

# Realize a Circular Economy

Our Group has set "Realize a Circular Economy" as a materiality (priority key challenge). We are working on this as one of the specific approaches to Our Mission, "creating social value through maximizing the potential of assets."

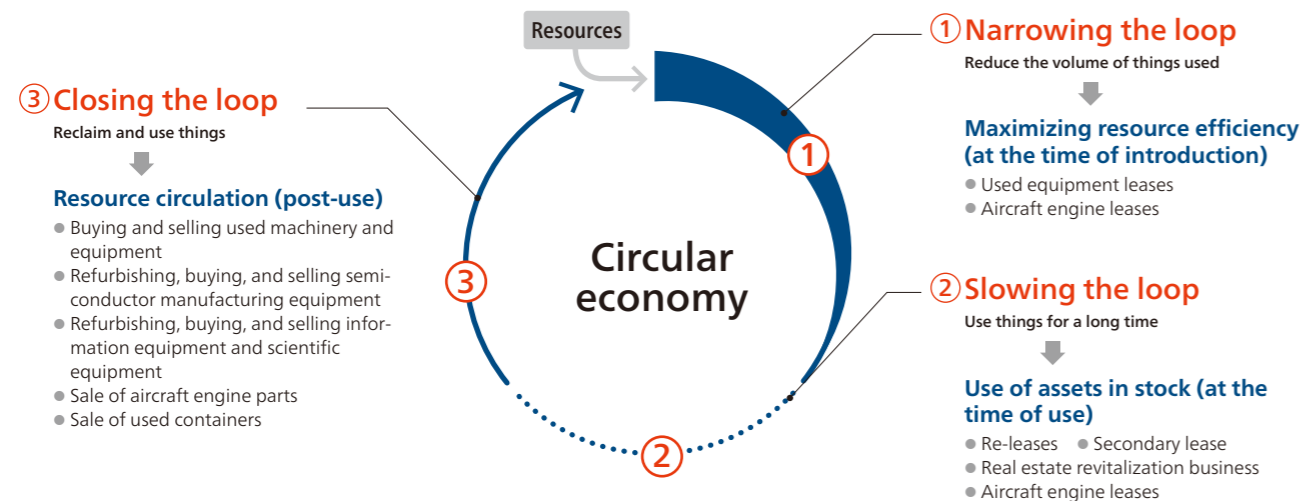
## Circular Economy at Mitsubishi HC Capital

Our Group contributes to the realization of a circular economy through a variety of businesses.

Due to the nature of its business model, leasing, which is our founding business, has a high affinity with the circular economy, and our Group has a variety of value propositions and solutions that maximize the value of the facilities and equipment covered by our contracts. As shown in the chart below, our Group's

circular economy-related businesses are linked to various factors for realizing a circular economy. Although this page covers representative examples, we are working on businesses related to a circular economy in many areas other than those mentioned.

Social interest is also increasing, and we will continue to expand the functions we provide and work with our customers and partners to realize a circular economy.



References: Tomohiro Tasaki, "Transformation and information dissemination towards the realization of a circular economy (2024)," *Ad Studies*, Vol.87, 2024.  
Bocken, N.M.P., de Pauw, I., Bakker, C., van Der Grinten, B. (2016). "Product design and business model strategies for a circular economy." *Journal of Industrial and Production Engineering*, 33(5): 308-320

## Strengths of the Mitsubishi HC Capital Group in Circular Economy-related Businesses

In circular economy-related businesses, in addition to our Group's strengths of networks with customers and partners and our expertise and track record of initiatives for assets and various industries, we utilize digital technologies such as IoT and data utilization to increase the value we provide.

The table on the right shows representative examples of our organization and Group companies that conduct circular economy-related businesses.

### Representative Mitsubishi HC Capital Organizations (including Group companies) that Conduct Circular Economy-related Business

Unit/Business Division	Department/ Group Company Name	Circular Economy-related Businesses
Customer Solutions Unit	Electronics Business Department	Refurbishing and selling of semiconductor manufacturing equipment
	U-MACHINE	Buying and selling of industrial and production machinery
	M-cast	Buying and selling of medical equipment
	MHC Eco Solutions	Refurbishing, reusing, and recycling of information equipment and scientific equipment
Aviation Business Division	Engine Lease Finance INAV	Aircraft engine leasing Sale of aircraft engine parts
Real Estate Business Division	Mitsubishi HC Capital Realty	Real estate revitalization business
Logistics Business Division	CAI International	Marine container leasing

## Value and Solutions Provided by our Group at the Lifecycle Stages of Things

Our Group provides solutions at each lifecycle stage, from introducing things to terminating the use of things, and we achieved many results in fiscal 2023 as well.

Time of introduction

In situations where customers are installing equipment, we provide the appropriate things that meet their needs, such as equipment that promotes decarbonization and energy conservation and engines that contribute to improving the utilization rate of aircraft. We also provide a wide range of financing functions such as operating leases, sharing, and rentals to fulfill customers' needs for use (as opposed to ownership).

**Related businesses** ESG lease promotion business, GX Assessment Lease, aircraft engine leasing, used equipment and instrument leasing, etc.



Aircraft engine

Time of use

In a lease contract, when the lease contract period expires, we provide two options: "release contract" (usually a one-year extension contract) and "return". If "release contract" is chosen, the initial contract period will be extended. This allows for extended use every year at a lower cost than the initial contract period. In addition, residual value-setting leases support the reassembly of leases (secondary leases) based on residual value.

In an effort to encourage the use of assets in stock, in the real estate revitalization business, we acquire old offices and other facilities, and carry out projects to revitalize their real estate value, such as updating their equipment and renovating their common areas. In addition, in the aircraft engine leasing business, we maintain and improve the asset value of engines through timely and appropriate maintenance, making it possible to use them for long periods of time.

**Related businesses** Re-leasing (reference: Customer Solutions Unit's 2023 results: 48 billion yen), aircraft engine leasing, real estate revitalization business, etc.



Office building after renovation

Post-use

In the field of resource recycling, we are developing our business targeting a variety of things.

If "return" is selected when the lease contract expires, the returned property will be used for secondary use by new customers. Leveraging our Group's strengths such as our expertise and network, we work in multiple areas, purchasing not only equipment and instruments returned by customers, but also idle assets and equipment of customers, leasing them to other customers, and engaging in the refurbishing and reuse business. For example, after a lease expires in the marine container leasing business, those containers are used for stationary warehouses on land.

We are also pursuing the possibility of reuse and recycling of aircraft engines and information equipment, which are difficult to reuse as facilities and equipment, by dismantling and maintaining them and developing a sales business for parts that can be used as spare parts. Ultimately, we contribute to the realization of a circular economy by properly disposing of items that are difficult to reuse and recycle.



Semiconductor manufacturing equipment under refurbishing



Data erasure work on used computers

## Results Related to Resource Circulation (Post-use) (Fiscal 2023)

Sales value of used machinery and equipment

**15 billion yen**

Total sales amount of used machinery and equipment for industrial machine tools, semiconductor manufacturing equipment, scientific equipment, construction equipment, medical equipment, and information equipment for the Customer Solutions Unit

PCs refurbished and sold

**Over 470,000 units**

Purchase properties returned at lease expiration and customers' idle assets, and conduct appropriate refurbishing, including data erasure, to develop the reuse business