

kyu, a strategic operating unit of Hakuhodo DY Holdings,
acquires a stake in Canadian consulting firm BEworks

Hakuhodo DY Holdings Inc. (Minato-ku, Tokyo; Hirokazu Toda, President & CEO) is pleased to announce that its strategic operating unit kyu has acquired a majority equity stake in Canadian consulting firm BEworks Inc.

Founded in Toronto, Canada, in 2010, BEworks (pronounced as “bee-E-works”) is a consulting firm that specializes in applying behavioral economics¹ to solving business challenges. Its team of specialists in the fields of behavioral science, cognitive and social psychology, and neuroscience diagnoses the consumer mindset in light of scientific evidence and recommends and validates solutions to operational challenges like marketing, new product development, and pricing.

1. Behavioral economics is a branch of economics dedicated to investigating how people make choices and behave, and what happens as a result, by focusing on experimenting with and observing actual people. It explores how people act and make decisions, working on the premise that they do not necessarily do so rationally. Behavioral economics has lately become the focus of great interest in the West, and many companies have their own in-house research teams dedicated to applying it for commercial purposes.

The Hakuhodo DY Group has, in our current Medium Term Business Plan, identified a key driver of growth² as the acquisition of and investment in specialist creative service groups that offer advanced brand-building methods and solutions. The investment in BEworks is part of that endeavor.

2. Hakuhodo DY Holdings’ three Key Drivers:

(1) Strengthening of *sei-katsu-sha* driven marketing response capabilities, (2) strengthening of business structures in emerging countries, particularly Asia, (3) continuous enhancement of specialization and innovation

Six corporate groups, including design firms and consulting companies in the United States and Canada, have joined the kyu collective since its establishment in 2014.

The Hakuhodo DY Group, through kyu, will continue to enhance specialization and innovation within the Group in order to realize our basic medium-term strategies. These are to be among the world's leading creative service groups; to be our clients’ most important brand-building partner; and to create new markets and movements to continuously invigorate society and *sei-katsu-sha* through our new, advanced creative solutions.

BEworks will also contribute to the growth of the Group’s international operations going forward, although the impact of the investment in BEworks on consolidated performance in the year ending March 31, 2017 will not be material.

■ About BEworks

Company name: BEworks Inc.

Location of head office: Toronto, Canada

Founded: 2010

CEO: Kelly Peters

Employees: 25

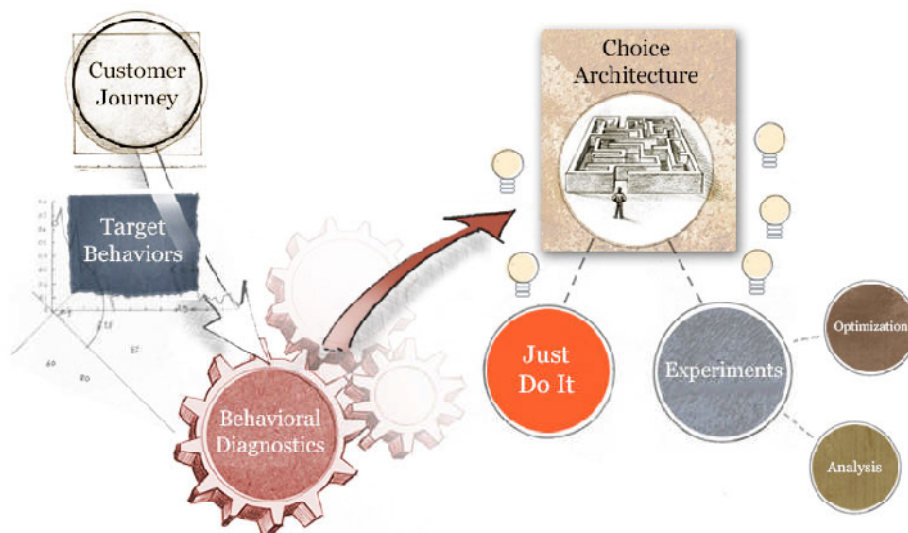
Field of business: A consulting firm that takes a scientific approach combining academic theory grounded in behavioral economics with management consulting.

Major clients: Global Fortune 1000 companies and government agencies from across the globe.

Website: <http://beworks.com/>

BEworks' methodology

There is a gap between what science tells us about how humans make decisions and what businesses seem to know. This gap is becoming more apparent to many business leaders, and is the field of application that we specialize in. Our team of scientists and business experts offers a powerful methodology that analyzes and measurably influences the decisions consumers make. We offer a systematic approach to solving business challenges.



Customer Journey: Create an objective map of the consumer decision, revealing their thought processes.

Target Behaviors: Having mapped the target audience's behavioral patterns, apply behavioral economics as needed.

Behavioral Diagnostics: Analyze key factors and insights relating to the target audience's thinking and psychology.

Choice-Architecture: Generate solutions using the behavioral insights from the diagnostics phase.

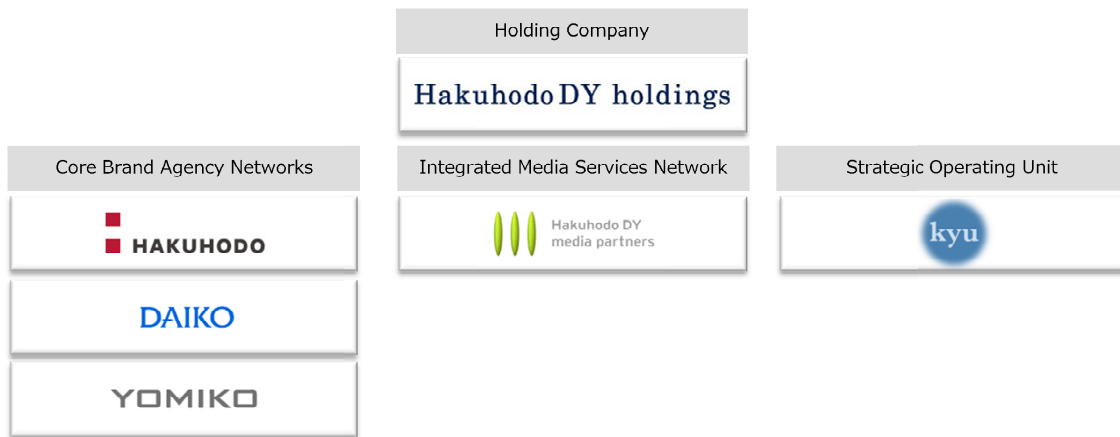
Just Do It: Advise on no-brainer approaches.

Experiments: Test, analyze, and optimize the proposed solutions.

■ **About Hakuholdo DY**

Hakuholdo DY Holdings Inc. is a marketing services company headquartered in Tokyo, Japan. It was formed in 2003 when its core brand agencies Hakuholdo Inc. (founded 1895), Daiko Advertising Inc. (founded 1944) and Yomiko Advertising Inc. (founded 1946) integrated and created a joint holding company (“DY” represents the initial letter of Daiko and Yomiko, respectively).

The Hakuholdo DY Group comprises five distinct groups: Hakuholdo, Daiko, Yomiko, Hakuholdo DY Media Partners, an integrated media services network, and kyu, a strategic operating unit. *Advertising Age* ranks the Group among the world’s top ten agency companies. The Group consists of 265 subsidiaries and associates with a combined total of over 14,000 employees working in 21 countries.



Sei-katsu-sha Insight, the centerpiece of the Hakuholdo DY Group’s philosophy, is the foundation for the Group’s thinking, planning, and brand building. It recognizes that people are not just consumers performing an economic function, but rather individuals with distinct lifestyles, aspirations and dreams. They are *sei-katsu-sha*, or “people with lives.” Hakuholdo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree, perspective on peoples’ lives.

Renowned for its creativity, the Hakuholdo DY Group has won the Grand Prix at the Cannes Lions International Festival of Creativity multiple times.

■ **About kyu**

kyu is a strategic operating unit of Hakuholdo DY Holdings Inc. It was created in May 2014 to help drive the continuous enhancement of specialization and innovation in the Hakuholdo DY Group. The kyu collective is headquartered in New York and has a global remit. The CEO of kyu is Michael Birkin and its member companies include C2 International; Digital Kitchen; IDEO; Red Peak Group; Sid Lee; and SYPartners.

Website: <http://kyu.com/>

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