

000 001 002 003 004 005 006 007 008 009 010 011 012 013 014 015 016 017 018 019 020 021 022 023 024 025 026 027 028 029 030 031 032 033 034 035 036 037 038 039 040 041 042 043 044 045 046 047 048 049 050 051 052 053 HOW TO TEACH LABEL TO UNDERSTAND DECISIONS: A DECISION-AWARE LABEL DISTRIBUTION LEARN- ING FRAMEWORK

006
007
008
009
010
011
012
013
014
015
016
017
018
019
020
021
022
023
024
025
026
027
028
029
030
031
032
033
034
035
036
037
038
039
040
041
042
043
044
045
046
047
048
049
050
051
052
053
Anonymous authors

Paper under double-blind review

ABSTRACT

006
007
008
009
010
011
012
013
014
015
016
017
018
019
020
021
022
023
024
025
026
027
028
029
030
031
032
033
034
035
036
037
038
039
040
041
042
043
044
045
046
047
048
049
050
051
052
053
Contextual Stochastic Optimization (CSO) aims to predict uncertain, context-dependent parameters to inform downstream decisions. A central challenge is that high predictive accuracy does not necessarily translate into optimal decisions. Existing approaches typically rely on custom loss functions, but these often suffer from non-differentiability, discontinuity, and limited modularity. To address these limitations, we propose a decision-aware Label Distribution Learning (LDL) framework that retains standard loss functions to avoid computational issues, while encoding decision knowledge entirely at the level of data representation. Our approach models uncertainty as full label distributions and reshapes them during the label enhancement stage to reduce predictive mass in high-risk regions. Scalar targets are transformed into individualized mixture distributions using decision-aware similarity matrices, and a dual-branch neural network is trained to learn decision-aware label distributions. Extensive experiments on synthetic benchmarks (e.g., newsvendor, network flow) and real-world datasets demonstrate consistent regret reduction across different sample sizes, with particularly strong improvements in low-data regimes. These results highlight LDL as a promising new pathway for achieving robust and principled decision-making under complex cost structures.

1 INTRODUCTION

006
007
008
009
010
011
012
013
014
015
016
017
018
019
020
021
022
023
024
025
026
027
028
029
030
031
032
033
034
035
036
037
038
039
040
041
042
043
044
045
046
047
048
049
050
051
052
053
Predict-then-optimize is a widely used paradigm for solving optimization problems under uncertainty. In this framework, given covariates, a contextual predictor first estimates the distribution of the uncertain parameters, and the resulting estimates serve as input to a Contextual Stochastic Optimization (CSO) model (Sadana et al., 2025). The traditional sequential learning-then-optimization (SLO) approach trains the contextual predictor by minimizing an estimation error between the true conditional distribution and the conditional distribution given by the contextual predictor. While effective for improving prediction accuracy, this approach neglects the downstream optimization objective and can therefore result in suboptimal decisions.

006
007
008
009
010
011
012
013
014
015
016
017
018
019
020
021
022
023
024
025
026
027
028
029
030
031
032
033
034
035
036
037
038
039
040
041
042
043
044
045
046
047
048
049
050
051
052
053
To bridge this gap, Integrated Learning and Optimization (ILO) has emerged as a promising alternative (Sadana et al., 2025). ILO methods train contextual predictors explicitly incorporating the downstream decision objective into the learning process, thereby aligning prediction and optimization. The predominant way to realize this is by designing decision-aware loss functions, which maximize decision quality on the training set (Mandi et al., 2024), rather than minimizing an estimation error.

006
007
008
009
010
011
012
013
014
015
016
017
018
019
020
021
022
023
024
025
026
027
028
029
030
031
032
033
034
035
036
037
038
039
040
041
042
043
044
045
046
047
048
049
050
051
052
053
Nevertheless, existing methods are subject to two fundamental limitations. The first concerns the high training cost of loss-function-based approaches. These methods design decision-aware loss functions (e.g., regret) to align predictions with downstream decision quality. However, such losses are often discontinuous and non-differentiable, which makes gradient-based optimization unstable and computationally expensive. Although surrogate losses have been proposed to mitigate this issue (Elmachtoub & Grigas, 2022), they still impose substantially higher training costs than conventional predictive models and frequently rely on task-specific approximations, thereby limiting their general applicability.

054 The second challenge is the lack of a general and adaptive framework for modeling uncertainty
 055 distributions in CSO. Modeling uncertain parameters as continuous distributions often renders the
 056 downstream optimization problem intractable, due to the curse of dimensionality arising from high-
 057 dimensional integration. A common workaround is to approximate the uncertainty using a discrete
 058 distribution. However, most prior work either fixes the discrete support set *a priori* (Qi et al., 2023),
 059 as discussed in Appendix I or derives it solely from the feature space (Bertsimas & Kallus, 2020).
 060 Such approaches overlook the fact that the choice of support set itself can have a substantial impact
 061 on decision quality.

062 To address the aforementioned challenges, we introduce the Label Distribution Learning (LDL)
 063 framework into CSO. LDL provides a refined way to represent uncertainty through label distribu-
 064 tions: point labels are first enhanced into distributional labels, which then serve as the foundation
 065 for training conditional distribution predictors (Geng, 2016). This framework not only offers a more
 066 flexible mechanism for modeling uncertainty distributions, but also opens up a novel pathway to
 067 achieve decision-awareness without relying on loss-function-based methods. In particular, our pa-
 068 per makes the following key contributions:

- 070 • **Decision-awareness through label enhancement.** We incorporate decision-awareness at
 071 the label enhancement (LE) stage within the LDL framework. This avoids the discontinuity
 072 and computational cost associated with decision-aware loss functions while still aligning
 073 prediction with downstream decision-making.
- 074 • **General and adaptive distribution construction.** We present a method for constructing
 075 discrete uncertainty distributions by leveraging the similarity between the feature space
 076 and the decision space to determine the support set. Unlike existing methods that fix the
 077 support set *a priori* or derive it solely from features, our approach adapts flexibly across
 078 diverse problem settings.
- 079 • **Robustness and scalability.** Through extensive experiments on both synthetic and real-
 080 world datasets, we demonstrate that our approach effectively reduces decision regret com-
 081 pared to baseline models, leading to more robust and reliable outcomes across diverse prob-
 082 lem settings.

086 2 RELATED WORKS

088 2.1 CONTEXTUAL STOCHASTIC OPTIMIZATION

091 Stochastic optimization is a classical paradigm for decision-making under uncertainty. A common
 092 approach is sample average approximation (SAA) (Kleywegt et al., 2002), which replaces the true
 093 distribution with an empirical one but ignores covariates. CSO addresses this by leveraging covari-
 094 ates to predict uncertain parameters (Sadana et al., 2025). Within CSO, prescriptive analytics extends
 095 SAA by assigning covariate-based weights to samples via k-nearest neighbors, kernel methods, or
 096 tree models (Bertsimas & Kallus, 2020), though this SLO method can yield suboptimal decisions.

097 To overcome this, ILO methods jointly train predictive models and decision tasks, typically through
 098 customized decision-aware loss functions. However, such losses are often discontinuous and non-
 099 differentiable, hindering gradient-based training (Mandi et al., 2024). Solutions include surrogate-
 100 based methods such as SPO+ for linear objectives (Elmachtoub & Grigas, 2022), conditional
 101 estimation-optimization (ICEO) for discrete distributions (Qi et al., 2023), perturbed maximizers
 102 (Berthet et al., 2020), differentiable solver modules (Sahoo et al., 2023; Vlastelica et al., 2020), and
 103 gradient-free models like decision trees with decision-aware objectives (Elmachtoub et al., 2020;
 104 Kallus & Mao, 2023).

105 Unlike prior work centered on loss design, our approach embeds decision-awareness during the
 106 LE stage within the LDL framework. This avoids reliance on differentiable surrogates or gradient
 107 propagation from the optimization model, thereby sidestepping limitations of traditional decision-
 focused learning.

108 2.2 LABEL DISTRIBUTION LEARNING
109

110 LDL addresses the ambiguity in real-world labeling by assigning each instance a distribution of
111 description degrees across labels. Unlike single-label learning, which fixes a definitive label, or
112 multi-label learning, which uses binary indicators without graded relevance, LDL represents super-
113 vision as a probability-like vector summing to one, thereby quantifying relative importance (Geng,
114 2016). Its foundations draw on fuzzy logic and probabilistic labeling, formalized as learning a condi-
115 tional probability mass function to minimize divergences such as Kullback-Leibler. Early methods
116 included problem transformation (e.g., PT-Bayes, PT-SVM), algorithm adaptation (e.g., AA-kNN
117 via neighbor averaging, AA-BP with softmax), and specialized algorithms (e.g., SA-IIS, SA-BFGS)
118 (Zheng et al., 2018). Evaluations across yeast gene expression, natural scenes, and facial datasets
119 (SJAFFE, SBU-3DFE) employed diverse metrics (Chebyshev, Clark, Canberra, KL, cosine, inter-
120 section), where specialized designs often performed best (Jia et al., 2018).

121 To address data scarcity, LE reconstructs distributions from logical labels, with Graph Laplacian
122 LE (GLLE) exploiting topology and correlations (Xu et al., 2021; Gu et al., 2025). Integrated ap-
123 proaches like Directly LDL jointly optimize LE and LDL via KL-divergence and alternating op-
124 timization, supported by Rademacher bounds and strong benchmarks (Jia et al., 2023). Objective
125 mismatches are alleviated by Label Distribution Learning Machine (LDLM), which extends mar-
126 gins with SVR and adaptive losses, achieving top performance in 76.5% of tasks (Zhao et al., 2023).
127 For ordinal data, Ordinal LDL applies sequential objectives such as Cumulative Absolute Distance,
128 Quadratic Form Distance, and Cumulative Jensen-Shannon, yielding significant gains in age, beauty,
129 and acne grading (Wen et al., 2023).

130 By representing supervision as distributions, LDL captures label ambiguity and relative importance
131 beyond traditional settings. When applied to CSO, it enables encoding uncertainty directly in predic-
132 tion, avoiding discontinuous decision-aware losses. Decision-awareness is embedded during label
133 construction and enhancement, aligning predictive distributions with downstream optimization and
134 enhancing robustness in decision quality—forming the basis of our proposed decision-aware LDL
135 framework.

136
137 3 PROBLEM STATEMENT
138

140 In CSO, the decision-maker selects a decision variable $\mathbf{z} \in \mathcal{Z}$ to minimize the expected task cost
141 under uncertain parameters:

$$143 \mathbf{z}^*(\mathbf{x}) = \arg \min_{\mathbf{z} \in \mathcal{Z}} \mathbb{E}_{\mathbf{y} \sim P(\mathbf{y}|\mathbf{x})} [c(\mathbf{z}, \mathbf{y})], \quad (1)$$

146 where $\mathbf{x} \in \mathcal{X}$ is the observed context, $\mathbf{y} \in \mathcal{Y}$ represents uncertain problem parameters, and $c(\mathbf{z}, \mathbf{y})$ is
147 the task-specific cost function. A fundamental challenge arises because the conditional distribution
148 $P(\mathbf{y} \mid \mathbf{x})$ is unknown in practice. Here, we approximate this distribution using a parameterized
149 predictor $f(\cdot; \theta)$ parameterized by θ , taking \mathbf{x} as input and outputting the corresponding distribution
150 over \mathbf{y} .

151 The contextual predictor is typically learned from historical data. It is important to note that data
152 on the conditional distribution $P(\mathbf{y} \mid \mathbf{x})$ is often unavailable. Instead, we have a training dataset
153 $\mathcal{D} = \{(\mathbf{x}_i, \mathbf{y}_i)\}_{i=1}^N$. The problem of interest is how to train such a predictor $f(\cdot; \theta)$ so that the
154 resulting decisions $\mathbf{z}^*(\mathbf{x})$ yield low expected cost in the downstream optimization task.

155
156 4 METHODOLOGY
157

160 This section introduces the decision-aware LDL pipeline, which constructs enhanced label distribu-
161 tions from feature and task information and trains a model to predict these distributions for down-
stream decision-making.

162

4.1 DECISION-AWARE LEARNING AND DECISION-MAKING PIPELINE WITH LABEL
163 DISTRIBUTIONS

164

165 LDL first transforms each target into a distribution to capture its uncertainty in LE stage, and then
166 learns a predictive model to map features to these distributions. Figure 1 illustrates the overall
167 structure of the framework. The pipeline consists of two stages:

168

- 169 • **Label Enhancement:** Transform the regression dataset $\mathcal{D} = \{(\mathbf{x}_i, \mathbf{y}_i)\}_{i=1}^N$, where $\mathbf{y}_i =$
170 $(y_i^{(1)}, \dots, y_i^{(K)})$ denotes the K uncertain parameters for sample i , into an enhanced dataset
171 $\mathcal{D}' = \{(\mathbf{x}_i, p_i(\mathbf{y}))\}_{i=1}^N$, where $p_i(\mathbf{y}) = \prod_{k=1}^K p_i(y^{(k)})$ represents the joint distribution
172 composed of the marginal distributions $p_i(y^{(k)})$.
- 173 • **Label Distribution Learning:** Learn a vector-valued function $f(\cdot; \theta) = (f_1(\cdot; \theta_1), \dots, f_K(\cdot; \theta_K))$, where each component $f_k(\mathbf{x}_i; \theta_k)$ predicts the marginal distribution
174 $p_i(y^{(k)})$, and the joint distribution is reconstructed as $p_i(\mathbf{y}) = \prod_{k=1}^K f_k(\mathbf{x}_i; \theta_k)$
175 optimized for downstream decision-making.

176

177 To ensure tractability in the downstream decision task, we model each uncertain parameter $y_i^{(k)}$
178 within \mathbf{y}_i using a discrete distribution. The distribution of the k -th parameter is represented as

179

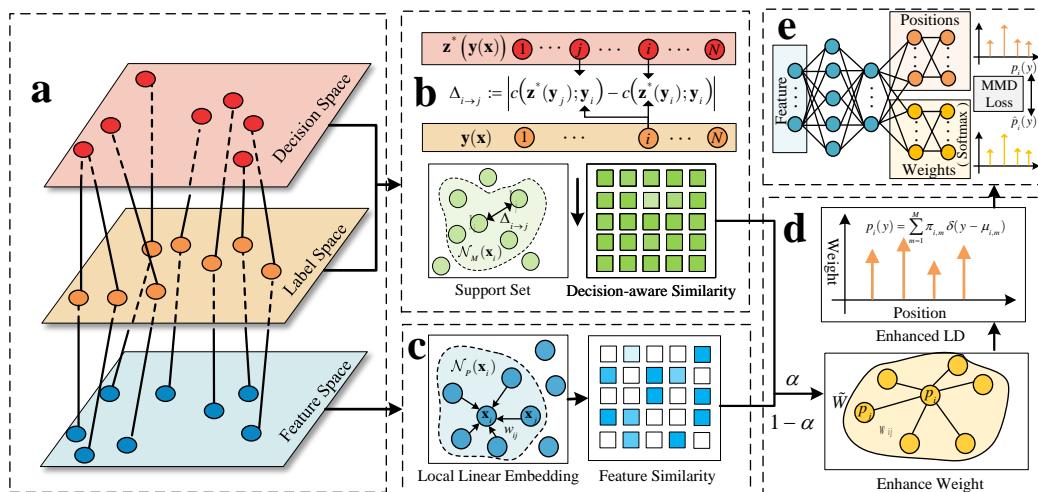
$$p_i(y^{(k)}) = \sum_{m=1}^M \pi_{i,m}^{(k)} \delta(y^{(k)} - \mu_{i,m}^{(k)}), \quad (2)$$

180

181 where M is the number of mixture components (a hyperparameter), $\pi_{i,m}^{(k)} \geq 0$, $\sum_{m=1}^M \pi_{i,m}^{(k)} = 1$,
182 and $\delta(\cdot)$ is the Dirac delta function. Each data point's support set is denoted as the vector $\mu_i^{(k)} =$
183 $(\mu_{i,1}^{(k)}, \dots, \mu_{i,M}^{(k)})$, constructed individually based on approximation relationships rather than from
184 predefined values.

185

186 In our framework, the predictive model outputs a distribution over uncertain parameters for each
187 input, capturing multiple plausible outcomes. We then optimize the expected cost under this pre-
188 dicted distribution. In practice, we represent each marginal distribution as a finite mixture and solve
189 a weighted empirical risk minimization over the mixture components. A detailed derivation and the
190 full discrete-support formulation are provided in Appendix A.



191

192 Figure 1: Overview of the Decision-aware LDL Framework; a) Mapping relationships; b) Mining
193 decision information; c) Mining feature information; d) Constructing enhanced weights; e) Learning
194 enhanced label distributions

216 4.2 LABEL ENHANCEMENT VIA LOCAL MANIFOLD AND TASK-DRIVEN GRAPH
217 STRUCTURES
218219 4.2.1 DECISION-AWARE LABEL SUPPORT CONSTRUCTION
220221 A key insight of this paper is that, as shown in Figure 1(b), rather than redefining the loss function,
222 we reconstruct the label manifold to embed decision-awareness into label representations. To this
223 end, we define the optimization transfer cost difference from sample j to i as
224

224
$$\Delta_{j \rightarrow i} := |c(\mathbf{z}^*(\mathbf{y}_i), \mathbf{y}_i) - c(\mathbf{z}^*(\mathbf{y}_j), \mathbf{y}_i)|, \quad (3)$$

225 where $\mathbf{z}^*(\mathbf{y}_i)$ denotes the optimal decision under parameters \mathbf{y}_i , and $c(\mathbf{z}, \mathbf{y})$ is the task cost evaluated
226 for decision \mathbf{z} under parameters \mathbf{y} .
227228 A smaller value of $\Delta_{j \rightarrow i}$ indicates that, in the decision problem associated with sample i , substituting
229 \mathbf{y}_j for the true parameters \mathbf{y}_i incurs only a minor additional cost. Predictions with smaller $\Delta_{j \rightarrow i}$
230 are thus more acceptable from the perspective of downstream decision-making. We normalize this
231 asymmetric transfer cost into a decision-aware similarity score. Since $\min_{r,l} \Delta_{r \rightarrow l} = 0$, we have
232

232
$$s_{j \rightarrow i} = 1 - \frac{\Delta_{j \rightarrow i}}{\max_{r,l=1,\dots,N} \Delta_{r \rightarrow l}}, \quad (4)$$

233 where higher values denote stronger optimization-level affinity.
234235 Finally, we perform row-wise normalization so that the similarities sum to 1 for each target i :
236

236
$$\tilde{s}_{j \rightarrow i} = \frac{s_{j \rightarrow i}}{\sum_{r=1}^N s_{r \rightarrow i}}. \quad (5)$$

237 The resulting matrix $\tilde{S} = [\tilde{s}_{j \rightarrow i}]_{i,j=1}^N \in \mathbb{R}^{N \times N}$ encodes the decision-aware relational structure
238 among samples, where its (i, j) -th entry $\tilde{s}_{j \rightarrow i}$ quantifies the transferability from sample j to sample
239 i and is utilized in the label enhancement stage.
240241 To convert the point-supervised target \mathbf{y}_i into a mixture of Dirac delta functions, we construct an
242 individualized support vector $\mu_i^{(k)}$ for each k -th parameter of sample i . Unlike conventional ap-
243 proaches that define support points solely based on feature similarity, we propose to select them
244 according to decision-aware similarity $\tilde{s}_{j \rightarrow i}$.
245246 Specifically, we identify the top- M neighbors whose decisions exhibit maximal transferability to
247 sample i , characterized by the largest values of $\tilde{s}_{j \rightarrow i}$. Formally, the neighborhood is defined as
248

248
$$\mathcal{N}_M(\mathbf{x}_i) := \{j \in \{1, \dots, n\} \mid \text{rank}(\tilde{s}_{j \rightarrow i}) \leq M\},$$

249 where $\text{rank}(\tilde{s}_{j \rightarrow i})$ denotes the rank of $\tilde{s}_{j \rightarrow i}$ in descending order among all values $\tilde{s}_{j \rightarrow i}$. The support
250 vector corresponding to the k -th parameter is then defined as the ordered vector of the neighbor
251 values:
252

252
$$\mu_i^{(k)} = (y_j^{(k)})_{j \in \mathcal{N}_M(\mathbf{x}_i)}. \quad (6)$$

253 This construction ensures that the support vector $\mu_i^{(k)}$ for each sample \mathbf{x}_i captures the local decision-
254 level structure of the M most transferable neighbors for the k -th parameter, thereby providing a
255 decision-aware foundation for label distribution reconstruction. In this way, each label component
256 is enriched to carry more information, and by selecting support values aligned with similar decisions,
257 the support set further guides the predictive model toward outputs that induce lower decision errors.
258259 4.2.2 DECISION-AWARE LABEL WEIGHTING VIA MANIFOLD RECONSTRUCTION
260261 To assign weights to each $\mu_{i,m}^{(k)}$, as shown in Figure 1(c), we draw inspiration from manifold learning
262 techniques that capture local geometric structures in the feature space. Formally, the feature-space
263 neighborhood of a point \mathbf{x}_i is defined as
264

264
$$\mathcal{N}_P(\mathbf{x}_i) := \{j \in \{1, \dots, N\} \mid \text{rank}(d(\mathbf{x}_i, \mathbf{x}_j)) \leq P, j \neq i\}, \quad (7)$$

265 where $d(\cdot, \cdot)$ denotes the distance metric in the feature space, $\text{rank}(d(\mathbf{x}_i, \mathbf{x}_j))$ is the ascending rank
266 of the distance $d(\mathbf{x}_i, \mathbf{x}_j)$ among all other points with respect to \mathbf{x}_i , and P is the number of nearest
267 neighbors considered for each point (a hyperparameter).
268

270 Based on the neighborhood structure, we construct a local linear relationship by solving the following
 271 optimization problem. Let $W \in \mathbb{R}^{N \times N}$ denote the reconstruction weight matrix, whose (i, j) -th
 272 entry is w_{ij} . The weights are obtained by minimizing
 273

$$274 \min_W \Theta(W) := \sum_{i=1}^N \left\| \mathbf{x}_i - \sum_{j=1}^N w_{ij} \mathbf{x}_j \right\|^2, \quad (8)$$

277 subject to

$$278 \sum_{j=1}^N w_{ij} = 1, \quad w_{ij} = 0 \quad \text{if } j \notin \mathcal{N}_P(\mathbf{x}_i), \quad \forall i, j = 1, \dots, N. \quad (9)$$

281 The objective function in equation 8 seeks to represent each point \mathbf{x}_i as a convex combination
 282 of its neighbors, minimizing the reconstruction error. The constraints in equation 9 restrict the
 283 reconstruction to the P -nearest neighbors, exclude self-reconstruction, and enforce convexity.

284 To further align label representation with the downstream decision task, we introduce a decision-
 285 aware correction directly in the optimization objective, rather than modifying the similarity matrix
 286 W itself. Specifically, for the k -th uncertain parameter, we estimate the distribution weights $\boldsymbol{\pi}_i^{(k)} =$
 287 $(\pi_{i,1}^{(k)}, \dots, \pi_{i,M}^{(k)})$, representing the probability distribution over the M values in the support vector
 288 $\boldsymbol{\mu}_i^{(k)}$. Let u denote the index of the support value $\mu_{i,u}^{(k)}$ that corresponds to the ground-truth label of
 289 the i -th sample. The optimization problem is formulated as a convex combination of two consistency
 290 terms: one based on the feature-level similarity W and the other on the task-induced similarity \tilde{S} :

$$292 \min_{\{\boldsymbol{\pi}_i^{(k)}\}} \Psi(\boldsymbol{\pi}^{(k)}) := \sum_{i=1}^N \left\| \boldsymbol{\mu}_i^{(k)} \boldsymbol{\pi}_i^{(k)\top} - \sum_{j=1}^N w_{ij} \boldsymbol{\mu}_j^{(k)} \boldsymbol{\pi}_j^{(k)\top} \right\|^2 \\ 293 + \alpha \sum_{i=1}^N \left\| \boldsymbol{\mu}_i^{(k)} \boldsymbol{\pi}_i^{(k)\top} - \sum_{j=1}^N \tilde{s}_{ij} \boldsymbol{\mu}_j^{(k)} \boldsymbol{\pi}_j^{(k)\top} \right\|^2, \quad (10)$$

299 subject to

$$301 \sum_{m=1}^M \pi_{i,m}^{(k)} = 1, \quad \forall i = 1, \dots, N, \quad (11)$$

$$304 \pi_{i,m}^{(k)} \geq 0, \quad \forall i = 1, \dots, N, \quad m = 1, \dots, M, \quad (12)$$

$$305 \pi_{i,u}^{(k)} \geq \lambda, \quad \forall i = 1, \dots, N. \quad (13)$$

307 The objective in equation 10 enforces local consistency by matching the expected label values
 308 weighted by $\boldsymbol{\pi}_i$ with those of neighbors under both the feature-based similarity W and the task-
 309 induced similarity S , combined through the trade-off parameter α . The constraints in equation 11
 310 ensure that each $\boldsymbol{\pi}_i$ forms a valid probability distribution by summing to one. The constraints
 311 in equation 12 guarantee non-negativity of all distribution components. Finally, the constraints
 312 in equation 13 enforce a minimum confidence λ on the ground-truth label for each sample, thereby
 313 incorporating supervision into the manifold-based formulation.

314 4.3 ENHANCED LABEL DISTRIBUTION LEARNING WITH NEURAL NETWORKS

316 As shown in Figure 1(e), given the enhanced dataset $\mathcal{D}' = \{(\mathbf{x}_i, p_i(\mathbf{y}))\}_{i=1}^N$ obtained via LE, we
 317 employ K independent dual-branch neural networks $f_k(\cdot; \theta_k)$, $k = 1, \dots, K$, to predict the marginal
 318 distributions of the K uncertain parameters individually, enabling the model to capture parameter-
 319 specific uncertainty as well as variations relevant to downstream decision-making.

320 For the k -th parameter, the network $f_k(\cdot; \theta_k)$ consists of an encoder and two specialized decoders
 321 for predicting mixture weights and support positions. The encoder maps the feature \mathbf{x}_i through L
 322 hidden layers to generate a parameter-specific representation

$$323 \mathbf{h}^{(L,k)} = f_{\text{enc}}^{(k)}(\mathbf{x}_i) \in \mathbb{R}^t,$$

324 where t denotes the dimension of the encoder output, capturing the contextual information relevant
 325 to both decoder branches for the k -th parameter.

326 The decoders then compute the mixture weights and support positions as

$$\pi^{(k)}(\mathbf{x}_i) = f_\pi^{(k)}(\mathbf{h}^{(L,k)}) \in \Delta^{M-1}, \quad (14)$$

$$\mu^{(k)}(\mathbf{x}_i) = f_\mu^{(k)}(\mathbf{h}^{(L,k)}) \in \mathbb{R}^M, \quad (15)$$

331 where $f_\pi^{(k)}$ and $f_\mu^{(k)}$ denote the multi-layer decoders mapping the encoder output $\mathbf{h}^{(L,k)}$ to the
 332 respective mixture weights and support positions.

334 To measure the discrepancy between the predicted and target distributions for each parameter, we
 335 employ the Maximum Mean Discrepancy (MMD) metric, which quantifies the distance between
 336 distributions in a reproducing kernel Hilbert space (RKHS). The detailed derivation and closed-form
 337 expression of MMD for mixtures of Dirac delta functions are provided in Appendix B.

338 This design enables end-to-end learning of individualized label distributions for all K parameters,
 339 preserving the geometric structure from the LE phase while aligning with decision-aware similari-
 340 ties—without requiring gradient flow through downstream optimization.

342 5 CASE STUDY

344 In this section, we evaluate the numerical performance of the proposed decision-aware LDL frame-
 345 work on both synthetic and real-world datasets. Synthetic data allow for controlled and reliable
 346 evaluation, while real-world data provide practical validation under realistic noise and annotation
 347 challenges. **We exclude end-to-end learning frameworks typically designed for linear objectives or**
 348 **point estimates, as our nonlinear contextual stochastic optimization setting necessitates modeling**
 349 **the full conditional distribution. Consequently, our baseline selection adheres to established pro-**
 350 **tocols for nonlinear objectives to ensure a methodologically aligned comparison.** The following
 351 benchmark methods are included:

- 353 • **SAA:** This baseline disregards contextual features and determines decisions by minimizing
 354 the average cost under the empirical distribution of observed random parameters.
- 355 • **Prescriptive Analytics:** Following the framework of Bertsimas & Kallus (2020), we eval-
 356 uate several local learning variants, including k -nearest neighbors (KNN), kernel regression
 357 (Kernel), local linear smoothing (LOESS), and classification and regression trees (CART
 358 tree).
- 359 • **Feature-based LDL:** As a strong baseline derived from our proposed method, this variant
 360 replaces the decision-aware similarity matrix \mathbf{S} with a standard feature-based similarity. It
 361 can also be viewed as an ablation of our full framework, highlighting the contribution of
 362 decision-aware structure.

363 Details of the synthetic data generation process and the feature engineering procedures for both
 364 synthetic and real-world datasets (Buttler et al., 2022) are provided in the Appendix C. In our
 365 experiments, the synthetic data samples are drawn from a set of $n \in \{100, 200, 500, 700, 1000\}$,
 366 while the real-world datasets are constructed by rescaling historical data from years 1, 2, 3, and
 367 4. To evaluate out-of-sample performance, we adopt distinct splitting strategies depending on the
 368 data type. For synthetic datasets, the data is randomly partitioned into training and test sets with an
 369 80:20 ratio. In contrast, for real-world datasets, we strictly employ a chronological split to preserve
 370 temporal order: the first 80% of the historical data is used for training, while the subsequent 20%
 371 serves as the test set. We also present representative comparisons between feature similarity and
 372 decision similarity using heatmaps, as detailed in Section H.

374 5.1 MULTI-ITEM NEWSVENDOR PROBLEM

376 The multi-item Newsvendor problem seeks the optimal replenishment quantities for K different
 377 products. Let $\mathbf{y} := (y_1, \dots, y_K)$ denote the random demand vector for the K products, and let
 $\mathbf{z} \in \mathbb{R}^K$ represent the corresponding order quantities.

378 The demand \mathbf{y} may depend on contextual factors such as promotions, holiday effects, or brand
 379 attributes. The total inventory cost consists of holding costs h_k and stockout costs b_k , which penalize
 380 overstock and understock, respectively. Thus, the cost function is defined as:
 381

$$382 \quad c(\mathbf{z}, \mathbf{y}) := \sum_{k=1}^K h_k(z_k - y_k)^+ + b_k(y_k - z_k)^+,$$

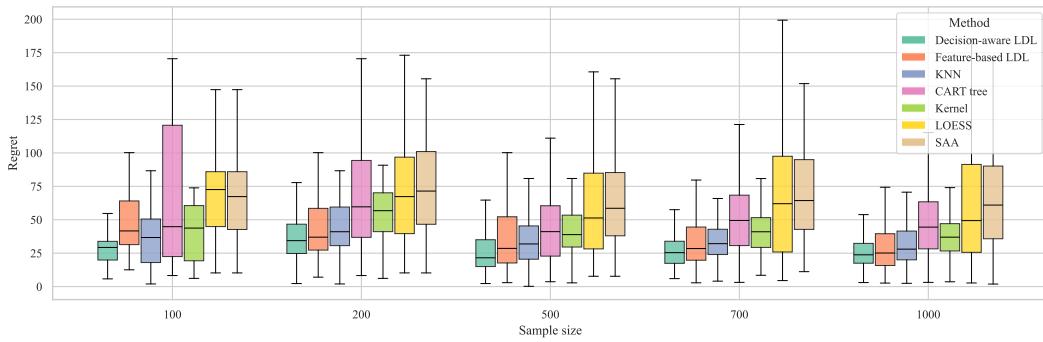
385 where $(a)^+ := \max\{a, 0\}$ denotes the positive part function.

386 Additionally, we impose a budget constraint $C > 0$ on the total order quantities, leading to the
 387 following feasible set:
 388

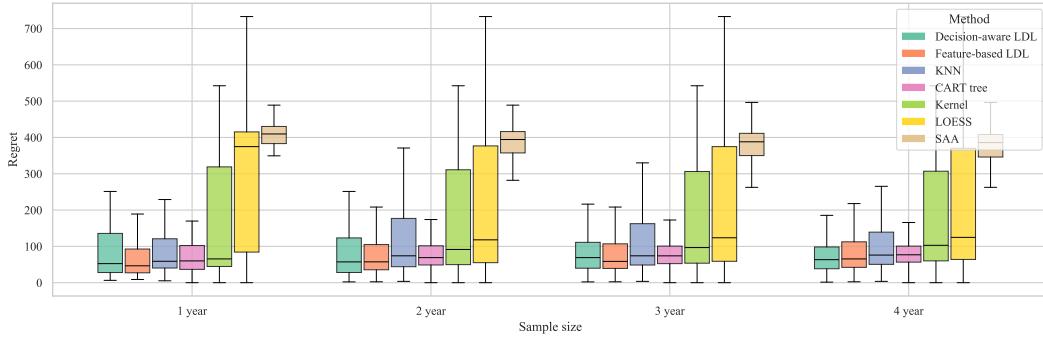
$$389 \quad \mathcal{Z} := \left\{ \mathbf{z} \in \mathbb{R}^K : \sum_{k=1}^K z_k \leq C, \mathbf{z} \geq 0 \right\}.$$

391 We consider the case of $K = 2$, where the newsvendor jointly decides the order quantities for two
 392 products under a total budget constraint of 200. The unit overstock costs are set to $h_1 = 1$ and
 393 $h_2 = 1.3$, while the unit stockout costs are $b_1 = 9$ and $b_2 = 8$, respectively. For our decision-aware
 394 LDL model, the parameters are set as $P = M = 6$, $\alpha = 0.1$ and $\lambda = 0.3$.
 395

396 Figure 2 and Figure 3 compare the test-set performance of decision-aware LDL and baseline
 397 approaches on synthetic and real-world data, respectively. Decision-aware LDL consistently achieves
 398 the lowest regret with strong stability, even in small-sample settings, demonstrating robustness
 399 across scenarios. Removing task-specific information increases both regret and variance. Overall,
 400 these results highlight that decision-aware LDL reliably improves decision quality in both controlled
 401 simulations and practical applications.
 402



413
 414 Figure 2: Comparison results for multi-item newsvendor problem in synthetic data.
 415



426
 427 Figure 3: Comparison results for multi-item newsvendor problem in real-world data.
 428

430 We further extend our evaluation to a discrete decision variant of the multi-item Newsvendor prob-
 431 lem, where order quantities are restricted to specific values, rendering the objective function non-
 432 continuous. Detailed experimental results for this challenging setting are provided in Appendix D.
 433

432 Consistent with the continuous cases, Decision-aware LDL outperforms all baselines, verifying its
 433 effectiveness even in rigid, non-smooth decision landscapes.
 434

435 5.2 QUADRATIC COST NETWORK FLOW PROBLEM

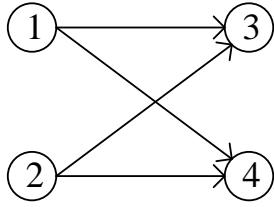
437 Many applications such as urban traffic systems and communication networks can be formulated as a
 438 minimum convex cost flow problem. We consider a directed graph with K edges, where the decision
 439 variable $\mathbf{z} = (z_1, \dots, z_K) \in \mathbb{R}^K$ denotes the flow on each edge, and $\mathbf{y} = (y_1, \dots, y_K) \in \mathbb{R}^K$ is a
 440 random parameter vector influencing the edge costs. The cost function is defined as

$$441 \quad 442 \quad 443 \quad c(\mathbf{z}, \mathbf{y}) := \sum_{k=1}^K g_k(z_k, y_k), \quad (16)$$

444 where each $g_k(z_k, y_k)$ is a convex function of the flow z_k , and may vary across edges.

445 Let $A \in \mathbb{R}^{n \times K}$ be the node-arc incidence matrix of the graph, representing flow conservation at
 446 each node. In addition, let $C \in \mathbb{R}^{m \times K}$ be a constraint matrix that encodes edge- or path-based flow
 447 restrictions, with lower and upper bounds $\ell, \mathbf{u} \in \mathbb{R}^m$. The feasible set is then expressed as

$$448 \quad \mathcal{Z} := \{\mathbf{z} \in \mathbb{R}^K : A\mathbf{z} = 0, \ell \leq C\mathbf{z} \leq \mathbf{u}\}. \quad (17)$$



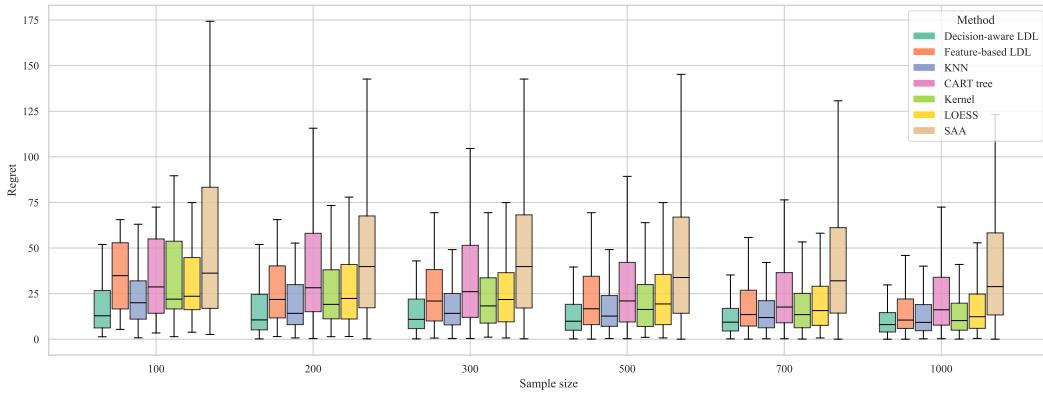
457 Figure 4: Network Graph

458
 459
 460 We consider a directed network with two source nodes (1 and 2) and
 461 two sink nodes (3 and 4), as illustrated in Figure 4. Let z_1, z_2, z_3, z_4
 462 denote the flows on arcs (1,3), (1,4), (2,3), and (2,4), respectively.
 463 The flow on each arc incurs a convex cost of the form $g_k(z_k, y_k) =$
 464 $c_k(z_k - y_k)^2$, where y_k is a random parameter and $c_1 = 1, c_2 =$
 465 $3, c_3 = 2, c_4 = 2$ denote the cost coefficients for each arc. Each
 466 source node must send at least 10 units of flow, and each sink node
 467 must receive at least 10 units of flow.

468 For our decision-aware LDL model, we set $M = P = 6, \alpha = 0.1$
 469 and $\lambda = 0.3$. Due to the symmetric quadratic objective, prediction

470 errors have a relatively small effect on decision outcomes, so less emphasis is placed on decision-
 471 specific correlations.

472 Figure 5 shows that decision-aware LDL consistently achieves the lowest regret with strong sta-
 473 bility. Removing decision-specific structure increases regret and variance, though the simplified
 474 version remains acceptable. As sample size grows, performance differences narrow, indicating that
 475 all methods approach optimal decisions with more information. Overall, across diverse problems,
 476 decision-aware LDL demonstrates robust and effective decision learning.



480 Figure 5: Comparison results for the minimum quadratic cost network flow problem.

483 5.3 COMPUTATIONAL EFFICIENCY

485 We provide a detailed breakdown of computational costs across training and inference phases in Ap-
 486 pendix F (see Figures 7-9). The results reveal a clear strategic trade-off: while our decision-aware

486 LDL incurs a higher offline training cost due to the convex optimization required for solving the
 487 distribution weights π , it offers significant advantages in online operations. Specifically, in complex
 488 optimization tasks like the Quadratic Cost Network Flow, the decision time for the SAA baseline
 489 scales linearly with the training sample size N , becoming computationally prohibitive for large
 490 datasets. In contrast, our method condenses historical information into a compact distribution esti-
 491 mate, ensuring that the online decision time remains constant and efficient regardless of the training
 492 size. This makes the proposed framework particularly well-suited for time-sensitive applications
 493 where offline training is permissible in exchange for rapid online decision-making.

494

495 5.4 ROBUSTNESS AND SENSITIVITY ANALYSIS

496

497 To provide a comprehensive evaluation of model stability, we present the detailed numerical re-
 498 sults—including the **mean and standard deviation** of out-of-sample costs and ranks—in Ap-
 499 pendix E (see Tables 3–8). Across all three experimental settings (Synthetic Newsvendor, Real-
 500 world Newsvendor, and Quadratic Cost Network Flow), the proposed Decision-aware LDL con-
 501 sistently achieves the superior performance in terms of both average cost and ranking stability. Notably,
 502 in the real-world Newsvendor scenarios characterized by significant inherent noise, our method
 503 maintains low variance compared to the high volatility observed in traditional non-parametric base-
 504 lines like LOESS and SAA. This empirical evidence confirms that the proposed manifold regulariza-
 505 tion effectively acts as a denoising filter, ensuring reliable decision-making even under distribution
 506 shifts and noisy supervision.

507

508 Regarding hyperparameter sensitivity, the extensive analysis provided in Appendix G (Figure 10)
 509 robustly demonstrates that the proposed method maintains low-regret performance across a wide
 510 range of configurations. We generally recommend setting the feature manifold neighbor count P
 511 equal to the support size M (typically $P = M = 6$) to align the geometric scope of the feature and
 512 decision spaces. Furthermore, introducing a small positive trade-off parameter (e.g., $\alpha \in [0.1, 0.5]$)
 513 is sufficient to incorporate the critical decision guidance. A notable phenomenon observed in this
 514 analysis is that as the training data size increases, the model’s robustness improves, and concurrently,
 515 its sensitivity to parameter choices diminishes. Nevertheless, the overall finding is that the proposed
 516 methodology exhibits low sensitivity to hyperparameter settings.

517

518 6 CONCLUSION

519

520 Existing ILO approaches typically achieve decision-awareness by modifying the loss function of the
 521 predictor. However, the non-differentiable and discontinuous nature of decision-aware losses poses
 522 significant challenges for efficient training. In this work, we propose an alternative pathway that
 523 avoids loss modification.

524

525 Our decision-aware LDL framework provides a principled solution by modeling uncertainty as full
 526 distributions and strategically reallocating predictive mass away from high-risk regions. The ap-
 527 proach transforms scalar targets into individualized mixture distributions using decision-aware simi-
 528 larity matrices, and employs a dual-branch neural network to learn decision-optimized representa-
 529 tions. Experimental results on the newsvendor and network flow problems demonstrate consistent
 530 superiority in regret minimization across different sample sizes, with particularly strong perfor-
 531 mance in small-sample regimes where traditional methods struggle.

532

533 While promising, our approach has limitations including the conditional independence assumption
 534 for multivariate parameters and computational overhead of the label enhancement procedure. Future
 535 work should explore extensions to handle dependent parameters, develop efficient approximation
 536 techniques for large-scale applications, and provide theoretical performance guarantees. Neverthe-
 537 less, this work establishes LDL as a viable paradigm for bridging statistical prediction and decision
 538 optimization, opening new research avenues at the intersection of machine learning and operations
 539 research.

540

541

542

543

544

540 REFERENCES
541

542 Quentin Berthet, Mathieu Blondel, Olivier Teboul, Marco Cuturi, Jean-Philippe Vert, and Francis
543 Bach. Learning with differentiable perturbed optimizers. *Advances in neural information pro-*
544 *cessing systems*, 33:9508–9519, 2020.

545 Dimitris Bertsimas and Nathan Kallus. From predictive to prescriptive analytics. *Management*
546 *Science*, 66(3):1025–1044, March 2020. ISSN 0025-1909, 1526-5501. doi: 10.1287/mnsc.2018.
547 3253. URL <https://pubsonline.informs.org/doi/10.1287/mnsc.2018.3253>.

548

549 Simone Buttler, Andreas Philippi, Nikolai Stein, and Richard Pibernik. A meta analysis of data-
550 driven newsvendor approaches. In *ICLR 2022 Workshop on Setting up ML Evaluation Standards*
551 *to Accelerate Progress*, 2022.

552

553 Adam N. Elmachtoub and Paul Grigas. Smart “predict, then optimize”. *Management Science*, 68
554 (1):9–26, January 2022. ISSN 0025-1909, 1526-5501. doi: 10.1287/mnsc.2020.3922. URL
555 <https://pubsonline.informs.org/doi/10.1287/mnsc.2020.3922>.

556

557 Adam N Elmachtoub, Jason Cheuk Nam Liang, and Ryan McEllis. Decision trees for decision-
558 making under the predict-then-optimize framework. pp. 2858–2867. PMLR, 2020.

559

560 Xin Geng. Label distribution learning. *IEEE Trans. Knowl. Data Eng.*, 28(7):1734–1748, July 2016.
561 ISSN 1041-4347. doi: 10.1109/TKDE.2016.2545658. URL <http://ieeexplore.ieee.org/document/7439855/>.

562

563 Ziyuan Gu, Qi Hong, Zhen Zhou, Xin Geng, Zhiyuan Liu, and Mo Jia. Topological information
564 utilization in label enhancement and label distribution learning based on optimal transport theory.
565 *IEEE Transactions on Knowledge and Data Engineering*, 2025.

566

567 Xiuyi Jia, Weiwei Li, Junyu Liu, and Yu Zhang. Label distribution learning by exploiting label
568 correlations. In *Proceedings of the AAAI Conference on Artificial Intelligence*, volume 32, 2018.

569

570 Yuheng Jia, Jiawei Tang, and Jiahao Jiang. Label distribution learning from logical label. *arXiv*
571 *preprint arXiv:2303.06847*, 2023.

572

573 Nathan Kallus and Xiaojie Mao. Stochastic optimization forests. *Management Science*, 69(4):
574 1975–1994, April 2023. ISSN 0025-1909, 1526-5501. doi: 10.1287/mnsc.2022.4458. URL
575 <https://pubsonline.informs.org/doi/10.1287/mnsc.2022.4458>.

576

577 Anton J. Kleywegt, Alexander Shapiro, and Tito Homem-de Mello. The sample average ap-
578 proximation method for stochastic discrete optimization. *SIAM J. Optim.*, 12(2):479–502, Jan-
579 uary 2002. ISSN 1052-6234, 1095-7189. doi: 10.1137/S1052623499363220. URL <http://epubs.siam.org/doi/10.1137/S1052623499363220>.

580

581 Jayanta Mandi, James Kotary, Senne Berden, Maxime Mulamba, Victor Bucarey, Tias Guns, and
582 Ferdinando Fioretto. Decision-focused learning: foundations, state of the art, benchmark and
583 future opportunities. *jair*, 80:1623–1701, August 2024. ISSN 1076-9757. doi: 10.1613/jair.1.
584 15320. URL <https://www.jair.org/index.php/jair/article/view/15320>.

585

586 Meng Qi, Paul Grigas, and Zuo-Jun Max Shen. Integrated conditional estimation-optimization,
587 August 2023. URL <http://arxiv.org/abs/2110.12351>. arXiv:2110.12351 [stat].

588

589 Utsav Sadana, Abhilash Chenreddy, Erick Delage, Alexandre Forel, Emma Freijinger, and Thibaut
590 Vidal. A survey of contextual optimization methods for decision-making under uncertainty. *Eu-*
591 *ropean Journal of Operational Research*, 320(2):271–289, January 2025. ISSN 03772217. doi:
592 10.1016/j.ejor.2024.03.020. URL <https://linkinghub.elsevier.com/retrieve/pii/S0377221724002200>.

593

594 Subham Sekhar Sahoo, Anselm Paulus, Marin Vlastelica, Vít Musil, Volodymyr Kuleshov, and
595 Georg Martius. Backpropagation through combinatorial algorithms: identity with projection
596 works, March 2023. URL <http://arxiv.org/abs/2205.15213>. arXiv:2205.15213 [cs].

594 Marin Vlastelica, Anselm Paulus, Vit Musil, Georg Martius, and Michal Rolinek. Differentiation
595 of blackbox combinatorial solvers. 2020. URL <https://openreview.net/forum?id=BkevoJSYPB>.

596

597 Changsong Wen, Xin Zhang, Xingxu Yao, and Jufeng Yang. Ordinal label distribution learning.
598 In *Proceedings of the IEEE/CVF international conference on computer vision*, pp. 23481–23491,
599 2023.

600

601 Ning Xu, Yun-Peng Liu, and Xin Geng. Label enhancement for label distribution learning.
602 *IEEE Trans. Knowl. Data Eng.*, 33(4):1632–1643, April 2021. ISSN 1041-4347, 1558-2191,
603 2326-3865. doi: 10.1109/TKDE.2019.2947040. URL <https://ieeexplore.ieee.org/document/8868206/>.

604

605 Xingyu Zhao, Lei Qi, Yuexuan An, and Xin Geng. Generalizable label distribution learning. In
606 *Proceedings of the 31st ACM International Conference on Multimedia*, MM ’23, pp. 8932–8941,
607 New York, NY, USA, 2023. Association for Computing Machinery. ISBN 9798400701085. doi:
608 10.1145/3581783.3611693. URL <https://doi.org/10.1145/3581783.3611693>.

609

610 Xiang Zheng, Xiuyi Jia, and Weiwei Li. Label distribution learning by exploiting sample correla-
611 tions locally. In *Proceedings of the AAAI Conference on Artificial Intelligence*, volume 32, 2018.

612

613

614

615

616

617

618

619

620

621

622

623

624

625

626

627

628

629

630

631

632

633

634

635

636

637

638

639

640

641

642

643

644

645

646

647

648 A DISCRETE MIXTURE REPRESENTATION FOR DECISION-AWARE LDL
649

650 Once the predictive function f learns to output individualized mixture distributions \mathcal{G}_i for each data
651 point, we obtain, for each input \mathbf{x} , a collection of mixture parameters $\{(\pi_{k,m}(\mathbf{x}), \mu_{k,m}(\mathbf{x}))\}_{m=1}^M$
652 for each dimension $k = 1, \dots, K$. Here, K denotes the number of uncertain parameters (or output
653 dimensions) involved in the decision problem.

654 In practice, we train K separate predictive models, each dedicated to learning the mixture dis-
655 tribution of one uncertain parameter. That is, the k -th model outputs $\{(\pi_{k,m}(\mathbf{x}), \mu_{k,m}(\mathbf{x}))\}_{m=1}^M$,
656 capturing the uncertainty associated with dimension k . This decomposition allows the framework to
657 scale to high-dimensional decision problems while preserving interpretability at the marginal level.
658

659 Each marginal distribution is represented as a mixture of Dirac delta functions:

$$660 \quad p_k(y_k \mid \mathbf{x}) = \sum_{m=1}^M \pi_{k,m}(\mathbf{x}) \delta(y_k - \mu_{k,m}(\mathbf{x})),$$

663 and under the conditional independence assumption, the joint distribution is
664

$$665 \quad P(\mathbf{y} \mid \mathbf{x}) = \prod_{k=1}^K p_k(y_k \mid \mathbf{x}) = \sum_{\mathbf{m} \in [M]^K} \Pi_{\mathbf{m}}(\mathbf{x}) \delta(\mathbf{y} - \boldsymbol{\mu}_{\mathbf{m}}(\mathbf{x})),$$

668 where $\mathbf{m} = (m_1, \dots, m_K)$ indexes one mixture component per dimension, $\boldsymbol{\mu}_{\mathbf{m}}(\mathbf{x}) =$
669 $[\mu_{1,m_1}(\mathbf{x}), \dots, \mu_{K,m_K}(\mathbf{x})]^T$, and $\Pi_{\mathbf{m}}(\mathbf{x}) = \prod_{k=1}^K \pi_{k,m_k}(\mathbf{x})$.
670

671 The expected cost under this distribution reduces to a weighted sum:

$$672 \quad \mathbb{E}_{\mathbf{y} \sim P(\mathbf{y} \mid \mathbf{x})} [c(\mathbf{z}, \mathbf{y})] = \sum_{\mathbf{m} \in [M]^K} \Pi_{\mathbf{m}}(\mathbf{x}) c(\mathbf{z}, \boldsymbol{\mu}_{\mathbf{m}}(\mathbf{x})),$$

675 and the corresponding optimal decision is
676

$$677 \quad \mathbf{z}_{\text{dist}}^*(\mathbf{x}) = \arg \min_{\mathbf{z} \in \mathcal{Z}} \sum_{\mathbf{m} \in [M]^K} \Pi_{\mathbf{m}}(\mathbf{x}) \cdot c(\mathbf{z}, \boldsymbol{\mu}_{\mathbf{m}}(\mathbf{x})).$$

680 B MAXIMUM MEAN DISCREPANCY BETWEEN TWO MIXTURES OF DIRAC
681 DELTA FUNCTIONS
682

683 Let us consider two probability distributions that are discrete mixtures of Dirac delta functions:
684

$$685 \quad P = \sum_{i=1}^m a_i \delta(x - x_i), \quad Q = \sum_{j=1}^n b_j \delta(y - y_j),$$

688 where each x_i and y_j is a point in the sample space \mathcal{X} , and the weights satisfy
689

$$690 \quad a_i \geq 0, \quad b_j \geq 0, \quad \sum_{i=1}^m a_i = \sum_{j=1}^n b_j = 1.$$

692 Here, $\delta(\cdot)$ denotes the Dirac delta distribution, so that $\delta(x - x_i)$ places all of its probability mass at
693 the point x_i .
694

695 Given a symmetric positive definite kernel function $k : \mathcal{X} \times \mathcal{X} \rightarrow \mathbb{R}$ (for example, the Gaussian
696 radial basis function kernel), the squared *Maximum Mean Discrepancy* (MMD) between P and Q is
697 defined as:

$$698 \quad \text{MMD}^2(P, Q) = \mathbb{E}_{x, x' \sim P} k(x, x') + \mathbb{E}_{y, y' \sim Q} k(y, y') - 2 \mathbb{E}_{x \sim P, y \sim Q} k(x, y).$$

699 The MMD measures the distance between the *mean embeddings* of P and Q in the reproducing
700 kernel Hilbert space (RKHS) induced by k . When k is *characteristic*, $\text{MMD}^2(P, Q) = 0$ if and
701 only if $P = Q$.

702 For discrete measures such as mixtures of Dirac deltas, the expectations above reduce to finite sums.
 703 Substituting the expressions for P and Q into the MMD definition yields:
 704

$$705 \quad \text{MMD}^2(P, Q) = \sum_{i=1}^m \sum_{i'=1}^m a_i a_{i'} k(x_i, x_{i'}) + \sum_{j=1}^n \sum_{j'=1}^n b_j b_{j'} k(y_j, y_{j'}) - 2 \sum_{i=1}^m \sum_{j=1}^n a_i b_j k(x_i, y_j).$$

708 This expression is exact and does not require any sampling, as all terms are directly computable
 709 from the given support points and weights.
 710

711 It is often convenient to express the above in matrix notation. Define:

$$712 \quad K_{XX}[i, i'] = k(x_i, x_{i'}), \quad K_{YY}[j, j'] = k(y_j, y_{j'}), \quad K_{XY}[i, j] = k(x_i, y_j),$$

714 and let $\mathbf{a} = (a_1, \dots, a_m)^\top$, $\mathbf{b} = (b_1, \dots, b_n)^\top$. Then:
 715

$$716 \quad \text{MMD}^2 = \mathbf{a}^\top K_{XX} \mathbf{a} + \mathbf{b}^\top K_{YY} \mathbf{b} - 2 \mathbf{a}^\top K_{XY} \mathbf{b}.$$

718 This compact form is particularly useful for implementation, since it involves only matrix–vector
 719 multiplications.
 720

721 The above closed-form expression is valid for any positive definite kernel k . For the Gaussian RBF
 722 kernel:

$$723 \quad k(x, y) = \exp\left(-\frac{\|x - y\|^2}{2\sigma^2}\right),$$

725 $\text{MMD}^2(P, Q)$ becomes a function of the pairwise squared Euclidean distances between $\{x_i\}$ and
 726 $\{y_j\}$, making it especially efficient to compute when these distances can be precomputed.
 727

728 SPECIAL CASE: MMD BETWEEN SINGLE-POINT DISTRIBUTIONS

730 We now analyze a special case to build intuition. Let us consider two distributions, P and Q , where
 731 all probability mass is concentrated on a single point for each. That is, all support points for P
 732 collapse to a single point p , and all support points for Q collapse to a single point q :

$$733 \quad x_1 = x_2 = \dots = x_m = p \quad \text{and} \quad y_1 = y_2 = \dots = y_n = q.$$

735 Effectively, this simplifies the distributions to $P = \delta(x - p)$ and $Q = \delta(y - q)$, as the weights must
 736 sum to one.
 737

738 We substitute these conditions into the general MMD formula:

$$\begin{aligned} 739 \quad \text{MMD}^2(P, Q) &= \sum_{i=1}^m \sum_{i'=1}^m a_i a_{i'} k(x_i, x_{i'}) + \sum_{j=1}^n \sum_{j'=1}^n b_j b_{j'} k(y_j, y_{j'}) - 2 \sum_{i=1}^m \sum_{j=1}^n a_i b_j k(x_i, y_j) \\ 740 \\ 741 &= \sum_{i=1}^m \sum_{i'=1}^m a_i a_{i'} k(p, p) + \sum_{j=1}^n \sum_{j'=1}^n b_j b_{j'} k(q, q) - 2 \sum_{i=1}^m \sum_{j=1}^n a_i b_j k(p, q) \\ 742 \\ 743 &= k(p, p) \left(\sum_{i=1}^m a_i \right) \left(\sum_{i'=1}^m a_{i'} \right) + k(q, q) \left(\sum_{j=1}^n b_j \right) \left(\sum_{j'=1}^n b_{j'} \right) \\ 744 \\ 745 &\quad - 2 k(p, q) \left(\sum_{i=1}^m a_i \right) \left(\sum_{j=1}^n b_j \right) \\ 746 \\ 747 &= k(p, p) \cdot (1) \cdot (1) + k(q, q) \cdot (1) \cdot (1) - 2 k(p, q) \cdot (1) \cdot (1) \\ 748 \\ 749 &= k(p, p) + k(q, q) - 2 k(p, q). \end{aligned}$$

754 This result is the squared distance between the embeddings of points p and q in the RKHS, i.e.,
 755 $\text{MMD}^2(P, Q) = \|\phi(p) - \phi(q)\|_{\mathcal{H}}^2$, where $\phi(x) = k(\cdot, x)$ is the feature map.

756 **Example with Gaussian RBF Kernel** If we further substitute the Gaussian RBF kernel, $k(x, y) =$
 757 $\exp\left(-\frac{\|x-y\|^2}{2\sigma^2}\right)$, we note that $k(p, p) = \exp(0) = 1$ and $k(q, q) = \exp(0) = 1$. The expression
 758 simplifies to:
 759

$$760 \quad 761 \quad \text{MMD}^2(P, Q) = 1 + 1 - 2 \exp\left(-\frac{\|p-q\|^2}{2\sigma^2}\right) = 2\left(1 - \exp\left(-\frac{\|p-q\|^2}{2\sigma^2}\right)\right).$$

762

763 This clearly shows that the MMD between two single-point distributions is a function of the Eu-
 764 clidean distance between the points p and q . If $p = q$, the MMD is 0, as expected.
 765

766 C EXPERIMENTAL SETTING

767

768 C.1 REAL-WORLD BAKERY DATA

769

770 For our experiments on real-world data, we use the bakery dataset from Buttler et al. (2022). We
 771 focus on two products from the same store. The target variable y corresponds to product demand,
 772 while the feature set X includes:
 773

- 774 • Historical demand of the past week
- 775 • Holiday indicators: `is_schoolholiday`, `is_holiday`, `is_holiday_next2days`
- 776 • Weather-related features: `temp_min`, `temp_avg_celsius`, `temp_max`, `rain_mm`
- 777 • Promotion features: `promotion_currentweek`, `promotion_lastweek`
- 778 • Temporal features: `weekday`, `month`
- 779
- 780

781 All non-categorical features are normalized, while categorical features are encoded as one-hot vec-
 782 tors.
 783

784 C.2 SYNTHETIC DATA GENERATION

785

786 For synthetic experiments, we generate regression datasets using `make_regression`. Specifi-
 787 cally:
 788

- 789 • Newsvendor problem: 4 features, with y scaled to the range [10, 120], and each demand's
 790 noise standard deviation $\sigma = 8$
- 791 • Quadratic cost network flow problem: 6 features, with y scaled to the range [5, 15], and
 792 each arc's noise standard deviation σ approximately 1.2
- 793
- 794

795 C.3 NEURAL NETWORK CONFIGURATION

796

797 To jointly estimate the mixture weights and location parameters of the impulse signals, we imple-
 798 ment a Multi-Task Learning (MTL) neural network. The architecture comprises a shared feature
 799 extraction backbone followed by two task-specific decoupling heads:
 800

801 **Shared Encoder:** The backbone transforms the input x into a high-level latent representation via
 802 a series of fully connected blocks with decreasing dimensionality (512 \rightarrow 256 \rightarrow 128).
 803 Each block incorporates GELU activation, LayerNorm for stability, and Dropout ($p = 0.2$)
 804 to mitigate overfitting.
 805

806 **Weight Prediction Head:** This Multi-Layer Perceptron (MLP) branch maps latent features to the
 807 mixture weights. A Softmax activation is applied to the final layer to strictly enforce the
 808 simplex constraint (i.e., $\sum \hat{w}_i = 1$).
 809

808 **Position Prediction Head:** A parallel MLP branch designed to regress the continuous location pa-
 809 rameters. It employs GELU activation in the hidden layers to capture non-linearities and
 810 outputs the raw coordinates via a linear projection.
 811

810 **Optimization Setup.** The network is optimized using the Adam optimizer with an initial learning
 811 rate of 10^{-3} and a weight decay of 10^{-5} . We employ a *ReduceLROnPlateau* scheduler (factor=0.5,
 812 patience=10) to anneal the learning rate when the validation loss plateaus. Furthermore, an early
 813 stopping mechanism with a patience of 20 epochs is utilized to ensure convergence and prevent
 814 overfitting.

815 **C.4 BASELINE IMPLEMENTATIONS AND HYPERPARAMETERS**

816 To ensure a fair comparison and robust performance, we standardized the hyperparameter settings
 817 for the baseline methods as follows:

- 820 • **k-Nearest Neighbors (KNN):** We set the number of neighbors to $k = 10$. This value was
 821 chosen to strike a balance between local sensitivity (capturing the relevant neighborhood
 822 structure) and statistical stability (smoothing out observation noise).
- 823 • **CART (Decision Tree):** We restricted the tree complexity by setting
 824 max_leaf_nodes=6 and enforcing min_samples_leaf=10. These constraints
 825 act as regularization to prevent the tree from overfitting to specific training samples,
 826 ensuring that each leaf node contains sufficient data to form a reliable empirical
 827 distribution.
- 828 • **Kernel Regression (Nadaraya-Watson):** We employed the Epanechnikov kernel with a
 829 baseline bandwidth of 1. Crucially, we enabled use_variable_bandwidth=True,
 830 which allows the estimator to adaptively adjust the smoothing window based on local data
 831 density, thereby improving performance in sparse regions of the feature space.
- 832 • **LOESS (Locally Estimated Scatterplot Smoothing):** We configured the local regression
 833 with an Epanechnikov kernel and set the neighborhood size to n_neighbors=10, consist-
 834 ent with the KNN baseline. Furthermore, we enabled use_nonnegative=True to en-
 835 force domain constraints, ensuring that the predicted demand or costs remain non-negative
 836 and physically feasible.
- 837 • **SAA (Sample Average Approximation):** As a feature-agnostic baseline, SAA assumes
 838 that the future distribution is identical to the unconditional empirical distribution of the
 839 training data. We implemented this by using the global pool of target samples, ignoring
 840 any conditional feature information X .

841 **D DISCRETE DECISION MULTI-ITEM NEWSVENDOR PROBLEM**

844 In this section, we consider a variant of the multi-item Newsvendor problem where the order quan-
 845 tities are restricted to a discrete set of values (e.g., specific batch sizes or pallet counts). This intro-
 846 duces a non-convex, combinatorial aspect to the downstream optimization, serving as a stress test
 847 for the proposed method’s capability to handle non-smooth decision landscapes.

849 **D.1 PROBLEM FORMULATION**

851 Similar to the continuous case, let $\mathbf{y} := (y_1, \dots, y_K)$ denote the random demand vector for K
 852 products, and let $\mathbf{z} = (z_1, \dots, z_K)$ represent the order quantities. The total inventory cost remains
 853 defined as the sum of holding and stockout costs:

$$854 \quad c(\mathbf{z}, \mathbf{y}) := \sum_{k=1}^K h_k(z_k - y_k)^+ + b_k(y_k - z_k)^+, \quad (18)$$

857 where $(a)^+ := \max\{a, 0\}$. However, unlike the continuous setting, the decision variables are
 858 constrained to a discrete set of allowable order levels $\mathcal{Q} = \{q_1, q_2, \dots, q_L\}$ where L represents the
 859 number of candidate quantities. Consequently, the feasible set is defined as:

$$860 \quad \mathcal{Z} := \left\{ \mathbf{z} \in \mathcal{Q}^K : \sum_{k=1}^K z_k \leq C \right\}, \quad (19)$$

863 where C is the total budget capacity. In our experiments, we set $\mathcal{Q} = \{10, 20, \dots, 130\}$ and $C =$
 200, forcing the optimization to select order quantities from fixed steps of 10 units.

864
865

D.2 EXPERIMENTAL RESULTS

866
867
868
869
870
871

. We evaluate the performance of Decision-aware LDL against baseline methods using synthetic datasets. The experimental setting aligns strictly with the synthetic data generation process described in the continuous Newsvendor case (Section 5), with sample sizes $N \in \{100, \dots, 1000\}$. We restrict this analysis to synthetic scenarios because the significant volatility and irregular fluctuations inherent in real-world demand data make it practically infeasible to define a static, effective discrete decision set \mathcal{Q} (e.g., fixed batch sizes) that remains valid across different temporal shifts.

872
873

The comparative results are summarized in Figure 6 and detailed in Tables 1 and 2.

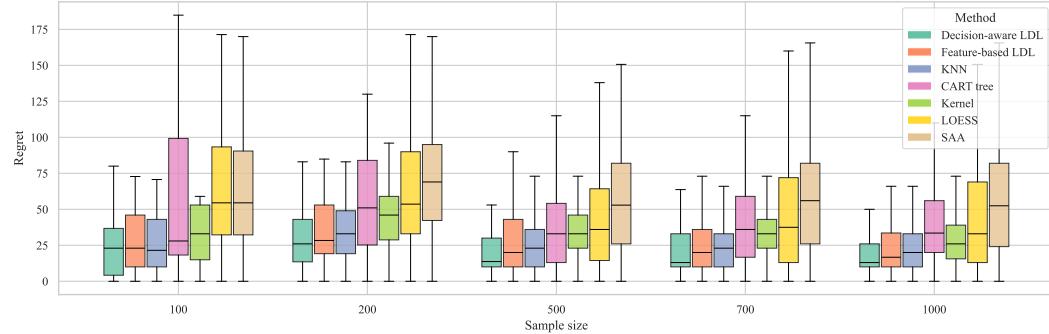
884
885

Figure 6: Comparison results for the discrete decision multi-item newsvendor problem. The proposed method maintains superiority even when decision variables are constrained to discrete levels.

888

889

Table 1: Out-of-sample costs (Mean \pm Std) for the Discrete Newsvendor problem.

Method	100	200	500	700	1000
Decision-aware LDL	23.72 \pm 21.13	30.81 \pm 27.48	21.37 \pm 22.27	23.11 \pm 25.63	21.54 \pm 23.31
Feature-based LDL	29.10 \pm 25.02	36.09 \pm 27.31	29.22 \pm 29.97	28.11 \pm 29.30	27.20 \pm 31.90
KNN	28.27 \pm 25.65	36.86 \pm 26.50	26.00 \pm 23.45	25.07 \pm 22.26	23.20 \pm 21.58
CART tree	107.98 \pm 155.92	76.10 \pm 96.08	47.58 \pm 67.56	48.59 \pm 59.38	46.29 \pm 54.90
Kernel	32.58 \pm 21.71	44.65 \pm 21.97	33.78 \pm 20.00	32.71 \pm 19.24	30.11 \pm 18.32
LOESS	74.60 \pm 67.34	73.83 \pm 66.21	52.20 \pm 55.16	52.62 \pm 52.58	50.49 \pm 56.41
SAA	64.35 \pm 45.25	71.68 \pm 38.52	60.36 \pm 47.84	61.50 \pm 45.26	61.21 \pm 53.06

888

890

Table 2: Out-of-sample ranks (Mean \pm Std) for the Discrete Newsvendor problem.

Method	100	200	500	700	1000
Decision-aware LDL	3.05 \pm 2.76	2.74 \pm 3.06	2.78 \pm 2.27	2.82 \pm 2.60	2.87 \pm 2.41
Feature-based LDL	3.40 \pm 2.62	3.08 \pm 2.90	3.27 \pm 3.32	3.19 \pm 2.90	3.15 \pm 2.72
KNN	3.05 \pm 2.21	3.05 \pm 1.43	3.09 \pm 1.68	3.09 \pm 1.82	3.09 \pm 1.78
CART tree	4.35 \pm 5.69	4.54 \pm 3.63	4.29 \pm 3.50	4.44 \pm 3.42	4.56 \pm 3.40
Kernel	4.30 \pm 2.77	4.34 \pm 2.01	4.44 \pm 2.46	4.34 \pm 2.54	4.34 \pm 2.45
LOESS	4.75 \pm 3.28	4.65 \pm 4.41	4.60 \pm 4.16	4.56 \pm 4.36	4.44 \pm 4.41
SAA	5.10 \pm 2.83	5.59 \pm 2.62	5.53 \pm 2.66	5.55 \pm 2.52	5.54 \pm 2.68

891

892

E DETAIL OF NUMERICAL EXPERIMENT RESULTS

893

We evaluate the proposed method against six baselines across three distinct settings: the synthetic Newsvendor problem, the real-world Newsvendor problem, and the Quadratic Cost Network Flow problem. To ensure a robust comparison and mitigate the skewing effect of extreme outliers in absolute costs, we further introduce a rank-based metric. Specifically, for each out-of-sample test instance, we rank all methods based on their realized costs. We then aggregate these instance-level

918 rankings to report the mean rank and its standard deviation. This approach allows us to assess the
 919 relative performance consistency of each method, avoiding conclusions that are disproportionately
 920 influenced by rare, high-cost scenarios.
 921

922 E.1 RESULTS ON SYNTHETIC NEWSVENDOR PROBLEM

924 Tables 3 and 4 summarize the out-of-sample costs and average ranks for the synthetic newsvendor
 925 problem. We define the average rank as $\text{Rank}_{\text{avg}}(M) = \frac{1}{N_{\text{test}}} \sum_{i=1}^{N_{\text{test}}} \text{rank}_i(M)$, where N_{test} is the
 926 total number of test instances and $\text{rank}_i(M)$ denotes the rank of method M on the i -th instance (with
 927 rank 1 indicating the lowest cost). The proposed Decision-aware LDL consistently outperforms the
 928 baselines, achieving the lowest costs across all training sample sizes ($N = 100$ to 1000). Notably,
 929 the cost reduction is significant compared to the standard Feature-based LDL (e.g., 26.83 vs. 38.67
 930 at $N = 1000$), verifying that incorporating task-induced similarity \tilde{S} effectively guides the label
 931 distribution learning. While KNN performs competitively in terms of rank, our method maintains
 932 better stability as evidenced by the consistently lower rank scores (ranging from 2.40 to 2.63).
 933

934 Table 3: Out-of-sample costs (Mean \pm Std) for the synthetic Newsvendor problem under varying
 935 training sizes.

Method	100	200	500	700	1000
Decision-aware LDL	25.96 \pm 14.73	42.19 \pm 27.27	29.14 \pm 22.68	28.45 \pm 20.02	26.83 \pm 18.56
Feature-based LDL	58.82 \pm 49.37	52.80 \pm 37.10	42.98 \pm 40.36	41.39 \pm 38.99	38.67 \pm 38.98
KNN	38.34 \pm 20.96	43.48 \pm 24.53	34.23 \pm 24.92	33.78 \pm 23.47	31.94 \pm 23.47
CART tree	119.26 \pm 162.21	87.72 \pm 100.21	56.95 \pm 69.15	58.09 \pm 60.71	55.72 \pm 56.20
Kernel	40.48 \pm 23.75	54.54 \pm 22.94	43.23 \pm 20.35	42.06 \pm 18.16	39.43 \pm 16.92
LOESS	84.84 \pm 70.03	87.53 \pm 75.49	68.92 \pm 62.22	71.02 \pm 61.54	68.77 \pm 62.49
SAA	66.80 \pm 37.24	75.44 \pm 34.99	67.66 \pm 44.17	70.01 \pm 43.87	70.07 \pm 51.35

945 Table 4: Average ranks (Mean \pm Std) for the synthetic Newsvendor problem.

Method	100	200	500	700	1000
Decision-aware LDL	2.40 \pm 2.17	2.92 \pm 2.41	2.59 \pm 1.89	2.60 \pm 1.97	2.63 \pm 2.04
Feature-based LDL	3.90 \pm 3.36	3.12 \pm 2.78	3.14 \pm 3.46	3.08 \pm 3.23	2.97 \pm 3.08
KNN	3.30 \pm 1.69	2.72 \pm 1.75	2.92 \pm 2.15	2.97 \pm 2.13	2.98 \pm 1.89
CART tree	4.30 \pm 5.30	4.42 \pm 4.02	4.43 \pm 3.71	4.51 \pm 3.68	4.56 \pm 3.50
Kernel	3.95 \pm 4.76	4.48 \pm 2.83	4.64 \pm 2.62	4.52 \pm 2.60	4.56 \pm 2.48
LOESS	5.18 \pm 3.19	4.83 \pm 4.77	4.83 \pm 4.29	4.81 \pm 4.52	4.76 \pm 4.74
SAA	4.97 \pm 2.80	5.50 \pm 2.60	5.45 \pm 2.49	5.52 \pm 2.32	5.54 \pm 2.50

956 E.2 RESULTS ON REAL-WORLD DATA (NEWSVENDOR)

958 The results on real-world datasets, presented in Tables 5 and 6, highlight the robustness of our ap-
 959 proach across varying scales of historical data (ranging from 1 to 4 years). As indicated by the large
 960 standard deviations (e.g., ± 169.56 for the 1-year period), these datasets contain significant inher-
 961 ent noise and potential distribution drifts. Despite these challenges, Decision-aware LDL achieves
 962 the lowest cost when utilizing 2, 3, and 4 years of training data, and remains highly competitive
 963 with only 1 year of data. Traditional methods like SAA and LOESS suffer heavily from the data
 964 variability, yielding much higher costs. Crucially, the rank analysis shows that our method (ranks
 965 2.58 – 3.00) maintains superior reliability across different temporal horizons compared to CART
 966 or Kernel methods. This suggests that the manifold-based smoothing acts as an effective denoising
 967 filter, preventing overfitting to short-term noise while effectively leveraging longer historical
 968 records.

969 E.3 RESULTS ON QUADRATIC COST NETWORK FLOW PROBLEM

971 In the more complex Quadratic Cost Network Flow problem (Tables 7 and 8), the advantage of
 972 the proposed method is most pronounced. Decision-aware LDL ranks first consistently across all

972
 973 Table 5: Out-of-sample costs (Mean \pm Std) for the real-world Newsvendor problem across four
 974 product groups.

Method	1 year	2 year	3 year	4 year
Decision-aware LDL	117.01 \pm 169.56	101.05 \pm 131.13	103.66 \pm 126.17	97.05 \pm 122.45
Feature-based LDL	170.18 \pm 448.82	174.72 \pm 422.46	143.67 \pm 327.16	132.16 \pm 284.89
KNN	133.94 \pm 160.15	142.77 \pm 148.83	138.86 \pm 139.84	127.64 \pm 125.99
CART tree	112.59 \pm 213.88	129.55 \pm 290.35	117.53 \pm 222.74	111.93 \pm 189.14
Kernel	174.47 \pm 195.57	185.44 \pm 254.24	176.33 \pm 205.23	177.46 \pm 184.96
LOESS	292.22 \pm 175.08	213.08 \pm 276.21	211.00 \pm 229.62	209.10 \pm 208.96
SAA	388.64 \pm 107.71	375.35 \pm 112.50	377.21 \pm 129.86	375.67 \pm 137.20

983
 984 Table 6: Average ranks (Mean \pm Std) for the real-world Newsvendor problem.

Method	1 year	2 year	3 year	4 year
Decision-aware LDL	2.86 \pm 3.19	2.58 \pm 3.16	3.00 \pm 3.02	2.71 \pm 2.99
Feature-based LDL	2.78 \pm 3.16	3.07 \pm 3.21	2.77 \pm 3.35	2.86 \pm 3.39
KNN	4.00 \pm 3.15	4.02 \pm 3.18	3.90 \pm 3.31	3.82 \pm 2.99
CART tree	3.40 \pm 3.60	3.74 \pm 3.42	3.81 \pm 3.24	3.88 \pm 2.98
Kernel	4.10 \pm 2.19	4.31 \pm 2.29	4.17 \pm 2.48	4.30 \pm 2.43
LOESS	4.96 \pm 2.77	4.22 \pm 3.22	4.25 \pm 3.30	4.32 \pm 3.12
SAA	5.90 \pm 2.01	6.06 \pm 1.99	6.09 \pm 2.05	6.11 \pm 2.21

995 sample sizes. As the training set size increases from $N = 100$ to 1000, the performance gap widens;
 996 for instance, at $N = 1000$, our method achieves a cost of 11.40 compared to 14.57 for the next
 997 best method (KNN) and 18.11 for Feature-based LDL. This confirms that for higher-dimensional,
 998 inter-dependent decision tasks, leveraging both feature and decision similarity is critical for learning
 999 accurate and decision-aligned parameters.

1000
 1001 Table 7: Out-of-sample costs (Mean \pm Std) for the Quadratic Cost Network Flow problem.

Method	100	200	300	500	700	1000
Decision-aware LDL	17.24 \pm 14.06	17.39 \pm 18.33	16.08 \pm 15.32	14.06 \pm 13.66	13.17 \pm 12.75	11.40 \pm 11.51
Feature-based LDL	35.71 \pm 25.40	31.05 \pm 29.91	29.40 \pm 27.51	24.56 \pm 25.06	21.31 \pm 22.78	18.11 \pm 20.83
KNN	22.25 \pm 16.61	22.47 \pm 22.71	21.05 \pm 20.98	18.74 \pm 18.74	16.96 \pm 17.14	14.57 \pm 15.42
CART tree	38.65 \pm 37.26	42.11 \pm 39.24	37.14 \pm 37.94	32.11 \pm 33.57	28.53 \pm 30.81	26.40 \pm 29.51
Kernel	36.17 \pm 33.12	31.07 \pm 31.75	27.33 \pm 26.85	22.50 \pm 22.59	19.30 \pm 20.15	16.12 \pm 17.75
LOESS	32.80 \pm 24.26	33.32 \pm 36.79	30.69 \pm 31.94	27.36 \pm 29.66	24.34 \pm 28.04	20.96 \pm 25.74
SAA	57.14 \pm 51.47	56.84 \pm 59.36	54.27 \pm 53.30	49.72 \pm 50.81	46.23 \pm 49.06	44.06 \pm 48.17

F COMPUTATIONAL EFFICIENCY ANALYSIS

1012 Figures 7, 8, and 9 present a detailed breakdown of the computational time, categorized into **Training**
 1013 **Time** and **Inference Time** (defined as the aggregate of the inference and decision phases across
 1014 all out-of-sample datasets) for the Synthetic Newsvendor, Real-world Newsvendor, and Quadratic
 1015 Cost Network Flow problems, respectively. To clearly visualize the varying magnitudes of computational
 1016 cost, the top row of each figure displays the results on a linear scale, while the bottom row
 1017 utilizes a logarithmic scale.

1018 A consistent trend across all three figures is the strategic trade-off between offline training investments
 1019 and online operational efficiency. Regarding the **Training Phase**, our proposed Decision-
 1020 aware LDL incurs a higher computational cost compared to “lazy learning” methods like KNN
 1021 (which effectively has zero training time) or SAA. This is attributable to the convex optimization
 1022 required to learn the distribution weights π . However, this is strictly an offline cost that does not
 1023 impede real-time applications.

1024 The advantages of our method are most pronounced in the **Inference Phase** (online operation). Here,
 1025 “Inference Time” captures the total latency from receiving a new feature \mathbf{x} to generating the final de-

1026

1027

Table 8: Average ranks (Mean \pm Std) for the Quadratic Cost Network Flow problem.

1028

1029

Method	100	200	300	500	700	1000
Decision-aware LDL	2.20 \pm 2.59	2.25 \pm 2.70	2.34 \pm 2.70	2.40 \pm 2.83	2.55 \pm 2.91	2.60 \pm 2.79
Feature-based LDL	4.10 \pm 2.73	3.98 \pm 3.37	4.13 \pm 3.09	3.99 \pm 3.27	3.85 \pm 3.27	3.74 \pm 3.42
KNN	3.25 \pm 2.41	3.18 \pm 2.12	3.09 \pm 2.49	3.16 \pm 2.66	3.19 \pm 2.75	3.20 \pm 2.78
CART tree	4.30 \pm 6.54	4.62 \pm 5.73	4.55 \pm 5.46	4.46 \pm 5.04	4.52 \pm 4.80	4.64 \pm 4.53
Kernel	4.20 \pm 3.43	4.00 \pm 2.58	3.81 \pm 2.17	3.75 \pm 2.03	3.49 \pm 2.12	3.43 \pm 1.95
LOESS	4.10 \pm 1.46	4.20 \pm 1.42	4.07 \pm 1.76	4.26 \pm 1.79	4.28 \pm 1.84	4.25 \pm 2.05
SAA	5.85 \pm 2.56	5.77 \pm 3.16	6.01 \pm 2.53	5.98 \pm 2.95	6.12 \pm 2.48	6.14 \pm 2.46

1035

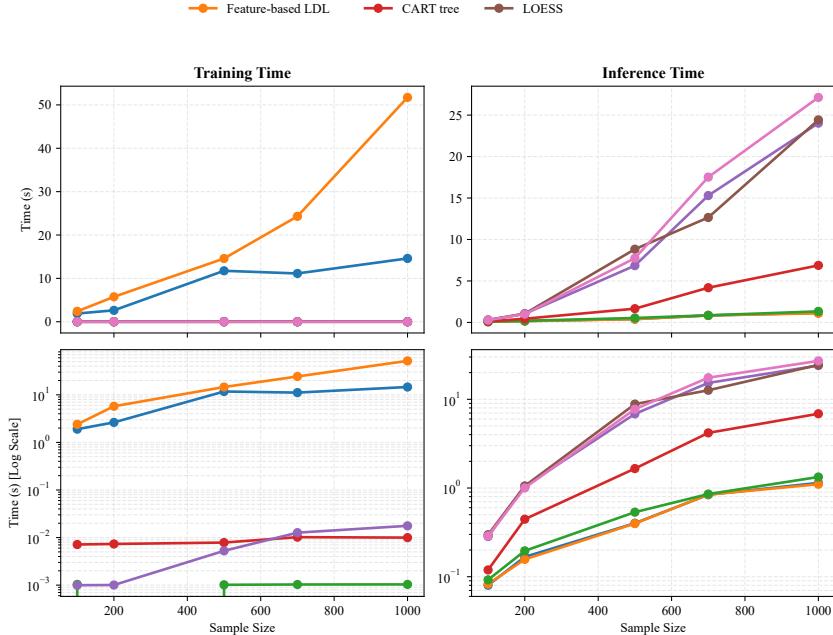
1036

1037 **cision z^* .** This duration is heavily influenced by the number of support points involved. While some
1038 traditional methods incorporate all historical data into the decision-making process—significantly
1039 impairing computational efficiency—our method requires predicting only a **finite** set of support
1040 points, thereby achieving a **superior** inference time.

1041

1042

1043



1062

1063

1064

Figure 7: Computational efficiency breakdown for the **Synthetic Newsvendor Problem**.

1065

1066

G SENSITIVITY ANALYSIS

1068

1069

G.1 HYPERPARAMETER DISCUSSION

1070

1071

1072

Our framework relies on four hyperparameters: support size M , manifold neighbors P , trade-off α , and confidence threshold λ . We briefly discuss their roles and recommended settings:

1073

1074

1075

1076

1077

1078

1079

- **Support Size (M) and Manifold Neighbors (P):** M determines the granularity of the label distribution, while P controls the locality of feature reconstruction. *Recommendation:* To align the geometric scope of the feature manifold with the decision support, we generally set $P = M$. A value in the range $[4, 10]$ is typically effective; excessively small values lead to sparse distributions, while larger values introduce noise from distant neighbors. In our experiments, we set $M = P = 6$.
- **Trade-off Parameter (α):** This scalar controls the weight of the decision-aware consistency term relative to the feature-based term. *Recommendation:* A small positive value

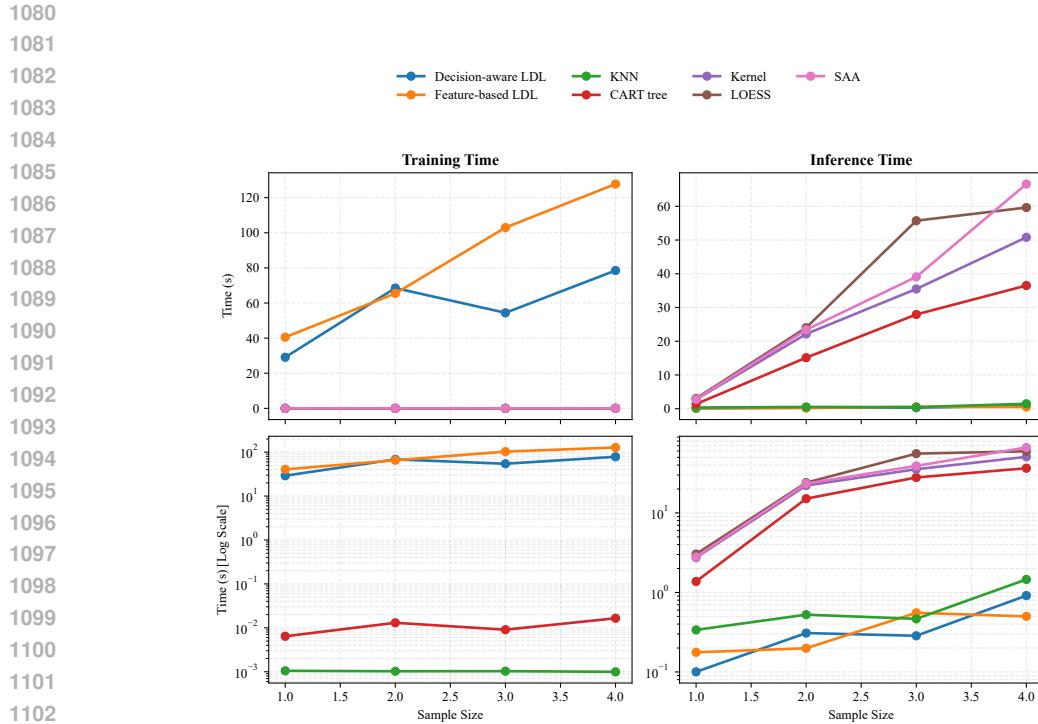


Figure 8: Computational efficiency breakdown for the **Real-world Newsvendor Problem** across historical data spans (1 to 4 years).

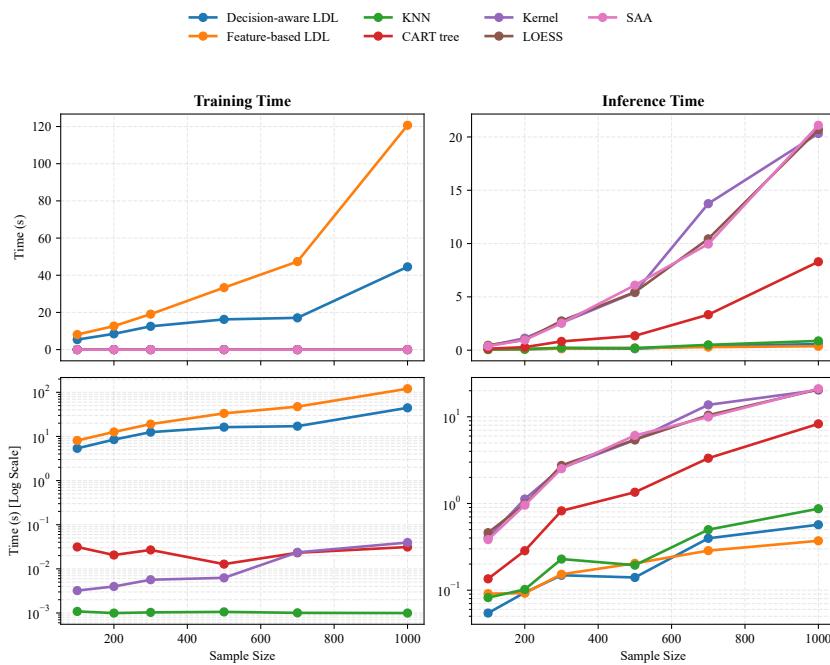


Figure 9: Computational efficiency breakdown for the **Quadratic Cost Network Flow Problem**.

(e.g., $\alpha \in [0.1, 0.5]$) is sufficient to introduce decision guidance without overriding the intrinsic feature semantics. We recommend $\alpha = 0.1$ as a robust baseline.

- **Confidence Threshold (λ):** This parameter sets the minimum probability mass anchored to the ground-truth label. *Recommendation:* A moderate threshold (e.g., $\lambda \in [0.3, 0.5]$) is preferred. It prevents the distribution from collapsing into a single Dirac delta function (preserving uncertainty) while ensuring the enhanced label does not drift too far from the observed supervision.

G.2 EXPERIMENTAL ANALYSIS

To empirically evaluate robustness, we focus on the sensitivity of M and α , as summarized in Figure 10.

Impact of Support Size M . The top row of Figure 10 depicts average regret as M varies from 4 to 14. In the Synthetic Newsvendor problem (top-left), regret increases with excessively large M in small samples ($N = 100$), as the support set disperses probability mass to irrelevant neighbors. Conversely, the Quadratic Cost Network Flow problem (top-right) exhibits exceptionally flat curves. This stability is attributed to the **symmetric nature of the objective function**, which renders the downstream decision less sensitive to minor variations in support structure compared to the asymmetric Newsvendor cost.

Impact of Trade-off Parameter α . The bottom row of Figure 10 examines $\alpha \in [0, 1]$. Consistent with the analysis of M , the Network Flow problem shows minimal sensitivity. In the Synthetic Newsvendor problem, particularly for small samples, we observe a slight convexity minimizing regret around $\alpha \in [0.2, 0.6]$. This confirms that combining both feature and task consistency yields better generalization when data is scarce, while moderate α values prevent the decision manifold from dominating feature signals.

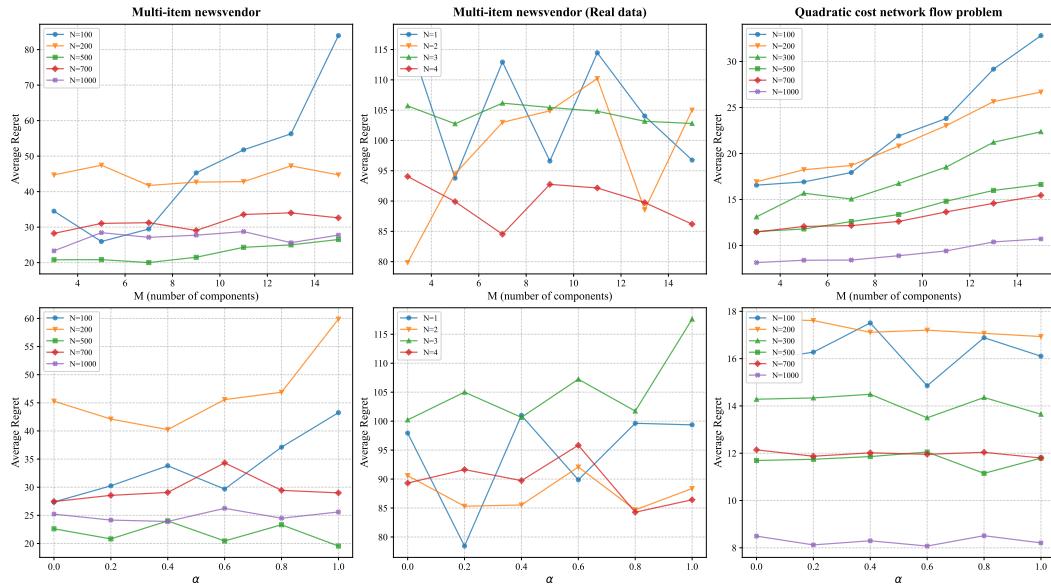


Figure 10: Sensitivity analysis of the Decision-aware LDL method regarding support size M (top) and trade-off α (bottom).

H DECISION AND FEATURE SIMILARITY ANALYSIS

Figures 11, 12, and 13 present representative similarity matrices derived from the minimum training dataset size. Our analysis draws a direct contrast between the feature similarity—quantified through a standard proximity measure (e.g., Gaussian distance) in the input feature space—and the decision

1188 similarity, which corresponds to the matrix \tilde{S} defined in the main text (see equation 3–equation 5).
 1189 The principal conclusion emanating from this comparative visualization is that a fundamental mis-
 1190 alignment exists between the structural similarity of the input features and the functional similarity
 1191 of the corresponding optimal decisions.
 1192

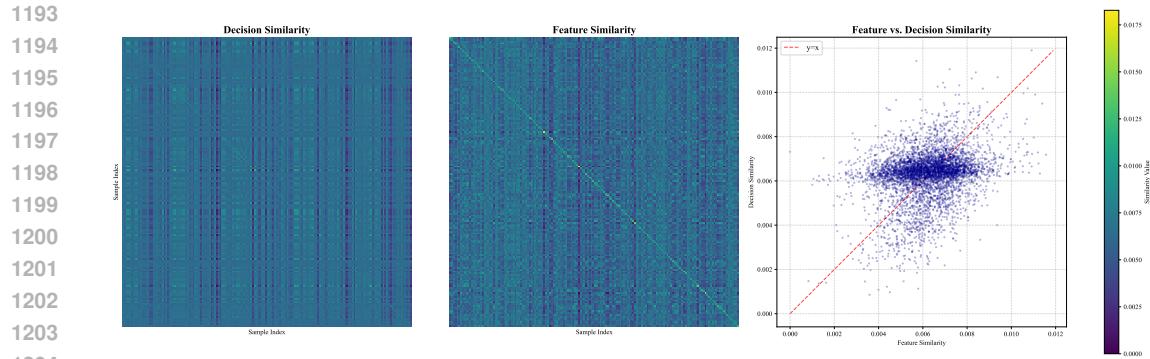


Figure 11: Newsvendor Problem Similarity Matrix

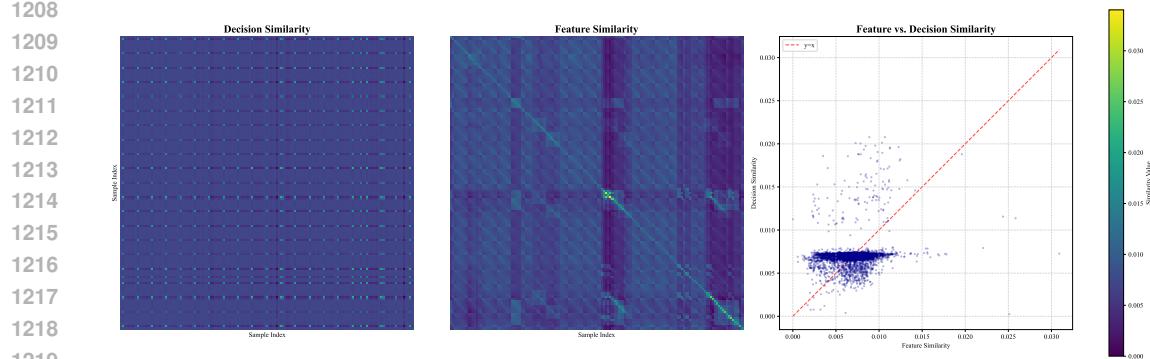


Figure 12: Real-World Newsvendor Problem Similarity Matrix

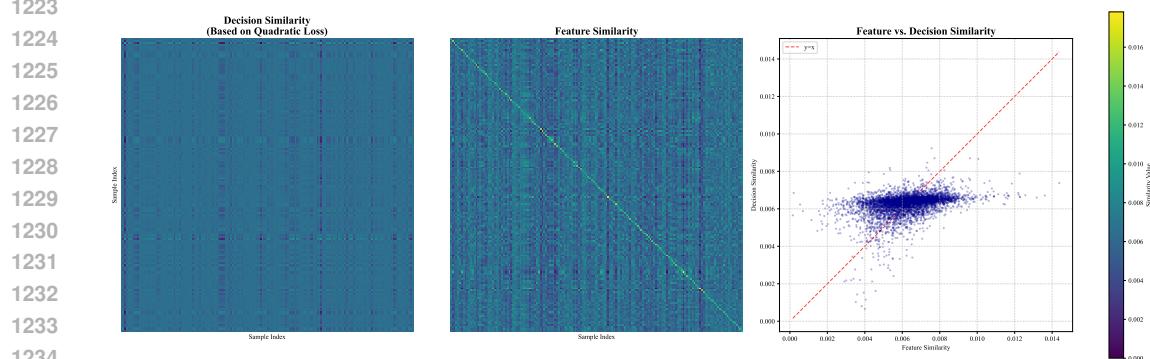


Figure 13: Quadratic Cost Network Flow Problem Similarity Matrix

I A COMPARISON EXAMPLE BETWEEN FIXED AND ADAPTIVE SUPPORT SET

1239 In this section, we analyze the inherent limitations of using fixed support points. Let us revisit the
 1240 newsvendor optimization problem described in Section 5. Conventional approaches for predicting
 1241

1242 discrete distributions typically rely on discretizing the continuous demand space. For example, given
 1243 a demand domain of $[0, 1000]$, the space is partitioned into equidistant intervals (or bins), and the
 1244 model predicts the probability mass assigned to each bin.

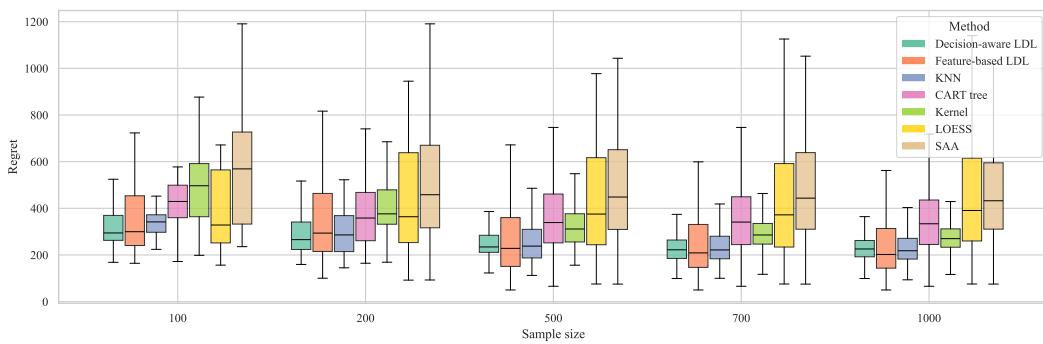
1245 This fixed discretization strategy suffers from two critical issues. First, the pre-defined support range
 1246 acts as a hard constraint; if the actual demand falls outside this range, the model fails to capture
 1247 the distribution tail. Second, this approach faces a fundamental **trade-off between precision and**
 1248 **computational efficiency**. To minimize quantization errors, one must increase the resolution of the
 1249 grid (i.e., use finer bins), but this drastically expands the dimensionality of the output space and
 1250 increases computational complexity. Conversely, using coarser intervals to maintain efficiency (e.g.,
 1251 treating the range $[0, 10]$ as a single block) inevitably results in a loss of distributional information.

1252 In contrast, our proposed method eliminates the dependency on fixed partitioning. By utilizing an
 1253 adaptive support set, our model can directly predict precise support points and their corresponding
 1254 probabilities—for instance, assigning a probability of 0.6 to a demand of 100 and 0.4 to a demand of
 1255 120—thus preserving the fidelity of the distribution without incurring the cost of high-dimensional
 1256 discretization.

1258 J MULTI-ITEM NEWSVENDOR PROBLEM WITH 10 ITEMS

1260 To further evaluate the scalability and robustness of our proposed method in higher-dimensional de-
 1261 cision spaces, we extended the experimental setting to a multi-item Newsvendor problem involving
 1262 10 distinct items. In this specific configuration, the unit holding costs h were set to be linearly spaced
 1263 in the interval $[1, 2]$, and the unit backorder costs b were linearly spaced in the interval $[10, 20]$. Ad-
 1264 ditionally, a shared capacity constraint of $C = 1000$ was imposed across all items. Apart from these
 1265 specific adjustments to accommodate the increased dimensionality, all other experimental parame-
 1266 ters remained consistent with those described in the main text.

1267 The comparative results, visualized in Figure 14 and detailed in Tables 9 and 10, demonstrate that
 1268 Decision-aware LDL consistently yields the lowest out-of-sample costs across most training sizes
 1269 ($N \in \{100, 200, 500, 700\}$). Specifically, in data-scarce scenarios ($N = 100$), our method signifi-
 1270 cantly outperforms the Feature-based LDL and KNN baselines. Although KNN shows competitive
 1271 performance as the sample size increases to $N = 1000$, our method maintains a robust performance
 1272 profile. These findings align with the conclusions drawn in the main text, confirming that Decision-
 1273 aware LDL effectively captures the underlying decision landscape and yields superior performance
 1274 even in higher-dimensional settings.



1287 Figure 14: Comparison results for the multi-item newsvendor problem with 10 items.

1291 K USE OF LARGE LANGUAGE MODELS IN MANUSCRIPT PREPARATION

1293 During the preparation of this manuscript, large language models (LLMs) were occasionally em-
 1294 ployed to assist with tasks such as improving grammar, refining wording, and drafting certain sec-
 1295 tions of the text. These tools were used as aids to enhance clarity and readability, while all scientific
 1296 content, analyses, results, and interpretations were developed and verified solely by the authors.

1296

1297 Table 9: Out-of-sample costs (Mean \pm Std) for the Newsvendor problem with 10 items under varying
1298 training sizes.

Method	100	200	500	700	1000
Decision-aware LDL	327.58 \pm 106.27	302.92 \pm 140.32	260.85 \pm 103.82	239.58 \pm 98.39	238.91 \pm 86.04
Feature-based LDL	376.43 \pm 199.40	381.37 \pm 308.12	298.32 \pm 248.56	281.90 \pm 247.43	268.66 \pm 223.87
KNN	355.41 \pm 129.63	310.47 \pm 124.79	264.83 \pm 110.64	245.32 \pm 94.17	235.52 \pm 83.90
CART tree	439.79 \pm 136.06	430.95 \pm 320.19	391.58 \pm 241.85	398.93 \pm 289.65	384.19 \pm 260.42
Kernel	488.12 \pm 164.43	405.98 \pm 131.86	333.78 \pm 112.39	303.82 \pm 97.66	281.78 \pm 88.11
LOESS	474.59 \pm 421.73	520.73 \pm 417.78	486.26 \pm 382.87	483.93 \pm 394.68	488.54 \pm 362.68
SAA	569.50 \pm 256.87	537.74 \pm 323.75	516.30 \pm 306.22	525.97 \pm 347.93	499.55 \pm 318.05

1305

1306

1307 Table 10: Out-of-sample ranks (Mean \pm Std) for the Newsvendor problem with 10 items under
1308 varying training sizes.

Method	100	200	500	700	1000
Decision-aware LDL	2.70 \pm 1.17	2.75 \pm 1.21	2.77 \pm 1.24	2.69 \pm 1.18	2.83 \pm 1.35
Feature-based LDL	2.85 \pm 4.98	3.25 \pm 5.14	2.68 \pm 4.03	2.63 \pm 3.82	2.65 \pm 3.87
KNN	3.30 \pm 1.48	3.06 \pm 1.88	2.84 \pm 1.61	2.82 \pm 1.45	2.70 \pm 1.48
CART tree	4.65 \pm 2.45	4.32 \pm 3.20	4.59 \pm 3.06	4.75 \pm 3.11	4.74 \pm 2.92
Kernel	5.20 \pm 1.85	4.81 \pm 2.48	4.48 \pm 2.18	4.34 \pm 2.12	4.03 \pm 2.21
LOESS	3.65 \pm 5.61	4.47 \pm 5.42	4.88 \pm 4.44	4.94 \pm 4.31	5.22 \pm 3.81
SAA	5.65 \pm 3.19	5.35 \pm 3.03	5.76 \pm 2.35	5.83 \pm 2.03	5.83 \pm 1.96

1317

1318

1319 The use of LLMs did not influence the originality of the research, the formulation of hypotheses,
1320 the design of experiments, or the interpretation of results. The authors have carefully reviewed
1321 and edited all content generated with the assistance of LLMs to ensure accuracy, consistency, and
1322 adherence to the manuscript's scientific standards.

1323

1324

1325

1326

1327

1328

1329

1330

1331

1332

1333

1334

1335

1336

1337

1338

1339

1340

1341

1342

1343

1344

1345

1346

1347

1348

1349