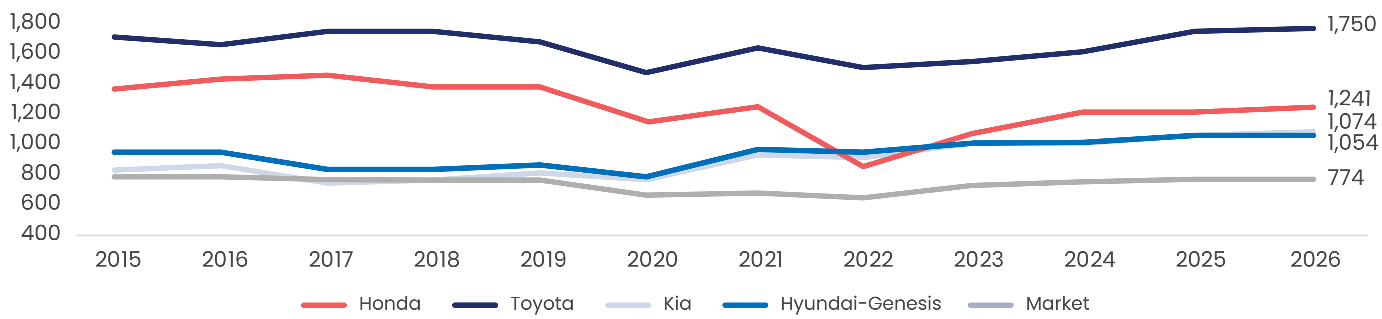
FRANCHISE HIGHLIGHT:

Honda: Steady Wins the Race

Honda has long been one of the steadiest franchises in auto retail, but recently, its story feels overlooked compared to the ongoing rise of Toyota and the rapid recent improvements by competitors Kia and Hyundai. Honda has also lost a lot of share since the pandemic began due to production difficulties. But given its recent strengths, we believe buyers should increasingly be focused on acquiring Honda dealerships. Honda stores offer a rare combination of strong throughput, strong front-end margins, loyal customers and rock-solid fixed operations, similar to many of Toyota's strengths. Blue sky multiples for Honda stores, however, trail Toyota by a meaningful margin, which creates a buying opportunity for dealers seeking a solid investment that can deliver higher returns. Honda could be the best value in the market today.

Honda sales have been gaining quietly after production limitations following COVID. Honda sales increased 9.4% in Q2 2026 compared to Q2 2025, well ahead of the overall market and adding to an 8.4% gain in Q2 the year prior. Consumers get strong value for their purchases, and excellent product reliability over decades has garnered a great deal of customer loyalty. Honda added hybrids in its vehicles well after Toyota but is catching up in 2026. Honda stores have high throughput, averaging 1,241 new vehicle sales per dealership on an LTM basis through Q2 2026, compared to a 774 average for the brands we track. That throughput gives dealers more opportunities to generate F&I income, source trade-ins, grow future UIOs and build a larger fixed operations base.

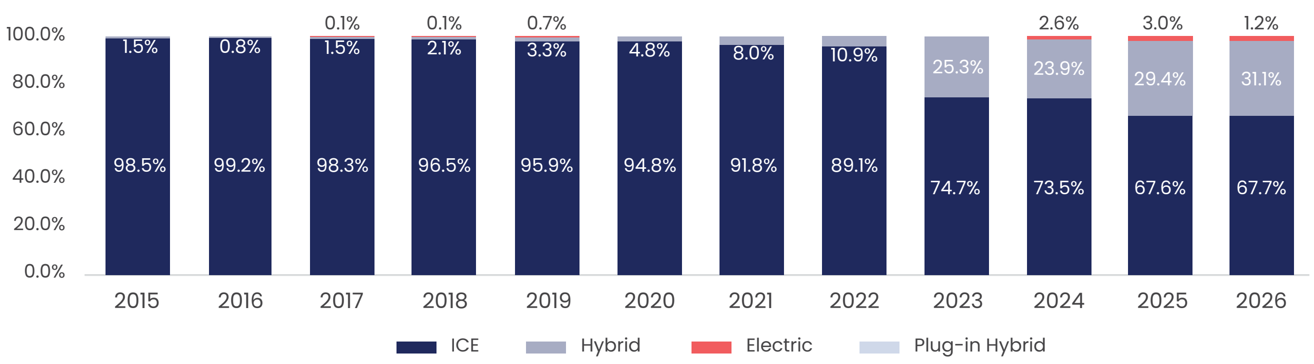
HONDA AVERAGE THROUGHPUT OVER TIME VS. COMPETITORS



Source: Haig Partners, Wards, Automotive News

Honda's core products remain competitive, consistent performers. The CR-V remains the brand's workhorse and increased 16.0% in Q2, while Accord sales increased 41.2% and Civic sales increased 8.1%. And unlike some competitors, whose sales gains often come from new, lower volume models, Honda's gains are coming on their core products. These are the vehicles that define Honda's retail business and drive dealer profitability. Honda's hybrid momentum is also particularly notable. In the first half of 2026, Honda hybrids set a first-half record at 213,513 units, representing 31.1% of Honda sales. CR-V hybrid trims accounted for more than half of CR-V sales. In a market where many customers want better fuel economy but are not ready to buy a full EV, Honda is giving dealers products that match consumer demand. Like other OEMs, Honda spent billions on its EV strategy, but fortunately dealers did not suffer many losses from the few EVs that they ended up selling over the past couple of years. Honda has announced it is ending production of the Prologue, its only all-EV product, and it is not known if the OEM will be introducing another all-EV product anytime soon.

HONDA SALES MIX BY POWERTRAIN TYPE



Source: Wards

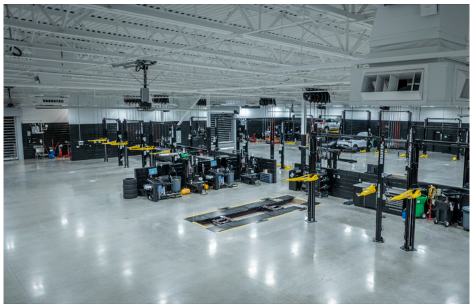
Honda has reassessed its powertrain portfolio, reallocated development and production resources toward hybrids and announced next-gen hybrid models will begin launching in 2027. The company also plans to make its North American plants capable of producing hybrid models and reallocate excess Ohio plant capacity toward gasoline and hybrid vehicles. This is the right direction for U.S. dealers, but the benefits will not show up all at once. Several of the products that could drive the next leg of volume and profitability are still several years away.

Nameplate	Segment	Powertrain	MY2026	MY2027	MY2028	MY2029	MY2030
Passport	Mid-size SUV	ICE	Redesign / off-road variant launch				
Prelude	2-door coupe	Hybrid	Launch				
CR-V	Mid-size CUV	ICE / Hybrid		Possible CY2027 arrival	Forecasted redesign		
Civic	Sedan / hatchback / coupe	ICE / Hybrid		Possible CY2027 arrival	Forecasted redesign		
Pilot	Large CUV	ICE / Hybrid	Refresh		Possible CY2028 arrival	Forecasted redesign	
Accord	Sedan	ICE / Hybrid		Rumored update			Forecasted redesign
HR-V	Small CUV	ICE / Hybrid / TBD					Forecasted redesign

Source: Automotive News, Honda, S&P Global Mobility, Bank of America
Note: Certain entries reflect calendar-year timing that may correspond to the following model year.

That timing may create an attractive acquisition window. Buyers often pay the highest prices after the earnings recovery is already visible. Honda appears positioned before that stage today. Its powertrain missteps have been identified, its product direction is improving and the dealer body is growing more confident, but the full earnings benefit from the next product cycle has not yet arrived. Honda's EV pullback has not made for flattering headlines, but it may be good news for dealers. The U.S. customer has made clear that hybrids are more attractive than forced EV adoption in many markets. If Honda's next generation of hybrids lands well, dealers should benefit from stronger volume, better model mix and a more competitive showroom.

The Blue Stage facility program is another major topic with dealers, and the feedback we hear has been positive. Facility programs are rarely popular, and dealers acknowledge that Blue Stage requires capital. But several dealers said the investment makes sense. Honda ATPs are much higher than they were before COVID, and customers paying $40,000 to $50,000 for higher-end trims expect a better retail experience. A dated lounge or tired showroom is harder to justify when the customer's transaction price has moved materially higher.

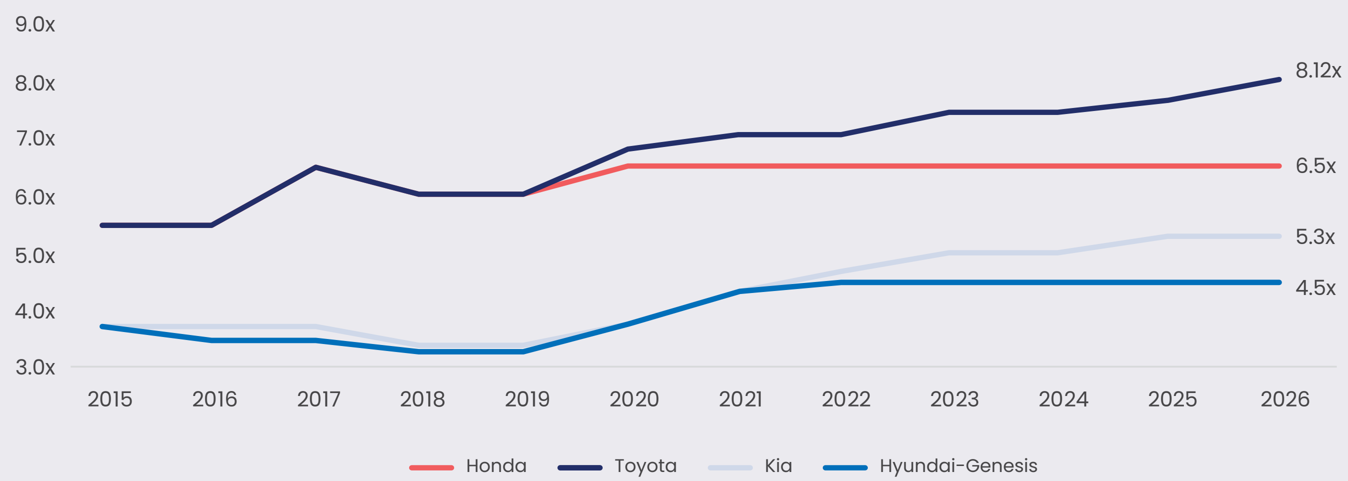


"Milton Martin Honda opened our new, Honda Blue Stage facility in January and the impact has been incredible! Customers, associates and visitors are grinning from ear to ear. Our team is energized by the new vibe and it's contagious! The renewed sense of pride continues to drive sales, service, CSE and recruitment throughout the dealership. We built more than a dealership...we created a place where customers and employees are excited to be!" **– Butch Miller, Owner, Milton Martin Honda**

Dealers also see benefits beyond the customer experience. Modern facilities can help with employee morale, recruiting, service capacity and retention. These dealers believe updated facilities will support higher volume and profit over time. Honda's program is not cheap, but dealers generally view it as more rational than several competing OEM image programs. Additionally, in one recent transaction that we advised on, Honda went above and beyond for the incoming buyer, offering an extended facility renovation timeline paired with greater future allocation once the project was complete. That type of flexibility and partnership carries significant weight with the retail network. It makes the program easier to underwrite and reduces the risk that future capex becomes a major drag on buy-sell value.

From a buy-sell perspective, Honda is increasingly one of the most attractive midline franchises in the market. The brand has high throughput, loyal customers, strong products, a growing hybrid mix, reasonable facility costs and a factory that dealers generally trust, just like Toyota, but the average blue sky multiple is almost 20% less.

HONDA MULTIPLE MIDPOINT OVER TIME VS. COMPETITORS



Source: Haig Partners

RECENT TRANSACTIONS