2) Environmental change risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
1) Sharp increase in cost [Priority risk]	<Risks> ・Impact of profit due to increase in procurement costs (fuel, car allocation expenses, labor costs, warehouse rent, and utility costs, etc.) <Opportunities> ・Decrease in procurement costs ・Improvement in profitability through customer pricing negotiations	・Deterioration in profitability due to failure to collect adequate fee corresponding to the increase in cost ・Negative impact on business continuity due to shortage of human resources and vehicles, etc. (Reference) ・Outsourcing expenses/labor costs for FY2025 ・Outsourcing expenses of ¥443.7 billion ・Labor costs of ¥248.4 billion	[Domestic/Overseas] ・Promote streamlining through relay transport, joint delivery, modal shift and double-trailer truck transport, etc., in addition to building close relationships with partner companies ・Optimize fees and contract form based on the movements of peer companies ・Efficient management by promoting automation, digitalization, in-house manufacturing, and joint procurement ・Curbing procurement costs by changing and consolidating suppliers, canceling unnecessary contracts, reviewing contract periods, and taking other measures ・Appropriately passing on costs to customers ・Specify in the contract terms. to ensure passing on costs [Domestic] ・Reduce impact on business continuity by monitoring management of major partner companies [Overseas] ・Improve operational efficiency through the consolidation of offices and warehouses of overseas Group companies, and reduce costs through the integration of back-office functions
2) Sharp fluctuation of exchange rates [Priority risk]	<Risks> ・Exchange loss ・Negative impact of translation of business results of overseas subsidiaries into Japanese yen <Opportunities> ・Exchange gain ・Positive impact of translation of business results of overseas subsidiaries into Japanese yen	・Decrease in profit due to exchange loss (items below EBIT in the income statement) ・Decrease in revenues and profit due to negative impact of translation of business results of overseas subsidiaries into Japanese yen (Reference) Ratio of revenues and adjusted operating income accounted for by the international business in FY2025: Revenues 45%, Adjusted operating income 39%	[Domestic/Overseas] ・Concentrate exchange risks (centralize transactions such as forward exchange contracts and currency options in the head office) ・Enter into hedge transactions including forward exchange contracts with financial institutions ・Maintain a balance of foreign currencies and continue investment in time deposits

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
3) Climate change [Priority risk]	＜Risks＞ ・Impact on realization of sustainable society ・Increase in carbon credit pricing ・Impact of extreme weather and natural disasters ・Increase in the average temperature ・Decline in productivity and loss of human resources due to a worsening workplace environment ＜Opportunities＞ ・Use of more efficient transportation modes and production and distribution processes ・Ability to diversify business activities ・Alternative/diversified resources	・Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on greenhouse gas emissions ・Stagnation of the logistics business due to intensifying extreme weather	[Domestic/Overseas] ・Establish an environmental management system and promote relevant activities ・Strengthen alliance with collaborative innovation partners to achieve the medium-to-long-term environmental targets (procurement of renewable energy, introduction of advanced eco-friendly vehicles, energy-saving buildings and facilities, and recycling) ・Develop decarbonizing solutions (visualization of CO_2 emissions) and promote green logistics ・Enhance risk management by purchasing appropriate insurance ・Promote BCP measures, and implement enhanced training and education (business continuity, quick recovery) ・Confirmation of environmental burden reduction initiatives at phase gates, confirmation of the status of BCP measures ・Improvement in the workplace environment such as with the introduction of air conditioning ・Consider the introduction of "Internal Carbon Pricing (ICP)"
4) Loss of human resources and diversified working-style [Priority risk]	＜Risks＞ ・Loss of human resources due to a mismatch between the personnel measures and employees' desire ・Decline in labor productivity and increase in turnover rate due to health concerns and problems ・Loss of human resources due to delayed response to diversified working-style, and difficulty in securing human resources ・Increase in turnover due to the mobilization of human resources ・Interruption in transfer of skills and expertise due to an increase in turnover. Delay in development of new services/business models ＜Opportunities＞ ・Secure diversified human resources including highly-skilled personnel, foreign national employees, and those from different industries, etc.	・Fall of governance and business operation ability due to loss of human resources ・Decrease in market competitiveness and slowdown of corporate growth due to loss of human resources	[Domestic/Overseas] ・Realize diversity and inclusion and a work-life balance through use of a broad range of human resources ・Promote visualization of employee engagement and mental health countermeasures using the employee engagement survey and stress check* *Domestic regulations (compliance with laws and regulations) ・Improve moral/motivation through periodic interviews at workplace ・Support active participation of female, elderly, or disabled employees in the workplace ・Conduct employee surveys and strengthen employee engagement ・Secure excellent human resources by implementing group common in-house training ・Continue to implement teleworking ・Offer opportunities and

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
			occasions for growth (talent management and education) [Domestic] ・Appoint human resources and provide career education based on a succession plan programs ・Implement the rotation of human resources that realize the working-styles and career paths that employees seek. ・Improve compensation and introduce a job-oriented compensation system that reflects roles/responsibilities and achievements ・Introduce Stock Option Plan
5) Strengthening of policies and public regulations [Priority risk]	＜Risks＞ ・Response to changes in policies and regulations (such as limits on overtime work, environmental assessment, acquisition of permission/approval, SDGs, etc.) ＜Opportunities＞ ・Improvement of competitive advantage ・Development of new businesses and services	・Additional expenses due to prolonged response efforts ・Loss of business opportunities due to a decline in customer trust ・Decreases in revenues and profit due to partial restriction on our businesses, etc. by public regulations	[Domestic/Overseas] ・Strengthening efforts to set and achieve CO_2 emission reduction targets in medium- to-long-term environmental targets ・Understanding information and establishing/implementing specific measures for compliance with environmental regulations and systems ・Obtaining external certifications and ensuring rigorous management through third-party assessments in businesses and departments closely related to environmental issues ・Practicing ESG management [Domestic] ・Addressing the 2024 issue in logistics (reviewing transport conditions and fees, reducing waiting and handling times) ・Complying with Small and Medium-sized Enterprise Contract Transactions Improvement Act (Subcontract Act), the revised Motor Truck Transportation Business Act and the Act on Advancement of Integration and Streamlining of Distribution Business (including the preparation of actual

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
			transportation management records, issuance of documents specifying transportation services and compensation, and correction of multi-layered subcontracting practices) ・Provide logistics DX consulting services for CLOs ([Priority Measures]1, 2, 7)
6) Changes in funding environment	＜Risks＞ ・Deterioration in funding environment due to financial market turmoil ・Integration, reorganization or bankruptcy of financial institutions due to increased financial volatility (Increase in interest payments due to interest-rate hike when financing is needed) ＜Opportunities＞ ・Diversification of funding measures (e.g. supply chain finance and crowdfunding)	・Increase in interest payments due to a rise in interest rates at the time of funding (Reference) ・Interest-bearing debt as of the end of FY2025 ¥548.7 billion (Breakdown of interest-bearing debt) ・Bonds + Borrowings ¥254.1 billion ・Lease liabilities ¥294.6 billion	[Domestic/Overseas] ・Optimum capital level (optimize debt/equity finance) ・Adjust the ratio of fixed- and floating-rate borrowings ・Improve cash flow projection, use leases (reduce cash outflow), carefully select investments
7) International order moving towards multipolarity	＜Risks＞ ・Stagnation of international cargo transport due to protection or preferential treatment of the domestic industries (e.g. subsidy, tax reduction, and increased tariff on imported goods) ＜Opportunities＞ ・Increase in business opportunities within the regions ・Increase in new demand from the reconstruction of supply chains in each country	・Downsizing of businesses in the relevant regions	[Domestic/Overseas] ・Enhance information collection system/ communication with customers and analyze the impacts ・Monitor macroeconomic indicators and security information in major countries where the Group operates ・Review areas with existing business operations following a review of customer manufacturing base and supply networks ・Acquire new customers within the regions
8) Retirement benefit obligations	＜Risks＞ ・Decline in rates of return due to unexpected market fluctuations ・Changes in actuarial assumptions including discount rates and mortality rates ＜Opportunities＞ ・Increase in rates of return due to unexpected market fluctuations	・Increase in the Company's payments due to increases in contributions and Reserves (Reference) ・Retirement and severance benefits as of the end of FY2025 ¥32.4 billion	[Domestic] ・Periodic review of asset management based on the future projections of retirement benefit obligations ・Expand introduction of the defined contribution pension scheme