1) Growth risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
1) Concentration/ dependence on specific customers and business partners [Priority risk]	<Risks> ・Impact on business results and continued employment by losing projects ・Impact on the Group business of customers' performance fluctuations and deterioration and business reorganizations ・Impact on the Group business due to the changes in customers' business environment including drastic changes in the industrial structure and increasing supply chain vulnerability ・Impact on the LOGISTEED Group's business due to the poor performance of the business partner <Opportunities> ・Efficient business expansion and able to take advantage of scale ・Enhancement of industry-specific expertise	・Sharp drop of revenues and profit due to poor performance or bankruptcy of customers and a significant increase in liabilities due to uncollectible accounts receivable ・Downsizing of the business base	[Domestic/Overseas] ・Account management through enhanced collaboration among group companies and divisions ・Monitoring of the business conditions of partner companies and customers ・Monitor the movements of peer companies ・Establish and monitor credit limit ・Perform periodic review of customer dependency ・Allocate management resources to non-core businesses ・Develop/provide services beyond conventional logistics domain ・Strengthen sales and marketing activities to existing/new Key Accounts (KA) via the Global Account Program (GAP) ・Consulting services for supply chain optimization that leverage digital transformation (DX) solutions and engineering expertise
2) Securing human resources [Priority risk]	<Risks> ・Labor shortage due to tighter regulation on drivers' overtime work by the Work Style Reform Act ・Difficulty in securing human resources due to aging population combined with a declining birth rate and intensifying competition in the labor market ・Loss of momentum for promotion of diversity management which enables diverse employees to participate in the workplace <Opportunities> ・Acquisition of new expertise and creation of new businesses	・Stagnation of the business ・Decrease in market competitiveness ・Slowdown in corporate growth	[Domestic/Overseas] ・Expand network of partner companies and secure workforce by enhancing recruitment of in-house drivers (increase personal vehicles) including reviewing drivers' benefit ・Visualize human resource skills using the HR management system and make full use of skills ・Secure human resources with site management, global, digital, and business management capabilities according to the business strategy (Enhance recruiting and establish a compensation system) ・Enhance in-house training programs to foster and educate human resources ・Perform human resource retention control (Create a pleasant working environment, conduct regular employee surveys) ・Promote operational efficiency through automation, RPA, generative AI, and other technologies

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
			・Foster human resources proficient in logistics through collaboration with external organizations, including industry-academia partnerships [Domestic] ・Recruit foreign drivers under the Specified Skilled Worker Program ・Monitor the bankruptcy risk of partner transport companies, and negotiate with partner companies to appropriately pass on labor costs in pricing [Overseas] ・Develop management talent for overseas operations from a medium- to long-term perspective
3) Changes in a business model (technological innovation, etc.) [Priority risk]	＜Risks＞ ・Obsolescence of existing services and business models due to rapid development of IT and other digital technologies ・Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies	・Loss of competitive advantages in the logistics industry ・Decrease in competitiveness due to delayed response to digitalization	[Domestic/Overseas] ・Increase competitiveness by developing new services and unique business models through collaborative innovation with business partners
	・Decrease in market share due to entry of competitors from different industries (e.g. IT, equipment) ＜Opportunities＞ ・Acquisition of growth opportunities and intellectual property through the development of revolutionary technology ・Provision of new services through a combination of new technologies		・Collect information on new business models including new technologies and different industries as well as benchmark other companies ・Promote cooperation among industry, government, and academia as well as open Innovation ・Explore and propose systems and solutions that differentiate us from competitors, such as integrated control systems for reinforcement of IT/DX human resources and labor-saving (WCS, RCS) ・Execute strategic investments in new solutions ・Protection through acquiring intellectual property rights, including patents, for new service solutions
4) Decrease in new orders received and failure to acquire orders in existing projects [Priority risk]	Decrease in new orders received ＜Risks＞ ・Difficulty in acquiring new orders and slowdown in growth due to intensifying competition and market shrinkage ・Failure to launch a new project ＜Opportunities＞ ・Business expansion with new orders, and acquisition of new expertise	・Decrease in market competitiveness ・Growth slowdown due to a decline in customer trust ・Decline in profit margin due to unprofitable businesses	[Domestic/Overseas] ・Enhance monitoring through wider use and adding check items of the phase-gate process management ・Visualize and share information on orders received and not received ・Set priority targets for new customers ・Enhance sales activities for acquiring new customers

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
			(expansion of sales channel and network) ・Expand proposal by strengthening transport business ・Cross-selling by ALPS Logistics and LOGISTEED ・Acquire new customers using DX [Overseas] ・Expand sales to non-Japanese customers and in overseas markets through the International Leadership Sales Strategy Meeting ・Accelerate collaboration with Japan Post Group in overseas business
	Failure to acquire orders in existing projects ＜Risks＞ ・Failure to acquire orders in existing projects due to a bidding system, etc. ・Misjudgment of business plan ・Losses incurred due to contractual deficiencies		[Domestic/Overseas] ・Visualize and share customers' risk information ・Understand trend, analyze potential impact on businesses, and develop/implement responsive plans ・Strengthen communications with existing customers/ develop untapped areas requiring business model Innovation ・Conduct customer satisfaction surveys and implement improvement measures [Overseas] ・Strengthen global collaboration through the expansion of the sales development organization's functions
5) Promotion of M&As (including capital and business alliance) [Priority risk]	＜Risks＞ ・Drop in performance of the acquiree, investee or alliance partner ・Fall of governance in the acquiree ＜Opportunities＞ ・Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem	・Decrease in earnings and recognition of impairment loss ・Loss of customers due to scandals or violation of rules (Reference) ・Goodwill for FY2025 of ¥365.6 billion ・Customer-related intangible assets for FY2025 of ¥191.8 billion	[Domestic/Overseas] ・Strengthen due diligence before M&A or alliance ・Develop and implement a PMI plan by the head office and relevant business divisions including overseas Group companies ・Create synergies through collaboration with existing businesses and integration with existing entities
6) Concentration of assets in specific areas	＜Risks＞ ・Changes in economic conditions/ environment in the specific regions ＜Opportunities＞ ・Achievement of economies of scale	・Suffering severer damage when a risk emerges ・Impact on business continuity	[Domestic/Overseas] ・Diversify investment in assets ・Implement phase-gate process management according to the investment decision criteria ・Recognize hazards in the investment area and make decision from a geopolitical perspective