UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 28, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ..... to .....

Commission File Number 001-36267

BLUE BIRD CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**46-3891989**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3920 Arkwright Road, 2nd Floor, Macon, Georgia 31210
(Address of principal executive offices and zip code)

(478) 822-2801
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value	**BLBD**	**NASDAQ Global Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At May 1, 2026, 31,646,589 shares of the registrant's common stock, $0.0001 par value, and 1 share of the registrant's preferred stock, $0.0001 par value, having voting rights equivalent to 2,702,180 shares of the registrant's common stock, were outstanding. The preferred stock was issued in connection with an acquisition that closed on April 1, 2026. See Note 13 of Notes to Condensed Consolidated Financial Statements (Unaudited) included in Part I, Item 1 of this Quarterly Report for a more detailed discussion of this transaction.

BLUE BIRD CORPORATION
FORM 10-Q

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Item 1. Financial Statements (Unaudited)

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands of dollars, except for share data)	March 28, 2026	September 27, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 275,893	$ 229,313
Accounts receivable, net	12,940	20,650
Inventories	144,765	139,470
Other current assets	32,969	22,195
Total current assets	$ 466,567	$ 411,628
Property, plant and equipment, net	$ 117,868	$ 108,541
Goodwill	18,825	18,825
Intangible assets, net	40,750	41,685
Equity investment in affiliates	39,204	35,197
Deferred tax assets	—	2,697
Pension	4,664	4,889
Other assets	1,486	1,793
Total assets	$ 689,364	$ 625,255
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 127,124	$ 151,479
Warranty	7,235	7,494
Accrued expenses	53,752	55,164
Deferred warranty income	12,015	11,329
Other current liabilities	49,156	6,333
Current portion of long-term debt	5,000	5,000
Total current liabilities	$ 254,282	$ 236,799
Long-term liabilities		
Revolving credit facility	$ —	$ —
Long-term debt	82,982	85,324
Warranty	9,540	9,681
Deferred warranty income	23,292	22,368
Deferred tax liabilities	8,189	5,439
Other liabilities	13,151	10,229
Total long-term liabilities	$ 137,154	$ 133,041
Guarantees, commitments and contingencies (Note 6)		
Stockholders' equity		
Preferred stock, $0.0001 par value, 10,000,000 shares authorized, 0 shares issued and outstanding at March 28, 2026 and September 27, 2025	$ —	$ —
Common stock, $0.0001 par value, 100,000,000 shares authorized, 31,646,589 and 31,884,721 shares issued and outstanding at March 28, 2026 and September 27, 2025, respectively	3	3
Additional paid-in capital	197,690	195,466
Retained earnings	128,302	88,193
Accumulated other comprehensive loss	(28,067)	(28,247)
Total stockholders' equity	$ 297,928	$ 255,415
Total liabilities and stockholders' equity	$ 689,364	$ 625,255

The accompanying notes are an integral part of these condensed consolidated financial statements.

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands of dollars except for share data)	Three Months Ended		Six Months Ended	
	March 28, 2026	**March 29, 2025**	**March 28, 2026**	**March 29, 2025**
Net sales	$ 352,635	$ 358,851	$ 685,719	$ 672,723
Cost of goods sold	281,988	287,997	543,843	541,552
Gross profit	$ 70,647	$ 70,854	$ 141,876	$ 131,171
Operating expenses				
Selling, general and administrative expenses	31,529	37,143	65,081	64,418
Operating profit	$ 39,118	$ 33,711	$ 76,795	$ 66,753
Interest expense	(1,545)	(1,813)	(3,111)	(3,728)
Interest income	1,929	1,258	3,910	2,826
Other (expense) income, net	(2,922)	444	(3,133)	3,360
Income before income taxes	$ 36,580	$ 33,600	$ 74,461	$ 69,211
Income tax expense	(9,102)	(9,129)	(18,221)	(17,822)
Equity in net income of non-consolidated affiliates	1,823	1,575	3,817	3,379
Net income	$ 29,301	$ 26,046	$ 60,057	$ 54,768
Earnings per share:				
Basic weighted average shares outstanding	31,629,376	31,917,407	31,703,272	32,072,354
Diluted weighted average shares outstanding	32,430,122	32,885,993	32,558,241	33,152,066
Basic earnings per share	$ 0.93	$ 0.82	$ 1.89	$ 1.71
Diluted earnings per share	$ 0.90	$ 0.79	$ 1.84	$ 1.65

The accompanying notes are an integral part of these condensed consolidated financial statements.

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net income	$ 29,301	$ 26,046	$ 60,057	$ 54,768
Other comprehensive income, net of tax:				
Net change in defined benefit pension plan	90	52	180	105
Total other comprehensive income	$ 90	$ 52	$ 180	$ 105
Comprehensive income	$ 29,391	$ 26,098	$ 60,237	$ 54,873

The accompanying notes are an integral part of these condensed consolidated financial statements.

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands of dollars)	Six Months Ended March 28, 2026	Six Months Ended March 29, 2025
Cash flows from operating activities		
Net income	$ 60,057	$ 54,768
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	8,045	7,710
Non-cash interest expense	158	167
Share-based compensation expense	4,027	9,940
Equity in net income of non-consolidated affiliates	(3,817)	(3,379)
Loss on disposal of fixed assets	51	285
Deferred income tax expense (benefit)	5,390	(3,962)
Amortization of deferred actuarial pension losses	236	139
Changes in assets and liabilities:		
Accounts receivable	7,710	43,313
Inventories	(5,295)	(36,034)
Other assets	(10,241)	(10,955)
Accounts payable	(25,101)	9,929
Accrued expenses, pension and other liabilities	43,120	(17,741)
Total adjustments	$ 24,283	$ (588)
Total cash provided by operating activities	$ 84,340	$ 54,180
Cash flows from investing activities		
Cash paid for fixed assets	$ (13,319)	$ (13,616)
Equity investment in affiliates (Note 11)	(190)	(500)
Total cash used in investing activities	$ (13,509)	$ (14,116)
Cash flows from financing activities		
Term loan repayments	$ (2,500)	$ (2,500)
Principal payments on finance leases	—	(604)
Repurchase of common stock in connection with repurchase programs (Note 12)	(19,948)	(30,053)
Repurchase of common stock in connection with stock award exercises	(2,574)	(4,412)
Cash received from stock option exercises	771	567
Total cash used in financing activities	$ (24,251)	$ (37,002)
Change in cash and cash equivalents	46,580	3,062
Cash and cash equivalents at beginning of period	229,313	127,687
Cash and cash equivalents at end of period	$ 275,893	$ 130,749
Supplemental disclosures of cash flow information		
Cash paid or received during the period:		
Interest paid	$ 2,993	$ 4,048
Interest received	(3,926)	(2,761)
Income tax paid, net of tax refunds	7,360	30,695
Non-cash investing and financing activities:		
Changes in accounts payable for capital additions to property, plant and equipment	$ 2,873	$ 2,521
Right-of-use assets obtained in exchange for operating lease obligations	3,713	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands of dollars, except for share data)	Three Months Ended									
	Common Stock			Convertible Preferred Stock				Treasury Stock		
	Shares	Par Value	Additional Paid-In-Capital	Shares	Amount	Accumulated Other Comprehensive Loss	Retained Earnings	Shares	Amount	Total Stockholders' Equity
Balance, December 27, 2025	31,679,557	$ 3	$ 195,532	—	$ —	$ (28,157)	$ 103,990	—	$ —	$ 271,368
Restricted stock activity	14,015	—	(197)	—	—	—	—	—	—	(197)
Stock option activity	54,687	—	685	—	—	—	—	—	—	685
Share-based compensation expense	—	—	1,670	—	—	—	—	—	—	1,670
Share repurchases (Note 12)	(101,670)	—	—	—	—	—	(4,989)	—	—	(4,989)
Net income	—	—	—	—	—	—	29,301	—	—	29,301
Other comprehensive income, net of tax	—	—	—	—	—	90	—	—	—	90
Balance, March 28, 2026	31,646,589	$ 3	$ 197,690	—	$ —	$ (28,067)	$ 128,302	—	$ —	$ 297,928
Balance, December 28, 2024	32,111,078	$ 3	$ 187,379	—	$ —	$ (26,363)	$ 18,686	—	$ —	$ 179,705
Restricted stock activity	111,432	—	(2,966)	—	—	—	—	—	—	(2,966)
Stock option activity	10,845	—	182	—	—	—	—	—	—	182
Share-based compensation expense	—	—	7,390	—	—	—	—	—	—	7,390
Share repurchases (Note 12)	(559,352)	—	—	—	—	—	(20,017)	—	—	(20,017)
Net income	—	—	—	—	—	—	26,046	—	—	26,046
Other comprehensive income, net of tax	—	—	—	—	—	52	—	—	—	52
Balance, March 29, 2025	31,674,003	$ 3	$ 191,985	—	$ —	$ (26,311)	$ 24,715	—	$ —	$ 190,392

(in thousands of dollars, except for share data)	Six Months Ended									
	Common Stock			Convertible Preferred Stock				Treasury Stock		
	Shares	Par Value	Additional Paid-In-Capital	Shares	Amount	Accumulated Other Comprehensive Loss	Retained Earnings	Shares	Amount	Total Stockholders' Equity
Balance, September 27, 2025	31,884,721	$ 3	$ 195,466	—	$ —	$ (28,247)	$ 88,193	—	$ —	$ 255,415
Restricted stock activity	92,593	—	(2,574)	—	—	—	—	—	—	(2,574)
Stock option activity	61,693	—	771	—	—	—	—	—	—	771
Share-based compensation expense	—	—	4,027	—	—	—	—	—	—	4,027
Share repurchases (Note 12)	(392,418)	—	—	—	—	—	(19,948)	—	—	(19,948)
Net income	—	—	—	—	—	—	60,057	—	—	60,057
Other comprehensive income, net of tax	—	—	—	—	—	180	—	—	—	180
Balance, March 28, 2026	31,646,589	$ 3	$ 197,690	—	$ —	$ (28,067)	$ 128,302	—	$ —	$ 297,928
Balance, September 28, 2024	32,268,022	$ 3	$ 185,977	—	$ —	$ (26,416)	$ —	—	$ —	$ 159,564
Restricted stock activity	168,852		(4,412)							(4,412)
Stock option activity	39,931		567							567
Share-based compensation expense			9,853							9,853
Share repurchases (Note 12)	(802,802)						(30,053)			(30,053)
Net income							54,768			54,768
Other comprehensive income, net of tax						105				105
Balance, March 29, 2025	31,674,003	$ 3	$ 191,985	—	$ —	$ (26,311)	$ 24,715	—	$ —	$ 190,392

The accompanying notes are an integral part of these consolidated financial statements.

BLUE BIRD CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Business and Basis of Presentation

Nature of Business

Blue Bird Body Company ("BBBC"), a wholly-owned subsidiary of Blue Bird Corporation, was incorporated in 1958 and has manufactured, assembled and sold school buses to a variety of municipal, federal and commercial customers since 1927. The majority of BBBC's sales are made to an independent dealer network, which in turn sells buses to ultimate end users. References in these notes to condensed consolidated financial statements to "Blue Bird," the "Company," "we," "our," or "us" relate to Blue Bird Corporation and its wholly-owned subsidiaries, unless the context specifically indicates otherwise. We are headquartered in Macon, Georgia.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company transactions and accounts have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial reporting and Article 10 of Regulation S-X. The Company's fiscal year ends on the Saturday closest to September 30 with its quarters consisting of thirteen weeks in most years. The fiscal years ending October 3, 2026 ("fiscal 2026") and ended September 27, 2025 ("fiscal 2025") consist or consisted of 53 and 52 weeks, respectively. The second quarters of fiscal 2026 and fiscal 2025 both included 13 weeks. The six month periods in fiscal 2026 and 2025 both included 26 weeks.

In the opinion of management, all adjustments considered necessary for a fair presentation of financial results have been made. Such adjustments consist of only those of a normal recurring nature. Operating results for any interim period are not necessarily indicative of the results that may be expected for the entire year. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The Condensed Consolidated Balance Sheet data as of September 27, 2025 was derived from the Company's audited financial statements but does not include all disclosures required by U.S. GAAP. For additional information, including the Company's significant accounting policies, refer to the consolidated financial statements and related footnotes as of and for the fiscal year ended September 27, 2025 as set forth in the Company's fiscal 2025 Form 10-K filed with the Securities and Exchange Commission ("SEC") on November 24, 2025.

Business Update

The global automotive industry supply chain constraints that arose subsequent to the novel coronavirus pandemic known as "COVID-19" and that were further exacerbated by additional stress resulting from Russia's invasion of Ukraine in February 2022 continued to impact our business and operations during the first half of both fiscal 2025 and 2026. Specifically, they continued to result in higher purchasing costs to procure the raw materials inventory needed to produce buses. Additionally, there were still occasional shortages of certain critical components that limited the number and/or mix of school buses that we could produce and sell. Nonetheless, ongoing improvements in manufacturing operations over the past several years have resulted in the consistent production of buses to fulfill sales orders during these same periods.

In addition to periodic inventory shortages and general inflationary pressures resulting from the global supply chain constraints discussed above, changes in trade policies and tariffs began to impact our business and operations in the second half of fiscal 2025 and continuing into the first half of fiscal 2026 by increasing our procurement costs for certain imported inventory.

However, the higher inventory purchase costs that we incurred in producing and selling buses during the first half of fiscal 2025 and fiscal 2026 resulting from the above factors, as applicable, did not negatively impact our operating results or cash flows during these periods as such impacts were largely offset by proactive increases in the sales prices we charged for our products.

Significant uncertainty still exists concerning the magnitude and duration of the ongoing (i) supply chain constraints and (ii) changes in governmental policies, programs, regulations and/or laws and accordingly, precludes any prediction as to the ultimate severity of the adverse impacts on our business, financial condition, results of operations, and liquidity.

Use of Estimates and Assumptions

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. At the date of the financial statements, these estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, and during the reporting period, these estimates and assumptions affect the reported amounts of revenues and expenses. For example, significant management judgments are required in determining excess, obsolete, or unsalable inventory; the allowance for doubtful accounts; potential impairment of long-lived assets, goodwill and intangible assets; and the accounting for self-insurance reserves, warranty reserves, pension obligations, income taxes, environmental liabilities and contingencies. Future events, including the extent and duration of continued supply chain constraints and their related economic impacts, and their effects cannot be predicted with certainty, and, accordingly, the Company's accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the Company's condensed consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. The Company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the Company's evaluations. Actual results could differ from the estimates that the Company has used.

2. Summary of Significant Accounting Policies and Recently Issued Accounting Standards

The Company's significant accounting policies are described in the consolidated financial statements included in the Company's fiscal 2025 Form 10-K, filed with the SEC on November 24, 2025. Our senior management has reviewed these significant accounting policies and related disclosures and determined that there were no significant changes in our critical accounting policies in the six months ended March 28, 2026.

Recently Issued Accounting Standards

ASU 2023-09 On December 14, 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires entities to disclose more detailed information in their reconciliation of their statutory tax rate to their effective tax rate. Public business entities ("PBEs") are required to provide this incremental detail in a numerical, tabular format. The ASU also requires entities to disclose more detailed information about income taxes paid, including by jurisdiction; pretax income (or loss) from continuing operations; and income tax expense (or benefit). The ASU is effective for PBEs in fiscal years beginning after December 15, 2024, with early adoption permitted.

ASUs 2024-03 & 2025-01 On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires PBEs to disclose disaggregated information about certain income statement expense line items. On January 6, 2025, the FASB issued ASU 2025-01, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, to clarify the effective date of ASU 2024-03, which is for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027.

The new ASUs will not impact amounts recorded in the financial statements but instead, will require more detailed disclosures in the footnotes to the financial statements. The Company plans to provide the updated disclosures required by the ASUs in the periods in which they are effective.

Any recently issued accounting standards not identified above do not apply to the Company or the impact is expected to be immaterial.

3. Supplemental Financial Information

Inventories

The following table presents the components of inventories at the dates indicated:

(in thousands of dollars)	March 28, 2026	September 27, 2025
Raw materials	$ 88,614	$ 81,262
Work in process	38,932	42,838
Finished goods	17,219	15,370
Total inventories	$ 144,765	$ 139,470

Product Warranties

The following table reflects activity in accrued warranty cost (current and long-term portions combined) for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Balance at beginning of period	$ 16,800	$ 16,127	$ 17,175	$ 16,179
Add current period accruals	2,346	2,698	4,997	5,236
Current period reductions of accrual	(2,371)	(2,480)	(5,397)	(5,070)
Balance at end of period	$ 16,775	$ 16,345	$ 16,775	$ 16,345

Extended Warranties

The following table reflects activity in deferred warranty income (current and long-term portions combined), for the sale of extended warranties of two to five years, for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Balance at beginning of period	$ 34,525	$ 29,559	$ 33,697	$ 27,962
Add current period deferred income	3,611	3,337	7,389	7,266
Current period recognition of income	(2,829)	(2,448)	(5,779)	(4,780)
Balance at end of period	$ 35,307	$ 30,448	$ 35,307	$ 30,448

The outstanding balance of deferred warranty income in the table above is considered a "contract liability," and represents a performance obligation of the Company that we satisfy over the term of the arrangement but for which we have been paid in full at the time the warranty was sold. We expect to recognize $6.3 million of the outstanding contract liability during the remainder of fiscal 2026, $10.7 million in the fiscal year ending October 2, 2027, and the remaining balance thereafter.

Other Current Liabilities

The balance in other current liabilities as of March 28, 2026 includes approximately $42.8 million of deferred income resulting from an advanced deposit made by a customer for a large order of electric school buses. The Company expects to recognize the vast majority of this amount as revenue during the third and fourth quarters of fiscal 2026 as the underlying buses are produced and delivered. There were no material amounts of deferred income reflected within the other current liabilities balance as of September 27, 2025.

Self-Insurance

The following table reflects our total accrued self-insurance liability, comprised of workers' compensation and health insurance related claims, at the dates indicated:

(in thousands of dollars)	March 28, 2026	September 27, 2025
Current portion	$ 5,639	$ 4,979
Long-term portion	1,710	2,097
Total accrued self-insurance	$ 7,349	$ 7,076

The current and long-term portions of the accrued self-insurance liability are reflected in accrued expenses and other liabilities, respectively, on the Condensed Consolidated Balance Sheets.

Shipping and Handling Revenues

Shipping and handling revenues were $4.6 million and $5.2 million for the three months ended March 28, 2026 and March 29, 2025, respectively, and $9.7 million and $10.3 million for the six months ended March 28, 2026 and March 29, 2025, respectively. The related cost of goods sold was $4.1 million and $4.7 million for the three months ended March 28, 2026 and March 29, 2025, respectively, and $8.8 million and $9.3 million for the six months ended March 28, 2026 and March 29, 2025, respectively.

Pension Expense (Income)

Components of net periodic pension benefit expense (income) were as follows for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Interest cost	$ 716	$ 1,312	$ 1,432	$ 2,624
Expected return on plan assets	(604)	(1,819)	(1,208)	(3,638)
Amortization of prior loss	118	69	236	139
Net periodic pension benefit expense (income)	$ 230	$ (438)	$ 460	$ (875)
Amortization of prior loss, recognized in other comprehensive income	(118)	(69)	(236)	(139)
Total recognized in net periodic pension benefit expense (income) and other comprehensive income	$ 112	$ (507)	$ 224	$ (1,014)

4. Debt

Term loan borrowings consisted of the following at the dates indicated:

(in thousands of dollars)	March 28, 2026	September 27, 2025
Term loan borrowings, net of deferred financing costs of $768 and $926, respectively	$ 87,982	$ 90,324
Less: current portion of long-term debt	5,000	5,000
Long-term debt, net of current portion	$ 82,982	$ 85,324

Term loan borrowings are recognized on the Condensed Consolidated Balance Sheets at the unpaid principal balance, and are not subject to fair value measurement; however, given the variable rates on the loans that reset frequently, the Company estimates that the unpaid principal balance approximates fair value. If measured at fair value in the financial statements, the term loans would be classified as Level 2 in the fair value hierarchy. At March 28, 2026 and September 27, 2025, $88.8 million and $91.3 million, respectively, were outstanding on the term loans.

At March 28, 2026 and September 27, 2025, the stated interest rates on the term loans were 5.5% and 6.1%, respectively. At March 28, 2026 and September 27, 2025, the weighted-average annual effective interest rates for the term loans were 6.0% and 6.6%, respectively, which include amortization of the deferred debt issuance costs.

At March 28, 2026, $8.3 million of letters of credit were outstanding, which reduces the availability on the revolving line of credit. There were no borrowings outstanding on the Revolving Credit Facility; therefore, the Company would have been able to borrow $141.7 million on the revolving line of credit.

Interest expense on all indebtedness was $1.5 million and $1.8 million for the three months ended March 28, 2026 and March 29, 2025, respectively, and $3.1 million and $3.7 million for the six months ended March 28, 2026 and March 29, 2025, respectively.

The schedule of remaining principal payments through maturity for the term loans is as follows:

(in thousands of dollars) Fiscal Year	Principal Payments
2026	$ 2,500
2027	5,000
2028	5,000
2029	76,250
Total remaining principal payments	$ 88,750

5. Income Taxes

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant infrequent or unusual items that are required to be discretely recognized within the current interim period. The effective tax rates in the periods presented are largely based upon the annual forecasted pre-tax earnings mix and allocation of certain expenses in various taxing jurisdictions where the Company conducts its business, primarily in the United States of America ("U.S."). In periods where our pre-tax income approximates or is equal to break-even, the effective tax rates for quarter-to-date and full-year periods may not be meaningful due to discrete period items.

Three Months

The effective tax rate for the three months ended March 28, 2026 was 24.9% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the quarter.

The effective tax rate for the three months ended March 29, 2025 was 27.2% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the quarter.

Six Months

The effective tax rate for the six months ended March 28, 2026 was 24.5% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the period.

The effective tax rate for the six months ended March 29, 2025 was 25.8% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the period.

6. Guarantees, Commitments and Contingencies

Litigation

At March 28, 2026, the Company had a number of product liability and other cases pending. Management believes that, considering the Company's insurance coverage and its intention to vigorously defend its positions, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial statements.

Environmental

The Company is subject to a variety of environmental regulations relating to the use, storage, discharge and disposal of hazardous materials used in its manufacturing processes. Failure by the Company to comply with present and future regulations could subject it to future liabilities. In addition, such regulations could require the Company to acquire costly equipment or to incur other significant expenses to comply with environmental regulations. The Company is currently not involved in any material environmental proceedings and therefore, management believes that the resolution of pending environmental matters will not have a material adverse effect on the Company's financial statements.

7. Segment Information

We manage our business in two operating segments, both of which are reportable segments: (i) the Bus segment, which includes the manufacture and assembly of buses to be sold to a variety of customers across the U.S., Canada, and in certain limited international markets; and (ii) the Parts segment, which consists primarily of the purchase of parts from third parties to be sold to dealers within the Company's network and certain large fleet customers.

Our chief operating decision maker ("CODM") is our President and Chief Executive Officer. The CODM primarily uses net sales and gross profit to evaluate segment performance, allocate resources, and make operating decisions as these metrics align with the

Company's mission to deliver profitable growth to our stockholders over time. Specifically, net sales is utilized to evaluate the effectiveness of the Company's sales functions in obtaining a fair price for the significant value that our products offer and ensuring that the sales prices charged for our products appropriately consider changes in the costs we incur to procure inventory for the products we offer. Gross profit is utilized to evaluate the effectiveness of the Company's purchasing functions in controlling the costs we incur in procuring inventory and the effectiveness and efficiency of the Company's manufacturing operations in converting inventory into finished products. The CODM does not utilize segment asset information to evaluate performance and make resource allocation decisions, primarily because the Parts segment operates as a distributor and accordingly, does not have a significant amount of assets. Therefore, disclosures of assets for the segments are not provided. The accounting policies of the reportable segments are the same as those applied in preparation of the condensed consolidated financial statements included herein.

Significant reportable segment information provided to and used by the CODM in assessing performance and allocating resources is as follows:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Bus segment				
Net sales (1)	$ 325,087	$ 332,712	$ 632,749	$ 620,859
Cost of goods sold	267,832	275,078	517,235	516,053
Segment gross profit	$ 57,255	$ 57,634	$ 115,514	$ 104,806
Parts segment				
Net sales (1)	$ 27,548	$ 26,139	$ 52,970	$ 51,864
Cost of goods sold	14,156	12,919	26,608	25,499
Segment gross profit	$ 13,392	$ 13,220	$ 26,362	$ 26,365

(1) Parts segment revenue includes $1.4 million and $1.9 million for the three months ended March 28, 2026 and March 29, 2025, respectively, and $2.6 million and $3.8 million for the six months ended March 28, 2026 and March 29, 2025, respectively, related to inter-segment sales of parts that was eliminated by the Bus segment upon consolidation.

The following table is a reconciliation of segment gross profit to consolidated income before income taxes for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Bus segment gross profit	$ 57,255	$ 57,634	$ 115,514	$ 104,806
Parts segment gross profit	13,392	13,220	26,362	26,365
Segment gross profit	$ 70,647	$ 70,854	$ 141,876	$ 131,171
Adjustments:				
Selling, general and administrative expenses	(31,529)	(37,143)	(65,081)	(64,418)
Interest expense	(1,545)	(1,813)	(3,111)	(3,728)
Interest income	1,929	1,258	3,910	2,826
Other (expense) income, net	(2,922)	444	(3,133)	3,360
Income before income taxes	$ 36,580	$ 33,600	$ 74,461	$ 69,211

Sales are attributable to geographic areas based on customer location and were as follows for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
U.S.	$ 316,779	$ 299,274	$ 595,450	$ 587,231
Canada	35,809	59,471	90,135	84,074
Rest of world	47	106	134	1,418
Total net sales	$ 352,635	$ 358,851	$ 685,719	$ 672,723

8. Revenue

The following table disaggregates revenue by product category for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Diesel buses	$ 165,220	$ 117,611	$ 310,073	$ 241,983
Alternative power buses (1)	149,832	199,462	301,209	348,384
Other (2)	10,764	16,285	22,853	31,772
Parts	26,819	25,493	51,584	50,584
Net sales	$ 352,635	$ 358,851	$ 685,719	$ 672,723

(1) Includes buses sold with any power source other than diesel (e.g., gasoline, propane or electric).
(2) Includes shipping and handling revenue, extended warranty income, surcharges and chassis and bus shell sales.

9. Earnings Per Share

The following table presents the earnings per share computation for the periods presented:

	Three Months Ended		Six Months Ended	
(in thousands except for share data)	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Numerator:				
Net income	$ 29,301	$ 26,046	$ 60,057	$ 54,768
Denominator:				
Weighted-average common shares outstanding	31,629,376	31,917,407	31,703,272	32,072,354
Weighted-average dilutive securities, restricted stock	148,195	432,673	207,296	475,526
Weighted-average dilutive securities, stock options	118,933	216,937	118,243	239,056
Weighted-average dilutive securities, warrants	533,618	318,976	529,430	365,130
Weighted-average shares and dilutive potential common shares (1)	32,430,122	32,885,993	32,558,241	33,152,066
Earnings per share:				
Basic earnings per share	$ 0.93	$ 0.82	$ 1.89	$ 1.71
Diluted earnings per share	$ 0.90	$ 0.79	$ 1.84	$ 1.65

(1) Potentially dilutive securities representing 0.1 million shares of common stock were excluded from the computation of diluted earnings per share for the three months ended March 29, 2025 as their effect would have been antidilutive. There were no potentially dilutive securities excluded from the computation of diluted earnings per share for the three and six month periods ended March 28, 2026 and for the six month period ended March 29, 2025 because their effect was antidilutive.

10. Accumulated Other Comprehensive Loss

The following table provides information on changes in accumulated other comprehensive loss ("AOCL") for the periods presented:

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	Defined Benefit Pension Plan	Total AOCL	Defined Benefit Pension Plan	Total AOCL
March 28, 2026				
Beginning Balance	$ (28,157)	$ (28,157)	$ (28,247)	$ (28,247)
Amounts reclassified and included in earnings	118	118	236	236
Total before taxes	118	118	236	236
Income taxes	(28)	(28)	(56)	(56)
Ending Balance March 28, 2026	$ (28,067)	$ (28,067)	$ (28,067)	$ (28,067)
March 29, 2025				
Beginning Balance	$ (26,363)	$ (26,363)	$ (26,416)	$ (26,416)
Amounts reclassified and included in earnings	69	69	139	139
Total before taxes	69	69	139	139
Income taxes	(17)	(17)	(34)	(34)
Ending Balance March 29, 2025	$ (26,311)	$ (26,311)	$ (26,311)	$ (26,311)

11. Equity Investment in Affiliates

The Company has made investments in the below entities and utilizes the equity method of accounting to record its interest in them as it does not have control to direct the activities that most significantly impact their financial performance based on the shared powers of the venture partners. The carrying amount of the equity method investments is adjusted for any contribution that the Company makes to them as well as for the Company's proportionate share of net earnings or losses and any dividends received.

Micro Bird Holdings, Inc.

The Company holds a 50% equity interest in Micro Bird Holdings, Inc. ("Micro Bird"), our unconsolidated Canadian joint venture that produces Blue Bird Micro Bird by Girardin Type A school buses in Drummondville, Quebec. Additionally, since September 2025, Micro Bird has been producing small and mid-sized commercial buses and a small number of Type A school buses at a newly opened facility in Plattsburgh, New York.

In recognizing the Company's 50% portion of Micro Bird's net income or loss, the Company recorded equity in net income of non-consolidated affiliates on the Condensed Consolidated Statements of Operations totaling approximately $1.8 million and $2.0 million for the three months ended March 28, 2026 and March 29, 2025, respectively, and $4.0 million and $4.1 million for the six months ended March 28, 2026 and March 29, 2025, respectively. Micro Bird paid no dividends in the three or six month periods ended March 28, 2026 or March 29, 2025.

At March 28, 2026 and September 27, 2025, the carrying value of the Company's investment in Micro Bird included within equity investment in affiliates on the Condensed Consolidated Balance Sheets was $39.2 million and $35.2 million, respectively.

On April 1, 2026, prior to filing the second quarter fiscal 2026 Form 10-Q with the SEC, the Company completed its acquisition of the remaining 50% of the outstanding common stock of Micro Bird. Since Micro Bird's fiscal periods align with calendar months, its financial results for the three and six month periods ended March 31, 2026 were utilized to record the equity in net income of non-consolidated affiliates reflected on the Condensed Consolidated Statement of Operations for the three and six month periods ended March 28, 2026 as discussed above. However, this acquisition will result in the Company ceasing to account for Micro Bird utilizing the equity method of accounting effective March 28, 2026 and fully consolidating Micro Bird at the beginning of the third quarter of fiscal 2026 and subsequently. See Note 13, *Subsequent Events*, for further discussion.

Clean Bus Solutions, LLC

The Company holds a 50% equity interest in Clean Bus Solutions, LLC ("CBS"), our unconsolidated joint venture that provides a fleet-as-a-service ("FaaS") offering using electric school buses manufactured and sold by the Company. The service is offered to qualified customers of the Company by providing them with turnkey electrification solutions, including a wide product range consisting of, among others, electric school buses, financing of electric buses and supporting charging infrastructure, project planning and management, and fleet optimization.

In the fourth quarter of fiscal 2025, the Company performed an impairment assessment of its equity investment in CBS. Based upon the historical losses generated by CBS since inception, when coupled with CBS' projections of continued losses in future periods, management determined that the Company would not recover the carrying amount of its investment in the near term. Accordingly, a conclusion was reached that an impairment that was other-than-temporary in nature existed. During the fourth quarter of fiscal 2025, the Company recorded a non-cash impairment charge of $7.4 million that reduced the carrying value of the Company's investment in CBS to $0 at September 27, 2025.

Through the course of its operations, CBS was unable to generate business on a timeline that was likely to generate profitable returns for the entity within the expectations of the Company and the other joint venture partner, Generate Capital, PBC ("Generate Capital"). In October 2025, the CBS Board of Managers met and voted to recommend to the joint venture partners to terminate the business, wind down operations, and dissolve the legal entity. On October 22, 2025, the Company's Board of Directors approved the termination of CBS and the joint venture agreement governing its operations. Upon obtaining similar approval from Generate Capital, the CBS Board of Managers authorized winding down and dissolution of the business on October 24, 2025, which was largely completed by the end of 2025.

The Company made no cash contributions to CBS during the three months ended March 28, 2026 and March 29, 2025 but made $0.2 million and $0.5 million of cash contributions to CBS during the six months ended March 28, 2026 and March 29, 2025, respectively, both of which increased the balance of equity investment in affiliates on the Condensed Consolidated Balance Sheets. The cash contributions during the six months ended March 28, 2026 were made to allow CBS to pay its obligations in connection with winding down its operations, terminating its business and dissolving the entity.

In recognizing the Company's 50% portion of CBS' net income or loss, the Company recorded less than $(0.1) million and $(0.4) million (both losses) in equity in net income of non-consolidated affiliates on the Condensed Consolidated Statements of Operations for the three months ended March 28, 2026 and March 29, 2025, respectively, and $(0.2) million and $(0.7) million (both losses) for the six months ended March 28, 2026 and March 29, 2025, respectively. CBS paid no dividends in any period.

At both March 28, 2026 and September 27, 2025, the carrying value of the Company's investment in CBS included within equity investment in affiliates on the Condensed Consolidated Balance Sheets was $0.

12. Stockholders' Equity

Share Repurchase Program and Common Stock Retirement

On January 31, 2024, the Board of Directors of the Company authorized and approved a share repurchase program for up to $60 million of outstanding shares of the Company's common stock over a period of 24 months, expiring January 31, 2026. On August 5, 2025, the Board of Directors of the Company authorized and approved a second share repurchase program for up to $100 million of outstanding shares of the Company's common stock, expiring January 1, 2028. Under both share repurchase programs, the Company may repurchase shares through open market purchases, privately negotiated transactions, accelerated share repurchase transactions, block purchases or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

Pursuant to the share repurchase plans, the Company repurchased 101,670 shares of its common stock for $5.0 million during the three months ended March 28, 2026 and 392,418 shares of its common stock for $19.9 million during the six months ended March 28, 2026. During the same periods in fiscal 2025, the Company repurchased 559,352 and 802,802 shares of its common stock, respectively, for $20.0 million and $30.1 million, respectively. The Company constructively retired these shares immediately after repurchase, with the $5.0 million and $20.0 million amounts paid in excess of the $0.0001 par value of each share during the three months ended March 28, 2026 and March 29, 2025, respectively, and the $19.9 million and $30.1 million amounts paid in excess of the $0.0001 par value of each share during the six months ended March 28, 2026 and March 29, 2025, respectively, recorded as a reduction in retained earnings. The shares repurchased during the first quarter of fiscal 2026 resulted in the Company utilizing all $60 million that was

authorized under the initial share repurchase program prior to its expiration date. The total remaining authorization for future common stock repurchases under the Company's $100 million share repurchase program was $90.6 million as of March 28, 2026.

13. Subsequent Events

Defined Benefit Pension Plan Settlement and Termination

During the latter part of fiscal 2025, the Company initiated actions to terminate its Defined Benefit Pension Plan (the "Plan"). During April 2026, the pension benefits earned by certain Plan participants were settled via lump-sum cash payments totaling $13.0 million, representing approximately 11.8% of the $109.6 million total projected benefit obligation as of September 27, 2025, using Plan assets. Also during April 2026, the Company received initial bids to purchase a group annuity contract from a significant number of insurance companies. Management is currently evaluating such bids and expects to finalize this process by executing an agreement with the selected insurance company in May 2026. The pension benefits earned by those Plan participants remaining after the lump-sum cash payments described above are expected to be settled prior to the end of the third quarter of fiscal 2026 via the transfer of such obligations to either the (i) selected insurance company, via the purchase of a group annuity contract, or (ii) Pension Benefit Guaranty Corporation ("PBGC") via the transfer of cash, both using Plan assets.

Subsequent to the lump-sum cash payments, purchase of a group annuity contract and transfer of cash to the PBGC, as applicable, the Company is, or will be, relieved of the primary responsibility for paying the benefit obligations earned by Plan participants in future periods, which constitutes a plan settlement. The provisions of ASC 715, *Postretirement Benefits*, indicate that the settlement of all, or more than a minor portion, of a pension plan benefit obligation represents an event that requires the recognition in income of all, or part, of the net gain or loss deferred in accumulated other comprehensive income or loss. Since the Company has settled, or will settle, all of the Plan's benefit obligations during the third quarter of fiscal 2026, the entire after-tax balance recorded in accumulated other comprehensive loss within stockholders' equity on the Condensed Consolidated Balance Sheets, which totaled $28.1 million as of March 28, 2026, will be recognized as a loss in the Condensed Consolidated Statements of Operations during the third quarter of fiscal 2026, as will the corresponding deferred tax asset, which totaled $4.8 million as of March 28, 2026. However, both of these amounts are subject to change during the third quarter of fiscal 2026 as normal pension accounting entries are recorded through the date that the Plan is completely terminated and as the provisions of ASC 715 require that pension plan assets and obligations be remeasured immediately prior to a plan settlement.

Micro Bird Acquisition

On April 1, 2026, the Company completed its acquisition of the remaining 50% of the outstanding common stock of Micro Bird pursuant to the terms of a Purchase Agreement dated February 15, 2026 (the “Purchase Agreement”) with the AG 2014 Trust (“AG Trust”), the SG One 2014 Trust (“SG Trust”), and the DG One 2014 Trust (“DG Trust” and collectively with AG Trust and SG Trust, the “Trusts”), Groupe Autobus Girardin Ltée, a corporation existing under the federal laws of Canada (“GAG”), and Girardin Minibus JV 2 Inc., a corporation existing under the laws of the Province of Québec (the “MB US Seller” and together with the Trusts and GAG, the “Sellers” and each, a “Seller”).

Specifically, the Company acquired 100% of the issued and outstanding equity securities of Girardin Minibus JV 2 USA Inc., a Delaware corporation (“MB US Target”) and, through its newly formed Canadian subsidiary, MB Exchangeco Inc. (“MB ExchangeCo”), 100% of the issued and outstanding equity securities of Girardin Minibus JV Inc., a corporation existing under the laws of the Province of Québec (“MB Canada Target” and together with MB US Target, the “Micro Bird Targets” and each, a “Target”) collectively in exchange for an aggregate purchase price of $201.8 million (the “Purchase Price”) that was established at the time of signing the Purchase Agreement and was modified only for changes in working capital and net debt amounts between February 15 and April 1, 2026. Under the terms of the Purchase Agreement, the Purchase Price was paid as follows: (i) approximately 30% was paid in cash in the amount of $63.0 million, after closing adjustments, and (ii) approximately 70% was valued via reference to 2,702,180 shares of Company common stock at a share price of $51.35 for a total value of $138.8 million (the “Stock Consideration”) and paid through the issuance of a combination of (i) 2,702,180 Class A non-voting exchangeable common shares in the capital of MB ExchangeCo (the “Exchangeable Shares”), which are exchangeable on a one-to-one basis into shares of Company common stock, and (ii) one share of newly-created Company preferred stock with voting rights equivalent to the number of Company common shares that the outstanding Exchangeable Shares are exchangeable into at any time (the “Special Voting Share”).

The Exchangeable Shares are not transferable without Company consent. In addition, the Exchangeable Shares and any shares of Company common stock issued upon the exchange of the Exchangeable Shares will be subject to a contractual lock-up as follows: no transfers of the shares may occur for a period of six months, or until October 1, 2026. Thereafter, (i) 17.9% of the shares will be released from lock-up on October 1, 2026, (ii) an additional 17.9% of the shares will be released from lock-up on April 1, 2027, (iii) an additional 17.9% of the shares will be released from lock-up on October 1, 2027, (iv) an additional 27.8% of the shares will be released from lock-up on April 1, 2028, and (v) the remaining 18.5% of the shares will be released from lock-up on April 1, 2029.

The issuance of the Exchangeable Shares was not registered under the Securities Act of 1933. The Company has agreed to file with the SEC a registration statement covering the resale of the Company common stock issued upon the exchange of the Exchangeable Shares, use commercially reasonable efforts to cause the registration statement to become effective prior to the expiration of the contractual restrictions described above, and to generally cause the registration statement to remain effective while the Exchangeable Shares remain outstanding.

The Exchangeable Shares issued by MB ExchangeCo have no rights with respect to MB ExchangeCo, other than the right to exchange into shares of Company common stock. This right requires MB ExchangeCo to redeem Exchangeable Shares upon the request of the holder for a redemption price equal to one share of Company common stock for each Exchangeable Share redeemed, plus any unpaid dividends.

The terms of the Purchase Agreement also required the Company to repay all of Micro Bird's outstanding bank debt obligations, including interest accrued on outstanding principal balances, existing on the date of closing, which totaled $129.6 million.

The acquisition of the remaining 50% of the outstanding common stock of Micro Bird will result in the Company controlling Micro Bird effective April 1, 2026. Accordingly, the acquisition will be recorded as a business combination in accordance with the provisions of ASC 805, *Business Combinations*, which will result in the Company ceasing to account for Micro Bird utilizing the equity method of accounting at the end of the second quarter of fiscal 2026 and fully consolidating Micro Bird at the beginning of the third quarter of fiscal 2026 and subsequently.

During the three and six months ended March 28, 2026, the Company incurred approximately $2.7 million of pretax costs relating to this transaction, which are recorded in Other (expense) income, net on the Condensed Consolidated Statements of Operations as they are not indicative of our normal operating activities. No similar costs were incurred in the corresponding periods of fiscal 2025.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of financial condition and results of operations of Blue Bird Corporation (the "Company," "Blue Bird," "we," "our," or "us") should be read in conjunction with the Company’s unaudited condensed consolidated financial statements as of and for the three and six months ended March 28, 2026 and March 29, 2025 and related notes appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q ("Report"). Our actual results may not be indicative of future performance. This discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those discussed or incorporated by reference in the sections of this Report entitled “Special Note Regarding Forward-Looking Statements” and “Risk Factors.” Actual results may differ materially from those contained in any forward-looking statements. Certain monetary amounts, percentages and other figures included in this Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated, may not be the arithmetic aggregation of the percentages that precede them.

Special Note Regarding Forward-Looking Statements

This Report contains forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Except as otherwise indicated by the context, references in this Report to “we,” “us” and “our” are to the consolidated business of the Company. All statements in this Report, including those made by the management of the Company, other than statements of historical fact, are forward-looking statements. These forward-looking statements are based on management’s estimates, projections and assumptions as of the date hereof and include the assumptions that underlie such statements. Forward-looking statements may contain words such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “estimate,” “project,” “forecast,” “seek,” “target,” “anticipate,” “believe,” “predict,” “potential” and “continue,” the negative of these terms, or other comparable terminology. Examples of forward-looking statements include statements regarding the Company’s future financial results, research and development results, regulatory approvals, operating results, business strategies, projected costs, products, competitive positions, management’s plans and objectives for future operations, and industry trends. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. Specifically, forward-looking statements may include statements relating to:

- *the future financial performance of the Company;*
- *negative changes in the market for Blue Bird products;*
- *expansion plans and opportunities;*
- *challenges or unexpected costs related to manufacturing;*

- *future impacts from pandemics, epidemics or similar widespread disease or illness outbreaks (collectively, "public health crises") on capital markets, manufacturing and supply chain abilities, consumer and customer demand, school system operations, workplace conditions, and any other unexpected impacts, which include or could include, among other effects:*
  - *disruption in global financial and credit markets;*
  - *supply shortages and supplier financial risk, especially from our single-source suppliers impacted by public health crises;*
  - *negative impacts to manufacturing operations or the supply chain from shutdowns or other disruptions in operations;*
  - *negative impacts on capacity and/or production in response to changes in demand due to public health crises, including possible cost containment actions;*
  - *financial difficulties of our customers impacted by public health crises;*
  - *reductions in market demand for our products due to public health crises; and*
  - *potential negative impacts of various actions taken by federal, state and/or local governments in response to public health crises.*
- *future impacts resulting from current and/or future military conflicts, which include or could include, among other effects:*
  - *disruption in global commodity and other markets;*
  - *supply shortages and supplier financial risk, especially from suppliers providing inventory that is dependent on resources originating from countries impacted by military conflicts; and*
  - *negative impacts to manufacturing operations resulting from inventory cost volatility or the supply chain due to shutdowns or other disruptions in operations.*
- *future impacts resulting from changes in governmental policies, programs, regulations and/or laws, which include or could include, among other effects:*
  - *the imposition of new and/or revised trade policies and tariffs, which could increase the cost of components we and/or our suppliers purchase that would impact our cost to produce buses and purchase parts for resale; increase the prices we charge for our products to pass along part or all of our increased purchase costs; and/or impact the purchasing decisions of our customers that could result in them buying less, or none, of our products in future periods;*
  - *reductions in governmental grants, subsidies and/or other incentives, which would result in a decrease in funds that are used by school districts and fleet customers to partially, or fully, offset the higher price of alternative powered school buses and could impact the purchasing decisions of our customers that elect to buy less, or none. of our products in future periods; and*
  - *changes in current or future emissions regulations, which could increase the costs of powertrain components that we purchase from major suppliers and would impact our cost to produce buses and purchase parts for resale; increase the prices we charge for our products to pass along part or all of our increased purchase costs; and/or impact the purchasing decisions of our customers that could result in them buying less, or none. of our products in future periods.*

These forward-looking statements are based on information available as of the date of this Report (or, in the case of forward-looking statements incorporated herein by reference, as of the date of the applicable filed document), and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different than those expressed or implied by these forward-looking statements.

Any expectations based on these forward-looking statements are subject to risks and uncertainties and other important factors, including those discussed in the reports we file with the Securities and Exchange Commission ("SEC"), specifically the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's fiscal year 2025 Form 10-K, filed with the SEC on November 24, 2025. Other risks and uncertainties are and will be disclosed in the Company's prior and future SEC filings. The following information should be read in conjunction with the financial statements included in the Company's fiscal year 2025 Form 10-K, filed with the SEC on November 24, 2025.

Available Information

We are subject to the reporting and information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as a result are obligated to file or furnish, as applicable, annual, quarterly, and current reports, proxy statements, and other information with the SEC. We make these documents available free of charge on our website (http://www.blue-bird.com) as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. Information on our website does not constitute part of this Report. In addition, the SEC maintains a website (http://www.sec.gov) that contains our annual, quarterly, and current reports, proxy and information statements, and other information we electronically file with, or furnish to, the SEC.

Executive Overview

Blue Bird is the leading independent designer and manufacturer of school buses. Our longevity and reputation in the school bus industry have made Blue Bird an iconic American brand. We distinguish ourselves from our principal competitors by dedicating our focus to the design, engineering, manufacture and sale of school buses, and related parts. As the only principal manufacturer of chassis and body production specifically designed for school bus applications in the United States of America ("U.S."), Blue Bird is recognized as an industry leader for school bus innovation, safety, product quality/reliability/durability, efficiency, and lower operating costs. In addition, Blue Bird is the market leader in alternative powered product offerings with its propane powered, gasoline powered and all-electric powered school buses.

Blue Bird sells its buses and parts through an extensive network of U.S. and Canadian dealers that, in their territories, are exclusive to Blue Bird on Type C and Type D school buses. Blue Bird also sells directly to major fleet operators, the U.S. Government, state governments, and authorized dealers in certain limited foreign countries.

Throughout this Report, we refer to the fiscal year ending October 3, 2026 as "fiscal 2026," the fiscal year ended September 27, 2025 as "fiscal 2025," and the fiscal year ended September 28, 2024 as "fiscal 2024." There will be 53 weeks in fiscal 2026 and were 52 weeks in fiscal 2025. The second quarters of fiscal 2026 and fiscal 2025 both included 13 weeks. The six month periods in fiscal 2026 and 2025 both included 26 weeks.

Business Update

The global supply chain constraints for automotive parts that arose subsequent to the novel coronavirus pandemic known as "COVID-19" and that were further impacted by additional stress resulting from Russia's invasion of Ukraine in February 2022, continued to impact our business and operations in the first half of both fiscal 2025 and 2026. Specifically, there were occasional shortages of certain critical components that impacted our manufacturing production schedule and related operational efficiencies, while increasing costs charged by suppliers to procure inventory continued during both periods. Both of these factors impacted our business and operations by limiting the number and/or mix of school buses that we could produce and sell as well as increasing the costs to manufacture buses.

Nonetheless, the lessons learned, and resulting actions taken, by management over the past several years allowed the Company to continue navigating these supply chain challenges to consistently produce buses to fulfill sales orders. Such actions included, among others, sourcing inventory purchases from alternative suppliers and strategically acquiring larger quantities of certain critical components that have longer lead times that could impact our production schedule if not manufactured by our suppliers and delivered to us in a timely manner.

In addition to periodic inventory shortages and general inflationary pressures resulting from the global supply chain constraints discussed above, changes in trade policies and tariffs began to impact our business and operations in the second half of fiscal 2025 and continuing into the first half of fiscal 2026 by increasing our procurement costs for certain imported inventory. Actions we have taken, and are continuing to take, to mitigate the impact from changes in trade policies and tariffs include increasing the volume of steel we purchase at fixed prices up to four quarters in advance and working with our suppliers to identify alternative supply chain sources to minimize the increase in inventory costs.

However, the higher inventory purchase costs that we incurred in producing and selling buses during the first half of fiscal 2025 and fiscal 2026 resulting from general inflationary pressures caused by global supply chain constraints as well as changes in trade policies and tariffs, as applicable, did not negatively impact our operating results or cash flows during these periods as such impacts were largely offset by proactive increases in the sales prices we charged for our products. However, they could materially impact our operating results and cash flows in future periods if we are unable to (i) mitigate the increased cost of (a) procuring inventory to produce buses and (b) purchasing parts for resale and/or (ii) increase the sales prices we charge for our products to partially or fully offset these cost increases.

Additionally, although new bus orders during the majority of fiscal 2025 remained strong, management believes that the uncertainty in bus pricing resulting from changing tariffs temporarily impacted bus orders during the latter part of fiscal 2025 and, to a lesser extent, continuing into the first half of fiscal 2026. Specifically, due to a combination of (i) pent-up demand resulting from the cumulative effect of the COVID-19 pandemic when many school systems conducted virtual learning and (ii) the challenged global supply chain for automotive parts that hindered the school bus industry's ability to produce and sell buses in the years subsequent to the COVID-19 pandemic, the Company's backlog approximated 4,400 units as of March 29, 2025. Given the strong backlog in the overall school bus industry that resulted in long time lags between customers ordering and taking delivery of a school bus, when coupled with the uncertainty regarding the pricing of a school bus resulting from the inclusion of actual tariff charges in the final sales price, management believes that many customers elected to temporarily defer the purchase of buses towards the end of our fiscal 2025. As a result, the Company's backlog decreased to approximately 3,070 units as of September 27, 2025. However, due to the Company's proactive communications with our dealers and customers and committing to a tariff pricing strategy that significantly addressed the volatility in bus pricing for customers, we experienced an increase in orders during the first half of fiscal 2026 that increased the backlog to approximately 3,560 units as of March 28, 2026, which included over 900 electric powered units. Due to the age of school bus fleets in the U.S. and Canada, which is at least partially attributable to supply chain disruptions in recent years that have left school districts with meaningful replacement needs, and the strong overall fundamentals in the school bus industry, management believes that this slowdown in orders is temporary in nature not indicative of a broader decrease in current or future market demand.

Finally, the deferral of funds relating to governmental grants, subsidies and/or other incentives that are intended to partially, or fully, offset the higher price of alternative powered school buses impacted, to a lesser extent, the mix of school buses that we produced and sold during the latter part of fiscal 2025 and continuing into the first half of fiscal 2026. Although we noted that government grant money continued to flow during this period, the timing of some of these payments occurred too late to adjust our production schedule to build and sell more higher priced alternative powered school buses. However, such funding should positively impact the remainder of fiscal 2026 and/or subsequent periods. Nonetheless, any future decrease in such funds could impact the purchasing decisions of our customers that elect to buy less, or none, of our products in future periods.

In general, management believes that the impacts from (i) supply chain disruptions, including those resulting from current or future military conflicts, and (ii) changes in governmental policies, programs, regulations and/or laws could continue in future periods and could materially impact our results if we are unable to (a) obtain parts and supplies in sufficient quantities to meet our production needs and/or (b) pass along rising costs to our customers. They could result in significant economic disruption and adversely impact our business during the remainder of fiscal 2026 and perhaps beyond. Significant uncertainty exists concerning the magnitude of the impact and duration of (i) ongoing supply chain constraints and (ii) changes in governmental policies, programs, regulations and/or laws and their potential impact on the overall economy, both within the U.S and globally. Accordingly, the magnitude and duration of such matters and their related financial impacts on our business cannot be estimated at this time.

We continue to monitor and assess the ability of suppliers to maintain operations and to provide parts and supplies in sufficient quantities and at acceptable costs to meet our production needs, including our ability to maintain continuous production during the remainder of fiscal 2026 and beyond, and price our products at amounts that are attractive to our customers. See PART I, Item 1.A. "Risk Factors," of our fiscal 2025 Form 10-K, filed with the SEC on November 24, 2025, for a discussion of the material risks we believe we face particularly related to (i) supply chain disruptions and related constraints and (ii) changes in governmental policies, programs, regulations and/or laws.

Critical Accounting Policies and Estimates, Recent Accounting Pronouncements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Blue Bird evaluates its estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

The Company's accounting policies that we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described in the Company's fiscal 2025 Form 10-K, filed with the SEC on November 24, 2025, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates," which description is incorporated herein by reference. Our senior management has reviewed these critical accounting policies and related disclosures and determined that there were no significant changes in our critical accounting policies during the six months ended March 28, 2026.

Recent Accounting Pronouncements

See Note 2 of Notes to Condensed Consolidated Financial Statements (Unaudited) included in Part I, Item 1 of this Report for a discussion of new and/or recently adopted accounting pronouncements, as applicable.

Factors Affecting Our Revenues

Our revenues are driven primarily by the following factors:

- *Property tax revenues*. Property tax revenues are one of the major sources of funding for school districts, and therefore new school buses. Property tax revenues are a function of land and building prices, relying on assessments of property value by state or county assessors and millage rates voted by the local electorate.
- *Student enrollment and delivery mechanisms for learning.* Increases or decreases in the number of school bus riders have a direct impact on school district demand. Evolving protocols for public health concerns and/or continued technological advancements could shift the future form of educational delivery away from in-person learning on a more permanent basis, with increased remote learning reasonably expected to decrease the number of school bus riders.
- *Revenue mix*. We are able to charge more for certain of our products (e.g., Type C propane powered school buses, electric powered buses, Type D buses, and buses with higher option content) than other products. The mix of products sold in any fiscal period can directly impact our revenues for the period.
- *Strength of the dealer network*. We rely on our dealers, as well as a small number of major fleet operators, to be the direct point of contact with school districts and their purchasing agents. An effective dealer is capable of expanding revenues within a given school district by matching that district's needs to our capabilities, offering options that would not otherwise be provided to the district.
- *Pricing*. Our products are sold to school districts throughout the U.S. and Canada. Each state and each Canadian province has its own set of regulations that govern the purchase of products, including school buses, by their school districts. We and our dealers must navigate these regulations, purchasing procedures, and the districts' specifications in order to reach mutually acceptable price terms. Pricing may or may not be favorable to us, depending upon a number of factors impacting purchasing decisions. Additionally, in certain cases, prices originally quoted with dealers and school districts may have become less favorable, or more unfavorable, to us given increasing inventory costs between the time the sales order was contractually agreed upon and the bus is built and delivered as a result of ongoing supply chain disruptions, general inflationary pressure and the imposition of new and/or revised trade policies and tariffs, among other factors.
- *Buying patterns of major fleets*. Major fleets regularly compete against one another for existing accounts. Fleets are also continuously trying to win the business of school districts that operate their own transportation services. These activities can have either a positive or negative impact on our sales, depending on the brand preference of the fleet that wins the business. Major fleets also periodically review their fleet sizes and replacement patterns due to funding availability as well as the profitability of existing routes. These actions can impact total purchases by fleets in a given year.
- *Seasonality.* In the fiscal years preceding the 2020 COVID-19 pandemic, our sales were subject to seasonal variation based on the school calendar with the peak season during our third and fourth fiscal quarters. Sales during the third and fourth fiscal quarters were typically greater than the first and second fiscal quarters due to the desire of municipalities to have any new buses that they ordered available to them at the beginning of the new school year. Since 2020, with the COVID-19 pandemic impacting the demand for Company products and the impact of the subsequent supply chain constraints hindering the Company's ability to produce and sell buses as discussed previously above, seasonality has become unpredictable. Seasonality and variations from historical seasonality have impacted the comparison of results between fiscal periods.
- *Inflation.* As discussed previously above, supply chain disruptions developing subsequent to the COVID-19 pandemic and Russia's invasion of Ukraine have significantly increased our inventory purchase costs, including freight costs incurred to deliver critical components, reflected in cost of goods sold during fiscal 2025 and continuing into the first half of fiscal 2026. Additionally, the imposition of tariffs on certain imported inventory that became effective during the second half of fiscal 2025 and continued into the first half of fiscal 2026 has further increased our inventory purchase costs. In response, the Company announced a number of sales price increases that applied to new sales orders that were intended to mitigate the impact of rising purchase costs on our operations, results and cash flows. These cumulative price increases have had a significant, positive impact on sales and gross profit during fiscal 2025 and continuing into the first half of fiscal 2026.
- *Governmental grants, subsidies and/or other incentives.* Funds provided by federal, state and/or local governments are often times targeted to partially, or fully, offset the higher price of alternative powered school buses. The deferral and/or elimination of such funds can impact the buying decisions of school districts and fleet customers, including impacting the volume, mix and/or timing of school bus purchases that can directly impact our revenues during a fiscal period.

Factors Affecting Our Expenses and Other Items

Our expenses and other line items on our Condensed Consolidated Statements of Operations are principally driven by the following factors:

- *Cost of goods sold*. The components of our cost of goods sold consist of material costs (principally powertrain components, steel and rubber, as well as aluminum and copper) including freight costs, labor expense, and overhead. Our cost of goods sold may vary from period to period due to changes in sales volume and/or mix, efforts by certain suppliers to pass through the economics associated with key commodities as well as changes in trade policies and tariffs, fluctuations in freight costs, design changes with respect to specific components, design changes with respect to specific bus models, wage increases for plant labor, productivity of plant labor, delays in receiving materials and other logistical problems, and the impact of overhead items such as utilities.
- *Selling, general and administrative expenses*. Our selling, general and administrative expenses include costs associated with our selling and marketing efforts, engineering, centralized finance, human resources, purchasing, information technology services, along with other administrative matters and functions. In most instances, other than direct costs associated with sales and marketing programs, the principal component of these costs is compensation expense. Changes from period to period are typically driven by the number of our employees, as well as by merit increases provided to experienced personnel.
- *Interest expense*. Our interest expense relates to costs associated with our debt instruments and reflects both the amount of indebtedness and the interest rate that we are required to pay on our debt. Interest expense also includes unrealized gains or losses from interest rate hedges, if any, and changes in the fair value of interest rate derivatives not designated in hedge accounting relationships, if any, as well as expenses related to debt guarantees, if any.
- *Income taxes*. We make estimates of the amounts to recognize for income taxes in each tax jurisdiction in which we operate. In addition, provisions are established for withholding taxes related to the transfer of cash between jurisdictions and for uncertain tax positions taken, if any.
- *Other expense/income, net*. This balance includes net periodic pension expense or income as well as gains or losses on foreign currency, if any. Other amounts not associated with operating expenses may also be included in this balance.
- *Equity in net income or loss of non-consolidated affiliates*. We include in this line item our 50% share of net income or loss from our investments in Micro Bird Holdings, Inc. ("Micro Bird) and Clean Bus Solutions, LLC, our unconsolidated joint ventures.

Key Non-GAAP Financial Measures We Use to Evaluate Our Performance

The condensed consolidated financial statements included in this Report in Item 1. "Financial Statements (Unaudited)" are prepared in conformity with U.S. GAAP. This Report also includes the following financial measures that are not prepared in accordance with U.S. GAAP ("non-GAAP"): “Adjusted EBITDA;” “Adjusted EBITDA Margin;” and “Free Cash Flow.” Adjusted EBITDA and Free Cash Flow are financial metrics that are utilized by management and the Board of Directors, as and when applicable, to determine (a) the annual cash bonus payouts, if any, to be made to certain employees based upon the terms of the Company’s Management Incentive Plan, and (b) whether the performance criteria have been met for the vesting of certain equity awards granted annually to certain members of management based upon the terms of the Company’s Omnibus Equity Incentive Plan. Additionally, consolidated EBITDA, which is an adjusted EBITDA metric defined by our Credit Agreement (defined below) that could differ from Adjusted EBITDA discussed above as the adjustments to the calculations are not uniform, is used to determine the Company's ongoing compliance with several financial covenant requirements, including being utilized in the denominator of the calculation of the Total Net Leverage Ratio ("TNLR"), which is also utilized in determining the interest rate we pay on borrowings under our Credit Agreement (defined below). Accordingly, management views these non-GAAP financial metrics as key for the above purposes and as a useful way to evaluate the performance of our operations as discussed further below.

Adjusted EBITDA is defined as net income or loss prior to interest income; interest expense including the component of operating lease expense (which is presented within cost of goods sold or selling, general and administrative expenses in our U.S. GAAP financial statements) that represents interest expense on operating lease liabilities; income taxes; and depreciation and amortization including the component of operating lease expense (which is presented within cost of goods sold or selling, general and administrative expenses in our U.S. GAAP financial statements) that represents amortization charges on right-of-use lease assets; as adjusted for certain non-cash charges or credits that we may record on a recurring basis such as share-based compensation expense and unrealized gains or losses on certain derivative financial instruments as well as certain charges such as (i) transaction related costs or (ii) discrete expenses related to major cost cutting and/or operational transformation initiatives. While certain of the charges that are added back in the Adjusted EBITDA calculation, such as transaction related costs and major cost cutting and/or operational transformation initiatives, represent operating expenses that may be recorded in more than one annual period, the significant project or

transaction giving rise to such expenses is not considered to be indicative of the Company's normal operations. Accordingly, we believe that these, as well as the other credits and charges that comprise the amounts utilized in the determination of Adjusted EBITDA described above, should not be used in evaluating the Company's ongoing annual operating performance.

We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of net sales. Adjusted EBITDA and Adjusted EBITDA Margin are not measures of performance defined in accordance with U.S. GAAP. The measures are used as a supplement to U.S. GAAP results in evaluating certain aspects of our business, as described below.

We believe that Adjusted EBITDA and Adjusted EBITDA Margin are useful to investors in evaluating our performance because the measures consider the performance of our ongoing operations, excluding decisions made with respect to capital investment, financing, and certain other significant initiatives or transactions as outlined in the preceding paragraphs. We believe the non-GAAP measures offer additional financial metrics that, when coupled with the U.S. GAAP results and the reconciliation to U.S. GAAP results, provide a more complete understanding of our results of operations and the factors and trends affecting our business.

Adjusted EBITDA and Adjusted EBITDA Margin should not be considered as alternatives to net income or loss as an indicator of our performance or as alternatives to any other measure prescribed by U.S. GAAP as there are limitations to using such non-GAAP measures. Although we believe that Adjusted EBITDA and Adjusted EBITDA Margin may enhance an evaluation of our operating performance based on recent revenue generation and product/overhead cost control because they exclude the impact of prior decisions made about capital investment, financing, and certain other significant initiatives or transactions, (i) other companies in Blue Bird's industry may define Adjusted EBITDA and Adjusted EBITDA Margin differently than we do and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird's industry, and (ii) Adjusted EBITDA and Adjusted EBITDA Margin exclude certain financial information that some may consider important in evaluating our performance.

We compensate for these limitations by providing disclosure of the differences between Adjusted EBITDA and U.S. GAAP results, including providing a reconciliation to U.S. GAAP results, to enable investors to perform their own analysis of our ongoing operating results.

Our measure of Free Cash Flow is used in addition to and in conjunction with results presented in accordance with U.S. GAAP and it should not be relied upon to the exclusion of U.S. GAAP financial measures. Free Cash Flow reflects an additional way of evaluating our liquidity that, when viewed with our U.S. GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. We strongly encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

We define Free Cash Flow as total cash provided by/used in operating activities as adjusted for net cash paid for the acquisition of fixed assets and intangible assets. We use Free Cash Flow, and ratios based on Free Cash Flow, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe it is a more conservative measure of cash flow since purchases of fixed assets and intangible assets are a necessary component of ongoing manufacturing operations. Accordingly, we expect Free Cash Flow to be less than operating cash flows.

Our Segments

We manage our business in two operating segments, which are also our reportable segments: (i) the Bus segment, which involves the design, engineering, manufacture and sale of school buses and extended warranties; and (ii) the Parts segment, which includes the sale of replacement bus parts. Financial information is reported on the basis that it is used internally by the chief operating decision maker ("CODM") in evaluating segment performance and deciding how to allocate resources to segments. The President and Chief Executive Officer of the Company has been identified as the CODM. Management evaluates the segments based primarily upon revenues and gross profit.

Consolidated Results of Operations for the Three Months Ended March 28, 2026 and March 29, 2025:

(in thousands of dollars)	Three Months Ended	
	March 28, 2026	**March 29, 2025**
Net sales	$ 352,635	$ 358,851
Cost of goods sold	281,988	287,997
Gross profit	$ 70,647	$ 70,854
Operating expenses		
Selling, general and administrative expenses	31,529	37,143
Operating profit	$ 39,118	$ 33,711
Interest expense	(1,545)	(1,813)
Interest income	1,929	1,258
Other (expense) income, net	(2,922)	444
Income before income taxes	$ 36,580	$ 33,600
Income tax expense	(9,102)	(9,129)
Equity in net income of non-consolidated affiliates	1,823	1,575
Net income	$ 29,301	$ 26,046
Other financial data:		
Adjusted EBITDA	$ 50,814	$ 49,206
Adjusted EBITDA margin	14.4 %	13.7 %

The following provides the results of operations of Blue Bird's two reportable segments:

(in thousands of dollars)	Three Months Ended	
Net Sales by Segment	**March 28, 2026**	**March 29, 2025**
Bus	$ 325,087	$ 332,712
Parts	27,548	26,139
Total	$ 352,635	$ 358,851
Gross Profit (Loss) by Segment		
Bus	$ 57,255	$ 57,634
Parts	13,392	13,220
Total	$ 70,647	$ 70,854

Net sales. Net sales were $352.6 million for the second quarter of fiscal 2026, a decrease of $6.2 million, or 1.7%, compared to $358.9 million for the second quarter of fiscal 2025. The decrease in net sales is primarily due to a 6.4% decrease in units sold resulting from a 6.7% decrease in the number of production days in the second quarter of fiscal 2026 when compared with the same period in fiscal 2025, which primarily resulted from the timing of holidays, and our corresponding plant shutdown, in our production calendar. As a result of producing fewer buses, we had fewer units that were available to sell. However, the decrease resulting from selling fewer units was partially offset by Bus customer and product mix changes and cumulative Bus price increases, including increases that were intended to mitigate the impact of increased procurement costs for certain of our imported inventory as a result of the imposition of tariffs beginning during the second half of fiscal 2025 and continuing into the first half of fiscal 2026, as well as an increase in Parts sales.

Bus sales decreased $7.6 million, or 2.3%, reflecting a 6.4% decrease in unit bookings that was partially offset by a 4.4% increase in average sales price per unit. In the second quarter of fiscal 2026, 2,148 units booked compared to 2,295 units booked for the same period in fiscal 2025. The increase in unit price for the second quarter of fiscal 2026 compared to the same period in fiscal 2025 was primarily due to customer and product mix changes as well as price increases implemented to offset increases in inventory costs.

Parts sales increased $1.4 million, or 5.4%, for the second quarter of fiscal 2026 compared to the second quarter of fiscal 2025. This increase is primarily attributed to price increases that were implemented to offset increases in inventory costs as well as higher fulfillment volumes and slight variations due to product and channel mix.

Cost of goods sold. Total cost of goods sold was $282.0 million for the second quarter of fiscal 2026, a decrease of $6.0 million, or 2.1%, compared to $288.0 million for the second quarter of fiscal 2025. As a percentage of net sales, total cost of goods sold improved from 80.3% to 80.0%, primarily due to the impact of ongoing pricing actions taken by management that exceeded the impact of increasing costs resulting from inflationary pressures and the imposition of tariffs relating to the procurement of inventory. The improvement was also impacted by product and customer mix changes.

Bus segment cost of goods sold decreased $7.2 million, or 2.6%, for the second quarter of fiscal 2026 compared to the same period in fiscal 2025. The decrease was primarily driven by the 6.4% decrease in units booked, which was partially offset by a 4.0% increase in the average cost of goods sold per unit for the second quarter of fiscal 2026 compared to the second quarter of fiscal 2025. The increase in average cost of goods sold per unit primarily resulted from increases in manufacturing costs attributable to (a) increased raw materials costs resulting from ongoing inflationary pressures and the imposition of tariffs beginning during the second half of fiscal 2025 and (b) ongoing supply chain disruptions that resulted in higher purchase costs for components. The increase was also impacted by customer and product mix changes.

The $1.2 million, or 9.6%, increase in Parts segment cost of goods sold for the second quarter of fiscal 2026 compared to the second quarter of fiscal 2025 was primarily due increased product costs driven by inflationary pressures and tariffs as well as slight variations due to product and channel mix.

Operating profit. Operating profit was $39.1 million for the second quarter of fiscal 2026, an increase of $5.4 million compared to operating profit of $33.7 million for the second quarter of fiscal 2025. Profitability was positively impacted by a decrease of $5.6 million in selling, general and administrative expenses, primarily due to the significant amount of share-based compensation expense recorded in the second quarter of fiscal 2025 resulting from the retirement of our former President and Chief Executive Officer, with no similar significant expense recorded for the acceleration of vesting of stock awards in the second quarter of fiscal 2026. However, profitability was negatively impacted by a decrease of $0.2 million in gross profit as outlined in the revenue and cost of goods sold discussions above.

Interest expense. Interest expense was $1.5 million for the second quarter of fiscal 2026, a decrease of $0.3 million, or 14.8%, compared to $1.8 million for the second quarter of fiscal 2025. The decrease was primarily attributable to a decrease in the stated term loan interest rate from 6.2% at March 29, 2025 to 5.5% at March 28, 2026, as well as lower outstanding borrowings in the second quarter of fiscal 2026 compared to the second quarter of fiscal 2025.

Other (expense) income, net. Other expense, net was $2.9 million for the second quarter of fiscal 2026, a decrease of $3.4 million, or 758.1%, compared to $0.4 million of other income, net for the same period in fiscal 2025.

During the second quarter of fiscal 2026, the Company recorded net periodic pension expense of approximately $0.2 million compared with net periodic pension income of $0.4 million for the same period in fiscal 2025.

Additionally, during the second quarter of fiscal 2026, the Company incurred approximately $2.7 million of pretax costs relating to the acquisition of the remaining 50% of the outstanding common stock of Micro Bird effective April 1, 2026, with no such costs incurred during the second quarter of fiscal 2025. The costs incurred relating to this transaction were recorded in other expense, net as they are not indicative of our normal operating activities. See Note 13 of Notes to Condensed Consolidated Financial Statements (Unaudited) included in Part I, Item 1 of this Report for a more detailed discussion of this transaction.

Income taxes. Income tax expense was $9.1 million for both the second quarter of fiscal 2026 and the same period in fiscal 2025.

The effective tax rate for the three months ended March 28, 2026 was 24.9% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the quarter.

The effective tax rate for the three months ended March 29, 2025 was 27.2% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the quarter.

Adjusted EBITDA. Adjusted EBITDA was $50.8 million, or 14.4% of net sales, for the second quarter of fiscal 2026, an increase of $1.6 million, or 3.3%, compared to $49.2 million, or 13.7% of net sales, for the second quarter of fiscal 2025. The increase primarily relates to the increase in Micro Bird earnings, when adjusted for the impact of expenses that are excluded in calculating Adjusted EBITDA as outlined in the table below, that was partially offset by a decrease in other income, net, when adjusted for the impact of expenses that are excluded in calculating Adjusted EBITDA, as discussed above.

The following table sets forth a reconciliation of net income to Adjusted EBITDA for the periods presented:

(in thousands of dollars)	Three Months Ended March 28, 2026	Three Months Ended March 29, 2025
Net income	$ 29,301	$ 26,046
Adjustments:		
Interest (income) expense, net (1)	(233)	633
Income tax expense	9,102	9,129
Depreciation, amortization and disposals (2)	4,673	4,251
Micro Bird acquisition costs	2,673	—
Share-based compensation expense	1,670	7,434
Micro Bird total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense	3,628	1,713
Adjusted EBITDA	$ 50,814	$ 49,206
Adjusted EBITDA margin (percentage of net sales)	14.4 %	13.7 %

(1) Includes $0.2 million and $0.1 million for the three months ended March 28, 2026 and March 29, 2025, respectively, representing interest expense on operating lease liabilities, which are a component of lease expense and presented within cost of goods sold or selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

(2) Includes $0.6 million and $0.4 million for the three months ended March 28, 2026 and March 29, 2025, respectively, representing amortization charges on right-of-use lease assets, which are a component of lease expense and presented within cost of goods sold or selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

Consolidated Results of Operations for the Six Months Ended March 28, 2026 and March 29, 2025:

(in thousands of dollars)	Six Months Ended March 28, 2026	Six Months Ended March 29, 2025
Net sales	$ 685,719	$ 672,723
Cost of goods sold	543,843	541,552
Gross profit	$ 141,876	$ 131,171
Operating expenses		
Selling, general and administrative expenses	65,081	64,418
Operating profit	$ 76,795	$ 66,753
Interest expense	(3,111)	(3,728)
Interest income	3,910	2,826
Other (expense) income, net	(3,133)	3,360
Income before income taxes	$ 74,461	$ 69,211
Income tax expense	(18,221)	(17,822)
Equity in net income of non-consolidated affiliates	3,817	3,379
Net income	$ 60,057	$ 54,768
Other financial data:		
Adjusted EBITDA	$ 100,872	$ 94,959
Adjusted EBITDA margin	14.7 %	14.1 %

The following provides the results of operations of Blue Bird's two reportable segments:

(In thousands of dollars)		Six Months Ended	
Net Sales by Segment		**March 28, 2026**	**March 29, 2025**
Bus	$	632,749	$ 620,859
Parts		52,970	51,864
Total	$	685,719	$ 672,723
Gross Profit by Segment			
Bus	$	115,514	$ 104,806
Parts		26,362	26,365
Total	$	141,876	$ 131,171

Net sales. Net sales were $685.7 million for the six months ended March 28, 2026, an increase of $13.0 million, or 1.9%, compared to $672.7 million for the six months ended March 29, 2025. The increase in net sales is primarily due to Bus customer and product mix changes and cumulative Bus price increases, including increases that were intended to mitigate the impact of increased procurement costs for certain of our imported inventory as a result of the imposition of tariffs beginning during the second half of fiscal 2025 and continuing into the first half of fiscal 2026, as well as an increase in Parts sales. The Bus increases described above were partially offset by a decrease in Bus units sold resulting from a 4.3% decrease in the number of production days during the six months ended March 28, 2026 when compared with the same period in fiscal 2025, which primarily resulted from the timing of holidays, and our corresponding plant shutdown, in our production calendar. As a result of producing fewer buses, we had fewer units that were available to sell.

Bus sales increased $11.9 million, or 1.9%, reflecting a 5.3% increase in average sales price per unit that was partially offset by a 3.2% decrease in units booked. The increase in unit price for the first six months of fiscal 2026 compared to the same period in fiscal 2025 was primarily due to customer and product mix changes as well as price increases implemented to offset increases in inventory costs. This increase was partially offset by the impact of booking 4,283 units in the six months ended March 28, 2026 compared with 4,425 units during the same period in fiscal 2025.

Parts sales increased $1.1 million, or 2.1%, for the six months ended March 28, 2026 compared to the six months ended March 29, 2025. This increase is primarily attributed to price increases that were implemented to offset increases in inventory costs as well as higher fulfillment volumes and slight variations due to product and channel mix.

Cost of goods sold. Total cost of goods sold was $543.8 million for the six months ended March 28, 2026, an increase of $2.3 million, or 0.4%, compared to $541.6 million for the six months ended March 29, 2025. As a percentage of net sales, total cost of goods sold improved from 80.5% to 79.3%, primarily due to the impact of ongoing pricing actions taken by management that exceeded the impact of increasing costs resulting from inflationary pressures and the imposition of tariffs relating to the procurement of inventory. The improvement was also impacted by product and customer mix changes.

Bus segment cost of goods sold increased $1.2 million, or 0.2%, for the six months ended March 28, 2026 compared to the six months ended March 29, 2025. The increase was primarily driven by the 3.5% increase in the average cost of goods sold per unit in the six months ended March 28, 2026 compared to the same period in fiscal 2025. This increase primarily resulted from increases in manufacturing costs attributable to a) increased raw materials costs resulting from ongoing inflationary pressures and the imposition of tariffs beginning during the second half of fiscal 2025 and b) ongoing supply chain disruptions that resulted in higher purchase costs for components. The increase was also impacted by customer and product mix changes. However, it was partially offset by the 3.2% decrease in units booked as discussed above.

The $1.1 million, or 4.3%, increase in parts segment cost of goods sold for the six months ended March 28, 2026 compared to the six months ended March 29, 2025 was primarily attributable to increased product costs due to inflationary pressures and tariffs as well as slight variations due to product and channel mix.

Operating profit. Operating profit was $76.8 million for the six months ended March 28, 2026, an increase of $10.0 million compared to operating profit of $66.8 million for the six months ended March 29, 2025. Profitability was positively impacted by an increase of $10.7 million in gross profit as outlined in the revenue and cost of goods sold discussions. However, it was negatively impacted by an increase of $0.7 million in selling, general and administrative expenses during the first six months of fiscal 2026 when compared with the same period in fiscal 2025, primarily due to an increase in (a) research and development expense and (b) labor costs. However, such increases were partially offset by a significant decrease in share-based compensation expense recorded in the second quarter of fiscal 2025 resulting from the retirement of our former President and Chief Executive Officer, with no similar significant expense recorded for the acceleration of vesting of stock awards in the second quarter of fiscal 2026.

Interest expense. Interest expense was $3.1 million for the six months ended March 28, 2026, a decrease of $0.6 million, or 16.6%, compared to $3.7 million for the six months ended March 29, 2025. The decrease was primarily attributable to a decrease in the stated term loan interest rate from 6.2% at March 29, 2025 to 5.5% at March 28, 2026, as well as lower outstanding borrowings in the first six months of fiscal 2026 compared to the first six months of fiscal 2025.

Other income (expense), net. Other expense, net was $3.1 million for the six months ended March 28, 2026, an increase of $6.5 million, or 193.2%, compared to $3.4 million of other income, net for the six months ended March 29, 2025.

The Company recorded $0.5 million of net periodic pension expense during the six months ended March 28, 2026 when compared with $0.9 million of net periodic pension income recorded during the six months ended March 29, 2025.

Additionally, during the second quarter of fiscal 2026, the Company incurred approximately $2.7 million of pretax costs relating to the acquisition of the remaining 50% of the outstanding common stock of Micro Bird effective April 1, 2026, with no such costs incurred during the the six months ended March 29, 2025. The costs incurred relating to this transaction were recorded in other expense, net as they are not indicative of our normal operating activities. See Note 13 of Notes to Condensed Consolidated Financial Statements (Unaudited) included in Part I, Item 1 of this Report for a more detailed discussion of this transaction.

Finally, during the first quarter of fiscal 2025, the Company sold certain state emissions credits that it was not projecting to use for approximately $2.6 million, with no similar income recorded during the the first six months of fiscal 2026. The proceeds from this sale were recorded in other income, net as this transaction is not indicative of our normal revenue generating activities.

Income taxes. Income tax expense was $18.2 million for the six months ended March 28, 2026 compared to $17.8 million for the six months ended March 29, 2025.

The effective tax rate for the six months ended March 28, 2026 was 24.5% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the period.

The effective tax rate for the six months ended March 29, 2025 was 25.8% and differed from the statutory federal income tax rate of 21%. The increase was primarily due to the impacts from state taxes and certain permanent items on the federal rate, which were partially offset by the impacts from federal and state tax credits (net of valuation allowances) and discrete period items during the period.

Adjusted EBITDA. Adjusted EBITDA was $100.9 million, or 14.7% of net sales, for the six months ended March 28, 2026, an increase of $5.9 million, or 6.2%, compared to $95.0 million, or 14.1% of net sales, for the six months ended March 29, 2025. The increase primarily relates to the increase in (i) gross profit, when adjusted for the impact of expenses that are excluded in calculating Adjusted EBITDA, as outlined in the revenue and cost of goods sold discussions above and (ii) Micro Bird earnings, when adjusted for the impact of expenses that are excluded in calculating Adjusted EBITDA as outlined in the table below, that were partially offset by (iii) an increase in selling, general and administrative expenses, when adjusting for the impact of expenses that are excluded in calculating Adjusted EBITDA, as discussed above and (iv) a decrease in other income, net, when adjusted for the impact of expenses that are excluded in calculating Adjusted EBITDA, as discussed above.

The following table sets forth a reconciliation of net income to Adjusted EBITDA for the periods presented:

	Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025
Net income	$ 60,057	$ 54,768
Adjustments:		
Interest (income) expense, net (1)	(486)	1,066
Income tax expense	18,221	17,822
Depreciation, amortization and disposals (2)	9,244	8,494
Micro Bird acquisition costs	2,673	—
Share-based compensation expense	4,027	9,940
Micro Bird total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense	7,136	2,869
Adjusted EBITDA	$ 100,872	$ 94,959
Adjusted EBITDA margin (percentage of net sales)	14.7 %	14.1 %

(1) Includes $0.3 million and $0.2 million for the six months ended March 28, 2026 and March 29, 2025, respectively, representing interest expense on operating lease liabilities, which are a component of lease expense and presented within cost of goods sold or selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

(2) Includes $1.2 million and $0.8 million for the six months ended March 28, 2026 and March 29, 2025, respectively, representing amortization charges on right-of-use lease assets, which are a component of lease expense and presented within cost of goods sold or selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

Liquidity and Capital Resources

The Company's primary sources of liquidity are cash generated from its operations, available cash and cash equivalents and borrowings under its revolving credit facility. At March 28, 2026, the Company had $275.9 million of available cash (net of outstanding checks) and $141.7 million of additional borrowings available under the revolving line of credit portion of its credit facility. The Company's revolving line of credit is available for working capital requirements, capital expenditures and other general corporate purposes.

Credit Agreement

On November 17, 2023 (the "Closing Date"), BBBC ("Borrower") executed a $250.0 million five-year credit agreement with Bank of Montreal, acting as administrative agent and an issuing bank; several joint lead arranger partners and issuing banks, including Bank of America; and a syndicate of other lenders (the "Credit Agreement").

The credit facilities provided for under the Credit Agreement consist of a term loan facility in an aggregate initial principal amount of $100.0 million (the "Term Loan Facility") and a revolving credit facility with aggregate commitments of $150.0 million. The revolving credit facility includes a $25.0 million letter of credit sub-facility and $5.0 million swingline sub-facility (the "Revolving Credit Facility," and together with the Term Loan Facility, each a "Credit Facility" and collectively, the "Credit Facilities").

A minimum of $100.0 million of additional term loans and/or revolving credit commitments may be incurred under the Credit Agreement, subject to certain limitations as set forth in the Credit Agreement, and which additional loans and/or commitments would require further commitments from existing lenders or from new lenders.

Borrower has the right to prepay the loans outstanding under the Credit Facilities without premium or penalty (subject to customary breakage costs, if applicable). Additionally, proceeds from asset sales, condemnation, casualty insurance and/or debt issuances (in certain circumstances) are required to be used to prepay borrowings outstanding under the Credit Facilities. Borrowings under the Term Loan Facility, which were made at the Closing Date, may not be reborrowed once they are repaid while borrowings under the Revolving Credit Facility may be repaid and reborrowed from time to time at our election.

The Term Loan Facility is subject to amortization of principal, payable in equal quarterly installments on the last day of each fiscal quarter, which commenced on March 30, 2024, with 5.0% of the $100.0 million aggregate principal amount of all initial term loans outstanding at the Closing Date payable each year prior to the maturity date of the Term Loan Facility. The remaining initial aggregate principal amount outstanding under the Term Loan Facility, as well as any outstanding borrowings under the Revolving Credit Facility, will be payable on the November 17, 2028 maturity date of the Credit Agreement.

The Credit Facilities are guaranteed by all of the Company's wholly-owned domestic restricted subsidiaries (subject to customary exceptions) and are secured by a security agreement that pledges a lien on virtually all of the assets of Borrower, the Company and the Company's other wholly-owned domestic restricted subsidiaries, other than any owned or leased real property and subject to customary exceptions.

Under the terms of the Credit Agreement, Borrower, the Company and the Company's other wholly-owned domestic restricted subsidiaries are subject to customary affirmative and negative covenants and events of default for facilities of this type (with customary grace periods, as applicable, and lender remedies).

Borrowings under the Credit Facilities bear interest, at our option, at (i) base rate ("ABR") or (ii) the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York ("SOFR") plus 0.10%, plus an applicable margin depending on the TNLR (which is defined in the Credit Agreement as the ratio of consolidated net debt to consolidated EBITDA on a trailing four quarter basis) of the Company as follows:

Level	TNLR	ABR Loans	SOFR Loans
I	Less than 1.00x	0.75%	1.75%
II	Greater than or equal to 1.00x and less than 1.50x	1.50%	2.50%
III	Greater than or equal to 1.50x and less than 2.25x	2.00%	3.00%
IV	Greater than or equal to 2.25x	2.25%	3.25%

Pricing on the Closing Date was set at Level III until receipt of the financial information and related compliance certificate for the first fiscal quarter ending after the Closing Date, with pricing as of March 28, 2026 set at Level I.

Borrower is also required to pay lenders an unused commitment fee of between 0.25% and 0.45% per annum on the undrawn commitments under the Revolving Credit Facility, depending on the TNLR, quarterly in arrears.

The Credit Agreement also includes a requirement that the Company comply with the following financial covenants on the last day of each fiscal quarter through maturity: (i) a pro forma TNLR of not greater than 3.00:1.00 and (ii) a pro forma fixed charge coverage ratio (as defined in the Credit Agreement) of not less than 1.20:1.00.

At March 28, 2026, Borrower and the guarantors under the Credit Agreement were in compliance with all covenants.

First Amended Credit Agreement

On March 31, 2026, in anticipation of the Micro Bird acquisition closing on the following day (see Note 13 of Notes to Condensed Consolidated Financial Statements (Unaudited) included in Part I, Item 1 of this Report for a more detailed discussion of this transaction), BBBC executed an amendment to the Credit Agreement (the "First Amended Credit Agreement"), by and among BBBC, the Company and Bank of Montreal, acting as administrative agent, together with the other lenders.

The First Amended Credit Agreement primarily provides for an increase in the letter of credit sub-facility component of the Revolving Credit Facility from $25.0 million to $60.0 million, although it did not change the $150.0 million aggregate commitments limitation for the Revolving Credit Facility. It also designates certain revolving credit facility indebtedness that may be incurred by Micro Bird outside of the terms of the First Amended Credit Agreement as permitted indebtedness, although the maximum amount of such indebtedness is initially capped at $50.0 million but decreases to $30.0 million upon the completion of certain pre-specified conditions that generally must be finalized within 90 days following the closing of the acquisition. The Micro Bird revolving credit facility generally exists to support the financing of certain of its inventory purchases, with the increase in the letter of credit sub-facility component of the Company's Revolving Credit Facility securing Micro Bird's obligations under the terms of its revolving credit facility. Subsequent to the Company repaying all of Micro Bird's bank debt obligations in connection with the closing of the acquisition, there were no amounts outstanding on its revolving credit facility on April 1, 2026.

Under the terms of the First Amended Credit Agreement, Micro Bird's Canadian legal entities will not become parties thereto. However, the Credit Facilities are required to be secured by a security agreement that pledges a lien on 65% of the value of their issued and outstanding capital stock entitled to vote that generally must be finalized within 90 days following the closing of the acquisition.

None of the other significant terms of the Credit Agreement discussed above were modified in connection with executing the First Amended Credit Agreement.

Short-Term and Long-Term Liquidity Requirements

Our ability to make principal and interest payments on borrowings under our Credit Facilities, as applicable, and our ability to fund planned capital expenditures will depend on our ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive, regulatory and other conditions. Based on the current level of operations, we believe that our existing cash balances and expected cash flows from operations will be sufficient to meet our operating requirements for at least the next 12 months.

To increase our liquidity in future periods, we could pursue raising additional capital via an equity or debt offering utilizing a currently effective "automatic shelf" registration statement. However, we can offer no assurance that we would be successful in raising this additional capital, which could also lead to increased expense and larger up-front fees when compared with our historical financial statements.

Seasonality

Historically, our business has been highly seasonal with school districts buying their new school buses so that they will be available for use on the first day of the school year, typically in mid-August to early September. This has, in fiscal years prior to the COVID-19 pandemic, resulted in our third and fourth fiscal quarters representing our two busiest quarters from a sales and production perspective, the latter ending on the Saturday closest to September 30. Our quarterly results of operations, cash flows, and liquidity have historically been, and are likely to be in future periods, impacted by seasonal patterns. Working capital has historically been a significant use of cash during the first fiscal quarter due to planned shutdowns and a significant source of cash generation in the fourth fiscal quarter. With the COVID-19 pandemic and subsequent supply chain constraints, seasonality and working capital trends have become unpredictable. Seasonality and variations from historical seasonality have impacted the comparison of working capital and liquidity results between fiscal periods.

Cash Flows

The following table sets forth general information derived from our Condensed Consolidated Statements of Cash Flows:

	Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025
Cash and cash equivalents at beginning of period	$ 229,313	$ 127,687
Total cash provided by operating activities	84,340	54,180
Total cash used in investing activities	(13,509)	(14,116)
Total cash used in financing activities	(24,251)	(37,002)
Change in cash and cash equivalents	$ 46,580	$ 3,062
Cash and cash equivalents at end of period	$ 275,893	$ 130,749

Total cash provided by operating activities

Cash flows provided by operating activities totaled $84.3 million for the six months ended March 28, 2026, an increase of $30.2 million from the $54.2 million of cash flows provided by operating activities during the six months ended March 29, 2025.

The increase primarily resulted from (i) the $5.3 million increase in net income and (ii) the effect of net changes in operating assets and liabilities that positively impacted operating cash flows by $21.7 million, both during the six months ended March 28, 2026 when compared with the six months ended March 29, 2025. The primary drivers in the changes in operating assets and liabilities were favorable changes in inventories and accrued expenses, pension and other liabilities of $30.7 million and $60.9 million, respectively, that were partially offset by unfavorable changes in accounts receivable and accounts payable of $35.6 million and $35.0 million, respectively, as follows:

- We had a larger increase in the balance of our inventory during the first half of fiscal 2025 when compared with the first half of fiscal 2026 (that resulted in a significant decrease in the use of cash when comparing periods). Specifically, the bus orders that we produced during the first half of fiscal 2025 contained a larger mix of units for certain customers, primarily fleet and specific governmental customers, for which the sales cycle is longer when compared with sales to dealers, resulting in significant increases in work in process and finished goods inventories as of March 29, 2025 when compared with March 28, 2026. Additionally, during the first half of fiscal 2025, we elected to strategically acquire larger quantities of certain critical components that have longer lead times and could impact our production schedule in future periods if not manufactured by our suppliers and delivered to us in a timely manner when compared with similar activity in the first half of fiscal 2026.

- There was a large increase in accrued expenses, pension and other liabilities (that resulted in a significant source of cash) during the first half of fiscal 2026 when compared with a large decrease (that resulted in a significant use of cash) during the first half of fiscal 2025. The increase in fiscal 2026 was primarily driven by a $42.8 million advanced payment made by a customer in the first half of fiscal 2026, with no similar activity in the first quarter of fiscal 2025. The decrease in fiscal 2025 primarily resulted from a decrease in accrued income taxes, primarily due to the timing of income tax payments that impacted the balances at the end of the second quarter of fiscal 2025 when compared with the comparable period in fiscal 2026.

- A shift in our customer mix resulted in an increase in the accounts receivable balance towards the end of fiscal 2024, when compared with the end of fiscal 2025. Specifically, we had a significant increase in fleet revenue towards the end of fiscal 2024 relating to school buses that were delivered to coincide with the start of the new school year, with such revenue representing the majority of sales we make on credit. During the six months ended March 29, 2025, the accounts receivable balances relating to fiscal 2024 fleet revenue were collected, representing a significant cash inflow. As the accounts receivable balance at the end of fiscal 2025 was significantly lower than the balance at the end of fiscal 2024 due to a significant reduction in sales we made on credit at the end of each respective period, the amount of accounts receivable collected during the six months ended March 28, 2026 was significantly lower when compared with the same period in fiscal 2025.

- There was a net decrease in accounts payable (that resulted in a significant increase in the use of cash) during the first half of fiscal 2026 when compared with the the first half of fiscal 2025. This decrease primarily resulted from decreases in (i) our production volume and (ii) our strategic acquisition of certain critical components, both during the the six months ended March 28, 2026 when compared with the six months ended March 29, 2025 as described previously above.

Total cash used in investing activities

Cash flows used in investing activities totaled $13.5 million for the six months ended March 28, 2026 as compared to $14.1 million for the six months ended March 29, 2025.

Total cash used in financing activities

Cash flows used in financing activities totaled $24.3 million for the six months ended March 28, 2026 as compared to $37.0 million for the six months ended March 29, 2025, resulting in a $12.8 million decrease between fiscal periods.

During the six months ended March 28, 2026, the Company purchased $10.1 million less common stock in connection with its share repurchase programs than it did during the same period ended March 29, 2025. Additionally, there was a $1.8 million decrease in purchases of Company common stock in connection with stock award exercises during the six months ended March 28, 2026 when compared with the same period ended March 29, 2025. Finally, there was a $0.6 million decrease in principal payments on financing leases, which expired in fiscal 2025 and accordingly, there was no similar activity in the six months ended March 28, 2026.

Free cash flow

Management believes the non-GAAP measurement of Free Cash Flow, defined as net cash provided by operating activities less cash paid for fixed assets and acquired intangible assets, fairly represents the Company's ability to generate surplus cash that could fund activities not in the ordinary course of business. See "Key Non-GAAP Financial Measures We Use to Evaluate Our Performance" for further discussion. The following table sets forth the calculation of Free Cash Flow for the periods presented:

	Six Months Ended	
(in thousands of dollars)	March 28, 2026	March 29, 2025
Net cash provided by operating activities	$ 84,340	$ 54,180
Cash paid for fixed assets	(13,319)	(13,616)
Free Cash Flow	$ 71,021	$ 40,564

Free Cash Flow for the six months ended March 28, 2026 was $30.5 million higher than for the six months ended March 29, 2025 due to a $30.2 million increase in net cash provided by operating activities and a $0.3 million decrease in cash paid for fixed assets, both as discussed above.

Off-Balance Sheet Arrangements

We had outstanding letters of credit totaling $8.3 million at March 28, 2026 that secure our (a) self-insured workers compensation program and (b) performance obligations relating to certain environmental matters, the collateral for both of which is regulated by the State of Georgia.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have not been any material changes to our interest rate, commodity or currency risks previously disclosed in Part II, Item 7A of the Company's fiscal 2025 Form 10-K.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including, as appropriate, the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on their evaluations, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 28, 2026.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fiscal quarter ended March 28, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Items required under Part II not specifically shown below are not applicable.

Item 1. Legal Proceedings.

Blue Bird is engaged in legal proceedings in the ordinary course of its business. Although no assurances can be given about the final outcome of pending legal proceedings, at the present time management does not believe that the resolution or outcome of any of Blue Bird's pending legal proceedings will have a material adverse effect on its financial condition, liquidity or results of operations.

Item 1A. Risk Factors.

In addition to the other information set forth in this Report, you should carefully consider the risk factors discussed in Part I, Item 1A of the Company's fiscal 2025 Form 10-K. Such risk factors are expressly incorporated herein by reference and they could materially adversely affect our business, financial condition, cash flows or operating results.

The risks described in the fiscal 2025 Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, cash flows and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Repurchase of Equity Securities

On January 31, 2024, the Board of Directors of the Company authorized and approved a share repurchase program for up to $60 million of outstanding shares of the Company's common stock over a period of 24 months, expiring January 31, 2026. On August 5, 2025, the Board of Directors of the Company authorized and approved a second share repurchase program for up to $100 million of outstanding shares of the Company's common stock, expiring January 1, 2028.

Under both share repurchase programs, the Company may repurchase shares through open market purchases, privately negotiated transactions, accelerated share repurchase transactions, block purchases or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act.

The Board of Directors also authorized the Company to enter into written trading plans pursuant to Rule 10b5-1 under the Exchange Act. Adopting a trading plan that satisfies the conditions of Rule 10b5-1 allows a company to repurchase its shares at times when it might otherwise be prevented from doing so due to self-imposed trading blackout periods or pursuant to insider trading laws. The Company may from time to time enter into Rule 10b5-1 trading plans to facilitate the repurchase of its common stock pursuant to its share repurchase program.

The timing, manner, price, and number of shares to be repurchased will be at the discretion of Company management. The repurchase programs do not obligate Blue Bird to acquire any specific amount of securities and can be modified or terminated at any time without notice. Repurchases under these programs are expected to be funded from one or a combination of existing cash balances, future free cash flow, or indebtedness.

The share repurchases during the first quarter of fiscal 2026 resulted in the Company utilizing all $60.0 million that was authorized under the initial share repurchase program prior to its expiration date.

Share repurchase activity under the share repurchase programs, on a trade date basis, for each fiscal month in the quarter ended March 28, 2026, was as follows:

Period by fiscal month	Total number of shares repurchased	Average price paid per share (in dollars) [1]	Total number of shares repurchased as part of publicly announced plans or programs [2]	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
December 28, 2025 - January 24, 2026	101,670	$ 49.07	101,670	$ 90.6
January 25 - February 21, 2026	—	—	—	90.6
February 22 - March 28, 2026	—	—	—	90.6
Total	101,670		101,670	

[1] Average price paid per share includes costs associated with the repurchases, except for the cost of any associated excise tax.

[2] All share repurchases were made under the $100.0 million repurchase program approved on August 5, 2025 that expires on January 1, 2028.

Item 5. Other Information.

(c) On March 4, 2026, Razvan Radulescu, the Company's Chief Financial Officer, entered into a new trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, providing for the sale of up to 9,400 shares of the Company's common stock. Pursuant to this plan, Mr. Radulescu may sell shares beginning December 10, 2026 and ending December 15, 2026.

During the second quarter of fiscal 2026, none of the Company's other directors or officers adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

The following Exhibits are filed with this Report:

Exhibit No.	Description
2.1	Share Purchase Agreement dated as of February 15, 2026, by and among Blue Bird Corporation, by and through its wholly-owned subsidiary, Blue Bird Body Company, and (i) the AG 2014 Trust, the SG One 2014 Trust, and the DG One 2014 Trust and (ii) Groupe Autobus Girardin Ltée and Girardin Minibus JV 2 Inc. (the schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company undertakes to include supplemental copies of any of the omitted exhibit or schedules upon request by the SEC) (incorporated by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on February 17, 2026).
2.2	Form of Exchange and Support Agreement by and among Groupe Autobus Girardin Ltée, Blue Bird Corporation, MB CallCo Inc. and MB ExchangeCo Inc (incorporated by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on February 17, 2026).
2.3	Form of Board Election Agreement by and between Blue Bird Corporation and Groupe Autobus Girardin Ltée (incorporated by reference to Exhibit 2.3 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on February 17, 2026).
3.1	The registrant's Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on February 26, 2015).
3.2*	Certificate of Amendment (dated March 11, 2026) to registrant's Second Amended and Restated Certificate of Incorporation.
3.3	Certificate of Designation of Special Voting Preferred Stock (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on April 2, 2026).
3.4	The registrant's Bylaws, as amended, effective February 2, 2023 (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on February 3, 2023).
10.1*†	Blue Bird Corporation Amended and Restated 2015 Omnibus Equity Incentive Plan, effective November 21, 2025.
10.2*†	Employment Agreement effective January 1, 2026, between Jeff Sanfrey and Blue Bird Corporation.
31.1*	Chief Executive Officer's Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2*	Chief Financial Officer's Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1*	Chief Executive Officer and Chief Financial Officer Joint Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*^	XBRL Instance Document
101.SCH*^	XBRL Taxonomy Extension Schema Document
101.CAL*^	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*^	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*^	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*^	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
† Management contract or compensatory plan or arrangement.
^ In accordance with Regulation S-T, XBRL (Extensible Business Reporting Language) related information in Exhibit No. 101 to this Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Blue Bird Corporation

Dated: May 6, 2026

/s/ John Wyskiel
John Wyskiel
President and Chief Executive Officer

Dated: May 6, 2026

/s/ Razvan Radulescu
Razvan Radulescu
Chief Financial Officer