compliance standards and has introduced "KIBIT Eye" to improve transparency and provide further peace of mind.

FRONTEO will support MUFG Bank in strengthening compliance through "KIBIT Eye."

(Press release issued on March 25, 2025)

Case Study

Mizuho Securities to Implement AI Solution "KIBIT Eye"



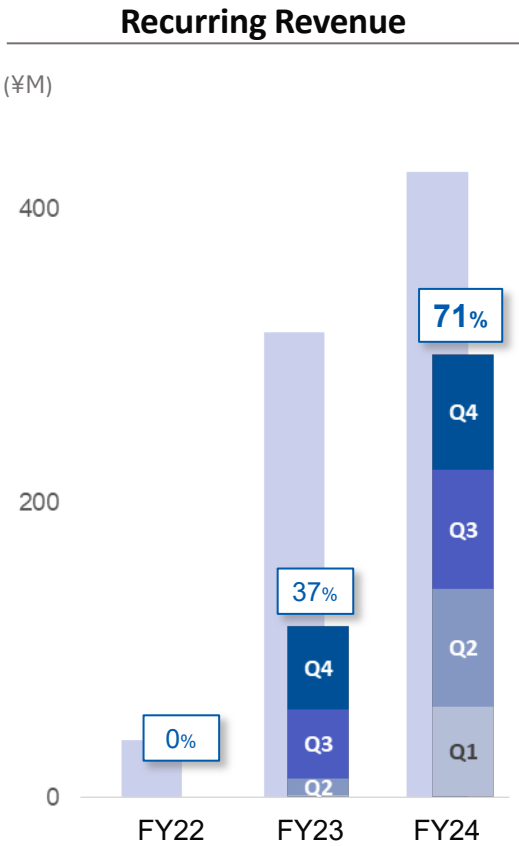
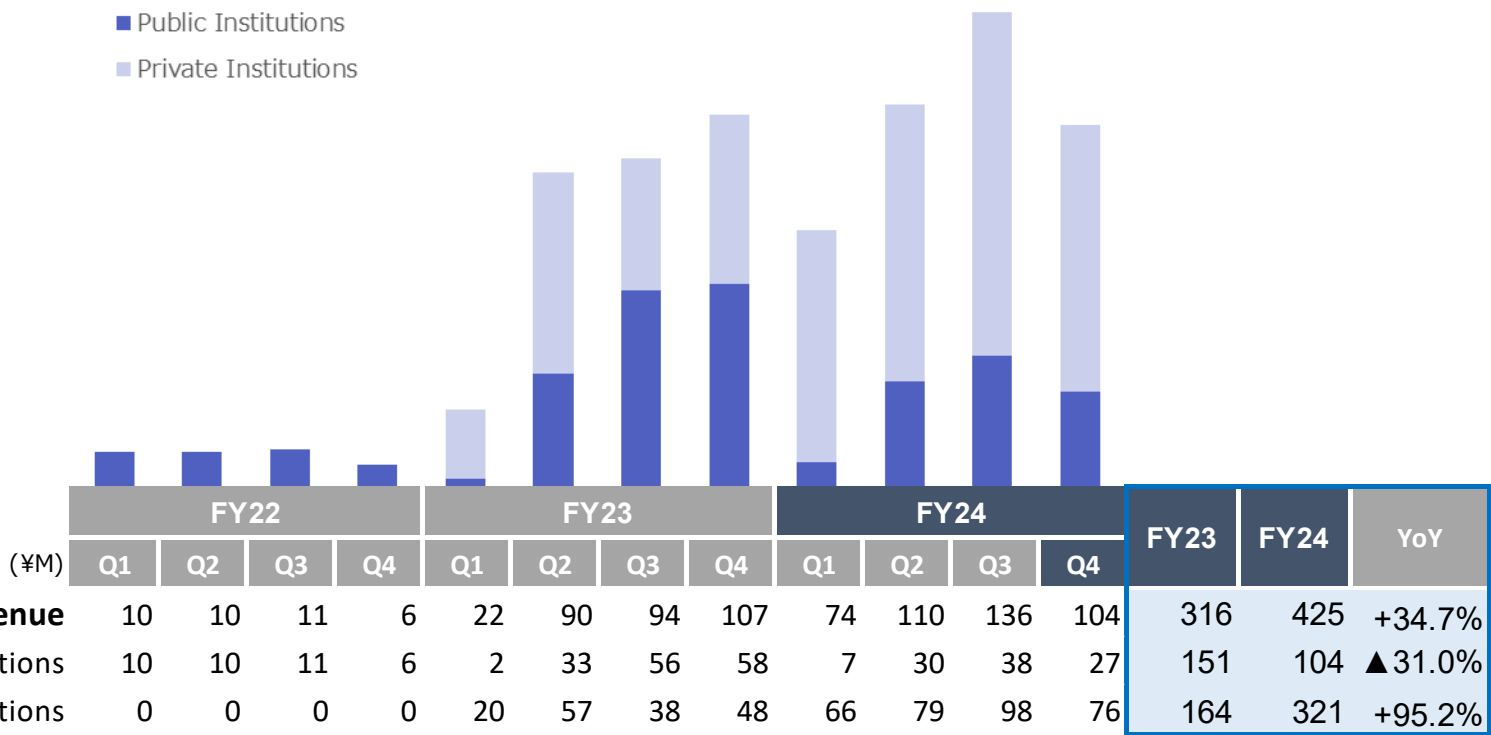
FRONTEO Co., Ltd. (Tokyo; Masahiro Morimoto, president and CEO) today announced that Mizuho Securities Co., Ltd. (Tokyo; Yoshiro Hamamoto, president and CEO) will begin offering the proprietary FRONTEO AI solution, KIBIT Eye. Financial institutions are under increased pressure to provide customer-centric services and appropriate business operations. Mizuho Securities is adopting a greater customer-focused in response, and offering KIBIT Eye will be a centerpiece of these efforts. Using KIBIT Eye, the securities firm will gain a deeper understanding of the services that customers truly desire by analyzing and verifying text data from voice calls in detail. FRONTEO will support Mizuho Securities in their customer-centric business operations from a compliance perspective, leveraging the technology offered through KIBIT Eye.

KIBIT Eye features an AI engine performing natural language processing at low loads and high speeds through a proprietary algorithm. Customers have praised KIBIT Eye for accuracy and the application's contribution to corporate reliability and operational efficiency.

FRONTEO will continue to develop and provide AI-driven solutions to support compliance at Mizuho Securities, as well as the business growth of companies across a wide range of industries, including financial institutions and businesses in the life sciences sector.

(Press release issued on May 14, 2025)

- Revenue grew a strong +34.7%. Recurring revenue rose steadily, surpassing 70%.
- Responding to growing demand for economic security compliance, FRONTEO added new functionality and more comprehensive data to KIBIT Seizu Analysis, our economic security AI solution. We now offer even more accurate solutions to our clients, **doubled year-on-year increase** in private-sector.



01 Financial Highlights

02 AI Solution Segment

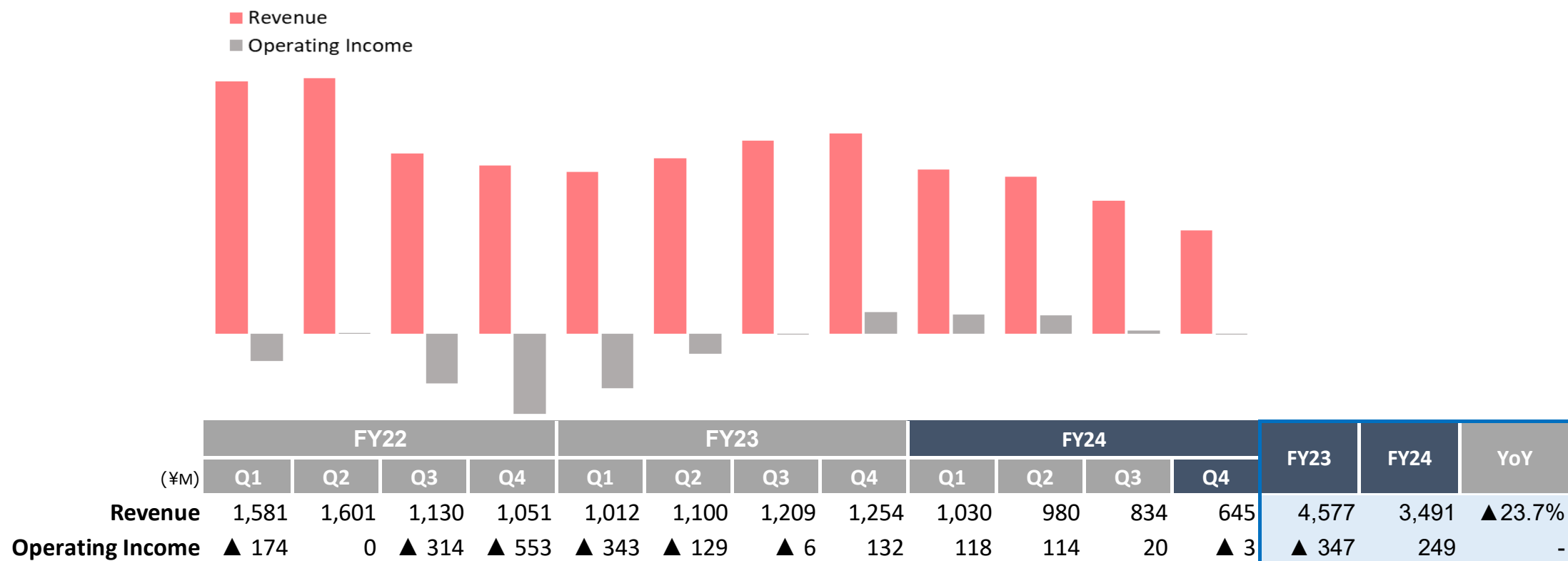
03 LegalTech AI Segment

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LegalTech AI Segment: Revenue and Operating Income

- Revenue decreased 23.7% in FY24; however, operating income rose 597 million yen in response to cost structure optimization, resulting in a full-year profit of 249 million yen.
- Revenue decreased with the withdrawal from the eDiscovery business at our U.S. subsidiary in Q4. While withdrawal expenses in US subsidiary caused overall net loss in Q4, performance in Japan was firm, driven mainly by our forensic business and growing demand in investigation including investigation by third-party committees and others.
- We continue to expand business offerings in Japan with PFI certification for credit card information leakage investigation. PFI is an international investigation agency in the credit card field.



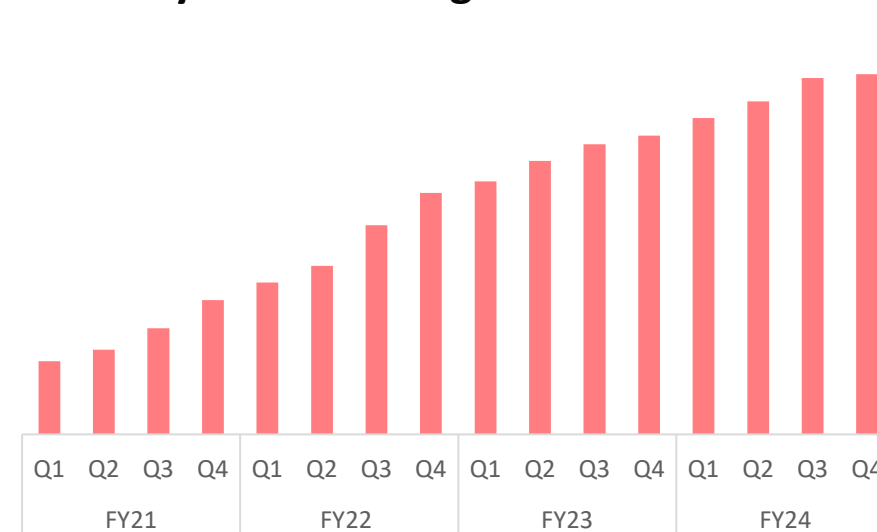
* As a result of a review of revenue categories in Q1 FY24 Q1, part of revenue previously categorized under the AI Solution Segment now falls under LegalTech AI

- FLLP is a unique platform that connects legal experts in Japan and overseas with corporate legal, intellectual property, administrative, and information systems departments responsible for emergency response. Together with marketing initiatives utilizing FLLP, we are also responding to an increase in demand for AI-powered spot fraud audits (email and chat audits) during regular operations. As a result, our LegalTech AI business in Japan is experiencing firm performance.
- In conjunction with an increase in registered users, we are developing positive relationships with lawyers who present on FLLP, resulting in reduced quarter-to-quarter revenue volatility.
- We surpassed 20,000 FLLP registered users in April 2025.

No. of FLLP Registered Users: 19,873 *



No. of Lawyers Presenting on FLLP: 370 *



* As of 3/31/2025

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Complete Acquisition of Alnetz, Inc.

- On April 30, 2025, FRONTEO acquired all shares of Alnetz, Inc., making Alnetz a wholly owned subsidiary.
- The increasing costs of migrating to next-generation enterprise systems has become a major challenge for Japan's manufacturing industry. Alnetz meets the challenge through solutions that leverage the Siemens Mendix* platform to optimize enterprise systems and reduce costs.
- We intend to integrate Alnetz solutions with our Takumi KIBIT Zero solution for manufacturers. In this way, FRONTEO will create added value and expand our offerings in the manufacturing DX solutions space.



A L N E T Z

Strong complementary relationships among solutions, manufacturing industry client List (no cannibalization), and engineer skill mapping

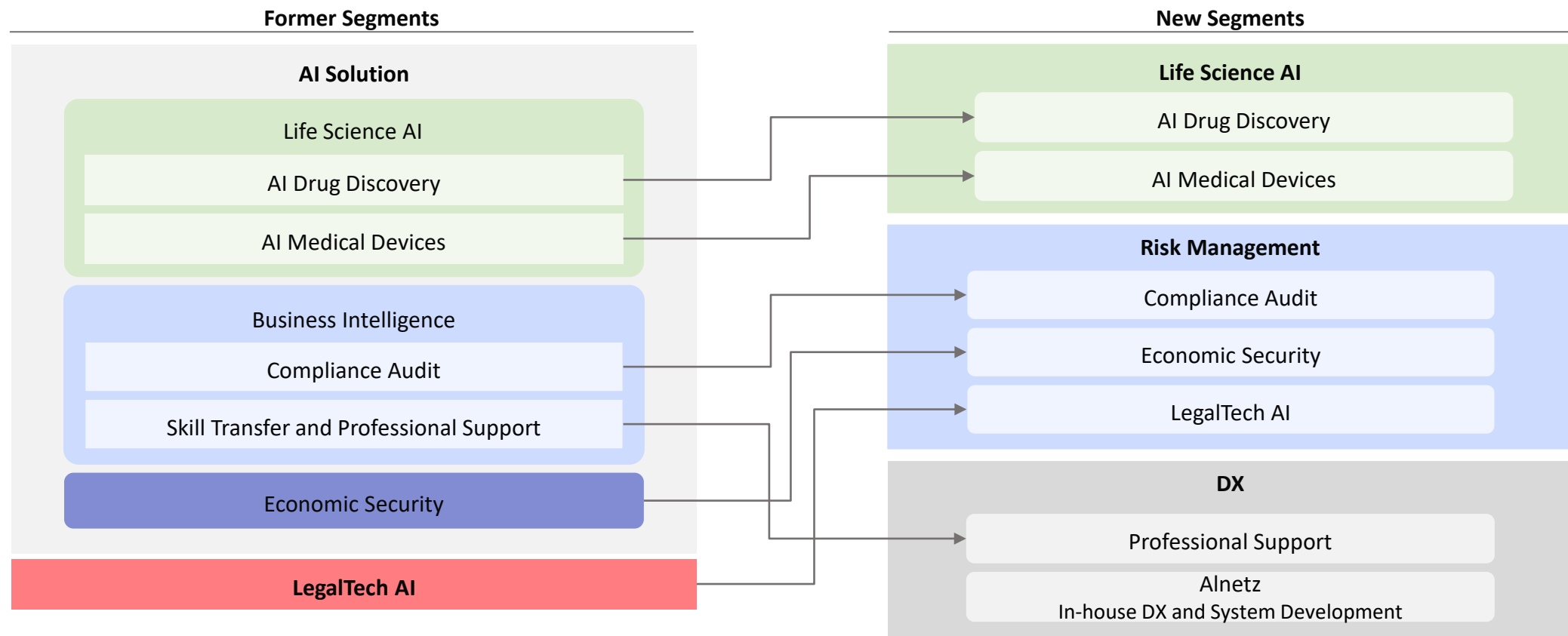
Main Synergies

- **Accelerate solutions for comprehensive DX issues in the manufacturing industry and expand sales channels by combining our value extraction technology based on data from Takumi KIBIT Zero and Alnetz's Mendix, data management modernization technology.**
- **Strengthen engineering capabilities by integrating engineers and proprietary technologies. Improve the value of each individual engineer to offer better value propositions.**

*Mendix: A highly productive low-code platform to develop large-scale web and mobile applications, including integration with PLM/ERP systems. Also facilitates continuous improvement.

Change in Segments

- Effective FY25, reorganized new reporting segment is Life Science AI, Risk Management and DX segment.
- The Risk Management segment strengthen coordination between services and solutions to create a system that responds comprehensively to risks faced by clients during both normal and emergency situations.
- The DX segment will offer DX solutions mainly for the manufacturing industry. Integrating Professional Support business of FRONTEO and Alnetz (acquired in April 2025) will build a foundation for the DX segment and create synergies.



FY2025: Earnings Forecast

- FY25 guidance is to grow revenue by double digits with the Alnetz acquisition. No synergies from the acquisition is incorporated in the forecast.
- The Life Science AI segment should see transformational growth through Co-Creation projects in AI Drug Discovery. Building Co-Creation Type Drug Discovery Ecosystem Concept promoted by the government for mid to long-term business growth.
- In the Risk Management segment, linear growth in the Compliance Support (Business Intelligence) and Economic Security fields complemented the decline in the LegalTech AI field of the U.S. subsidiary, which was withdrawn in Q4 FY24.
- Temporary decline in Q1 profit margin expected as a result of accelerated hiring to expand capability for growth of Life Science AI and Risk Management segments. Profit margin to improve with sales expansion from Q2 onward, setting full-year operating profit margin at 10%

(¥ M)	FY24	FY25 Forecast	YoY
Revenue	6,099	7,000	+14.8%
(Life Science AI)	354	700	+97.4%
(Risk Management)	5,374	4,200	▲ 21.8%
(DX)	370	2,100	+466.7%
Operating Income	527	700	+32.7%
Operating income ratio	8.6%	10.0%	
(Life Science AI)	▲ 231	▲ 210	-
Operating income ratio	-	-	
(Risk Management)	659	790	+19.8%
Operating income ratio	12.3%	18.8%	
(DX)	99	120	+20.1%
Operating income ratio	27.0%	5.7%	
Ordinary Income	543	715	+31.5%
Net Income	555	615	+10.8%

Life Science AI		
AI Drug Discovery	<ul style="list-style-type: none"> Continue up-front investments and new Co-Creation projects. Build an eco-system to shorten drug discovery time and improve success rates. 	Transformational Growth
AI Medical Devices	<ul style="list-style-type: none"> Obtained certification for cognitive function AI program (medical device), launched sales of non-medical device program through cross-industry alliance 	Transformational Growth
Risk Management		
Compliance Audit	<ul style="list-style-type: none"> KIBIT Eye as core service; improve recurring revenue Expand transactions and secure deals quickly for each account; focus on creating deeper relationships with existing clients 	Linear Growth
Economic Security	<ul style="list-style-type: none"> Continue marketing to private sector clients and government agencies Expand consulting services 	Linear Growth
LegalTech AI	<ul style="list-style-type: none"> Continue to build and strengthen client base (FLLP, study sessions, webinars) Maintain organizations/operations with high revenue correlation 	Steady Operation
DX		
Professional Support	<ul style="list-style-type: none"> Build a foundation for DX segment and create immediate synergies by integrating Professional Support and Alnetz 	Linear Growth
Alnetz In-house DX and System Development		



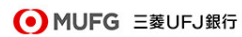
Appendix

Company Name :	FRONTEO, Inc
Listed On :	Tokyo Stock Exchange Growth Market (Securities code: 2158)
Representative :	Masahiro Morimoto, President and CEO
Established :	August 8, 2003
Capital :	¥899,176,000 (As of 3/31/2025)
Employees (Consolidated) :	206 (As of 03/31/2025)
Business Description :	Providing our in-house developed specialized AI "KIBIT" to support the decision-making of experts in various fields facing social issues (AI Solution segment (Life Science AI / Business Intelligence /Economic Security) and LegalTech AI segment)
Main Clients :	Private enterprises (Machinery / Finance / Automotive / Trading Companies / Telecommunications / Precision Machinery / Pharmaceutical Companies / Petrochemicals / Electrical Machinery, etc.) Public entities (Law Enforcement, Surveillance); Law Firms In and Outside Japan; Medical facilities



Our major partners

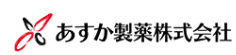
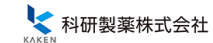
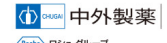
Financial Institutions



Manufacturers



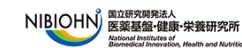
Pharmaceutical



Service



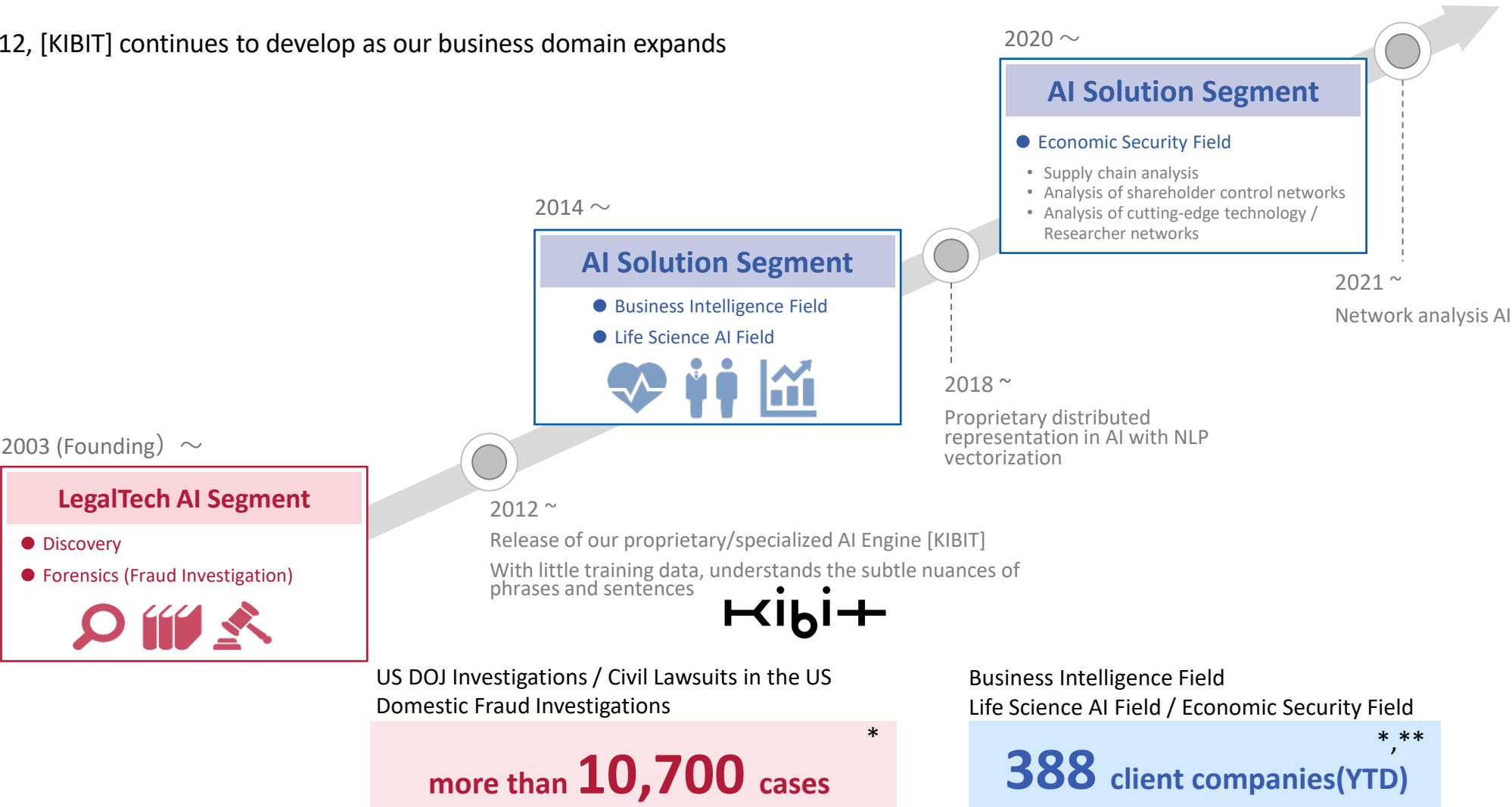
Academia



※ As of 03/31/2025

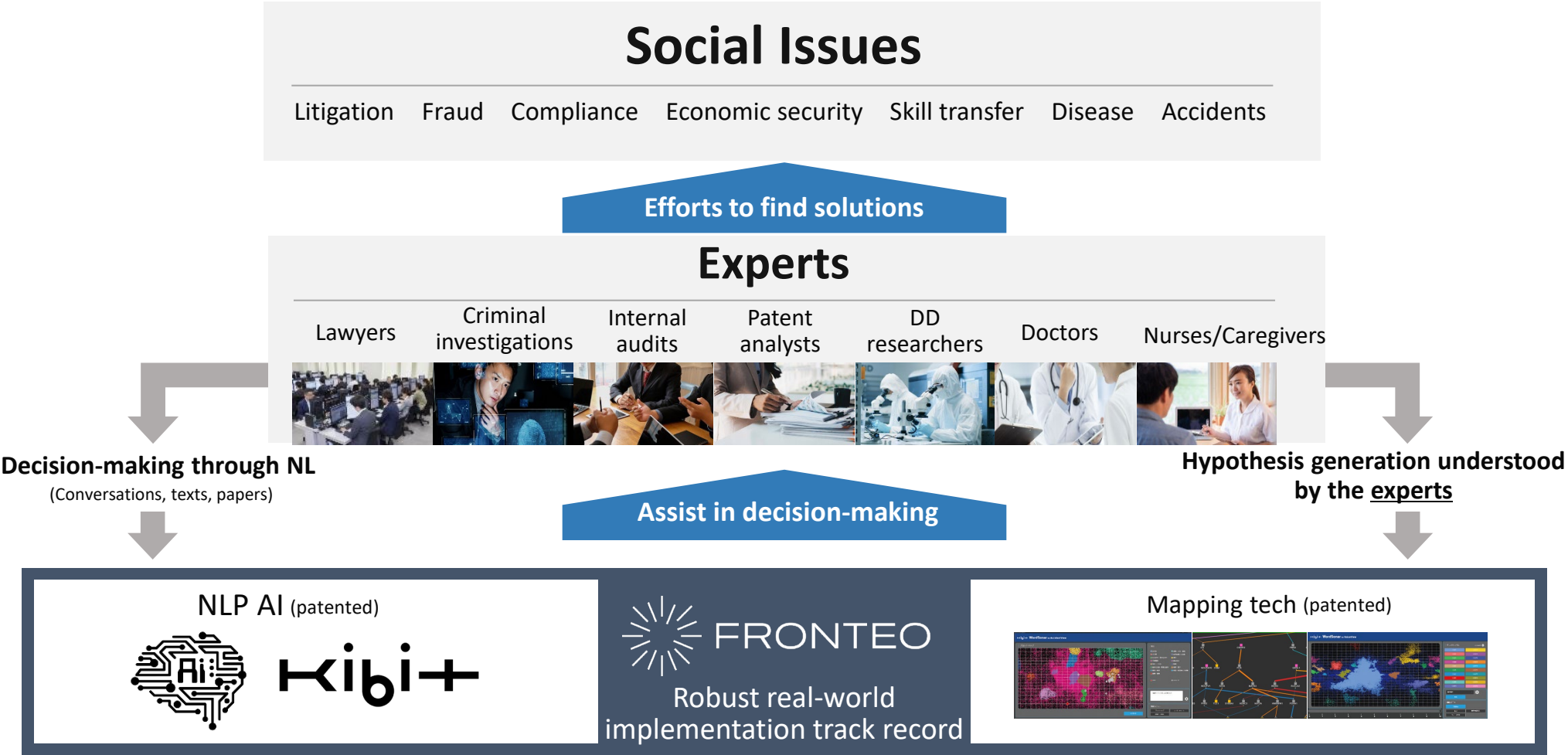
History and achievements of our specialized AI [KIBIT]

Since 2012, [KIBIT] continues to develop as our business domain expands



*As of 3/31/2025 **No. of products and services introduced

Through its specialized AI [KIBIT], FRONTEO provides scientific support to experts working tirelessly day and night in various fields facing social issues.

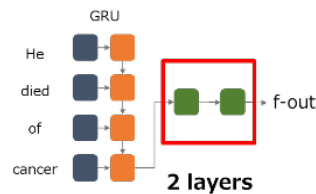


KIBIT: defining features

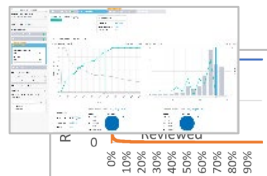
- Light, fast, and highly accurate proprietary AI leveraged in Natural Language Processing and network analysis
- Green micro AI with lower energy consumption and smaller environmental impacts
- Equipped with proprietary algorithm outputting high-quality results even with a small training dataset
- Intuitive visualization of rationale factors for each decision
- 85 active registered patents worldwide (As of 03/31/2025)

Green microAI

Simple structure



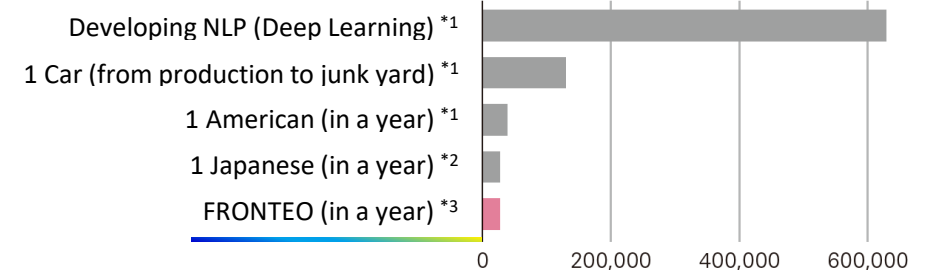
High speed and accuracy



CPU level analysis



CO₂ emission Comparison (unit: lbs)



*1 Source: Energy and Policy Considerations for Deep Learning in NLP, College of Information and Computer Sciences University of Massachusetts Amherst (Jun 2019)

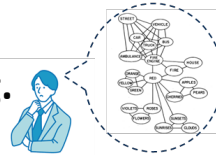
*2 CO2 emission of Japan divided by population of Japan calculated by FRONTEO

*3 Calculated using the method explained in the source stated in *1 by FRONTEO

Differences in Design Philosophy

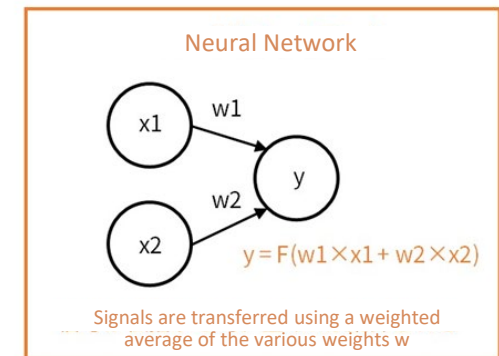
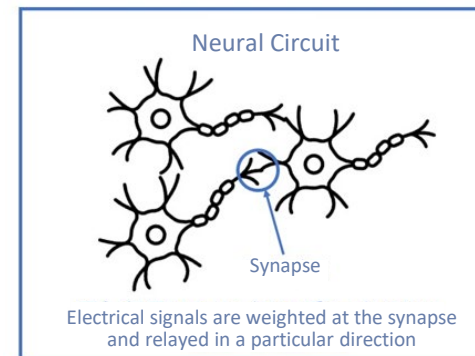
Kibi+

- Process like that of children acquiring a language for the first time.
- Process akin to Human reasoning.



Create **Human learning & through processes**

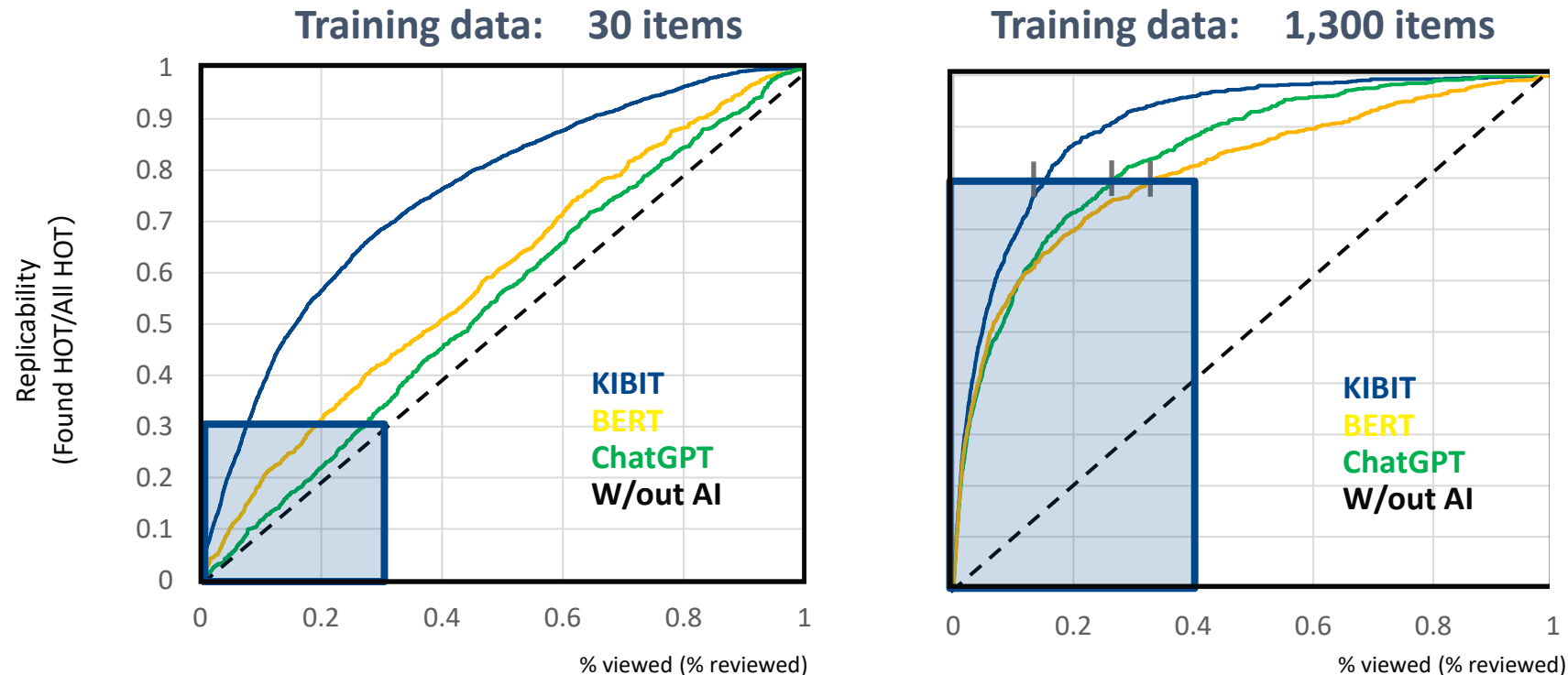
Generic AI



Create a **brain (neural circuit network)**

Specialized AI [KIBIT] maximize its potential with small training datasets

- Decision-making process by experts requires access to necessary, specific data points in a comprehensive manner (replicability), out of a large pool of data. However, improving AI's ability to identify and retrieve information requires these models to be trained on a massive corpus of data.
- In a real-world setting it's unrealistic to expect training sets with thousands of items for each relevant domain. This highlights the importance of AI models capable of highly accurate results even with limited training datasets.



Tests carried out by FRONTEO



FRONTEO Bright Value

We provide solutions that do not overlook risks and opportunities buried in records to achieve fairness in the information society



Contact: ir_info@fronteo.com

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